Relief for the liquor industry

MORATORIUM: *Cooling-off period for licences lifted*

EMMAH NGOMANE

THERE is relief in sight for the liquor industry as the liquor licence moratorium is expected to be lifted this morning.

The MEC for economic development, Qedani Mahlangu placed a moratorium on the issuing of liquor licences in August this year for a period of six months.

While it has only been three months, it is expected she will lift the moratorium today at a media briefing in the Johannesburg CBD. She will also announce other interventions that have been put in place to ensure that the liquor industry is effectively regulated in Gauteng.

The moratorium caused an uproar in the liquor industry when it was placed as many feared the ban would have negative consequences for businesses and the economy.

Danie Cronjé, director of liquor law services at Cluver Markotter Incorporated said the lifting of the ban would be "very good news".

Snip

An end to the unilateral ban on new licences will come as a relief to restaurateurs and hoteliers on the eve of the holiday season," said DA's MPL Gavin Lewis.

"It will mean new role players in the liquor industry will be able to have their licences issued. Also, those who previously had their licences held up will hopefully be able to get their licences issued quicker," Cronjé said. He added that ending the ban at the start of the festive season was "perfect timing".

"Events co-ordinators will be able to apply for temporary licences".

The moratorium had affected the applications for most new liquor licences.

Business rescue law abused by companies, claims law firm

MANY creditor financial institutions believe business rescue applications are being abused, according to a commercial lawyer.

This opinion has emerged as the number of applications for business rescue by distressed companies has increased since the implementation of the new Companies Act in May.

The companies committing the alleged abuse are said to be trying to prevent foreclosure of overdraft facilities or loans.

Eric Levenstein of Werksmans Attorneys, said yesterday that many business rescue practitioners had been appointed in companies where the resolution passed for business rescue was simply an attempt to delay the company's demise.

"Many SA financial institutions are met with resolutions for business rescue when proceeding against debtors. Once business rescue proceedings begin there is no opportunity for creditors to legally pursue claims against debtors," he said.

While the business rescue procedure provides companies in distress with alternatives to liquidation, not every company is suitable for the procedure, warns Levenstein.

According to the Companies and Intellectual Properties Commission, there have been 175 filings for business rescue since May 1. Only two companies have terminated their business rescue proceedings, one because liquidation proceedings intervened and the other due to refinancing. – *I-Net Bridge.*

JD Group is out of the woods

SASHA PLANTING

AFTER years of painful restructuring and reorganisation the rubber is finally hitting the road for furniture and electronic goods retailer JD Group.

It reported revenue up 25% to R15,7 billion, headline earnings per share up 34% to 407,7c and operating profit up 39% to R1,057 billion.

The numbers show how far the company has come since 2008/9 when Heps fell to 45c per share (cps) after the debtors book collapsed, forcing the group to write off R1,9 billion. But they also show how far it still has to go to regain its previous high in 2007, when headline earnings reached 835cps.

"You could argue that after the debt write-offs we were closed for business for about 18 months," says group chief executive Grattan Kirk. "We became very conservative in the way we granted credit. At the same time we split the furniture retail and financial businesses into two and centralised our debtors' book."

The cash retail business – Incredible Connection and HiFi Corporation – also had a good year with 17,9% growth in operating profit. Margins crept up from 4,4% to 4,9%, resulting in R224 million. Of this, HiFi Corporation contributed just R35 million in profit, up from R5 million in the previous year.

"It took years to rebuild this brand – the grey market image would not shake. But with a new brand, new management and new look and feel it is finally coming right," says Kirk.

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EKONOMIE

Riglyne vir dié wat wil belê

Anél Viktor

Johannesburg. – Suid-Afrika sal binne 12 maande 'n duidelike regsraamwerk hê waarbinne oorsese beleggers moet werk.

Dié onderneming kom van mnr. Pravin Gordhan, minister van finansies. Hy het gister op die jaarvergadering van Besigheidseenheid Suid-Afrika (Busa) gesê onsekerheid oor regstreekse buitelandse investering in Suid-Afrika dra grootliks by tot die negatiewe ekonomiese stemming onder sakelui.

Dié onsekerheid spruit uit die regering se sterk weerstand teen die Mededingskommissie se besluit om Walmart, die Amerikaanse winkelreus, toe te laat om 51% van die Suid-Afrikaanse groep Massmart te bekom.

Gordhan wou nie uitwei oor die Walmart-transaksie nie, maar hy het wel gesê die tesourie werk aan "duideliker riglyne oor regstreekse buitelandse investering. Die tesourie het reeds 'n besprekingsdokument uitgereik wat beskou kan word as die begin van die raamwerk vir buitelandse beleggings in Suid-Afrika.

"Die beleidsdokument sal aandui wat ons beskou as strategiese nywerhede – waarvoor sekere reëls sal bestaan – en watter sektore ons voel nie van nasionale belang is nie."

Sake-ondernemings is 'n kernrolspeler in die proses om die land op 'n sterker ekonomiese groeipad te plaas, het die minister gesê.

Daarom moet daar "groter sinergie tussen sake-ondernemings en die regering" wees.

Die georganiseerde sakewêreld moet uit een mond kan praat. Dít is volgens Gordhan een van die grootste uitdagings.

'n Beter "vennootskap" tussen die regering en ondernemings sal help om die land se vaardigheidsgrondslag uit te brei. Tans is daar tekortkominge wat betref beplanning-, projekbestuur- en kontrakbestuursvaardighede.

Volgens hom is een van die grootste uitdagings swak staatsvermoë. "Die regering weet waar sy foute lê."

Hy het gesê die regering se hooftaak is om beter infrastruktuur te ontwikkel om in sowel maatskaplik-ekonomiese as ekonomiese behoeftes te voorsien. "Die regering en sake-ondernemings moet saamspan om inklusiewe ekonomiese groei te bewerkstellig."

Dit kan gedoen word deur negatiewe faktore soos ongelykheid en werkloosheid aan te pak – byvoorbeeld: "Eerder as om hoë bonusse te betaal en salarisse te verhoog, kan ondernemings hul fokus verskuif na die opleiding van jong mense."

GELDKRISIS

Groei in SA dalk nog laer

Johan Brits

Johannesburg. – Die Europese geldkrisis en die onbestendige wisselkoers knou Suid-Afrika se ekonomiese groeivooruitsigte. Pleks van groei van bykans 4%, word sowat 3% nou vir 2012 verwag.

Dr. Rob Davies, minister van handel en nywerheid, het in sy gesprek met sakelui in Doebai nie doekies omgedraai oor die verreikende gevolge van die onbestendigheid van die rand en die eurokrisis nie. Hy meen egter Suid-Afrika bied steeds baie mededingende voordele. Davies is op 'n handelsending na die Verenigde Arabiese Emirate (VAE) om wedersydse handelsbande uit te bou.

Suid-Afrika is die 19de grootste belegger in die VAE en het volgens Davies sedert 2003 reeds R3,33 miljard in die VAE belê, hoofsaaklik in die finansiëledienstesektore, gevolg deur die kommunikasie- en farmaseutiese sektore. Die VAE is Suid-Afrika se 24ste grootste belegger. Volgens Davies het hy sedert 2003 al R1,07 miljard belê in onder meer die Suid-Afrikaanse eiendomsmark en vervoersektor.

Reuters berig Davies meen die rand is steeds oorgewaardeer, al het dit in Augustus en September teen die dollar teruggesak.

"Die rand het van ongeveer R7 tot nagenoeg R8 teenoor die dollar verswak, maar is steeds nie op 'n mededingende vlak nie." Dié onbestendigheid het onsekerheid onder vervaardigers geskep.

"Die onsekerheid oor uitvoer na Europa sal Suid-Afrika se ekonomiese groei volgende jaar raak.

"Pleks van 4% kyk ons na 'n groeikoers van sowat 3%."

Davies het te kenne gegee Suid-Afrika kan niks aan sy wisselkoers doen nie. Hy sê die sentrale bank se beweegruimte word beperk deur die noodsaak om inflasie te beheer.

Ondanks dié vrese, het Davies in 'n toespraak op die sakeforum gesê Suid-Afrika se voordeel vir beleggers lê in sy "standvastigheid van sterk infrastruktuur". Nog 'n voordeel is dat hy die beste finansiële dienste en regsektor in Afrika het.

Gordhan promises rules on foreign investment

MARIAM ISA
Economics Editor

SA WILL have a clear set of rules governing foreign direct investment (FDI) inflows within the next year to 18 months, Finance Minister Pravin Gordhan said yesterday.

No country could say it did not want foreign direct investment but it was important to identify "strategic" industries to which a particular set of rules could apply, Mr Gordhan said at the annual general meeting of Business Unity SA (Busa), the country's main business lobby group.

"You can be sure that in the next year we will have a clear framework in which FDI can continue to take place. It will give domestic and foreign business a clear picture in which to work," he said.

Mr Gordhan was replying to a request for clarification on the government's official position on the merits of foreign direct investment, given the mixed signals on Walmart's takeover of Massmart.

The R16bn transaction has been concluded but the Competition Appeal Court is considering whether the merger should be overturned due to complaints that the Competition Tribunal had not given enough consideration to the effect of the sale. The appeal has been brought by the departments of economic development; trade and industry; and agriculture, forestry and fisheries. It is also backed by the South African Commercial Catering and Allied Workers Union.

Mr Gordhan said that promoting local procurement and protecting jobs were important issues for SA.

The Competition Tribunal has ruled that the merged company must not retrench staff for operational reasons for two years, and give priority to 500 staff retrenched last year when rehiring. But it rejected demands by the government and unions to impose local procurement requirements. It instead accepted the companies' offer to set up a R100m fund to develop new suppliers and train them to sell to the Walmart network.

The Treasury released a discussion document on cross-border direct investment in SA at the release of its February budget.

Mr Gordhan also told Busa that the government had set up a presidential infrastructure commission to oversee spending on government projects, acknowledging that certain parts of government lacked proper project preparation, management and contract skills. "One of our biggest weaknesses is our ability to implement our policies and decisions. Let's be frank, there are lots of good policies and decisions around but we have institutional weakness and capability weakness," he said.

Mr Gordhan's comments followed the release last week of an ambitious National Development Plan aimed at eliminating poverty and creating 11-million jobs by 2030. Critics say that the goals and content of the plan are praiseworthy but the government will not be able to implement its proposals.

Mr Gordhan repeated a plea for business to curb the bonuses and high salaries being paid to company CEOs and management. This "generally will have a damaging effect on your reputation and perceptions generally in our society", he said.

He also said SA would continue to operate in a "constrained economic and fiscal environment over the next few years".

The Treasury has lowered its growth forecast for this year and the next two years due to fallout from Europe's sovereign debt crisis and the global slowdown.

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SA upbeat over free-trade pact with South American bloc

LOYISO LANGENI
Trade and Diplomatic Correspondent

SA STOOD to accelerate its share of exports with South America's largest economies through a free-trade agreement with Mercosur due to come into force next year, Trade and Industry Minister Rob Davies said last week.

Mercosur has a combined gross domestic product of $2,8-trillion a year and an estimated population of 267-million people.

Its members are Argentina, Brazil, Paraguay and Uruguay.

Countries such as Chile, Ecuador, Colombia, Peru and Bolivia have been granted associate membership of the organisation.

The agreement is between Mercosur and the Southern African Customs Union (Sacu), made up of five countries: SA, Namibia, Botswana, Swaziland and Lesotho.

The free-trade agreement would potentially reduce tariff rates that South African exporters pay to the South American countries. Brazil, which is the biggest economy in South America, levies a tariff of up to 12% on South African products.

Trade policy analyst Peter Draper yesterday said that the trade agreement was largely "political, what trade economists would call a trade-lite agreement".

He said there were up to 7 000 tariff lines that needed to be dealt with between Mercosur and Sacu.

Still, Mr Davies was optimistic the agreement would soon be in place.

"I'm certain that we will conclude this agreement next year, which will pave the way for us to trade with South America's strongest economies," he said.

"Furthermore, this agreement will allow us to be exposed to advanced techniques in agro-processing in countries like Argentina," he said.

South America could also tap into SA's deep-mining technology, which has been used to mine up to 4km underground.

Mr Davies was speaking from Argentina, where he participated in a trade seminar titled SA and Argentina: Gateway Countries to Continental Opportunities.

The seminar was organised by SA's mission to Argentina, headed by former Democratic Alliance leader Tony Leon.

"When we were at the conceptualisation of the seminar, the Gateway concept struck us as a useful envelope in which to enclose the two countries' bilateral relationship and to project its forward momentum," Department of International Relations and Co-operation spokesman Clayson Monyela said.

Argentina and SA are at similar stages of economic development. A bi-national commission to discuss measures to increase trade between the two countries is scheduled to be held in SA next year.

Annual two-way trade between Argentina and SA stands at $2bn, according to figures from the Department of Trade and Industry.

Sacu is also negotiating with India for a preferential trade agreement.

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Radebe fails to explain export of Jordanian Ratels to Yemen

WYNDHAM HARTLEY
Parliamentary Editor

CAPE TOWN — The mystery of how South African-made armoured personal carriers (Ratels) ended up being used by rebel soldiers in strife-torn Yemen deepened yesterday as Justice Minister Jeff Radebe tried to distance himself from the issue.

In June, pictures were published of rebel soldiers using Ratels in the pro-democracy uprising in Yemen, leading to questions about how they got there, when SA had never officially sold the vehicles to Yemen. At the time Democratic Alliance defence spokesman David Maynier wrote to Mr Radebe, the chairman of the National Conventional Arms Control Committee, asking how the Ratels got to Yemen and "whether in this case there was any violation of the law or regulations relating to conventional arms control in SA".

By law, once an arms transaction has been approved by the committee and the weapons are about to be transferred, the receiving country must issue an end-user certificate. If the receiving country wishes to resell the weapons it has to get the permission of the supplying country and must issue a revised end-user certificate on getting approval.

> **The fact is that the re-export of the Ratels should have been approved by the arms control committee**

Mr Radebe, in a letter to Mr Maynier, said during 2002 and 2003 the committee had approved the sale of 320 Ratels to the Jordanian armed forces. In December 2002 and January 2004 the Jordanian authorities issued end-user certificates and against these certificates the Ratels were exported in January 2003, February 2004 and April 2004.

He said in 2008 the Jordanian authorities "indicated an intention to transfer some of the vehicles to Yemen. Subsequent to this no further communication ensued between SA and Jordan on this matter."

Mr Maynier, commenting on Mr Radebe's letter, said it was clearly designed to obscure the facts.

"However, there appears to have been a major failure in the end-user certificate management process within (the arms control committee). The fact is that the re-export of the Ratels should have been approved by the (committee). This does not appear to have happened and suggests that Jordan illegally exported the Ratels to Yemen.

"I will therefore be writing to Jeff Radebe, chairperson of the (arms control committee), requesting a full and comprehensive response to my request for an investigation into: how the converted Ratel infantry vehicles found their way to Yemen; and whether there was any violation of the law or regulations relating to conventional arms control in SA."

Mr Radebe had concluded his letter by distancing himself and the current arms control committee from the matter, saying "the arms control committee wishes to underscore the fact that the matter raised on the Ratel vehicles took place between 2002, 2004 and 2008, which periods precede the tenure of the current" committee.

"As part of the incumbent administration's agenda the current (committee) has instituted both legal and practical measures in order to improve the efficiency and effectiveness of the South African arms control system.

"These measures inevitably include the end-user certificate management process."

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SA contribution to Hulett sugar profit reduced

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Land and Agriculture Editor

EVEN after drought in Tongaat Hulett's operations in SA had ended, Mozambique and Zimbabwe contributed about 60% of its sugar profit based on growing operations in the two countries, the agribusiness said in its interim results yesterday.

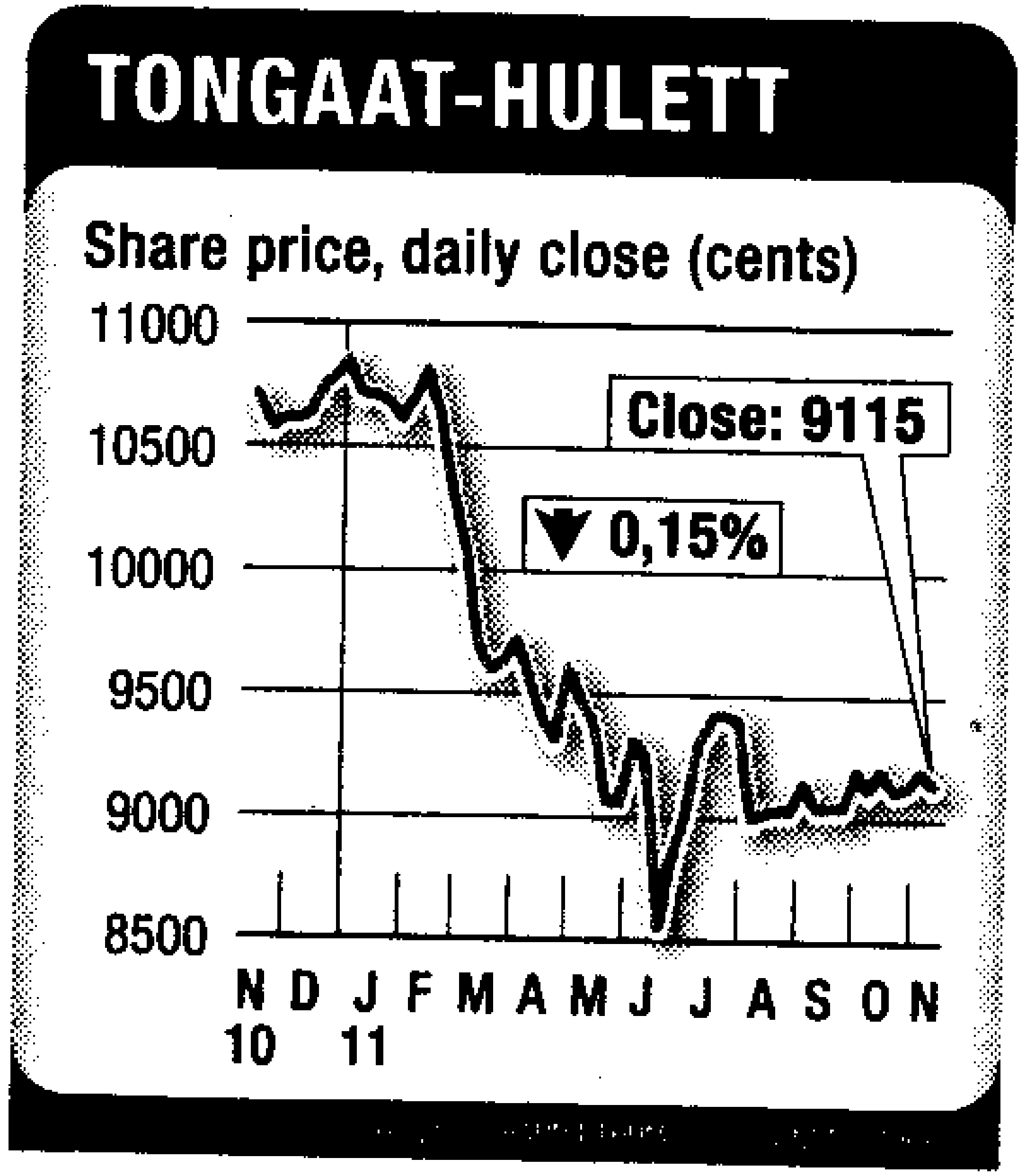
Tongaat Hulett CEO Peter Staude said SA could reclaim its number one spot as soon as it closed the gap between the hectares under cane and the hectares milled. This remained unusually large due to the delayed cane root planting after last year's drought. It would take about 15 months before the first harvest after planting.

TONGAAT HULETT

Half Year	2012	2011
Revenue (Rbn)	6,0	4,7
Pretax (Rm)	780	718
Net Income (Rm)	597	552
Diluted HEPS (c)	462,6	468,9
Dividend PS (c)	120	110

Mr Staude said the future revenue stream would benefit significantly from electricity and ethanol developments. However, in the meantime it was consulting the government about establishing an appropriate regulatory framework for both electricity generation and ethanol production from sugar cane.

Revenue jumped 27,6% to more than R6bn during the six months ended September, but operating profit grew a more modest 8,7%, to R1bn. Tongaat Hulett said last year's operating profit was inflated by a R130m gain from a pension fund surplus. Excluding this, operating profit rose about 25,7%.



Operating profit in agriculture, sugar milling and refining operations in SA for the half-year was R54m, compared to R47m in the six months to September last year. Revenue was also generated from 13 developable hectares (15 gross hectares) sold in the Umhlanga Ridge Town Centre, Zimbali and Izinga areas. Operating profit of this unit amounted to R62m compared to R97m, with a further R3m in capital profits compared to R4m previously realised.

Abdul Davids, head of research at Kagiso Asset Management, said the drought of last year was severe. "We think that even with the recovery, SA is still significantly below a normal level of production and profitability."

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Harmony rejects potential suitors

ALLAN SECCOMBE

HARMONY Gold has spurned a number of overtures from parties interested in either buying its Papua New Guinea assets directly, or buying the company to get their hands on what is promising to be an extremely attractive gold and copper project.

Harmony is in an equally held joint venture with Australia's largest gold miner, Newcrest, which operates the Hidden Valley gold mine in Papua New Guinea, and is working on a prefeasibility study for the Wafi-Golpu porphyry that will be a company changer for Harmony.

Analysts have long speculated that Harmony could be a takeover target by another company wanting to take ownership of the Papua New Guinea assets and potentially split up the company, leaving Harmony's South African assets as a separate company, to focus on the Papua New Guinea projects.

Harmony "has received a number of inquiries and proposals from interested third parties regarding the direct or indirect acquisition of its assets in Papua New Guinea", Harmony chairman Patrice Motsepe said yesterday.

"Harmony's board of directors has given careful consideration, with the assistance of its advisers, to all of these inquiries and proposals and is of the view that the disposal of the company's Papua New Guinea assets at this early stage of their development will not realise their full potential value."

Harmony CEO Graham Briggs said the focus of the interest was in the undeveloped Wafi-Golpu project, for which a prefeasibility study would be completed in June next year. "These kinds of deposits are notoriously difficult to value, but we think the portfolio of assets we have in Papua New Guinea is extremely valuable," he said.

Harmony and Newcrest have pre-emptive rights over each other's stake in the venture.

Poultry efficiencies feed Astral's profit

ANNALEIGH VALLIE
Retail Industries Correspondent

ASTRAL FOODS

Full-year	2011	2010
Revenue (Rbn)	8,6	8,4
Pretax (Rm)	658	557
Net Income (Rm)	429	357
Diluted HEPS (c)	1145	959
Dividend PS (c)	810	760

DESPITE depressed macro-economic conditions and evidence of "classical dumping" of chicken by Brazil, Astral Foods grew turnover and improved the profitability of its poultry operations, the company said yesterday.

The company that produces poultry under the Festive, Goldi and County Fair brands said the poultry division's profit in the year ended September was up 35% to R353m compared with R262m the previous year, benefiting from production efficiencies.

The feed division reported operating profit of R282m compared with R281m the previous year after "experiencing a good recovery" in its other African operations, the company said.

The results for the South African operations were down 8% as a result of lower volumes.

Headline earnings for the year increased 20% to R437m, mainly as a result of improved profitability from the poultry operations while revenue increased 3% from R8,4bn to R8,6bn. The services and ventures segment's profits were down 6% after the company sold the interest in Meaders Feeds for R13,9m, R1,8m below the fair value as reported at the end of the previous year. The operating profit margin for the group at 7,8% is an improvement on the previous year's 7%.

Astral CEO Chris Schutte said there were positive signs that prices were firming. "We have managed to increase the dividend and reduce debt levels at the same time. We are well positioned for any challenges."

The company highlighted the significant increase in the feeding cost of poultry due to high raw material input costs.

"It is difficult to buy maize into the new season, it's like fixing the price of electricity for 10 years. The most we can do is six months. All indications are that we will have a good crop next year, however," Mr Schutte said.

An analyst who declined to be named said the second half was more challenging and if it was not for new efficiencies, the results could have been worse.

"The maize shortage is driving prices up temporarily, but there is no reason why SA should not be able to produce sufficient maize next year. Astral have a strong balance sheet and is a well-run business. What they need is a strong economy and more jobs and that is what they don't have at the moment. They should be able to navigate the difficult waters," the analyst said.

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Reorganisation lifts JD Group's profit 48%

ANNALEIGH VALLIE
Retail Industries Correspondent

FURNITURE retailer JD Group said yesterday that pretax profit grew 48% to R969m as it reaped the financial rewards of restructuring which had also positioned the company for further growth.

The owners of brands such as Russells, Morkels and Joshua Doore said revenue grew 25% to R15,7bn and operating profit increased 39% to R1,06bn in the year ending August. "Every division is perfectly positioned for growth," executive chairman David Sussman said, calling the past year a watershed one.

The company said it would open 70 new stores next year, mainly furniture shops in rural areas.

"Firstly, the strategy of separating out furniture retail from financial services, embarked upon three years ago, started to deliver the envisaged financial returns, and secondly, the acquisition of Unitrans Auto and Steinbuild from July 1 added complementary retail assets which further diversifies the group from its reliance on furniture retail. The group now comprises six divisions," he said.

The furniture retail division grew operating profit 73,1% to R315m (2010: R182m). On a like-for-like basis, if the division had reported for a full 52 weeks, sales growth would have been 11,8%, the company said. The division also increased its gross margin from 34,5% to 36% and contained expense growth to 7,1%.

The cash retail division, which includes Incredible Connection and Hi-Fi Corporation, reported a 17,9% growth in operating profit to R224m (2010: R190m). The company's operating margin increased to 4,9% (2010: 4,4%) "despite the impact of significant price deflation in key categories and the very competitive landscape", it said.

Mr Sussman said: "We are serving the customer well and are getting better at what we do. We have managed to turn Hi-Fi Corp around."

Nedbank Securities analyst Syd Vianello said the sales growth came off a low base. "One point of concern is that credit sales remained flat. It means customers are increasingly obtaining finance elsewhere. This gives the consumer choice and just because they bought from JD Group today doesn't mean they will tomorrow. This is a longer-term problem and could take the company's focus away from furniture as they become more of a consumer finance house.

"The move, however, to open stores in rural areas will mean less competition and a better chance of selling on credit as people who live in rural areas generally have less access to consumer loans."

Kagiso Asset Management head of research Abdul Davids said the strong sales growth was augmented by operating margin expansion and contributed to a 34% increase in headline earnings per share. "On the acquisitions of Steinbuild and Unitrans, I think these were initiated by Steinhoff rather than JD seeking these acquisitions. Unitrans in particular does not fit well with the JD businesses and given JD's lack of management depth, there is some execution risk in deriving synergies from this business."

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Lewis plans new stores as sales and profit rise

NICKY SMITH

FURNITURE retailer Lewis Group would open between 15 and 20 new stores in the second half of its financial year, it said yesterday when it reported a 13,7% increase in pretax profit for the six months to September 30 after sales rose and collections improved.

"We are planning to reach 700 stores over the next two to three years," CEO Johan Enslin said yesterday.

"In the past six months we opened 16 stores and in the second half we will open 15 to 20 new stores," he said.

The company, which has 593 stores under the Lewis, Best Home and Electric brands, said pretax profit increased to R502,5m from R441,9m.

Furniture and appliance sales rose 5% while electronic goods sales dropped by 5%, it said. Furniture and appliances account for 82% of the retailer's sales while electronic goods account for 18%.

Sales on credit rose to 73,2% from 71,1% of total sales, the company said.

"The group will benefit from the annuity income from the higher credit sales into the future," the company said.

Consumers had been under pressure from higher utility and electricity price increases over the past year, he said.

"The first six months were really challenging, with the unusually high number of holidays in April and May," Mr Enslin said.

Shares in Lewis rose as much as 1,8% to R76,03 before falling to close at R74,65 per share yesterday, giving the company a market capitalisation of R7,3bn.

The introduction of new furniture ranges boosted sales in July and August, and there was a second launch of new stock last month, positioning the company to benefit from Christmas spending, he said.

Debtor costs increased to 5,1% from 4,8% a year earlier.

"Collections were negatively impacted by the holidays in April and the elections in May, but gathered momentum in the latter stages of the reporting period," the company said.

Despite the increased spending on promotional activity Lewis managed to keep costs reined in.

The performance was "better than we expected ... we expected something a bit more muted", Abdul Davids, an analyst with Kagiso Asset Management, said yesterday.

Providing credit to customers allowed the retailer to benefit from finance charges on the money that was owed to it and this provided income stability, Mr Davids said. "I think that they are set for another solid year," he said, adding that new store growth would underpin the group's performance in the second half of its financial year.

New store openings would be restricted to its existing footprint, Mr Enslin said. This includes SA, Lesotho, Botswana, Namibia and Swaziland.

The "lack of reliable credit information" had dampened any appetite the retailer had for expanding into other African countries, Mr Enslin said.

"The important thing is ... that this company has performed in a consistent manner since listing, and even under these conditions our operating margin is 21,9%," he said.

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