Truworths International Limited

Audited Annual Financial Statements at 26 June 2011

These annual financial statements were prepared by the finance department of the Truworths International Ltd Group acting under the supervision of MJV Sardi CA (SA), the Chief Financial Officer of the Group.

Contents

Independent Auditor's **Report**

TO THE MEMBERS OF TRUWORTHS INTERNATIONAL LIMITED

We have audited the annual financial statements and Group annual financial statements of Truworths International Ltd, which comprise the Directors' Report, the Audit Committee Report, the statements of financial position as at 26 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the period then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 104.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (71 of 2008, as amended) of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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 present fairly, in all material respects, the financial position of the company and the Group as at 26 June 2011, and of the financial performance and their cash flows for the period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (71 of 2008, as amended) of South Africa.

Ernst & Young Inc.

ERNST & YOUNG INC.
Director: James Alexander Newlands
Registered Auditor
Chartered Accountant (SA)

18 August 2011
Cape Town

Approval of **Annual Financial Statements**

The directors' responsibility for the annual financial statements is set out in the Corporate Governance Report on page 112 of the Integrated Annual Report.

The Group and company annual financial statements, which appear on pages 4 to 104, were approved by the board of directors on 18 August 2011 and are signed on its behalf by:

H SAVEN
Chairman

M S MARK
Chief Executive Officer

18 August 2011

Certificate by **Company Secretary**

I certify that, in respect of the period under review, the company has lodged with the Companies and Intellectual Property Commission (formerly the Registrar of Companies) all returns and notices required of a public company in terms of the Companies Act (61 of 1973 or, from 1 May 2011 onwards, 71 of 2008, as amended) of South Africa and that all such returns appear to be true, correct and up to date.

C DURHAM
Company Secretary

18 August 2011

Directors' **Report**

The directors have pleasure in submitting their report on the state of affairs, the business and profit of the company and the Group together with the Group and company annual financial statements for the 52-week period ended 26 June 2011.

NATURE OF BUSINESS

The company is an investment holding and management company with trading subsidiaries engaged either directly, or through franchises and agencies, in the retailing of fashion apparel and related merchandise. The Group operates principally in southern Africa.

RESULTS OF OPERATIONS

The results for the period are detailed in the attached Group and company annual financial statements that follow.

DIVIDENDS

Details of the dividends paid by the company during the period are disclosed in note 14 of the company annual financial statements. On 18 August 2011, the directors of the company resolved to declare a final cash dividend from retained income in respect of the period in the amount of 134 cents per share, to shareholders registered on 9 September 2011.

PROPERTY, PLANT AND EQUIPMENT

There were no major changes in the nature of the Group's property, plant and equipment during the period, but the useful lives and residual values of certain of these assets were reassessed.

SHARE CAPITAL

Details of the authorised and issued share capital of the company and the movements during the period are disclosed in note 5 of the company annual financial statements.

DIRECTORS AND SECRETARY

The names of the directors and Company Secretary in office at 26 June 2011 are set out on pages 32 and 33 and on page 141 of the Integrated Annual Report. Mark Sardi was appointed as director of the company, and as Chief Financial Officer of the Group, with effect from 21 February 2011.

SUBSIDIARY COMPANIES

Annexure One, containing full particulars of the Group's subsidiary companies, appears on page 95 of the annual financial statements.

BORROWING POWERS

In terms of the company's articles of association, its borrowing powers are unlimited. The borrowing powers of the Group's wholly-owned operating subsidiary, Truworths Ltd, may in terms of its articles of association be limited by the company. Any borrowings by the Group, were they to be made, would be subject to the provisions of the Group's board-approved treasury policy.

SPECIAL RESOLUTIONS BY SUBSIDIARY COMPANIES

By way of special resolutions taken on 19 January 2011, the wholly-owned subsidiary companies Truworths Investments (Pty) Ltd, Truworths Investments Two (Pty) Ltd, Truworths Investments Three (Pty) Ltd and Truworths Investments Four (Pty) Ltd were generally authorised to acquire the shares of their holding company. These special resolutions were registered by the Registrar of Companies (now known as the Companies and Intellectual Property Commission ('CIPC')) on 29 March 2011.

By way of special resolutions taken on 3 May 2011, the wholly-owned subsidiary companies Truworths Ltd, Young Designers Emporium (Pty) Ltd, Uzzi (Pty) Ltd and Identity Retailing (Pty) Ltd were authorised to provide (and ratified prior) financial assistance given to Group companies in the form of loans for the purposes of acquiring shares in the company or for the purposes of placing the cash resources of the Group under the control of the Group's treasury function so as to facilitate its optimal management and investment return. The special resolution of Truworths Ltd further authorised (and ratified prior) financial assistance given in the form of loans to (a) the Group's charitable, enterprise development and share scheme trusts, so as to enable them to carry out their activities, and to (b) certain directors of that company for housing purposes. These special resolutions do not require registration by the CIPC in terms of the Companies Act (71 of 2008, as amended).

No other special resolutions were passed by subsidiary companies between the end of the reporting period and the date of this report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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.

Audit Committee **Report**

The Audit Committee (the committee) of the Truworths International Ltd board complies with relevant legislation, regulation and governance practices. The responsibilities of the committee are outlined in its written charter, which is reviewed by the committee on an ongoing basis.

This report of the committee is presented to shareholders in compliance with the requirements of the Companies Act (71 of 2008, as amended) of South Africa.

ROLE OF THE COMMITTEE

The objectives and functions of the committee are set out in its charter. In summary the committee:

- aims to ensure the maintenance of adequate accounting records and effective financial reporting and internal control systems;
- aims to ensure compliance of published financial reports with relevant legislation, reporting standards and good governance;
- aims to ensure Group assets are safeguarded;
- has oversight of fraud and information technology risks in so far as these impact on the financial reporting process;
- confirms the nomination and appointment of the external auditor, ensuring such appointment is legislatively compliant;
- approves the terms of engagement and fees paid to the external auditor;
- defines and considers the non-audit services that may be rendered by the external auditor;
- considers the findings arising from the annual financial statement audit;
- monitors the functioning and approves the coverage plan of internal audit;
- reviews risk and tax management programmes and initiatives;
- fulfils the function of audit committee to Group subsidiaries and charitable trusts;
- reviews the expertise, resources and experience of the Group's finance function and the expertise and experience of the Chief Financial Officer; and
- recommends to the board the approval of the Integrated Annual Report.

STRUCTURE OF THE COMMITTEE

The committee comprises three independent non-executive directors and the chairman of the committee is not the chairman of the board of the company. The following directors served on the committee during the period under review and to the date of this report:

- Michael Thompson (Chairman)
- Rob Dow
- Hilton Saven

Biographical details of the committee members appear on pages 32 and 33 of the Integrated Annual Report. Fees paid to the committee members are outlined in note 27.1 of the Group annual financial statements.

The Chief Financial Officer, Company Secretary, Internal Audit Manager, Finance Executive and external auditor also attend meetings of the committee.

The chairman of the committee periodically meets separately with the external auditor and the internal audit staff without members of executive management being present.

INTERNAL AUDIT

The internal audit function provides assurance to the Truworths International board, via the committee, on the adequacy and effectiveness of the Group's internal control and risk management practices, and the integrity of financial reporting systems. Internal audit also assists management by making recommendations for improvements to the control and risk management environment.

The principle of independence of the internal audit department is upheld and the Internal Audit Manager reports on operational matters to the Chief Executive Officer and on administrative matters to the Chief Financial Officer.

The scope of the internal audit department work includes:

- reviewing, appraising and reporting on the adequacy and effectiveness of the system of internal control;
- reviewing the processes and systems which are designed to ensure integrity in reporting of financial and operating information; and
- reviewing the adequacy of compliance with applicable policies, plans, procedures, laws and regulations.

Specific focus is placed on the system of internal control that ensures that assets and information are protected against loss, theft or misuse, as well as on those controls that ensure key transactional information is of high integrity. Internal audit also provides consultation and other services to management such as due diligence services, forensic audit services, systems auditing services, risk management services and special reviews or audits.

INTERNAL CONTROLS

The Group strives to maintain a high standard of internal control. The sound control environment in the Group is founded on:

- strong responsibility for controls by executives;
- executive commitment to integrity and ethical values; and
- the skills and competence of executives.

The soundness of the Group's control environment is illustrated through:

- management's hands-on operating style;
- clear communication through staff policies;
- assignment of authority and responsibility to appropriate levels of management; and
- a control consciousness throughout the Group.

The Truworths International board is ultimately responsible for the system of internal control, which is designed to ensure:

- effectiveness and efficiency of operations;
- safeguarding, verification and accountability of assets;
- detection and minimisation of fraud and losses;
- reliability of financial and operational information and reporting; and
- compliance with applicable laws, regulations, policies and procedures.

The Truworths International board delegates responsibility for the implementation and maintenance of the control framework to management. The committee, together with the Risk Committee and the internal and external auditors, assist the board in monitoring the effectiveness and adequacy of the control environment.

The committee reports that during the period under review:

- internal control procedures were represented by management as having been substantially effective and appropriate;
- no material breach of internal controls and procedures was brought to its attention;
- key risks appeared to be adequately documented by management and appropriately monitored and reported on by the Risk Committee;
- policies and authority levels were represented by management as having been enforced and adhered to; and
- no material breaches of any laws affecting the Group were brought to its attention.

EXTERNAL AUDIT

The Group's external auditor is Ernst & Young Inc. Fees paid to the auditor are detailed in note 26.5 of the Group annual financial statements.

The external auditor's annual audit plan, which incorporates the identification of significant risks and how they are to be addressed during the audit, is presented at a meeting of the committee before the commencement of audit fieldwork.

The external auditor has unrestricted access to the Group's records and management. The auditor furnishes a written report to the committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the chairman of the committee.

AUDITOR INDEPENDENCE

The committee is satisfied that the external auditor Ernst & Young Inc. and the designated audit partner are independent of the Group and management and are therefore able to express an independent opinion on the fair presentation of the Group's annual financial statements.

This conclusion is *inter alia* based on the following:

- the Group's policy limiting the non-audit services provided by the external auditor;
- auditing profession standards that preclude the external auditor's personnel from holding shares in or having other business relationships with the Group;
- the external auditor did not provide services that could be seen as participating in the management of the Group's affairs during the reporting period; and
- assurance was provided by the external auditor that internal governance processes within the audit firm support the claim to independence.

The committee has a policy, which limits the provision of non-audit services by the auditors. The auditor is restricted from rendering accounting, company secretarial, internal audit, legal, valuation, financial information system design, actuarial, management, human resource and investment services.

Furthermore, the provision of non-restricted non-audit services by the external auditor is subject to prior approval by the committee if the fees exceed R100 000 (currently less than 5% of the annual audit fee) and requires appropriate disclosure in the financial statements. Details of non-audit services for the reporting period are presented and approved at committee meetings. During the period the external auditor received R107 000 (2010: R377 000) for non-audit services relating to taxation and other services to the Group, equivalent to 4% (2010: 13%) of the annual audit fee. (Refer to note 26.5 of the Group annual financial statements.)

COMMITTEE FUNCTIONING

During the reporting period, three committee meetings were held. Meetings are scheduled to coincide with the key dates in the financial reporting and audit cycle.

Reports routinely considered by the committee at these meetings included the Chief Financial Officer's Report, the report of the internal audit department (including its coverage plan), the Risk Committee minutes and board Risk Status Report, the Group Tax Report and the Company Secretary's regulatory update.

In addition, the chairman of the committee is a member of the Risk Committee, attends its quarterly meetings and is able to provide feedback to the Audit Committee on its activities and recommendations.

The committee also considered the draft interim and annual financial reports and announcements prepared by management, and recommended their adoption by the board subject to identified amendments. The committee further considered the external auditor's audit plan and the appropriateness of the responses of management to the comments raised by the auditor in relation to the prior period audit.

During the reporting period the committee undertook the following:

- nominated for appointment the external auditor;
- noted which audit partner had been assigned to the annual audit engagement;
- considered and approved the external auditor's fees and terms of engagement that had been negotiated by management;
- obtained assurance from management that the auditor's appointment complied with legislative requirements; and
- considered the applicability of the new Companies Act (71 of 2008, as amended) and the King III Code to the composition and functioning of the committee, and to accounting and external and internal auditing matters.

The committee was not required to deal with any complaints relating to accounting practices or internal audit, nor to the content or audit of the Group's annual financial statements.

The committee carried out its other responsibilities as set out in its board-approved charter, including those relating to the audit and financial reporting obligations of the Group's subsidiary companies and charitable trusts, during the reporting period by way of a consideration of annual and interim financial statements, and audit and management reports at its scheduled meetings.

Following each meeting of the committee, the chairman of the committee submits a written report to the directors on the committee's activities, findings and recommendations, and presents and invites questions on this report at the board meeting immediately following the committee meeting.

The chairman of the committee attends the annual general meeting of shareholders to answer any questions relating to the committee's activities.

CHIEF FINANCIAL OFFICER EXPERTISE AND EXPERIENCE

The committee reports in terms of the JSE Listings Requirements that it was satisfied as to the appropriateness of the expertise and experience of the Group's Chief Financial Officer during the period from 21 February 2011 when he was appointed as an executive director of Truworths International Ltd.

Prior to his appointment the duties and responsibilities of this role were allocated to various executives within the Group following the resignation of the previous incumbent in October 2009. The committee is satisfied that these executives collectively had the appropriate experience and expertise to fulfil these duties in a temporary capacity.

FINANCE FUNCTION EXPERTISE, RESOURCES AND EXPERIENCE

Based on a consideration of the qualifications, participation in continuing professional education and the nature, duration and relevance of the experience of key managers in the Group's finance department, as well as a review of the staff complement, functional responsibilities and information systems of the department, the committee reports in terms of the King III Code that it is satisfied as to the appropriateness of the collective expertise and experience of the Group's finance function and the adequacy of its human and technological resources.

ANNUAL FINANCIAL STATEMENTS AND INTEGRATED ANNUAL REPORT

The committee has recommended the annual financial statements (of which this report forms part) and the Integrated Annual Report to the board for approval.

APPROVAL OF THE REPORT

The committee confirms that it has functioned in accordance with its charter for the reporting period and that its report to shareholders was approved by the board on 18 August 2011.

M A THOMPSON
Chairman
Audit Committee

Group Statements of **Financial Position**

		Note	at 26 June 2011 Rm	at 27 June 2010 Rm
ASSETS				
Non-current assets			**1 093**	997
Property, plant and equipment		2	**724**	694
Goodwill		3	**90**	90
Intangible assets		4	**77**	65
Derivative financial assets		5.2	**21**	20
Available-for-sale asset		6	**1**	1
Loans and receivables		7	**141**	94
Deferred tax		16	**39**	33
Current assets			**5 131**	4 412
Inventories		9	**530**	450
Trade and other receivables		10	**3 033**	2 561
Derivative financial assets		5	**28**	35
Prepayments			**51**	48
Cash and cash equivalents		11	**1 489**	1 318
Total assets			**6 224**	5 409
EQUITY AND LIABILITIES				
Total equity			**5 046**	4 371
Share capital and premium		12, 13	**159**	79
Treasury shares		14	**(1 191)**	(797)
Retained earnings			**6 001**	5 026
Non-distributable reserves		15	**77**	63
Non-current liabilities			**84**	97
Post-retirement medical benefit obligation		17.1	**41**	36
Cash-settled compensation obligation		27.6.2	**1**	12
Straight-line operating lease obligation		18.1	**42**	49
Current liabilities			**1 094**	941
Trade and other payables		19	**875**	762
Derivative financial liability		20	**1**	–
Provisions		21	**73**	59
Tax payable			**145**	120
Total liabilities			**1 178**	1 038
Total equity and liabilities			**6 224**	5 409
Number of shares in issue (net of treasury shares)	(millions)	12	**423.4**	425.3
Net asset value per share	(cents)		**1 191.8**	1 027.7
Key ratios				
Return on equity	(%)		**41**	40
Return on capital	(%)		**61**	60
Return on assets	(%)		**46**	44
Inventory turn	(times)		**6.4**	6.9
Asset turnover	(times)		**1.3**	1.3

Group Statements of **Comprehensive Income**

		Note	52 weeks to 26 June 2011 Rm	52 weeks to 27 June 2010 Rm	% change
Revenue		25	**8 684**	7 659	13
Sale of merchandise		25	**7 858**	6 937	13
Cost of sales			**(3 403)**	(3 098)	10
Gross profit			**4 455**	3 839	16
Other income		25	**189**	162	17
Trading expenses			**(2 421)**	(2 201)	10
Depreciation and amortisation		26.1	**(129)**	(121)	
Employment costs		26.2	**(828)**	(759)	
Occupancy costs		26.3	**(652)**	(582)	
Trade receivable costs		26.4	**(390)**	(385)	
Other operating costs		26.5	**(422)**	(354)	
Trading profit			**2 223**	1 800	24
Interest received		25	**637**	560	
Profit before tax			**2 860**	2 360	21
Tax expense		28.1	**(917)**	(756)	
Profit for the period, fully attributable to owners of the parent			**1 943**	1 604	21
Other comprehensive (loss)/income					
Movement in effective portion of cash flow hedge		15.2	**(12)**	2	
Deferred tax on movement in effective portion of cash flow hedge		15.2	**3**	(1)	
Other comprehensive (loss)/income for the period, net of tax			**(9)**	1	
Total comprehensive income for the period, fully attributable to owners of the parent			**1 934**	1 605	20
Basic earnings per share	(cents)	30.1	**455.8**	377.7	21
Headline earnings per share	(cents)	30.1	**456.0**	377.9	21
Fully diluted basic earnings per share	(cents)	30.2	**447.3**	370.2	21
Fully diluted headline earnings per share	(cents)	30.2	**447.5**	370.4	21
Weighted average number of shares	(millions)	30	**426.3**	424.7	
Key ratios					
Gross margin	(%)		**56.7**	55.3	
Trading expenses to sale of merchandise	(%)		**30.8**	31.7	
Trading margin	(%)		**28.3**	25.9	
Operating margin	(%)		**36.4**	34.0	

Group Statements of **Changes in Equity**

	Note	Share capital and premium Rm	Treasury shares Rm	Retained earnings Rm	Non-distributable reserves Rm	Total equity Rm
2010						
Balance at the beginning of the period		65	(763)	4 208	41	3 551
Total comprehensive income for the period		–	–	1 604	1	1 605
Profit for the period		–	–	1 604	–	1 604
Other comprehensive income for the period		–	–	–	1	1
Dividends	29	–	–	(786)	–	(786)
Premium on shares issued	13	14	–	–	–	14
Shares repurchased	14	–	(34)	–	–	(34)
Share-based payment	27.6.1	–	–	–	21	21
Balance at 27 June 2010		79	(797)	5 026	63	4 371
2011						
Balance at the beginning of the period		**79**	**(797)**	**5 026**	**63**	**4 371**
Total comprehensive income for the period		**–**	**–**	**1 943**	**(9)**	**1 934**
Profit for the period		**–**	**–**	**1 943**	**–**	**1 943**
Other comprehensive loss for the period		**–**	**–**	**–**	**(9)**	**(9)**
Dividends	29	**–**	**–**	**(968)**	**–**	**(968)**
Premium on shares issued	13	**80**	**–**	**–**	**–**	**80**
Shares repurchased	14	**–**	**(394)**	**–**	**–**	**(394)**
Share-based payment	27.6.1	**–**	**–**	**–**	**23**	**23**
Balance at 26 June 2011		**159**	**(1 191)**	**6 001**	**77**	**5 046**

		2011	2010
Dividends (cents per share)			
Final – payable/paid September	29	**134**	98
Interim – paid March	29	**128**	102
Total		**262**	200

Group Statements of **Cash Flows**

		Note	**52 weeks to 26 June 2011 Rm**	52 weeks to 27 June 2010 Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash flow from trading and cash EBITDA*		32.1	**2 411**	1 934
Working capital movements		32.2	**(425)**	(216)
Cash generated from operations			**1 986**	1 718
Interest received		25	**637**	560
Tax paid		32.3	**(895)**	(711)
Cash inflow from operations			**1 728**	1 567
Dividends paid		32.6	**(968)**	(785)
Net cash from operating activities			**760**	782
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of plant and equipment to maintain operations		32.4	**(30)**	(34)
Acquisition of property, plant and equipment to expand operations		32.5	**(139)**	(158)
Acquisition of computer software		4	**(17)**	(24)
Proceeds on disposal of plant and equipment			**–**	1
Loans advanced		7.2	**(63)**	–
Loans repaid		7.1, 7.2	**5**	4
Acquisition of cash-settled call options		5.2	**(31)**	–
Net cash used in investing activities			**(275)**	(211)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds on shares issued		12, 13	**80**	14
Shares repurchased by subsidiaries		14	**(394)**	(34)
Net cash used in financing activities			**(314)**	(20)
Net increase in cash and cash equivalents			**171**	551
Cash and cash equivalents at the beginning of the period			**1 318**	767
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		11	**1 489**	1 318
Key ratios				
Cash flow per share	(cents)	30.3	**405.3**	369.0
Cash equivalent earnings per share	(cents)	30.4	**498.9**	412.3
Cash realisation rate	(%)	30.5	**81**	89

* Earnings before interest received, tax, depreciation and amortisation

Notes to the Group **Annual Financial Statements**

CORPORATE INFORMATION

The consolidated financial statements of Truworths International Ltd and its subsidiaries (the Group) for the 52 weeks ended 26 June 2011 were authorised for issue in accordance with a resolution of the directors taken on 18 August 2011. Truworths International Ltd, the holding company of the Group, is incorporated and domiciled in the Republic of South Africa, and its shareholders have limited liability.

STATEMENT OF COMPLIANCE

The annual financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), the AC 500 Standards as issued by the Accounting Practices Board, or its successor, and the Companies Act (71 of 2008, as amended) of South Africa.

GLOSSARY OF FINANCIAL REPORTING TERMS

This glossary of financial reporting terms is provided to ensure clarity of meaning, as certain terms may not always have the same meaning or interpretation as in other countries.

GROUP STRUCTURES

Company Truworths International Ltd.

Entity The company or any one of its subsidiaries.

Subsidiary Any entity over which the Group has the power to exercise control (including the Truworths International Limited Share Trust).

Associate An entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

ACCOUNTING

Acquisition date The date on which an entity (the acquirer) obtains control of the acquiree.

Acquisition method of accounting The method of accounting for business combinations whereby the acquiring entity recognises, on the acquisition date, the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the related goodwill (or gain from a bargain purchase).

Allowance An estimate of the reduction or diminution in the cost of current assets, such as inventories and trade receivables.

Amortised cost The amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation (using the effective interest method) of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Business combination A transaction or other event in which an entity (the acquirer) obtains control of one or more businesses.

Cash-generating unit The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Contingent liability

(a) A possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of an entity; or

(b) A present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability.

Control The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Defined contribution plan Post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and in respect of which that entity will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to their service during the current and prior periods.

Discount rate The pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset for which future cash flow estimates have not been adjusted. It is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.

Effective interest rate 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.

Fair value The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Foreign currency A currency other than the functional currency of the entity.

Functional currency The currency of the primary economic environment in which the entity operates.

Key management personnel Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any director (executive and non-executive) of that entity.

Operating segment An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's board to make decisions about resource allocation and assess segmental performance, and for which separate financial information is available.

Pooling of interest method of accounting A method of accounting for business combinations involving entities under common control, whereby those entities combine their net assets and operations at carrying amounts and the financial statements are presented as if the entities had always been combined.

Presentation currency The currency in which the financial statements are presented.

Projected unit credit method An actuarial valuation method to determine the present value of an entity's defined benefit obligations and the related current and, where applicable, past service cost. The method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Provision A liability of uncertain timing or amount.

Recoverable amount For an asset or a cash-generating unit, this is the higher of its fair value less costs to sell, and its value in use.

Related party A related party is a person or an entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions apply:

- (i) the entity and the reporting entity are members of the Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

GLOSSARY OF FINANCIAL REPORTING TERMS (CONTINUED)

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Value in use The present value of the future cash flows expected to be derived from an asset or a cash-generating unit.

FINANCIAL INSTRUMENTS

Available-for-sale financial asset Non-derivative financial assets that are designated as available-for-sale or are not classified as:

- loans and receivables;
- held-to-maturity investments; or
- financial assets at fair value through profit or loss.

Cash flow hedge A hedge of the exposure to variability in cash flows that:

- is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; and
- could affect profit or loss.

Credit risk The risk that a counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

Currency risk The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derivative financial instrument A financial instrument:

- the value of which changes in response to movements in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;
- that requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to respond similarly to changes in market factors; and
- that is settled at a future date.

Equity instrument A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Fair value hedge A hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss.

Financial asset Any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right:

(i) to receive cash or another financial asset from another entity; or

(ii) to exchange financial instruments with another entity under conditions that are potentially favourable; or

- a contract that will or may be settled in an entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of its own equity instruments; or
  - (ii) a derivative that will or may be settled, other than by the exchange of a fixed amount of cash or another financial asset, for a fixed number of its own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial asset or financial liability at fair value through profit or loss
A financial asset or financial liability that meets either of the following conditions:
- it is classified as held-for-trading; or
- upon initial recognition, it is designated by the entity as at fair value through profit or loss. An entity may use this designation only when permitted, or when doing so results in more relevant information because either:
  - (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
  - (ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

Financial instrument
A contract giving rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability
Any liability that is:
- a contractual obligation:
  - (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- a contract that will or may be settled in an entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of its own equity instruments; or
  - (ii) a derivative that will or may be settled, other than by the exchange of a fixed amount of cash or another financial asset, for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Forecast transaction
An uncommitted but anticipated future transaction.

Hedge effectiveness
The degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are off-set by changes in the fair value or cash flows of the hedging instrument.

Hedged item
An asset, liability, firm commitment, highly probable forecast transaction or net investment in a foreign operation that exposes the entity to risk of changes in fair value or future cash flows and is designated as being hedged.

Hedging instrument
A designated derivative or, for a hedge against changes in foreign currency exchange rates only, a designated non-derivative financial asset or non-derivative financial liability, for which fair value or cash flows are expected to off-set changes in the fair value or cash flows of a designated hedged item.

GLOSSARY OF FINANCIAL REPORTING TERMS (CONTINUED)

Interest rate risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates of interest.
Liquidity risk	The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.
Loans and receivables	Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those: • that an entity intends to sell immediately or in the near term, which are classified as held-for-trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; • that the entity upon initial recognition designates as available-for-sale; or • for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, and which are classified as available-for-sale.
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk.
Monetary items	Units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.
Other price risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

1. PRINCIPAL ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL RESULTS

The annual financial statements are prepared in accordance with the going concern and historical cost bases except where otherwise indicated. The accounting policies are applied consistently throughout the Group. The presentation and functional currency of the Group and company financial statements is the South African Rand (Rand) and all amounts are rounded to the nearest million, except where otherwise indicated.

1.1.1 The accounting policies and methods of computation applied in the preparation of these financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the period ended 27 June 2010, except for the following:

During the period, the Group adopted the following amended IFRS to the extent that they are applicable to its activities:

- IAS 24: Related Party Disclosures (Revised)
- Annual improvements to IFRS (May 2010)

The adoption of the revised standard and improvements has had the following consequences for the accounting policies, financial position or performance of the Group:

IAS 24: Related Party Disclosures (Revised)

The revised standard clarifies the definition of a related party in order to simplify the identification of such parties and to eliminate inconsistencies in the application of the standard. Although the revised standard is only effective for annual periods beginning on or after 1 January 2011, the Group has elected to adopt the entire standard in the reporting period. As required, the revised standard has been applied retrospectively. In some instances, the adoption of the revised standard has resulted in minor revisions to certain disclosures, but has not had any impact on the financial position or performance of the Group.

Annual improvements to IFRS (May 2010)

In May 2010, the International Accounting Standards Board issued an omnibus of amendments to its standards, affecting six standards and one interpretation. The Group has adopted those amendments that are effective for annual periods beginning on or after 1 July 2010. In some instances, the adoption of these amendments has resulted in minor revisions to accounting policies, but has not had any impact on the financial position or performance of the Group.

1.1.2 IFRS, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations not applicable to Group activities

Various other new and amended IFRS and IFRIC interpretations that have been issued and are effective, have not been adopted by the Group as they are not applicable to its activities.

1.2 BASIS OF CONSOLIDATION OF FINANCIAL RESULTS

The consolidated annual financial statements comprise the annual financial statements of the Group and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries

The results of subsidiaries are consolidated from acquisition date. Acquisitions from outside the Group are included in the Group financial statements using the acquisition method of accounting, whilst the acquisition of entities under common control is accounted for using the pooling of interest method.

Intra-group balances, transactions, income and expenses are eliminated in full.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The company carries its investments in subsidiaries at fair value. The financial statements of subsidiaries are prepared for the same reporting period as the holding company, using consistent accounting policies.

All dividends received from subsidiaries, jointly controlled entities and associates are recognised in profit or loss in the financial statements of the company. When such dividends are received, the company considers whether this indicates an impairment of the investment.

1.3 USE OF ESTIMATES AND JUDGEMENTS IN THE PREPARATION OF ANNUAL FINANCIAL STATEMENTS

In the preparation of the annual financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates and these differences may be material to the financial statements within the next reporting period. The key assumptions concerning estimation uncertainties at the end of the reporting period are discussed below.

Property, plant and equipment

The Group assesses the useful lives and residual values of these assets at each reporting date. These estimates take cognisance of current market and trading conditions for the Group's specific assets. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology. (Refer to note 2 for further detail.)

Trademarks

The Group's acquired trademark is regarded as having an indefinite useful life. The useful life is assessed at each reporting date. This judgement is based on the market and trading conditions applicable to the Group, management's expectations and strategy for the use of the trademark, as well as the relative market capitalisation of the cash-generating unit that uses the trademark. (Refer to note 4 for further detail.)

Asset impairment

The Group determines whether assets are impaired at each reporting date. Key assumptions applied to the earnings portion of a discounted cash flow calculation include the sales growth rate, operating margin, return on investment, reinvestment of profits, working capital requirements and capital expenditure. The growth rate used to extrapolate cash flows beyond the most recent budget period is also estimated. In determining the discount rate applied to calculate the present value of future earnings, the Group estimates the market risk return. (Refer to notes 3 and 4 for further detail.)

Allowances for inventories

The allowances for markdown, obsolescence and shrinkage take into account historic information related to sales trends and represent the expected markdown between the original cost and the estimated net realisable value. The net realisable value assigned to this inventory is the net selling price in the ordinary course of business less the estimated costs of completion (where applicable) less the estimated costs to make the sale. (Refer to note 9 for further detail.)

Doubtful debt allowance

The Group assesses its doubtful debt allowance at each reporting date. Key assumptions applied in this calculation are the estimated debt recovery rates within the Group's debtors' book, as well as an estimation or view on current and future market conditions that could affect the debt recovery rates. (Refer to note 10 for further detail.)

Post-retirement medical benefits

The Group provides limited post-retirement medical benefits and obtains an actuarial valuation annually of its net obligation in this regard. The key assumptions applied in arriving at the net obligation include mortality rates, medical inflation rates, investment return, the discount rate and current market conditions. (Refer to note 17 for further detail.)

Fair value of equity- and cash-settled share options granted

The fair value attached to share options granted is determined with the use of a binomial option pricing model. The key assumptions used in the calculation include estimates of the company's share's expected volatility, dividend yield and risk-free interest rate. (Refer to note 27.6 for further detail.)

1.4 BUSINESS COMBINATIONS AND GOODWILL

Recognition and measurement

Acquisition method

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, are recognised in accordance with IAS 39 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Pooling of interest method

The acquisition of entities under common control is accounted for using the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying values at the date of acquisition. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, that would otherwise be done under the acquisition method. No new goodwill is recognised as a result of the combination.

Measurement period

If the initial accounting for business combinations, other than acquisitions accounted for using the pooling of interest method, has been determined provisionally, then adjustments to these values during the measurement period, resulting from the emergence of new information about facts and circumstances that existed at the acquisition date, are done retrospectively against goodwill.

The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed at the acquisition date, or learns that more information is not obtainable. However, the measurement period will not exceed one year from the acquisition date.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Impairment

Goodwill is not amortised but tested for impairment at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the acquisition, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Cash-generating units to which goodwill has been allocated are tested for impairment annually by assessing the recoverable amount, which is the higher of fair value less costs to sell and value in use, of the cash-generating unit. The value in use is calculated as the present value of the future cash flows expected to be derived from the cash-generating unit.

Where the recoverable amount of the unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is applied firstly to the carrying amount of any goodwill in the unit assessed. Thereafter, any remaining impairment is allocated to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset. Impairment losses on goodwill cannot be reversed.

1.5 FOREIGN CURRENCY TRANSLATION

The financial results are accounted for in the functional currency of the entity.

Translation of foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates prevailing at the date of the transaction. Subsequent to initial measurement, monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, whilst assets carried at fair value are translated at the exchange rate when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translation of monetary items at rates different from those at which they were translated at initial recognition are recognised in profit or loss. Exchange differences on non-monetary items carried at fair value are recognised in profit or loss, except where the fair value adjustments are recognised in other comprehensive income, in which case the translation differences arising are recognised in other comprehensive income.

1.6 PROPERTY, PLANT AND EQUIPMENT

Initial recognition and measurement

Each item of property, plant and equipment is initially recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be reliably measured. Each item that qualifies for recognition is measured at cost, being the cash equivalent of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent measurement

Buildings owned by the Group are classified as owner-occupied property and carried at cost less accumulated depreciation and impairment losses. Land is carried at cost and is not depreciated. Motor vehicles, plant, equipment, furniture and fittings, and computer equipment are carried at cost less accumulated depreciation and impairment. When these assets comprise major components with different useful lives, these components are accounted for as separate items. Expenditure incurred to replace or modify a significant component of these assets is capitalised if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be reliably measured. Any remaining book value of the component replaced is written off in profit or loss. All other expenditure is recognised in profit or loss.

Depreciation

Buildings, motor vehicles, plant, equipment, furniture and fittings and computer equipment are depreciated to their estimated residual values on a straight-line basis over their expected useful lives. The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date, taking into account technological innovations and asset maintenance programmes. A change resulting from the review is treated as a change in accounting estimate. The depreciation expense is recognised in profit or loss in the depreciation and amortisation expense category.

Depreciation commences when an asset is available for its intended use and ceases temporarily if the residual value exceeds the carrying amount. Depreciation ceases permanently at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognised. The following estimated useful lives apply:

Buildings	10 – 15 years
Motor vehicles	4 years
Plant, equipment, furniture and fittings	5 – 10 years
Computer equipment	5 years

Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on derecognition are included in profit or loss in the period of derecognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item at the date of derecognition.

Impairment

Impairment of property, plant and equipment is assessed in terms of the accounting policy set out in note 1.9.

1.7 COMPUTER SOFTWARE

Computer software is classified as an intangible asset with a finite useful life.

Initial recognition and measurement

Purchased software and the direct costs associated with the customisation and installation thereof are capitalised. Expenditure on software developed internally is capitalised if it meets the criteria for capitalising development expenditure.

Subsequent measurement

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software is recognised in profit or loss. Expenditure incurred to replace or modify software is capitalised if it is probable that future economic benefits associated therewith will flow to the entity and the cost thereof can be reliably measured.

Amortisation

Computer software is amortised to its estimated residual value on a straight-line basis over its expected useful life of five years. Amortisation commences when the computer software is available for its intended use and ceases temporarily if the residual value exceeds the carrying amount. Amortisation ceases permanently at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognised. The amortisation period, amortisation method and residual values are reviewed at each reporting date. A change resulting from the review is treated as a change in accounting estimate. The amortisation expense is recognised in profit or loss in the depreciation and amortisation expense category.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Derecognition

Computer software is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses which arise on derecognition are included in profit or loss in the period of derecognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item at the date of derecognition.

Impairment

Impairment of computer software is assessed in terms of the accounting policy set out in note 1.9.

1.8 TRADEMARKS

The Group's acquired trademark is classified as an intangible asset with an indefinite useful life.

Initial recognition and measurement

Where payments are made for the acquisition of trademarks, the amounts are capitalised at cost. Trademarks acquired through an acquisition of an entity are initially recognised at fair value in terms of the accounting policy for business combinations set out in note 1.4.

Subsequent measurement

Trademarks are stated at cost less accumulated impairment losses. Subsequent expenditure incurred is capitalised if it is probable that future economic benefits associated with the trademark will flow to the entity and its cost can be reliably measured. Trademarks are considered to have an indefinite useful life, based on an analysis of all relevant factors, if there is no foreseeable limit to the period over which they are expected to generate net cash flows for the entity. The useful lives are reviewed at each reporting date to determine whether events or circumstances continue to support an indefinite useful life assessment. A change resulting from the review is accounted for as a change in accounting estimate.

Derecognition

Trademarks are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses which arise on derecognition are included in profit or loss in the period of derecognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item at the date of derecognition.

Impairment

Trademarks are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amounts may be impaired. The impairment recognised in profit or loss is the excess of the carrying amount over the recoverable amount. Recoverable amounts are estimated for individual trademarks or, when an individual trademark cannot generate cash flows independently, the recoverable amount is determined for the larger cash-generating unit to which the trademark has been assigned. A previously recognised impairment will be reversed in so far as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the trademark's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in profit or loss.

1.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group's non-financial assets, including property, motor vehicles, plant, equipment, furniture and fittings, computer equipment and computer software (but excluding goodwill, trademarks, inventories and deferred tax, for which impairment policies are described within their respective accounting policies) are reviewed at each reporting date to determine whether there is any indication of impairment. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, the recoverable amount of the asset is estimated.

Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash flows independently, for the larger cash-generating unit to which the asset belongs. If the recoverable amount of the asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to the recoverable amount. The impairment is recognised in profit or loss as an expense. Where an impairment loss is recognised for a cash-generating unit, it is firstly allocated to any goodwill belonging to that unit and thereafter to the other assets of the unit, pro-rata based on their carrying amounts.

A previously recognised impairment will be reversed in so far as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined at the reversal date, had no impairment been recognised. A reversal of an impairment is recognised in profit or loss.

After recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, on a straight-line basis over its remaining useful life.

1.10 FINANCIAL INSTRUMENTS

Financial instruments recognised in the statement of financial position include an available-for-sale asset, derivative financial instruments, loans, trade and other receivables, cash and cash equivalents and trade and other payables. Financial instruments are recognised only when the Group becomes party to the contractual provisions of the instrument.

Initial recognition and measurement

The Group determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate in limited instances, re-evaluates this designation at the end of each reporting period. Financial instruments are initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequent measurement and impairment for each category is specified below.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

Fair value

The fair value of financial instruments traded in active financial markets is determined with reference to quoted prices at the close of business on the last business day of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include reference to the quoted market capitalisation of the Group, quoted market prices, relative entity profit performance, recent arm's length transactions and other recognised valuation methodologies. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment losses.

Categories of financial instruments and subsequent measurement

Financial assets and liabilities at fair value through profit or loss

The Group classifies its derivatives in the form of forward exchange contracts as held-for-trading financial assets or liabilities. The Group has not elected to designate any other financial instruments in this category. The Group's purchased cash-settled call options are designated hedging instruments. (Refer to note 1.12 for further detail.)

The fair value of forward exchange contracts is calculated with reference to current forward exchange contracts traded in the open market with similar maturity profiles at the end of the reporting period. Gains and losses arising from changes in the fair value of forward exchange contracts are recognised under other operating expenses, with a corresponding current asset (in the event of a gain) or current liability (in the event of a loss) in the statement of financial position.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Available-for-sale financial assets

Shares in subsidiaries and the Group's unlisted investment are classified as available-for-sale financial assets.

Subsequent to initial measurement, available-for-sale financial assets are measured at fair value. Gains or losses arising on the change in fair value of available-for-sale financial assets are recognised in other comprehensive income.

The fair value of the shares held in subsidiaries is determined annually with reference to the market capitalisation of the Group and relative entity profit performance.

The fair value of the Group's unlisted investment is determined annually with reference to the most recently traded share price.

Loans and receivables

The export partnership participation, various other amounts owing to the Group, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Subsequent to initial measurement, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Where credit sales are made on a six-month interest-free basis, the related receivables are recognised at the fair value on transaction date and notional interest is recognised over the interest-free period. Subsequently, receivables are measured at amortised cost using the effective interest method, less an allowance for uncollectible amounts.

Financial liabilities measured at amortised cost

Amounts owing for trade and other payables are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised or impaired, as well as through the amortisation process.

Offset

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset, or a portion of a financial asset, is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - (i) has transferred substantially all the risks and rewards of the asset; or
  - (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

1.11 IMPAIRMENT OF FINANCIAL ASSETS

The Group's financial assets are reviewed at each reporting date, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment.

The Group first assesses whether objective evidence of impairment exists for financial assets that are individually significant and collectively for financial assets that are not individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment, and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

Available-for-sale financial assets

When an available-for-sale financial asset is impaired (such as when there has been a significant or prolonged decline in the fair value of the investment below its cost), an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised, is reclassified from other comprehensive income to profit or loss.

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 previously recognised impairment loss is reversed. The reversal of any such impairment loss is recognised in other comprehensive income.

Loans and receivables

If there is objective evidence that an impairment loss has been incurred (such as the probability of insolvency or significant financial difficulties of the debtor), it is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced using an allowance account and the loss is recognised in profit or loss. Loans and receivables 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 previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date had no impairment been recognised.

1.12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group is exposed to fluctuations in the share price of the company as a result of having issued cash-settled call options to certain employees. The Group uses derivative instruments in the form of purchased cash-settled call options to hedge this exposure. The purchased options have been designated as cash flow hedges. There are no other instances of hedge accounting.

Initial recognition and measurement

The hedging instrument is initially measured at fair value. The Group's criteria for the application of cash flow hedge accounting require that:

- at the inception of the hedge relationship, there is formal designation and documentation of the hedging relationship, risk management objective and strategy for undertaking the hedge;
- the hedge transaction is expected to be highly effective in achieving offset in changes in cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

- the forecast transaction that is the subject of the cash flow hedge must be highly probable; and
- the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Subsequent measurement

The fair value of the cash-settled call options issued by the Group is obtained from a valuation performed by a third party financial institution at the close of business on the last business day of the reporting period. The effective part of any gain or loss arising on the purchased cash-settled call options is recognised in other comprehensive income and held in a separate cash flow hedging reserve in the statement of changes in equity until the hedged transaction affects profit or loss. The ineffective part of any gain or loss is recognised in profit or loss.

Derecognition

If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs. If the forecast transaction is not expected to occur, the amount is recognised in profit or loss.

1.13 INVENTORIES

Finished goods are valued at the lower of cost and net realisable value. The cost is calculated using the First-In-First-Out (FIFO) method. Adjustments are made for any allowances for markdown, obsolescence and shrinkage, where appropriate. Write-downs to net realisable value and inventory losses are recognised in profit or loss in the reporting period in which the write-downs occur. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion (where applicable) less the estimated costs to make the sale.

Inventories are physically verified at least once a year through the performance of inventory counts, and shortages identified are written off immediately. An allowance is made at the end of the reporting period, which is based on historical trends, for inventory losses incurred between the last physical count and the end of the reporting period.

1.14 SHARE CAPITAL AND SHARE PREMIUM

Issued share capital and share premium are stated as the amount of the proceeds received on the issue of shares less directly attributable issue costs.

1.15 TREASURY SHARES

Shares in the company held by Group subsidiaries are classified as treasury shares. The cost price of these shares, together with related transaction costs, is deducted from equity. The issued and weighted average number of shares is reduced by the treasury shares for the purposes of the basic and headline earnings per share calculations. Dividends received on treasury shares are eliminated on consolidation.

When treasury shares are cancelled, the treasury share balance is reduced by the cost of the cancelled shares. Share capital is then reduced by the par value of these cancelled treasury shares. When shares are repurchased from parties outside the Group and subsequently cancelled, the company's share premium is reduced by the excess of the repurchase price over the par value of the shares cancelled. When shares are repurchased from subsidiary companies and subsequently cancelled, retained income of the Group is reduced by the excess of the repurchase price over the par value of the shares cancelled. In the company, the non-distributable reserve is reduced by the excess of the repurchase price over the par value of the shares cancelled.

1.16 EMPLOYEE BENEFITS

The Group remunerates its employees with short-term employee benefits and participates in four defined contribution retirement funds and one defined benefit healthcare fund. In addition, certain employees are remunerated with share-based payments.

Short-term employee benefits

Remuneration to employees is recognised in profit or loss as the services are rendered, except for non-accumulating benefits that are only recognised when the specified event occurs. Provision is made for accumulated and incentive bonuses.

Defined contribution plans

The Group's contributions to the defined contribution retirement funds are based on a percentage of the pensionable payroll and are recognised as an expense in profit or loss in the reporting period in which the services are rendered by the relevant employees.

Defined benefit plans

The Group has an obligation to provide certain post-retirement medical benefits to eligible employees and pensioners who entered into the Group's employment prior to 30 June 2000.

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs and the fair value of plan assets. The present value of the defined benefit obligation, the related current service costs and, where applicable, past service costs, are calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on high quality corporate bonds.

Unrecognised actuarial gains and losses, in excess of the greater of 10% of the fair value of plan assets or the present value of the obligation at the beginning of the period, are recognised in profit or loss over the average expected remaining working lives of employees who qualify for the benefits.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. Any curtailment benefits or settlement amounts are recognised in profit or loss when they are incurred.

Share-based payments

Equity-settled share options

Employees of the Group, including executive directors (and in prior periods, certain of the non-executive directors) receive remuneration in the form of share options (equity-settled share-based payments), whereby they render services in exchange for rights over the company's listed shares.

The cost of the services to be received from employees and the corresponding increase in the equity-settled compensation reserve are measured with reference to the fair value of the shares at the date on which the share options are granted. The fair value of the share options is determined using an actuarial binomial model (refer to note 27.6.1 for further detail). Non-vesting conditions and vesting conditions, to the extent that they are conditions linked to the price of the company's shares (i.e. market conditions), if any, are taken into account in determining the fair value of the share options granted. No account is taken of any other vesting conditions.

The cost of share options is recognised, together with a corresponding increase in total equity under the equity-settled compensation reserve, over the vesting period. The cumulative expense recognised for share options granted at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired, as well as the Group's best estimate of the number of share options that will ultimately vest. The estimate is revised if subsequent information indicates that the number of share options expected to vest differs from previous estimates. No expense is recognised for share options that do not ultimately vest.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Where the terms of an award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share option arrangement, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

The effect of outstanding share options is reflected in the computation of diluted earnings per share. (Refer to note 30 for further detail.)

Cash-settled share options

The cost of the services to be rendered by employees and the corresponding cash-settled compensation liability is recognised over the vesting period and is initially measured at fair value. The liability is remeasured at the end of each reporting period up to and including the settlement date, and changes in the fair value are recognised in profit or loss.

1.17 TAXES

The tax expense consists of current South African and foreign tax, deferred tax and secondary tax on companies (STC).

Current South African and foreign tax

The current tax charge is the expected tax payable on the taxable income for the reporting period. The tax rates and tax laws used to compute this amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred tax

The provision for deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of the Group's assets and liabilities. Deferred tax is provided, using the liability method, for all temporary differences at the end of the reporting period between the tax bases of assets or liabilities and their respective carrying amounts, except to the extent that a deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit (or loss) nor taxable income (or tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that both of the following conditions are satisfied:

- the entity is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised where it is probable that, in the foreseeable future, taxable income will be available against which the deferred tax asset can be realised. A deferred tax asset is not recognised where:

- it arises from a transaction that is not part of a business combination; and
- at the time of the transaction, it has not affected accounting profit (or loss) or taxable income (or tax loss).

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. The related deferred tax charge is accounted for in profit or loss, other comprehensive income or equity depending on the underlying transaction. Deferred tax assets and deferred tax liabilities are off-set, if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Secondary tax on companies

STC is recognised as part of the tax expense in the statement of comprehensive income when the related dividend has been paid. There are no material unutilised STC credits within the Group that would result in the recognition of a deferred tax asset.

1.18 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 rentals with fixed or minimum rental escalation clauses are recognised in profit or loss on a straight-line basis over the lease term. The resulting difference arising from the application of 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.

1.19 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to any provision is recognised in profit or loss. If the effect of the time value of money is material, a discount rate is applied to determine the present value of the provision. Where discounting is applied, the annual increase in the provision due to the passage of time is recognised as an interest expense in profit or loss.

Contingent liabilities are not recognised as liabilities in the Group financial statements but are disclosed separately in the notes. Contingent liabilities assumed in a business combination are recognised at their fair value if they are present obligations that arise from past events and their fair value can be determined reliably. (Refer to note 1.4 for further detail.)

1.20 DIVIDENDS

Dividends payable and the STC thereon are recognised as liabilities in the reporting period in which the dividends are declared. A dividend declared subsequent to the end of the reporting period is not charged against total equity at the end of the reporting period, as no liability exists at that date.

1.21 REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the entity. Revenue transactions are recognised on the following bases:

Sale of merchandise

Revenue from the sale of merchandise through retail outlets and to franchisees is recognised when the risks and rewards of ownership have passed to the customer or franchisee. Such income represents the net invoice value of merchandise provided to such third parties – excluding discounts, value-added and general sales tax.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Sales made on six-month interest-free deferred settlement terms effectively contain a financing element. The difference between the purchase price under market-related conditions and the amount actually paid is recognised as notional interest income over the six-month financing period.

Interest

Interest is recognised using the effective interest method.

Commission

Commission, through the sale of merchandise on behalf of third parties, is recognised in the reporting period in which it is earned, according to the applicable contractual arrangements. Where the Group acts as an agent, all payments collected from customers and passed on to third parties are excluded from both revenue and expenses.

Display fees and financial services income

Display fees and financial services income are recognised in the reporting period in which they are earned, according to the applicable contractual arrangements.

Lease rental income

Lease rental income is recognised in the reporting period in which it is earned, based on the straight-line method.

Royalties

Royalties, based on the sale of merchandise to franchisees, are recognised in the reporting period in which they are earned, according to the applicable contractual arrangements.

Management fees

Management fees are recognised when the services contracted for are rendered.

Dividends

Dividends are recognised on the record date for such dividends.

1.22 COST OF SALES

Cost of sales includes all costs of purchase, costs of conversion and other costs incurred in bringing inventories to their present location and condition. Costs of purchase include the purchase price, royalties paid, import duties and other taxes (to the extent that they are not recoverable), transport and distribution costs. Inventory write-downs are included in cost of sales when recognised. Trade discounts, settlement discounts and other similar items are deducted in determining the costs of purchase.

Cost of sales is recognised as an expense when the risks and rewards of ownership related to the sale of merchandise pass to the customer or franchisee.

1.23 SEGMENT INFORMATION

The reportable segments of the Group have been identified as the Truworths and Young Designers Emporium (YDE) business units with reference to the internal management structure. This basis is representative of management's review processes and the Group's internal financial reporting structures. The source and nature of business risks and returns are segmented on the same basis.

The Group's main geographical regions, being South Africa, Namibia, Swaziland, Botswana and other African countries, are based on the location of the Group's customers. Transfer prices between operating segments are at arm's length, in a manner similar to transactions with third parties.

1.24 EVENTS AFTER THE END OF THE REPORTING PERIOD

The financial statements are adjusted to reflect events that occurred between the end of the reporting period and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the end of the reporting period. Events that are indicative of conditions that arose after the end of the reporting period are disclosed, but do not result in an adjustment of the financial statements themselves.

1.25 IFRS, AMENDMENTS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

The following IFRS and amendments, that are relevant to the Group, have been issued but are not yet effective for the period under review. The Group will adopt these no later than their effective dates, to the extent that they are applicable to its activities:

- **IFRS 9: Financial Instruments**
  Phase One – Classification and measurement of financial assets and liabilities
  Effective for annual periods beginning on or after 1 January 2013

  The Group is still determining the expected impact of IFRS 9. The standard released to date is Phase One of a larger project to replace IAS 39: Financial Instruments – Recognition and Measurement. The second and third Phases of the project will deal with impairment of financial instruments and hedge accounting respectively. The impact of the new standard could be significant for the Group.

- **IFRS 10: Consolidated Financial Statements**
  Presentation and preparation of consolidated financial statements
  Effective for annual periods beginning on or after 1 January 2013

  The new standard establishes control as the only basis for consolidation of all entities, regardless of the nature of the investee. It amends the definition of control to include three elements, namely power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. The new standard will replace IAS 27: Consolidated and Separate Financial Statements and SIC-12: Consolidation – Special Purpose Entities. The Group is still determining the expected impact of IFRS 10.

- **IFRS 12: Disclosure of Interests in Other Entities**
  Disclosure of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities
  Effective for annual periods beginning on or after 1 January 2013

  The objective of the new standard is to increase transparency in financial reporting where the reporting entity has an interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The new standard requires disclosure of information to enable users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The Group expects that the adoption of IFRS 12 will have no material financial impact on its financial statements in the period of initial application. However, the Group will comply with the additional disclosure requirements resulting from such initial application.

- **IFRS 13: Fair Value Measurement**
  Framework for measuring fair value and disclosure requirements for fair value measurements
  Effective for annual periods beginning on or after 1 January 2013

  The objective of the new standard is to reduce the complexity and improve the consistency of fair value measurements and is part of the IASB's IFRS and US GAAP convergence project. The new standard consolidates and clarifies the requirements for measuring fair value and includes disclosure enhancements to assist users of financial statements to better assess the valuation techniques and inputs used to measure fair value. The Group is still determining the expected impact of IFRS 13.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

- **IAS 1: Presentation of Financial Statements (Amended)**
  Amendments to presentation of items recognised in other comprehensive income
  Effective for annual periods beginning on or after 1 July 2012

  The amendments to IAS 1 require items that are recognised in other comprehensive income, that may in a future period be reclassified to profit or loss, to be presented separately from those items that may never be reclassified to profit or loss. The Group expects that the adoption of IAS 1 (Amended) will have no material financial impact on its financial statements in the period of initial application. However, the Group will comply with the additional disclosure requirements resulting from such initial application.

- **IAS 19: Employee Benefits (Amended)**
  Amendments to accounting for employee benefits, particularly pension and post-retirement benefit plans
  Effective for annual periods beginning on or after 1 January 2013

  Amendments to IAS 19 include significant changes to the accounting for pension and post-retirement benefit plans and various other minor changes. Of these changes, the most fundamental is the removal of the corridor mechanism for recognising actuarial gains and losses, which will result in full balance sheet recognition of pension surpluses and deficits. The Group is still determining the expected impact of IAS 19 (Amended).

- **Annual improvements to IFRS (May 2010)**
  Various minor amendments to existing IFRS
  Effective for annual periods beginning on or after 1 January 2011

  The Group expects that the adoption of the annual improvements to IFRS (May 2010) that are effective for annual periods beginning on or after 1 January 2011 will have no material financial impact on its financial statements in the period of initial application. However, the Group will comply with the additional disclosure requirements resulting from such initial application.

Various other IFRS, amendments and IFRIC interpretations that have been issued and are not yet effective have not been disclosed by the Group, as they are not applicable to its activities.

2. PROPERTY, PLANT AND EQUIPMENT

2011	Note	Land Rm	Buildings Rm	Motor vehicles Rm	Plant, equipment, furniture and fittings Rm	Computer equipment Rm	Total Rm
Balance at the beginning of the period, net of accumulated depreciation		**15**	**156**	**8**	**464**	**51**	**694**
Additions		**16**	**5**	**3**	**131**	**14**	**169**
Disposals		**–**	**–**	**–**	**(1)**	**–**	**(1)**
Cost		**–**	**–**	**–**	**(14)**	**(10)**	**(24)**
Accumulated depreciation		**–**	**–**	**–**	**13**	**10**	**23**
Depreciation	26.1	**–**	**(6)**	**(3)**	**(112)**	**(17)**	**(138)**
Balance at the end of the period, net of accumulated depreciation		**31**	**155**	**8**	**482**	**48**	**724**
Reconciliation as at 26 June 2011							
Cost		**31**	**183**	**13**	**978**	**169**	**1 374**
Accumulated depreciation		**–**	**(28)**	**(5)**	**(496)**	**(121)**	**(650)**
Net carrying amount		**31**	**155**	**8**	**482**	**48**	**724**
2010							
Balance at the beginning of the period, net of accumulated depreciation		15	143	–	412	48	618
Additions		–	16	10	148	18	192
Disposals		–	–	–	(2)	–	(2)
Cost		–	–	–	(119)	(15)	(134)
Accumulated depreciation		–	–	–	117	15	132
Depreciation	26.1	–	(3)	(2)	(94)	(15)	(114)
Balance at the end of the period, net of accumulated depreciation		15	156	8	464	51	694
Reconciliation as at 27 June 2010							
Cost		15	178	10	861	165	1 229
Accumulated depreciation		–	(22)	(2)	(397)	(114)	(535)
Net carrying amount		15	156	8	464	51	694
Reconciliation as at 28 June 2009							
Cost		15	162	–	832	162	1 171
Accumulated depreciation		–	(19)	–	(420)	(114)	(553)
Net carrying amount		15	143	–	412	48	618

	2011 Rm	2010 Rm
Estimated replacement and insured value	**1 512**	1 461

During the period the Group reviewed the residual values and useful lives of its property, plant and equipment and no material adjustments were required.

		2011 Rm	2010 Rm
3. GOODWILL			
Balance at the beginning and end of the period		**90**	90
The carrying amount equates to cost since no accumulated impairment has been recognised.			
Impairment testing of goodwill Goodwill acquired through business combinations has been allocated to the individual cash-generating units for impairment testing as follows:			
Young Designers Emporium (Pty) Ltd (YDE)		**52**	52
Assumptions applied			
Discount rate applied to projected cash flows	(%)	**12.6**	14.1
Variables			
Risk-free rate, based on the long-term South African R201 bond	(%)	**7.1**	7.6
Market risk premium	(% points)	**5.0**	5.0
Beta value	(:1)	**0.90**	1.09
The recoverable amount of the YDE cash-generating unit has been determined based on a value-in-use calculation. Key assumptions applied in this calculation relate to the sales growth rate, reinvestment of profits, working capital requirements and capital expenditure. Cash flow projections, covering a five-year period, were based on historical information and financial budgets approved by senior management. No goodwill impairment was deemed necessary.			
Uzzi (Pty) Ltd (Uzzi)		**38**	38

The Uzzi goodwill has been allocated to the Truworths Ltd cash-generating unit since the 2009 reporting period following the transfer of the Uzzi business as a going concern from Uzzi. The fair value of the Truworths Ltd cash-generating unit is determined by taking into account relative company profit performance and Group market capitalisation. No goodwill impairment was deemed necessary.

4. INTANGIBLE ASSETS

	Note	Trademark Rm	Computer software Rm	Total Rm
2011				
Balance at the beginning of the period, net of accumulated amortisation		**34**	**31**	**65**
Additions		**–**	**17**	**17**
Amortisation	26.1	**–**	**(5)**	**(5)**
Balance at the end of the period, net of accumulated amortisation		**34**	**43**	**77**
Reconciliation as at 26 June 2011				
Cost		**34**	**94**	**128**
Accumulated amortisation		**–**	**(51)**	**(51)**
Net carrying amount		**34**	**43**	**77**
2010				
Balance at the beginning of the period, net of accumulated amortisation		34	14	48
Additions		–	24	24
Disposals		–	–	–
Cost		–	(4)	(4)
Accumulated amortisation		–	4	4
Amortisation	26.1	–	(7)	(7)
Balance at the end of the period, net of accumulated amortisation		34	31	65
Reconciliation as at 27 June 2010				
Cost		34	77	111
Accumulated amortisation		–	(46)	(46)
Net carrying amount		34	31	65
Reconciliation as at 28 June 2009				
Cost		34	57	91
Accumulated amortisation		–	(43)	(43)
Net carrying amount		34	14	48

Trademark

The Uzzi trademark has been allocated to the Truworths Ltd cash-generating unit since the 2009 reporting period. The trademark was initially recognised on acquisition of the 51% shareholding in Uzzi and measured at fair value. The Uzzi brand is well established in the South African market and reflects a unique blend of men's fashion apparel in European style fabrics. For this reason there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. The trademark is therefore considered to have an indefinite useful life.

Impairment testing of trademark

The recoverable amount of the trademark cannot be identified independently and the benefits of the trademark relate to the Truworths Ltd cash-generating unit. The fair value of the Truworths Ltd cash-generating unit is determined by taking into account relative company profit performance and Group market capitalisation. No trademark impairment was deemed necessary.

	Note	2011 Rm	2010 Rm
5. DERIVATIVE FINANCIAL ASSETS			
Current portion of derivative financial assets		**28**	35
Forward exchange contracts	5.1	**–**	1
Cash-settled call options	5.2	**28**	34
Non-current portion of derivative financial assets		**21**	20
Cash-settled call options	5.2	**21**	20
Total		**49**	55

5.1 FORWARD EXCHANGE CONTRACTS

		2011 Rm	2010 Rm
The Group uses forward exchange contracts to reduce its foreign currency exposure arising from imports into South Africa. These contracts are marked-to-market and are classified as held-for-trading financial assets, and are measured at fair value. The fair value is determined as the difference between the contract price of forward exchange contracts and the price of market traded forward exchange contracts with similar maturity profiles at the end of the reporting period.		**–**	1

At the end of the 2011 reporting period, the mark-to-market adjustment resulted in the recognition of a derivative financial liability. Refer to note 20 for further information relating to derivative financial liabilities.

Refer to note 24.3.1 for further information relating to currency risk management.

5.2 CASH-SETTLED CALL OPTIONS

	Note	2011 Rm	2010 Rm
Non-current portion of cash-settled call options at the beginning of the period		**20**	25
Current portion of cash-settled call options at the beginning of the period		**34**	23
Total cash-settled call options at the beginning of the period		**54**	48
Cash-settled call options acquired during the period		**31**	–
Cash-settled call options exercised during the period	32.1	**(46)**	(35)
Total cash-settled call options at the end of the period, before fair value adjustments		**39**	13
Fair value adjustments for the period		**10**	41
Revaluation gain recognised in profit or loss	26.2	**22**	39
(Loss)/gain recognised in cash flow hedging reserve	15.2	**(12)**	2
Total cash-settled call options at the end of the period		**49**	54
Current portion of cash-settled call options at the end of the period		**(28)**	(34)
Non-current portion of cash-settled call options at the end of the period		**21**	20

The Group acquired derivative financial instruments (being cash-settled call options) from various financial institutions to hedge its financial obligation under the cash-settled compensation scheme. The cash-settled call options have been designed specifically to hedge the fluctuation in the cash settlement amount payable in terms of the scheme. The exercise dates of both the hedged item and the cash-settled call options coincide, ensuring that the cost to the Group of the High Performance Share-based Scheme (HPSS) benefits is known and fixed at the outset.

		2011	2010
The fair value of the cash-settled call options at the end of the period was determined by way of valuations performed by the issuing institutions using an actuarial binomial option pricing model. The inputs into the valuation model are as follows:			
Weighted average exercise price of cash-settled call options	(R)	**48.98**	26.74
Expected life of cash-settled call options	(years)	**1 – 5**	1 – 2
Company share price at the end of the period	(R)	**68.33**	55.75
Expected share price volatility*	(%)	**35.1**	40.5
Expected dividend yield	(%)	**3.0 – 3.4**	2.8 – 3.3
Risk-free interest rate**	(%)	**5.7 – 7.5**	6.2 – 7.5

* The expected share price volatility is based on historical information over a period of two years.

** The risk-free interest rate has been extracted from the yield curve furnished by the financial institutions from which the cash-settled call options have been acquired.

	2011 Rm	2010 Rm
The Group expects that the hedged cash flow transactions will occur within the following periods:		
Within one year	**28**	34
Between one and five years	**21**	20
Total	**49**	54

Refer to notes 24.3.3 and 24.4.4 for further information relating to other price risk and credit risk management respectively.

6. AVAILABLE-FOR-SALE ASSET

The number of ordinary shares in the unlisted investment, Business Partners Ltd, was 158 877 (2010: 158 877) which represents 0.1% of that company's total shares in issue. The cost of this investment was R349 529.

The investment has been valued at the most recently traded share price and is therefore recorded at fair value.

	2011 Rm	2010 Rm
Fair value (refer to note 15.3)	**1**	1

Refer to note 24.3.3 for further information relating to other price risk.

	Note	**2011 Rm**	2010 Rm
7. LOANS AND RECEIVABLES			
Export partnership participation	7.1	**39**	41
Secured loans to share scheme participants	7.2	**59**	10
Unsecured loans	7.3	**43**	43
Total		**141**	94

7.1 EXPORT PARTNERSHIP PARTICIPATION

	2011 Rm	2010 Rm
Balance at the beginning of the period	**41**	43
Payments received during the period	**(2)**	(2)
Balance at the end of the period	**39**	41

The Group participates with other companies in the former Wooltru Ltd group in various export partnerships whose business is the purchase and export sale of marine containers. In prior periods these partnerships bought and sold such containers in terms of long-term suspensive purchase and credit sale agreements respectively, with specifically scheduled repayment terms over either a ten- or a fifteen-year period. Trencor Services (Pty) Ltd, a wholly-owned subsidiary of Trencor Ltd, which is listed on the JSE, acts as managing partner in these partnerships. The managing partner collects and disburses partnership funds on behalf of the partners and distributes to them the funds required to settle their deferred tax liabilities when these fall due.

At the end of the period, the Group's participation comprised of the following:

	2011 Rm	2010 Rm
Long-term receivables	**158**	177
Long-term liabilities	**(96)**	(112)
Other liabilities	**(22)**	(23)
	40	42
Cumulative amortised cost adjustment	**(1)**	(1)
Total	**39**	41

The participation is carried at amortised cost, using the effective interest method. The average effective interest rate for the period was 1.60% per annum (2010: 1.54%) and is calculated with reference to the partnership and related agreements. Amortised cost for the Group's participation in export partnerships is the Group's cost of original participation, less subsequent principal payments received, plus the cumulative amortisation of the difference between the initial amount and the maturity amount, less any write-down for impairment or uncollectibility.

Any impairment in the participation would result in a corresponding decrease in the deferred tax liability and thus would have no impact on profit or loss.

Refer to notes 24.3.1 and 24.4.2 for further information relating to currency risk and credit risk management respectively.

	2011 Rm	2010 Rm
7.2 SECURED LOANS TO SHARE SCHEME PARTICIPANTS		
Balance at the beginning of the period	**10**	11
Advances during the period	**48**	–
At cost	**63**	–
Initial fair value adjustment	**(15)**	–
Repayments during the period	**(3)**	(2)
Annual effective interest rate adjustment	**4**	1
Balance at the end of the period	**59**	10

Loans to participants in the Truworths International Ltd share scheme are interest-free and secured by a pledge over the ordinary shares in the company held by employees of subsidiaries pursuant to the scheme. The loans are repayable immediately upon the sale of these shares or on termination of the employees' service with the Group.

Refer to note 24.4.2 for further information relating to credit risk management.

	2011 Rm	2010 Rm
7.3 UNSECURED LOANS		
Balance at the beginning and end of the period	**43**	43

The amounts owing to the Group are unsecured, interest-free and repayable on demand and comprise loans to the Truworths Community Foundation and the Truworths Social Involvement Trust, whose charitable activities are funded by income earned on the funds invested.

Refer to note 24.4.2 for further information relating to credit risk management.

8. INTEREST IN SUBSIDIARIES AND ASSOCIATES

	2011 Rm	2010 Rm
Interest in aggregate after-tax profits of subsidiaries	**2 009**	1 660

Investment in Truworths Ltd (incorporated in Zimbabwe)

The Group holds 129 256 205 shares or approximately 35% of the issued shares of Truworths Ltd (incorporated in Zimbabwe), a company listed on the Zimbabwe Stock Exchange. During the 2003 reporting period, the Group decided to discontinue its equity accounting of this investment due to severe long-term restrictions on the repatriation of dividends from Zimbabwe and the volatility of the Zimbabwean Dollar. At that time, the carrying value of the investment was impaired to a nominal value of R1.

Due to the continued uncertainty regarding Zimbabwe's indigenisation legislation, the Group maintains its view not to equity account this associate.

		2011 Rm	2010 Rm
9. INVENTORIES			
Gross inventories		**674**	572
Allowances for markdown, obsolescence and shrinkage		**(144)**	(122)
Net inventories at the end of the period		**530**	450
Allowances as a % of gross inventories	(%)	**21.4**	21.3
Allowances for markdown, obsolescence and shrinkage			
Balance at the beginning of the period		**122**	122
Movement for the period		**22**	–
Allowance raised		**123**	112
Allowance utilised		**(101)**	(112)
Balance at the end of the period		**144**	122
10. TRADE AND OTHER RECEIVABLES			
Gross trade receivables		**3 333**	2 835
Doubtful debt allowance (refer to note 10.2)		**(338)**	(304)
		2 995	2 531
Other receivables		**38**	30
Trade and other receivables at the end of the period		**3 033**	2 561
Interest-bearing debtors as a % of gross trade receivables	(%)	**74**	72
Net bad debt as a % of gross trade receivables	(%)	**6.8**	9.8
Doubtful debt allowance as a % of gross trade receivables	(%)	**10.1**	10.7

10.1 TRADE RECEIVABLES

The Group's trade receivables have payment terms ranging between six and twelve months. The debtors' days at the end of the reporting period were 210 days (2010: 206 days).

Interest is charged on all interest-bearing plans and on all overdue accounts in accordance with legislative provisions in the country of operation and the Group's terms and conditions of granting credit. The interest rates charged fluctuate in accordance with changes to the relevant central bank or financial authority reference rate. The rates charged during 2011 were between 15% and 24% (2010: 16% and 26%), which are lower than or equal to the maximum rate legislated.

Refer to note 24.3.2 for further information relating to interest rate risk.

	2011 Rm	2010 Rm
10.2 DOUBTFUL DEBT ALLOWANCE		
Balance at the beginning of the period	**304**	304
Movement for the period	**34**	–
Allowance utilised (refer to note 26.4)	**(260)**	(273)
Allowance raised	**294**	273
Balance at the end of the period	**338**	304

The directors consider the carrying amounts of trade and other receivables to approximate their fair values and that no further allowance in excess of the doubtful debt allowance is required.

Refer to note 24.4.1 for further information relating to credit risk management.

11. CASH AND CASH EQUIVALENTS

	2011 Rm	2010 Rm
Balances with banks	**1 425**	1 255
Cash on hand	**64**	63
Total	**1 489**	1 318

Balances with banks comprise current account balances and short-term deposits, varying between overnight call and liquid money market unit trust investments in accordance with the Group treasury policy. Balances with banks earn interest at floating daily bank deposit, call and money market unit trust rates.

Refer to notes 24.3.2 and 24.4.3 for further information relating to interest rate risk and credit risk management respectively.

		2011 R'000	2010 R'000
12. SHARE CAPITAL			
Ordinary share capital			
Authorised			
650 000 000 (2010: 650 000 000) ordinary shares of 0.015 cent each		**98**	98
Issued and fully paid			
459 998 921 (2010: 456 108 997) ordinary shares of 0.015 cent each		**69**	68

The company has one class of ordinary shares which carry no rights to fixed income.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company's shareholders.

		2011 Number of shares 000's	2010 Number of shares 000's
Reconciliation of movement in issued shares			
Balance at the beginning of the period		**456 109**	454 956
Shares issued during the period		**3 890**	1 153
Balance at the end of the period		**459 999**	456 109
Treasury shares held by subsidiaries (refer to note 14)		**(36 647)**	(30 851)
Adjusted issued shares at the end of the period		**423 352**	425 258
Treasury shares as a % of the issued shares at the end of the period	(%)	**8.0**	6.8

The shares issued during the period were allotted for an aggregate nominal value of R583 (2010: R173) and an aggregate premium before expenses of R79 811 132 (2010: R14 227 612).

	2011 Rm	2010 Rm
13. SHARE PREMIUM		
Balance at the beginning of the period	**79**	65
Premium on shares issued	**80**	14
Balance at the end of the period	**159**	79

14. TREASURY SHARES

	2011 Number of shares 000's	2010 Number of shares 000's	2011 Rm	2010 Rm
Balance at the beginning of the period	**30 851**	30 047	**797**	763
Truworths Investments (Pty) Ltd	**7 363**	7 363	**133**	133
Truworths Investments Two (Pty) Ltd	**7 281**	7 281	**194**	194
Truworths Investments Three (Pty) Ltd	**7 514**	7 514	**223**	223
Truworths Investments Four (Pty) Ltd	**8 590**	7 782	**245**	211
Truworths International Limited Share Trust	**103**	107	**2**	2
Shares repurchased by subsidiaries during the period	**5 796**	808	**394**	34
Truworths Investments (Pty) Ltd	**3 000**	–	**210**	–
Truworths Investments Two (Pty) Ltd	**2 000**	–	**130**	–
Truworths Investments Three (Pty) Ltd	**796**	–	**54**	–
Truworths Investments Four (Pty) Ltd	**–**	808	**–**	34
Shares sold by a subsidiary during the period				
Truworths International Limited Share Trust	**–**	(4)	**–**	–*
Balance at the end of the period (refer to note 12)	**36 647**	30 851	**1 191**	797
Truworths Investments (Pty) Ltd	**10 363**	7 363	**343**	133
Truworths Investments Two (Pty) Ltd	**9 281**	7 281	**324**	194
Truworths Investments Three (Pty) Ltd	**8 310**	7 514	**277**	223
Truworths Investments Four (Pty) Ltd	**8 590**	8 590	**245**	245
Truworths International Limited Share Trust	**103**	103	**2**	2
Market value at the end of the period		(Rm)	**2 504**	1 720
Market value at the end of the period		(Rand per share)	**68.33**	55.75
Average purchase price (excluding shares cancelled) since inception of the repurchase programme		(Rand per share)	**32.58**	25.88
Average purchase price of shares repurchased during the period		(Rand per share)	**68.14**	41.85

The memorandum of incorporation (formerly the articles of association) of the company's wholly-owned subsidiaries – Truworths Investments (Pty) Ltd, Truworths Investments Two (Pty) Ltd, Truworths Investments Three (Pty) Ltd and Truworths Investments Four (Pty) Ltd – have been altered by special resolution to enable them to acquire the company's shares, subject to the relevant provisions of the Companies Act (71 of 2008, as amended) and the Listings Requirements of the JSE. The repurchases were effected in terms of special resolutions passed by the company and these subsidiaries whereby these subsidiaries were generally authorised to acquire a maximum of 20% of the company's shares in issue at the date of its annual general meeting on 4 November 2010, it being noted that in terms of the Companies Act (71 of 2008, as amended), a maximum of 10% in aggregate of the company's issued shares is capable of being held by subsidiaries of the company.

* Reflected as zero, due to rounding to millions

		Note	**2011 Rm**	2010 Rm
15.	**NON-DISTRIBUTABLE RESERVES**			
	Equity-settled compensation reserve	15.1	**82**	59
	Cash flow hedging reserve	15.2	**(6)**	3
	Net unrealised gains reserve	15.3	**1**	1
	Total		**77**	63
15.1	**RECONCILIATION OF EQUITY-SETTLED COMPENSATION RESERVE**			
	Balance at the beginning of the period		**59**	38
	Equity-settled share-based payment	26.2	**23**	21
	Balance at the end of the period		**82**	59
15.2	**RECONCILIATION OF CASH FLOW HEDGING RESERVE**			
	Balance at the beginning of the period		**3**	2
	(Decrease)/increase in fair value of cash flow hedge	5.2	**(12)**	2
	Decrease/(increase) in deferred tax liability on cash flow hedge	16	**3**	(1)
	Balance at the end of the period		**(6)**	3
15.3	**RECONCILIATION OF NET UNREALISED GAINS RESERVE**			
	Balance at the beginning and end of the period	6	**1**	1

16. DEFERRED TAX

	Note	2011 Rm	2010 Rm
Net deferred tax asset at the beginning of the period		**33**	48
Liability		**(89)**	(84)
Asset		**122**	132
Movement for the period		**6**	(15)
Credited/(charged) to profit or loss	28.1	**3**	(14)
Credited/(charged) to other comprehensive income	15.2	**3**	(1)
Increase in deferred tax liability		**(1)**	(5)
Export partnership participation		**3**	2
Prepayments		**(1)**	–
Property, plant and equipment		**(3)**	(9)
Inventories		**(1)**	3
Other		**1**	(1)
Increase/(decrease) in deferred tax asset		**7**	(10)
Trade and other receivables		**3**	(11)
Trade and other payables		**1**	–
Provisions		**4**	2
Post-retirement medical benefit obligation		**2**	–
Straight-line operating lease obligation		**(2)**	1
Inventories		**(1)**	1
Cash-settled call options/compensation obligation		**2**	(3)
Other		**(2)**	–
Net deferred tax asset at the end of the period		**39**	33
Liability		**(90)**	(89)
Asset		**129**	122
Closing balance comprising:			
Liability		**(90)**	(89)
Export partnership participation		**(39)**	(42)
Prepayments		**(14)**	(13)
Property, plant and equipment		**(35)**	(32)
Inventories		**(1)**	–
Other		**(1)**	(2)
Asset		**129**	122
Trade and other receivables		**65**	62
Trade and other payables		**9**	8
Provisions		**20**	16
Post-retirement medical benefit obligation		**12**	10
Straight-line operating lease obligation		**15**	17
Inventories		**–**	1
Cash-settled call options/compensation obligation		**4**	2
Other		**4**	6

		2011 Rm	2010 Rm

17. POST-RETIREMENT MEDICAL BENEFIT OBLIGATION

The Group participates in and contributes towards defined benefit healthcare funds for employees. Details of the post-retirement medical benefit obligation are disclosed below. Refer to note 27.4 for further information relating to post-retirement healthcare benefits.

17.1 BENEFIT OBLIGATION

		2011 Rm	2010 Rm
Present value of obligation (actuarially determined)		**80**	74
Fair value of plan assets		**(48)**	(42)
Funding deficit		**32**	32
Net actuarial gains not recognised		**9**	4
Benefit obligation		**41**	36

An actuarial valuation of the Group's post-retirement medical benefit obligation is performed annually.

		2011 Rm	2010 Rm
Changes in the present value of the obligation are as follows:			
Opening balance of obligation		**74**	68
Interest cost		**7**	6
Current service cost		**2**	2
Benefits paid		**(3)**	(3)
Actuarial losses on obligation		**–**	1
Closing balance of obligation		**80**	74
Changes in the fair value of plan assets are as follows:			
Opening balance of fair value of plan assets		**(42)**	(42)
Expected return on plan assets		**(4)**	(4)
Benefits paid		**3**	3
Actuarial (gains)/losses on plan assets		**(5)**	1
Closing balance of fair value of plan assets		**(48)**	(42)

The actual return earned on the Group's post-retirement medical benefit plan assets amounted to a profit of R9 million (2010: R3 million). The difference between the actual and the expected return on plan assets is an actuarial gain or loss.

The overall expected rate of return on the plan assets is determined with reference to the market prices prevailing at the end of the reporting period, applicable to the period over which the obligation is to be settled.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

		2011	2010
Cash	(%)	**22**	24
Bonds	(%)	**21**	17
Equity	(%)	**27**	34
Off-shore investments	(%)	**25**	20
Property	(%)	**3**	3
Other	(%)	**2**	2
		100	100

		2011	2010
Fair value of benefit obligation			
The Group values its accrued future liability in respect of its post-retirement medical benefit obligation at the end of each reporting period. The following assumptions were made for valuation purposes:			
Discount rate	(%)	**8.8**	9.1
Expected medical inflation	(%)	**7.6**	7.5
Expected return on plan assets	(%)	**8.8**	9.1
Normal retirement age	(years)	**60**	60

Contributions to the plan

Given the uncertainty relating to the number of employees likely to retire in the next year and the level of the unrecognised actuarial gains in the plan, the Group cannot currently make a reliable estimate of contributions to the plan in the next reporting period.

	2011 Rm	2010 Rm
17.2 NET BENEFIT EXPENSE RECOGNISED IN PROFIT OR LOSS		
Current service cost	**2**	2
Interest cost on benefit obligation	**7**	6
Expected return on plan assets	**(4)**	(4)
Net benefit expense (refer to note 26.2)	**5**	4

17.3 SENSITIVITY ANALYSIS

The effect of 1 percentage point fluctuations in medical cost inflation on the present value of the obligation would be as follows:

		1 percentage point Increase	1 percentage point Decrease
June 2011			
Percentage increase/(decrease) in obligation	(%)	**17.9**	**(13.4)**
Present value of the obligation	(Rm)	**94.3**	**69.3**
June 2010			
Percentage increase/(decrease) in obligation	(%)	17.8	(12.7)
Present value of the obligation	(Rm)	87.2	64.6

The effect of fluctuations in medical cost inflation on the aggregate of the current service cost and interest cost components would be as follows:

		Increase	Decrease
June 2011			
Percentage increase/(decrease) in aggregate current service and interest costs	(%)	**23.3**	**(12.2)**
Aggregate current service and interest costs	(Rm)	**11.1**	**7.9**
June 2010			
Percentage increase/(decrease) in aggregate current service and interest costs	(%)	20.0	(13.8)
Aggregate current service and interest costs	(Rm)	9.6	6.9

17. POST-RETIREMENT MEDICAL BENEFIT OBLIGATION (CONTINUED)

17.4 AMOUNTS FOR THE CURRENT AND PREVIOUS FOUR PERIODS

	2011 Rm	2010 Rm	2009 Rm	2008 Rm	2007 Rm
Present value of obligation	**80**	74	68	64	61
Fair value of plan assets	**(48)**	(42)	(42)	(43)	(44)
Funding deficit	**32**	32	26	21	17
Experience adjustment included in actuarial (losses)/gains on plan liabilities	**(5)**	(3)	2	2	2
Experience adjustment included in actuarial gains/(losses) on plan assets	**5**	(1)	(3)	(3)	(4)

18. LEASES

18.1 STRAIGHT-LINE OPERATING LEASE OBLIGATION

	2011 Rm	2010 Rm
Total lease obligation at the beginning of the period	**59**	57
Lease obligations (discharged)/incurred during the period (refer to note 32.1)	**(4)**	2
Balance at the end of the period	**55**	59
Current portion reflected under trade and other payables (refer to note 19)	**(13)**	(10)
Non-current portion reflected under non-current liabilities	**42**	49

Only those leases that have a fixed or minimum annual rental escalation are taken into account in calculating the straight-line operating lease obligation. These leases comprise 41% (2010: 42%) of the Group's total lease agreements.

18.2 LESSEE UNDER OPERATING LEASES

The Group leases all its trading premises and a small distribution centre in terms of operating leases, whereas other operating assets, including the head office building, two distribution centres, two warehouses, an apartment and a number of parkade parking bays are owned. Leases on trading premises are typically contracted for periods of between five and ten years, with renewal options for a further three or five years. Some of these leases provide for minimum annual rental payments together with additional amounts determined on the basis of sale of merchandise. A total of 161 (2010: 147) stores, or 33% (2010: 31%) of all premises leased on contracts with turnover rental clauses reached the turnover threshold in terms of the lease agreements and therefore incurred these additional payments averaging approximately 5% (2010: 5%) of the turnover above the threshold, or 1% (2010: 1%) of the total turnover of these stores. Rental escalations have varied at an average rate of approximately 7.6% (2010: 7.7%) per annum. Refer to note 26.3 for further information relating to lease expenses.

The future minimum lease payments expected under non-cancellable leases are as follows:

	2011 Rm	2010 Rm
Within one year	**532**	423
Between one and five years	**1 279**	966
Between five and ten years	**91**	109
Total	**1 902**	1 498

18.3 LESSOR UNDER OPERATING LEASES

The Group leases a limited number of trading and office premises under operating lease agreements to third parties. Leases on these premises are typically contracted for a five-year period, with renewal options on certain leases for up to five years. Rental escalations are fixed in terms of the lease contracts and averaged 8.2% (2010: 8.2%) per annum during the period. Refer to note 25 for information relating to lease rental income.

The future minimum lease income expected under non-cancellable leases is as follows:

	Note	2011 Rm	2010 Rm
Within one year		**10**	12
Between one and five years		**28**	25
Between five and ten years		**7**	11
Total		**45**	48

19. TRADE AND OTHER PAYABLES

	Note	2011 Rm	2010 Rm
Trade payables		**515**	460
Other payables and accrued expenses		**230**	170
Value-added tax		**86**	85
Current portion of cash-settled compensation obligation	27.6.2	**28**	34
Current portion of straight-line operating lease obligation	18.1	**13**	10
Unclaimed dividends due to shareholders		**3**	3
Total		**875**	762

The directors consider the carrying amounts of all trade and other payables to approximate their fair value.

Terms and conditions of financial and other liabilities:

- Trade payables are non interest-bearing and are normally settled between 30 and 60 days.
- Other payables and accrued expenses and value-added tax are non interest-bearing provided they are settled within their respective credit terms.
- The cash-settled compensation obligation is non interest-bearing and is due within no more than 60 days of vesting.
- Unclaimed dividends due to shareholders are non interest-bearing and are payable on demand.

Refer to note 24.5 for further information relating to liquidity risk management.

20. DERIVATIVE FINANCIAL LIABILITY

	Note	2011 Rm	2010 Rm
Forward exchange contracts		**1**	–

The Group uses forward exchange contracts to reduce its foreign currency exposure arising from imports into South Africa. These contracts are marked-to-market and are classified as held-for-trading financial liabilities, measured at fair value. The fair value is determined as the difference between the contract price of forward exchange contracts and the price of market traded forward exchange contracts with similar maturity profiles at the end of the reporting period.

At the end of the prior reporting period, the mark-to-market adjustment resulted in the recognition of a derivative financial asset. Refer to note 5 for further information relating to derivative financial assets.

Refer to note 24.3.1 for further information relating to currency risk management.

	Note	2011 Rm	2010 Rm
21. PROVISIONS			
Employment costs	21.1	**62**	59
Sales returns	21.2	**11**	–
Total		**73**	59

21.1 EMPLOYMENT COSTS

	2011 Rm	2010 Rm
Balance at the beginning of the period	**59**	49
Movement for the period	**3**	10
Provision raised	**62**	59
Provision utilised	**(47)**	(43)
Provision released	**(12)**	(6)
Balance at the end of the period	**62**	59

This provision relates to accumulated payments in terms of employment contracts and incentive-based bonuses. The estimated incentive-based bonuses, which will be no greater than the provision raised, are calculated as a present obligation with reference to different incentive arrangements for different levels of employees. Dependent on the level of employee, the calculation could either refer to the employment contract, or employee performance and the Group's results. The incentives are expected to be paid over the period between September 2011 and November 2011 and as such the present obligation includes amounts earned to date based on the assumption of continued employment through November 2011. The uncertainty relating to the amount of the obligation is attributable to the fact that qualifying employees are required to be in the Group's employ at the time of payment, and the fact that payment of the larger portion of the incentives is conditional upon the outcome of individual performance assessments and Remuneration Committee approval, both of which take place after the end of the reporting period.

21.2 SALES RETURNS

	2011 Rm	2010 Rm
Provision raised and balance at the end of the period	**11**	–

A provision for merchandise returns was raised for the first time in the current reporting period during which the Consumer Protection Act came into force. It is the Group's policy to accept merchandise returns up to 30 days after the sale has occurred or in the case of defective goods up to 6 months, provided that the customer has retained proof of purchase. The amount of the provision was calculated with reference to prior period trends.

22. CAPITAL COMMITMENTS

Capital commitments include all projects specifically approved by the board.

Capital expenditure authorised but not contracted:	2011 Rm	2010 Rm
Store development	**154**	150
Computer infrastructure	**40**	38
Distribution facilities	**20**	14
Head office refurbishments	**3**	2
Motor vehicles	**1**	6
Total	**218**	210

The capital commitments will be financed by cash generated from operations and available cash resources and are expected to be incurred in the 2012 reporting period.

23. CONTINGENT LIABILITIES

The Group had no material contingent liabilities at the end of the reporting period (2010: Rnil).

Litigation

There is no current or pending litigation which is considered likely to have a material adverse effect on the Group.

24. FINANCIAL RISK MANAGEMENT

24.1 CLASSIFICATIONS

The Group's financial assets and liabilities, per class and measurement category of financial instrument, are summarised below. Non-financial assets and liabilities, where applicable, are disclosed in order to reconcile to the statements of financial position.

Assets	Note	Loans and receivables Rm	At fair value through profit or loss Rm	Available-for-sale Rm	Hedging instruments Rm	Total Rm
2011						
Trade receivables	10	**2 995**	**–**	**–**	**–**	**2 995**
Other receivables	10	**38**	**–**	**–**	**–**	**38**
Available-for-sale asset	6	**–**	**–**	**1**	**–**	**1**
Loans and receivables	7	**141**	**–**	**–**	**–**	**141**
Cash and cash equivalents	11	**1 489**	**–**	**–**	**–**	**1 489**
Derivative financial assets	5	**–**	**–**	**–**	**49**	**49**
Total		**4 663**	**–**	**1**	**49**	**4 713**
2010						
Trade receivables	10	2 531	–	–	–	2 531
Other receivables	10	30	–	–	–	30
Available-for-sale asset	6	–	–	1	–	1
Loans and receivables	7	94	–	–	–	94
Cash and cash equivalents	11	1 318	–	–	–	1 318
Derivative financial assets	5	–	1	–	54	55
Total		3 973	1	1	54	4 029

Liabilities	Note	At amortised cost Rm	At fair value through profit or loss Rm	Non-financial liabilities Rm	Total Rm
2011					
Trade and other payables	19	**715**	**28**	**132**	**875**
Derivative financial liability	20	**–**	**1**	**–**	**1**
Non-current portion of cash-settled compensation obligation	27.6.2	**–**	**1**	**–**	**1**
Total		**715**	**30**	**132**	**877**
2010					
Trade and other payables	19	607	34	121	762
Non-current portion of cash-settled compensation obligation	27.6.2	–	12	–	12
Total		607	46	121	774

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

24.2 FINANCIAL RISK MANAGEMENT

In the ordinary course of business operations, the Group is exposed to a variety of financial risks arising from the use of financial instruments. These risks include:

- market risk (comprising currency risk, interest rate risk and other price risk);
- credit risk; and
- liquidity risk.

The Truworths International board is responsible for risk governance, including in relation to financial risks, and is assisted by the directors of Truworths Ltd. The Risk Committee, a committee of the Truworths Ltd board, oversees the management of financial risks relating to the Group's operations. The Truworths International board has adopted King III's risk governance and management principles and has established a policy framework which guides the Group's risk management processes. These policies and guidelines are periodically examined by senior executives and adjusted, if necessary, to ensure that changes in the business and economic environment have been taken into account. Refer to the Chief Financial Officer's Report on page 48 of the Integrated Annual Report for further information relating to financial risk management.

Treasury risk management objectives and policies

The board, acting on the recommendations of the Investment Committee, oversees the management of the Group's treasury function. It has developed and issued a comprehensive treasury policy and process to monitor and control the risks arising from the treasury function. The Investment Committee, which consists of senior executives, meets regularly to update treasury risk policies and objectives, as well as to re-evaluate risk management strategies against revised economic forecasts. Policy amendments have to be submitted to the board for approval. Compliance with the treasury policy is reviewed regularly by internal audit.

24.3 MARKET RISK MANAGEMENT

The Group's exposure to market risk relates to currency risk, interest rate risk and other price risk. Market risk is managed by identifying and quantifying risks on the basis of current and future expectations and by ensuring that all treasury trading occurs within defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The reporting on the state of the risk and risk practices to executive management is part of this process. The processes set up to measure, monitor and mitigate these market risks are described below. There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk since the prior reporting period.

24.3.1 Currency risk

The following exchange rates applied during the period:

	Average spot rate		Period-end spot rate	
	2011 R	2010 R	**26 June 2011 R**	27 June 2010 R
US Dollars	**6.99**	7.56	**6.88**	7.60
GB Pounds	**11.09**	11.96	**10.96**	11.45

Forward exchange contracts

The Group's exposure to currency risk results mainly from its US Dollar-based imports from foreign suppliers. Consequently, exchange rate fluctuations may have an impact on future cash flows. Forward exchange contracts are used to reduce currency exposures arising from imports into South Africa. On the other hand, exports of merchandise from South Africa priced in a foreign currency are not covered by forward exchange contracts as they do not form a significant part of the Group's business.

It is the Group's policy to cover all committed import exposures. The Group had no uncovered foreign currency liabilities at 26 June 2011 (27 June 2010: nil). All foreign exchange trading positions are valued at fair value determined using market traded foreign exchange rates with similar maturity profiles at the end of the reporting period. Resultant profits or losses are recognised in profit or loss. The mark-to-market forward exchange contract liability at the end of the period was R1.0 million (2010: R1.2 million asset). Refer to notes 20 and 5.1 for further information.

At the end of the period the Group had entered into the forward exchange contracts listed below to cover specific orders of goods. These contracts will mature within 12 months.

	Average contract rate R	Foreign currency '000	Contract equivalent R'000
June 2011			
US Dollars	**7.10**	**26 804**	**190 291**
GB Pounds	**11.59**	**39**	**452**
			190 743
June 2010			
US Dollars	7.77	26 885	208 814
GB Pounds	12.41	100	1 241
			210 055

Export partnership participation

A fixed rate of exchange is set for the purposes of converting the foreign currency receipts in respect of container sales into South African Rand. Any exchange differences are for the account of Trencor Services (Pty) Ltd and will have no impact on the earnings of the Group. Refer to note 7.1 for further information.

Currency risk sensitivity analysis

The effect on the Group's profit before tax has been calculated assuming that there were no changes in the merchandise retail selling prices and the gross margin as a result of the currency fluctuations. The sensitivity analysis includes all open forward exchange contracts at the end of the reporting period and adjusts the mark-to-market translation.

A 10% fluctuation in exchange rates, assuming all other variables remain constant, would have affected profit before tax by the amounts set out in the table below. A 10% fluctuation is considered to be appropriate based on the volatility of foreign exchange rates during the period as well as current market indicators.

Effect on profit before tax	**2011 R'000**	2010 R'000
US Dollars	**19 029**	20 881
GB Pounds	**45**	124

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

24.3 MARKET RISK MANAGEMENT (CONTINUED)

24.3.2 Interest rate risk

The Group is exposed to cash flow interest rate risk on its floating rate cash and cash equivalents and the interest-bearing portion of trade receivables. The Group does not hold any fixed rate interest instruments.

As detailed in the capital management note 24.8, the Group is not geared and is therefore not subject to interest rate risk on borrowings.

Interest rate analysis

No interest-bearing instruments have a maturity profile exceeding one year. The interest rates of interest-bearing instruments at the end of the reporting period are summarised below:

Floating rate	**2011 %**	2010 %
Balances with banks	**5.1**	6.1
Interest-bearing portion of trade receivables*	**21.6**	24.0

* At the end of the reporting period, 74% (2010: 72%) of trade receivables were interest-bearing. These rates represent the maximum interest rate charged on interest-bearing plans at the end of the reporting period.

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on a fluctuation of 100 basis points in the prime interest rate and assumes that all other variables, in particular foreign exchange rates, remain constant. A fluctuation of 100 basis points in the prime interest rate is considered appropriate based on recent forecasts and economic indicators.

The cash flow interest rate sensitivity of the interest-bearing portion of trade receivables and cash and cash equivalents is based on their respective balances at the end of the reporting period. The sensitivity analysis was performed by increasing or decreasing the interest rates achieved at the end of the period by 100 basis points.

Effect on profit before tax	**2011 Rm**	2010 Rm
Cash and cash equivalents	**15**	13
Interest-bearing portion of trade receivables	**25**	20

24.3.3 Other price risk

The Group's exposure to other price risk relates to fluctuations in the share price of the company as a result of the call options that have been granted to employees in terms of the High Performance Share-based Scheme (HPSS) and the unlisted available-for-sale investment in Business Partners Ltd. Refer to notes 27.6.2 and 6 respectively for further information.

HPSS

The Group uses derivative financial instruments, in the form of purchased cash-settled call options, to hedge its exposure in respect of fluctuations in the HPSS obligation arising from movements in the company's share price. Sufficient options were purchased in order to settle the total expected future obligation. As a result of the hedging relationship, movements in the company's share price will not have a material impact on either profit or loss or equity of the Group.

Unlisted available-for-sale investment

The Group holds 158 877 shares in Business Partners Ltd. This investment is classified as an available-for-sale asset and is measured at fair value through other comprehensive income. A possible movement in the share price of Business Partners Ltd will not have a material impact on other comprehensive income.

24.4 CREDIT RISK

The Group's exposure to credit risk relates to trade and other receivables, loans and receivables, cash and cash equivalents and derivative financial assets which are disclosed in notes 10, 7, 11 and 5 respectively. Refer to the report on Managing the Risk of Credit on pages 82 to 85 of the Integrated Annual Report for further information.

The Group's maximum exposure to credit risk at the end of the reporting period, split per class and category of financial asset, is shown in note 24.1. There is no exposure to credit risk relating to items not recognised in the statement of financial position.

24.4.1 Trade and other receivables

Group entities perform ongoing credit evaluations of the financial condition of their customers. Before accepting any new credit customer or offering additional credit to existing account holders, the Group uses statistically derived credit risk models and scoring systems, external credit bureaux data and affordability assessments to determine the customer's credit quality. These methods used to allocate credit to customers comply with the requirements of the National Credit Act (NCA). The assumptions of the credit risk model are reviewed and updated on a regular basis.

Customers that are overdue in excess of 30 days or more can no longer purchase until they have made at least a qualifying payment to bring their account up to date. The Group continued to apply the high qualifying payment percentage of 90% necessary for customers to avoid delinquency, and management is satisfied with the quality of the debtors' book. No customers' credit terms were renegotiated during the current or prior periods.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. There are no material individually impaired trade receivables included in the doubtful debt allowance. Amounts owing by deceased customers and customers who have been sequestrated or placed under administration are written off immediately.

There is no concentration of credit risk as there is a large, widespread customer base. The directors believe that no further allowance in excess of the doubtful debt allowance is required.

The table below represents an age analysis of impaired trade and other receivables. Trade and other receivables are considered past due should a qualifying payment not be received within 30 days.

	Trade and other receivables Rm	Allowance Rm	Trade and other receivables, net of allowance Rm	Allowance as a percentage of trade and other receivables %
2011				
< 30 days	**2 405**	**(37)**	**2 368**	**1.5**
30 – 59 days	**410**	**(42)**	**368**	**10.2**
60 – 89 days	**166**	**(46)**	**120**	**27.7**
90 – 119 days	**109**	**(51)**	**58**	**46.8**
> 120 days	**243**	**(162)**	**81**	**66.7**
Total impaired trade receivables	**3 333**	**(338)**	**2 995**	**10.1**
Other receivables neither past due nor impaired	**38**	**–**	**38**	**–**
Total trade and other receivables	**3 371**	**(338)**	**3 033**	**10.0**

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

24.4 CREDIT RISK (CONTINUED)

24.4.1 Trade and other receivables (continued)

	Trade and other receivables Rm	Allowance Rm	Trade and other receivables, net of allowance Rm	Allowance as a percentage of trade and other receivables %
2010				
< 30 days	2 044	(37)	2 007	1.8
30 – 59 days	321	(38)	283	11.8
60 – 89 days	149	(40)	109	26.8
90 – 119 days	104	(46)	58	44.2
> 120 days	217	(143)	74	65.9
Total impaired trade receivables	2 835	(304)	2 531	10.7
Other receivables neither past due nor impaired	30	–	30	–
Total trade and other receivables	2 865	(304)	2 561	10.6

24.4.2 Loans and receivables

Loans and receivables totalling R141 million (2010: R94 million) are neither past due nor impaired. Refer to note 7 for further information.

The loans to share scheme participants are secured by pledges over the ordinary shares of the company held by the participants. The unsecured loans represent loans to charitable trusts founded by the Group. These trusts are in sound financial position and have the ability to repay the loans on demand. Accordingly the Group is not currently exposed to significant credit risk on the secured or unsecured loans. Refer to the paragraph below for further information on the Group's exposure to credit risk in relation to its participation in export partnerships.

Concentration of credit risk

There is a *prima facie* concentration of credit risk in relation to the Group's export partnership participation, in that the amounts due to the Group by virtue of such participation are, in the first instance, owed by a single debtor. However, the indebtedness of this debtor to the Group is underpinned by amounts owing to it by its numerous internationally dispersed customers. Furthermore the debtor is a wholly-owned subsidiary of Trencor Ltd, a JSE-listed company, which has warranted certain important cash flow aspects of the Group's participation in these partnerships. In addition, the partnerships have a contractual right to 'put' the rights and obligations which they have under the long-term suspensive purchase agreements concluded with the seller of the containers, to Trencor Services (Pty) Ltd, also a wholly-owned subsidiary of Trencor Ltd, in the event that the debtor is 12 months or more in arrears with any payment due to the partnerships. Refer to note 7.1 for further information.

24.4.3 Cash and cash equivalents

The Group invests surplus cash only with F1+ and approved F1 rated financial institutions. The amount of exposure to any one counterparty is subject to the limits imposed by the Group's treasury policy in order to achieve a spread of risk and opportunity. Refer to note 11 for further information.

24.4.4 Derivative financial assets

Forward exchange contracts and cash-settled call options are only acquired from F1+ and approved F1 rated financial institutions in order to comply with the Group's treasury policy and to limit the Group's exposure to credit risk arising from the use of derivative financial instruments. The Group does not consider there to be any significant concentration of credit risk related to derivative financial assets. Refer to note 5 for further information.

24.5 LIQUIDITY RISK

The Group's exposure to liquidity risk relates to trade and other payables, the cash-settled compensation obligation and forward exchange contracts, which are disclosed in notes 19, 27.6.2 and 20 respectively.

The Group has R914 million (2010: R916 million) committed and uncommitted domestic general and other banking facilities. At the end of the reporting period, the Group's unutilised domestic banking facilities amounted to R639 million (2010: R636 million). The Group operates a cash management system and as a result positive cash balances and overdrafts are off-set. Management believes that the Group would be able (were it to be necessary) to obtain funding in addition to the unutilised domestic general banking facilities, based on its solid financial track record in past years.

In terms of the holding company's articles of association, its borrowing powers are unlimited. The borrowing powers of the Group's wholly-owned operating subsidiary, Truworths Ltd, may in terms of its articles of association be limited by the holding company.

The Group has minimal risk of illiquidity as reflected by its substantial unutilised banking facilities, surplus cash and unutilised gearing capacity. The Group utilises cash reserves to fund working capital and capital investment requirements.

The expected maturity profile of the Group's financial liabilities at the end of the reporting period, based on contractual undiscounted payments, including contractual interest payable (where applicable), is as follows:

	Settled on demand Rm	Settled in < 30 days Rm	Settled between 30 – 59 days Rm	Settled between 60 – 89 days Rm	Settled after 90 days Rm	Total Rm
2011						
Trade and other payables						
Trade payables	**–**	**324**	**182**	**10**	**–**	**516**
Shareholders for unclaimed dividends	**3**	**–**	**–**	**–**	**–**	**3**
Other payables and accrued expenses	**31**	**67**	**62**	**35**	**1**	**196**
Current portion of cash-settled compensation obligation	**–**	**–**	**–**	**–**	**28**	**28**
Non-current portion of cash-settled compensation obligation	**–**	**–**	**–**	**–**	**1**	**1**
Forward exchange contracts	**–**	**–**	**–**	**1**	**–**	**1**
Total	**34**	**391**	**244**	**46**	**30**	**745**
2010						
Trade and other payables						
Trade payables	–	260	200	–	–	460
Shareholders for unclaimed dividends	3	–	–	–	–	3
Other payables and accrued expenses	30	30	57	27	–	144
Current portion of cash-settled compensation obligation	–	–	–	–	34	34
Non-current portion of cash-settled compensation obligation	–	–	–	–	12	12
Total	33	290	257	27	46	653

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

24.6 ITEMS OF INCOME, EXPENSE, GAINS OR LOSSES

	Interest received Rm	Impairment losses recog-nised Rm	Fair value gains/ (losses) Rm	Other costs Rm	Net gains/ (losses) Rm
2011					
Financial assets					
Loans and receivables	**637**	**(260)**	**–**	**(130)**	**247**
Financial liabilities					
At fair value through profit or loss	**–**	**–**	**(2)**	**(28)**	**(30)**
2010					
Financial assets					
Loans and receivables	560	(273)	–	(112)	175
At fair value through profit or loss	–	–	19	–	19
Financial liabilities					
At fair value through profit or loss	–	–	–	(43)	(43)

24.7 FAIR VALUE OF FINANCIAL INSTRUMENTS

24.7.1 Fair value measurement

All financial instruments have been recognised in the statements of financial position and there is no material difference between their fair values and carrying amounts. The following methods and assumptions are used by the Group in establishing fair values:

Financial assets and liabilities (other than those separately disclosed below)

Carrying amounts reported in the statements of financial position at amortised cost approximate fair values. The fair value of the financial instruments as at the end of the reporting period has been determined using available market information and appropriate valuation methodologies.

Available-for-sale asset

The unlisted available-for-sale investment has been valued at the most recently traded share price. Refer to note 6 for further information.

Forward exchange contracts

The fair value of forward exchange contracts is determined with reference to market traded forward exchange contracts with similar maturity profiles at the end of the reporting period.

Cash-settled call options

The fair value of cash-settled call options has been determined with reference to valuations performed by third party financial institutions at the end of the reporting period. Refer to note 5.2 for further information.

24.7.2 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

At the end of the reporting period, the Group held the following financial instruments measured at fair value:

		Fair value hierarchy		
2011	Rm	Level 1	Level 2	Level 3
Assets measured at fair value				
Available-for-sale asset	**1**	**–**	**1**	**–**
Cash-settled call options	**49**	**–**	**49**	**–**
2010				
Assets measured at fair value				
Available-for-sale asset	1	–	1	–
Forward exchange contracts	1	–	1	–
Cash-settled call options	54	–	54	–

There were no transfers between level 1 and level 2, or into and out of level 3 fair value measurements during the reporting period.

24.8 CAPITAL MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as going concerns while enhancing the return to its shareholders. The Group's overall strategy has remained unchanged from 2010.

The capital structure of the Group consists of equity (fully attributable to owners of the parent), comprising issued ordinary share capital, share premium, non-distributable reserves and retained earnings, less treasury shares. Refer to notes 12 to 15 for further information.

The primary objectives of the Group's capital management are:

- to ensure that the Group maintains healthy capital ratios in order to support its business;
- to enhance the return to shareholders after benchmarking anticipated returns against the Group's financial targets;
- to ensure that entities within the Group will be able to continue as going concerns and have sufficient capital for their operations;
- to provide flexibility so as to be able to take advantage of opportunities that could improve shareholder value; and
- to use excess cash to buy back shares in order to enhance both earnings per share and return on equity.

The management of capital is reviewed by the Truworths International board on a quarterly basis. The Group will manage the overall capital structure through, but not limited to, dividend payments and share buy-backs. The Group manages its capital structure and makes adjustments thereto in light of changes in economic conditions and the needs of the Group. The Group monitors capital using the return on equity, return on capital and dividend cover ratios. The Group's policy is to keep these ratios in line with annual financial targets.

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

24.8. CAPITAL MANAGEMENT (CONTINUED)

The Group is not subject to any externally imposed minimum capital requirements, save that in terms of the Companies Act (71 of 2008, as amended) the Group must ensure that following any share repurchase or payments to shareholders, on a fair value basis, the consolidated assets of the Group must exceed its consolidated liabilities, the capital of the Group must be adequate for the purposes of the Group's business and the Group must be able to pay its debts when they fall due. Consequently, when such transactions are in contemplation, management considers their impact on the Group's solvency, liquidity and equity.

		2011	2010
Profit for the period	(Rm)	**1 943**	1 604
Total equity	(Rm)	**5 046**	4 371
Ratios			
Return on equity	(%)	**41**	40
Return on capital	(%)	**61**	60
Gearing	(%)	**Not geared**	Not geared
Dividend cover	(times)	**1.7**	1.9

Refer to the Group's financial targets on page 44 of the Integrated Annual Report.

25. REVENUE

	2011 Rm	2010 Rm
Sale of merchandise	**7 858**	6 937
Retail sales	**8 080**	7 118
Accounting reclassifications*	**(257)**	(211)
Franchise sales	**35**	30
Interest received	**637**	560
Trade receivables interest	**543**	491
Investment interest	**94**	69
Other income	**189**	162
Commission	**88**	78
Display fees	**39**	34
Financial services income	**38**	31
Lease rental income	**12**	10
Royalties	**3**	3
Other	**9**	6
Total	**8 684**	7 659

* Accounting reclassifications comprise adjustments in respect of gift vouchers, staff discounts, cellular retail sales, notional interest and the sales returns provision.

26. TRADING PROFIT

Trading profit is stated after taking account of the following items:

26.1 DEPRECIATION AND AMORTISATION

	Note	2011 Rm	2010 Rm
Depreciation	2	**138**	114
Amortisation	4	**5**	7
Total depreciation and amortisation for the period		**143**	121
Depreciation and amortisation reclassified to cost of sales		**(14)**	–
Total		**129**	121

26.2 EMPLOYMENT COSTS

The Group employed 7 148 full-time equivalent employees at the end of the period (2010: 6 802). The aggregate remuneration and associated costs for the period relating to the employment of permanent and flexi-time employees, including executive directors, were:

	Note	2011 Rm	2010 Rm
Salaries, bonuses, wages and other benefits		**729**	656
Contributions to defined contribution plans	27.3	**44**	41
Post-retirement medical benefit expense	17.2	**5**	4
Medical scheme contributions		**36**	33
Share-based payments: equity-settled	15.1, 27.6.1	**23**	21
Share-based payments: cash-settled		**6**	4
Revaluation gain on cash-settled options	5.2	**(22)**	(39)
Recognition of current period expense	27.6.2	**28**	43
Total employment costs		**843**	759
Employment costs reclassified to cost of sales		**(15)**	–
Total		**828**	759

26.3 OCCUPANCY COSTS

	Note	2011 Rm	2010 Rm
Land and buildings		**520**	481
Minimum lease payments		**485**	454
Turnover clause payments		**35**	27
Security expense		**3**	2
Total operating lease expenses		**523**	483
Other occupancy costs		**141**	99
Total occupancy costs		**664**	582
Occupancy costs reclassified to cost of sales		**(12)**	–
Total		**652**	582

26.4 TRADE RECEIVABLE COSTS

	Note	2011 Rm	2010 Rm
Impairment losses recognised on trade receivables	10.2	**260**	273
Collection and other trade receivable costs		**130**	112
Total		**390**	385

	Note	2011 Rm	2010 Rm
26. TRADING PROFIT (CONTINUED)			
26.5 OTHER OPERATING COSTS			
Sales promotion, advertising and communications		**214**	189
Administration costs		**225**	192
Management, technical, consulting and secretarial fees paid		**30**	42
Forward exchange contract mark-to-market loss/(gain)	32.1	**2**	(19)
Foreign exchange loss		**9**	13
Audit fees – current period *		**3**	3
Loss on disposal of fixed assets	32.1	**1**	1
Total other operating costs		**484**	421
Other operating costs reclassified to cost of sales		**(62)**	(67)
Total		**422**	354

* Inclusive of R107 000 (2010: R377 000) in respect of tax and other services

27. DIRECTORS AND EMPLOYEES

27.1 DIRECTORS' REMUNERATION

		Short-term benefits				Post-retirement benefits	Long-term benefits			
	Months paid	Directors' fees R'000	Salaries R'000	Perform-ance bonuses* R'000	Allow-ances R'000	Pension contributions R'000	Interest benefit on financial assistance R'000	Total remuneration R'000	Value of equity-settled options granted** R'000	Financial assistance granted pursuant to share scheme R'000
2011										
Executive directors										
Michael Mark	**12**	**–**	**4 870**	**9 880**	**275**	**1 036**	**3 256**	**19 317**	**4 247**	**53 283**
Mark Sardi	**4**	**–**	**817**	**750**	**10**	**76**	**–**	**1 653**	**183**	**–**
Total		**–**	**5 687**	**10 630**	**285**	**1 112**	**3 256**	**20 970**	**4 430**	**53 283**
Non-executive directors										
Rob Dow	**12**	**350**	**–**	**–**	**–**	**–**	**–**	**350**	**–**	**–**
Thandi Ndlovu	**12**	**200**	**–**	**–**	**–**	**–**	**–**	**200**	**–**	**–**
Sisa Ngebulana	**12**	**200**	**–**	**–**	**–**	**–**	**–**	**200**	**–**	**–**
Edward Parfett	**12**	**218**	**–**	**–**	**–**	**–**	**–**	**218**	**–**	**–**
Hilton Saven	**12**	**536**	**–**	**–**	**–**	**–**	**–**	**536**	**–**	**–**
Tony Taylor	**12**	**200**	**–**	**–**	**–**	**–**	**–**	**200**	**–**	**–**
Michael Thompson	**12**	**350**	**–**	**–**	**–**	**–**	**–**	**350**	**–**	**–**
Total		**2 054**	**–**	**–**	**–**	**–**	**–**	**2 054**	**–**	**–**
2010										
Executive directors										
Michael Mark	12	–	4 455	9 000	273	945	901	15 574	3 959	11 094
Tony Taylor	9	–	905	–	–	–	24	929	4	–
Quentin Scorgie	4	–	533	–	14	52	–	599	67	–
Total		–	5 893	9 000	287	997	925	17 102	4 030	11 094
Non-executive directors										
Rob Dow	12	292	–	–	–	–	–	292	–	–
Thandi Ndlovu	12	165	–	–	–	–	–	165	–	–
Sisa Ngebulana	12	165	–	–	–	–	–	165	–	–
Edward Parfett	12	190	–	–	–	–	–	190	–	–
Hilton Saven	12	478	–	–	–	–	–	478	–	–
Tony Taylor	3	–	–	–	–	–	–	–	–	–
Michael Thompson	12	290	–	–	–	–	–	290	–	–
Total		1 580	–	–	–	–	–	1 580	–	–

* Determined on performance for the period ended June and excludes amounts paid in terms of the HPSS, details of which are included in the 'cash-settled compensation scheme' section that follows.

** The value of equity-settled options granted is the annual expense as 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 by nor accrued to the directors during the period. Gains made on the exercise of such options are disclosed in note 27.2 in the period when vesting occurs.

27. DIRECTORS AND EMPLOYEES (CONTINUED)

27.1 DIRECTORS' REMUNERATION (CONTINUED)

Executive directors

All amounts received by the executives, while being directors of the company, were in respect of services rendered to, and in connection with the carrying on of the affairs of subsidiaries. These amounts were paid by the subsidiaries.

The Chief Executive Officer entered into a further three-year contract with the Group effective from 1 July 2010. In terms of his contract, he is entitled to a guaranteed remuneration package and to participate in the Group's various cash and share schemes. Both parties have the right to terminate the contract on a nine-month notice period but should the Group do so for reasons other than improper conduct prior to the conclusion of the three-year period, the balance of the remuneration package owing in terms of his contract would become payable. The contract requires a nine-month notice period to be provided except in the case of permanent disability/incapacitation.

Mark Sardi was appointed as Chief Financial Officer of the Group and executive director of the company with effect from 21 February 2011. In terms of his contract, he is entitled to a guaranteed remuneration package and to participate in the Group's various cash and share schemes. The contract requires a nine-month notice period to be provided except in the case of permanent disability/incapacitation.

During the prior reporting period, Tony Taylor, the Deputy Managing Director of Truworths Ltd, retired with effect from 31 March 2010, but remains on the Truworths International board as a non-executive director and Quentin Scorgie, the Chief Financial Officer, resigned with effect from 31 October 2009.

Non-executive directors

All amounts received by the non-executive directors were for services rendered as directors of the company. These amounts, which were approved by the shareholders at the company's annual general meeting held on 4 November 2010, were paid by the company. None of the non-executive directors have service contracts with the company.

Consultancy fees

There were no consultancy fees paid to executive and non-executive directors during the period (2010: nil).

Cash-settled compensation scheme

During the period an amount totalling R45 million (2010: R34 million) was paid to participants pursuant to the HPSS on successful attainment of Group and individual performance targets. The amounts paid in terms of the HPSS to executive directors during the period were: Michael Mark R10.8 million (2010: R10.5 million) and Tony Taylor Rnil (2010: R270 000).

	2011 Rm	2010 Rm
27.2 DIRECTORS' EQUITY-SETTLED SHARE OPTION GAINS		
Executive directors	**20**	1

The participants (including the directors) may exercise their equity-settled share options at any date subsequent to the offer date. The shares acquired on exercise of the options are, however, only eligible for sale after the vesting date, when ownership passes to the directors, subject to repayment of any financial assistance, who are then able to dispose of the shares. The share option gain for disclosure purposes is therefore the difference between the exercise price and the company's share price on the vesting date, or exercise date if later. Refer to Annexure 2 for details of directors' equity-settled share options.

27.3 DEFINED CONTRIBUTION RETIREMENT FUNDS

Alexander Forbes Retirement Fund: Defined contribution plan

This is a defined contribution arrangement whereby the members pay 7.5% of their below-threshold pensionable salary as contributions towards retirement benefits. The Group contributes 10.5% towards retirement benefits, life insurance, disability benefits and administration costs. The fund's retirement age is 60. Membership of either this fund or the SACCAWU National Provident Fund is compulsory for all full-time or part-time permanent South African and Swaziland-based employees (excluding flexi-time employees) under normal retirement age. The member's pension entitlement at retirement age is determined by his/her share of the fund. On retirement, the member is entitled to elect up to one-third of the share as a cash lump sum payout and receive the balance in the form of a monthly pension. The plan is registered under the Pension Funds Act (1956, as amended).

The Pension Fund (formerly the Investment Solutions Pension Fund): Defined contribution plan

All senior employees have an option of paying additional contributions in multiples of 2.5%, with a maximum of 10% into this fund, which is an umbrella retirement funding arrangement. The member's pension entitlement at retirement age is determined by his/her share of the fund. The fund's retirement age is 60 and retirement from this fund must coincide with retirement from the Alexander Forbes Retirement Fund. The plan is registered under the Pension Funds Act (1956, as amended). The Group also contributes at a rate of 2.5% of the employees' pensionable salary in respect of employees who are on two-year contracts.

SACCAWU National Provident Fund: Defined contribution plan

The SACCAWU National Provident Fund is an umbrella money purchase arrangement administered by Old Mutual. Members pay 7.5% of their pensionable salary towards retirement benefits. The Group contributes 10.0% of pensionable salaries towards retirement benefits, life insurance, disability benefits and administration costs. Membership of either the Alexander Forbes Retirement Fund or of the SACCAWU National Provident Fund is compulsory for all permanent full-time and part-time South African and Swaziland-based employees (excluding flexi-time employees) under normal retirement age. The member's pension entitlement at retirement age is determined by his/her share of the fund. The plan is registered under the Pension Funds Act (1956, as amended).

Namflex Pension Fund: Defined contribution plan

The Namflex Pension Fund is a money purchase arrangement whereby the members pay 7.5% of their pensionable salary as contributions towards retirement benefits. The Group contributes 7.5% to retirement benefits and an additional 3.5% of pensionable salaries towards life insurance, disability benefits and administration costs. The fund's retirement age is 60. Membership of the fund is compulsory for all Namibian permanent employees under normal retirement age. The member's pension entitlement at retirement age is determined by his/her share of the fund. On retirement, the member is entitled to elect up to one-third of the share as a cash lump sum payout and receive the balance in the form of a monthly pension. The plan is registered under the Namibian Pension Funds Act.

Swaziland National Provident Fund: Defined contribution plan

The Swaziland National Provident Fund is an arrangement whereby the members and the Group pay a statutory contribution based on members' earnings on a 50/50 basis with a maximum monthly contribution of E140 (2010: E130) based on a maximum monthly wage of E1 400 (2010: E1 300). The fund provides for a retirement benefit at or after age 45 and an age benefit at or after age 50. The fund also provides for a disability benefit, immigration benefit and a survivor's benefit. The employer is registered under the provisions of the Registration of Contributing Employers Regulations 1975, and Section 8 of the Swaziland National Provident Fund Order 1974. Membership of the fund is compulsory for all Swaziland-based permanent employees under normal retirement age. The member's pension entitlement at retirement age is determined by his/her share of the fund.

27. DIRECTORS AND EMPLOYEES (CONTINUED)

27.3 DEFINED CONTRIBUTION RETIREMENT FUNDS (CONTINUED)

	Number of members		Contributions	
	2011	2010	**2011 Rm**	2010 Rm
Summary per fund				
Alexander Forbes Retirement Fund	**2 576**	2 655	**38**	36
SACCAWU National Provident Fund	**373**	407	**3**	3
The Pension Fund: Two-year contractors	**563**	348	**1**	–*
The Pension Fund: Flexible employee option	**12**	14	**2**	2
Namflex Pension Fund	**46**	50	**–***	–*
Swaziland National Provident Fund	**17**	18	**–***	–*
Total	**3 587**	3 492	**44**	41

The Group expects to contribute R50 million to the above-mentioned funds in the 2012 reporting period.

* Reflected as zero, due to rounding to millions.

27.4 DEFINED BENEFIT HEALTHCARE FUNDS

Wooltru Healthcare Fund and Momentum Health (formerly Ingwe Healthcare Plan)

Group employees participate in either the Wooltru Healthcare Fund (the WHF) or Momentum Health (formerly Ingwe Healthcare Plan) (together the funds). These funds operate as defined benefit medical aid schemes.

Employees who participated in the funds and who joined the Group prior to 30 June 2000, continue to enjoy Group subsidised contributions after retirement on the same basis as permanent employees. Refer to note 17 for further information relating to the Group's post-retirement medical benefit obligation.

The audited annual financial statements of the WHF at 31 December 2010 reveal that it continues to maintain a sound financial position with a solvency ratio of 79% at its year-end.

The Group expects to contribute R41 million to the funds in respect of short-term healthcare benefits in the 2012 reporting period.

	2011 Rm	2010 Rm
27.5 OTHER		
Staff discount allowance	**5**	5

Group employees and pensioners are entitled to a discount on purchases made at Group stores. In the calculation of sale of merchandise, these discounts are accounted for as a deduction from retail sales.

27.6 SHARE-BASED PAYMENT PLANS

27.6.1 Equity-settled compensation scheme

The Group operates an equity-settled compensation scheme, detailed information on which is provided in the Remuneration Report on page 96 of the Integrated Annual Report.

		2011	2010
Expense recognised for employee services rendered during the period (refer to note 26.2)	(Rm)	**23**	21
The inputs used to calculate the fair value of the options granted during the period are as follows:			
Expected life of share options	(years)	**2 – 8**	2 – 8
Grant price	(R)	**55.32 – 75.02**	37.14 – 54.22
Expected share price volatility	(%)	**35**	35
Expected dividend yield	(%)	**2.7 – 3.7**	3.5 – 4.6
Risk-free interest rate	(%)	**5.3 – 9.0**	6.4 – 9.3

The expected volatility is based on historical volatility of the company's share price over a period which matches the expected life of the options.

The expected dividend yield is the best estimate of the forward looking dividend yield over the expected life of the options. This has been estimated with reference to the historical average dividend yield during the prior period.

The risk-free rate is based on the yield curve as supplied by an independent financial institution on zero-coupon swap rates over the expected life of the options.

		2011 Number of shares/ options 000's	2010 Number of shares/ options 000's
The following table illustrates the number of shares and options held by eligible participants, including executive directors:			
Shares held by participants		**5 169**	3 304
Shares held by the trust		**103**	103
Options held by participants		**13 835**	17 584
Total utilisation at the end of the period		**19 107**	20 991
Issued share capital at the end of the period (refer to note 12)		**459 999**	456 109
Utilisation	(%)	**4.2**	4.6
Shares available for utilisation		**49 309**	47 425
Percentage available for utilisation	(%)	**10.7**	10.4
Shares held by participants			
Shares held by participants at the beginning of the period		**3 304**	3 589
Shares issued when options exercised		**2 495**	–
Shares sold		**(630)**	(285)
Shares held by participants at the end of the period		**5 169**	3 304

27. DIRECTORS AND EMPLOYEES (CONTINUED)

27.6 SHARE-BASED PAYMENT PLANS (CONTINUED)

27.6.1 Equity-settled compensation scheme (continued)

Options held by participants

The following table illustrates the number of, and movements in, share options during the period:

		2011 Number of options 000's	2010 Number of options 000's
Balance held by participants at the beginning of the period		**17 584**	17 246
Options granted during the period		**586**	2 241
Options exercised during the period		**(3 889)**	(1 127)
Options forfeited during the period		**(446)**	(776)
Balance held by participants at the end of the period		**13 835**	17 584
Weighted average exercise price of options			
Granted during the period	(R)	**69.31**	44.58
Exercised during the period	(R)	**20.52**	11.24
Forfeited during the period	(R)	**33.41**	20.61
Held by participants at the end of the period	(R)	**23.31**	21.40
Exercisable and vested at the end of the period	(R)	**8.08**	7.74
Details of options exercised during the period			
Weighted average market price per share	(R)	**67.46**	43.65
Summarised exercise conditions applicable to options			
Latest date by which options become exercisable		**14 Jun 2017**	3 May 2016
Latest date by which options will lapse if not exercised		**14 Jun 2021**	3 May 2020
Lowest price	(R)	**3.66**	3.66
Highest price	(R)	**75.02**	54.22

Details of the vesting conditions, vesting periods and exercise prices applicable to equity-settled share options are provided in Annexure Two and in the Remuneration Report on page 96 of the Integrated Annual Report.

27.6.2 Cash-settled compensation scheme

The Group's cash-settled share-based payment obligation is recognised in terms of IFRS 2: Share-based Payment and arose from the implementation of the HPSS, detailed information on which is provided in the Remuneration Report on page 96 of the Integrated Annual Report.

The movement in the Group's cash-settled compensation obligation during the period is disclosed below:

		2011 Rm	2010 Rm
Non-current portion at the beginning of the period		**12**	14
Current portion at the beginning of the period		**34**	23
Total liability at the beginning of the period		**46**	37
Settlement of liability during the period (refer to note 32.1)		**(45)**	(34)
Recognition of current period expense (refer to note 26.2)		**28**	43
Total liability at the end of the period		**29**	46
Current portion reflected under trade and other payables (refer to note 19)		**(28)**	(34)
Non-current portion at the end of the period		**1**	12
The Group's liability has been hedged as disclosed in note 5. The fair value of the liability at the end of the period was determined by way of valuations performed using an actuarial binomial option pricing model. The inputs into the valuation model are as follows:			
Weighted average HPSS option exercise price	(R)	**48.98**	26.74
Expected life of HPSS options	(years)	**1 – 5**	1 – 2
Company share price at the end of the period	(R)	**68.33**	55.75
Expected share price volatility*	(%)	**35.1**	40.5
Expected dividend yield	(%)	**3.0 – 3.4**	2.8 – 3.3
Risk-free interest rate**	(%)	**5.7 – 7.5**	6.2 – 7.5

* The expected share price volatility is based on historical information over a period of two years.

** The risk-free interest rate has been extracted from the yield curve furnished by the financial institutions from which the cash-settled call options have been acquired.

At the end of the reporting period, the intrinsic value of the Group's liability, being the difference between the market value of the company's shares multiplied by the aggregate number of unexercised HPSS options, and the aggregate exercise price of the unexercised HPSS options in respect of which a liability has been recognised, amounted to R22 million (2010: R45 million).

	2011 Rm	2010 Rm
28. TAX EXPENSE		
28.1 CURRENT PERIOD TAX CHARGE		
South African normal tax	**807**	648
Current period	**805**	651
Prior period under/(over) provision	**2**	(3)
Deferred tax (refer to note 16)	**(3)**	14
Current period	**–**	11
Prior period (over)/under provision	**(3)**	3
Foreign tax – current period	**16**	15
Secondary tax on companies (STC)	**97**	79
Total	**917**	756

Group companies have lodged their income tax returns for the 2010 tax year. Income tax payments for tax-paying Group companies have been made in respect of the second period of the 2011 tax year. The most recent income tax assessments issued by the South African Revenue Service to Group companies were mostly in respect of the 2009 tax year.

	2011 %	2010 %
28.2 RECONCILIATION OF EFFECTIVE TAX RATE		
South African normal tax rate	**28.0**	28.0
Increase in rate of tax	**4.3**	4.1
STC	**3.4**	3.3
Disallowable expenditure	**0.8**	0.7
Differences in corporate tax rates	**0.1**	0.1
Decrease in rate of tax due to other non-taxable income	**(0.2)**	(0.1)
Effective tax rate	**32.1**	32.0

	2011 Rm	2010 Rm

29. DIVIDENDS

	2011 Rm	2010 Rm
Interim dividend – 2011		
Cash dividend of 128 cents per share declared on 21 February 2011 and paid on 22 March 2011	**588**	–
Final dividend – 2010		
Cash dividend of 98 cents per share declared on 19 August 2010 and paid on 13 September 2010	**447**	–
Interim dividend – 2010		
Cash dividend of 102 cents per share declared on 18 February 2010 and paid on 15 March 2010	**–**	464
Final dividend – 2009		
Cash dividend of 83 cents per share declared on 19 August 2009 and paid on 14 September 2009	**–**	378
Less: dividends received on treasury shares held by subsidiaries	**(67)**	(56)
Total	**968**	786

The final dividend for the period ended 26 June 2011 of 134 cents per share was declared on 18 August 2011 to shareholders registered on the record date of 9 September 2011, is payable on 12 September 2011 and gives rise to STC of approximately R57 million. No provision regarding this final dividend and the STC thereon has been recognised.

30. EARNINGS AND CASH FLOW PER SHARE

Basic earnings per share is derived by dividing profit for the period attributable to owners of the parent, by the adjusted weighted average number of shares. Appropriate adjustments are made thereto in calculating diluted basic earnings per share.

Headline earnings per share is derived by dividing headline earnings by the adjusted weighted average number of shares. Appropriate adjustments are made thereto in calculating diluted headline earnings per share.

	2011 Rm	2010 Rm
Headline earnings is determined as follows:		
Profit for the period, fully attributable to owners of the parent	**1 943**	1 604
Adjusted for:		
Loss on disposal of fixed assets (refer to note 26.5)	**1**	1
Headline earnings	**1 944**	1 605

The weighted average number of ordinary shares, adjusted for treasury shares held by subsidiaries, and referred to hereafter as 'adjusted weighted average number of shares', is used in calculating all the basic earnings, headline earnings and cash flow earnings per share amounts below:

	2011 Number of shares millions	2010 Number of shares millions
Adjusted issued shares at the beginning of the period	**425.2**	424.9
Weighted average number of shares repurchased during the period	**(0.7)**	(0.5)
Weighted average number of shares issued during the period	**1.8**	0.3
Adjusted weighted average number of shares at the end of the period	**426.3**	424.7

30. EARNINGS AND CASH FLOW PER SHARE (CONTINUED)

		2011	2010
30.1 BASIC AND HEADLINE EARNINGS BASIS			
Basic earnings per share	(cents)	**455.8**	377.7
Headline earnings per share	(cents)	**456.0**	377.9
30.2 FULLY DILUTED BASIC AND HEADLINE EARNINGS BASIS			
Adjusted weighted average number of shares	(millions)	**426.3**	424.7
Add: Dilutive effect of share options	(millions)	**8.1**	8.6
Fully diluted weighted average number of shares	(millions)	**434.4**	433.3

The dilution arises from share options outstanding in respect of the equity-settled share scheme. The amount of the dilution is calculated with reference to the difference between the fair value and the issue price of the company's shares, the issue price being adjusted for the cost of share-based payments, being the fair value of services to be supplied. Fair value is determined using the weighted average market price of the shares during the period.

		2011	2010
Fully diluted basic earnings per share	(cents)	**447.3**	370.2
Percentage dilution in basic earnings per share	(%)	**1.9**	2.0
Fully diluted headline earnings per share	(cents)	**447.5**	370.4
Percentage dilution in headline earnings per share	(%)	**1.9**	2.0

30.3 CASH FLOW BASIS

This basis focuses on the cash inflow actually achieved during the reporting period. Cash flow per share is calculated by dividing cash inflow from operations by the adjusted weighted average number of shares.

		2011	2010
Cash inflow from operations	(Rm)	**1 728**	1 567
Cash flow per share	(cents)	**405.3**	369.0

30.4 CASH EQUIVALENT EARNINGS BASIS

This basis recognises the potential of the earnings stream to generate cash. It is therefore an indicator of the underlying quality of earnings. Cash equivalent earnings per share is calculated by dividing the cash equivalent earnings by the adjusted weighted average number of shares.

		2011	2010
Profit for the period, fully attributable to owners of the parent	(Rm)	**1 943**	1 604
Adjusted for:			
Non-cash items (refer to note 32.1)	(Rm)	**187**	133
Deferred tax (refer to note 32.3)	(Rm)	**(3)**	14
Cash equivalent earnings	(Rm)	**2 127**	1 751
Cash equivalent earnings per share	(cents)	**498.9**	412.3

30.5 CASH REALISATION RATE

		2011	2010
This represents the potential cash earnings realised and is derived by dividing cash flow per share by cash equivalent earnings per share.	(%)	**81**	89

31. RELATED PARTY DISCLOSURES

During the period, Group companies entered into various transactions with each other, in the ordinary course of business. These transactions have been eliminated on consolidation. Details of the inter-company loan balances and interest thereon are disclosed below and in Annexure One. Details of treasury shares held by subsidiaries are disclosed in note 14.

2011	Management fee received from/ (paid to) Rm	Dividends received from Rm	Dividends paid to Rm	Merchandise sold to Rm	Amount owing (to)/ by related parties Rm
Truworths International Ltd					
Truworths Ltd	**4**	**968**	**–**	**–**	**(1 257)**
Truworths Investments (Pty) Ltd	**–**	**17**	**(17)**	**–**	**–**
Truworths Investments Two (Pty) Ltd	**–**	**17**	**(17)**	**–**	**–**
Truworths Investments Three (Pty) Ltd	**–**	**17**	**(17)**	**–**	**–**
Truworths Investments Four (Pty) Ltd	**–**	**16**	**(16)**	**–**	**–**
Truworths Ltd					
Truworths International Ltd	**(4)**	**–**	**–**	**–**	**1 257**
Truworths (Namibia) Ltd	**11**	**–**	**–**	**70**	**(73)**
Truworths (Swaziland) Ltd	**3**	**–**	**–**	**27**	**(32)**
Truworths Botswana (Pty) Ltd	**–**	**–**	**–**	**–**	**1**
Young Designers Emporium (Pty) Ltd	**6**	**–**	**–**	**–**	**(91)**
Uzzi (Pty) Ltd	**–**	**–**	**–**	**–**	**(36)**
Truworths International Limited Share Trust	**–**	**–**	**–**	**–**	**73**
Truworths Investments (Pty) Ltd	**–**	**–**	**–**	**–**	**343**
Truworths Investments Two (Pty) Ltd	**–**	**–**	**–**	**–**	**324**
Truworths Investments Three (Pty) Ltd	**–**	**–**	**–**	**–**	**277**
Truworths Investments Four (Pty) Ltd	**–**	**–**	**–**	**–**	**245**

2010	Management fee received from/ (paid to) Rm	Dividends received from Rm	Dividends paid to Rm	Merchandise sold to Rm	Amount owing (to)/ by related parties Rm
Truworths International Ltd					
Truworths Ltd	4	786	–	–	(2 137)
Truworths Investments (Pty) Ltd	–	14	(14)	–	133
Truworths Investments Two (Pty) Ltd	–	13	(13)	–	196
Truworths Investments Three (Pty) Ltd	–	14	(14)	–	223
Truworths Investments Four (Pty) Ltd	–	15	(15)	–	245
Truworths Ltd					
Truworths International Ltd	(4)	–	(786)	–	2 137
Truworths (Namibia) Ltd	10	–	–	61	(45)
Truworths (Swaziland) Ltd	3	–	–	25	(26)
Young Designers Emporium (Pty) Ltd	6	–	–	–	(69)
Uzzi (Pty) Ltd	–	–	–	–	(36)
Truworths International Limited Share Trust	–	–	–	–	14

31. RELATED PARTY DISCLOSURES (CONTINUED)

Post-retirement benefit plans

The Group is a participating employer in various defined contribution retirement plans as well as defined benefit healthcare plans. Refer to notes 27.3 and 27.4 for further information.

Key management personnel

Details relating to executive and non-executive directors' remuneration and shareholdings (including options) in the company, are disclosed in note 27.1, 27.2 and Annexure Two. Directors of the company and the subsidiary, Truworths Ltd, have been classified as key management personnel. Below is a summary of the total remuneration attributable to the 13 (2010: 13) employees constituting key management personnel for the period.

	2011 Rm	2010 Rm
Category		
Short-term benefits	**33**	28
Post-retirement benefits	**2**	2
Equity-settled compensation benefits	**6**	6
Cash-settled compensation benefits	**14**	13
Total remuneration	**55**	49

Details of secured loans made pursuant to key management personnel's participation in the share scheme are disclosed in note 7.2.

Interest of directors in contracts

Sisa Ngebulana, a non-executive director of the company, has interests in and is a member of the boards of Hemingway Shopping Centre (Pty) Ltd, Attfund Ltd and Mdantsane City Shopping Centre (Pty) Ltd. During the period, the Group leased certain trading premises from these companies. The value of these transactions amounted to R4.0 million (2010: R3.4 million), R17.4 million (2010: R18.0 million) and R1.1 million (2010: R1.0 million) respectively. At the end of the reporting period there were no outstanding balances owing to these related parties. No other directors have a material interest in any transaction with the company or any of its subsidiaries.

Other related parties

The Group has identified the Truworths Chairman's Foundation, the Truworths Community Foundation, the Truworths Social Involvement Trust and the Truworths Enterprise Development Trust as related parties because of the influence the Group is able to exercise over their charitable and developmental activities. Donations to these entities during the period were:

	2011 Rm	2010 Rm
Truworths Community Foundation	**14**	–
Truworths Enterprise Development Trust	**1**	1
Truworths Social Involvement Trust	**–**	10
Total	**15**	11

No financial benefits were derived by the Group from these relationships. Refer to note 7.3 for further information relating to the loan balances owing by the charitable trusts.

32. NOTES TO THE STATEMENTS OF CASH FLOWS

32.1 CASH FLOW FROM TRADING AND CASH EBITDA

	Note	2011 Rm	2010 Rm
Profit before tax		**2 860**	2 360
Add: Non-cash items		**187**	133
Depreciation and amortisation	26.1	**143**	121
Movement in straight-line operating lease obligation	18.1	**(4)**	2
Revaluation gain on cash-settled call options	5.2	**(22)**	(39)
Fair value adjustment to secured loans advanced to share scheme participants	7.2	**15**	–
Adjustment to secured loans to share scheme participants	7.2	**(4)**	(1)
Unrealised foreign exchange mark-to-market losses/(gains)	26.5	**2**	(19)
Post-retirement medical benefit expense	17.2	**5**	4
Loss on disposal of plant and equipment	26.5	**1**	1
Share-based payments: equity-settled	27.6.1	**23**	21
Share-based payments: cash-settled	27.6.2	**28**	43
Proceeds on disposal of derivative financial instruments	5.2	**46**	35
Settlement of cash-settled compensation liability	27.6.2	**(45)**	(34)
Interest received	25	**(637)**	(560)
Net inflow		**2 411**	1 934

32.2 WORKING CAPITAL MOVEMENTS

	Note	2011 Rm	2010 Rm
(Increase)/decrease in inventories		**(80)**	13
Increase in trade and other receivables and prepayments		**(475)**	(283)
Increase in trade and other payables and provisions		**130**	54
Net outflow		**(425)**	(216)

32.3 TAX PAID

	Note	2011 Rm	2010 Rm
Amounts owing at the beginning of the period		**(120)**	(89)
Amounts charged to profit or loss		**(917)**	(756)
South African normal tax	28.1	**(807)**	(648)
Deferred tax	28.1	**3**	(14)
Foreign tax	28.1	**(16)**	(15)
STC	28.1	**(97)**	(79)
Deferred tax movement	28.1	**(3)**	14
Amounts owing at the end of the period		**145**	120
Net outflow		**(895)**	(711)

32.4 ACQUISITION OF PLANT AND EQUIPMENT TO MAINTAIN OPERATIONS

	Note	2011 Rm	2010 Rm
Motor vehicles		**(1)**	–
Equipment, furniture and fittings		**(26)**	(30)
Computer equipment		**(3)**	(4)
Net outflow		**(30)**	(34)

32. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	2011 Rm	2010 Rm
32.5 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT TO EXPAND OPERATIONS			
Land		**(16)**	–
Buildings		**(5)**	(16)
Motor vehicles		**(2)**	(10)
Equipment, furniture and fittings		**(105)**	(118)
Computer equipment		**(11)**	(14)
Net outflow		**(139)**	(158)
32.6 DIVIDENDS PAID			
Amounts owing at the beginning of the period		**(3)**	(2)
Amounts charged to equity	29	**(968)**	(786)
Amounts owing at the end of the period	19	**3**	3
Net outflow		**(968)**	(785)

33. COMPARATIVE INFORMATION

Whilst the presentation of certain comparative information may have changed, the Group has not made any reclassifications or restatements in the statements of financial position. As a result, the Group has not presented an additional comparative statement of financial position, as would be required under such circumstances.

34. SEGMENT INFORMATION

The Group's reportable segments have been identified as the Truworths and YDE business units. The Truworths business unit comprises all the retailing activities conducted by the Group (as detailed in note 34.3), through which it retails fashion apparel comprising clothing, footwear and other fashion products to women, men and children, other than by the YDE business unit. The YDE business unit comprises the agency activities through which the Group retails clothing, footwear and related products on behalf of emerging South African designers.

Management monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is reported on an IFRS basis and evaluated based on revenue and profit before tax.

		Truworths Rm	YDE Rm	Consoli-dation entries Rm	Group Rm
34.1 SEGMENT ANALYSIS					
2011					
Total revenue (refer to note 25)		**8 604**	**95**	**(15)**	**8 684**
Third party		**8 584**	**95**	**5**	**8 684**
Inter-segment		**20**	**–**	**(20)**	**–**
Depreciation and amortisation		**126**	**3**	**–**	**129**
Interest received		**632**	**1**	**4**	**637**
Profit for the period		**1 925**	**27**	**(9)**	**1 943**
Profit before tax		**2 832**	**37**	**(9)**	**2 860**
Tax expense		**(907)**	**(10)**	**–**	**(917)**
Segment assets		**8 449**	**163**	**(2 388)**	**6 224**
Segment liabilities		**1 231**	**23**	**(76)**	**1 178**
Capital expenditure		**179**	**7**	**–**	**186**
Other segment information					
Gross margin	(%)	**56.7**	**–**	**–**	**56.7**
Trading margin	(%)	**28.0**	**38.6**	**–**	**28.3**
Operating margin	(%)	**36.0**	**39.5**	**–**	**36.4**
Inventory turn	(times)	**6.4**	**–**	**–**	**6.4**
Credit:cash sales mix	(%)	**71:29**	**24:76**	**–**	**71:29**
2010					
Total third party revenue (refer to note 25)		7 568	89	2	7 659
Depreciation and amortisation		118	3	–	121
Interest received		558	1	1	560
Profit for the period		1 578	24	2	1 604
Profit before tax		2 325	33	2	2 360
Tax expense		(747)	(9)	–	(756)
Segment assets		7 410	139	(2 140)	5 409
Segment liabilities		1 143	26	(131)	1 038
Capital expenditure		211	5	–	216
Other segment information					
Gross margin	(%)	55.3	–	–	55.3
Trading margin	(%)	25.4	37.2	–	25.9
Operating margin	(%)	33.5	38.2	–	34.0
Inventory turn	(times)	6.9	–	–	6.9
Credit:cash sales mix	(%)	70:30	23:77	–	70:30

34. SEGMENT INFORMATION (CONTINUED)

34.2 THIRD PARTY REVENUE

	2011 Rm	2011 Contribution to revenue %	2010 Rm	2010 Contribution to revenue %
South Africa	**8 448**	**97.3**	7 447	97.2
Namibia	**142**	**1.6**	127	1.7
Swaziland	**59**	**0.7**	55	0.7
Franchise sales	**35**	**0.4**	30	0.4
Botswana	**15**	**0.2**	15	0.2
Rest of Africa	**20**	**0.2**	14	0.2
Middle East	**–**	**–**	1	–
Total third party revenue (Refer to note 25)	**8 684**	**100**	7 659	100

34.3 COMPONENTS OF TRUWORTHS

Within the Truworths operating segment, the following components exist that have not been separately identified as individual operating segments since the operating results of these departments cannot be assessed. However, the departmental retail sales are reviewed on a regular basis to evaluate performance.

Sale of merchandise	2011 Rm	2011 Contribution to sale of merchandise %	2010 Rm	2010 Contribution to sale of merchandise %
Truworths Ladieswear	**3 068**	**39.1**	2 727	39.3
Truworths Menswear	**1 581**	**20.1**	1 372	19.8
Identity	**1 127**	**14.3**	966	13.9
Daniel Hechter	**972**	**12.4**	871	12.6
Truworths Elements	**403**	**5.1**	385	5.5
Inwear	**386**	**4.9**	355	5.1
LTD	**312**	**4.0**	247	3.6
Truworths Jewellery	**82**	**1.0**	76	1.1
Truworths Living	**14**	**0.2**	15	0.2
Cellular	**135**	**1.7**	104	1.5
Retail sales	**8 080**	**102.8**	7 118	102.6
Franchise sales	**35**	**0.5**	30	0.4
Accounting reclassifications *	**(257)**	**(3.3)**	(211)	(3.0)
Total	**7 858**	**100**	6 937	100

* Accounting reclassifications comprise adjustments in respect of gift vouchers, staff discounts, cellular retail sales, notional interest and the sales returns provision.

34.4 NON-CURRENT ASSETS

	2011 Rm	2010 Rm
South Africa	**877**	844
Namibia	**13**	4
Swaziland	**1**	1
Total	**891**	849

Non-current assets represent property, plant and equipment, goodwill and intangible assets.

35. EVENTS AFTER THE END OF 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.

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Company Statements of **Financial Position**

	Note	at 26 June 2011 R'000	at 27 June 2010 R'000
ASSETS			
Non-current assets		**31 431 767**	25 428 077
Available-for-sale assets	2	**31 431 726**	25 428 077
Deferred tax asset	8	**41**	–
Current assets		**2 496**	803 077
Loans and receivables	3	**–**	796 709
Other receivables		**–**	213
Tax receivable	15.3	**158**	–
Cash and cash equivalents	4	**2 338**	6 155
Total assets		**31 434 263**	26 231 154
EQUITY AND LIABILITIES			
Total equity		**30 172 489**	24 089 767
Share capital and premium	5, 6	**159 237**	79 425
Retained earnings		**47 335**	48 074
Non-distributable reserves	7	**29 965 917**	23 962 268
Current liabilities		**1 261 774**	2 141 387
Trade and other payables	9	**1 261 774**	2 141 357
Tax payable	15.3	**–**	30
Total equity and liabilities		**31 434 263**	26 231 154

Company Statements of **Comprehensive Income**

	Note	**52 weeks to 26 June 2011 R'000**	52 weeks to 27 June 2010 R'000
Revenue	11	**1 039 584**	847 233
Other income	11	**4 183**	4 794
Trading expenses		**(5 222)**	(4 202)
Employment costs	12.1	**(2 060)**	(1 591)
Other operating costs	12.2	**(3 162)**	(2 611)
Trading (loss)/profit		**(1 039)**	592
Dividends received	11	**1 035 217**	842 181
Interest received	11	**184**	258
Profit before tax		**1 034 362**	843 031
Tax credit/(expense)	13	**115**	(235)
Profit for the period		**1 034 477**	842 796
Other comprehensive income			
Revaluation of subsidiaries	7	**5 980 242**	8 617 760
Other comprehensive income for the period, net of tax		**5 980 242**	8 617 760
Total comprehensive income for the period		**7 014 719**	9 460 556

Company Statements of **Changes in Equity**

	Note	Share capital and premium R'000	Retained earnings R'000	Non-distributable reserves R'000	Total equity R'000
2010					
Balance at the beginning of the period		65 197	47 459	15 323 059	15 435 715
Total comprehensive income for the period		–	842 796	8 617 760	9 460 556
Profit for the period		–	842 796	–	842 796
Other comprehensive income for the period		–	–	8 617 760	8 617 760
Dividends	14	–	(842 181)	–	(842 181)
Premium on shares issued	6	14 228	–	–	14 228
Share-based payment	7	–	–	21 449	21 449
Balance at 27 June 2010		79 425	48 074	23 962 268	24 089 767
2011					
Balance at the beginning of the period		**79 425**	**48 074**	**23 962 268**	**24 089 767**
Total comprehensive income for the period		**–**	**1 034 477**	**5 980 242**	**7 014 719**
Profit for the period		**–**	**1 034 477**	**–**	**1 034 477**
Other comprehensive income for the period		**–**	**–**	**5 980 242**	**5 980 242**
Dividends	14	**–**	**(1 035 216)**	**–**	**(1 035 216)**
Nominal value of shares issued	5	**1**	**–**	**–**	**1**
Premium on shares issued	6	**79 811**	**–**	**–**	**79 811**
Share-based payment	7	**–**	**–**	**23 407**	**23 407**
Balance at 26 June 2011		**159 237**	**47 335**	**29 965 917**	**30 172 489**

Company Statements of **Cash Flows**

	Note	**52 weeks to 26 June 2011 R'000**	52 weeks to 27 June 2010 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (outflow)/inflow from trading	15.1	**(1 039)**	592
Dividends received	15.1	**1 035 217**	842 181
Cash EBITDA*		**1 034 178**	842 773
Working capital movements	15.2	**44**	(536)
Cash generated from operations		**1 034 222**	842 237
Interest received	15.1	**184**	258
Tax paid	15.3	**(114)**	(32)
Cash inflow from operations		**1 034 292**	842 463
Dividends paid	15.4	**(1 034 613)**	(841 592)
Net cash (used in)/from operating activities		**(321)**	871
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans advanced to subsidiary companies	3	**(130 678)**	(33 861)
Loans repaid by subsidiary companies	3	**43**	–
Net cash used in investing activities		**(130 635)**	(33 861)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on shares issued	5, 6	**79 812**	14 228
Loans advanced by subsidiary companies	15.5	**47 327**	19 723
Net cash from financing activities		**127 139**	33 951
Net (decrease)/increase in cash and cash equivalents		**(3 817)**	961
Cash and cash equivalents at the beginning of the period		**6 155**	5 194
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**2 338**	6 155

* Earnings before interest received, tax, depreciation and amortisation

Notes to the Company **Annual Financial Statements**

	2011 R'000	2010 R'000
2. AVAILABLE-FOR-SALE ASSETS		
Shares in Truworths Ltd	**29 676 252**	24 104 994
Shares in Young Designers Emporium (Pty) Ltd	**413 091**	368 931
Shares in Uzzi (Pty) Ltd	**35 918**	35 918
Shares in Truworths Investments (Pty) Ltd	**365 333**	277 481
Shares in Truworths Investments Two (Pty) Ltd	**308 327**	210 924
Shares in Truworths Investments Three (Pty) Ltd	**290 371**	195 906
Shares in Truworths Investments Four (Pty) Ltd	**342 434**	233 923
Total	**31 431 726**	25 428 077

A detailed listing of all subsidiaries is contained in Annexure One.

During the period the value of the investments in subsidiaries increased as a result of the Truworths International Ltd share price increasing from R55.75 at 27 June 2010 to R68.33 at 26 June 2011.

3. LOANS AND RECEIVABLES

	2011 R'000	2010 R'000
Loans and receivables at the beginning of the period	**796 709**	762 848
Advances during the period	**130 678**	33 861
Repayments during the period	**(43)**	–
Loans transferred to Truworths Ltd	**(927 344)**	–
Loans and receivables at the end of the period	**–**	796 709
The balance at the end of the period comprises amounts owing by:		
Truworths Investments (Pty) Ltd	**–**	132 958
Truworths Investments Two (Pty) Ltd	**–**	196 175
Truworths Investments Three (Pty) Ltd	**–**	222 975
Truworths Investments Four (Pty) Ltd	**–**	244 558
Truworths International Limited Share Trust	**–**	43
Total	**–**	796 709

During the period, the amounts owing to the company were transferred to Truworths Ltd on the inter-company current account. Until this date, the loans and receivables were unsecured, interest-free and repayable on demand.

4. CASH AND CASH EQUIVALENTS

	2011 R'000	2010 R'000
Balances with banks	**2 338**	6 155

Balances with banks earn interest based on floating daily bank deposit rates and closing balances. Refer to note 10.2.1 and 10.3.3 for further information relating to interest rate risk and credit risk management respectively.

	2011 R'000	2010 R'000
5. SHARE CAPITAL		
Ordinary share capital		
Authorised		
650 000 000 (2010: 650 000 000) ordinary shares of 0.015 cent each	**98**	98
Issued and fully paid		
459 998 921 (2010: 456 108 997) ordinary shares of 0.015 cent each	**69**	68

The company has one class of ordinary shares which carry no rights to fixed income.

	2011 Number of shares 000's	2010 Number of shares 000's
Reconciliation of movement in issued shares:		
Balance at the beginning of the period	**456 109**	454 956
Shares issued	**3 890**	1 153
Balance at the end of the period	**459 999**	456 109

The shares issued during the period were allotted for an aggregate nominal value of R583 (2010: R173) and an aggregate premium before expenses of R79 811 132 (2010: R14 227 612).

	2011 R'000	2010 R'000
6. SHARE PREMIUM		
Balance at the beginning of the period	**79 357**	65 129
Premium on shares issued	**79 811**	14 228
Balance at the end of the period	**159 168**	79 357
7. NON-DISTRIBUTABLE RESERVES		
Equity-settled compensation reserve	**82 380**	58 973
Revaluation reserve	**29 883 537**	23 903 295
Total	**29 965 917**	23 962 268
Reconciliation of equity-settled compensation reserve		
Balance at the beginning of the period	**58 973**	37 524
Equity settled share-based payment expense (refer to note 27.6.1*)	**23 407**	21 449
Balance at the end of the period	**82 380**	58 973
Reconciliation of revaluation reserve		
Balance at the beginning of the period	**23 903 295**	15 285 535
Revaluation of subsidiaries	**5 980 242**	8 617 760
Balance at the end of the period	**29 883 537**	23 903 295

* Refer to Notes to the Group Annual Financial Statements

	2011 R'000	2010 R'000
8. DEFERRED TAX		
Net deferred tax asset at the beginning of the period	**–**	–
Movement for the period		
Increase in deferred tax asset, credited to profit or loss		
Tax loss (refer to note 13.1)	**41**	–
Net deferred tax asset at the end of the period	**41**	–
Closing balance comprising:		
Tax loss	**41**	–

The company has recognised a deferred tax asset in respect of the tax loss suffered for the 2011 reporting period. Management is of the view that the company will have sufficient taxable income in future periods against which the deferred tax asset could be utilised.

9. TRADE AND OTHER PAYABLES

	2011 R'000	2010 R'000
Amount owing to Truworths Ltd	**1 256 868**	2 136 885
Other payables and accrued expenses	**1 549**	1 718
Unclaimed dividends due to shareholders	**3 357**	2 754
Total	**1 261 774**	2 141 357

The directors consider the carrying amounts of all trade and other payables to approximate their fair value.

Terms and conditions of financial liabilities:

- The amount owing to Truworths Ltd is unsecured, interest-free and repayable on demand.
- Other payables and accrued expenses are non interest-bearing provided they are settled within their respective credit terms.
- Unclaimed dividends due to shareholders are non interest-bearing and are payable on demand.

Refer to note 10.4 for further information relating to liquidity risk management.

10. FINANCIAL RISK MANAGEMENT

10.1 FINANCIAL RISKS

In the ordinary course of business operations, the company is exposed to a variety of financial risks arising from the use of financial instruments. These risks include:

- market risk (comprising interest rate risk and other price risk);
- credit risk; and
- liquidity risk.

The board of the company is responsible for risk governance, including in relation to financial risks, and is assisted by the directors of Truworths Ltd. The Risk Committee, a committee of the Truworths Ltd board, oversees the management of financial risks relating to the company's operations. The board has adopted King III's risk governance and management principles and has established a policy framework which guides the company's risk management processes. These policies and guidelines are periodically examined by senior executives and adjusted, if necessary, to ensure that changes in the business and economic environment have been taken into account. Refer to the Chief Financial Officer's Report on page 48 of the Integrated Annual Report for further information relating to financial risk management.

Treasury risk management objectives and policies

The board, acting on the recommendations of the Investment Committee, oversees the management of the company's treasury function. It has developed and issued a comprehensive treasury policy and process to monitor and control the risks arising from the treasury function. The Investment Committee, which consists of senior executives, meets regularly to update treasury risk policies and objectives, as well as to re-evaluate risk management strategies against revised economic forecasts. Policy amendments have to be submitted to the board for approval. Compliance with the treasury policy is reviewed regularly by internal audit.

10.2 MARKET RISK MANAGEMENT

The company's exposure to market risk relates to interest rate risk and other price risk. Market risk is managed by identifying and quantifying risks on the basis of current and future expectations and by ensuring that all treasury trading occurs within defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The reporting on the state of the risk and risk practices to executive management is part of this process. The processes set up to measure, monitor and mitigate these market risks are described below. There has been no change in the company's exposure to market risk or the manner in which it manages and measures the risk since the prior reporting period.

10.2.1 Interest rate risk

The company is exposed to cash flow interest rate risk on its floating rate cash and cash equivalents. The company does not hold any fixed rate interest instruments.

The company is not geared and is therefore not subject to interest rate risk on borrowings.

Interest rate analysis

No interest-bearing instruments have a maturity profile exceeding one year. The interest rates of interest-bearing instruments at the end of the reporting period are summarised below:

	2011	2010
Floating rate	**%**	%
Balances with banks	**2.1**	3.0

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on a fluctuation of 100 basis points in the prime interest rate and assumes that all other variables remain constant. A fluctuation of 100 basis points in the prime interest rate is considered appropriate based on recent forecasts and economic indicators.

A change of 100 basis points in interest rates would not have a material impact on the profits of the company. The analysis was performed on the same basis for 2010.

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.2 MARKET RISK MANAGEMENT (CONTINUED)

10.2.2 Other price risk

The company is exposed to fluctuations in its own share price due to shares held by subsidiaries that are classified as available-for-sale assets, measured at fair value. Refer to note 10.6 for further information relating to the relevant valuation techniques used in determining the fair value of investments in subsidiaries.

The share price sensitivity analysis was calculated by increasing or decreasing the company's share price at the end of the period used in the valuations of subsidiaries by 35%, assuming that all other variables remain constant. This is considered to be appropriate based on historical share price movements. The impact on the company's equity is set out in the table below:

Effect on equity	**2011 R'000**	2010 R'000
Impact of share price movement before tax	**11 001 104**	8 899 827

10.3 CREDIT RISK

The company's exposure to credit risk relates to cash and cash equivalents. At the end of the prior reporting period, the company's exposure to credit risk also extended to loans and receivables and other receivables. Refer to notes 3 and 4 for further information relating to loans and receivables and cash and cash equivalents respectively.

The company's maximum exposure to credit risk amounted to R2 million (2010: R803 million) at the end of the reporting period.

10.3.1 Loans and receivables

All loans and receivables owing to the company were settled during the reporting period. At the end of the prior reporting period, loans and receivables totalling R797 million were considered neither past due nor impaired. Refer to note 3 for further information.

10.3.2 Other receivables

At the end of the prior reporting period, other receivables totalling R213 000 were considered neither past due nor impaired.

10.3.3 Cash and cash equivalents

The company invests surplus cash only with F1+ and approved F1 rated financial institutions. The amount of exposure to any one counterparty is subject to the limits imposed by the Group's treasury policy in order to achieve a spread of risk and opportunity. Refer to note 4 for further information.

10.4 LIQUIDITY RISK

The company's exposure to liquidity risk relates to trade and other payables.

In terms of the company's articles of association, its borrowing powers are unlimited. The company has no unutilised domestic overdraft banking facilities in place, but has adequate assets available to utilise its gearing potential to mitigate the risk of repaying the loan to Truworths Ltd should repayment be demanded.

The expected maturity profile of the company's financial liabilities at the end of the reporting period, based on contractual undiscounted payments, including contractual interest payable (where applicable), is as follows:

	Note	Settled on demand R'000	Settled between 30 – 59 days R'000	Settled after 90 days R'000	Total R'000
2011					
Trade and other payables	9				
Amount owing to Truworths Ltd		**1 256 868**	**–**	**–**	**1 256 868**
Other payables and accrued expenses		**–**	**195**	**1 354**	**1 549**
Shareholders for unclaimed dividends		**3 357**	**–**	**–**	**3 357**
Total		**1 260 225**	**195**	**1 354**	**1 261 774**
2010					
Trade and other payables	9				
Amount owing to Truworths Ltd		2 136 885	–	–	2 136 885
Other payables and accrued expenses		–	56	1 662	1 718
Shareholders for unclaimed dividends		2 754	–	–	2 754
Total		2 139 639	56	1 662	2 141 357

10.5 ITEMS OF INCOME, EXPENSE, GAINS OR LOSSES

	Fair value gains/ (losses) R'000	Dividends received R'000	Interest received R'000	Net gains/ (losses) R'000
2011				
Financial assets				
Available-for-sale	**5 980 242**	**1 035 217**	**–**	**7 015 459**
Loans and receivables	**–**	**–**	**184**	**184**
2010				
Financial assets				
Available-for-sale	8 617 760	842 181	–	9 459 941
Loans and receivables	–	–	258	258

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.6 FAIR VALUE OF FINANCIAL INSTRUMENTS

10.6.1 Fair value measurement

All financial instruments have been recognised in the statements of financial position and there is no material difference between their fair values and carrying amounts. The following methods and assumptions were used by the company in establishing fair values:

Financial assets and liabilities (other than available-for-sale assets)

Carrying amounts reported in the statements of financial position at amortised cost approximate fair values. The fair value of the financial instruments as at the end of the reporting period has been determined using available market information and appropriate valuation methodologies.

Available-for-sale assets

Shares in subsidiaries are classified as available-for-sale assets and are measured at fair value. The relevant valuation techniques to determine the fair value of each investment in the relevant subsidiaries are summarised below:

Subsidiary	Valuation technique
Truworths Ltd	Relative company profit performance and Group market capitalisation
Young Designers Emporium (Pty) Ltd	Relative company profit performance and Group market capitalisation
Uzzi (Pty) Ltd	Net asset value
Truworths Investments (Pty) Ltd	Net asset value
Truworths Investments Two (Pty) Ltd	Net asset value
Truworths Investments Three (Pty) Ltd	Net asset value
Truworths Investments Four (Pty) Ltd	Net asset value

10.6.2 Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

At the end of the reporting period, the company's available-for-sale assets were the only financial assets measured at fair value. The fair value measurement of available-for-sale assets are classified as level 2.

There were no transfers between level 1 and level 2, or into and out of level 3 fair value measurements during the reporting period.

10.7 CAPITAL MANAGEMENT

The company manages its capital to ensure that it will be able to continue as a going concern while enhancing the return to its stakeholders. The company's overall strategy has remained unchanged from 2010.

The capital structure of the company consists of equity, comprising issued ordinary share capital, share premium, non-distributable reserves and retained earnings. Refer to notes 5 to 7 for further information.

The primary objectives of the company's capital management are:

- to ensure that the company maintains healthy capital ratios in order to support its business;
- to enhance the return to shareholders after benchmarking anticipated returns against the company's financial targets;
- to ensure that the company will be able to continue as a going concern and have sufficient capital for its operations; and
- to provide flexibility so as to be able to take advantage of opportunities that could improve shareholder value.

The management of capital is reviewed by the board on a quarterly basis. The company will manage the overall capital structure through, but not limited to dividend payments and share buy-backs through subsidiaries. The company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the needs of the company.

The company is not subject to any externally imposed minimum capital requirements, save that in terms of the Companies Act (71 of 2008, as amended) it must ensure that following any share repurchase or payments to shareholders, on a fair value basis, its assets must exceed its liabilities, its capital must be adequate for the purposes of its business and it must be able to pay its debts when they fall due. Consequently, when such transactions are in contemplation, management considers their impact on the company's solvency, liquidity and equity.

	2011 R'000	2010 R'000
Profit for the period	**1 034 477**	842 796
Equity of the company	**30 172 489**	24 089 767

11. REVENUE

Dividends received	**1 035 217**	**842 181**
Management fees	**4 183**	**4 008**
Interest received	**184**	**258**
Other	**–**	**786**
Total	**1 039 584**	**847 233**

12. TRADING PROFIT

Trading profit is stated after taking account of the following items:

12.1 Employment costs

Directors' fees (refer to note 27.1*)	**2 054**	1 580
Other employment costs	**6**	11
Total	**2 060**	1 591

12.2 Other operating costs

Management, administrative and secretarial fees paid include:		
Reporting fees	**1 523**	1 352
JSE and STRATE fees	**643**	490
Consulting fees	**188**	407
Transfer secretaries fees	**234**	236
Other	**574**	126
Total	**3 162**	2 611

* Refer to Notes of the Group Annual Financial Statements

Notes to the Company **Annual Financial Statements** (continued)

	2011 R'000	2010 R'000
13. TAX EXPENSE		
13.1 Current period tax charge		
South African normal tax	**(74)**	235
Current period	**–**	250
Prior period over provision	**(74)**	(15)
Deferred tax for the current period (refer to note 8)	**(41)**	–
Total	**(115)**	235

The company has lodged its income tax return for the 2010 tax year. The most recent income tax assessment issued by the South African Revenue Service to the company was in respect of the 2010 tax year.

	2011 %	2010 %
13.2 Reconciliation of effective tax rate		
South African normal tax rate	**28.0**	28.0
Decrease in rate of tax due to		
Exempt income	**(28.0)**	(28.0)
Effective tax rate	**–**	–

	2011 R'000	2010 R'000
14. DIVIDENDS		
Interim dividend – 2011		
Cash dividend of 128 cents per share declared on 21 February 2011 and paid on 22 March 2011	**588 229**	–
Final dividend – 2010		
Cash dividend of 98 cents per share declared on 19 August 2010 and paid on 13 September 2010	**446 987**	–
Interim dividend – 2010		
Cash dividend of 102 cents per share declared on 18 February 2010 and paid on 15 March 2010	**–**	464 568
Final dividend – 2009		
Cash dividend of 83 cents per share declared on 19 August 2009 and paid on 14 September 2009	**–**	377 613
Total	**1 035 216**	842 181

The final dividend for the period ended 26 June 2011 of 134 cents per share was declared on 18 August 2011 to shareholders registered on the record date of 9 September 2011, and is payable on 12 September 2011. No provision regarding this final dividend has been recognised.

15. NOTES TO THE STATEMENTS OF CASH FLOWS

		Note	2011 R'000	2010 R'000
15.1	**CASH FLOW FROM TRADING**			
	Profit before tax		**1 034 362**	843 031
	Dividends received	11	**(1 035 217)**	(842 181)
	Interest received	11	**(184)**	(258)
	Net (outflow)/inflow		**(1 039)**	592
15.2	**WORKING CAPITAL MOVEMENTS**			
	Decrease/(increase) in other receivables		**213**	(213)
	Decrease in other payables and accrued expenses		**(169)**	(323)
	Net inflow/(outflow)		**44**	(536)
15.3	**TAX PAID**			
	Amounts (owing)/refundable at the beginning of the period		**(30)**	173
	Amounts credited/(charged) to profit or loss	13.1	**115**	(235)
	South African normal tax		**74**	(235)
	Deferred tax		**41**	–
	Deferred tax movement		**(41)**	–
	Amounts (refundable)/owing at the end of the period		**(158)**	30
	Net outflow		**(114)**	(32)
15.4	**DIVIDENDS PAID**			
	Amounts owing at the beginning of the period		**(2 754)**	(2 165)
	Amounts charged to equity		**(1 035 216)**	(842 181)
	Amounts owing at the end of the period	9	**3 357**	2 754
	Net outflow		**(1 034 613)**	(841 592)
15.5	**LOANS ADVANCED BY SUBSIDIARY COMPANIES**			
	Amounts owing at the beginning of the period		**(2 136 885)**	(2 117 162)
	Loans and receivables transferred on inter-company account		**927 344**	–
	Amounts owing at the end of the period		**1 256 868**	2 136 885
	Net inflow		**47 327**	19 723

16. RELATED PARTY DISCLOSURES

During the period the company and its subsidiaries entered into various transactions with each other, in the ordinary course of business. Details of loan balances with and interest in subsidiaries are disclosed in notes 2, 3, 9 and Annexure One.

Related party transactions during the period were as follows:

2011	Management fee received from R'000	Dividends received from R'000	Dividends paid to R'000	Amount owing (to)/ by related parties R'000
Truworths Ltd	**4 183**	**967 550**	**–**	**(1 256 868)**
Truworths Investments (Pty) Ltd	**–**	**16 640**	**(16 640)**	**–**
Truworths Investments Two (Pty) Ltd	**–**	**17 182**	**(17 182)**	**–**
Truworths Investments Three (Pty) Ltd	**–**	**16 982**	**(16 982)**	**–**
Truworths Investments Four (Pty) Ltd	**–**	**16 559**	**(16 559)**	**–**
2010				
Truworths Ltd	4 008	785 901	–	(2 136 885)
Truworths Investments (Pty) Ltd	–	13 621	(13 621)	132 958
Truworths Investments Two (Pty) Ltd	–	13 470	(13 470)	196 175
Truworths Investments Three (Pty) Ltd	–	13 901	(13 901)	222 975
Truworths Investments Four (Pty) Ltd	–	14 972	(14 972)	244 558
Truworths International Limited Share Trust	–	–	–	43

Shareholders

The company's shares are widely held principally by public shareholders. The major shareholders of the company are detailed in the shareholder information section on pages 105 to 108.

Key management personnel

Details relating to executive and non-executive directors' emoluments, and shareholdings (including options) in the company, are disclosed in notes 27.1 and 27.2 of the Group annual financial statements and Annexure Two.

Interest of directors in contracts

Refer to note 31 of the Group annual financial statements for information relating to directors' interests in contracts with the company and its subsidiaries.

Other related parties

Refer to note 31 of the Group annual financial statements for further information relating to other related party transactions.

17. COMPARATIVE INFORMATION

Whilst the presentation of certain comparative information may have changed, the company has not made any reclassifications or restatements in the statements of financial position. As a result, the company has not presented an additional comparative statement of financial position, as would be required under such circumstances.

Annexure One – Details of subsidiary companies

Name	Main business	Ordinary share capital and premium 2011	Ordinary share capital and premium 2010	Percentage held (effective interest) 2011 %	Percentage held (effective interest) 2010 %	Book value of shares 2011 Rm	Book value of shares 2010 Rm	Amounts owing by/(to) subsidiaries (refer to notes 3 and 9 in company annual financial statements) 2011 Rm	Amounts owing by/(to) subsidiaries 2010 Rm
DIRECT SUBSIDIARY COMPANIES									
All (Pty) Ltd companies unless otherwise stated									
Incorporated in South Africa									
Truworths Ltd	R	**R23 883 152**	R23 883 152	**100**	100	**29 676**	24 105	**(1 257)**	(2 137)
Young Designers Emporium	C	**R200**	R200	**100**	100	**413**	369	**–**	–
Uzzi	D	**R100**	R100	**100**	100	**36**	36	**–**	–
SRG International	D	**R2**	R2	**100**	100	**–**	–	**–**	–
Truworths Trading	D	**R60**	R60	**100**	100	**–**	–	**–**	–
Truworths International Limited Share Trust	E	**N/A**	N/A	**100**	100	**N/A**	N/A	**–**	–
Truworths Investments	I	**R120**	R120	**100**	100	**365**	277	**–**	133
Truworths Investments Two	I	**R120**	R120	**100**	100	**308**	211	**–**	196
Truworths Investments Three	I	**R120**	R120	**100**	100	**290**	196	**–**	223
Truworths Investments Four	I	**R120**	R120	**100**	100	**343**	234	**–**	245
Incorporated in Guernsey									
Truworths International Trust	I	**N/A**	N/A	**100**	100	**N/A**	N/A	**–**	–
Truworths Worldwide Ltd	I	**US$5 386 039**	US$5 386 039	**100**	100	**–**	–	**–**	–
INDIRECT SUBSIDIARY COMPANIES									
All (Pty) Ltd companies unless otherwise stated									
Incorporated in South Africa									
Chez Brigitte Fashion Accessories	D	**R2**	R2	**100**	100				
Daniel Hechter	D	**R200**	R200	**100**	100				
Intrigue Fine Lingerie Company	D	**R100**	R100	**100**	100				
Identity Retailing	C	**R2**	R2	**100**	100				
Truworths Management Services	DD	**R12 000**	R12 000	**100**	100				
Truworths Man	D	**R1**	R1	**100**	100				
Truworths Personal Finance	D	**R2**	R2	**100**	100				
Woolmos Properties Share Block Ltd	S	**R5 920 950**	R5 920 950	**100**	100	**14**	14		
Incorporated in Namibia									
Truworths (Namibia) Ltd	R	**N$14**	N$14	**100**	100				
Incorporated in Swaziland									
Truworths (Swaziland) Ltd	R	**E40 000**	E40 000	**100**	100				
Incorporated in Lesotho									
Truworths (Lesotho)	D	**M2**	M2	**100**	100				
Incorporated in Botswana									
Truworths Botswana	D	**P100**	P100	**100**	100				
Incorporated in Zambia									
Truworths (Zambia) Ltd	D	**K50 000**	K50 000	**100**	100				
Incorporated in Australia									
Tarra Valley	I	**Au$23 405 000**	Au$23 405 000	**100**	100				
Select Retail Group Australia	I	**Au$8 350 008**	Au$8 350 008	**100**	100				
Redfern Road	D	**Au$7 613 643**	Au$7 613 643	**100**	100				
Incorporated in the Isle of Man									
Truworths Intellectual Property Ltd	IP	**US$3**	US$3	**100**	100				

C = Commission agent, D = Dormant, DD = Dormant, being deregistered, E = Employee share scheme, I = Investment holding, IP = Intellectual property holding, R = Retailing, S = Share block scheme

Annexure Two – Details of directors' holdings of shares and options

1. DIRECTORS' HOLDINGS OF SHARES AND EQUITY-SETTLED SHARE OPTIONS

	2011			2010		
	Shares 000's	**Options 000's**	**Total 000's**	Shares 000's	Options 000's	Total 000's
IN AGGREGATE						
Balance at the beginning of the period	**3 778**	**7 533**	**11 311**	4 397	7 181	11 578
Options granted	**–**	**60**	**60**	–	450	450
Options exercised	**–**	**(1 550)**	**(1 550)**	–	(10)	(10)
Options forfeited	**–**	**–**	**–**	–	(88)	(88)
Share movements during the period	**1 045**	**–**	**1 045**	(619)	–	(619)
Balance at the end of the period	**4 823**	**6 043**	**10 866**	3 778	7 533	11 311
BY DIRECTOR						
The direct and indirect interest of each of the directors in the company's shares, all of which are held beneficially, and only some of which are held pursuant to the equity-settled share scheme, are as follows:						
Executive directors	**4 290**	**6 013**	**10 303**	3 240	7 503	10 743
Michael Mark	**4 290**	**5 953**	**10 243**	3 240	7 503	10 743
Mark Sardi	**–**	**60**	**60**	–	–	–
Non-executive directors	**533**	**30**	**563**	538	30	568
Thandi Ndlovu	**–**	**30**	**30**	–	30	30
Edward Parfett	**435**	**–**	**435**	440	–	440
Hilton Saven	**50**	**–**	**50**	50	–	50
Tony Taylor	**48**	**–**	**48**	48	–	48
Balance at the end of the period	**4 823**	**6 043**	**10 866**	3 778	7 533	11 311
Comprising:						
Direct interest	**1 655**	**6 043**	**7 698**	110	7 533	7 643
Indirect interest	**3 168**	**–**	**3 168**	3 668	–	3 668
Total	**4 823**	**6 043**	**10 866**	3 778	7 533	11 311

There have been no changes to these interests between the end of the reporting period and the date of the directors' report. It is the Group's policy that all directors and officers, as well as those employees who have access to price-sensitive information, should not deal in company shares, or receive or exercise share options of the company during the closed period. The closed periods commence two weeks before the end of the interim (December) and annual (June) reporting periods and end twenty-four hours after announcement of the financial results on the JSE news service.

FINANCIAL ASSISTANCE PURSUANT TO SHARE SCHEME

The shares held by executive directors in terms of the Truworths International Ltd share scheme have been acquired by way of secured loans pursuant to such scheme. The shares are pledged against the outstanding loan balance (refer to note 27.1) and will become releasable upon the later of vesting or repayment of the loans (refer to note 7.2). Refer to section 3 of Annexure Two for details of options exercised and shares so acquired in terms of such scheme during the reporting period.

2. DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE OPTIONS IN THE AGGREGATE

The options become releasable between the following dates and at the following exercise prices:

	Exercise price R	**2011 Number of options 000's**	2010 Number of options 000's
Balance at the beginning of the period		**7 533**	7 181
Between 27 November 2001 and 27 November 2005	3.66	**3 113**	3 113
Between 26 October 2002 and 26 October 2006	5.33	**30**	30
Between 25 March 2003 and 25 March 2007	4.54	**340**	340
Between 7 November 2003 and 7 November 2007	5.74	**900**	900
Between 13 March 2004 and 13 March 2008	5.82	**550**	550
Between 6 November 2004 and 6 November 2008	8.52	**400**	400
Between 29 November 2005 and 29 November 2009	15.57	**200**	210
Between 2 April 2009 and 2 April 2013	25.31	**600**	600
Between 14 October 2009 and 14 October 2013	29.49	**550**	550
Between 19 March 2010 and 19 March 2014	29.62	**400**	400
Between 29 April 2010 and 29 April 2015	34.45	**–**	58
Between 3 June 2010 and 3 June 2014	37.18	**–**	30
Between 19 February 2011 and 19 February 2016	44.78	**450**	–
Options offered		**60**	450
Between 19 February 2011 and 19 February 2016	44.78	**–**	450
Between 23 August 2011 and 23 August 2016	55.32	**50**	–
Between 8 December 2011 and 8 December 2016	73.80	**10**	–
Options forfeited		**–**	(88)
Between 29 April 2010 and 29 April 2015	34.45	**–**	(58)
Between 3 June 2010 and 3 June 2014	37.18	**–**	(30)
Options exercised		**(1 550)**	(10)
Between 29 November 2005 and 29 November 2009	15.57	**–**	(10)
Between 2 April 2009 and 2 April 2013	25.31	**(600)**	–
Between 14 October 2009 and 14 October 2013	29.49	**(550)**	–
Between 19 March 2010 and 19 March 2014	29.62	**(400)**	–
Balance at the end of the period		**6 043**	7 533
Between 27 November 2001 and 27 November 2005	3.66	**3 113**	3 113
Between 26 October 2002 and 26 October 2006	5.33	**30**	30
Between 25 March 2003 and 25 March 2007	4.54	**340**	340
Between 7 November 2003 and 7 November 2007	5.74	**900**	900
Between 13 March 2004 and 13 March 2008	5.82	**550**	550
Between 6 November 2004 and 6 November 2008	8.52	**400**	400
Between 29 November 2005 and 29 November 2009	15.57	**200**	200
Between 2 April 2009 and 2 April 2013	25.31	**–**	600
Between 14 October 2009 and 14 October 2013	29.49	**–**	550
Between 19 March 2010 and 19 March 2014	29.62	**–**	400
Between 19 February 2011 and 19 February 2016	44.78	**450**	450
Between 23 August 2011 and 23 August 2016	55.32	**50**	–
Between 8 December 2011 and 8 December 2016	73.80	**10**	–

3. DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE OPTIONS PER DIRECTOR

	Date ownership passes	Exercise/ offer/forfeit date	Exercise price R	Market price on date ownership passed R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
2011							
EXECUTIVE DIRECTORS							
MICHAEL MARK							
Balance at the beginning of the period						**7 503**	
			3.66			3 113	Between 27 November 2001 and 27 November 2005
			4.54			340	Between 25 March 2003 and 25 March 2007
			5.74			900	Between 7 November 2003 and 7 November 2007
			5.82			550	Between 13 March 2004 and 13 March 2008
			8.52			400	Between 6 November 2004 and 6 November 2008
			15.57			200	Between 29 November 2005 and 29 November 2009
			25.31			600	Between 2 April 2009 and 2 April 2013
			29.49			550	Between 14 October 2009 and 14 October 2013
			29.62			400	Between 19 March 2010 and 19 March 2014
			44.78			450	Between 19 February 2011 and 19 February 2016
Movement for the period						**(1 550)**	
EOPC	26/08/10	26/08/10	25.31	53.57		(150)	Between 2 April 2009 and 2 April 2013
EOPC	14/10/10	26/08/10	29.49	67.88		(137)	Between 14 October 2009 and 14 October 2013
EOPC	19/03/11	26/08/10	29.62	65.94		(100)	Between 19 March 2010 and 19 March 2014
EOPC	02/04/11	26/08/10	25.31	71.05		(150)	Between 2 April 2009 and 2 April 2013
ECOPS		26/08/10	25.31			(300)	Between 2 April 2009 and 2 April 2013
ECOPS		26/08/10	29.49			(413)	Between 14 October 2009 and 14 October 2013
ECOPS		26/08/10	29.62			(300)	Between 19 March 2010 and 19 March 2014
Balance at the end of the period						**5 953**	
			3.66			3 113	Between 27 November 2001 and 27 November 2005
			4.54			340	Between 25 March 2003 and 25 March 2007
			5.74			900	Between 7 November 2003 and 7 November 2007
			5.82			550	Between 13 March 2004 and 13 March 2008
			8.52			400	Between 6 November 2004 and 6 November 2008
			15.57			200	Between 29 November 2005 and 29 November 2009
			44.78			450	Between 19 February 2011 and 19 February 2016

EOPC = Exercised and ownership passed in the current period
ECOPS = Exercised in the current period but ownership passes subsequently

	Date ownership passes	Exercise/ offer/forfeit date	Exercise price R	Market price on date ownership passed R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
MARK SARDI							
Balance at the beginning of the period						**–**	
Movement for the period						**60**	
Options granted		23/08/10	55.32			50	Between 23 August 2011 and 23 August 2016
Options granted		08/12/10	73.80			10	Between 8 December 2011 and 8 December 2016
Balance at the end of the period						**60**	
			55.32			50	Between 23 August 2011 and 23 August 2016
			73.80			10	Between 8 December 2011 and 8 December 2016
NON-EXECUTIVE DIRECTORS							
THANDI NDLOVU							
Balance at the beginning and the end of the period			5.33			**30**	Between 26 October 2002 and 26 October 2006
2010							
EXECUTIVE DIRECTORS							
MICHAEL MARK							
Balance at the beginning of the period						**7 053**	
			3.66			3 113	Between 27 November 2001 and 27 November 2005
			4.54			340	Between 25 March 2003 and 25 March 2007
			5.74			900	Between 7 November 2003 and 7 November 2007
			5.82			550	Between 13 March 2004 and 13 March 2008
			8.52			400	Between 6 November 2004 and 6 November 2008
			15.57			200	Between 29 November 2005 and 29 November 2009
			25.31			600	Between 2 April 2009 and 2 April 2013
			29.49			550	Between 14 October 2009 and 14 October 2013
			29.62			400	Between 19 March 2010 and 19 March 2014
Movement for the period							
Options granted		19/02/10	44.78			**450**	Between 19 February 2011 and 19 February 2016

3. DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE OPTIONS PER DIRECTOR (CONTINUED)

	Date ownership passes	Exercise/ offer/forfeit date	Exercise price R	Market price on date ownership passed R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
2010 (continued)							
Balance at the end of the period						**7 503**	
			3.66			3 113	Between 27 November 2001 and 27 November 2005
			4.54			340	Between 25 March 2003 and 25 March 2007
			5.74			900	Between 7 November 2003 and 7 November 2007
			5.82			550	Between 13 March 2004 and 13 March 2008
			8.52			400	Between 6 November 2004 and 6 November 2008
			15.57			200	Between 29 November 2005 and 29 November 2009
			25.31			600	Between 2 April 2009 and 2 April 2013
			29.49			550	Between 14 October 2009 and 14 October 2013
			29.62			400	Between 19 March 2010 and 19 March 2014
			44.78			450	Between 19 February 2011 and 19 February 2016
TONY TAYLOR							
Balance at the beginning of the period							
			15.57			**10**	Between 29 November 2005 and 29 November 2009
Movement for the period							
ESC	29/11/09	29/11/09	15.57	40.25		**(10)**	
Balance at the end of the period						**–**	
QUENTIN SCORGIE							
Balance at the beginning of the period						**88**	
			34.45			58	Between 29 April 2010 and 29 April 2015
			37.18			30	Between 3 June 2010 and 3 June 2014
Movement for the period						**(88)**	
Options forfeited		31/10/09	34.45			(58)	
Options forfeited		31/10/09	37.18			(30)	
Balance at the end of the period						**–**	
NON-EXECUTIVE DIRECTORS							
THANDI NDLOVU							
Balance at the beginning and the end of the period			5.33			**30**	Between 26 October 2002 and 26 October 2006

ESC = Exercised and sold in the current period

4. DETAILS OF PARTICIPANTS' EQUITY-SETTLED SHARE OPTIONS IN THE AGGREGATE

The summary below reflects the period between the offer date and the last vesting date as well as the exercise price of options held by participants:

	Exercise price R	**2011 Number 000's**	2010 Number 000's
Between 27 November 2000 and 27 November 2005	3.66	**3 113**	3 557
Between 11 May 2001 and 11 May 2006	4.38	**8**	8
Between 4 October 2001 and 4 October 2006	5.02	**13**	56
Between 26 October 2001 and 26 October 2006	5.33	**30**	30
Between 14 December 2001 and 14 December 2006	5.00	**94**	135
Between 28 February 2002 and 28 February 2007	4.70	**4**	4
Between 25 March 2002 and 25 March 2007	4.54	**340**	420
Between 23 August 2002 and 23 August 2007	5.74	**–**	17
Between 9 September 2002 and 9 September 2007	5.96	**20**	20
Between 7 November 2002 and 7 November 2007	5.74	**1 117**	1 233
Between 13 March 2003 and 13 March 2008	5.82	**655**	899
Between 23 April 2003 and 23 April 2008	6.22	**32**	32
Between 6 November 2003 and 6 November 2008	8.52	**450**	500
Between 28 November 2003 and 28 November 2008	8.73	**–**	13
Between 3 December 2003 and 3 December 2008	8.73	**202**	225
Between 8 December 2003 and 8 December 2008	8.73	**12**	19
Between 23 February 2004 and 23 February 2009	9.32	**5**	5
Between 25 August 2004 and 25 August 2009	10.57	**23**	36
Between 22 November 2004 and 22 November 2009	15.65	**25**	43
Between 29 November 2004 and 29 November 2009	15.57	**382**	691
Between 1 March 2005 and 1 March 2010	17.44	**–**	9
Between 1 March 2005 and 1 March 2010	17.58	**11**	11
Between 4 May 2005 and 4 May 2010	15.96	**2**	2
Between 13 May 2005 and 13 May 2010	16.78	**1**	1
Between 2 June 2005 and 2 June 2010	16.76	**7**	8
Between 9 June 2005 and 9 June 2010	17.51	**7**	7
Between 15 June 2005 and 15 June 2010	15.65	**13**	13
Between 2 August 2005 and 2 August 2010	18.65	**–**	1
Between 23 August 2005 and 23 August 2010	18.73	**–**	4
Between 27 October 2005 and 27 October 2010	19.17	**–**	2
Between 2 November 2005 and 2 November 2010	19.03	**–**	8
Between 18 November 2005 and 18 November 2010	20.38	**–**	3
Between 22 November 2005 and 22 November 2010	20.51	**–**	10
Between 15 December 2005 and 15 December 2010	20.94	**–**	29
Between 24 February 2006 and 24 February 2011	25.99	**3**	4
Between 16 March 2006 and 16 March 2011	26.26	**1**	1
Between 3 May 2006 and 3 May 2011	28.13	**10**	10

4. DETAILS OF PARTICIPANTS' EQUITY-SETTLED SHARE OPTIONS IN THE AGGREGATE (CONTINUED)

	Exercise price R	**2011 Number 000's**	2010 Number 000's
Between 25 May 2006 and 25 May 2010	17.58	**2**	2
Between 1 June 2006 and 1 June 2011	24.95	**1**	2
Between 28 August 2006 and 28 August 2011	22.42	**–**	20
Between 28 August 2006 and 28 August 2011	22.91	**2**	10
Between 27 September 2006 and 27 September 2011	23.13	**1**	7
Between 3 October 2006 and 3 October 2011	23.50	**1**	2
Between 5 October 2006 and 5 October 2011	23.84	**1**	8
Between 10 October 2006 and 10 October 2011	24.31	**2**	3
Between 2 November 2006 and 2 November 2011	25.75	**–**	2
Between 16 February 2007 and 16 February 2012	36.46	**13**	17
Between 24 April 2007 and 24 April 2012	38.21	**1**	1
Between 25 April 2007 and 25 April 2012	38.19	**2**	2
Between 24 May 2007 and 24 May 2012	41.51	**1**	5
Between 8 June 2007 and 8 June 2012	39.32	**3**	3
Between 23 June 2007 and 23 June 2012	36.33	**6**	6
Between 27 August 2007 and 27 August 2012	32.97	**15**	18
Between 30 August 2007 and 30 August 2012	33.16	**4**	14
Between 4 September 2007 and 4 September 2012	32.96	**3**	3
Between 20 September 2007 and 20 September 2012	32.83	**4**	7
Between 2 October 2007 and 2 October 2012	31.75	**104**	168
Between 4 October 2007 and 4 October 2012	32.59	**2**	5
Between 9 October 2007 and 9 October 2012	34.32	**–**	3
Between 2 November 2007 and 2 November 2012	33.50	**3**	8
Between 13 November 2007 and 13 November 2012	32.86	**3**	8
Between 20 December 2007 and 20 December 2012	26.58	**243**	391
Between 26 February 2008 and 26 February 2013	26.81	**11**	17
Between 15 March 2008 and 15 March 2013	25.45	**10**	18
Between 18 March 2008 and 18 March 2013	25.31	**6**	6
Between 31 March 2008 and 31 March 2013	25.11	**495**	963
Between 2 April 2008 and 2 April 2013	25.31	**–**	600
Between 22 April 2008 and 22 April 2013	26.94	**26**	37
Between 23 April 2008 and 23 April 2013	27.18	**7**	7
Between 9 May 2008 and 9 May 2013	26.25	**2**	7
Between 16 May 2008 and 16 May 2013	25.58	**7**	8
Between 3 June 2008 and 3 June 2013	23.62	**8**	8
Between 22 August 2008 and 22 August 2013	30.64	**38**	55
Between 2 September 2008 and 2 September 2013	29.84	**4**	4
Between 18 September 2008 and 18 September 2013	30.57	**4**	4
Between 23 September 2008 and 23 September 2013	30.27	**5**	5

	Exercise price R	**2011 Number 000's**	2010 Number 000's
Between 2 October 2008 and 2 October 2013	29.13	**5**	5
Between 14 October 2008 and 14 October 2013	29.49	**–**	550
Between 16 October 2008 and 16 October 2013	30.23	**3**	4
Between 4 November 2008 and 4 November 2013	30.12	**6**	12
Between 15 November 2008 and 15 November 2013	30.54	**7**	7
Between 21 November 2008 and 21 November 2013	31.07	**4**	4
Between 2 December 2008 and 2 December 2013	31.48	**7**	22
Between 10 December 2008 and 10 December 2013	32.86	**1 919**	2 166
Between 20 February 2009 and 20 February 2014	34.49	**37**	44
Between 3 March 2009 and 3 March 2014	32.46	**11**	11
Between 17 March 2009 and 17 March 2014	28.32	**10**	6
Between 19 March 2009 and 19 March 2014	29.62	**–**	400
Between 3 April 2009 and 3 April 2014	32.08	**2**	2
Between 7 April 2009 and 7 April 2014	32.37	**3**	3
Between 24 April 2009 and 24 April 2014	34.39	**3**	3
Between 5 May 2009 and 5 May 2014	35.22	**21**	28
Between 13 May 2009 and 13 May 2014	35.96	**4**	4
Between 14 May 2009 and 14 May 2014	35.83	**6**	6
Between 16 May 2009 and 16 May 2014	35.48	**2**	3
Between 2 June 2009 and 2 June 2014	36.76	**49**	49
Between 3 June 2009 and 3 June 2014	37.18	**1 389**	1 484
Between 19 June 2009 and 19 June 2014	36.37	**7**	7
Between 21 August 2009 and 21 August 2014	37.14	**51**	58
Between 25 August 2009 and 25 August 2014	38.06	**25**	25
Between 2 September 2009 and 2 September 2014	40.20	**58**	71
Between 16 September 2009 and 16 September 2014	39.14	**3**	3
Between 2 October 2009 and 2 October 2014	42.26	**–**	4
Between 3 November 2009 and 3 November 2014	44.92	**6**	12
Between 2 December 2009 and 2 December 2014	41.77	**4**	4
Between 9 December 2009 and 9 December 2014	42.65	**25**	25
Between 19 February 2009 and 19 February 2015	44.78	**49**	46
Between 19 February 2009 and 19 February 2016	44.78	**1 850**	1 917
Between 2 March 2010 and 2 March 2015	49.16	**17**	20
Between 19 March 2010 and 19 March 2015	53.91	**5**	5
Between 7 April 2010 and 7 April 2015	53.66	**5**	5
Between 3 May 2010 and 3 May 2016	52.75	**8**	8
Between 4 May 2010 and 4 May 2015	52.84	**8**	11
Between 5 May 2010 and 5 May 2015	53.05	**6**	6
Between 18 May 2010 and 18 May 2015	54.22	**2**	2

4. DETAILS OF PARTICIPANTS' EQUITY-SETTLED SHARE OPTIONS IN THE AGGREGATE (CONTINUED)

	Exercise price R	**2011 Number 000's**	2010 Number 000's
Between 2 June 2010 and 2 June 2015	53.75	**20**	22
Between 23 August 2010 and 23 August 2015	55.32	**14**	–
Between 23 August 2010 and 23 August 2016	55.32	**68**	–
Between 2 September 2010 and 2 September 2015	57.91	**7**	–
Between 2 September 2010 and 2 September 2016	57.91	**10**	–
Between 14 September 2010 and 14 September 2015	61.19	**2**	–
Between 4 October 2010 and 4 October 2015	67.64	**3**	–
Between 4 October 2010 and 4 October 2016	67.64	**5**	–
Between 2 November 2010 and 2 November 2015	68.47	**3**	–
Between 2 November 2010 and 2 November 2016	68.47	**6**	–
Between 5 November 2010 and 5 November 2016	71.12	**14**	–
Between 9 November 2010 and 9 November 2015	71.89	**1**	–
Between 10 November 2010 and 10 November 2016	72.99	**12**	–
Between 16 November 2010 and 16 November 2015	73.49	**5**	–
Between 1 December 2010 and 1 December 2016	73.80	**236**	–
Between 2 December 2010 and 2 December 2015	73.80	**3**	–
Between 2 December 2010 and 2 December 2016	73.80	**4**	–
Between 8 December 2010 and 8 December 2016	73.80	**84**	–
Between 13 December 2010 and 13 December 2016	75.02	**4**	–
Between 20 December 2010 and 20 December 2016	72.49	**3**	–
Between 23 February 2011 and 23 February 2016	64.57	**14**	–
Between 23 February 2011 and 23 February 2017	64.57	**5**	–
Between 2 March 2011 and 2 March 2016	62.91	**4**	–
Between 2 March 2011 and 2 March 2017	62.91	**16**	–
Between 7 March 2011 and 7 March 2017	64.35	**8**	–
Between 15 March 2011 and 15 March 2017	66.49	**2**	–
Between 16 March 2011 and 16 March 2017	65.97	**6**	–
Between 21 March 2011 and 21 March 2017	65.63	**5**	–
Between 4 April 2011 and 4 April 2016	70.55	**2**	–
Between 4 April 2011 and 4 April 2017	70.55	**2**	–
Between 13 April 2011 and 13 April 2017	74.86	**3**	–
Between 18 April 2011 and 18 April 2017	73.56	**2**	–
Between 19 April 2011 and 19 April 2017	73.13	**2**	–
Between 4 May 2011 and 4 May 2017	75.02	**10**	–
Between 10 May 2011 and 10 May 2017	74.10	**2**	–
Between 24 May 2011 and 24 May 2017	72.33	**2**	–
Between 2 June 2011 and 2 June 2017	72.30	**5**	–
Between 7 June 2011 and 7 June 2017	71.11	**2**	–
Between 14 June 2011 and 14 June 2017	69.77	**2**	–
Total		**13 835**	17 584

Shareholder **Information**

ANALYSIS OF HOLDINGS OF ORDINARY SHARES AT 26 JUNE 2011

	Number of shareholdings	%	Number of shares	%
Size of holding				
1 – 1 000	2 747	48.4	1 200 899	0.3
1 001 – 10 000	2 231	39.3	7 461 583	1.6
10 001 – 100 000	518	9.1	15 806 732	3.4
100 001 – 1 000 000	137	2.4	41 901 340	9.1
Over 1 000 000	48	0.8	393 628 367	85.6
Total	5 681	100.0	459 998 921	100.0
Distribution of shareholders				
Companies and close corporations	411	7.2	283 025 405	61.5
Pension funds	137	2.4	91 561 772	19.9
Other funds	269	4.8	58 351 921	12.7
Nominees and trusts	1 183	20.8	12 215 566	2.7
Individuals	3 643	64.1	8 861 333	1.9
Insurance companies	38	0.7	5 982 924	1.3
Total	5 681	100.0	459 998 921	100.0
Geographical spread of holders of beneficial interests				
South Africa			166 437 098	36.2
North America			168 315 966	36.6
Europe			33 740 226	7.3
Middle East and Asia			27 803 832	6.0
United Kingdom			45 366 119	9.9
Rest of Africa			10 440 575	2.3
Other/Undisclosed			7 895 105	1.7
Total			459 998 921	100.0
Geographical spread of fund managers				
South Africa	140	55.8	157 627 439	34.5
United States of America	28	11.1	145 126 634	31.8
England and Wales	21	8.4	94 837 677	20.7
Namibia	2	0.8	8 940 943	2.0
Other	60	23.9	50 308 655	11.0
Total	251	100.0	456 841 348	100.0

Shareholder **Information** (continued)

ANALYSIS OF HOLDINGS OF ORDINARY SHARES AT 27 JUNE 2010

	Number of shareholdings	%	Number of shares	%
Size of holding				
1 – 1 000	2 574	43.6	1 150 084	0.3
1 001 – 10 000	2 470	41.9	8 411 518	1.8
10 001 – 100 000	641	10.9	19 280 211	4.2
100 001 – 1 000 000	163	2.8	48 997 471	10.8
Over 1 000 000	47	0.8	378 269 713	82.9
Total	5 895	100.0	456 108 997	100.0
Distribution of shareholders				
Companies and close corporations	388	6.6	271 792 742	59.6
Pension funds	225	3.8	100 211 823	22.0
Other funds	278	4.7	50 010 930	11.0
Insurance companies	47	0.8	12 519 857	2.7
Nominees and trusts	1 222	20.7	11 779 735	2.6
Individuals	3 735	63.4	9 793 910	2.1
Total	5 895	100.0	456 108 997	100.0
Geographical spread of holders of beneficial interests				
South Africa			180 911 674	39.6
North America			147 924 950	32.4
Europe			34 002 438	7.5
Middle East and Asia			31 374 861	6.9
United Kingdom			25 852 060	5.7
Rest of Africa			23 372 869	5.1
Other/Undisclosed			12 670 145	2.8
Total			456 108 997	100.0
Geographical spread of fund managers				
South Africa	161	57.3	168 851 255	39.1
United States of America	36	12.8	142 514 918	33.1
England and Wales	25	8.9	58 078 316	13.5
Namibia	3	1.1	15 041 979	3.5
Other	56	19.9	46 722 868	10.8
Total	281	100.0	431 209 336	100.0

SHAREHOLDER SPREAD AT THE END OF THE PERIOD

Pursuant to the Listings Requirements of the JSE and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at the end of the reporting period was as follows:

	2011			2010		
	Number of shareholdings	**Number of shares**	**%**	Number of shareholdings	Number of shares	%
Non-public shareholders						
Treasury shares						
Truworths Investments (Pty) Ltd	**1**	**10 362 894**	**2.2**	1	7 362 894	1.6
Truworths Investments Two (Pty) Ltd	**1**	**9 281 150**	**2.0**	1	7 281 150	1.6
Truworths Investments Three (Pty) Ltd	**1**	**8 310 001**	**1.8**	1	7 514 001	1.7
Truworths Investments Four (Pty) Ltd	**1**	**8 590 547**	**1.9**	1	8 590 547	1.9
Truworths International Limited Share Trust	**1**	**102 751**	**0.0**	1	102 751	0.0
Directors of the company and subsidiaries	**9**	**2 296 223**	**0.5**	2	109 986	0.0
Associates of directors of the company and subsidiaries	**4**	**3 168 025**	**0.7**	5	3 668 025	0.8
Non-director share scheme participants	**5**	**266 753**	**0.1**	6	273 371	0.1
Total non-public shareholders	**23**	**42 378 344**	**9.2**	18	34 902 725	7.7
Public shareholders	**5 658**	**417 620 577**	**90.8**	5 877	421 206 272	92.3
Total	**5 681**	**459 998 921**	**100.0**	5 895	456 108 997	100.0

HOLDERS OF MAJOR BENEFICIAL INTERESTS IN SHARES

According to the company's register of disclosures of beneficial interests made by registered shareholders acting in a nominee capacity, and the disclosures made by fund managers in terms of section 56 of the Companies Act (71 of 2008, as amended), the following persons had beneficial interests in excess of 3% of the company's shares at the end of the reporting period:

		2011		2010	
	Country	**Number of shares**	**% of issued capital**	Number of shares	% of issued capital
Government Employees Pension Fund	South Africa	**64 156 925**	**14.0**	69 455 499	15.2
Aberdeen Emerging Markets Fund	United Kingdom	**30 062 422**	**6.5**	11 388 995	2.5
Lazard Emerging Markets Fund	United States of America	**20 720 584**	**4.5**	16 814 951	3.7
Income Fund of America	United States of America	**9 694 944**	**2.1**	16 095 576	3.5
Namibian Government Institutions Pension Fund	Namibia	**8 667 918**	**1.9**	14 061 326	3.1
iShares MSCI Emerging Markets Index Fund	United States of America	**7 017 009**	**1.5**	14 652 694	3.2

Shareholder **Information** (continued)

MAJOR FUND MANAGERS

According to the disclosures made by nominee and asset management companies in terms of section 56 of the Companies Act (71 of 2008, as amended), the following fund managers administered portfolios (including those of the holders of the major beneficial interests on page 107) in excess of 3% of the company's shares at the end of the reporting period:

		2011		2010	
	Country	**Number of shares**	**% of issued capital**	Number of shares	% of issued capital
Aberdeen Asset Managers	United Kingdom	**64 340 733**	**14.0**	31 320 797	6.9
Public Investment Corporation	South Africa	**62 645 493**	**13.6**	60 471 964	13.3
Capital Research & Management	United States of America	**34 718 944**	**7.5**	31 430 576	6.9
Lazard Asset Management LLC	United States of America	**32 295 092**	**7.0**	26 285 973	5.8
Westwood Global Investments LLC	United States of America	**28 753 008**	**6.3**	26 687 017	5.9
BlackRock	United States of America	**10 910 053**	**2.4**	17 401 075	3.8
Government Institutions Pension Fund	Namibia	**8 667 918**	**1.9**	14 621 232	3.2
Aberdeen Asset Management Inc	United States of America	**5 565 984**	**1.2**	17 416 544	3.8

Notes