



GOLD BRANDS INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2015/168426/06)

JSE code: GBI

ISIN: ZAE000212791

("Gold Brands" or "the Company" or "the Group")

**PROVISIONAL REVIEWED CONDENSED GROUP FINANCIAL RESULTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Reviewed February 2016 R
Revenue	235 502 971
Cost of sales	(174 894 524)
Gross profit	60 608 447
Other income	1 837 985
Operating expenses	(49 087 061)
Earnings before interest, taxation, depreciation and amortisation	13 359 371
Depreciation and amortisation	(2 388 668)
Profit before interest and taxation	10 970 703
Investment revenue	2 309 314
Finance costs	(928 106)
Profit before taxation	12 351 911
Taxation	(3 398 031)
Profit for the year	8 953 880
Other comprehensive income	-
Total comprehensive income for the year	8 953 880
Attributable to:	
Equity holders of the company	8 953 880
Earnings per share attributable to equity holders of the company	
Basic earnings per share (cents)	10.25
Headline earnings per share (cents)	10.25
Diluted earnings per share (cents)	10.25
Diluted headline earnings per share (cents)	10.25

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Reviewed February 2016 R
ASSETS	
Non-current assets	24 053 742
Property, plant and equipment	12 172 550
Goodwill	5 931 416
Intangible assets	5 885 112
Deferred taxation	64 664
Current assets	67 614 486
Inventories	17 521 409
Other financial assets	17 679 717
Current tax receivable	1 882 765
Trade and other receivables	27 423 289
Cash and cash equivalents	3 107 306
Total assets	91 668 228
EQUITY AND LIABILITIES	
Equity	53 830 880
Share capital	44 877 000
Retained income	8 953 880
Non-current liabilities	4 884 999
Instalment sale obligation	4 884 999
Current liabilities	32 952 349
Current tax payable	2 231 529
Instalment sale obligation	1 779 085
Operating lease liability	780 517
Trade and other payables	28 161 218
Total equity and liabilities	91 668 228
Number of ordinary shares in issue at year-end	110 000 000
Net asset value per share (cents)	48.94
Net tangible asset value per share (cents)	38.19

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital R	Retained income R	Total equity R
Balance at 1 March 2015	-	-	-
Profit for the year	-	8 953 880	8 953 880
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	8 953 880	8 953 880
Issue of shares	44 877 000	-	44 877 000
Balance at 29 February 2016	44 877 000	8 953 880	53 830 880

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Reviewed February 2016 R
Cash flows utilised in operating activities	(10 021 811)
Cash flows utilised in investing activities	(11 178 637)
Cash flows generated from financing activities	23 785 078
Net increase in cash and cash equivalents	2 584 630
Cash acquired through business combinations	522 676
Cash and cash equivalents at the end of the year	3 107 306

SEGMENTAL REPORTING

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker.

Therefore, the Group determines and presents its operating segments based on the information that is internally provided to the Chief Executive Officer, who is the chief operating decision maker.

Furthermore, a segment is a distinguishable component of the group that is engaged either in providing related products or services (business segment), in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of the other segments.

The Group does not have different operating segments. The business is conducted in South Africa and is managed at a central head office with no branches. The Group is managed as one operating unit.

All revenues from external customers originate in South Africa, or from operations in South Africa.

NOTES TO THE FINANCIAL INFORMATION

Reconciliation of headline earnings for the year

	Reviewed February 2016 R
Earnings attributable to ordinary shareholders	8 953 880
Adjusted for:	-
Headline earnings attributable to ordinary shareholders	8 953 880
Weighted average shares in issue (number)	87 358 904
Weighted average diluted shares in issue (number)	87 358 904
Basic earnings per share (cents)	10.25
Diluted earnings per share (cents)	10.25
Headline earnings per share (cents)	10.25
Diluted headline earnings per share (cents)	10.25

OVERVIEW

The directors have pleasure in announcing financial results for February 2016. The past year has been an exciting one, culminating with our listing on the JSE 12 February 2016. Our vision is to be the leading Franchise Company in South Africa and International markets with unique and authentic brands backed by our cost effective and reliable supply chain.

FRANCHISING

2016 has welcomed our Chesanyama brand into new consumer markets, with the opening of our first store in a major mall – Menlyn Shopping centre in Pretoria. We have continued to see good growth in our Chesanyama Brand reaching a milestone of 300 stores, with 41 signed up new applicants who we are in the process of identifying sites for.

We acquired the legendary Blacksteer brand in March 2015 and with our re-engineering of the brand we ensured that the “Legend “lives on. To date 19 new Black Steer stores have been opened.

A new addition to our portfolio is “Hot Chicks”, we opened our first store in May 2016 with two more planned in the near future.

1+1 Pizza currently has 15 stores operating. We believe that our superior product is well placed to becoming one of the leaders in the pizza industry. Collectively Pitaland and Wild wings have 10 operating stores currently.

SUPPLY CHAIN

Through the growth of our brands we have established a central kitchen / production plant providing consistency of product to our franchised outlets. Via our supply chain we are sourcing local ingredients and products to ensure that affordability to the customer and profitability for the Franchisees, utilising products that are of a superior quality.

BASIS OF PREPARATION

The condensed Group financial results for the year ended 29 February 2016 included in this announcement have been prepared in accordance with the recognition and measurement criteria of

International Financial Reporting Standards (“IFRS”), and have been prepared in accordance with the presentation and disclosure requirements of 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, the Listings Requirements of the JSE Limited, and the requirements of the South African Companies Act.

The condensed Group financial results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. These condensed group financial results are presented in the South African Rand, which is the group’s functional and presentation currency.

These condensed Group financial results incorporate the financial results of the company and its subsidiaries. Results of subsidiaries are included from the effective date of acquisition. All significant transactions and balances between group enterprises are eliminated on consolidation.

The preparation of the condensed Group financial results for the year ended 29 February 2016 was supervised by the Financial Director, Terence Ballard. The directors take full responsibility for the preparation of the condensed Group financial results for the year ended 29 February 2016.

Comparative figures have not been disclosed as the company was only incorporated during the current financial year.

GOING CONCERN

The board of directors is of the opinion that, having regard to the current status and the future strategy of the Group, the Group has sufficient resources to continue as a going concern.

SHARE CAPITAL

During the financial year, the Group had various issues of shares. Detailed below is a summary of the issued share capital of GBIL.

Issued shares	Share Capital
79 500 000 shares issued at R0.25 per share	R19 875 000
5 500 000 shares issued at R0.00036 per share	R2 000
25 000 000 shares issued at R 1 per share	R 25 000 000

ACQUISITIONS

Related party acquisitions

On 1 March 2015, the Group acquired 100% of the voting shares of Franchising to Africa (Pty) Ltd, Blacksteer Enterprises (Pty) Ltd and Goldbrands Food Services (Pty) Ltd, related parties to GBIL. The acquisition has been accounted for using the acquisition method.

There were no other acquisitions during the financial year, other than those listed above.

The fair values of the identifiable assets and liabilities of the companies as at the date of acquisition were:

	<u>Franchising to Africa (Pty) Ltd</u>	<u>Blacksteer Enterprises (Pty) Ltd</u>	<u>Goldbrand Food Services (Pty) Ltd</u>
<u>Assets</u>	<u>R</u>	<u>R</u>	<u>R</u>
Other financial assets	1 373 000	2 343 535	-
Property, plant and equipment	10 997 900	-	-
Inventories	9 543 338	-	-
Trademarks	4 310 112	1 575 000	-
Trade and other receivables	14 833 414	-	-
Cash and cash equivalents	458 556	64 120	-
<u>Liabilities</u>			
Other financial liabilities	-	(1 373 000)	-
Trade and other payables	(20 575 496)	(801 151)	-
Other current liabilities	(2 827 833)	(8 395)	-
Instalment sale obligation	(5 781 081)	-	-
Deferred tax	(104 625)	-	-
Total identifiable assets	12 227 285	1 800 109	-
Goodwill arising on acquisition	3 328 965	1 699 891	902 562
Purchase consideration transferred	15 556 250	3 500 000	902 562

CONTINGENCIES

The directors are not aware of any material contingent liability which existed at the reporting date and up to the date of this report requiring disclosure.

FINANCIAL INSTRUMENTS RECOGNISED AT FAIR VALUE

The Group doesn't recognise any of its financial instruments at fair value. The carrying values of the group's financial instruments however approximates their fair values.

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the reporting date which would have a material effect on the condensed group financial results.

REVIEW CONCLUSION

The auditors, Nexia SAB&T, have reviewed the provisional condensed group financial statements for the year ended 29 February 2016, and have expressed an unmodified review conclusion.

The auditor's unmodified review report is available for inspection at the company's registered office.

DIVIDEND POLICY

No ordinary dividends were declared, and no ordinary dividend is proposed for the year.

PROSPECTS

The economy has seen a drastic decline in domestic consumer spend for individual consumers and in an attempt to combat the slow-down in consumer spending we have had to absorb many of the costs and be innovative in our menu ideas to ensure consumer affordability, without losing focus on product quality.

We look forward to taking our well-loved authentic South African Chesanyama and Black Steer brands to global markets. Our aim is to launch new and exciting concepts to expand our portfolio of brands globally. We continue to enhance our infrastructure, improve our franchisee profitability and margins offering quality products at reasonable prices to consumers.

CHANGES TO THE BOARD OF DIRECTORS

The following directors have been appointed during the period under review:

Executive directors:

Name	Date of appointment
Efpraxia Nathanael (“Praxia”)	18 May 2015
Terrence Craig Ballard	18 May 2015

Non-executive directors:

Name	Date of appointment
Christos Kassianides	18 May 2015
Clifford David Raphiri	01 December 2015
Valentine Nichas	01 December 2015
Hlumelo Biko	15 January 2016
Clive Korona-Yashe Rugara	15 January 2016

By order of the Board
17 June 2016

Efpraxia Nathanael
Chief Executive Officer

Terrence Ballard
Financial Director

CORPORATE INFORMATION

Non-executive directors: Clifford David Raphiri; Christos Kassianides; Valentine Nichas; Hlumelo Biko; Clive Korona-Yashe Rugara

Executive directors: Efpraxia Nathanael (“Praxia”); Terrence Craig Ballard

Registration number: 2015/168426/06

Registered address: 195 Witch-Hazel Avenue, Highveld Technopark, Centurion, 0046

Postal address: PO Box 290, Cornwall Hill, Irene, 0178

Company secretary: River Group

Telephone: (012)346 8540

Transfer secretaries: Trifecta Capital Investor Service (Pty) Limited

Designated Adviser: River Group