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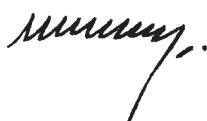
## **ANNUAL FINANCIAL STATEMENTS**

for the year ended 30 June 2005

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## APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements and group annual financial statements which appear on pages 115 to 167 were approved by the board of directors on 18 August 2005 and are signed on its behalf by



H Saven  
Chairman



MS Mark  
Chief Executive Officer

### **Certificate by company secretary**

I certify that, in respect of the period under review, the company has lodged with the Registrar of Companies all returns required of a public company in terms of the South African Companies Act 61 of 1973, and that all such returns are true, correct and up to date.



C Durham  
Company Secretary

18 August 2005

### **Report of the independent auditors to the members of Truworths International Limited**

We have audited the annual financial statements and group annual financial statements of Truworths International Limited set out on pages 115 to 167 for the 52 weeks ended 30 June 2005. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

#### **Scope**

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

#### **Audit opinion**

In our opinion, these annual financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2005 and the results of their operations and cash flows for the 52 weeks then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



**Ernst & Young**  
Registered Accountants and Auditors  
Chartered Accountants (SA)

Cape Town  
18 August 2005

## DIRECTORS' REPORT

At 30 June



The directors have pleasure in submitting their report together with the company and group annual financial statements for the 52-week period ended 30 June 2005.

### 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 annual financial statements.

### Dividends

Details of the dividends paid by the company during the period are contained in note 29 of the annual financial statements. On 18 August 2005 the directors of the company resolved to declare a final dividend in respect of the period in the amount of 37 cents per share, to shareholders registered on 9 September 2005.

### Fixed assets

There were no major changes in the nature of the group's fixed assets, or the policy relating to their use, during the period.

### Share capital

Details of the authorised and issued share capital of the company and the movements during the period are contained in notes 10 and 13 of the annual financial statements.

### Directors and secretary

The names of the directors and company secretary in office at 30 June 2005 are set out on page 11, and ibc of the annual report.

### Subsidiary companies

Annexure one containing full particulars of the company's subsidiary companies appears on pages 159 and 160 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 Limited, 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.

### Events subsequent to year-end

No event, material to the understanding of this report, has occurred between the financial year-end and the date of this report.

### Special resolutions by subsidiary companies

During the period, the wholly-owned subsidiary company Wellvest 1 (Pty) Limited changed its name to Truworths Investments (Pty) Limited, by special resolution passed on 1 March 2005 and registered by the Registrar of Companies on 8 April 2005.

The articles of association of this subsidiary were simultaneously altered by special resolution to enable it to acquire the company's shares, subject to the relevant provisions of the Companies Act and the Listings Requirements of the JSE Limited.

Furthermore, authority was granted to this subsidiary by simultaneous special resolution to purchase the company's shares, subject to the relevant provisions of the Companies Act and the Listing Requirements of the JSE Limited, for a maximum period of fifteen months.

During the period, the authority of the wholly-owned subsidiary company, Truworths Limited, to purchase its own and the company's shares, subject to the relevant provisions of the Companies Act and the Listings Requirements of the JSE Limited, was renewed for a maximum period of a further fifteen months, by a special resolution of shareholders of the company, which was passed on 31 March 2005 and registered by the Registrar of Companies on 8 June 2005.

No other special resolutions were passed by subsidiary companies during the period under review.

## BALANCE SHEETS

At 30 June

	Note	GROUP	
		2005	2004
		Rm	Rm
<b>Assets</b>			
<b>Non-current assets</b>		451.4	449.1
Property, fixtures, vehicles, plant, equipment and software	2	305.6	275.8
Goodwill	3	38.4	38.4
Investments	4	78.5	105.1
Loans	6	28.7	29.8
Deferred tax	14	0.2	-
<b>Current assets</b>		2 132.8	1 638.6
Inventories	7	262.3	198.0
Trade and other receivables	8	1 216.9	963.2
Prepayments		21.7	23.0
Cash and cash equivalents	9	631.9	454.4
<b>Total assets</b>		2 584.2	2 087.7
<b>Equity and liabilities</b>			
Share capital	10	0.1	0.1
Share premium	11	197.1	177.4
Retained earnings		1 936.5	1 553.0
Treasury shares	13	2 133.7 (330.2)	1 730.5 (275.3)
<b>Shareholders' equity</b>		1 803.5	1 455.2
Minority interest		13.2	12.1
<b>Total shareholders' equity</b>		1 816.7	1 467.3
<b>Non-current liabilities</b>		84.6	127.3
Deferred tax	14	20.5	62.8
Post-retirement medical benefit obligation	15	20.9	17.9
Operating lease obligation	34	43.2	46.6
<b>Current liabilities</b>		682.9	493.1
Trade and other payables	16	416.9	336.6
Short-term provisions	17	0.2	0.4
Current tax payable	32.3	265.8	156.1
<b>Total liabilities</b>		767.5	620.4
<b>Total equity and liabilities</b>		2 584.2	2 087.7
<b>Number of shares in issue (adjusted for treasury shares)</b>		447.5	446.4
<b>Net asset value per share (cents)</b>		403.0	326.0

## INCOME STATEMENTS

For the periods ended 30 June

	Note	GROUP	
		2005	2004
		Rm	Rm
		<b>52 weeks</b>	52 weeks
<b>Revenue</b>	23	<b>3 512.3</b>	2 903.9
Sale of merchandise		<b>3 286.0</b>	2 718.7
Cost of sales		<b>(1 540.7)</b>	(1 287.3)
<b>Gross profit</b>		<b>1 745.3</b>	1 431.4
Depreciation	24.3	<b>(71.8)</b>	(68.8)
Employment costs	24.4	<b>(382.1)</b>	(348.9)
Occupancy costs	24.6	<b>(231.9)</b>	(201.5)
Other operating costs		<b>(243.2)</b>	(214.6)
<b>Trading profit</b>	24	<b>816.3</b>	597.6
Dividends received		<b>2.0</b>	2.7
Interest received	23	<b>161.7</b>	145.7
<b>Profit before finance costs, exceptional items and tax</b>		<b>980.0</b>	746.0
Finance costs	26	<b>-</b>	(0.2)
<b>Profit before exceptional items and tax</b>		<b>980.0</b>	745.8
Exceptional items	27	<b>-</b>	15.4
<b>Profit before tax</b>		<b>980.0</b>	761.2
Income tax expense	28	<b>(329.3)</b>	(243.5)
<b>Profit after tax</b>		<b>650.7</b>	517.7
Minority interest		<b>(2.7)</b>	(0.5)
<b>Net profit for the period</b>		<b>648.0</b>	517.2
<b>Cents per share:</b>			
Dividends	29	<b>69.0</b>	48.0
Final – Payable September 2005/2004		<b>37.0</b>	27.0
Interim – Paid March 2005/2004		<b>32.0</b>	21.0
Headline earnings	30.1	<b>144.8</b>	110.0
Basic earnings	30.2	<b>144.8</b>	113.0
Fully diluted headline earnings	30.3	<b>140.8</b>	107.4
Fully diluted basic earnings	30.3	<b>140.8</b>	110.4

## STATEMENTS OF CHANGES IN TOTAL SHAREHOLDERS' EQUITY

For the periods ended 30 June

<b>GROUP</b>						
	Share capital and premium	Retained earnings	Treasury shares	Minority interest	Total shareholders' equity	
Note	Rm	Rm	Rm	Rm	Rm	
<b>Balance at 30 June 2003</b>	153.3	1 262.7	(81.0)	-	1 335.0	
Lease adjustment	35	-	(33.1)	-	(33.1)	
<b>Restated balance at 30 June 2003</b>	153.3	1 229.6	(81.0)	-	1 301.9	
Net profit for the period	-	517.2	-	0.5	517.7	
Minority interest in business acquired	-	-	-	11.6	11.6	
Dividends	29	-	(193.8)	-	(193.8)	
Shares issued net of expenses	11	24.5	-	-	24.5	
Sale of shares held by share trust	13	(0.3)	-	0.3	-	
Shares repurchased	13	-	(194.6)	-	(194.6)	
<b>Balance at 30 June 2004</b>	177.5	1 553.0	(275.3)	12.1	1 467.3	
Net profit for the period	-	648.0	-	2.7	650.7	
Dividends	29	-	(264.5)	(1.6)	(266.1)	
Shares issued net of expenses	11	19.7	-	-	19.7	
Shares repurchased	13	-	(54.9)	-	(54.9)	
<b>Balance at 30 June 2005</b>	197.2	1 936.5	(330.2)	13.2	1 816.7	

## CASH FLOW STATEMENTS

For the periods ended 30 June

	Note	GROUP	
		2005	2004
		Rm	Rm
		52 weeks	52 weeks
<b>Cash flows from operating activities</b>			
Cash flow from trading	32.1	892.7	671.6
Dividends received		2.0	2.7
<b>Cash EBITDA</b>		<b>894.7</b>	<b>674.3</b>
Working capital movements	32.2	(237.7)	(139.6)
<b>Cash generated from operations</b>		<b>657.0</b>	<b>534.7</b>
Finance costs		-	(0.2)
Interest received		160.0	144.4
Tax paid	32.3	(262.0)	(205.2)
<b>Cash inflow from operations</b>		<b>555.0</b>	<b>473.7</b>
Dividends paid	32.4	(265.9)	(193.6)
<b>Net cash from operating activities</b>		<b>289.1</b>	<b>280.1</b>
<b>Cash flows from investing activities</b>			
Purchase of property, fixtures, vehicles, plant, equipment and software to maintain operations	32.5	(20.3)	(18.7)
Purchase of property, fixtures, vehicles, plant, equipment and software to expand operations	32.6	(82.1)	(42.5)
Proceeds on disposal of property, fixtures, vehicles, plant, equipment and software	32.7	0.8	0.9
Cash flow on business acquired net of cash	32.8	-	(25.6)
Loans advanced		(0.2)	(8.3)
Loans repaid		1.4	0.4
Decrease in investments		24.7	5.5
<b>Net cash used in investing activities</b>		<b>(75.7)</b>	<b>(88.3)</b>
<b>Cash flows from financing activities</b>			
Proceeds on share issue		19.7	24.5
Shares repurchased by subsidiary		(54.9)	(194.6)
Sale of shares held by share trust		-	0.3
Retirement benefit obligation payment		(0.7)	(22.8)
<b>Net cash used in financing activities</b>		<b>(35.9)</b>	<b>(192.6)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>177.5</b>	<b>(0.8)</b>
Net cash inflow from discontinued operations		-	10.1
<b>Cash and cash equivalents for the period</b>		<b>177.5</b>	<b>9.3</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>454.4</b>	<b>445.1</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>631.9</b>	<b>454.4</b>
Cash flow per share (cents)	30.4	124.0	103.5
Cash equivalent earnings per share (cents)	30.5	152.4	125.9
Cash realisation rate (%)	30.6	81.4	82.2

## BALANCE SHEETS

At 30 June

	Note	COMPANY	
		2005	2004
		Rm	Rm
<b>Assets</b>			
<b>Non-current assets</b>		<b>235.6</b>	215.8
Interests in subsidiary companies	5	235.4	215.8
Deferred tax	14	0.2	-
<b>Current assets</b>		<b>6.1</b>	2.8
Trade and other receivables	8	0.2	-
Cash and cash equivalents	9	5.9	2.8
<b>Total assets</b>		<b>241.7</b>	218.6
<b>Equity and liabilities</b>			
Share capital	10	0.1	0.1
Share premium	11	197.4	177.7
Non-distributable reserve	12	9.1	9.1
Retained earnings		33.6	30.2
<b>Total shareholders' equity</b>		<b>240.2</b>	217.1
<b>Current liabilities</b>		<b>1.5</b>	1.5
Trade and other payables	16	1.3	1.0
Short-term provisions	17	0.2	0.4
Current tax payable	32.3	-	0.1
<b>Total liabilities</b>		<b>1.5</b>	1.5
<b>Total equity and liabilities</b>		<b>241.7</b>	218.6



## INCOME STATEMENTS

For the periods ended 30 June



	<b>COMPANY</b>	
	<b>2005</b>	2004
	<b>Rm</b>	Rm
	<b>Note</b>	<b>52 weeks</b>
		52 weeks
<b>Revenue</b>	23	199.3
Employment costs	24.4	(0.4)
Other operating costs		0.3
<b>Trading loss</b>		(1.2)
Dividends received	23	199.0
Interest received	23	0.3
<b>Profit before exceptional items and tax</b>		289.1
Exceptional items		-
		15.5
<b>Profit before tax</b>		289.1
Income tax expense	28	(0.2)
<b>Net profit for the period</b>		289.3
		214.5

## STATEMENTS OF CHANGES IN TOTAL SHAREHOLDERS' EQUITY

For the periods ended 30 June

	<b>COMPANY</b>				
		Share capital and premium	Non- distributable reserve	Retained earnings	Total shareholders' equity
	Note	Rm	Rm	Rm	Rm
<b>Balance at 30 June 2003</b>		153.3	9.1	16.9	179.3
Net profit for the period		-	-	214.5	214.5
Dividends	29	-	-	(201.2)	(201.2)
Shares issued net of expenses	11	24.5	-	-	24.5
<b>Balance at 30 June 2004</b>		177.8	9.1	30.2	217.1
Net profit for the period		-	-	<b>289.3</b>	<b>289.3</b>
Dividends	29	-	-	<b>(285.9)</b>	<b>(285.9)</b>
Shares issued net of expenses	11	<b>19.7</b>	-	-	<b>19.7</b>
<b>Balance at 30 June 2005</b>		<b>197.5</b>	<b>9.1</b>	<b>33.6</b>	<b>240.2</b>

## CASH FLOW STATEMENTS

For the periods ended 30 June



		<b>COMPANY</b>		
		<b>2005</b>	2004	
Note		<b>Rm</b>	Rm	
		<b>52 weeks</b>	52 weeks	
<b>Cash flows from operating activities</b>				
	Cash flow from trading	32.1	(1.4)	(0.4)
	Dividends received	289.9	199.0	
<b>Cash EBITDA</b>		<b>288.5</b>	198.6	
	Working capital movements	32.2	(0.1)	0.6
<b>Cash generated from operations</b>		<b>288.4</b>	199.2	
	Interest received	0.4	0.3	
	Tax paid	32.3	(0.1)	(0.2)
<b>Cash inflow from operations</b>		<b>288.7</b>	199.3	
	Dividends paid	32.4	(285.7)	(201.0)
<b>Net cash from/(used in) operating activities</b>		<b>3.0</b>	(1.7)	
<b>Cash flows from investing activities</b>				
	Loans advanced to subsidiary companies	(54.6)	(35.4)	
	Loans repaid by subsidiary companies	35.0	2.7	
<b>Net cash used in investing activities</b>		<b>(19.6)</b>	(32.7)	
<b>Cash flows from financing activities</b>				
	Proceeds on share issue	19.7	24.5	
<b>Net cash from financing activities</b>		<b>19.7</b>	24.5	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3.1</b>	(9.9)	
	Net cash inflow from discontinued operations	-	10.1	
<b>Cash and cash equivalents for the period</b>		<b>3.1</b>	0.2	
	Cash and cash equivalents at the beginning of the period	2.8	2.6	
	Cash and cash equivalents at the end of the period	9	5.9	2.8

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 1. Accounting policies

### 1.1 Basis of preparation

The annual financial statements are prepared on the going concern and historical cost bases except where otherwise stated, and in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP).

The accounting policies adopted are consistent with those applied in the prior period, except for those mentioned in note 1.3, Change in accounting policy.

### 1.2 Basis of consolidation

The consolidated annual financial statements comprise of the annual financial statements of the parent company, its subsidiaries, the employee share trust and its associates. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany transactions, intragroup balances and unrealised profits or losses, to the extent that losses do not indicate impairment, are eliminated on consolidation.

The results of the employee share trust, which is controlled by the group, are consolidated.

#### **Subsidiaries**

The results of subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control was transferred from the group. Should there be a loss of control of a subsidiary, the consolidated financial statements would include the results for the part of the reporting year during which the group had control. New acquisitions are included in the group financial statements using the purchase method whereby the assets and liabilities are measured at fair value. The purchase consideration is allocated to the assets and liabilities on the basis of fair values at the date of acquisition.

Foreign subsidiaries are classified as extensions of operations for the purpose of foreign currency translations. The balance sheets on consolidation of foreign operations are translated into South African Rand at the rates of exchange ruling at the balance sheet date or at historic rates, for monetary and non-monetary assets and liabilities respectively. Income and expenditure are translated using weighted average rates of exchange during the period. Differences arising on translation are recognised in the income statement.

The company carries its investments in subsidiaries at cost, less any accumulated impairment losses.

#### **Associate companies**

Investments in associate companies are ordinarily equity accounted.

Foreign associates of the company, operating under severe long-term restrictions that significantly impair

their ability to repatriate income to the company are not equity accounted. Where foreign associates are not equity accounted, they are treated as available for sale assets.

### 1.3 Change in accounting policy

Should a change in accounting policy result from the adoption of a South African Statement of GAAP, the change will be accounted for in accordance with the specific transitional provisions of such Statement. In the absence of any such transitional provisions, the changes will be accounted for in accordance with the requirements of South African Statement of GAAP, AC103: Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies.

During the period, South African Statement of GAAP, AC140: Business Combinations was adopted. In terms of this Statement, the amortisation of goodwill is no longer permitted. Instead an annual impairment test is performed at cash generating unit level, unless an event were to occur which required the goodwill to be tested more frequently. The transitional provisions of this Statement require the group to eliminate the accumulated amortisation of existing goodwill.

### 1.4 Dividends

Dividends payable and the related secondary taxation on companies thereon are recognised as a liability in the period in which they are declared.

### 1.5 Exceptional items

These are items of income or expense from ordinary activities that, due to their nature, are disclosed separately in order to explain the performance of the company and group for the period.

### 1.6 Finance costs

Finance costs are accrued and recognised in the income statement at the effective interest rate relating to the relevant financial liability.

### 1.7 Financial instruments

Financial instruments recognised on the balance sheet include cash and cash equivalents, derivative instruments, trade and other receivables, loans, investments (including export partnership participation) and trade and other payables. Financial instruments are initially measured at cost, including transaction costs, when the group becomes a party to the contractual arrangements. Trade date accounting for 'regular way' purchases or sales of financial assets has been adopted. Financial assets, or a portion of financial assets, are derecognised when the group loses control of the contractual rights that comprise the financial asset. The group loses such control if it realises the rights to benefits specified in the contract, the rights expire or the group surrenders those rights. Financial liabilities are derecognised when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled, or has expired.

#### 1.7.1 Cash and cash equivalents

Cash and cash equivalents consisting of cash on hand, cash in banks, short-term deposits, bank overdrafts and highly liquid investments, including redeemable preference shares, are classified as loans and receivables originated by the enterprise and are measured at cost, which is deemed to be fair value.

#### 1.7.2 Derivative instruments

The group uses derivative financial instruments in the form of forward exchange rate agreements. It is the policy of the group not to speculate in derivative financial instruments. Derivative financial instruments are classified as held for trading and are subsequently measured at fair value. The principles of hedge accounting are not applied. The fair value of forward exchange contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. Any gain or loss arising from a change in the fair value of a derivative financial asset or liability is recognised in the income statement during the period in which it is incurred.

#### 1.7.3 Trade and other receivables

Trade and other receivables are classified as receivables originated by the enterprise and are recognised and carried at original invoice amount less a provision for uncollectible amounts. The provision raised is the amount required to reduce the carrying amount that the group will not be able to collect (principal and interest) according to the contractual terms of the receivables.

#### 1.7.4 Loans receivable

Loans receivable are classified as receivables originated by the enterprise. Loans with fixed maturity repayment terms are measured at amortised cost using the effective interest rate method. Loans with no fixed repayment dates are measured at cost.

#### 1.7.5 Investments

Investments, other than investments in subsidiaries or associates, are classified as available for sale assets. These investments are measured at fair value, being the latest price traded in an active market, with fair value adjustments recognised directly in equity through the statement of changes in equity. When such an investment is sold, collected or otherwise disposed of, the cumulative balance in equity is recognised in net profit or loss for the period. Where the investment is determined to be impaired, any cumulative loss recognised directly in equity is recognised in net profit or loss for the period.

There is a presumption that an investment in an equity instrument cannot be reliably determined when there is no quoted market price in an active market and for which other methods of reasonably estimating fair value are clearly inappropriate. Consequently, these investments are measured at cost, subject to an impairment test.

#### 1.7.6 Export partnership participation

Export partnership participation is measured at amortised cost using the effective interest rate method. Amortised cost is the group's cost of original participation less subsequent principal repayments received, plus the cumulative amortisation of the difference between the initial amount and the maturity amount, less any writedown for impairment or uncollectibility.

#### 1.7.7 Trade and other payables

Liabilities for trade and other payables are classified as other liabilities and are measured at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

#### 1.7.8 Offset

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

#### 1.7.9 Impairment of financial assets

At each balance sheet date an assessment is made of whether there is objective evidence of impairment of financial assets. If such evidence exists the recoverable amount is estimated and an impairment loss recognised in terms of South African Statement of GAAP, AC133: Financial Instruments: Recognition and Measurement.

### 1.8 Impairment of non-financial assets

The carrying amount of non-financial assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. The carrying amounts of these assets or their applicable cash generating units are reduced to their recoverable amounts, where these are lower than the carrying amounts. In determining the recoverable amounts, the higher of the value in use and the net selling price is taken into account.

### 1.9 Foreign currency transactions

Transactions in foreign currency are converted to South African Rand at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into South African Rand at exchange rates

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

ruling at the balance sheet date. Foreign currency gains and losses are recognised in the income statement during the period in which they occur.

## 1.10 Goodwill

Goodwill is initially measured at cost, being the excess of the cost of an acquisition over the group's share of the attributable fair value of the net identifiable assets at the date of acquisition. Subsequently goodwill is reflected at cost less any accumulated impairment losses. Goodwill relating to acquisitions after 31 March 2004 and existing goodwill carried, is no longer amortised. Goodwill is tested for impairment on an annual basis, or more frequently, if events or changes in circumstances indicate that the carrying value 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. Impairment is determined by assessing the recoverable amount of the cash generating unit, to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. Where the goodwill forms part of a cash generating unit disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit which is retained.

## 1.11 Trademarks and brand names

Costs incurred on internally generated trademarks and brand names are charged to the income statement in the period in which they are incurred.

## 1.12 Inventories

### *Finished goods*

Finished goods are valued at the lower of cost and net realisable value, using the specific identification method, taking account of provisions for markdowns, obsolescence and shrinkage, where appropriate. Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

### *Fabric*

Fabric is valued at the lower of cost and net realisable value, using the specific identification method, taking account of provisions for obsolescence, where appropriate.

## 1.13 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 income and expenses with fixed escalation clauses are recognised

in the income statement on a straight-line basis. Contingent rental income and expenses are recognised when accrued or incurred.

## 1.14 Property, fixtures, vehicles, plant, equipment and software

### *Property*

Property owned by the group is classified as owner-occupied property and shown at cost less accumulated depreciation and accumulated impairment losses. Land is shown at cost and not depreciated.

Lease premiums and leasehold improvements for leasehold buildings are written off over the lease periods or such shorter periods as may be appropriate.

### *Fixtures, vehicles, plant, equipment and software*

Fixtures, vehicles, plant, equipment and software are carried at cost less accumulated depreciation and accumulated impairment losses and depreciated to their expected residual values, on a straight-line basis. The estimated useful lives are provided in note 2.

### *Derecognition*

An item of fixtures, vehicles, plant, equipment and software is derecognised on disposal or when no future economic benefits are expected through its continued use. Gains or losses which arise on derecognition, are included in the income statement in the year 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 sale.

## 1.15 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, where a reliable estimate can be made of the obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## 1.16 Retirement benefits

### *Defined contribution plans*

Group contributions to the defined contribution retirement funds are based on a percentage of the payroll and are recognised in the income statement in the period in which the service is rendered by the relevant employees.

### *Post-retirement medical benefits*

The group has an obligation to provide certain post-retirement medical benefits to its eligible employees and pensioners.

The present value of future medical aid subsidies in respect of past services is actuarially determined on an annual basis, and the liability is reflected in the balance sheet. Any curtailment benefits or settlement amounts are recognised in the income statement. 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 the income statement over the average expected remaining working lives of employees who qualify for the benefits.

#### 1.17 Revenue

Revenue comprises sale of merchandise, and the receipt of commissions, display fees, dividends, interest, lease rental income, royalties, warehouse and management fees. This revenue is recognised on the bases set out below:

##### ***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 third parties, excluding value-added and general sales tax.

##### ***Commission received***

Commission received, through the sale of merchandise on behalf of designers, is recognised in the period in which it is earned according to the applicable contractual arrangements.

##### ***Display fees received***

Display fees received are recognised in the period in which they are earned according to the applicable contractual arrangements.

##### ***Dividends received***

Dividends received on equity instruments are recognised when the right to receive payment has been established.

##### ***Interest received***

Interest received is accrued and recognised on a time proportion basis, at the effective rate implicit in the instrument.

##### ***Royalties received***

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

##### ***Warehouse and management fees received***

These fees are recognised when the services contracted for have been rendered.

#### 1.18 Segmental reporting

Segmental information is not disclosed as the subsidiary, Truworthis Limited and its Namibian and Swaziland operations are regarded as having a single material southern African retailing segment. Revenue, profit after tax and total assets of Young Designers Emporium (Pty) Limited represent less than 10% of the total group's revenue, profit after tax and total assets and are thus not separately disclosed.

#### 1.19 Treasury shares

Shares in the company held by wholly-owned group subsidiaries and by the share trust are classified as

treasury shares. The cost price of these shares is deducted in arriving at group equity. Dividends received on treasury shares are eliminated on consolidation. Issued and weighted average number of shares are reduced by treasury shares for earnings per share calculation purposes.

#### 1.20 Share incentive scheme

The company operates a share incentive scheme. Participation is open to all permanent employees including non-executive directors at the discretion of the remuneration committee. Shares and options are released to participants at the rate of 20% per annum commencing on the first anniversary of the date of offer. No expense is currently recognised in the income statement when such benefits are granted. The dilutive effect of outstanding options is reflected in the computation of fully diluted earnings and headline earnings per share.

#### 1.21 Tax

##### ***Current tax***

The current tax charge is the expected tax payable on the taxable income for the period using enacted tax rates and any adjustments to tax payable in respect of prior periods.

##### ***Deferred tax***

Deferred tax is provided, using the liability method, for all temporary differences at the balance sheet date between the tax bases of assets or liabilities and their respective balance sheet carrying amounts. A deferred tax asset is recognised where it is probable that, in the foreseeable future, taxable profits will be available against which the deferred tax asset can be realised. No deferred tax is recognised on temporary differences caused by the initial recognition of an asset or liability that is not part of a business combination or has not impacted accounting or taxable profit, and non-tax deductible goodwill.

A deferred tax liability for export partnership participation is raised, equal to the cost of original participation together with the group's share of the partnerships' gross profit, less the group's share of subsequent amounts received by the partnerships.

##### ***Secondary tax on companies***

Secondary tax on companies is recognised as part of the income tax expense in the income statement when the related dividend has been raised as a liability.

#### 1.22 Comparative figures

Comparative figures have been restated or reclassified where necessary to obtain a more meaningful and accurate comparison of results or carrying amounts.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	2005	2004
	R'000	R'000
<b>2. Property, fixtures, vehicles, plant, equipment and software</b>		
<b>Historic cost</b>		
Land and buildings	165 538	164 554
Fixtures, plant and equipment	523 117	446 244
Computer equipment and software	162 861	141 625
Motor vehicles	524	552
	<b>852 040</b>	<b>752 975</b>
<b>Accumulated depreciation</b>		
Land and buildings	(31 986)	(22 628)
Fixtures, plant and equipment	(386 126)	(346 483)
Computer equipment and software	(128 255)	(107 850)
Motor vehicles	(86)	(198)
	<b>(546 453)</b>	<b>(477 159)</b>
<b>Net carrying value</b>	<b>305 587</b>	<b>275 816</b>
Comprising:		
Land and buildings	133 552	141 926
Fixtures, plant and equipment	136 991	99 761
Computer equipment and software	34 606	33 775
Motor vehicles	438	354
	<b>305 587</b>	<b>275 816</b>
<b>Opening net carrying value</b>	<b>275 816</b>	<b>277 935</b>
<b>Movements for the period</b>		
<i>Capital expenditure</i>	102 417	61 135
Land and buildings	984	4 544
Fixtures, plant and equipment	79 111	39 202
Computer equipment and software	21 562	16 681
Motor vehicles	760	708
<i>Acquisition of fair value of fixed assets in respect of Young Designers Emporium</i>	-	6 404
Fixtures, plant and equipment	-	5 921
Computer equipment and software	-	246
Motor vehicles	-	237
<i>Disposals</i>	<b>(869)</b>	<b>(877)</b>
Fixtures, plant and equipment	<b>(227)</b>	<b>(92)</b>
Computers, equipment and software	<b>(43)</b>	<b>-</b>
Motor vehicles	<b>(599)</b>	<b>(785)</b>
<i>Depreciation (note 24.3)</i>	<b>(71 777)</b>	<b>(68 781)</b>
<b>Closing net carrying value</b>	<b>305 587</b>	<b>275 816</b>
<b>Estimated replacement and insured value</b>	<b>712 877</b>	<b>634 039</b>
<b>Gross cost of fully depreciated assets</b>	<b>382 853</b>	<b>331 868</b>
<i>Useful lives:</i>		
Buildings		14 to 25 years
Fixtures, plant and equipment		3 to 6 years
Computer equipment and software		1 to 3 years
Motor vehicles		4 to 5 years
The group has no idle fixed assets at the end of the period (2004: Nil).		





				2005	2004
	Original cost R'000	Prior periods' cumulative improvements R'000	Current period improvements R'000	Total cost R'000	Total cost R'000
<b>2. Property, fixtures, vehicles, plant, equipment and software</b> (continued)					
Details of group freehold land and buildings are as follows:					
<b>Flat No 1303 Salwood Court</b> – remainder Erf 47473, Rondebosch, Cape Town Date of acquisition – 30 August 1998 Market valuation, performed on 27 March 2003, by RM Prideaux, Associated Valuer, was R520 000.	309	118	–	427	427
<b>Truworths Distribution Centre</b> – portion Erf 103597, Epping, Cape Town Date of acquisition – 30 August 1999 Market valuation, performed on 14 August 2002, by Baker Street Property Company, was R25.3 million.	15 030	237	984	16 251	15 267
<b>Head office building</b> – No. 1 Mostert Street, Erf 150977, Cape Town Date of acquisition – 1 October 2001 Directors' valuation based on market valuation, performed on 29 July 2003 by Tim Moulder FRICS FIV(SA) of Marriott Property Services (Pty) Limited, was R87.5 million.	144 204	4 656	–	148 860	148 860
	159 543	5 011	984	165 538	164 554

The head-office building is a corporate asset and the cash inflows it generates cannot be separated from the cash inflows from the group's business as a whole in terms of the South African Statement of GAAP AC128: Impairment of Assets. In terms of this statement, an assessment of the recoverable amount attributable to the assets of the group's business as a whole, including No. 1 Mostert Street, was performed at the balance sheet date. This assessment concluded that as the estimated recoverable amount materially exceeded the carrying value of the assets of the group's business as a whole, no impairment write-down of the head office building was required.

Management notes that the directors' valuation based on a market valuation performed on 29 July 2003 of No. 1 Mostert Street is R87.5 million whilst the carrying value, excluding bare dominium, is R120.8 million (2004: R128.5 million). In management's view the differential between the building's carrying value and its current directors' valuation is likely to be eliminated in the medium term.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	<b>2005</b>	2004
Note	<b>R'000</b>	R'000
<b>3. Goodwill</b>		
<b>Opening carrying amount</b>	<b>38 407</b>	-
Gross carrying amount	<b>40 746</b>	-
Accumulated amortisation	<b>(2 339)</b>	-
Goodwill in respect of business acquired	-	40 746
Goodwill amortised for the period	-	(2 339)
<b>Closing carrying amount</b>	<b>38 407</b>	38 407
Gross carrying amount	<b>38 407</b>	40 746
Accumulated amortisation	-	(2 339)
Goodwill represents the excess of the purchase consideration over the fair value of the identifiable assets of Young Designers Emporium at the acquisition date, 1 December 2003.		
In accordance with the South African Statement of GAAP, AC140: Business Combinations, goodwill is no longer amortised. The carrying amount of goodwill, net of the accumulated amortisation, has been reflected as the deemed cost of the goodwill.		
The following significant assumptions have been applied when reviewing the goodwill impairment:		
<ul style="list-style-type: none"> <li>• assets' values have been based on the carrying values for the financial period;</li> <li>• sales and expenses have been based on actual amounts for the financial period;</li> <li>• sales growth and margin have been determined by using historical information and approved budgets;</li> <li>• returns on investment and reinvestment have been based on historical information;</li> <li>• rate of return has been determined by using risk-free rate, systematic risk rate and beta.</li> </ul>		



		<b>2005</b>	2004
	Note	<b>R'000</b>	R'000
<b>4. Investments</b>			
<b>GROUP</b>			
<b>Summary</b>			
Listed investments	4.1	-	-
Unlisted investments	4.2	<b>350</b>	350
Other investment	4.3	<b>3 793</b>	3 338
Export partnership participation	4.4	<b>74 417</b>	101 456
		<b>78 560</b>	105 144
<b>COMPANY</b>			
Listed investments	4.1	-	-
<b>4.1 Listed investments</b>			
Truworths Limited (incorporated in Zimbabwe)			
Date of acquisition 22 February 2002			
Balance at the beginning and end of the period			
		-	-
<p>The number of ordinary shares held in this listed investment was 123 466 045 (2004: 115 358 024) which represents 34.4% (2004: 33.4%) of total shares issued.</p> <p>As there are currently severe long-term restrictions on the repatriation of dividends from Zimbabwe, the results of the above associate have not been equity accounted in the period under review. Had they been equity accounted, the group's share of profits would have been R10.6 million (2004: R8.3 million).</p> <p>The above amounts have been translated at a rate determined with reference to an implied rate derived from relative share prices of a company listed on both the Zimbabwe Stock Exchange and the JSE Limited, of Z\$2 431: R1 (2004: Z\$798: R1).</p>			
<b>4.2 Unlisted investments</b>			
Business Partners Limited		<b>350</b>	350
<p>The number of ordinary shares held was 158 877 (2004: 158 877) which represents 0.1% (2004: 0.1%) of total shares issued.</p> <p>Directors' valuation</p>			
		<b>350</b>	350
<p>The investment has been valued at the latest traded share price, and is therefore recorded at fair value.</p>			

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	<b>2005</b>	2004
Note	<b>R'000</b>	R'000
<b>4. Investments</b> (continued)		
<b>4.3 Other investment</b>		
<b>Nedbank deposit</b>		
Balance at the beginning of the period	3 338	877
Operating rental charges	(1 862)	(1 702)
Capital payments	2 317	4 163
Balance at the end of the period	<b>3 793</b>	3 338
Directors' valuation	<b>3 793</b>	3 338
This non-interest-bearing investment is cash on call at Nedbank in respect of the group's car scheme and has been valued at cost.		
<b>4.4 Export partnership participation</b>		
Balance at the beginning of the period	106 866	114 851
Impairment of investment	(3 562)	-
Less payments received during the period	(25 176)	(7 985)
Balance at the end of the period	<b>78 128</b>	106 866
AC133: Financial instruments adjustment		
Balance at the beginning of the period	(5 410)	(6 674)
Current interest adjustment	1 699	1 264
Balance at the end of the period	<b>(3 711)</b>	(5 410)
Amortised cost at the end of the period	<b>74 417</b>	101 456
The group participates with other companies in the former Wooltru Limited group in various export partnerships whose business was the purchase and export sale of containers. These partnerships bought and sold dry 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) Limited, a wholly owned subsidiary of Trencor Limited, which is listed on the JSE Limited, 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 share of long-term receivables due by the purchaser of the containers exported was R316 million (2004:R363 million), the group's share of long-term liabilities due to the manufacturer of the containers was R213 million (2004:R224 million) and the group's share of net other liabilities was R25 million (2004: R32 million).		
In compliance with the South African Statement of GAAP, AC133: Financial Instruments: Recognition and Measurement, the long-term receivables have been valued at amortised cost, using the effective interest rate method and an effective interest rate of 1.73% per annum.		
Any impairment to the export partnership participation investment would result in a corresponding decrease in the deferred tax liability and thus have no impact.		
It is not practical within the constraints of timeliness or costs to determine the fair value of the export partnership participation.		

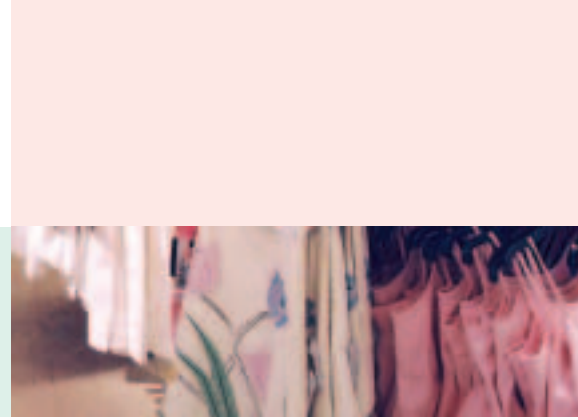


		<b>2005</b>	2004
	Note	<b>R'000</b>	R'000
<b>5. Interests in subsidiary companies</b>			
<b>GROUP</b>			
<b>Interest in aggregate after-tax profits and losses of subsidiaries</b>			
Profits		672 707	509 722
Losses		(8)	(545)
		<b>672 699</b>	509 177
<b>COMPANY</b>			
Shares in Truworths Limited, at cost		100 330	100 330
Amounts owing by Young Designers Emporium (Pty) Limited	5.1	35 358	35 358
Amounts owing by Truworths Limited	5.2	45 097	80 082
Amounts owing by Truworths International Limited Share Trust	5.2	65	-
Amounts owing by Truworths Investments (Pty) Limited	5.2	54 585	-
		<b>235 435</b>	215 770
<b>5.1</b> The amounts owing are unsecured, interest free (provided they are pro-rata to the company's shareholding in YDE), have no fixed repayment terms and are recorded at cost.			
<b>5.2</b> The amounts owing are unsecured, interest free, have no fixed repayment terms and are recorded at cost.			
<b>6. Loans</b>			
<b>Summary</b>			
Secured housing loans to directors and officers	6.1	420	690
Secured housing loans to employees	6.2	1 168	1 047
Secured loans to share incentive scheme participants	6.3	22 732	23 869
Unsecured loans	6.4	4 331	4 220
		<b>28 651</b>	29 826
<b>6.1 Secured housing loans to directors and officers</b>			
Balance at the beginning of the period		690	690
Repayments during the period		(270)	-
Balance at the end of the period		<b>420</b>	690
Interest is payable at 8% per annum. The loans are secured by second mortgage bonds registered in favour of the subsidiary, Truworths Limited, and are repayable upon termination of the directors' and officers' service with the group. For further details, refer to notes 25.3 and 31. There is uncertainty regarding the settlement date of these loans and they are therefore recorded at cost.			

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	<b>2005</b>	2004
	<b>R'000</b>	R'000
<b>6. Loans</b> (continued)		
<b>6.2 Secured housing loans to employees</b>		
Balance at the beginning of the period	1 047	1 441
Advances/(repayments) during the period	121	(394)
Balance at the end of the period	<b>1 168</b>	1 047
Interest is payable at 8% per annum. Capital and interest is payable monthly. The loans are secured by a pledge of the employees' share in the Alexander Forbes Retirement Fund. The loans are repayable immediately upon the termination of the employees' service with the group. There is uncertainty regarding the settlement dates of these loans and they are therefore recorded at cost.		
<b>6.3 Secured loans to share incentive scheme participants</b>		
Loans to participants in the Truworths International Limited Share Trust	<b>22 732</b>	23 869
The loans are interest free and secured by a pledge over ordinary shares in Truworths International Limited held by employees of Truworths Limited pursuant to the scheme. Given that loan repayments by participants are subject to different vesting periods in respect of the company shares financed by such loans, and market fluctuations in the company's share price, and having regard for the large number of participants involved, the loans have therefore been recorded at cost.		
<b>6.4 Unsecured loans</b>		
Educational loans	61	77
Other loans	<b>4 270</b>	4 143
	<b>4 331</b>	4 220
<i>Other loans</i>		
These comprise unsecured interest free loans to the Truworths Community Foundation and the Truworths Social Involvement Trust whose charitable activities are funded by income earned on the funds invested. There is uncertainty regarding the settlement dates of these loans and they are therefore recorded at cost.		
<b>7. Inventories</b>		
Finished goods	<b>262 283</b>	197 949
Fabric	-	-
Total inventories on hand	<b>262 283</b>	197 949
Estimated replacement value	<b>331 377</b>	255 502



	<b>2005</b>	2004
	<b>R'000</b>	R'000
<b>8. Trade and other receivables</b>		
Trade account receivables	1 215 523	972 928
Provision for doubtful debts	(71 112)	(57 225)
	<b>1 144 411</b>	915 703
Other receivables	72 519	47 498
	<b>1 216 930</b>	963 201
<b>COMPANY</b>		
Other receivables	179	-
<b>9. Cash and cash equivalents</b>		
<b>GROUP</b>		
Cash on hand and balances with banks	601 874	424 428
Redeemable preference shares	30 000	30 000
	<b>631 874</b>	454 428
<p>The redeemable preference shares are considered to be cash equivalents as they are short-term investment instruments, which can be sold on 19 May 2006 (2004: 19 May 2005). They earn a yield of 60.5% (2004: 61%) of the prime rate, which is equivalent to a pre-tax return of 10.1% (2004: 11.3%). Dividends are payable bi-annually but are accrued for on a time proportion basis.</p> <p>For further details regarding financial risk management, refer to note 21.</p>		
<b>COMPANY</b>		
Cash on hand and balances with banks	5 858	2 810
<b>10. Share capital</b>		
<b>GROUP AND COMPANY</b>		
<b>Ordinary share capital</b>		
<i>Authorised</i>		
650 000 000 (2004: 650 000 000) ordinary shares of 0.015 cent each	98	98
<i>Issued</i>		
487 240 507 (2004: 482 732 023) ordinary shares of 0.015 cent each	73	72

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	2005	2004	2005	2004
	Number of shares	Number of shares		
	000's	000's	R'000	R'000
<b>10. Share capital (continued)</b>				
<i>Reconciliation of movement in issued shares</i>				
Balance at the beginning of the period	482 732	476 385		
Share incentive scheme issues	4 508	6 347		
Balance at the end of the period	487 240	482 732		
Treasury shares held by:	(39 743)	(36 358)		
Truworths Limited	(36 215)	(36 215)		
Truworths Investments (Pty) Limited	(3 363)	-		
Truworths International Share Trust	(165)	(143)		
Adjusted issued shares at the end of the period	447 497	446 374		
Shares repurchased and held by subsidiaries as a % of the issued shares at the end of the period	8.2	7.5		
The shares issued during the period were allotted to employee participants in the group's share incentive scheme, pursuant to the specific authority renewed at the annual general meeting held on 6 November 2003. These shares were issued for an aggregate nominal value of R676 (2004: R952) and an aggregate subscription price before expenses of R19 793 686 (2004: R24 603 218). In terms of a shareholders' resolution passed on 4 November 2004, the directors have until the next annual general meeting a general authority, which is limited to 10% of the company's issued shares, to issue or use as the case may be, the unissued and treasury shares of the company, subject to the provisions of the Companies Act and the Listings Requirements of the JSE Limited.				
<b>11. Share premium</b>				
<b>GROUP</b>				
Balance at the beginning of the period			177 387	153 193
Premium on share incentive scheme issues			19 794	24 603
Share issue expenses written off			(78)	(103)
Sale of shares held by share trust			-	(306)
Balance at the end of the period			197 103	177 387
<b>COMPANY</b>				
Balance at the beginning of the period			177 693	153 193
Premium on share incentive scheme issues			19 794	24 603
Share issue expenses written off			(78)	(103)
Balance at the end of the period			197 409	177 693





	<b>2005</b>	2004	<b>2005</b>	2004
	<b>Number of shares</b>	Number of shares		
	<b>000's</b>	000's	<b>R'000</b>	R'000
<b>12. Non-distributable reserve</b>				
<b>COMPANY</b>				
Reserve arising on acquisition of subsidiary				
Balance at the beginning and end of the period			9 147	9 147
<b>13. Treasury shares</b>				
Balance at the beginning of the period held by:	<b>36 358</b>	15 941	<b>275 298</b>	81 015
Truworths Limited	<b>36 215</b>	15 768	<b>274 793</b>	80 200
Truworths International Share Trust	<b>143</b>	173	<b>505</b>	815
Shares purchased/(sold) during the period by:				
Truworths Limited	-	20 447	-	194 593
Truworths Investments (Pty) Limited	<b>3 363</b>	-	<b>54 585</b>	-
Truworths International Share Trust	<b>22</b>	(30)	<b>356</b>	(310)
Balance at the end of the period held by:	<b>39 743</b>	36 358	<b>330 239</b>	275 298
Truworths Limited	<b>36 215</b>	36 215	<b>274 793</b>	274 793
Truworths Investments (Pty) Limited	<b>3 363</b>	-	<b>54 585</b>	-
Truworths International Share Trust	<b>165</b>	143	<b>861</b>	505
The articles of association of the company's wholly-owned subsidiaries, Truworths Limited and Truworths Investments (Pty) Limited, have been altered by special resolution to enable them to acquire the company's shares, subject to the relevant provisions of the Companies Act and the Listings Requirements of the JSE Limited. The repurchases were effected in terms of special resolutions passed by the company and these subsidiaries whereby these subsidiaries were generally authorised to acquire in the aggregate up to 10% of the company's shares.				

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	<b>2005</b>	2004
	<b>R'000</b>	R'000
<b>14. Deferred tax</b>		
<b>GROUP</b>		
Net deferred tax liability at the beginning of the period	62 820	72 440
Liability	108 302	124 686
Asset	(45 482)	(52 246)
Movement for the period	(42 254)	(9 620)
Export partnership participation	(43 936)	(7 985)
Change in corporate tax rate	(2 845)	-
Prepayments	360	(90)
Provision for doubtful debts	(6 203)	(634)
Post-retirement medical benefit obligation	5 010	(655)
Inventories	5 741	1 676
Other	(381)	(1 932)
Net deferred tax liability at the end of the period	20 566	62 820
Liability	66 687	108 302
Asset	(46 121)	(45 482)
<b>Comprising</b>		
Export partnership participation (For further details, refer to note 4.4)	59 368	106 866
Trade and other receivables	(15 650)	(9 844)
Trade and other payables	(7 210)	(6 540)
Prepayments	6 202	6 043
Post-retirement medical benefit obligation	(6 053)	(11 242)
Operating lease obligation	(13 518)	(13 518)
Inventories	-	(5 785)
Other	(2 573)	(3 160)
	20 566	62 820
<b>GROUP AND COMPANY</b>		
Deferred tax asset at the beginning of the period	-	-
Movement for the period		
Tax loss	(247)	-
Deferred tax asset at the end of the period	(247)	-
<b>Comprising</b>		
Tax loss	(247)	-



	<b>2005</b>	2004
	<b>R'000</b>	R'000
<b>15. Post-retirement medical benefit obligation</b>		
Funding obligation	51 298	48 875
Funding asset	(36 332)	(30 800)
Funding deficit	14 966	18 075
Unrecognised actuarial gains/(losses)	5 906	(182)
	<b>20 872</b>	17 893
<b>Reconciled as follows</b>		
Net obligation at the beginning of the period	17 893	35 290
Net movement in income statement (For further details, refer to note 24.8)	3 661	5 451
Contribution paid in respect of funding obligation	(682)	(22 848)
Net obligation at the end of the period	<b>20 872</b>	17 893
A subsidiary, Truworths Limited, has undertaken to meet any shortfalls arising from the healthcare fund's funding deficit in respect of the group's share of post-retirement medical benefit obligations. For further details, refer to note 25.5.		
<b>16. Trade and other payables</b>		
<b>GROUP</b>		
Trade payables	287 111	227 876
Value added tax	12 004	12 460
Shareholders for dividends	605	397
Other payables and accrued expenses	117 232	95 871
	<b>416 952</b>	336 604
<b>COMPANY</b>		
Shareholders for dividends	605	397
Other payables and accrued expenses	677	623
	<b>1 282</b>	1 020
<b>17. Short-term provisions</b>		
<b>GROUP AND COMPANY</b>		
Discontinued operations	223	403
The provision relates to further costs flowing from the expected finalisation of the administration of Sportsgirl Sportscraft Group (Pty) Limited, now known as Redfern Road (Pty) Limited (subject to Deed of Company Arrangement) and the closure of offshore entities. Once the closure of the offshore entities has been finalised, the remaining provision will be reviewed and released to the income statement.		
<b>The movement during the period was as follows:</b>		
Balance at the beginning of the period	403	5 994
Amounts utilised	(180)	(313)
Amounts released	-	(5 278)
Balance at the end of the period	<b>223</b>	403

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	<b>2005</b>	2004
	<b>R'000</b>	R'000
<b>18. Capital commitments</b>		
Capital expenditure authorised but not contracted for:		
Computer equipment and software	24 434	26 220
Fixtures, plant and equipment	83 174	77 170
	<b>107 608</b>	103 390
The capital commitments will be financed by cash generated from operations and available cash resources.		
<b>19. Contingent liability</b>		
<b>Litigation</b>		
There is no current or pending litigation which is considered likely to have a material adverse effect on the group.		
<b>20. Leases</b>		
The group rents all its trading premises in terms of operating leases, whereas other operating assets, including the head office building No. 1 Mostert Street and the distribution centre are owned. Leases on trading premises are contracted for periods of between three and fifteen 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. Ninety-one (2004: Seventy-three) stores reached the sale of merchandise threshold and therefore incurred these additional payments averaging approximately 5.5% (2004: 5.5%) of sale of merchandise. Rental escalations have varied at an average rate of approximately 9% (2004: 9%) per annum. For further details regarding lease expenses, refer to note 24.6.		
At 30 June the future minimum property operating lease commitments due were as follows:		
Within one year	<b>197 697</b>	180 762
Between one and five years	<b>524 178</b>	514 609
Between five and ten years	<b>113 131</b>	146 271
Between ten and fifteen years	<b>5 410</b>	10 773
	<b>840 416</b>	852 415
At 30 June the future minimum lease rental income was as follows:		
Within one year	<b>8 015</b>	7 384
Between one and five years	<b>9 383</b>	15 450
Between five and ten years	<b>-</b>	1 861
<b>21. Financial risk management</b>		
<b>21.1 Treasury risk management</b>		
The group has a detailed and comprehensive treasury policy which, <i>inter alia</i> , regulates currency, interest rate and counterparty exposures. This policy has been approved by the board of directors and is regularly evaluated and adapted to take into account the rapid pace of change in this area. Derivatives are only used to provide an economic hedge in respect of foreign exchange movements.		



	Foreign currency	Fair value	Contract equivalent	Average contract rate
	'000	R'000	R'000	
<b>21. Financial risk management</b>				
(continued)				
<b>21.2 Foreign currency management</b>				
<b>21.2.1 Forward exchange contracts</b>				
Group policy is to cover 100% of all committed import exposures. The group had no uncovered foreign currency liabilities at 30 June 2005 (2004: Nil). At the end of the period the group had entered into forward exchange contracts to cover specific orders of goods. These contracts will mature within twelve months. The average rates shown include the cost of forward cover for periods of up to twelve months.				
<b>2005</b>				
US Dollars	7 731	52 404	51 125	6.61
GB Pounds	42	522	536	12.61
<b>2004</b>				
US Dollars	2 766	17 786	18 892	6.83
GB Pounds	42	498	540	12.86
<b>21.2.2 Export partnership participation</b>				
A fixed rate of exchange have been contractually set for the purposes of converting the foreign currency receipts into Rands, on amounts received and any differences are for the account of Trencor Services (Pty) Limited.				
<b>21.3 Interest rate and liquidity risk management</b>				
The interest rate and maturity profile of group deposits are summarised as follows:				
	Floating on call	Fixed 1-12 months	Total	
	R'000	R'000	R'000	
<b>2005</b>				
Cash on hand	601 874	30 000	631 874	
Interest rate (%)	7.0	10.7	-	
% of cash	95.3	4.7	100.0	
<b>2004</b>				
Cash on hand	424 428	30 000	454 428	
Interest rate (%)	7.7	11.3	-	
% of cash	93.4	6.6	100.0	

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

### 21. Financial risk management (continued)

#### 21.3 Interest rate and liquidity risk management (continued)

The group had R475 million (2004: R457 million) unutilised domestic general banking facilities and R3.9 million (2004: R4.5 million) guarantees in place at 30 June 2005. The group operates a cash management system and as a result, positive cash balances and overdrafts are offset.

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 Limited, may in terms of its articles of association be limited by the company.

#### 21.4 Credit risk management

Credit risk management relates primarily to trade receivables and short-term cash investments, including preference shares. 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 limits imposed by the group's treasury policy. Trade receivables are due by a large widespread customer base. Group companies perform ongoing credit evaluations of the financial condition of their customers. The granting of credit is regulated, *inter alia* by the use of sophisticated point score models. The assumptions therein are reviewed and updated on a regular basis. At 30 June 2005 the group had adequately provided for any significant credit risks.

##### Concentration of credit risk

There is a *prima facie* concentration of credit risk in relation to the group's export partnership participation referred to in note 4.4, 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 Limited, a JSE Limited 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) Limited, also a wholly-owned subsidiary of Trencor Limited, in the event that the debtor is twelve months or more in arrears with any payment due to the partnerships.

#### 21.5 Fair value of financial instruments

All financial instruments have been recognised in the balance sheet and there is no difference between their fair values and the carrying values. The following methods and assumptions were used by the group in establishing fair values:

**Cash and cash equivalents, trade and other receivables, investments, loans and trade and other payables:** the carrying amount reported in the balance sheet approximates fair values.

**Forward exchange contracts:** forward exchange contracts are entered into mainly to specific orders and fair values are determined using foreign exchange rates at 30 June 2005. Forward rate agreements are entered into mainly as economic hedges and the fair values are determined with reference to market at 30 June 2005.

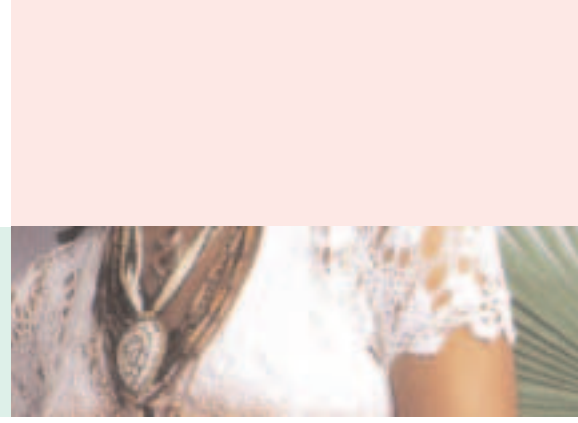
	<b>2005</b>	2004
	<b>R'000</b>	R'000
<b>22. Change in accounting policy</b>		
<b>AC140: Business combinations</b>		
During the 2005 financial period, the group changed its accounting policy in respect of its amortisation of goodwill to comply with South African Statement of GAAP AC140: Business Combinations. In terms of the standard, goodwill is no longer amortised. The adoption of this policy has had no prior period effect on headline earnings and headline earnings per share, as this statement is applied prospectively.		
<b>23. Revenue</b>		
<b>GROUP</b>		
Sale of merchandise	3 286 013	2 718 746
Commission received	33 101	17 288
Display fees received	14 373	6 642
Dividends received	2 026	2 736
Interest received	161 681	145 742
Investment interest received	39 675	37 993
Trade receivables interest received	122 006	107 749
Lease rental income received	9 170	8 274
Royalties received	1 368	1 558
Warehousing and management fees received	4 518	2 939
	<b>3 512 250</b>	<b>2 903 925</b>
<b>COMPANY</b>		
Dividends received	289 933	199 027
Investment interest received	398	276
	<b>290 331</b>	<b>199 303</b>
<b>24. Trading profit</b>		
This is stated after taking account of the following items:		
<b>24.1 Amortisation of goodwill</b>		
Charge for the period	-	2 339
<b>24.2 Auditors' remuneration</b>		
Fees for annual audit – current period	1 553	1 343
– prior period under/(over) provision	121	(138)
Other services	737	66
	<b>2 411</b>	<b>1 271</b>
<b>24.3 Depreciation</b>		
Buildings	9 358	8 747
Fixtures, plant and equipment	41 655	39 165
Computer equipment and software	20 687	20 789
Motor vehicles	77	80
	<b>71 777</b>	<b>68 781</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	<b>2005</b>	2004
	<b>R'000</b>	R'000
<b>24. Trading profit</b> (continued)		
<b>24.4 Employment costs</b>		
<b>GROUP</b>		
The group employed 4 604 full time equivalent employees at the end of the period (2004: 4 062)		
The aggregate remuneration and associated costs relating to the employment of permanent and flexi-time employees including executive directors were:		
Salaries, bonuses, wages and other benefits	<b>339 180</b>	308 431
Contributions to the defined contribution plans	<b>21 638</b>	19 643
Post-retirement medical benefits	<b>3 661</b>	5 448
Medical scheme contributions	<b>17 629</b>	15 329
	<b>382 108</b>	348 851
<b>COMPANY</b>		
Fees and associated costs	<b>566</b>	343
<b>24.5 Net foreign exchange (profit)/loss</b>	<b>(2 327)</b>	909
<b>24.6 Occupancy costs</b>		
Land and buildings	<b>210 523</b>	177 785
Minimum lease payments	<b>205 301</b>	175 392
Contingent rental payments	<b>14 392</b>	10 667
	<b>219 693</b>	186 059
Lease rental income	<b>(9 170)</b>	(8 274)
Fixtures, plant and equipment	<b>1 185</b>	1 064
Total net operating lease expenses	<b>211 708</b>	178 849
Display fees received	<b>(14 373)</b>	(6 642)
Other occupancy costs	<b>34 528</b>	29 305
	<b>231 863</b>	201 512
<b>24.7 Fees paid/(received)</b>		
Management, technical, administrative and secretarial fees paid	<b>26 848</b>	25 444
Commission received	<b>(33 101)</b>	(17 288)
Display fees received	<b>(14 373)</b>	(6 642)
Royalties received	<b>(1 368)</b>	(1 558)
Warehousing and management fees received	<b>(4 518)</b>	(2 939)
	<b>(26 512)</b>	(2 983)
<b>24.8 Post-retirement medical benefit obligation</b>		
Current service costs	<b>1 854</b>	1 765
Interest on obligation	<b>4 971</b>	4 401
Expected return on asset	<b>(3 164)</b>	(715)
Net expenses recognised (For further details, refer to note 15)	<b>3 661</b>	5 451
The actual return earned on the group's share of the healthcare fund's post-retirement medical benefit plan assets amounted to a profit of R7 million (2004: profit of R2 million). The difference between the actual and the expected returns on these plan assets is accounted for in the actuarial valuation of these assets.		
<b>24.9 Loss/(surplus) on realisation and scrapping of property, fixtures, vehicles, plant, equipment and software</b>	<b>34</b>	(50)





	Months paid	Directors' fees R'000	Salaries R'000	Performance bonus* R'000	Allowances R'000	Pension contributions R'000	Other benefits R'000	Share loan benefits R'000	Total emoluments R'000
<b>25. Directors and employees</b>									
<b>25.1 Directors' emoluments COMPANY</b>									
<b>2005</b>									
<b>Executive directors</b>									
MS Mark	12	-	2 789	5 300	258	617	52	1 222	10 238
AJ Taylor	12	-	968	800	202	204	103	363	2 640
WM van der Merwe	12	-	858	670	118	196	35	117	1 994
		-	4 615	6 770	578	1 017	190	1 702	14 872
<b>Non-executive directors</b>									
RG Dow	12	130	-	-	-	-	-	-	130
CT Ndlovu	12	69	-	-	-	-	-	-	69
AE Parfett	12	73	-	-	-	-	-	-	73
H Saven	12	181	-	-	-	-	-	-	181
MA Thompson	12	99	-	-	-	-	-	-	99
		552	-	-	-	-	-	-	552
<b>2004</b>									
<b>Executive directors</b>									
MS Mark	12	-	2 412	5 100	258	541	50	1 269	9 630
AJ Taylor	12	-	900	760	162	205	46	429	2 502
WM van der Merwe	12	-	762	600	118	168	33	77	1 758
		-	4 074	6 460	538	914	129	1 775	13 890
<b>Non-executive directors</b>									
RG Dow	12	86	-	-	-	-	-	-	86
BD Lapin (resigned 20 May 2004)	11	25	-	-	-	-	-	-	25
CT Ndlovu	12	50	-	-	-	-	-	-	50
AE Parfett	12	60	-	-	-	-	-	-	60
H Saven	12	79	-	-	-	-	-	-	79
MA Thompson (appointed 1 March 2004)	4	15	-	-	-	-	-	-	15
		315	-	-	-	-	-	-	315

\*Determined on performance for the period ended 30 June 2005 and 2004

**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 a subsidiary, Truworths Limited. These emoluments were paid by the subsidiary, Truworths Limited. The chief executive officer, Mr MS Mark, has entered into a further three-year contract with the group with effect from 1 July 2005. In terms of the contract, he will be entitled to a guaranteed remuneration package, payable monthly over three years, and to participate in the group's various cash and share incentive schemes. However, should the contract be terminated by the company, 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 the contract would be payable. The contract requires a further six-month notice period to be provided in the case of permanent disability/incapacitation.

**Non-executive directors**

All amounts received by the non-executive directors were for services rendered as directors of 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 (2004: Nil).

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	2005	2004
	R'000	R'000
<b>25. Directors and employees</b> (continued)		
<b>25.2 Share option gains</b>		
Executive	23 867	5 405
Non-executive	-	796
	<b>23 867</b>	<b>6 201</b>
<p>The directors may exercise their share options at any date subsequent to the offer date. These shares are however only eligible for sale after the vesting date, as this is the date when ownership passes to the director and the director is able to dispose of the shares. The share option gain is therefore the difference between the strike price and the share price on the date ownership passes.</p>		
<b>25.3 Directors' housing loans</b>		
<b>Executive director</b>		
MS Mark	-	270
<b>25.4 Retirement funds</b>		
<b>Alexander Forbes Retirement Fund: Defined contribution plan</b>		
<p>It is a defined contribution arrangement whereby the members pay 7.5% of their below-threshold pensionable salary as contributions towards retirement benefits. Truworthis 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. Alternatively, 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.</p>		
<b>Investment Solutions Pension Fund: Defined contribution plan</b>		
<p>All employees earning above an annually determined pensionable salary threshold have an option of paying 7.5% of their above-threshold earnings as contributions into this fund, which is an umbrella retirement funding arrangement. Truworthis contributes 7.5% to this fund and an additional 2.9% of the above-threshold pensionable earnings towards life insurance, disability benefits and administration costs. 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.</p>		
<b>Saccawu National Provident Fund: Defined contribution plan</b>		
<p>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. Truworthis 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 employees (excluding flexi-time employees). The fund is registered under the Pension Funds Act, 1956, as amended.</p>		

## 25. Directors and employees (continued)

### 25.4 Retirement funds (continued)

#### 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. Truworths 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. Alternatively, 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 company pay a statutory contribution based on members' earnings on a 50/50 basis with a maximum contribution of E60 based on a maximum wage of E600. 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.

	2005	2004	2005	2004
	Number of members	Number of members	Contributions	Contributions
			R'000	R'000
<b>Summary of contributions and number of members per fund</b>				
Alexander Forbes Retirement Fund	2 234	2 155	18 222	16 466
Investment Solutions Pension Fund	24	24	1 339	1 183
Saccawu National Provident Fund	403	409	1 834	1 746
Namflex Pension Fund	50	49	238	237
Swaziland National Provident Fund	16	15	5	11
	<b>2 727</b>	<b>2 652</b>	<b>21 638</b>	<b>19 643</b>

### 25.5 Medical Funds

#### Wooltru Healthcare Fund: Defined benefit plan

Retired employees who participated in the Wooltru Healthcare Fund ("the fund"), which is operated as a group administration plan, and who joined the company prior to 30 June 2000, continue to enjoy group subsidised contributions after retirement on the same basis as permanent employees. The fund operates as a defined benefit medical aid scheme.

The audited annual financial statements of the fund at 31 December 2004 reveal that the fund was in a sound financial position having improved its solvency ratio from 80% to 82% of which 42% comprises the fund's HIV reserve.

The group values its accrued future liability in respect of post-retirement medical contributions annually at 30 June. This liability is actuarially valued using the projected unit credit method. For purposes of the valuation, a discount rate of 8% (2004: 10%), expected medical cost inflation of 6% (2004: 8%), expected return on fund assets of 8% (2004: 10%) and normal retirement age of 60 were assumed.

At 30 June 2005, the net liability in respect of these post-retirement medical benefits, as reflected in the balance sheet, amounted to R20.9 million (2004: R17.9 million). During the period the group contributed R0.7 million (2004: R22.8 million) towards the plan assets, thus reducing the group's net liability in respect of these benefits. For further details refer to note 15.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

### 25. Directors and employees (continued)

#### 25.6 Other

Group employees and pensioners are entitled to a discount on purchases made at Truworths stores.

#### 25.7 Share incentive scheme

The group operates the Truworths International Limited share scheme ("the scheme"). The deed of the Truworths International Share Trust ("the Trust") provides that scheme shares and options may not exceed 15% of the company's issued shares. In determining this percentage, scheme shares sold by employees are to be included either until the employees have terminated their employment or seven years have elapsed from the date of offer of the shares or options.

Participation is open to all permanent employees including non-executive directors at the discretion of the remuneration committee and at the end of the period there were 2 068 (2004: 2 020) participants. In terms of the rules of the scheme, unless the trustees have otherwise determined, shares and options are released to participants at the rate of 20% per annum commencing on the first anniversary of the date of offer. Participants in the scheme are granted options to acquire the company's shares at a price equal to the weighted average trading price of the company's shares on the JSE Limited over the five-day period immediately preceding the date of offer. Participation by any one employee is limited to 2.4% of the company's issued shares. No consideration is payable for the options upon acceptance, but on exercise of the options the purchase price of the shares becomes payable, unless participants (excluding non-executive directors) qualify for interest-free loans secured by a pledge of the shares. Shares and options which have not vested in accordance with the release timetable are forfeited upon termination of employment, other than on retirement. After ten years from the date of offer, options that have not been exercised lapse, and loans are required to have been settled in full.

The group has not recognised, and is not yet required to recognise, any expense related to options granted under the scheme. According to the South African Statement of GAAP, AC139: Share-Based Payments, only the expense relating to options granted after 7 November 2002 is required to be recognised. For information purposes, the estimated total expense for all options granted between this date and 30 June 2005 is R22.8 million (2004: R11.2 million), which would be spread over the vesting period of the options granted. Had the group adopted the statement in this period the estimated expense would have been R6.2 million (2004: R3.0 million).

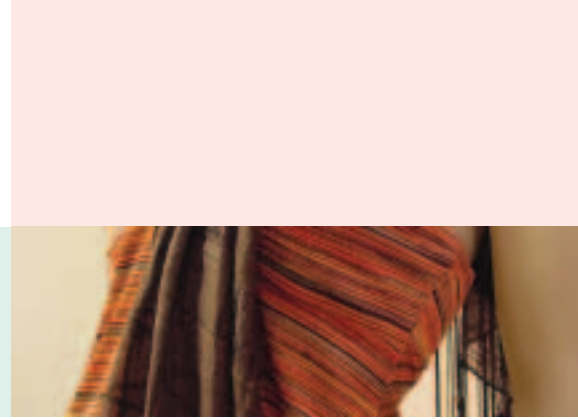
As a consequence, the headline earnings per share and the diluted headline earnings per share for 2005 would have reduced from 144.8 to 143.4 cents (2004: from 110.0 to 109.3 cents) and from 140.8 to 139.5 cents (2004: from 107.4 to 106.8 cents) respectively.

The expense has been calculated estimating the fair value of each option tranche on the date of the grant, using an adjusted binomial option-pricing model.

The assumptions used in determining the fair value are as follows:

Grant date in the financial year ending 30 June	2005	2004
<b>Exercise price</b>	<b>R10.57 to R17.58</b>	R7.63 to R10.27
<b>Expected volatility</b>	<b>25%</b>	30%
<b>Expected dividend yield</b>	<b>2.9% to 4.5%</b>	3.9% to 4.5%
<b>Risk-free interest rate</b>	<b>6.8% to 10.2%</b>	7.2% to 10.5%

The expected volatility is based on historical volatility of the Truworths International Limited share price, adjusted for the initial high volatility immediately after listing, the abnormal volatility experienced during the overall share market adjustment in September 1998, previous years' interest rates that fluctuated widely, the fact that inflation has decreased substantially and the tendency of volatility to revert to its mean.



	<b>2005</b>	2004
	Number of shares	Number of shares
	000's	000's
<b>25. Directors and employees (continued)</b>		
<b>25.7 Share incentive scheme (continued)</b>		
Shares held by participants	5 851	6 266
Shares held by the Trust	165	143
Options held by participants	21 471	23 918
Inclusion (in terms of Trust Deed) of shares sold by participants, who are still employees or directors	21 858	18 247
<b>Total utilisation</b>	<b>49 345</b>	<b>48 574</b>
Issued share capital at the end of the period	487 240	482 732
% utilisation	10.1	10.1
Shares available for utilisation	23 741	23 654
% available for utilisation	4.9	4.9
<b>Shares held by participants</b>		
Balance at the beginning of the period	6 266	4 094
Issued when options exercised	205	2 369
Shares sold	(620)	(197)
<b>Balance at the end of the period</b>	<b>5 851</b>	<b>6 266</b>
<b>Shares held by Trust</b>		
Balance at the beginning of the period	143	173
Subscribed for or purchased	22	61
Shares sold	-	(91)
<b>Balance at the end of the period</b>	<b>165</b>	<b>143</b>
<b>Options held by participants</b>		
Balance at the beginning of the period	23 918	28 953
Granted	2 807	2 857
Exercised	(4 508)	(6 438)
Lapsed	(746)	(1 454)
<b>Balance at the end of the period</b>	<b>21 471</b>	<b>23 918</b>
<b>Details of options exercised during the period</b>		
Average subscription price per share	R4.39	R3.86
Weighted average market price per share traded	R15.31	R8.82
<b>Summarised exercise conditions applicable to options</b>		
Earliest date on which options could have been exercised	01 July 2005	01 July 2004
Latest date by which options become exercisable	15 June 2010	08 June 2009
Latest date by which options will lapse if not exercised	15 June 2015	08 June 2014
Lowest price	R2.28	R2.28
Weighted average price	R6.31	R4.90
Highest price	R17.58	R10.27

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	<b>2005</b>	2004
	<b>R'000</b>	R'000
<b>26. Finance costs</b>		
<b>GROUP</b>		
Interest paid	49	191
<b>27. Exceptional items</b>		
<b>GROUP</b>		
Distributions from discontinued operations	-	10 140
Release of provision for costs relating to discontinued operations	-	5 278
	-	15 418
<b>COMPANY</b>		
Distributions from discontinued operations	-	10 140
Utilisation of provision for costs relating to discontinued operations	(47)	97
Release of provision for costs relating to discontinued operations	-	5 278
	(47)	15 515
<b>28. Income tax expense</b>		
<b>28.1 Current period tax charge</b>		
<b>GROUP</b>		
South African normal tax:		
Current period	334 421	227 192
Prior period over provision	334 839	229 344
	(418)	(2 152)
Foreign tax:		
Current period	3 852	2 251
Prior period over provision	3 316	2 084
Withholding tax	(11)	(477)
	547	644
Deferred tax:		
Current period	(42 501)	(9 620)
Prior period under provision	(49 530)	(9 620)
Rate change	9 874	-
	(2 845)	-
Secondary tax on companies	33 479	23 747
	329 251	243 570
<b>COMPANY</b>		
South African normal tax:		
Current period	-	163
Prior period under provision	-	72
	-	91
Deferred tax – current period	(247)	-
	(247)	163

	<b>2005</b>	2004
	<b>R'000</b>	R'000
<b>28. Income tax expense</b> (continued)		
<b>28.2 Reconciliation of tax rate</b>	%	%
<b>GROUP</b>		
Standard rate of tax – South Africa	29.0	30.0
Adjusted for:		
Change of corporate tax rate	(0.3)	–
Disallowable expenditure	0.7	–
Exempt income – exceptional item	–	(0.6)
Exempt income – other	(0.1)	(0.3)
Other non-taxable income	(0.1)	–
Prior period adjustments	1.0	(0.3)
Secondary tax on companies	3.4	3.1
Withholding tax	0.1	0.1
Other	(0.1)	–
Effective tax rate	<b>33.6</b>	32.0
<b>COMPANY</b>		
Standard rate of tax – South Africa	29.0	30.0
Adjusted for:		
Exempt income	(29.1)	(29.9)
Effective tax rate	<b>(0.1)</b>	0.1
<b>29. Dividends</b>		
<b>GROUP</b>		
<b>Final dividend – 2003</b>		
Cash dividend of 21.0 cents per share declared on 21 August 2003 and paid on 15 September 2003	–	100 120
<b>Interim dividend – 2004</b>		
Cash dividend of 21.0 cents per share declared on 19 February 2004 and paid on 15 March 2004	–	101 150
<b>Final dividend – 2004</b>		
Cash dividend of 27.0 cents per share declared on 19 August 2004 and paid on 13 September 2004	<b>130 409</b>	–
<b>Interim dividend – 2005</b>		
Cash dividend of 32.0 cents per share declared on 18 March 2005 and paid on 22 March 2005	<b>155 508</b>	–
Dividends on treasury shares held through:	<b>(21 445)</b>	(7 511)
Subsidiary	<b>(21 364)</b>	(7 446)
Share trust	<b>(81)</b>	(65)
	<b>264 472</b>	193 759

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	<b>2005</b>	2004
	<b>R'000</b>	R'000
<b>29. Dividends</b> (continued)		
<b>COMPANY</b>		
<b>Final dividend – 2003</b>		
Cash dividend of 21.0 cents per share declared on 21 August 2003 and paid on 15 September 2003	–	100 120
<b>Interim dividend – 2004</b>		
Cash dividend of 21.0 cents per share declared on 19 February 2004 and paid on 15 March 2004	–	101 150
<b>Final dividend – 2004</b>		
Cash dividend of 27.0 cents per share declared on 19 August 2004 and paid on 13 September 2004	<b>130 409</b>	–
<b>Interim dividend – 2005</b>		
Cash dividend of 32.0 cents per share declared on 18 March 2005 and paid on 22 March 2005	<b>155 508</b>	–
	<b>285 917</b>	201 270
The final dividend for the period ended 30 June 2005 of 37.0 cents per share was declared on 18 August 2005 to shareholders registered on the record date of 9 September 2005, is payable on 12 September 2005 and will give rise to secondary tax on companies of approximately R20.5 million. No provision regarding this final dividend and the secondary tax on companies thereon has been recognised.		



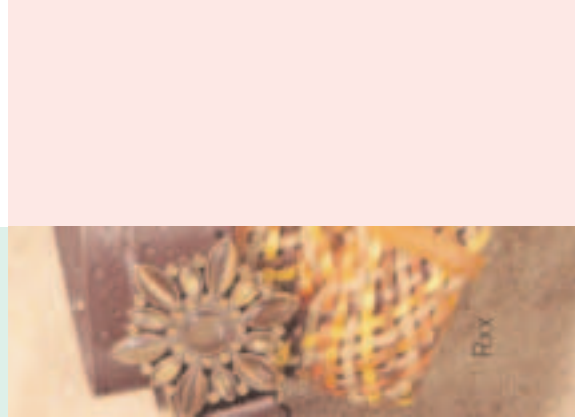


	2005	2004	2005	2004
	Number of shares	Number of shares		
	000's	000's	R'000	R'000
<b>30. Earnings and cash flow per share</b>				
The weighted average number of shares used in calculating all the earnings, headline earnings and cash flow earnings per share amounts below:	447 560	457 787		
Adjusted issued shares at the beginning of period	446 374	460 444		
Shares repurchased during the period	(575)	(5 753)		
Shares repurchased by the share trust during the period	(13)	(31)		
Shares issued during the period	1 774	3 127		
<b>30.1 Headline earnings</b>				
Headline earnings per share (cents)			144.8	110.0
<b>Headline earnings is calculated as follows:</b>				
Net profit for the period			647 970	517 239
Net loss/(surplus) on realisation of property, plant and equipment			24	(35)
Gross Tax			34	(50)
			(10)	15
Exceptional items			-	(15 418)
Gross Tax			-	(15 418)
			-	-
Amortisation of goodwill			-	1 754
Gross Tax			-	2 339
			-	-
Minority interest			-	(585)
Headline earnings			647 994	503 540
<b>30.2 Basic earnings</b>				
Basic earnings per share (cents)			144.8	113.0
Net profit for the period			647 970	517 239

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	2005	2004	2005	2004
	Number of shares	Number of shares		
	000's	000's	R'000	R'000
<b>30. Earnings and cash flow per share</b> (continued)				
<b>30.3 Fully diluted earnings</b>				
Fully diluted headline earnings per share (cents)			140.8	107.4
Percentage dilution in headline earnings per share			2.8%	2.4%
Fully diluted basic earnings per share (cents)			140.8	110.4
Percentage dilution in basic earnings per share			2.8%	2.3%
Net profit for the period			647 970	517 239
Weighted number of shares in issue				
Basic	447 561	457 787		
Add: Dilutive effect of share options	12 564	10 894		
Fully diluted weighted average number of shares	460 125	468 681		
<p>The dilution arises from share options outstanding in respect of the share incentive scheme. The amount of the dilution is calculated with reference to the difference between the fair value and the issue price of the shares. Fair value is determined using the average market price of the shares during the period.</p>				
<b>30.4 Attributable cash flow</b>				
Cash flow per share (cents)			124.0	103.5
<p>This basis focuses on the cash inflow actually achieved during the period, and is calculated as follows:</p>				
Cash inflow from operations			554 909	473 725
<b>30.5 Attributable cash equivalent earnings</b>				
Cash equivalent earnings per share (cents)			152.4	125.9
<p>This basis recognises the potential of the earnings stream to generate cash. It is therefore an indicator of the underlying quality of earnings, and is calculated as follows:</p>				
Net profit for the period			647 970	517 239
Adjusted for:				
Non-cash items (For further details, refer to note 32.1)			76 440	68 773
Deferred tax (For further details, refer to note 28.1)			(42 501)	(9 620)
Cash equivalent earnings			681 909	576 392
<b>30.6 Cash realisation rate (%)</b>			81.4	82.2
<p>This represents the potential cash earnings realised and is derived by dividing cash flow per share by cash equivalent earnings per share.</p>				

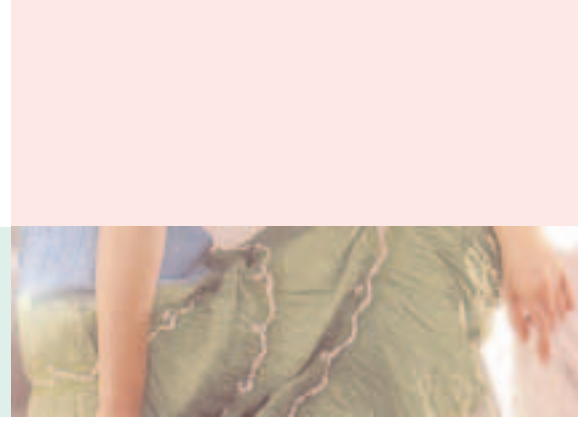


	2005	2004
	R'000	R'000
<b>31. Related party transactions</b>		
<b>GROUP</b>		
<b>Shareholders</b>		
The company's shares are widely held, mostly by public shareholders. The principal shareholders of the company are provided in the annual report on pages 168 to 169.		
<b>Subsidiaries</b>		
During the period the company and its subsidiaries, in the ordinary course of business, entered into various transactions with each other. These transactions occurred under terms that are no less favourable than those arranged with third parties. Details of income from, loan balances to and investments in subsidiaries are disclosed in note 5 and annexure one.		
<b>Directors</b>		
Details relating to executive and non-executive directors' emoluments and shareholdings (including options) in the company are disclosed in note 25.1, 25.2 and annexure two.		
<b>Interest of directors in contracts</b>		
No directors have a material interest in any transaction with the company or any of its subsidiaries.		
<b>Loans to directors and officers</b>		
Details of housing loans to directors and officers are contained in note 6.1 and 25.3.		
<b>Employees</b>		
Details relating to option and share transactions are disclosed in annexure two.		
<b>Key management personnel</b>		
Key management personnel are those persons having authority and responsibility for planning and directing and controlling activities, directly or indirectly, including any director of that entity. Directors of the subsidiary, Truworths Limited, excluding those who are also executive directors of the company, have been classified as key management personnel. Below is a summary of the total emoluments paid to the key management personnel.		
<b>Category</b>		
Salaries	4 658	4 222
Performance bonus	3 870	3 450
Allowances	740	760
Pension contributions	874	778
Other benefits	419	636
Total remuneration	10 561	9 846
Share option gains	13 363	4 054
Total emoluments	23 924	13 900
<b>COMPANY</b>		
Related party disclosure is not presented as consolidated financial statements are provided.		

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	GROUP		COMPANY	
	2005	2004	2005	2004
	R'000	R'000	R'000	R'000
<b>32. Notes to the cash flow statement</b>				
<b>32.1 Cash flow from trading</b>				
Profit before tax	979 903	761 216	289 081	214 744
Add: Non cash items	76 440	68 773	(180)	(5 688)
Depreciation	71 777	68 781	-	-
Export partnership participation impairment	3 562	-	-	-
Amortisation of goodwill	-	2 339	-	-
Net loss/(surplus) on realisation of property, fixtures, vehicles, plant, equipment and software	34	(50)	-	-
Release of provision	(180)	(5 591)	(180)	(5 688)
Unrealised foreign exchange gains	(2 414)	(2 157)	-	-
Post-retirement medical benefit obligation	3 661	5 451	-	-
Finance costs	49	191	-	-
Interest received	(161 681)	(145 742)	(398)	(276)
Dividends received	(2 026)	(2 736)	(289 933)	(199 027)
Exceptional item – distributions from discontinued operation	-	(10 140)	47	(10 140)
Net inflow/(outflow)	892 685	671 562	(1 383)	(387)
<b>32.2 Working capital movements</b>				
Increase in inventories	(64 334)	(28 706)	-	-
Increase in trade and other receivables and prepayments	(252 473)	(167 735)	(179)	-
Increase in trade and other payables	79 101	56 878	56	617
Net (outflow)/inflow	(237 706)	(139 563)	(123)	617
<b>32.3 Tax paid</b>				
Amounts owing at the beginning of the period	(156 067)	(108 051)	(70)	( 150)
Amounts charged to the income statement	(329 251)	(243 570)	247	(163)
South African normal tax	(334 421)	(227 192)	-	(163)
Foreign tax	(3 852)	(2 251)	-	-
Deferred tax	42 501	9 620	247	-
Secondary tax on companies	(33 479)	(23 747)	-	-
Deferred tax movement	(42 501)	(9 620)	(247)	-
Amounts owing at the end of the period	265 788	156 067	(3)	70
Net outflow	(262 031)	(205 174)	(73)	(243)



	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2005</b>	2004	<b>2005</b>	2004
	<b>R'000</b>	R'000	<b>R'000</b>	R'000
<b>32. Notes to the cash flow statement</b> (continued)				
<b>32.4 Dividends paid</b>				
Amounts owing at the beginning of the period	(397)	(236)	(397)	( 236)
Amounts charged to the statement of changes in total shareholders' equity	(264 472)	(193 759)	(285 917)	(201 270)
Amounts paid to minority shareholders	(1 600)	-	-	-
Amounts owing at the end of the period	605	397	605	397
Net outflow	(265 864)	(193 598)	(285 709)	(201 109)
<b>32.5 Purchase of property, fixtures, vehicles, plant, equipment and software to maintain operations</b>				
Fixtures, plant and equipment	(15 823)	(12 937)	-	-
Computer equipment and software	(4 312)	(5 505)	-	-
Motor vehicles	(152)	(234)	-	-
Net outflow	(20 287)	(18 676)	-	-
<b>32.6 Purchase of property, fixtures, vehicles, plant, equipment and software to expand operations</b>				
Land and buildings	(984)	(4 544)	-	-
Fixtures, plant and equipment	(63 288)	(26 265)	-	-
Computer equipment and software	(17 250)	(11 176)	-	-
Motor vehicles	(608)	(474)	-	-
Net outflow	(82 130)	(42 459)	-	-
<b>32.7 Proceeds on disposal of property, fixtures, vehicles, plant, equipment and software</b>	<b>835</b>	927	-	-
<b>32.8 Acquisition of business net of cash</b>				
The group acquired a 75% interest in a business known as Young Designers Emporium on 1 December 2003 ("effective date"). The fair values of assets acquired and liabilities assumed were:				
Property, fixtures, vehicles, plant, equipment and software	-	(6 404)	-	-
Goodwill (refer to note 3)	-	(40 096)	-	-
Cash	-	(9 879)	-	-
Prepayments	-	(976)	-	-
Accounts receivable	-	(877)	-	-
Loans	-	(8)	-	-
Trade payables	-	11 740	-	-
Minority interest	-	(46 500)	-	-
	-	11 625	-	-
Total purchase price	-	(34 875)	-	-
Add: Capitalisation of acquisition costs	-	(650)	-	-
Less: Cash on hand at effective date	-	9 879	-	-
Cash flow on business acquired net of cash	-	(25 646)	-	-

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	GROUP		COMPANY	
	2005	2004	2005	2004
	R'000	R'000	R'000	R'000
<b>33. Post balance sheet events</b>				
No further event, material to the understanding of these financial statements, has occurred between the end of the financial period and date of approval.				
<b>34. Operating lease obligation</b>				
Total lease obligation	46 614	46 614	-	-
Current portion reflected under trade and other payables	(3 431)	-	-	-
Long-term portion	43 183	46 614	-	-
<b>35. Lease adjustment</b>				
In August 2005 the South African Institute of Chartered Accountants (SAICA) issued Circular 7/2005 explaining the requirements of South African Statement of GAAP, AC105 (revised): Leases, in respect of operating leases with fixed escalation clauses. In terms of the Statement, the operating lease income and expenses should be recognised on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the users' benefits. The straight-line method results in a similar impact in the income statement in each reporting period irrespective of the fact that the cash flows differ.				
As a result of the above, the group reconsidered its treatment of operating leases with fixed escalation rental clauses. The impact has been a reduction in opening retained income at 1 July 2003 of R46.6 million before tax, and R33.1 million after tax. The impact on current and prior year profits and minority interest is not material.				
<b>36. Comparative figures</b>				
Comparative figures in respect of royalties received has been restated in revenue. Future operating lease commitments has been restated taking into account Circular 7/2005.				

## ANNEXURE ONE



### Details of subsidiary companies

Name	Main business	Ordinary share capital and premium		Percentage held (effective interest)		Book value of shares		Amounts owing by subsidiaries	
		2005	2004	2005 %	2004 %	2005 R'000	2004 R'000	2005 R'000	2004 R'000
<b>DIRECT SUBSIDIARY COMPANIES</b>									
<b>All (Pty) Limited companies unless otherwise stated</b>									
<b>Incorporated in South Africa</b>									
Truworhts Limited	Retailing	R23 883 152	R23 883 152	100.0	100.0	100 330	100 330	45 097	80 082
Young Designers Emporium (previously The Credit Recovery Corporation)	Retailing	R200	R200	75.0	75.0			35 358	35 358
SRG International	Dormant	R2	R2	100.0	100.0				
Truworhts Trading	Dormant	R60	R60	100.0	100.0				
Truworhts International Share Trust	Employee incentive scheme	N/A	N/A	100.0	100.0	N/A	N/A	65	
Truworhts Investments	Investment holding	R120		100.0		120		54 585	
<b>Incorporated in Guernsey</b>									
Truworhts International Trust	Investment holding	N/A	N/A	100.0	100.0	N/A	N/A		
Truworhts Worldwide Limited	Investment holding	US\$5 386 039	US\$5 386 039	100.0	100.0				
<b>INDIRECT SUBSIDIARY COMPANIES</b>									
<b>All (Pty) Limited companies unless otherwise stated</b>									
<b>Incorporated in South Africa</b>									
Chez Brigitte Fashion Accessories	Dormant	R2	R2	100.0	100.0				
Daniel Hechter	Dormant	R200	R200	100.0	100.0				
Intrigue Fine Lingerie Company	Dormant	R100	R100	100.0	100.0				
Identity Retailing	Commission agent	R2	R2	100.0	100.0				
Truworhts Management Services	Dormant	R12 000	R12 000	100.0	100.0				
Truworhts Man	Dormant	R1	R1	100.0	100.0				
Truworhts Personal Finance	Dormant	R2	R2	100.0	100.0				
Woolmos Properties Share Block Limited	Share block scheme	R5 920 950	R5 920 950	100.0	100.0	14 843	14 843		
<b>Incorporated in Namibia</b>									
Truworhts (Namibia) Limited	Retailing	N\$14	N\$14	100.0	100.0				
<b>Incorporated in Swaziland</b>									
Truworhts (Swaziland) Limited	Retailing	E40 000	E40 000	100.0	100.0				
<b>Incorporated in Lesotho</b>									
Truworhts (Lesotho)	Dormant	M2	M2	100.0	100.0				
<b>Incorporated in Zambia</b>									
Truworhts (Zambia) Limited	Dormant	K50 000	K50 000	100.0	100.0				

## ANNEXURE ONE

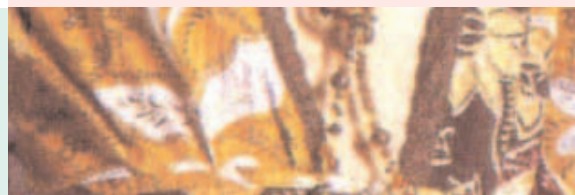
(continued)

<b>Details of subsidiary companies</b>					
Name	Main business	Ordinary share capital and premium		Percentage held (effective interest)	
		2005	2004	2005 %	2004 %
<b>INDIRECT SUBSIDIARY COMPANIES (continued)</b>					
<b>All (Pty) Limited companies unless otherwise stated</b>					
<b>Incorporated in Australia</b>					
Tarra Valley*	Investment holding	<b>Au\$23 405 000</b>	Au\$23 405 000	<b>100.0</b>	100.0
Select Retail Group Australia*	Investment holding	<b>Au\$8 350 008</b>	Au\$8 350 008	<b>100.0</b>	100.0
Redfern Road (subject to Deed of Company Arrangement)*	Under administration				
<b>Incorporated in Guernsey</b>					
Truworths International Holdings Limited	Deregistering	<b>US\$6 290 000</b>	US\$6 290 000	<b>100.0</b>	100.0
Select Retail Group 1994 Limited	Deregistering	<b>US\$6 290 000</b>	US\$6 290 000	<b>100.0</b>	100.0
Truworths International Limited	Deregistering	<b>US\$3</b>	US\$3	<b>100.0</b>	100.0
<b>Incorporated in the Isle of Man</b>					
Truworths Intellectual Property Limited	Intellectual property holding	<b>US\$3</b>	US\$3	<b>100.0</b>	100.0

\*These subsidiaries have not been consolidated at 30 June 2005 and 2004 as they relate to operations discontinued at 25 November 1999.



## ANNEXURE TWO



### Details of shares and options

	2005			2004		
	Shares 000's	Options 000's	Total 000's	Shares 000's	Options 000's	Total 000's
<b>1. Directors' holdings of shares and options</b>						
<b>In aggregate:</b>						
Balance at the beginning of the period	9 448	6 127	15 575	7 431	7 995	15 426
Directors appointed during the period	-	-	-	20	-	20
Options granted	-	290	290	-	530	530
Options exercised	-	(276)	(276)	-	(2 398)	(2 398)
Share movements during the period	(1 302)	-	(1 302)	1 997	-	1 997
Balance at the end of the period	8 146	6 141	14 287	9 448	6 127	15 575
<b>By director:</b>						
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 share incentive scheme, are as follows:						
<b>Executive directors</b>	7 610	6 061	13 671	8 912	6 047	14 959
MS Mark	6 440	5 503	11 943	7 340	5 303	12 643
AJ Taylor	831	274	1 105	1 360	224	1 584
WM van der Merwe	339	284	623	212	520	732
<b>Non-executive directors</b>	536	80	616	536	80	616
CT Ndlovu	-	30	30	-	30	30
AE Parfett	516	-	516	516	-	516
H Saven	-	50	50	-	50	50
MA Thompson (appointed 1 March 2004)	20	-	20	20	-	20
Balance at the end of the period	8 146	6 141	14 287	9 448	6 127	15 575
Comprising:						
Direct interest	1 190	6 141	7 331	1 730	6 127	7 857
Indirect interest	6 956	-	6 956	7 718	-	7 718
	8 146	6 141	14 287	9 448	6 127	15 575

There have been no changes to these interests between the end of the financial period and the date of the directors' report.

It is company 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 for the periods from mid-December to twenty-four hours after publication of the half year-end results and from mid-June to twenty-four hours after publication of the year-end results.

## ANNEXURE TWO

(continued)

	2005		2004
	Subscription price R	Number of options 000's	Number of options 000's
<b>2. Details of directors' share options in the aggregate:</b>			
The options become releasable between the following dates and at the following subscription prices:			
<b>Balance at the beginning of the period</b>			
		<b>6 127</b>	<b>7 995</b>
Between 3 September 1999 and 3 September 2003	2.92	–	91
Between 11 January 2000 and 11 January 2003	3.33	–	38
Between 26 February 2000 and 26 February 2003	3.16	–	42
Between 27 November 2001 and 27 November 2005	3.66	3 353	5 252
Between 4 October 2002 and 4 October 2006	5.02	53	79
Between 26 October 2002 and 26 October 2006	5.33	30	30
Between 25 March 2003 and 25 March 2007	4.54	389	467
Between 7 November 2003 and 7 November 2007	5.74	1 122	1 246
Between 13 March 2004 and 13 March 2008	5.82	690	750
Between 6 November 2004 and 6 November 2008	8.52	490	–
<b>Options granted</b>		<b>290</b>	<b>530</b>
Between 6 November 2004 and 6 November 2008	8.52	–	490
Between 28 November 2004 and 28 November 2008	8.73	–	40
Between 29 November 2005 and 29 November 2009	15.57	290	–
<b>Options exercised</b>		<b>(276)</b>	<b>(2 398)</b>
Between 3 September 1999 and 3 September 2003	2.92	–	(91)
Between 11 January 2000 and 11 January 2003	3.33	–	(38)
Between 26 February 2000 and 26 February 2003	3.16	–	(42)
Between 27 November 2001 and 27 November 2005	3.66	(128)	(1 899)
Between 4 October 2002 and 4 October 2006	5.02	(52)	(26)
Between 25 March 2003 and 25 March 2007	4.54	(24)	(78)
Between 7 November 2003 and 7 November 2007	5.74	(24)	(124)
Between 13 March 2004 and 13 March 2008	5.82	(40)	(60)
Between 6 November 2004 and 6 November 2008	8.52	(8)	–
Between 28 November 2004 and 28 November 2008	8.73	–	(40)
<b>Balance at the end of the period</b>		<b>6 141</b>	<b>6 127</b>
Between 27 November 2001 and 27 November 2005	3.66	3 225	3 353
Between 4 October 2002 and 4 October 2006	5.02	1	53
Between 26 October 2002 and 26 October 2006	5.33	30	30
Between 25 March 2003 and 25 March 2007	4.54	365	389
Between 7 November 2003 and 7 November 2007	5.74	1 098	1 122
Between 13 March 2004 and 13 March 2008	5.82	650	690
Between 6 November 2004 and 6 November 2008	8.52	482	490
Between 29 November 2005 and 29 November 2009	15.57	290	–

## Details of shares and options (continued)

	Date ownership passes	Exercise date	Sub- scription price R	Market price on date ownership passes R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
<b>3. Details of directors' share options per director:</b>							
<b>2005</b>							
<b>Executive directors</b>							
<b>MS Mark</b>							
<b>Balance at the beginning of the period</b>						<b>5 303</b>	
			3.66			<b>3 113</b>	Between 27 November 2001 and 27 November 2004
			4.54			<b>340</b>	Between 25 March 2003 and 25 March 2007
			5.74			<b>900</b>	Between 7 November 2003 and 7 November 2007
			5.82			<b>550</b>	Between 13 March 2004 and 13 March 2008
			8.52			<b>400</b>	Between 6 November 2004 and 6 November 2008
Exercised previously but ownership passed in the current year	27/11/04	29/10/03	3.66	16.13	(858)		
Exercised previously but ownership passed in the current year	27/11/04	18/11/03	3.66	16.13	(600)		
Offered		29/11/04	15.57			<b>200</b>	Between 29 November 2005 and 29 November 2009
<b>Balance at the end of the period</b>						<b>5 503</b>	
			3.66			<b>3 113</b>	Between 27 November 2001 and 27 November 2004
			4.54			<b>340</b>	Between 25 March 2003 and 25 March 2007
			5.74			<b>900</b>	Between 7 November 2003 and 7 November 2007
			5.82			<b>550</b>	Between 13 March 2004 and 13 March 2008
			8.52			<b>400</b>	Between 6 November 2004 and 6 November 2008
			15.57			<b>200</b>	Between 29 November 2005 and 29 November 2009
<b>AJ Taylor</b>							
<b>Balance at the beginning of the period</b>						<b>224</b>	
			4.54			<b>14</b>	Between 25 March 2003 and 25 March 2007
			5.74			<b>150</b>	Between 7 November 2003 and 7 November 2007
			5.82			<b>60</b>	Between 13 March 2004 and 13 March 2008
Exercised previously but ownership passed in the current year	28/11/04	28/11/03	8.73	16.13	(8)		
Exercised previously but ownership passed in the current year	27/11/04	1/12/03	3.66	16.13	(186)		
Exercised previously but ownership passed in the current year	7/11/04	1/12/03	5.74	15.08	(50)		
Offered		29/11/04	15.57			<b>50</b>	Between 29 November 2005 and 29 November 2009
<b>Balance at the end of the period</b>						<b>274</b>	
			4.54			<b>14</b>	Between 25 March 2003 and 25 March 2007
			5.74			<b>150</b>	Between 7 November 2003 and 7 November 2007
			5.82			<b>60</b>	Between 13 March 2004 and 13 March 2008
			15.57			<b>50</b>	Between 29 November 2005 and 29 November 2009
<b>WM van der Merwe</b>							
<b>Balance at the beginning of the period</b>						<b>520</b>	
			3.66			<b>240</b>	Between 27 November 2001 and 27 November 2005
			5.02			<b>53</b>	Between 4 October 2002 and 4 October 2006
			4.54			<b>35</b>	Between 25 March 2003 and 25 March 2007
			5.74			<b>72</b>	Between 7 November 2003 and 7 November 2007
			5.82			<b>80</b>	Between 13 March 2004 and 13 March 2008
			8.52			<b>40</b>	Between 6 November 2004 and 6 November 2008
Exercised previously but ownership passed in the current year	27/11/04	29/10/03	3.66	16.13	(68)		
Exercised previously but ownership passed in the current year	4/10/04	29/10/03	5.02	12.78	(26)		
Exercised previously but ownership passed in the current year	7/11/04	29/10/03	5.74	15.08	(24)		
Offered		29/11/04	15.57			<b>40</b>	Between 29 November 2005 and 29 November 2009
Exercised and sold in current year	9/11/04	27/11/00	3.66	15.75	(100)		
Options exercised and ownership passed in current year	25/3/05	18/10/04	4.54	16.25	(12)		
Options exercised and ownership passed in current year	13/3/05	18/10/04	5.82	17.03	(20)		
Exercised in current year but ownership passes subsequently	27/11/05	18/10/04	3.66		(28)		
Exercised in current year but ownership passes subsequently	4/10/05	18/10/04	5.02		(26)		
Exercised in current year but ownership passes subsequently	7/11/05	18/10/04	5.74		(24)		
Exercised in current year but ownership passes subsequently	6/11/05	18/10/04	8.52		(8)		
Exercised in current year but ownership passes subsequently	25/3/06	23/3/05	4.54		(12)		
Exercised in current year but ownership passes subsequently	4/10/06	23/3/05	5.02		(26)		
Exercised in current year but ownership passes subsequently	13/3/06	23/3/05	5.82		(20)		
<b>Balance at the end of the period</b>						<b>284</b>	
			3.66			<b>112</b>	Between 27 November 2001 and 27 November 2005
			5.02			<b>1</b>	Between 4 October 2002 and 4 October 2006
			4.54			<b>11</b>	Between 25 March 2003 and 25 March 2007
			5.74			<b>48</b>	Between 7 November 2003 and 7 November 2007
			5.82			<b>40</b>	Between 13 March 2004 and 13 March 2008
			8.52			<b>32</b>	Between 6 November 2004 and 6 November 2008
			15.57			<b>40</b>	Between 29 November 2005 and 29 November 2009
<b>Non-executive directors</b>							
<b>CT Ndlovu</b>							
<b>Balance at the beginning and end of the period</b>						<b>30</b>	Between 26 October 2002 and 26 October 2006
<b>H Saven</b>							
<b>Balance at the beginning and end of the period</b>						<b>50</b>	Between 6 November 2004 and 6 November 2008

# ANNEXURE TWO

(continued)

## Details of shares and options (continued)

	Date ownership passes	Exercise date	Sub- scription price R	Market price on date ownership passes R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
<b>3. Details of directors' share options per director (continued):</b>							
<b>2004</b>							
<b>Executive directors</b>							
<b>MS Mark</b>							
<b>Balance at the beginning of the period</b>						6 361	
			3.66			4 571	Between 27 November 2001 and 27 November 2004
			4.54			340	Between 25 March 2003 and 25 March 2007
			5.74			900	Between 7 November 2003 and 7 November 2007
						550	Between 13 March 2004 and 13 March 2008
Exercised in current year but ownership passes subsequently	27/11/04	29/10/03	3.66			(858)	
Exercised in current year but ownership passes subsequently	27/11/04	18/11/03	3.66			(600)	
Exercised previously, but ownership passed in the current year	27/11/03	20/9/02	3.66	8.65	(400)		
Exercised previously, but ownership passed in the current year	27/11/03	28/3/03	3.66	8.65	(257)		
Offered		6/11/03	8.52			400	Between 6 November 2004 and 6 November 2008
<b>Balance at the end of the period</b>						5 303	
			3.66			3 113	Between 27 November 2001 and 27 November 2004
			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
<b>AJ Taylor</b>							
<b>Balance at the beginning of the period</b>						792	
			3.66			373	Between 27 November 2001 and 27 November 2004
			4.54			69	Between 25 March 2003 and 25 March 2007
			5.74			250	Between 7 November 2003 and 7 November 2007
			5.82			100	Between 13 March 2004 and 13 March 2008
Exercised in current year but ownership passes subsequently	28/11/04	28/11/03	8.73			(40)	
Exercised and ownership passed in the current year	25/3/03	1/12/03	4.54	8.83		(14)	
Exercised and ownership passed in the current year	25/3/04	1/12/03	4.54	9.65		(14)	
Exercised in current year but ownership passes subsequently	25/3/04	1/12/03	4.54			(14)	
Exercised in current year but ownership passes subsequently	25/3/07	1/12/03	4.54			(13)	
Exercised in current year but ownership passes subsequently	7/11/04	1/12/03	5.74			(50)	
Exercised and ownership passed in the current year	7/11/03	1/12/03	5.74	8.83		(50)	
Exercised in current year but ownership passes subsequently	13/3/07	1/12/03	5.82			(20)	
Exercised and ownership passed in the current year	13/3/04	1/12/03	5.82	9.32		(20)	
Exercised in current year but ownership passes subsequently	27/11/04	1/12/03	3.66			(187)	
Exercised in current year but ownership passes subsequently	27/11/05	1/12/03	3.66			(186)	
Exercised previously but ownership passed in the current year	27/11/03	27/11/03	3.66	8.65	(186)		
Offered		28/11/03	8.73			40	Between 28 November 2004 and 28 November 2008
<b>Balance at the end of the period</b>						224	
			4.54			14	Between 25 March 2003 and 25 March 2007
			5.74			150	Between 7 November 2003 and 7 November 2007
			5.82			60	Between 13 March 2004 and 13 March 2008
<b>WM van der Merwe</b>							
<b>Balance at the beginning of the period</b>						721	
			3.33			37	Between 11 January 2000 and 11 January 2003
			3.16			42	Between 26 February 2000 and 26 February 2003
			3.66			309	Between 27 November 2001 and 27 November 2005
			5.02			79	Between 4 October 2002 and 4 October 2006
			4.54			58	Between 25 March 2003 and 25 March 2007
			5.74			96	Between 7 November 2003 and 7 November 2007
			5.82			100	Between 13 March 2004 and 13 March 2008
Exercised in current year but ownership passes subsequently	27/11/04	29/10/03	3.66			(69)	
Exercised in current year but ownership passes subsequently	4/10/04	29/10/03	5.02			(26)	
Exercised in current year but ownership passes subsequently	7/11/04	29/10/03	5.74			(24)	
Exercised and ownership passed in the current year	13/3/04	29/10/03	5.82	9.32		(20)	
Exercised and ownership passed in the current year	25/3/03	29/10/03	4.54	7.95		(12)	
Exercised and ownership passed in the current year	25/3/03	29/10/03	4.54	9.65		(11)	
Exercised and ownership passed in the current year	26/2/03	26/5/04	3.16	9.85		(4)	
Exercised and ownership passed in the current year	26/2/03	26/5/04	3.16	9.75		(38)	
Exercised and ownership passed in the current year	11/1/03	8/6/04	3.33	9.75		(37)	
Exercised previously but ownership passes in the current year	4/10/03	14/3/03	5.02	8.05	(26)		
Exercised previously but ownership passes in the current year	7/11/03	13/3/03	5.74	8.91	(24)		
Offered		6/11/03	8.52			40	Between 6 November 2004 and 6 November 2008
<b>Balance at the end of the period</b>						520	
			3.66			240	Between 27 November 2001 and 27 November 2005
			5.02			53	Between 4 October 2002 and 4 October 2006
			4.54			35	Between 25 March 2003 and 25 March 2007
			5.74			72	Between 7 November 2003 and 7 November 2007
			5.82			80	Between 13 March 2004 and 13 March 2008
			8.52			40	Between 6 November 2004 and 6 November 2008

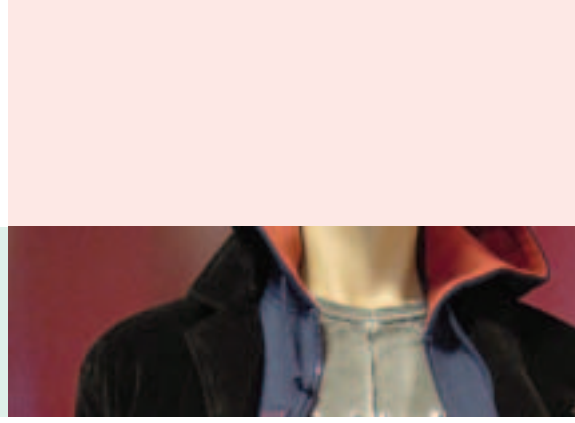
## Details of shares and options (continued)

	Date ownership passes	Exercise date	Sub- scription price R	Market price on date ownership passes R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
<b>3. Details of directors' share options per director (continued):</b>							
<b>Non-executive directors</b>							
<b>BD Lapin</b>							
Balance at the beginning of the period						91	Between 3 September 1999 and 3 September 2003
Exercised and ownership passed in the current year	3/9/01	10/6/04	2.92	9.76		(23)	
Exercised and ownership passed in the current year	3/9/02	11/6/04	2.92	9.76		(34)	
Exercised and ownership passed in the current year	3/9/03	12/6/04	2.92	9.76		(34)	
Balance at the end of the period						-	
<b>RG Dow</b>							
Balance at the beginning of the period			2.92			-	Between 3 September 1999 and 3 September 2003
Exercised and ownership passed in the current year	3/9/03	28/2/03	2.92	8.00	(35)	-	
Balance at the end of the period						-	
<b>CT Ndlovu</b>							
Balance at the beginning and end of the period			5.33			30	Between 26 October 2002 and 26 October 2006
<b>H Saven</b>							
Balance at the beginning of the period						-	
Offered		6/11/03	8.52			50	Between 6 November 2004 and 6 November 2008
Balance at the end of the period						50	

## ANNEXURE TWO

(continued)

<b>Details of shares and options</b> (continued)			
	Offer Price R	2005 Number 000's	2004 Number 000's
<b>4. Detailed exercise conditions applicable to options held by participants:</b>			
Between 26 October 1998 and 26 October 2004	2.28	406	697
Between 27 October 1998 and 27 October 2004	2.28	29	74
Between 29 October 1998 and 29 October 2003	2.28	80	106
Between 30 October 1998 and 30 October 2004	2.28	236	428
Between 13 November 1998 and 13 November 2004	2.34	-	8
Between 18 December 1998 and 18 December 2004	2.28	94	214
Between 18 December 1998 and 18 December 2003	2.93	-	3
Between 21 December 1998 and 21 December 2004	2.28	49	73
Between 26 February 1999 and 26 February 2005	3.16	456	510
Between 7 April 2000 and 7 April 2006	5.00	1	1
Between 2 November 2000 and 2 November 2005	3.92	1	2
Between 27 November 2000 and 27 November 2005	3.66	7 156	8 895
Between 15 January 2001 and 15 January 2006	4.49	9	13
Between 22 February 2001 and 22 February 2006	4.27	9	28
Between 8 May 2001 and 8 May 2006	5.01	8	24
Between 11 May 2001 and 11 May 2006	4.38	8	24
Between 4 June 2001 and 4 June 2006	4.92	-	15
Between 27 August 2001 and 27 August 2006	5.32	4	6
Between 27 August 2001 and 27 August 2006	5.72	45	52
Between 4 October 2001 and 4 October 2006	5.02	315	477
Between 26 October 2001 and 26 October 2006	5.33	30	30
Between 2 November 2001 and 2 November 2006	5.37	-	6
Between 14 December 2001 and 14 December 2006	5.00	1 278	1 955
Between 1 February 2002 and 1 February 2007	4.64	-	14
Between 28 February 2002 and 28 February 2007	4.70	4	4
Between 25 March 2002 and 25 March 2007	4.54	636	716
Between 17 May 2002 and 17 May 2007	5.40	500	499
Between 23 August 2002 and 23 August 2007	5.74	83	132
Between 2 September 2002 and 2 September 2007	5.88	5	9
Between 9 September 2002 and 9 September 2007	5.96	50	50
Between 1 October 2002 and 1 October 2007	5.85	-	41
Between 7 November 2002 and 7 November 2007	5.74	3 038	3 785
Between 3 March 2003 and 3 March 2008	6.27	21	32
Between 13 March 2003 and 13 March 2008	5.82	1 827	2 173
Between 2 April 2003 and 2 April 2008	5.77	21	35
Between 23 April 2003 and 23 April 2008	6.22	32	40
Between 21 May 2003 and 21 May 2008	6.27	-	19
Between 25 August 2003 and 25 August 2008	7.08	17	21
Between 25 August 2003 and 25 August 2008	7.92	38	46
Between 26 August 2003 and 26 August 2008	7.95	-	15
Between 2 September 2003 and 2 September 2008	8.00	31	31
Between 15 September 2003 and 15 September 2008	7.63	26	33



#### Details of shares and options (continued)

	Offer Price R	2005 Number 000's	2004 Number 000's
<b>4. Detailed exercise conditions applicable to options held by participants (continued):</b>			
Between 16 September 2003 and 16 September 2008	7.83	12	15
Between 6 November 2003 and 6 November 2008	8.52	662	690
Between 28 November 2003 and 28 November 2008	8.73	25	25
Between 3 December 2003 and 3 December 2008	8.73	1 003	1 205
Between 8 December 2003 and 8 December 2008	8.73	350	464
Between 12 December 2003 and 12 December 2008	8.73	18	23
Between 23 February 2004 and 23 February 2009	9.32	30	34
Between 19 April 2004 and 19 April 2009	10.27	12	15
Between 5 May 2004 and 5 May 2009	10.25	24	48
Between 5 May 2004 and 5 May 2009	10.26	32	32
Between 8 June 2004 and 8 June 2009	9.74	31	31
Between 25 August 2004 and 25 August 2009	10.57	71	-
Between 3 September 2004 and 3 September 2009	10.63	19	-
Between 9 September 2004 and 9 September 2009	11.42	15	-
Between 19 October 2004 and 19 October 2009	12.57	20	-
Between 3 November 2004 and 3 November 2009	13.10	13	-
Between 22 November 2004 and 22 November 2009	15.65	470	-
Between 29 November 2004 and 29 November 2009	15.57	1 817	-
Between 30 November 2004 and 8 December 2008	8.73	2	-
Between 6 December 2004 and 6 December 2009	16.32	11	-
Between 1 March 2005 and 1 March 2010	17.44	30	-
Between 1 March 2005 and 1 March 2010	17.58	28	-
Between 8 March 2005 and 8 March 2010	17.54	8	-
Between 18 March 2005 and 18 March 2010	16.66	9	-
Between 30 March 2005 and 30 March 2010	17.09	9	-
Between 11 April 2005 and 11 April 2010	16.02	11	-
Between 11 April 2005 and 11 April 2010	16.04	9	-
Between 18 April 2005 and 18 April 2010	16.13	1	-
Between 4 May 2005 and 4 May 2010	15.96	27	-
Between 12 May 2005 and 12 May 2010	17.44	6	-
Between 13 May 2005 and 13 May 2010	16.78	8	-
Between 18 May 2005 and 18 May 2010	16.78	13	-
Between 27 May 2005 and 27 May 2010	16.86	15	-
Between 1 June 2005 and 1 June 2010	16.78	7	-
Between 2 June 2005 and 2 June 2010	16.76	72	-
Between 7 June 2005 and 7 June 2010	17.19	6	-
Between 9 June 2005 and 9 June 2010	16.90	12	-
Between 9 June 2005 and 9 June 2010	17.51	7	-
Between 15 June 2005 and 15 June 2010	15.65	13	-
		<b>21 471</b>	<b>23 918</b>

## SHAREHOLDER INFORMATION

	Number of shareholdings	%	Number of shares	%
<b>Analysis of holdings of ordinary shares</b>				
<b>Size of holding</b>				
1 – 1 000	1 831	36.29	798 638	0.16
1 001 – 10 000	2 219	43.98	7 732 836	1.59
10 001 – 100 000	654	12.96	20 710 547	4.25
Over 100 000	341	6.77	457 998 486	94.00
	<b>5 045</b>	<b>100.00</b>	<b>487 240 507</b>	<b>100.00</b>
<b>Distribution of shareholders</b>				
Companies and close corporations	234	4.64	53 440 947	10.97
Insurance companies	367	7.27	276 456 807	56.74
Pension funds	204	4.04	129 959 120	26.67
Nominees and trusts	858	17.01	14 349 311	2.95
Individuals	3 382	67.04	13 034 322	2.67
	<b>5 045</b>	<b>100.00</b>	<b>487 240 507</b>	<b>100.00</b>





### Shareholder spread at 30 June

Pursuant to the Listings Requirements of the JSE Limited and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at 30 June was as follows:

	Number of shareholdings 2005	Number of shares 2005	% 2005	Number of shares 2004	% 2004
<b>Non-public shareholders</b>					
Truworths Limited (repurchased shares)	1	36 214 812	7.43	36 214 812	7.50
Truworths Investments (Pty) Limited (repurchased shares)	1	3 362 894	0.69	-	-
Directors of the company and subsidiaries	10	2 077 019	0.43	2 506 219	0.52
Associates of directors of the company and subsidiaries	6	7 358 506	1.51	7 798 306	1.62
Holdings by or for employees (excluding directors), in terms of the company's share scheme	5	179 615	0.04	143 466	0.03
<b>Total non-public shareholders</b>	<b>23</b>	<b>49 192 846</b>	<b>10.10</b>	<b>46 662 803</b>	<b>9.67</b>
<b>Public shareholders</b>	<b>5 022</b>	<b>438 047 661</b>	<b>89.90</b>	<b>436 069 220</b>	<b>90.33</b>
	<b>5 045</b>	<b>487 240 507</b>	<b>100.00</b>	<b>482 732 023</b>	<b>100.00</b>

### Major shareowners

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 140A(5) of the Companies Act, the following persons owned in excess of 3% of the company's shares at 30 June

	Number of shares 2005	% of issued capital 2005	Number of shares 2004	% of issued capital 2004
Public Investment Corporation	41 953 427	8.61	28 029 199	5.81
Old Mutual Life Assurance Company	37 952 368	7.79	33 321 016	6.90
Truworths Limited	36 214 812	7.43	36 214 812	7.50
Investec Group	31 293 065	6.42	41 244 124	8.54
Liberty Group	26 436 682	5.43	24 159 298	5.00
Investment Solutions	23 801 408	4.88	9 992 076	2.07
Eskom Pension and Provident Fund	14 907 092	3.06	19 204 207	3.98

### Major fund managers

According to the disclosures made by nominee and asset management companies in terms of section 140A of the Companies Act, the following fund managers administered portfolios (including those of the major shareowners above) which included more than 3% of the company's shares at 30 June

	Number of shares 2005	% of issued capital 2005	Number of shares 2004	% of issued capital 2004
Investec Asset Management	85 171 881	17.48	94 289 569	19.53
Old Mutual Asset Managers	101 501 576	20.83	80 209 294	16.62
Stanlib Asset Management	39 123 516	8.03	45 993 514	9.53
Truworths Limited	36 214 812	7.43	36 214 812	7.50
RMB Asset Managers	16 736 917	3.44	9 431 823	1.96

## NOTICE TO MEMBERS

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Notice is hereby given that the annual general meeting of members of Truworths International Limited ("the Company") will be held in the Auditorium, No.1 Mostert Street, Cape Town, South Africa on Thursday, 3 November 2005 at 09h30 for the purpose of conducting the following business:

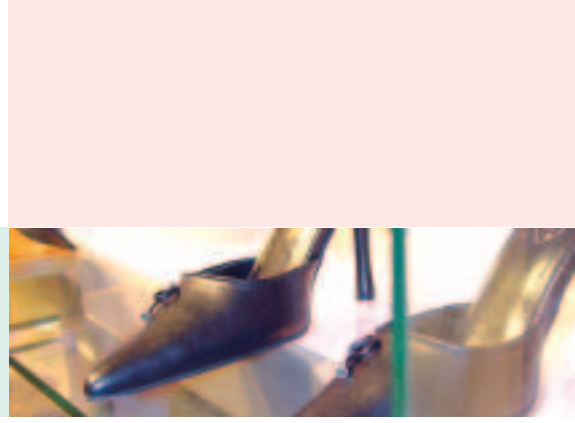
1. To receive and adopt the Company and the group's audited annual financial statements for the period ended 30 June 2005.
2. To elect directors of the Company in accordance with its articles of association which provide that:
  - At least one-third of the directors, being those longest in office at the date of the annual general meeting, should retire, but that such directors may offer themselves for re-election.
  - Messrs H Saven and RG Dow and Dr CT Ndlovu are required to retire by rotation at the annual general meeting and, being entitled thereto, have offered themselves for re-election. Voting for the directors seeking re-election will be conducted individually. A brief résumé of each of these directors is attached at the end of this notice.
3. To renew the directors' general authority (which shall be additional to the specific authority, which was renewed at the annual general meeting held on 6 November 2003 subject to a number of conditions, in respect of the shares reserved for the purposes of the Company's share scheme), which shall be limited in aggregate to 10 per cent of the Company's shares in issue at 30 June 2005, over both the un-issued shares, and the repurchased shares, of the Company until the following annual general meeting. This general authority shall include the power to allot or to sell, as the case may be, such shares for cash

subject to the provisions of the Act and JSE Limited's ("JSE") Listings Requirements. In particular this resolution, which if passed would constitute a waiver by members of their pre-emptive rights, is subject to not less than 75% of the votes to all members entitled to vote and in attendance or represented at the meeting, being cast in favour, and is further subject to paragraph 5.52 of such Requirements, which provides as follows:

- a) Such shares may only be issued or sold, as the case may be, to public shareholders as defined in the Requirements, and not to related parties
- b) Such shares may not in any one financial year in the aggregate exceed 15% of the Company's issued shares, the number that may be issued or sold, as the case may be, being determined in accordance with subparagraph 5.52 (c) of the Requirements
- c) The maximum discount at which such shares may be issued or sold, as the case may be, is 10% of the weighted average traded price of such shares on the JSE over the 30 business days preceding the date of determination of the issue or selling price, as the case may be.

*The **reason** for proposing this resolution is to authorise the directors to issue the un-issued shares of the Company and sell the treasury shares held by subsidiaries, together being limited to 10% of the shares in issue at 30 June 2005, subject to regulatory and statutory limitations, either for cash or in respect of the acquisition of assets, or otherwise.*

*The **effect** of this resolution, were it to be passed, would be that the directors will have a limited authority to issue the un-issued shares of the Company and use the treasury shares held by subsidiaries, subject to the applicable*



*provisions of the JSE's Listings Requirements, the Act and the provisions of the resolution.*

4. To consider and if deemed fit to pass, with or without modification, the following as special resolution 1:

"That the Company hereby approves, as a general approval contemplated in the Act, the acquisition from time to time, either by the Company itself or by its subsidiaries, of the Company's issued shares, upon such terms and conditions and in such amounts as the directors of the Company may from time to time decide, subject however to the provisions of the Act and the Listings Requirements of the JSE relating to general repurchases of shares, it being recorded that it is currently required that general repurchases of a Company's shares can be made only if:

- (a) the Company and its subsidiaries are enabled by their articles to acquire such shares
- (b) the Company and its subsidiaries are authorised by their members in terms of special resolutions taken at general meetings, to make such general repurchases, such authorisation being valid only until their next annual general meetings or for 15 months from the date of the special resolutions, whichever period is shorter
- (c) such repurchases are effected through the order book operated by the JSE trading system and without any prior understanding or arrangement between the Company and a counter party
- (d) such repurchases are limited to a maximum of 20% per financial year of the Company's issued shares of that class at the time the aforementioned authorisation is given, a maximum of 10% in aggregate

of the Company's issued shares that may have been repurchased being capable, in terms of the Companies Act, of being held by subsidiaries of the Company

- (e) such repurchases are made at a price no greater than 10% above the weighted average market price of the Company's shares traded on the JSE over the five business days immediately preceding the date on which the transaction is effected
- (f) at any point in time, the Company appoints only one agent to effect any repurchase on the Company's behalf
- (g) the Company may only undertake such repurchases if thereafter it still complies with the JSE's Listings Requirements concerning shareholder spread
- (h) such repurchases are not effected during prohibited periods as defined by the JSE."

*The **reason** for this special resolution is to authorise the Company or its subsidiaries generally to repurchase the Company's shares by way of bona fide open market transactions on the JSE, subject to statutory and regulatory limitations and controls.*

*The **effect** of this special resolution were it to be passed would be that the Company and its subsidiaries will have been authorised generally to repurchase the Company's shares by way of bona fide open market transactions on the JSE, subject to statutory and regulatory limitations and controls.*

#### **Directors' Responsibility Statement**

The directors of the Company, whose names are given on page 11 of the annual report in which this notice is incorporated, collectively and individually accept full responsibility for the accuracy of the information given in this notice in respect of this resolution, and certify that to the best of their knowledge and belief there

## NOTICE TO MEMBERS

(continued)

are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that, in respect of this resolution, the notice contains all information required by the JSE Listings Requirements.

The other general information referred to in paragraph 11.26 (b) of the Listings Requirements of the JSE regarding the Company is contained elsewhere in this annual report, as follows:

- Directors of the Company and of its material subsidiary, on pages 11, 31, 32, 54-56, 58 and 61.
- Major shareholders on pages 168 and 169.
- Material changes since year-end, on pages 115 and 158.
- Directors' interests in the Company's shares, on pages 146 and annexure two.
- Company's share capital, on pages 135 and 136

Furthermore, neither the company nor its subsidiaries is involved in any legal or arbitration proceedings, nor are any such proceedings pending or threatened, that may or have had any material effect on the group's financial position.

Although no such repurchases are currently in contemplation, the general authority to repurchase the Company's shares will be effected within the parameters laid down by the JSE as and when the directors of the Company deem it to be appropriate. After considering the effect of a general repurchase within these parameters, the directors are of the view that for a period of at least 12 months after the date of the annual general meeting referred to in this notice:

- the Company and the group would in the ordinary course of their business be able to pay their debt
- the consolidated assets of the Company and the group would exceed the liabilities of the Company and the group, such assets and liabilities being recognised and measured in accordance with the accounting policies used in the financial statements contained in this annual report
- the issued capital and reserves of the Company and the group would be adequate for the purposes of the Company and the group's business
- the Company and the group's working capital would be sufficient for their requirements.

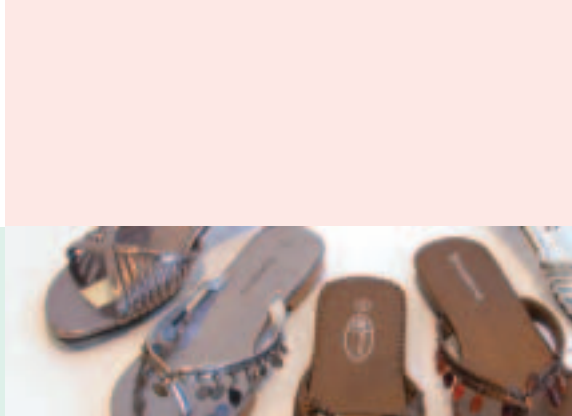
*Notes:*

*(i) The Company will publish an announcement complying with the JSE's Listings Requirements if and when an initial and successive 3% tranche(s) of its shares have been repurchased in terms of the aforementioned general authority.*

*(ii) The Company's sponsor will provide a letter to the JSE, regarding the directors' statement as to the adequacy of the group's working capital, before the Company commences any share repurchases in terms of the general authority being hereby sought.*

5. To elect independent external auditors in respect of the audit of the group's annual financial statements for the year ending 30 June 2006.

The group's current external auditors are Ernst & Young and the directors recommend that they be reappointed for the ensuing period, and that the terms of their



engagement and their fees be determined by the company's audit committee.

6. To approve the fees of the non-executive directors for the year ended 30 June 2005.

During the year fees as detailed in the annual financial statements were paid to the non-executive directors for services rendered as directors, and members are being asked to approve these fees.

## **Voting**

### **By registered shareowners**

Any member of the Company registered as such, either as a holder of shares in certificated form or as an "own name" holder of shares in dematerialised (ie electronic) form, may attend, speak and vote at the annual general meeting. Alternatively every such member may appoint a proxy, who need not be a member of the Company, to attend the annual general meeting and speak and, on a poll, vote thereat in his/her stead. To this end the enclosed proxy form must be lodged with Computershare Investor Services 2004 (Pty) Limited, the transfer secretaries of the Company, at least twenty-four hours before the appointed time of the meeting.

Any juristic person or corporate body registered as a member of the Company may either appoint a representative to attend the annual general meeting and speak and vote thereat on its behalf, or alternatively appoint a proxy bearing in mind that such proxy will only be able to vote on a poll. This entitlement shall be subject to the requirement that proof of such appointment is furnished to the satisfaction of the directors of the Company prior to the commencement of the meeting. Such proof can take the form of either a certified copy of a resolution of the juristic person or corporate body or by way of a letter signed by an officer thereof.

### **By non-registered shareowners**

Shareowners, who have dematerialised their Company shareholdings, such that these holdings are no longer recorded in their own names in the sub-registers maintained by Central Securities Depository Participants (CSDP's), are not Company members as defined. Similarly, shareowners whose shares held in certificate form are registered in the name of nominee companies, are also not Company members as defined.

Both such categories of shareowners who wish to attend the Company's annual general meeting should arrange with their CSDP's or brokers to be furnished with the necessary authorisation to do so as the proxy or representative of such CSDP's or brokers.

Both such categories of shareowners, who are either unable or unwilling to attend the annual general meeting, but nonetheless wish to be represented thereat, should provide their CSDP's or brokers with their voting instructions. These instructions should be given in sufficient time, and in accordance with the agreement between them, to enable the CSDP's, or brokers to lodge appropriate forms of proxy or appoint suitable representatives for the meeting in accordance with such instructions.

By order of the board

**C Durham**

*Company Secretary*

18 August 2005

Cape Town

## NOTICE TO MEMBERS

(continued)

### **Directors standing for re-election**

#### **Robert Gilmar Dow**

**BSc (Hons), DipAcc (Dist), CA**

**Independent Non-Executive Director**

**Chairman of the Remuneration Committee**

**Member of the Audit Committee**

Rob Dow has been a non-executive director of the company and a member of its remuneration committee since 1998. He became chairman of the remuneration committee in 2000 and was appointed to the audit committee in 2002.

He has extensive corporate finance and merchant banking experience, firstly with Standard Corporate and Merchant Bank, and from 1995 onwards with African Merchant Bank of which he was a founder. He was until 2002 chief executive officer of AMB Holdings Limited and executive chairman of AMB Private Equity Partners Limited. He has also served on the boards of empowerment groups such as Nozala Holdings Limited and Nozala Investments Limited.

Currently an investment adviser and business consultant, he contributes meaningfully to the company's governance, investment and finance activities.

#### **Cynthia Thandi Ndlovu**

**BSc MBChB**

**Independent Non-Executive Director**

Thandi Ndlovu has been an independent non-executive director of the company since 2001 and has served on the group's ethics and governance committee.

She is a medical doctor by training and operates as an independent medical practitioner in southern Gauteng. She is also extensively involved in the building industry, particularly in the low-cost housing sector, through the Motheo group of companies. She has served as a non-executive director on a number of companies' boards, including Wooltru Limited, Medscheme Limited and Women's Development Bank Investment

Holdings (Pty) Limited (of which she is currently the chairperson), and acts as a trustee of Orange Farms Community Broadcasting Station Trust.

With her wide experience in the medical field and involvement in various empowerment and developmental initiatives, she is able to provide valuable guidance to the group in the spheres of HIV and AIDS, transformation and skills development.

#### **Hilton Saven**

**B Com, CA (SA)**

**Chairman and Independent Non-Executive Director**


**Member of the Audit Committee**

**Member of the Remuneration Committee**

Hilton Saven was appointed as an independent non-executive director of the company and a member of its audit committee with effect from 1 February 2003. On 20 February 2003 he was appointed as a member of its remuneration committee, and between 13 May 2003 and 20 May 2004 he was chairman of the company's audit committee. Since 20 May 2004 he has been the chairman of the company's board.

He is a chartered accountant by training and has pursued a career in the accounting profession since 1975 with the firm Moores Rowland, currently being the senior partner of the Cape Town practice and chairman of Moores Rowland South Africa. He sits on the board of Moores Rowland International, which is an association of independent accounting firms throughout the world, and is a non-executive director of the JSE-listed Lewis Group Limited.

His varied professional experience across numerous sectors enables him to add substantial value to the group's accounting and financial disclosure, corporate governance, transaction structuring and communication with shareholders.

Designed by motiv

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# FORM OF PROXY



## TRUWORTHS INTERNATIONAL LIMITED

(Registration number 1944/O17491/O6) JSE Limited Code: TRU; NSX Code: TRW; ISIN: ZAE000028296

### Annual general meeting: 3 November 2005

**NB:** This form of proxy is to be completed only by shareholders who hold their shares in certificated form, and by those shareholders who hold dematerialised shares with "own name" registration. Other shareholders must give their voting instructions to their Central Securities Depository Participant (CSDP) or broker.

I/We (full names) \_\_\_\_\_

of (address) \_\_\_\_\_

being a member of Truworths International Limited ("the Company") and holding \_\_\_\_\_ shares therein, hereby appoint \_\_\_\_\_ or failing him, the chairman of the meeting as my/our proxy to attend, speak and, on a poll, vote on my/our behalf, as indicated below, at the annual general meeting of members of the Company to be held on 3 November 2005 at 09h30 in the Auditorium, 1st Floor, No. 1 Mostert Street, Cape Town, South Africa and at any adjournment thereof.

		In favour of	Against	Abstain
Item (1)	To receive and adopt the annual financial statements for the period ended 30 June 2005			
Item (2)	To re-elect the retiring directors who have offered themselves for re-election:			
	• RG Dow			
	• CT Ndlovu			
	• H Saven			
Item (3)	To give the directors limited and conditional general authority over the unissued and repurchased shares, including the authority to issue or dispose of such shares for cash			
Item (4)*	To give a limited and conditional general mandate for the Company or its subsidiaries to acquire the Company's shares			
Item (5)	To re-elect Ernst & Young as auditors for the period to 30 June 2006 and to authorise the audit committee to agree the relevant terms and fees			
Item (6)	To approve the fees of the non-executive directors for the period ended 30 June 2005			

\* Special resolution

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

Signature \_\_\_\_\_

## FORM OF PROXY

(continued)

### Notes:

1. A member registered as such (either as the holder of shares in certificated form whose name is reflected in the register of company members, or as the holder of shares in dematerialised form whose name is reflected in a sub-register maintained by a CSDP) is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead. A proxy need not be a member of the company. Dematerialised shareholders, other than those with "own name" registration, must notify their CSDP or broker of how they wish to vote, in terms of the custody agreement between the shareholder and his/her CSDP or broker. This should be done in the manner and cut-off time stipulated by the CSDP or broker.
2. Forms of proxy, in order to be valid, must be lodged at or posted to the office of the company's transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, South Africa or PO Box 61051, Marshalltown, 2107, South Africa, or Transfer Secretaries (Pty) Limited, Shop 12, Kaiserkrone Centre, Post Street Mall, Windhoek, Namibia or PO Box 2401, Windhoek, Namibia, so as to be received at least 24 hours before the commencement of the meeting.
3. If two or more proxies attend the meeting on behalf of the same member, then the person attending the meeting whose name appears first on the form of proxy and whose name is not deleted shall be regarded as the validly appointed proxy.
4. The authority of a person signing a form of proxy in a representative capacity must be attached to the form of proxy, unless such authority has already been recorded by the company.
5. The delivery of a duly completed form of proxy shall not preclude any member or his duly authorised representative from attending the meeting and speaking and voting thereat to the exclusion of the proxy.
6. If this form of proxy is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.



## SHAREHOLDERS' DIARY

### Annual general meeting

3 November 2005

### Reports

Annual results for the period ended 30 June 2005 announced	18 August 2005
Annual report for the period ended 30 June 2005 mailed	By 30 September 2005*
Interim results for the period ended 31 December 2005 announced	23 February 2006*

### Dividends

#### Dividend declared

#### Dividend paid

For the period ended 30 June 2005 (Dividend number 15)	18 August 2005	12 September 2005
For the period ended 31 December 2005 (Dividend number 16 )	23 February 2006*	20 March 2006*

\* These are approximate dates

## ADMINISTRATION

Truworths International Limited, (registration no 1944/O17491/O6)  
JSE Limited code: TRU • NSX code: TRW • ISIN: ZAE000028296

### Company secretary

Chris Durham, FCIS, PG Dip. Adv. Co Law (UCT)

### Registered office

No.1 Mostert Street, Cape Town, 8001, South Africa

### Postal address

PO Box 600, Cape Town, 8000, South Africa  
Tel: +27 21 460 7911 • Telefax: +27 21 460 7132  
www.truworths.co.za

### Transfer secretaries

#### In South Africa

Computershare Investor Services 2004 (Pty) Limited  
70 Marshall Street, Johannesburg, 2001, South Africa  
Tel: +27 11 370 5000 • Telefax: +27 11 370 5271  
www.computershare.com

#### In Namibia

Transfer Secretaries (Pty) Limited  
Shop 12, Kaiserkrone Centre, Post Street Mall  
Windhoek, Namibia  
Tel: +264 61 22 3162 • Telefax: +264 61 24 8531

### Principal bankers

The Standard Bank of South Africa Limited

### Auditors

Ernst & Young

### Lead sponsor in South Africa

Barnard Jacobs Mellet Corporate  
Finance (Pty) Limited

### Joint Sponsor in South Africa

The Standard Bank of South Africa Limited

### Sponsor in Namibia

Old Mutual Investment Services (Namibia)  
(Pty) Limited

### Attorneys

Bernadt Vukic Potash and Getz  
Edward Nathan and Friedland  
Sonnenberg Hoffmann and Galombik  
MacRoberts Inc

[www.truworths.co.za](http://www.truworths.co.za)

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