Contents

Independent Auditor's Report

To the members of Truworths International Limited

We have audited the annual financial statements and Group annual financial statements of Truworths International Limited, which comprise the Directors' Report, the Audit Committee Report, the statements of financial position as at 28 June 2009, the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the period then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 128 to 218.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the Group as at 28 June 2009, and of the financial performance and their cash flows for the period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, as amended.

Ernst & Young Inc.

ERNST & YOUNG INC.
Registered auditor

19 August 2009
Cape Town

Approval of Annual Financial Statements

The directors' responsibility for the annual financial statements is set out in the Corporate Governance Report on page 93.

The Group and company annual financial statements, which appear on pages 128 to 218, were approved by the board of directors on 19 August 2009 and are signed on its behalf by:

H Saven
Chairman

MS Mark
Chief Executive Officer

19 August 2009

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 Companies Act of South Africa, and that all such returns are true, correct and up to date.

C Durham
Company Secretary

19 August 2009

Directors' Report

at 28 June 2009

The directors have pleasure in submitting their report together with the Group and company annual financial statements for the 52 week period ended 28 June 2009.

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 Group and company annual financial statements which follow.

DIVIDENDS

Details of the dividends paid by the company during the period are disclosed in note 13 of the company annual financial statements. On 19 August 2009 the directors of the company resolved to declare a final cash dividend from retained income in respect of the period in the amount of 83 cents per share, to shareholders registered on 11 September 2009.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

DIRECTORS AND SECRETARY

The names of the directors and Company Secretary in office at 28 June 2009 are set out on pages 36 and 37 and on page 226 of the annual report. Wayne van der Merwe resigned as director on 27 March 2009, and Quentin Scorgie was appointed as director on 28 April 2009.

SUBSIDIARY COMPANIES

Annexure One, containing full particulars of the Group's subsidiary companies, appears on page 210 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.

SPECIAL RESOLUTIONS BY SUBSIDIARY COMPANIES

By way of special resolution taken on 19 February 2009 and registered on 8 June 2009, Truworths Investments Four (Pty) Limited was generally authorised to acquire the shares of its holding company.

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

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

No event which is material to the understanding of this report has occurred between the end of the reporting period and the date of this report.

Audit Committee Report

at 28 June 2009

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

This report of the committee is presented to shareholders in compliance with the requirements of the Companies Act of South Africa as amended by the Corporate Laws Amendment Act.

ROLE OF THE COMMITTEE

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

- aims to ensure the maintenance of adequate accounting records and effective financial reporting and internal control systems;
- aims to ensure compliance of published financial reports with relevant legislation, regulation, accounting practices and good governance;
- aims to ensure Group assets are safeguarded;
- confirms the nomination and appointment of the auditor each year;
- approves the terms of engagement and fees paid to the auditor;
- defines and considers the non-audit services rendered by the auditor;
- considers the findings arising from the annual financial statement audit;
- monitors the functioning of the internal audit department;
- reviews risk and tax management programmes and initiatives; and
- fulfils the function of Audit Committee to Group subsidiaries and charitable trusts.

STRUCTURE OF THE COMMITTEE

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

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

Details of the committee members appear on page 87. Fees paid to the committee members are outlined in note 27.1 of the Group annual financial statements.

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

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

INTERNAL AUDIT

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

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

The scope of the internal audit department work includes:

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

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

INTERNAL CONTROLS

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

- strong responsibility for controls by executives;

Audit Committee Report

at 28 June 2009 (continued)

- commitment to integrity and ethical values; and
- skills and competence of executives.

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

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

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

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

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

The committee reports that during the period under review:

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

EXTERNAL AUDIT

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

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

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

AUDITOR INDEPENDENCE

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

This conclusion is *inter alia* based on the Group's policy which materially limits the extent of non-audit services which can be provided by the auditor; Ernst & Young Inc.'s strictly enforced policies that preclude its personnel from holding shares in or having other business relationships with the Group, as well as the fact that Ernst & Young Inc. did not provide any services which could be construed as participating in the management of the Group's affairs during the reporting period.

The committee has developed a policy which seeks to maintain the external auditor's independence through limiting the provision of non-audit services by the auditors. The auditor is restricted from rendering accounting, company secretarial, internal audit, legal, valuation, financial information system design, actuarial, management, human resource and investment services.

Furthermore, the provision of non-restricted non-audit services is subject to prior approval by the committee if the fees exceed R100 000 (currently less than 5% of the annual audit fee) and requires appropriate disclosure in the financial statements. Details of non-audit services for the reporting period are presented and approved at committee meetings. During the period the external auditor received R74 000 for non-audit services relating to taxation and other services to the Group, equivalent to 3% of the annual audit fee. (Refer to note 26.5 of the Group annual financial statements.)

COMMITTEE FUNCTIONING

During the reporting period, three committee meetings were held. These meetings were called by written notice, issued at least five business days before the meeting, together with detailed minutes of the prior meeting and comprehensive agendas, supported by written reports and papers from management. Meetings are scheduled to coincide with the key dates in the financial reporting and audit cycle.

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

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

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

During the reporting period the committee undertook the following:

- nominated for appointment the external auditor;
- noted which audit partner had been assigned to the annual statutory audit engagement;
- considered and approved the external auditor's fees and terms of engagement that had been negotiated by management;
- obtained assurance from management that the auditor's appointment complied with legislative requirements; and
- amended the Group's policy which determines the nature and extent of the non-audit services which the external auditor can provide and the situations in which the committee's pre-approval is required.

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

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

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

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

CHIEF FINANCIAL OFFICER EXPERTISE AND EXPERIENCE

Based on a consideration of his qualifications, his participation in continuing professional education and the nature, duration, recency and relevance of his experience in relation to his current role, as well as on an assessment of his financial acumen by senior colleagues, the committee reports in terms of the JSE Listings Requirements that it is satisfied as to the appropriateness of the expertise and experience of the Group's Chief Financial Officer.

APPROVAL OF THE REPORT

The committee confirms that it has functioned in accordance with its charter for the reporting period and that its report to shareholders was approved by the board on 19 August 2009.

MA Thompson
Chairman
Audit Committee

Group Statements of Financial Position

		Note	at 28 June 2009 Rm	at 29 June 2008 Rm
ASSETS				
Non-current assets			**927**	848
Property, plant and equipment		2	**618**	527
Goodwill		3	**90**	90
Intangible assets		4	**48**	53
Derivative financial asset		5	**25**	16
Available-for-sale asset		6	**1**	–
Loans and receivables		7	**97**	99
Deferred tax		16	**48**	63
Current assets			**3 579**	3 055
Inventories		9	**463**	397
Trade and other receivables		10	**2 281**	2 077
Derivative financial asset		5	**23**	5
Prepayments			**45**	43
Cash and cash equivalents		11	**767**	533
Total assets			**4 506**	3 903
EQUITY AND LIABILITIES				
Equity				
Share capital and premium		12,13	**65**	50
Treasury shares		14	**(763)**	(604)
Retained earnings			**4 208**	3 457
Non-distributable reserves		15	**41**	17
Total equity			**3 551**	2 920
Non-current liabilities			**94**	85
Post-retirement medical benefit obligation		17.1	**32**	28
Cash-settled compensation obligation		27.6.2	**14**	7
Straight-line operating lease obligation		18.1	**48**	50
Current liabilities			**861**	898
Trade and other payables		19	**705**	658
Derivative financial liability		20	**18**	–
Provisions		21	**49**	43
Tax payable			**89**	197
Total liabilities			**955**	983
Total equity and liabilities			**4 506**	3 903
Number of shares in issue (net of treasury shares)	(millions)	12	**424.9**	428.3
Net asset value per share	(cents)	12	**835.7**	681.8
Key ratios				
Return on equity	(%)		**44**	48
Return on capital	(%)		**65**	71

Group Statements of Comprehensive Income

		Note	52 weeks to 28 June 2009 Rm	53 weeks to 29 June 2008 Rm	% change
Revenue		25	**7 014**	6 322	11
Sale of merchandise		25	**6 247**	5 651	11
Cost of sales			**(2 817)**	(2 568)	10
Gross profit			**3 430**	3 083	
Other income		25	**153**	146	5
Trading expenses			**(2 083)**	(1 874)	11
Depreciation and amortisation		26.1	**(109)**	(96)	
Employment costs		26.2	**(672)**	(600)	
Occupancy costs		26.3	**(496)**	(415)	
Trade receivable costs		26.4	**(432)**	(464)	
Other operating costs		26.5	**(374)**	(299)	
Trading profit			**1 500**	1 355	11
Interest received		25	**614**	525	
Profit before tax			**2 114**	1 880	12
Tax expense		28.1	**(680)**	(596)	
Profit for the period			**1 434**	1 284	12
Profit for the period attributable to:					
Owners of the parent			**1 434**	1 277	12
Minority interest			**–**	7	(100)
			1 434	1 284	12
Other comprehensive income					
Movement in effective portion of cash flow hedge		5	**14**	(17)	
Deferred tax on movement in effective portion of cash flow hedge		15	**(4)**	5	
Revaluation of available-for-sale asset		6	**1**	–	
Other comprehensive income for the period, net of tax			**11**	(12)	
Total comprehensive income for the period			**1 445**	1 272	14
Total comprehensive income attributable to:					
Owners of the parent			**1 445**	1 265	14
Minority interest			**–**	7	(100)
			1 445	1 272	14
Basic earnings per share	(cents)	30.1	**337.2**	295.6	14
Headline earnings per share	(cents)	30.1	**337.6**	295.6	14
Fully diluted basic earnings per share	(cents)	30.2	**331.3**	289.6	14
Fully diluted headline earnings per share	(cents)	30.2	**331.7**	289.6	15
Weighted average number of shares	(millions)	30	**425.3**	432.0	
Key ratios					
Gross margin	(%)		**55**	55	
Trading expenses to sale of merchandise	(%)		**33**	33	
Trading margin	(%)		**24**	24	
Operating margin	(%)		**34**	33	

Group Statements of Changes in Equity

	Note	Share capital and premium Rm	Treasury shares Rm	Retained earnings Rm	Non–distributable reserves Rm	Total attributable to owners of the parent Rm	Minority interest Rm	Total equity Rm
2008								
Balance at the beginning of the period		36	(421)	2 756	23	2 394	10	2 404
Total comprehensive income for the period		–	–	1 277	(12)	1 265	7	1 272
Acquisition of minority interest in subsidiary	33.1	–	–	–	–	–	(17)	(17)
Dividends	29	–	–	(576)	–	(576)	–	(576)
Premium on shares issued	13	14	–	–	–	14	–	14
Shares repurchased	14	–	(183)	–	–	(183)	–	(183)
Share-based payments	27.6.1	–	–	–	6	6	–	6
Balance at 29 June 2008		50	(604)	3 457	17	2 920	–	2 920
2009								
Balance at the beginning of the period		50	(604)	3 457	17	2 920	–	2 920
Total comprehensive income for the period		–	–	1 434	11	1 445	–	1 445
Dividends	29	–	–	(683)	–	(683)	–	(683)
Premium on shares issued	13	15	–	–	–	15	–	15
Shares repurchased	14	–	(159)	–	–	(159)	–	(159)
Share-based payments	27.6.1	–	–	–	13	13	–	13
Balance at 28 June 2009		65	(763)	4 208	41	3 551	–	3 551

		2009	2008
Cents per share:			
Dividends	29	171	144
Final – payable September		83	72
Interim – paid March		88	72

Group Statements of Cash Flows

		Note	52 weeks to 28 June 2009 Rm	53 weeks to 29 June 2008 Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash flow from trading and cash EBITDA*		32.1	**1 661**	1 474
Working capital movements		32.2	**(246)**	(104)
Cash generated from operations			**1 415**	1 370
Interest received		25	**614**	525
Tax paid		32.3	**(777)**	(595)
Cash inflow from operations			**1 252**	1 300
Dividends paid		32.6	**(683)**	(575)
Net cash from operating activities			**569**	725
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of plant and equipment to maintain operations		32.4	**(31)**	(32)
Acquisition of property, plant and equipment to expand operations		32.5	**(164)**	(129)
Acquisition of computer software		4	**(3)**	(5)
Proceeds on disposal of plant and equipment			**1**	–
Net investment in subsidiary		32.7	**–**	(35)
Minority interest loans acquired		33.1	**–**	(30)
Loans advanced		7	**(1)**	–
Loans repaid		7	**7**	10
Acquisition of cash-settled call options		5	**–**	(18)
Proceeds on disposal of cash-settled call options		5	**14**	9
Settlement of cash-settled compensation obligation		27.6.2	**(14)**	(9)
Net cash used in investing activities			**(191)**	(239)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds on shares issued		12,13	**15**	14
Shares repurchased by subsidiaries		14	**(159)**	(183)
Net cash used in financing activities			**(144)**	(169)
Net increase in cash and cash equivalents			**234**	317
Cash and cash equivalents at the beginning of the period			**533**	216
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		11	**767**	533
Key ratios				
Cash flow per share	(cents)	30.3	**294.4**	300.9
Cash equivalent earnings per share	(cents)	30.4	**377.6**	313.9
Cash realisation rate	(%)	30.5	**78**	96

* Earnings before interest, tax, depreciation and amortisation

Notes to the Group Annual Financial Statements

CORPORATE INFORMATION

The consolidated financial statements of Truworths International Limited and its subsidiaries for the 52 weeks ended 28 June 2009 were authorised for issue in accordance with a resolution of the directors taken on 19 August 2009. Truworths International Limited, the holding company of the Group, is incorporated and domiciled in the Republic of South Africa, and its members have limited liability.

STATEMENT OF COMPLIANCE

The annual financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa (61 of 1973).

GLOSSARY OF FINANCIAL REPORTING TERMS

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

GROUP STRUCTURES

Company	Truworths International Limited
Entity	The company or any one of its subsidiaries
Group	The company and all of its subsidiaries
Subsidiary	Any entity over which the Group has the power to exercise control (including the Truworths International Limited Share Trust)

ACCOUNTING

Acquisition date
The date on which an entity effectively obtains control of the net assets and operations of a subsidiary.

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

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

Business combination
The bringing together of separate entities or businesses into one reporting entity.

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

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

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

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

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

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

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

Discount rate	The rate that reflects current market assessments of the time value of money and the risks specific to an asset. It is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.
Effective interest rate	The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability.
Fair value	The amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties at arm's length.
Foreign currency	A currency other than the functional currency of the entity.
Functional currency	The currency of the primary country in which the entity operates.
Key management personnel	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any director of that entity.
Operating segment	An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses (including transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's board which makes decisions about resource allocation and which assesses segmental performance, and for which discrete financial information is available.
Pooling of interest method of accounting	A method of accounting for business combinations involving entities under common control, whereby those entities combine their net assets and operations at carrying amounts and the financial statements are presented as if the entities had always been combined.
Presentation currency	The currency in which the financial statements are presented.
Projected unit credit method	An actuarial valuation method to determine the present value of an entity's defined benefit obligations and the related current and, where applicable, past service cost. The method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.
Provision	A liability of uncertain timing or amount.
Purchase method of accounting	A method of accounting for business combinations whereby an entity recognises the subsidiary's or associate's identifiable assets, liabilities and contingent liabilities at their fair values at the acquisition date, together with any associated goodwill.
Recoverable amount	For an asset or a cash-generating unit, this is the higher of its fair value less costs to sell, and its value in use.
Related party	A party is related to an entity if it: a) directly, or indirectly through one or more intermediaries: (i) controls, is controlled by, or is under common control with, the entity; (ii) has an interest in the entity that gives it significant influence over the entity; or (iii) has joint control over the entity; b) is an associate of the entity; c) is a joint venture in which the entity is a venturer; d) is a member of the key management personnel of the entity or its parent; e) is a close family member of any individual referred to in (a) or (d);

Notes to the Group Annual Financial Statements

Related party (continued)	f) is an entity that is controlled, jointly controlled or significantly influenced by, or over which significant voting power resides with, directly or indirectly, any individual referred to in (d) or (e); or g) is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.
Value in use	The present value of the future cash flows expected to be derived from an asset or a cash-generating unit.

FINANCIAL INSTRUMENTS

Available-for-sale financial asset	Non-derivative financial assets that are designated as available-for-sale or are not classified as: • loans and receivables; • held-to-maturity investments; or • financial assets at fair value through profit or loss.
Cash flow hedge	A hedge of the exposure to variability in cash flows that: • is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; and • could affect profit or loss.
Credit risk	The risk that a counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.
Currency risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
Derivative financial instrument	A financial instrument: • whose value changes in response to movements in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; • that requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to respond similarly to changes in market factors; and • that is settled at a future date.
Equity instrument	A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
Fair value hedge	A hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss.
Financial asset	Any asset that is: • cash; • an equity instrument of another entity; • a contractual right: (i) to receive cash or another financial asset from another entity; or (ii) to exchange financial instruments with another entity under conditions that are potentially favourable; or

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

Financial asset or financial liability at fair value through profit or loss

A financial asset or financial liability that meets either of the following conditions:

- it is classified as held-for-trading; or
- upon initial recognition it is designated by the entity as at fair value through profit or loss.

An entity may use this designation only when permitted, or when doing so results in more relevant information because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

Financial instrument

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

Financial liability

Any liability that is:

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

Forecast transaction

An uncommitted but anticipated future transaction.

Hedge effectiveness

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

Hedged item

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

Hedging instrument

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

Notes to the Group Annual Financial Statements

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

1 PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of preparation of financial results

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

1.1.1 The Group has adopted the following amended IFRS during the period, earlier than required by the standard, and such adoption did not have any material effect on the financial performance and position of the Group. The adoption gave rise to additional disclosures and changes to the presentation of comparative information:

IAS 1, 'Presentation of Financial Statements (Revised)'.

The revised version of IAS 1 introduces changes in terminology, notably 'balance sheet' to 'statement of financial position', and a single statement of comprehensive income. This latter statement includes the income statement and a section for 'other comprehensive income'. Other comprehensive income details non-owner movements in equity, previously disclosed as separate line items in the statement of changes in equity. Only the total of these movements is now presented in the statement of changes in equity.

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

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

1.2 Basis of consolidation of financial results

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

Subsidiaries

The results of subsidiaries are consolidated from acquisition date. Acquisitions from outside the Group are included in the Group financial statements using the purchase method of accounting, whilst the acquisition of entities under common control is accounted for using the pooling of interest method. Under the purchase method, the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

When control is obtained in successive share purchases, each significant transaction is accounted for separately. The identifiable assets, liabilities and contingent liabilities are stated at fair value when control is obtained. The purchase of minority shareholdings in existing subsidiaries is accounted for as an adjustment in the related goodwill balance.

Minority interests in the net assets are determined as the minority shareholders' proportionate share of the fair value of the net assets of the subsidiary acquired at the date of the original business combination, together with the minorities' share of changes in equity since the date of the combination.

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

The company carries its investments in subsidiaries at fair value.

The financial statements of subsidiaries are prepared for the same reporting period as the holding company, using consistent accounting policies.

1.3 Use of estimates and judgements in the preparation of annual financial statements

In the preparation of the annual financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates.

Actual results in the future could differ from these estimates and these differences may be material to the financial statements within the next reporting period. The key assumptions concerning estimation uncertainties at the end of the reporting period are discussed on the next page.

Notes to the Group Annual Financial Statements

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.3 Use of estimates and judgements in the preparation of annual financial statements (continued)

Property, plant and equipment

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

Trademarks

The Group's acquired trademark is regarded as having an indefinite useful life. The useful life is assessed at each reporting date. This judgement is based on the market and trading conditions applicable to the Group, management's expectations and strategy for the use of the trademark, as well as key performance indicators, including sales growth rate and operating margin, of the cash-generating unit which uses the trademark. (Refer to note 4 for further detail.)

Asset impairment

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

Allowances for inventories

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

Doubtful debt allowance

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

Post-retirement medical benefits

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

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

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

1.4 Business combinations and goodwill

Initial recognition and measurement

The acquisition of entities from outside the Group is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of the assets given and liabilities incurred or assumed, plus any costs directly attributable to the business combination. The subsidiary's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations', and are recognised and measured at fair value less costs to sell.

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the Group's attributable share of the fair value of the net identifiable assets at the date of acquisition. If the Group's interest in the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

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

Subsequent measurement

If the initial accounting for business combinations, other than acquisitions accounted for using the pooling of interest method, has been determined provisionally, then adjustments to these values resulting from the emergence of new information within twelve months after the acquisition date are made against goodwill. In addition, the cost of the business combination and, subsequently, goodwill are adjusted for changes in the estimated value of contingent considerations in respect of the business combination when they arise.

Goodwill is reflected at cost less accumulated impairment losses.

Impairment

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

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

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

1.5 Foreign currency translation

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

Translation of foreign currency transactions

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

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

1.6 Property, plant and equipment

Initial recognition and measurement

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

Subsequent measurement

Buildings owned by the Group are classified as owner-occupied property and carried at cost less accumulated depreciation and impairment losses.

Land is carried at cost and is not depreciated.

Plant, equipment, furniture and fittings and computer equipment are carried at cost less accumulated depreciation and impairment. When these assets comprise major components with different useful lives, these components are accounted for as separate items. Expenditure incurred to replace or modify a significant component of these assets is capitalised if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be reliably measured. Any remaining book value of the component replaced is written off in profit or loss. All other expenditure is recognised in profit or loss.

Depreciation

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

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.6 Property, plant and equipment (continued)

Depreciation (continued)

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

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

Derecognition

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

Impairment

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

1.7 Computer software

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

Initial recognition and measurement

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

Subsequent measurement

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

Amortisation

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

Derecognition

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

Impairment

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

1.8 Trademarks

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

Initial recognition and measurement

Where payments are made for the acquisition of a trademark, the amounts are capitalised at cost. Trademarks acquired through an acquisition of an entity are initially recognised at fair value.

Subsequent measurement

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

Impairment

Trademarks are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amounts may be impaired.

The impairment recognised in profit or loss is the excess of the carrying amount over the recoverable amount. Recoverable amounts are estimated for individual trademarks or, when an individual trademark cannot generate cash flows independently, the recoverable amount is determined for the larger cash-generating unit to which the trademark belongs.

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

1.9 Impairment of non-financial assets

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

If the recoverable amount of the asset is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit is reduced to the recoverable amount. The impairment is recognised in profit or loss as an expense. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash flows independently, for the larger cash-generating unit to which the asset belongs.

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

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

1.10 Financial instruments

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

Initial recognition and measurement

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

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

Fair value

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

Categories of financial instruments and subsequent measurement

Financial assets and liabilities at fair value through profit or loss

The Group classifies its derivatives in the form of forward exchange contracts and purchased cash-settled call options as held-for-trading financial assets or liabilities. The Group has not elected to designate any other financial instruments in this category.

Notes to the Group Annual Financial Statements

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.10 Financial instruments (continued)

Financial assets and liabilities at fair value through profit or loss (continued)

The fair value of forward exchange contracts is calculated with reference to current forward exchange contracts traded in the open market with similar maturity profiles at the end of the reporting period. Positive values are recognised as current assets and negative values are recognised as current liabilities. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised under other operating expenses.

Purchased cash-settled call options are designated hedging instruments. (Refer to note 1.12 for further detail.)

Available-for-sale financial assets

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

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

The fair value of the shares held in subsidiaries is determined using valuation techniques, including market capitalisation of the Group, relative entity profit performance, recent arm's length acquisitions and other recognised valuation techniques.

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

Loans and receivables

The export partnership participation, various other amounts owing to the Group, trade and other receivables and cash and cash equivalents are classified as loans and receivables. Cash and cash equivalents comprise balances with banks and cash on hand.

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

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

Financial liabilities measured at amortised cost

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

Offset

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

Derecognition of financial assets and liabilities

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

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

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

1.11 Impairment of financial assets

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

Available-for-sale financial assets

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

Loans and receivables
If there is objective evidence that an impairment loss has been incurred (such as the probability of insolvency or significant financial difficulties of the debtor), it is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

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

Initial recognition and measurement
The Group's criteria for the application of cash flow hedge accounting require that:

- at the inception of the hedge relationship, there is formal designation and documentation of the hedging relationship, risk management objective and strategy for undertaking the hedge;

- the hedge transaction is expected to be highly effective in achieving offset in changes in cash flows attributable to the hedged risk;

- the effectiveness of the hedge can be reliably measured;

- the forecast transaction that is the subject of the cash flow hedge must be highly probable; and

- the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

The hedging instrument is initially measured at fair value.

Subsequent measurement
The fair value of the cash-settled call options issued is obtained from a valuation performed by a third party financial institution at the close of business on the last business day of the reporting period.

The effective part of any gain or loss arising on the purchased cash-settled call option is recognised directly in a separate cash flow hedging reserve in the statement of changes in equity until the hedged transaction affects profit or loss. The ineffective part of any gain or loss is recognised in profit or loss.

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

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

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

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.14 Share capital and share premium

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

1.15 Treasury shares

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

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

1.16 Employee benefits

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

Short-term employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Share-based payments

Equity-settled share options

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

The cost of the services received from employees and the corresponding increase in the equity-settled compensation reserve are measured with reference to the fair value of the shares at the date on which they are granted. The fair value is determined using an actuarial binomial model. Refer to note 27.6.1 for further detail. In valuing the share options, no account is taken of any vesting conditions, other than conditions linked to the price of the company's shares.

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

Where the terms of an award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share option arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

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

Cash-settled share options

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

1.17 Taxes

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

Current South African and foreign tax

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

Deferred tax

The provision for deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of the Group's assets and liabilities.

Deferred tax is provided, using the liability method, for all temporary differences at the end of the reporting period between the tax bases of assets or liabilities and their respective carrying amounts, except to the extent that the deferred tax liability arises from:

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

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

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

A deferred tax asset is recognised where it is probable that, in the foreseeable future, taxable income will be available against which the deferred tax asset can be realised. A deferred tax asset is not recognised where it arises from a transaction that is not part of a business combination and, at the time of the transaction, has not impacted accounting profit or taxable income. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Current and deferred taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are off-set, if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.17 Taxes (continued)

Secondary tax on companies

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

1.18 Leases

Leases are classified as operating leases, where substantially all the risks and rewards associated with ownership of the asset are not transferred from the lessor to the lessee. Operating lease rentals with fixed escalation clauses are recognised in profit or loss on a straight-line basis over the lease term. The resulting difference arising from the application of the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset.

Contingent rental income and expenses are recognised when accrued or incurred.

1.19 Provisions and contingent liabilities

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

Contingent liabilities are not recognised as liabilities in the Group financial statements but are disclosed separately in the notes.

1.20 Dividends

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

1.21 Revenue

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

Sale of merchandise

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

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

Interest

Interest is recognised using the effective interest rate method.

Commission

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

Display fees and financial services income

Revenue is recognised in the reporting period in which it is earned, according to the applicable contractual arrangements.

Lease rental income

Lease rental income is recognised in the reporting period in which it is earned, based on the straight-line method. (Refer to note 1.18 for further detail.)

Royalties

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

Management fees

Revenue is recognised when the services contracted for are rendered.

Dividends

Revenue is recognised when the Group's right to receive payment is established.

1.22 Cost of sales

Cost of sales includes all costs of purchase, costs of conversion, and other costs incurred in bringing inventories to their present location and condition. Costs of purchase comprise the purchase price, royalties paid, import duties and other taxes and transport costs. Inventory write-downs are included in cost of sales when recognised. Trade discounts, settlement discounts and other similar items are deducted in determining the costs of purchase.

Cost of sales is recognised as an expense when the risks and rewards of ownership related to the sale of merchandise pass to the customer or franchisee. Settlement discount granted by a supplier for early payment is recognised as a reduction in cost of sales.

1.23 Finance costs

Finance costs are accrued and recognised in profit or loss at the effective interest rate relating to the relevant financial liability, in the reporting period in which they were incurred.

1.24 Segment information

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

The Group's main geographical regions, which consist of South Africa, Namibia, Swaziland, Botswana, the Middle East and other African countries, are based on the location of the Group's customers.

Transfer prices between operating segments are at arm's length, in a manner similar to transactions with third parties.

1.25 Events after the end of the reporting period

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

1.26 IFRS, amendments and IFRIC interpretations not yet effective

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

- IFRS 2, 'Share-based Payment'
  (Amended re vesting conditions and cancellations)
  Effective for annual periods beginning on or after 1 January 2009

- IFRS 7, 'Financial Instruments: Disclosures'
  (Amendment re improving disclosures)
  Effective for annual periods beginning on or after 1 January 2009

- IAS 27, 'Consolidated and Separate Financial Statements'
  (Amended re cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate)
  Effective for annual periods beginning on or after 1 January 2009

- IFRS 3, 'Business Combinations' and IAS 27, 'Consolidated and Separate Financial Statements'
  (Revised for Business Combinations)
  Effective for annual periods beginning on or after 1 July 2009

- IAS 39, 'Financial Instruments: Recognition and Measurement'
  (Amendment re eligible hedged items)
  Effective for annual periods beginning on or after 1 July 2009

- Annual improvements to IFRS (May 2008)
  (Various minor amendments to existing IFRS)
  Effective for annual periods beginning on or after 1 January 2009/1 July 2009

- Annual improvements to IFRS (April 2009)
  (Various minor amendments to existing IFRS)
  Effective for annual periods beginning on or after 1 October 2008/1 January 2009/1 July 2009/ 1 January 2010

The Group expects that adoption of the pronouncements listed above will have no material financial impact on the Group's financial statements in the period of initial application. However, the Group will comply with the additional disclosure requirements resulting from such initial application.

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

Notes to the Group Annual Financial Statements

2 PROPERTY, PLANT AND EQUIPMENT

2009	Note	Land Rm	Buildings Rm	Plant, equipment, furniture and fittings Rm	Computer equipment Rm	Total Rm
Balance at the beginning of the period, net of accumulated depreciation		4	121	363	39	527
Additions		11	25	136	23	195
Disposals		–	–	(3)	–	(3)
Cost		–	–	(23)	–	(23)
Accumulated depreciation		–	–	20	–	20
Depreciation	26.1	–	(3)	(84)	(14)	(101)
Balance at the end of the period, net of accumulated depreciation		15	143	412	48	618
Reconciliation as at 28 June 2009						
Cost		15	162	832	162	1 171
Accumulated depreciation		–	(19)	(420)	(114)	(553)
Net carrying amount		15	143	412	48	618
2008						
Balance at the beginning of the period, net of accumulated depreciation		4	124	288	39	455
Additions		–	1	146	14	161
Disposals		–	–	–	–	–
Cost		–	–	(31)	–	(31)
Accumulated depreciation		–	–	31	–	31
Depreciation	26.1	–	(4)	(71)	(14)	(89)
Balance at the end of the period, net of accumulated depreciation		4	121	363	39	527
Reconciliation as at 29 June 2008						
Cost		4	137	719	139	999
Accumulated depreciation		–	(16)	(356)	(100)	(472)
Net carrying amount		4	121	363	39	527
Reconciliation as at 24 June 2007						
Cost		4	136	604	125	869
Accumulated depreciation		–	(12)	(316)	(86)	(414)
Net carrying amount		4	124	288	39	455

	2009 Rm	2008 Rm
Estimated replacement and insured value	1 334	1 057

A register of the Group's land and buildings is available for inspection at the registered office.

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

		2009 Rm	2008 Rm
3 GOODWILL			
Balance at the beginning of the period		**90**	72
On acquisition of 49% interest in Uzzi (Pty) Limited (refer to note 33.1)		**–**	18
Balance at the end of the period		**90**	90

The carrying amount equates to cost since no accumulated impairment has been recognised.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the individual cash-generating units for impairment testing as follows:

		2009 Rm	2008 Rm
Young Designers Emporium (Pty) Limited		**52**	52
Assumptions applied:			
Discount rate applied to projected cash flows	(%)	**14.2**	16.7
Variables:			
Risk-free rate, based on the long-term South African R157 bond	(%)	**8.4**	10.6
Market risk premium, based on long-term return on JSE ALSI	(% points)	**5.0**	6.0
Beta value	(:1)	**0.96**	0.85

In 2008 and 2009 the recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation. Key assumptions applied to determine the recoverable amount of the Young Designers Emporium (Pty) Limited (YDE) cash-generating unit, by way of a value-in-use calculation, related to the sales growth rate, reinvestment of profits, working capital requirements and capital expenditure. Cash flow projections, covering a five-year period, were based on historical information and financial budgets approved by senior management. No impairment was deemed necessary.

	2009 Rm	2008 Rm
Uzzi (Pty) Limited	**38**	38

From the 2009 reporting period onwards the Uzzi (Pty) Limited (Uzzi) goodwill has been allocated to the Truworths Limited cash-generating unit. The fair value of Truworths Limited is determined by taking into account relative company profit performance and Group market capitalisation. No impairment was deemed necessary.

In 2008 the same methodology, assumptions and variables as were applied in the impairment testing of the YDE goodwill were applied in the impairment testing of the Uzzi goodwill, as Uzzi generated largely independent cash flows for the majority of the 2008 reporting period. No impairment was deemed necessary.

Notes to the Group Annual Financial Statements

4 INTANGIBLE ASSETS

	Note	Trademark Rm	Computer software Rm	Total Rm
2009				
Balance at the beginning of the period, net of accumulated amortisation		34	19	53
Additions		–	3	3
Amortisation	26.1	–	(8)	(8)
Balance at the end of the period, net of accumulated amortisation		34	14	48
Reconciliation as at 28 June 2009				
Cost		34	57	91
Accumulated amortisation		–	(43)	(43)
Net carrying amount		34	14	48
2008				
Balance at the beginning of the period, net of accumulated amortisation		34	21	55
Additions		–	5	5
Amortisation	26.1	–	(7)	(7)
Balance at the end of the period, net of accumulated amortisation		34	19	53
Reconciliation as at 29 June 2008				
Cost		34	54	88
Accumulated amortisation		–	(35)	(35)
Net carrying amount		34	19	53
Reconciliation as at 24 June 2007				
Cost		34	49	83
Accumulated amortisation		–	(28)	(28)
Net carrying amount		34	21	55

Trademark

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

Impairment testing of trademark

2009

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

2008

Key assumptions applied to determine the recoverable amount of the Uzzi trademark, by way of a value-in-use calculation, related to the sales growth rate, reinvestment of profits, working capital requirements and capital expenditure. Cash flow projections, covering a five-year period, were based on historical information and financial budgets approved by senior management and by assuming a flat rate of growth from year six in perpetuity. No impairment was deemed necessary.

Assumptions applied:		
Discount rate applied to projected cash flows	(%)	16.7
Variables:		
Risk-free rate, based on the long-term South African R157 bond	(%)	10.6
Market risk premium, based on long-term return on JSE ALSI	(% points)	6.0
Beta value	(:1)	0.85

	Note	2009 Rm	2008 Rm

5 DERIVATIVE FINANCIAL ASSET

	Note	2009 Rm	2008 Rm
Non-current portion of cash-settled call options at the beginning of the period		16	45
Current portion of cash-settled call options at the beginning of the period		5	13
Total cash-settled call options at the beginning of the period		21	58
Cash-settled call options acquired during the period		–	18
Cash-settled call options exercised during the period		(14)	(9)
		7	67
Fair value adjustment at the end of the period		41	(46)
Revaluation gain/(loss) recognised in profit or loss	26.2	27	(29)
Gain/(loss) recognised in cash flow hedging reserve	15	14	(17)
Total cash-settled call options at the end of the period		48	21
Current portion of cash-settled call options at the end of the period		(23)	(5)
Non-current portion of cash-settled call options at the end of the period		25	16

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

The fair value of the cash-settled call options at the end of the period was determined by way of valuations performed by the institutions concerned using an actuarial binomial option pricing model. The inputs into the valuation model are as follows:

		2009	2008
Weighted average exercise price of cash-settled call options	(R)	24.98	24.43
Expected life of cash-settled call options	(years)	1 – 3	1 – 4
Company share price at the end of the period	(R)	36.90	21.90
Expected share price volatility*	(%)	38.2	32.6
Expected dividend yield	(%)	3.5 – 4.6	5.3 – 6.8
Risk-free interest rate**	(%)	7.7 – 8.3	12.5 – 13.5

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

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

The Group expects that the hedged cash flow transactions will occur within the following periods:

	2009 Rm	2008 Rm
Within one year	23	5
Between one and three years	25	16
Total	48	21

Refer to note 24 for further information relating to financial risk management.

Notes to the Group Annual Financial Statements

	Note	2009 Rm	2008 Rm
6 AVAILABLE-FOR-SALE ASSET			
The number of ordinary shares in the unlisted investment, Business Partners Limited, was 158 877 (2008: 158 877) which represents 0.1% of the total shares issued.			
At cost		–	–
The investment has been valued at the most recently traded share price and is therefore recorded at fair value.			
Fair value	15	1	–
Refer to note 24 for further information relating to financial risk management.			
7 LOANS AND RECEIVABLES			
Export partnership participation	7.1	43	44
Secured loans to share scheme participants	7.2	11	13
Unsecured loans	7.3	43	42
Total		97	99
7.1 Export partnership participation			
Balance at the beginning of the period		44	48
Payments received during the period		(2)	(3)
Current period adjustments		1	(1)
Interest adjustment		1	1
Fair value adjustment due to change in corporate tax rate		–	(2)
Balance at the end of the period		43	44

The Group participates with other companies in the former Wooltru Limited group in various export partnerships whose business is the purchase and export sale of marine containers. In prior periods these partnerships bought and sold such containers in terms of long-term suspensive purchase and credit sale agreements respectively, with specifically scheduled repayment terms over either a ten-year 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 participation comprised of the following:

	2009 Rm	2008 Rm
Long-term receivables	196	211
Long-term liabilities	(128)	(140)
Other liabilities	(24)	(25)
	44	46
Cumulative amortised cost adjustment	(1)	(2)
	43	44

The participation is carried at amortised cost, using the effective interest rate method. The average effective interest rate for the period was 1.56% (2008: 1.59%) per annum and is calculated with reference to the partnership and related agreements. Amortised cost for the Group's participation in export partnerships is the Group's cost of original participation, less subsequent principal payments received, plus the cumulative amortisation of the difference between the initial amount and the maturity amount, less any write-down for impairment or uncollectibility.

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

Refer to note 24 for further information relating to financial risk management.

		2009 Rm	2008 Rm
7.2	**Secured loans to share scheme participants**		
	Balance at the beginning of the period	13	14
	Repayments during the period	(5)	(2)
	Effective interest rate adjustment	3	1
	Balance at the end of the period	11	13

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

		2009 Rm	2008 Rm
7.3	**Unsecured loans**		
	Balance at the beginning of the period	42	47
	Advances during the period	1	–
	Repayments during the period	–	(5)
	Balance at the end of the period	43	42

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

8 INTEREST IN SUBSIDIARY COMPANIES

	2009 Rm	2008 Rm
Interest in aggregate after-tax profits of subsidiaries	1 478	1 310

9 INVENTORIES

		2009 Rm	2008 Rm
Gross inventories		585	519
Allowances for markdown, obsolescence and shrinkage		(122)	(122)
Net inventories at the end of the period		463	397
Allowances as a % of gross inventories	(%)	20.9	23.5
Allowances for markdown, obsolescence and shrinkage			
Balance at the beginning of the period		122	88
Movement for the period:		–	34
Allowance raised		74	93
Allowance utilised		(74)	(59)
Balance at the end of the period		122	122

Notes to the Group Annual Financial Statements

		2009 Rm	2008 Rm
10 TRADE AND OTHER RECEIVABLES			
Trade receivables		2 550	2 296
Doubtful debt allowance (refer to note 10.2)		(304)	(274)
		2 246	2 022
Other receivables		35	55
Trade and other receivables at the end of the period		2 281	2 077
Interest-bearing debtors as a % of trade receivables	(%)	73	73
Net bad debt as a % of trade receivables	(%)	11.9	11.3
Doubtful debt allowance as a % of trade receivables	(%)	11.9	11.9

10.1 Trade receivables

The Group's trade receivables have payment terms ranging between 6 and 12 months. The average debtors' days at the end of the reporting period of 211 days (2008: 213 days) has improved marginally since the prior period despite the challenging economic environment.

Interest is charged on all interest-bearing plans and on all overdue accounts in accordance with the provisions of the National Credit Act (NCA). The interest rates charged fluctuate in accordance with changes to the South African Reserve Bank's repurchase rate. The rates that were charged during 2009 were between 19% and 26% (2008: 20% and 26%), which are lower than the maximum rate allowable under the NCA. Refer to note 24.3.2 for further information relating to interest rate risk.

10.2 Doubtful debt allowance

	2009 Rm	2008 Rm
Balance at the beginning of the period	274	161
Movement for the period:	30	113
Impairment losses recognised on trade receivables (refer to note 26.4)	333	382
Allowance utilised	(303)	(259)
Impairment losses reversed	–	(10)
Balance at the end of the period	304	274

The directors consider the carrying amounts of trade and other receivables to approximate their fair values and that no further allowance in excess of the doubtful debt allowance is required. Refer to note 24.4 for further information relating to credit risk management.

11 CASH AND CASH EQUIVALENTS

	2009 Rm	2008 Rm
Balances with banks	709	506
Cash on hand	58	27
Total	767	533

Balances with banks comprise current account balances and short-term deposits, varying between overnight call and seven-day fixed call investments in accordance with the Group's treasury policy. Balances with banks earn interest at floating daily bank deposit and call rates.

Refer to notes 24.3.2 and 24.4.4 for further information relating to interest rate risk and credit risk management respectively.

		2009 R'000	2008 R'000
12 SHARE CAPITAL			
Ordinary share capital			
Authorised			
650 000 000 (2008: 650 000 000) ordinary shares of 0.015 cent each		98	98
Issued and fully paid			
454 955 773 (2008: 452 995 426) ordinary shares of 0.015 cent each		68	68

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

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

		2009 Number of shares 000's	2008 Number of shares 000's
Reconciliation of movement in issued shares:			
Balance at the beginning of the period		452 995	450 773
Shares issued during the period		1 961	2 222
Balance at the end of the period		454 956	452 995
Treasury shares held by subsidiaries (refer to note 14)		(30 047)	(24 653)
Adjusted issued shares at the end of the period		424 909	428 342
Treasury shares as a % of the issued shares at the end of the period	(%)	6.6	5.4

The shares issued during the period were allotted for an aggregate nominal value of R294 (2008: R333) and an aggregate premium before expenses of R15 070 747 (2008: R13 681 174).

	2009 Rm	2008 Rm
13 SHARE PREMIUM		
Balance at the beginning of the period	50	36
Premium on shares issued	15	14
Balance at the end of the period	65	50

	2009 Number of shares 000's	2008 Number of shares 000's	2009 Rm	2008 Rm
14 TREASURY SHARES				
Balance at the beginning of the period	**24 653**	17 309	**604**	421
Truworths Investments (Pty) Limited	**7 363**	7 363	**133**	133
Truworths Investments Two (Pty) Limited	**7 281**	7 281	**194**	194
Truworths Investments Three (Pty) Limited	**7 514**	2 500	**223**	92
Truworths Investments Four (Pty) Limited	**2 330**	–	**52**	–
Truworths International Limited Share Trust	**165**	165	**2**	2
Shares repurchased by subsidiaries during the period:	**5 452**	7 344	**159**	183
Truworths Investments Three (Pty) Limited	**–**	5 014	**–**	131
Truworths Investments Four (Pty) Limited	**5 452**	2 330	**159**	52
Shares sold by subsidiary during the period:				
Truworths International Limited Share Trust	**(58)**	–	**–**	–
Balance at the end of the period (refer to note 12)	**30 047**	24 653	**763**	604
Truworths Investments (Pty) Limited	**7 363**	7 363	**133**	133
Truworths Investments Two (Pty) Limited	**7 281**	7 281	**194**	194
Truworths Investments Three (Pty) Limited	**7 514**	7 514	**223**	223
Truworths Investments Four (Pty) Limited	**7 782**	2 330	**211**	52
Truworths International Limited Share Trust	**107**	165	**2**	2
Market value at the end of the period		(Rm)	**1 109**	540
Market value at the end of the period		(cents per share)	**3 690**	2 190
Average purchase price (excluding shares cancelled) since inception of the repurchase programme		(cents per share)	**2 537**	2 452
Average purchase price during the period		(cents per share)	**2 904**	2 496

The articles of association of the company's wholly-owned subsidiaries – Truworths Investments (Pty) Limited, Truworths Investments Two (Pty) Limited, Truworths Investments Three (Pty) Limited and Truworths Investments Four (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 in issue at the date of the company's annual general meeting on 6 November 2008.

	Note	2009 Rm	2008 Rm
15 NON-DISTRIBUTABLE RESERVES			
Equity-settled compensation reserve		**38**	25
Cash flow hedging reserve		**2**	(8)
Net unrealised gains reserve		**1**	–
Total		**41**	17
Reconciliation of equity-settled compensation reserve			
Balance at the beginning of the period		**25**	19
Equity-settled share-based payments	26.2	**13**	6
Balance at the end of the period		**38**	25
Reconciliation of cash flow hedging reserve			
Balance at the beginning of the period		**(8)**	4
Increase/(decrease) in fair value of cash flow hedge	5	**14**	(17)
(Increase)/decrease in deferred tax on cash flow hedge	16	**(4)**	5
Balance at the end of the period		**2**	(8)
Reconciliation of net unrealised gains reserve			
Balance at the beginning of the period		**–**	–
Revaluation of available-for-sale asset	6	**1**	–
Balance at the end of the period		**1**	–

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	Note	2009 Rm	2008 Rm
16 DEFERRED TAX			
Net deferred tax asset at the beginning of the period		**63**	18
Liability		**(71)**	(77)
Asset		**134**	95
Movement for the period		**(15)**	45
(Charged)/credited to profit or loss	28.1	**(11)**	40
(Charged)/credited to equity	15	**(4)**	5
(Increase)/decrease in deferred tax liability		**(13)**	6
Change in corporate tax rate	28.1	**–**	2
Export partnership participation		**2**	3
Prepayments		**(12)**	8
Property, plant and equipment		**(3)**	(6)
Inventories		**(3)**	–
Other		**3**	(1)
(Decrease)/increase in deferred tax asset		**(2)**	39
Change in corporate tax rate	28.1	**–**	(3)
Trade and other receivables		**7**	26
Trade and other payables		**(3)**	5
Provisions		**2**	(1)
Post-retirement medical benefit obligation		**2**	1
Straight-line operating lease obligation		**1**	–
Inventories		**(2)**	–
Derivative financial instruments		**(7)**	10
Other		**(2)**	1
Net deferred tax asset at the end of the period		**48**	63
Liability		**(84)**	(71)
Asset		**132**	134
Closing balance comprising:			
Liability		**(84)**	(71)
Export partnership participation		**(44)**	(46)
Prepayments		**(13)**	(1)
Property, plant and equipment		**(23)**	(20)
Inventories		**(3)**	–
Other		**(1)**	(4)
Asset		**132**	134
Trade and other receivables		**73**	66
Trade and other payables		**8**	11
Provisions		**14**	12
Post-retirement medical benefit obligation		**10**	8
Straight-line operating lease obligation		**16**	15
Inventories		**–**	2
Derivative financial instruments		**5**	12
Other		**6**	8

		2009 Rm	2008 Rm

17 POST-RETIREMENT MEDICAL BENEFIT OBLIGATION

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

17.1 Benefit obligation

		2009 Rm	2008 Rm
Present value of obligation (actuarially determined)		68	64
Fair value of plan assets		(42)	(43)
Funding deficit		26	21
Net actuarial gains not recognised		6	7
Benefit obligation		32	28
Changes in the present value of the obligation are as follows:			
Opening balance of obligation		64	61
Interest cost		7	5
Current service cost		2	2
Benefits paid		(3)	(2)
Actuarial gains on obligation		(2)	(2)
Closing balance of obligation		68	64
Changes in the fair value of plan assets are as follows:			
Opening balance of plan assets		(43)	(44)
Expected return on plan assets		(5)	(4)
Benefits paid		3	2
Actuarial losses on plan assets		3	3
Closing balance of plan assets		(42)	(43)

The actual return earned on the Group's post-retirement medical benefit plan assets amounted to a profit of R2 million (2008: R1 million). The difference between the actual and the expected return on plan assets is an actuarial loss.

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

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

		2009	2008
Cash	(%)	24	32
Bonds	(%)	7	11
Equity	(%)	44	41
Offshore investments	(%)	21	13
Property	(%)	3	3
Other	(%)	1	–
		100	100

		2009	2008
17 POST-RETIREMENT MEDICAL BENEFIT OBLIGATION (CONTINUED)			
17.1 Benefit obligation (continued)			
Fair value of benefit obligation			
The Group values its accrued future liability in respect of its post-retirement medical benefit obligation at the end of each reporting period. The following assumptions were made for valuation purposes:			
Discount rate	(%)	**9.0**	10.7
Expected medical cost inflation	(%)	**7.5**	9.1
Expected return on plan assets	(%)	**9.0**	10.7
Normal retirement age	(years)	**60**	60
Contributions to the plan			
Given the uncertainty relating to the number of employees likely to retire in the next year, the level of the unrecognised actuarial gains in the plan and the fiscal legislation relating to premium payments, the Group cannot currently make a reliable estimate of contributions to the plan in the next reporting period.			
17.2 Net benefit expense recognised in profit or loss			
Current service cost		**2**	2
Interest cost on benefit obligation		**7**	5
Expected return on plan assets		**(5)**	(4)
Net benefit expense (refer to note 26.2)		**4**	3

		1 percentage point	
		Increase	Decrease
17.3 Sensitivity analysis			
The effect of fluctuations in medical cost inflation on the present value of the obligation would be as follows:			
June 2009			
Percentage increase/(decrease) in obligation	(%)	**16**	**(15)**
Present value of the obligation	(Rm)	**79**	**58**
June 2008			
Percentage increase/(decrease) in obligation	(%)	16	(13)
Present value of the obligation	(Rm)	74	55
The effect of fluctuations in medical cost inflation on the aggregate of the current service cost and interest cost components would be as follows:			
June 2009			
Percentage increase/(decrease) in service and interest costs	(%)	**11**	**(11)**
Aggregate current service and interest cost	(Rm)	**10**	**8**
June 2008			
Percentage increase/(decrease) in service and interest costs	(%)	20	(16)
Aggregate current service and interest cost	(Rm)	9	6

	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm
17.4 Amounts for the current and previous four periods are as follows:					
Present value of obligation	**68**	64	61	54	51
Fair value of plan assets	**(42)**	(43)	(44)	(38)	(36)
Funding deficit	**26**	21	17	16	15
Experience adjustment included in actuarial gains/(losses) on plan liabilities	**2**	2	2	(1)	(3)
Experience adjustment included in actuarial losses on plan assets	**(3)**	(3)	(4)	–	(4)

18 LEASES

	Note	2009 Rm	2008 Rm
18.1 Straight-line operating lease obligation			
Total lease obligation at the beginning of the period		**51**	51
Lease obligations incurred during the period	32.1	**6**	–
Balance at the end of the period		**57**	51
Current portion reflected under trade and other payables	19	**(9)**	(1)
Non-current portion reflected under non-current liabilities		**48**	50

Only those leases that have a fixed escalation are taken into account in calculating the straight-line operating lease obligation. These leases comprise 44% (2008: 47%) of the Group's total lease agreements.

18.2 Lessee under operating leases

The Group rents all its trading premises and a small distribution centre in terms of operating leases, whereas other operating assets, including the head office building, two warehouses, an apartment and two distribution centres are owned. Leases on trading premises are contracted for periods of between 3 and 15 years, with renewal options for a further 3 or 5 years. Some of these leases provide for minimum annual rental payments together with additional amounts determined on the basis of sale of merchandise. A total of 137 (2008: 155) stores, or 31% (2008: 39%) of all premises leased on contracts with turnover rental clauses reached the sale of merchandise threshold and therefore incurred these additional payments averaging approximately 5.0% (2008: 4.8%) of sale of merchandise. Rental escalations have varied at an average rate of approximately 8% (2008: 8%) per annum. Refer to note 26.3 for further information relating to lease costs.

	2009 Rm	2008 Rm
The future non-cancellable minimum operating lease payments due are as follows:	**1 516**	1 317
Within one year	**394**	321
Between one and five years	**974**	832
Between five and ten years	**148**	164

18.3 Lessor under operating leases

The Group leases a limited number of trading and office premises under operating lease agreements to third parties. Leases on these premises are contracted for periods of between 1 and 13 years, with renewal options on certain leases for a further 3 or 5 years. Rental escalations are fixed in terms of the lease contracts and averaged 8% (2008: 8%) per annum during the period. Refer to note 25 for further information relating to lease income.

	2009 Rm	2008 Rm
The future minimum lease rental income expected under non-cancellable leases is as follows:	**57**	25
Within one year	**11**	7
Between one and five years	**29**	18
Between five and ten years	**17**	–

		Note	2009 Rm	2008 Rm
19	**TRADE AND OTHER PAYABLES**			
	Trade payables		**462**	432
	Other payables and accrued expenses		**164**	164
	Value-added tax		**45**	54
	Current portion of cash-settled compensation obligation	27.6.2	**23**	5
	Current portion of straight-line operating lease obligation	18.1	**9**	1
	Shareholders for unclaimed dividends		**2**	2
	Total		**705**	658

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

Terms and conditions of financial liabilities:

- Trade payables are non interest-bearing and are normally settled between 30 and 60 days.
- Other payables and accrued expenses are non interest-bearing provided they are settled within their respective credit terms.
- The cash-settled compensation obligation is non interest-bearing and is settled during the month it vests.
- Shareholders for unclaimed dividends are non interest-bearing and are payable on demand.

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

		Note	2009 Rm	2008 Rm
20	**DERIVATIVE FINANCIAL LIABILITY**			
	Forward exchange contracts		**18**	–

The Group uses forward exchange contracts (FECs) to reduce its foreign currency exposure arising from imports. FECs are classified as held-for-trading financial liabilities and are measured at fair value. The mark-to-market liability is measured as the difference between the FEC contract price and market traded FECs with similar maturity profiles at the end of the reporting period.

At the end of the prior period mark-to-market adjustments on FECs resulted in a derivative financial asset of R1.5 million.

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

	2009 Rm	2008 Rm
21 PROVISIONS		
Balance at the beginning of the period	43	44
Movement for the period:	6	(1)
Provisions raised	49	43
Provisions utilised	(38)	(32)
Provisions released	(5)	(12)
Balance at the end of the period	49	43

Employment costs

The Group's provisions relate to accumulated payments per the employment contracts and incentive-based bonuses. The estimated incentive-based bonuses, which will be no greater than the provisions raised, are calculated as a present obligation with reference to different incentive arrangements for different levels of employees. Dependent on the level of employee, the calculation could either refer to the employment contract, or employee performance and the Group's results. The incentives are expected to be paid over the period between September 2009 and November 2009 and as such the present obligation includes amounts earned to date based on the assumption of continued employment through November 2009. The uncertainty relating to the amount of the obligation is attributable to the fact that qualifying employees are required to be in the Group's employ at the time of payment, and the fact that payment of the larger portion of the incentives is conditional upon the outcome of individual performance assessments and Remuneration Committee approval, both of which take place after the end of the reporting period.

22 CAPITAL COMMITMENTS

Capital commitments include all projects for which specific board approval has been obtained.

	2009 Rm	2008 Rm
Capital expenditure authorised but not contracted:		
Store development	150	145
Distribution facilities	126	69
Computer infrastructure	27	31
Head office refurbishments	2	13
Total	305	258
Capital expenditure authorised and contracted:		
Land	–	11

The capital commitments will be financed by cash generated from operations and available cash resources, and are expected to be incurred in the 2010 reporting period.

23 CONTINGENT LIABILITY

Litigation

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

Operating leases

Refer to note 18 for further information relating to the Group's contingent liability in respect of operating lease commitments.

Notes to the Group Annual Financial Statements

24 FINANCIAL RISK MANAGEMENT

24.1 Classifications

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

Assets	Note	Loans and receivables Rm	At fair value through profit or loss Rm	Available-for-sale Rm	Non-financial assets Rm	Total Rm
2009						
Trade receivables	10	**2 246**	**–**	**–**	**–**	**2 246**
Other receivables	10	**34**	**–**	**–**	**1**	**35**
Available-for-sale asset	6	**–**	**–**	**1**	**–**	**1**
Loans and receivables	7	**97**	**–**	**–**	**–**	**97**
Cash and cash equivalents	11	**767**	**–**	**–**	**–**	**767**
Derivative financial asset	5	**–**	**48**	**–**	**–**	**48**
Total		**3 144**	**48**	**1**	**1**	**3 194**
2008						
Trade receivables	10	2 022	–	–	–	2 022
Other receivables	10	35	2	–	18	55
Loans and receivables	7	99	–	–	–	99
Cash and cash equivalents	11	533	–	–	–	533
Derivative financial asset	5	–	21	–	–	21
Total		2 689	23	–	18	2 730

Liabilities	Note	At amortised cost Rm	At fair value through profit or loss Rm	Non-financial liabilities Rm	Total Rm
2009					
Trade and other payables	19	**608**	**23**	**74**	**705**
Derivative financial liability	20	**–**	**18**	**–**	**18**
Non-current portion of cash-settled compensation obligation	27.6.2	**–**	**14**	**–**	**14**
Total		**608**	**55**	**74**	**737**
2008					
Trade and other payables	19	576	5	77	658
Non-current portion of cash-settled compensation obligation	27.6.2	–	7	–	7
Total		576	12	77	665

24.2 Financial risk management

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

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

The Truworths International board is responsible for risk management, including financial risk management and is assisted by the directors of Truworths Limited. The Risk Committee, a committee of the Truworths Limited board, oversees the management of financial risks relating to the Group's operations. The Truworths International board has adopted the King II Code's risk management principles and has established a policy framework which guides the Group's risk management processes. These policies and guidelines are periodically examined by senior executives and adjusted, if necessary, to ensure that changes in the business and economic environment have been taken into account. These policies and frameworks will be modified to ensure the recommendations of the King III Code are adopted, where appropriate, in due course when this Code comes into force in 2010. Refer to the Risk Report on page 97 for further information relating to financial risk management.

24.2.1 Treasury risk management objectives and policies

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

24.3 Market risk management

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

24.3.1 Currency risk

The following exchange rates applied during the period:

	Average rate		Spot rate	
	2009	2008	**28 June 2009**	29 June 2008
US Dollars	**9.05**	7.31	**7.94**	7.96
GB Pounds	**14.48**	14.64	**13.13**	15.89

Notes to the Group Annual Financial Statements

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

24.3 Market risk management (continued)

24.3.1 Currency risk (continued)

Forward exchange contracts

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

It is the Group's policy to cover all committed import exposures. The Group had no uncovered foreign currency liabilities at 28 June 2009 (2008: Nil). All foreign exchange trading positions are valued at fair value using market traded foreign exchange rates with similar maturity profiles at the end of the reporting period. Resultant profits or losses are recognised in profit or loss. The mark-to-market FEC liability at the end of the period was R18.3 million (2008: R1.5 million asset). Refer to note 20 for further detail.

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

	Average contract rate R	Foreign currency '000	Contract equivalent R'000
June 2009			
US Dollars	**9.16**	**17 249**	**157 999**
GB Pounds	**15.00**	**79**	**1 185**
			159 184
June 2008			
US Dollars	8.07	11 249	90 797
GB Pounds	16.21	181	2 934
			93 731

Export partnership participation

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

Currency risk sensitivity analysis

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

A 25% fluctuation (2008: 10%) in exchange rates, assuming all other variables remain constant, would have affected profit before tax by the amounts set out in the table below. A 25% fluctuation is considered to be appropriate based on the volatility of foreign exchange rates during the period as well as current market indicators.

Effect on profit before tax	2009 R'000	2008 R'000
US Dollars	**39 500**	9 080
GB Pounds	**296**	293

24.3.2 Interest rate risk

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

As detailed in the capital management note 24.7, the Group is not geared and is therefore not subject to interest rate risk on borrowings.

Interest rate analysis

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

	2009 %	2008 %
Floating rate		
Balances with banks	6.5	11.2
Interest-bearing portion of trade receivables*	21.0**	26.0

* At the end of the reporting period, 73% (2008: 73%) of trade receivables were interest-bearing.
** Being the maximum interest rate charged on interest-bearing plans at the end of the reporting period.

Interest rate sensitivity analysis

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

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

	2009 Rm	2008 Rm
Effect on profit before tax		
Cash and cash equivalents	8	5
Interest-bearing portion of trade receivables	19	17

24.3.3 Other price risk

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

HPSS

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

Unlisted available-for-sale investment

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

Notes to the Group Annual Financial Statements

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

24.4 Credit risk

The Group's exposure to credit risk relates to trade and other receivables, the available-for-sale asset, loans and receivables, short-term cash investments and the derivative financial asset which are disclosed in notes 10, 6, 7, 11 and 5 respectively. Refer to the report on Managing the Risk of Credit on pages 55 to 59 for further information.

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

24.4.1 Trade and other receivables

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

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

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

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

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

	Trade and other receivables Rm	Allowance Rm	Trade and other receivables, net of allowance Rm	Allowance as a percentage of trade and other receivables %
2009				
< 30 days	1 757	(34)	1 723	1.9
30 – 59 days	303	(37)	266	12.2
60 – 89 days	145	(39)	106	26.9
90 – 119 days	104	(44)	60	42.3
> 120 days	241	(150)	91	62.2
Total impaired trade receivables	2 550	(304)	2 246	11.9
Other receivables neither past due nor impaired	34	–	34	–
Total	2 584	(304)	2 280	11.8

	Trade and other receivables Rm	Allowance Rm	Trade and other receivables, net of allowance Rm	Allowance as a percentage of trade and other receivables %
2008				
< 30 days	1 571	(31)	1 540	2.0
30 – 59 days	276	(35)	241	12.7
60 – 89 days	133	(36)	97	27.1
90 – 119 days	96	(40)	56	41.7
> 120 days	220	(132)	88	60.0
Total impaired trade receivables	2 296	(274)	2 022	11.9
Other receivables neither past due nor impaired	37	–	37	–
Total	2 333	(274)	2 059	11.7

24.4.2 Available-for-sale asset

The available-for-sale asset of R1 million (2008: Rnil) is not impaired. Refer to note 6 for further detail.

24.4.3 Loans and receivables

Loans and receivables totalling R97 million (2008: R99 million) are neither past due nor impaired. Refer to note 7 for further detail.

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

Concentration of credit risk

There is a prima facie concentration of credit risk in relation to the Group's export partnership participation, in that the amounts due to the Group by virtue of such participation are, in the first instance, owed by a single debtor. However, the indebtedness of this debtor to the Group is underpinned by amounts owing to it by its numerous internationally dispersed customers. Furthermore the debtor is a wholly-owned subsidiary of Trencor 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 12 months or more in arrears with any payment due to the partnerships. Refer to note 7.1 for further detail.

24.4.4 Cash and cash equivalents

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

24.4.5 Derivative financial asset

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

Notes to the Group Annual Financial Statements

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

24.5 Liquidity risk

The Group's exposure to liquidity risk relates to trade and other payables, the cash-settled compensation obligation and FECs and are disclosed in notes 19, 27.6.2 and 24.3.1 respectively.

The Group has R691 million (2008: R641 million) committed and uncommitted domestic general and other banking facilities. At the end of the reporting period, the Group's unutilised domestic banking facilities amounted to R415 million. The Group operates a cash management system and as a result, positive cash balances and overdrafts are off-set. Management believes that the Group is able to obtain additional funding above the unutilised domestic general banking facilities, based on its solid financial track record in past years.

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

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

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

	Settled on demand Rm	Settled in < 30 days Rm	Settled between 30 – 59 days Rm	Settled between 60 – 89 days Rm	Settled after 90 days Rm	Total Rm
2009						
Trade and other payables						
Trade payables	–	257	205	–	–	462
Shareholders for unclaimed dividends	2	–	–	–	–	2
Other payables and accrued expenses	30	26	61	27	–	144
Current portion of cash-settled compensation obligation	–	–	–	–	23	23
Non-current portion of cash-settled compensation obligation	–	–	–	–	14	14
FECs*	–	5	44	44	66	159
Total	32	288	310	71	103	804
2008						
Trade and other payables						
Trade payables	–	235	186	3	–	424
Shareholders for unclaimed dividends	2	–	–	–	–	2
Other payables and accrued expenses	30	47	39	28	6	150
Current portion of cash-settled compensation obligation	–	–	–	–	5	5
Non-current portion of cash-settled compensation obligation	–	–	–	–	7	7
FECs	–	11	10	27	46	94
Total	32	293	235	58	64	682

* Including the FEC mark-to-market liability of R18.3 million (refer to note 20)

24.6 Fair value of financial instruments

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

Financial assets and liabilities (excluding the available-for-sale asset, FECs and cash-settled call options)

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

Available-for-sale asset

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

Forward exchange contracts

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

Cash-settled call options

The fair value of cash-settled call options has been determined with reference to valuations performed by third party financial institutions at the end of the reporting period. Refer to note 5 for further detail.

24.7 Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as going concerns while enhancing the return to its shareholders. The Group's overall strategy has remained unchanged from 2008.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising issued ordinary share capital, share premium, non-distributable reserves and retained earnings, less treasury shares. Refer to notes 12, 13, 14 and 15 for further detail.

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

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

The management of capital is reviewed by the Truworths International board on a quarterly basis. The Group will manage the overall capital structure through dividend payments, share issues and share buy-backs. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the needs of the Group. The Group monitors capital using the return on equity, return on capital and dividend cover ratios. The Group's policy is to keep these ratios in line with annual financial targets.

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

Notes to the Group Annual Financial Statements

		2009	2008
24 FINANCIAL RISK MANAGEMENT (CONTINUED)			
24.7 Capital management (continued)			
Profit for the period	(Rm)	**1 434**	1 284
Equity attributable to owners of the parent	(Rm)	**3 551**	2 920
Ratios			
Return on equity	(%)	**44**	48
Return on capital	(%)	**65**	71
Gearing	(%)	**Not geared**	Not geared
Dividend cover	(times)	**2.0**	2.1

Refer to the Group's financial targets on page 26.

	Note	2009 Rm	2008 Rm
25 REVENUE			
Sale of merchandise		**6 247**	5 651
Retail sales		**6 209**	5 617
Franchise sales		**38**	34
Interest received		**614**	525
Trade receivables interest		**549**	488
Investment interest		**65**	37
Other income		**153**	146
Commission		**82**	86
Display fees		**29**	26
Financial services income		**23**	19
Lease rental income	18.3	**10**	8
Royalties		**3**	2
Other		**6**	5
Total		**7 014**	6 322
26 TRADING PROFIT			
Trading profit is stated after taking account of the following items:			
26.1 Depreciation and amortisation			
Depreciation	2	**101**	89
Amortisation	4	**8**	7
Total		**109**	96

	Note	2009 Rm	2008 Rm
26.2 Employment costs			
The Group employed 6 623 full-time equivalent employees at the end of the period (2008: 6 288). The aggregate remuneration and associated costs for the period relating to the employment of permanent and flexi-time employees, including executive directors, were:			
Salaries, bonuses, wages and other benefits		**580**	521
Contributions to defined contribution plans	27.3	**35**	31
Post-retirement medical benefit expense	17.2	**4**	3
Medical scheme contributions		**28**	25
Share-based payments: equity-settled	15,27.6.1	**13**	6
Share-based payments: cash-settled		**12**	14
Revaluation (gain)/loss on cash-settled options	5	**(27)**	29
Recognition of current period expense/(gain)	27.6.2	**39**	(15)
Total		**672**	600
26.3 Occupancy costs			
Land and buildings		**417**	356
Minimum lease payments		**391**	328
Turnover clause payments		**26**	28
Security expense		**2**	1
Total net operating lease expenses		**419**	357
Other occupancy costs		**77**	58
Total		**496**	415
26.4 Trade receivable costs			
Impairment losses recognised on trade receivables	10.2	**333**	382
Collection and other trade receivable costs		**99**	82
Total		**432**	464
26.5 Other operating costs			
Sales promotion, advertising and communications		**176**	162
Administration costs		**124**	95
Management, technical, consulting and secretarial fees paid		**46**	40
Foreign exchange loss/(gain)		**23**	(3)
FECs		**19**	(1)
Other		**4**	(2)
Audit fees – current period*		**3**	3
Loss on disposal of fixed assets		**2**	–
Revaluation of investment in export partnership participation		**–**	2
Total		**374**	299

* Inclusive of R74 000 (2008: R184 000) in respect of tax services

Notes to the Group Annual Financial Statements

27 DIRECTORS AND EMPLOYEES

27.1 Directors' emoluments

		Short-term benefits				Post-retirement benefits	Long-term benefits		
	Months paid	Directors' fees R'000	Salaries R'000	Performance bonus* R'000	Allowances R'000	Pension contributions R'000	Share loan fringe benefits R'000	Total emoluments R'000	Fair value of equity-settled options granted** R'000
2009									
Executive directors									
Michael Mark	12	–	4 049	7 800	289	860	1 418	14 416	2 484
Tony Taylor	12	–	1 448	1 200	136	–	210	2 994	14
Wayne van der Merwe#	9	–	841	–	107	200	152	1 300	204
Quentin Scorgie+	2	–	298	–	7	26	–	331	26
Total		–	6 636	9 000	539	1 086	1 780	19 041	2 728
Non-executive directors									
Rob Dow	12	265	–	–	–	–	–	265	–
Thandi Ndlovu	12	152	–	–	–	–	–	152	–
Edward Parfett	12	170	–	–	–	–	–	170	–
Hilton Saven	12	420	–	–	–	–	–	420	2
Michael Thompson	12	255	–	–	–	–	–	255	–
Sisa Ngebulana	12	150	–	–	–	–	–	150	–
Total		1 412	–	–	–	–	–	1 412	2
2008									
Executive directors									
Michael Mark	12	–	3 712	6 700	302	705	1 545	12 964	475
Tony Taylor	12	–	1 575	1 100	242	125	224	3 266	35
Wayne van der Merwe	12	–	1 136	900	169	227	210	2 642	127
Total		–	6 423	8 700	713	1 057	1 979	18 872	637
Non-executive directors									
Rob Dow	12	206	–	–	–	–	–	206	–
Thandi Ndlovu	12	112	–	–	–	–	–	112	–
Edward Parfett	12	127	–	–	–	–	–	127	–
Hilton Saven	12	310	–	–	–	–	–	310	6
Michael Thompson	12	177	–	–	–	–	–	177	–
Sisa Ngebulana	12	105	–	–	–	–	–	105	–
Total		1 037	–	–	–	–	–	1 037	6

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

** The fair value of equity-settled options granted is the annual expense as determined in accordance with IFRS 2, 'Share-based Payments', and is presented for information purposes only, as it is not regarded as constituting emoluments, given that the fair value was neither received by nor accrued to the directors during the period. Gains made on the exercise of such options are disclosed in note 27.2 in the period when vesting occurs.

Resigned with effect from 27 March 2009.

+ Appointed with effect from 28 April 2009.

Executive directors

All amounts received by the executives, while being directors of the company, were in respect of services rendered to, and in connection with the carrying on of the affairs of subsidiaries. These emoluments were paid by the subsidiaries. The Chief Executive Officer entered into a further three-year contract with the Group effective from 1 July 2008. In terms of the contract, he is entitled to a guaranteed remuneration package, and to participate in the Group's various cash and share schemes. Both parties have the right to terminate the contract on a six-month notice period but should the Group do so for reasons other than improper conduct prior to the conclusion of the three-year period, the balance of the remuneration package owing in terms of the contract would become payable. The contract requires a six-month notice period to be provided except in the case of permanent disability or incapacitation.

Tony Taylor, the Deputy Managing Director reached retirement age in 2007 and is currently on a 12-month fixed term contract ending on 31 December 2009, which is subject to a 2-month notice period and is renewable at the discretion of both parties.

Non-executive directors

All amounts received by the non-executive directors were for services rendered as directors of the company. These emoluments were paid by the company. None of the non-executive directors have service contracts with the company.

Consultancy fees

There were no consultancy fees paid to executive and non-executive directors during the period (2008: Nil).

Cash-settled compensation scheme

During the period the Remuneration Committee conditionally allocated Rnil (2008: R18 million) for the benefit of participants for the acquisition of cash-settled call options in accordance with the HPSS, details of which are provided in the Remuneration Report on pages 101 to 104. The cost of the allocation relating to the executive directors amounted to Rnil (2008: R5.1 million).

During the period an amount totalling R14 million (2008: R8.5 million), was paid to participants pursuant to the HPSS on successful attainment of Group and individual performance targets. The amounts paid in terms of the HPSS to executive directors during the period were: Michael Mark R4.8 million (2008: R3.7 million), Tony Taylor R142 000 (2008: R65 000) and Wayne van der Merwe R74 000 (2008: R66 000).

	2009 Rm	2008 Rm
27.2 Directors' equity-settled share option gains		
Executive	1	3
Non-executive	1	–
	2	3

The directors may exercise their equity-settled share options at any date subsequent to the offer date. The shares acquired on exercise of the options are, however, only eligible for sale after the vesting date, when ownership passes to the directors who are then able to dispose of the shares. The share option gain is therefore the difference between the strike price and the company's share price on the vesting date, or exercise date if later.

Notes to the Group Annual Financial Statements

27 DIRECTORS AND EMPLOYEES (CONTINUED)

27.3 Defined contribution retirement funds

Alexander Forbes Retirement Fund: Defined contribution plan

This is a defined contribution arrangement whereby the members pay 7.5% of their below-threshold pensionable salary as contributions towards retirement benefits. The Group contributes 10.5% towards retirement benefits, life insurance, disability benefits and administration costs. The fund's retirement age is 60. Membership of either this fund or the SACCAWU National Provident Fund is compulsory for all full-time or part-time permanent South African and Swaziland-based employees (excluding flexi-time employees) under normal retirement age. The member's pension entitlement at retirement age is determined by his/her share of the fund. 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.

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

All employees engaged before 1 January 2008 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. The Group contributes 7.5% to this fund and an additional 2.43% of the above-threshold pensionable earnings towards life insurance, disability benefits and administration costs. The member's pension entitlement at retirement age is determined by his/her share of the fund. The fund's retirement age is 60 and retirement from this fund must coincide with retirement from the Alexander Forbes Retirement Fund. The plan is registered under the Pension Funds Act, 1956, as amended.

SACCAWU National Provident Fund: Defined contribution plan

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

Namflex Pension Fund: Defined contribution plan

The Namflex Pension Fund is a money purchase arrangement whereby the members pay 7.5% of their pensionable salary as contributions towards retirement benefits. The Group contributes 7.5% to retirement benefits and an additional 3.5% of pensionable salaries towards life insurance, disability benefits and administration costs. The fund's retirement age is 60. Membership of the fund is compulsory for all Namibian permanent employees under normal retirement age. The member's pension entitlement at retirement age is determined by his/her share of the fund. 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 Group pay a statutory contribution based on members' earnings on a 50/50 basis with a maximum monthly contribution of E120 (R120) based on a maximum monthly wage of E1 100 (R1 100). The fund provides for a retirement benefit at or after age 45 and an age benefit at or after age 50. The fund also provides for a disability benefit, immigration benefit and a survivor's benefit. The employer is registered under the provisions of the Registration of Contributing Employers Regulations, 1975, and Section 8 of the Swaziland National Provident Fund Order, 1974. Membership of the fund is compulsory for all Swaziland-based permanent employees under normal retirement age. The member's pension entitlement at retirement age is determined by his/her share of the fund.

	Number of members		Contributions	
	2009	2008	**2009 Rm**	2008 Rm
Summary per fund				
Alexander Forbes Retirement Fund	**2 734**	2 589	**30**	27
The Pension Fund	**14**	17	**2**	2
SACCAWU National Provident Fund	**431**	434	**3**	2
Namflex Pension Fund	**45**	47	**–***	–*
Swaziland National Provident Fund	**16**	13	**–***	–*
Total	**3 240**	3 100	**35**	31

The Group expects to contribute R41 million to the above-mentioned funds in the 2010 reporting period.

* Reflected as zero, due to rounding to millions

27.4 Defined benefit healthcare funds

Wooltru Healthcare Fund and Ingwe Healthcare Plan

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

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

The audited annual financial statements of the WHF at 31 December 2008 reveal that the fund continues to maintain a sound financial position with a solvency ratio of 94% over the period. A review of the fund's reserving policy is currently being undertaken by the trustees in conjuction with Fifth Quadrant Consultants and Actuaries.

The Group expects to contribute R33 million to the funds in respect of short-term healthcare benefits in the 2010 reporting period.

	2009 Rm	2008 Rm
27.5 Other		
Staff discount allowance	**5**	5

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

Notes to the Group Annual Financial Statements

27 DIRECTORS AND EMPLOYEES (CONTINUED)

27.6 Share-based payment plans

27.6.1 Equity-settled compensation scheme

The Group operates an equity-settled compensation scheme, detailed information on which is provided in the Remuneration Report on page 103.

		2009	2008
Expense recognised for employee services rendered during the period (refer to note 26.2)	(Rm)	**13**	6
The values used to calculate the expense recognised for employee services rendered during the period are as follows:			
Expected life of share options	(years)	**3 – 7**	3 – 7
Grant price	(R)	**28.32 – 37.18**	23.62 – 33.50
Expected share price volatility	(%)	**30 – 35**	30
Expected dividend yield	(%)	**4.4 – 6.2**	3.6 – 6.1
Risk-free interest rate	(%)	**6.6 – 12.9**	6.8 – 13.5

The expected volatility is based on historical volatility of the company's share price, adjusted for the initial high volatility immediately after listing, the abnormal volatility experienced during the overall share market adjustment in September 1998, extraordinary prior period interest rate fluctuations, the fact that inflation has decreased and the tendency of volatility to revert to its mean.

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

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

The following table illustrates the number of shares and options held by eligible participants, including executive directors:

		2009 Number of shares 000's	2008 Number of shares 000's
Shares held by participants		**3 589**	4 876
Shares held by the trust		**107**	165
Options held by participants		**17 246**	14 560
Inclusion (in terms of trust deed) of shares sold by participants, who are still employees		**–**	2 501
Total utilisation at the end of the period		**20 942**	22 102
Issued share capital at the end of the period (refer to note 12)		**454 956**	452 995
Utilisation	(%)	**4.6**	4.9
Shares available for utilisation		**47 301**	45 854
Available for utilisation	(%)	**10.4**	10.1
Shares held by participants			
Shares held by participants at the beginning of the period		**4 876**	5 413
Shares issued when options exercised		**–**	125
Shares sold		**(1 287)**	(662)
Shares held by participants at the end of the period		**3 589**	4 876

Options held by participants

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the period:

	WAEP R	2009 Number of options 000's	2008 Number of options 000's
Balance held by participants at the beginning of the period		14 560	14 379
Options granted during the period	33.56	5 280	2 768
Options exercised during the period	6.35	(2 010)	(2 222)
Options forfeited during the period	25.96	(584)	(365)
Balance held by participants at the end of the period		17 246	14 560
Details of options exercised during the period:			
Average subscription price per share	(R)	6.35	6.16
Weighted average market price per share	(R)	27.24	29.50
Summarised exercise conditions applicable to options:			
Earliest date on which options could have been exercised		1 Jul 2009	1 Jul 2008
Latest date by which options become exercisable		29 Apr 2015	3 Jun 2013
Latest date by which options will lapse if not exercised		29 Apr 2019	3 Jun 2018
Lowest price	(R)	2.28	2.28
WAEP	(R)	17.76	10.52
Highest price	(R)	41.51	41.51

Details of the vesting conditions, vesting periods and subscription prices applicable to equity-settled share options are provided in the Remuneration Report on page 103 and Annexure Two.

Notes to the Group Annual Financial Statements

27 DIRECTORS AND EMPLOYEES (CONTINUED)

27.6 Share-based payment plans (continued)

27.6.2 Cash-settled compensation scheme

The Group's cash-settled share-based payment obligation is recognised in terms of IFRS 2, 'Share-based Payments' and arose from the implementation of the HPSS, detailed information on which is provided in the Remuneration Report on pages 103 to 104.

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

		2009 Rm	2008 Rm
Non-current portion at the beginning of the period		7	23
Current portion at the beginning of the period		5	13
Total liability at the beginning of the period		12	36
Settlement of liability during the period		(14)	(9)
Recognition of current period expense/(gain) (refer to note 26.2)		39	(15)
Total liability at the end of the period		37	12
Current portion reflected under trade and other payables (refer to note 19)		(23)	(5)
Non-current portion at the end of the period		14	7
The Group's liability has been hedged as disclosed in note 5. The fair value of the liability at the end of the period was determined by way of valuations performed using an actuarial binomial option pricing model. The inputs into the valuation model are as follows:			
Weighted average HPSS option exercise price	(R)	24.98	24.43
Expected life of HPSS options	(years)	1 – 3	1 – 4
Company share price at the end of the period	(R)	36.90	21.90
Expected share price volatility*	(%)	38.2	32.6
Expected dividend yield	(%)	3.5 – 4.6	5.3 – 6.8
Risk-free interest rate	(%)	7.7 – 8.3	12.5 – 13.5

* The expected share price volatility is based on historical information over the expected lifetime of each option.

At the end of the reporting period, the intrinsic value of the Group's liability, being the difference between the market value of the company's shares multiplied by the aggregate number of unexercised HPSS options, and the aggregate exercise price of the unexercised HPSS options in respect of which a liability has been recognised, amounted to R10 million (2008: R12 million).

	2009 Rm	2008 Rm
28 TAX EXPENSE		
28.1 Current period tax charge		
South African normal tax	**588**	562
Current period	**583**	557
Prior period under provision	**5**	5
Deferred tax (refer to note 16)	**11**	(40)
Current period	**8**	(40)
Change in corporate tax rate	**–**	1
Prior period under/(over) provision	**3**	(1)
Foreign tax – current period	**14**	9
STC	**67**	65
Total	**680**	596

In the prior period the corporate tax rate decreased from 29% to 28% for years of assessment ended on or after 1 April 2008 and the STC rate decreased from 12.5% to 10% of the net dividend declared on or after 1 October 2007.

Group companies have lodged their income tax returns for the 2008 tax year. Income tax payments for tax-paying Group companies have been made in respect of the second period of the 2009 tax year. The most recent income tax assessments issued by the South African Revenue Service to Group companies were in respect of the 2007 tax year.

	2009 %	2008 %
28.2 Reconciliation of effective tax rate		
South African normal tax rate	**28.0**	28.0
Increase in rate of tax due to:		
STC	**3.2**	3.5
Disallowable expenditure	**0.7**	0.1
Prior period adjustments	**0.2**	0.2
Differences in corporate tax rates	**0.1**	–
Change in corporate tax rate	**–**	0.1
	32.2	31.9
Decrease in rate of tax due to:		
Other non-taxable income	**–**	(0.2)
Effective tax rate	**32.2**	31.7

Notes to the Group Annual Financial Statements

	2009 Rm	2008 Rm
29 DIVIDENDS		
Interim dividend – 2009		
Cash dividend of 88 cents per share declared on 18 February 2009 and paid on 16 March 2009	400	–
Final dividend – 2008		
Cash dividend of 72 cents per share declared on 20 August 2008 and paid on 15 September 2008	326	–
Uzzi dividend – 2008		
Cash dividend declared on 13 June 2008 and paid on 18 June 2008 to former Uzzi minority shareholders	–	6
Interim dividend – 2008		
Cash dividend of 72 cents per share declared on 14 March 2008 and paid on 17 March 2008	–	326
Final dividend – 2007		
Cash dividend of 60 cents per share declared on 23 August 2007 and paid on 17 September 2007	–	270
Less: dividends received on treasury shares held by subsidiaries	(43)	(26)
Total	683	576

The final dividend for the period ended 28 June 2009 of 83 cents per share was declared on 19 August 2009 to shareholders registered on the record date of 11 September 2009, is payable on 14 September 2009 and gives rise to STC of approximately R35 million. No provision regarding this final dividend and the STC thereon has been recognised.

30 EARNINGS AND CASH FLOW PER SHARE

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

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

	2009 Rm	2008 Rm
Headline earnings is determined as follows:		
Profit attributable to owners of the parent	1 434	1 277
Adjusted for:		
Loss on disposal of fixed assets (refer to note 26.5)	2	–
Headline earnings	1 436	1 277

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

		Number of shares	Number of shares
Adjusted issued shares at the beginning of the period	(millions)	428.3	433.5
Weighted average number of shares repurchased during the period	(millions)	(3.8)	(2.3)
Weighted average number of shares issued during the period	(millions)	0.8	0.8
Adjusted weighted average number of issued shares at the end of the period	(millions)	425.3	432.0

			2009	2008
30.1	**Basic and headline earnings basis**			
	Basic earnings per share	(cents)	**337.2**	295.6
	Headline earnings per share	(cents)	**337.6**	295.6
			Number of shares	Number of shares
30.2	**Fully diluted basic and headline earnings basis**			
	Adjusted weighted average number of issued shares	(millions)	**425.3**	432.0
	Add: Dilutive effect of share options	(millions)	**7.6**	9.0
	Fully diluted weighted average number of issued shares	(millions)	**432.9**	441.0
	The dilution arises from share options outstanding in respect of the equity-settled share scheme. The amount of the dilution is calculated with reference to the difference between the fair value and the issue price of the company's shares, the issue price being adjusted for the cost of share-based payments, being the fair value of services to be supplied. Fair value is determined using the weighted average market price of the shares during the period.			
	Fully diluted basic earnings per share	(cents)	**331.3**	289.6
	Percentage dilution in basic earnings per share	(%)	**1.8**	2.0
	Fully diluted headline earnings per share	(cents)	**331.7**	289.6
	Percentage dilution in headline earnings per share	(%)	**1.7**	2.0
30.3	**Cash flow basis**			
	This basis focuses on the cash inflow actually achieved during the reporting period. Cash flow per share is calculated by dividing cash inflow from operations by the adjusted weighted average number of issued shares.			
	Cash inflow from operations	(Rm)	**1 252**	1 300
	Cash flow per share	(cents)	**294.4**	300.9
30.4	**Cash equivalent earnings basis**			
	This basis recognises the potential of the earnings stream to generate cash. It is therefore an indicator of the underlying quality of earnings. Cash equivalent earnings per share is calculated by dividing the cash equivalent earnings by the adjusted weighted average number of issued shares.			
	Profit attributable to owners of the parent	(Rm)	**1 434**	1 277
	Adjusted for:			
	Non-cash items (refer to note 32.1)	(Rm)	**161**	119
	Deferred tax (refer to note 32.3)	(Rm)	**11**	(40)
	Cash equivalent earnings	(Rm)	**1 606**	1 356
	Cash equivalent earnings per share	(cents)	**377.6**	313.9
30.5	**Cash realisation rate**			
	This represents the potential cash earnings realised and is derived by dividing cash flow per share by cash equivalent earnings per share.	(%)	**78**	96

Notes to the Group Annual Financial Statements

31 RELATED PARTY DISCLOSURES

During the period, Group companies entered into various transactions with each other, in the ordinary course of business. These transactions occurred under terms that are no less favourable than those arranged with third parties and have been eliminated on consolidation. Details of the inter-company loan balances and interest thereon are disclosed below and in Annexure One. Details of treasury shares held by subsidiaries are disclosed in note 14.

	Management fee received from/ (paid to) Rm	Dividends received from Rm	Dividends paid to Rm	Merchandise sold to Rm	Net assets acquired from Rm	Amount owing (to)/ by related parties Rm
2009						
Truworths International Limited						
Truworths Limited	4	677	–	–	–	(2 117)
Truworths Investments (Pty) Limited	–	12	(12)	–	–	133
Truworths Investments Two (Pty) Limited	–	11	(11)	–	–	196
Truworths Investments Three (Pty) Limited	–	12	(12)	–	–	223
Truworths Investments Four (Pty) Limited	–	8	(8)	–	–	211
Truworths Limited						
Truworths International Limited	(4)	–	(677)	–	–	2 117
Truworths (Namibia) Limited	10	–	–	60	–	(36)
Truworths (Swaziland) Limited	3	–	–	22	–	(16)
Young Designers Emporium (Pty) Limited	6	–	–	–	–	(35)
Uzzi (Pty) Limited	–	–	–	–	–	(36)
Truworths International Limited Share Trust	–	–	–	–	–	18
2008						
Truworths International Limited						
Truworths Limited	4	569	–	–	–	(1 966)
Truworths Investments (Pty) Limited	–	11	(11)	–	–	133
Truworths Investments Two (Pty) Limited	–	10	(10)	–	–	196
Truworths Investments Three (Pty) Limited	–	6	(6)	–	–	223
Truworths Investments Four (Pty) Limited	–	–	–	–	–	52
Uzzi (Pty) Limited	–	6	–	–	–	–
Truworths Limited						
Truworths International Limited	(4)	–	(569)	–	–	1 966
Truworths (Namibia) Limited	9	–	–	47	–	23
Truworths (Swaziland) Limited	4	–	–	17	–	(10)
Young Designers Emporium (Pty) Limited	5	–	–	–	–	(6)
Uzzi (Pty) Limited	5	–	–	–	(29)	(29)
Truworths International Limited Share Trust	–	–	–	–	–	23

Post-retirement benefit plans

The Group is a participating employer in various defined contribution retirement plans as well as a defined benefit healthcare plan. Refer to note 27.3 for further detail.

Key management personnel

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

	2009 Rm	2008 Rm
Category		
Short-term benefits	**30**	30
Post-retirement benefits	**2**	2
Equity-settled compensation benefits	**4**	1
Cash-settled compensation benefits	**6**	5
Total emoluments	**42**	38

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

Interest of directors in contracts

No directors have a material interest in any transaction with the company or any of its subsidiaries.

Other related parties

The Group has identified the Truworths Chairman's Foundation, the Truworths Community Foundation, the Truworths Social Involvement Trust and the Truworths Enterprise Development Trust as related parties. Donations to these entities during the period amounted to Rnil (2008: Rnil), Rnil (2008: R2 million), R3.2 million (2008: R5 million) and R4 million (2008: R500 000) respectively. No financial benefits were derived by the Group from these relationships. Refer to note 7.3 for further detail.

Notes to the Group Annual Financial Statements

		Note	2009 Rm	2008 Rm
32	**NOTES TO THE STATEMENTS OF CASH FLOWS**			
32.1	**Cash flow from trading and cash EBITDA**			
	Profit before tax		2 114	1 880
	Add: Non-cash items		161	119
	Depreciation and amortisation	26.1	109	96
	Movement in straight-line operating lease obligation	18.1	6	–
	Revaluation (gain)/loss on cash-settled call options	5	(27)	29
	Adjustment to investment in export partnership participation	7.1	(1)	1
	Adjustment to secured loans to share scheme participants	7.2	(3)	–
	Unrealised foreign exchange losses/(gains)		19	(1)
	Post-retirement medical benefit expense	17.2	4	3
	Loss on disposal of plant and equipment	26.5	2	–
	Share-based payments: equity-settled	27.6.1	13	6
	Share-based payments: cash-settled	27.6.2	39	(15)
	Less: Interest received	25	(614)	(525)
	Net inflow		1 661	1 474
32.2	**Working capital movements**			
	Increase in inventories		(66)	(44)
	Increase in trade and other receivables and prepayments		(206)	(120)
	Increase in trade and other payables and provisions		26	60
	Net outflow		(246)	(104)
32.3	**Tax paid**			
	Amounts owing at the beginning of the period		(197)	(156)
	Amounts charged to profit or loss		(680)	(596)
	South African normal tax	28.1	(588)	(562)
	Deferred tax	28.1	(11)	40
	Foreign tax	28.1	(14)	(9)
	STC	28.1	(67)	(65)
	Deferred tax movement	28.1	11	(40)
	Amounts owing at the end of the period		89	197
	Net outflow		(777)	(595)
32.4	**Acquisition of plant and equipment to maintain operations**			
	Equipment, furniture and fittings		(27)	(29)
	Computer equipment		(4)	(3)
	Net outflow		(31)	(32)

	Note	2009 Rm	2008 Rm
32.5 Acquisition of property, plant and equipment to expand operations			
Land		**(11)**	–
Buildings		**(25)**	(1)
Equipment, furniture and fittings		**(109)**	(117)
Computer equipment		**(19)**	(11)
Net outflow		**(164)**	(129)
32.6 Dividends paid			
Amounts owing at the beginning of the period		**(2)**	(1)
Amounts charged to equity	29	**(683)**	(576)
Amounts owing at the end of the period	19	**2**	2
Net outflow		**(683)**	(575)
32.7 Net investment in subsidiary			
Acquisition of Uzzi (Pty) Limited			
The Group acquired the remaining 49% shareholding of Uzzi (Pty) Limited in 2008			
Consideration paid	33.1	**–**	(35)
Cash paid		**–**	(65)
Minority interest loans acquired		**–**	30
Net outflow on acquisition		**–**	(35)

Notes to the Group Annual Financial Statements

33 BUSINESS COMBINATIONS

The Group did not enter into any business combinations during the 2009 reporting period. Details of the business combinations during the 2008 reporting period are set out below.

33.1 Uzzi (Pty) Limited: acquisition of 49%

On 1 January 2008, the Group exercised its option to acquire the remaining 49% minority shareholding in Uzzi (Pty) Limited and now holds 100% of that company's issued share capital.

	2008 Rm
Total consideration paid	65
Less: Minority shareholders' loans acquired	(30)
Net amount paid	35
Net asset value	(17)
Goodwill arising on acquisition of 49%	18
Total goodwill arising on acquisition of 100% (refer to note 3)	38
The net asset value at acquisition of 49% is calculated as follows:	
Profits generated subsequent to the acquisition of the 51% shareholding	35
51% attributable to the majority shareholding	18
49% attributable to the minority shareholding	17

33.2 Pooling of interest: Truworths Limited and Uzzi (Pty) Limited

On 2 June 2008 Truworths Limited acquired from Uzzi (Pty) Limited the Uzzi business as a going concern at the net asset value on the effective date. The acquisition was accounted for using the pooling of interest method. This transaction had no financial impact on the consolidated results of the Group.

34 COMPARATIVE INFORMATION

The Group has adopted IAS 1 (revised) earlier than required by the standard. The adoption gives rise to additional disclosures and changes the presentation of certain comparative information. Below is a summary of changes in wording or terminology:

- 'Balance sheet' becomes 'statement of financial position'
- 'Income statement' becomes 'statement of comprehensive income'
- 'Cash flow statement' becomes 'statement of cash flows'
- 'Equity holder' becomes 'owner'
- 'Balance sheet date' becomes 'end of the reporting period'
- 'Recognised in the income statement' becomes 'recognised in profit or loss'
- In the statement of financial position, the sub-heading 'capital and reserves' becomes 'equity'

The adoption of IAS 1 also affects the presentation of owner changes in equity and comprehensive income and some other changes detailed below:

- The movement in the effective portion of the cash flow hedge and the related deferred tax is presented under 'other comprehensive income' in the statements of comprehensive income, whereas previously it was disclosed in the statements of changes in equity.
- Similarly, the items above, together with profit for the period, are replaced by 'total comprehensive income' in the statements of changes in equity.
- Dividends per share amounts are presented in the statements of changes in equity.

Whilst the presentation of certain comparative information has changed, there has been no reclassification or restatement in the statements of financial position. As a result, the Group has not presented an additional comparative statement of financial position, as would be required under such circumstances.

35 SEGMENT INFORMATION

The Group's reportable segments have been identified as the Truworths and YDE business units. The Truworths business unit comprises the retailing activities conducted by the Truworths ladieswear and menswear divisions, and its Identity, Daniel Hechter and franchise departments, through which the Group retails fashion apparel comprising clothing, footwear and other fashion products to women, men and children. The YDE business unit comprises the agency activities through which the Group retails clothing, footwear and related products on behalf of emerging South African designers.

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

		Truworths Rm	YDE Rm	Corporate# Rm	Group Rm
2009					
Total revenue* (refer to note 25)		6 923	88	3	7 014
Third party		6 923	87	4	7 014
Inter-segment		–	1	(1)	–
Depreciation and amortisation		106	3	–	109
Interest received		608	2	4	614
Profit for the period		1 404	27	3	1 434
Profit before tax		2 073	38	3	2 114
Tax expense		(669)	(11)	–	(680)
Segment assets**		6 495	101	(2 090)	4 506
Segment liabilities		1 022	12	(79)	955
Capital expenditure		196	2	–	198
Other segment information					
Gross margin	(%)	55	–	–	55
Trading margin	(%)	23	41	–	24
Operating margin	(%)	33	44	–	34
Inventory turn	(times)	6.1	–	–	6.1
Credit:cash sales mix	(%)	69:31	21:79	–	69:31
2008					
Total revenue* (refer to note 25)		6 239	84	(1)	6 322
Third party		6 238	82	2	6 322
Inter-segment		1	2	(3)	–
Depreciation and amortisation		93	3	–	96
Interest received		521	2	2	525
Profit for the period		1 255	28	1	1 284
Profit before tax		1 839	39	2	1 880
Tax expense		(584)	(11)	(1)	(596)
Segment assets**		5 760	89	(1 946)	3 903
Segment liabilities		989	28	(34)	983
Capital expenditure		163	3	18	184
Other segment information					
Gross margin	(%)	55	–	–	55
Trading margin	(%)	23	43	–	24
Operating margin	(%)	33	46	–	33
Inventory turn	(times)	6.5	–	–	6.5
Credit:cash sales mix	(%)	70:30	21:79	–	70:30

Corporate represents unallocated segments and consolidation entries
* Segment revenue includes trade receivables interest and management fees
** Segment assets include trade and other receivables

Notes to the Group Annual Financial Statements

35 SEGMENT INFORMATION (CONTINUED)

35.1 Third party revenue

	2009 Rm	2009 % contribution to revenue	2008 Rm	2008 % contribution to revenue
South Africa	**6 808**	**97.1**	6 156	97.4
Namibia	**121**	**1.7**	95	1.5
Swaziland	**47**	**0.7**	37	0.6
Franchise sales	**38**	**0.5**	34	0.5
Botswana	**15**	**0.2**	15	0.2
Middle East	**7**	**0.1**	8	0.1
Rest of Africa	**16**	**0.2**	11	0.2
Total third party revenue	**7 014**	**100**	6 322	100

35.2 Non-current assets

	2009 Rm	2008 Rm
South Africa	**751**	664
Namibia	**4**	5
Swaziland	**1**	1
Total	**756**	670

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

35.3 Components of Truworths

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

Sale of merchandise	Note	2009 Rm	2009 % contribution to sale of merchandise	2008 Rm	2008 % contribution to sale of merchandise
Truworths Ladieswear		2 506	40.1	2 299	40.7
Truworths Menswear		1 220	19.5	1 092	19.4
Identity		821	13.1	685	12.1
Daniel Hechter		790	12.6	718	12.7
Truworths Elements		367	5.9	342	6.1
Inwear		335	5.4	328	5.8
LTD		204	3.3	177	3.1
Truworths Fine Jewellery		72	1.2	76	1.3
Truworths Living		14	0.2	14	0.2
Retail sales		6 329	101.3	5 731	101.4
Franchise sales		38	0.6	34	0.6
Reconciling items*		(120)	(1.9)	(114)	(2.0)
Total	25	6 247	100	5 651	100

* Reconciling items comprise reclassification adjustments in respect of vouchers, staff discounts and notional interest.

36 EVENTS AFTER THE END OF THE REPORTING PERIOD

No event material to the understanding of these financial statements has occurred between the end of the reporting period and the date of approval.

Contents

COMPANY ANNUAL FINANCIAL STATEMENTS

Company Statements of Financial Position

	Note	at 28 June 2009 Rm	at 29 June 2008 Rm
ASSETS			
Non-current assets		**16 789**	9 921
Available-for-sale assets	2	**16 789**	9 921
Current assets		**768**	606
Loans and receivables	3	**763**	604
Cash and cash equivalents	4	**5**	2
Total assets		**17 557**	10 527
EQUITY AND LIABILITIES			
Equity			
Share capital and premium	5,6	**65**	50
Retained earnings		**48**	53
Non-distributable reserves	7	**15 323**	8 455
Total equity		**15 436**	8 558
Current liabilities		**2 121**	1 969
Trade and other payables	8	**2 121**	1 969
Total liabilities		**2 121**	1 969
Total equity and liabilities		**17 557**	10 527

Company Statements of Comprehensive Income

	Note	52 weeks to 28 June 2009 Rm	53 weeks to 29 June 2008 Rm
Revenue	10	**725**	606
Other income	10	**4**	4
Trading expenses		**(4)**	(4)
Employment costs	11.1	**(1)**	(1)
Other operating costs	11.2	**(3)**	(3)
Trading profit		**–**	–
Dividends received	10	**720**	602
Interest received	10	**1**	–
Profit before tax		**721**	602
Tax expense	12	**–**	–
Profit for the period		**721**	602
Other comprehensive income			
Revaluation of subsidiaries	7	**6 855**	(6 348)
Other comprehensive income for the period, net of tax		**6 855**	(6 348)
Total comprehensive income for the period		**7 576**	(5 746)

Company Statements of Changes in Equity

	Note	Share capital and premium Rm	Retained earnings Rm	Non-distributable reserves Rm	Total equity Rm
2008					
Balance at the beginning of the period		36	47	14 797	14 880
Total comprehensive income for the period		–	602	(6 348)	(5 746)
Dividends	13	–	(596)	–	(596)
Premium on shares issued	6	14	–	–	14
Share-based payments	27.6.1*	–	–	6	6
Balance at 29 June 2008		50	53	8 455	8 558
2009					
Balance at the beginning of the period		**50**	**53**	**8 455**	**8 558**
Total comprehensive income for the period		**–**	**721**	**6 855**	**7 576**
Dividends	13	**–**	**(726)**	**–**	**(726)**
Premium on shares issued	6	**15**	**–**	**–**	**15**
Share-based payments	27.6.1*	**–**	**–**	**13**	**13**
Balance at 28 June 2009		**65**	**48**	**15 323**	**15 436**

* Refer to notes of the Group annual financial statements

Company Statements of Cash Flows

	Note	52 weeks to 28 June 2009 Rm	53 weeks to 29 June 2008 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from trading	14.1	–	–
Dividends received	14.1	720	602
Cash EBITDA*		720	602
Working capital movements	14.2	1	(1)
Cash generated from operations		721	601
Interest received	14.1	1	–
Cash inflow from operations		722	601
Dividends paid	14.3	(726)	(595)
Net cash (used in)/from operating activities		(4)	6
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans advanced to subsidiary companies	3	(159)	(185)
Loans repaid by subsidiary companies	3	–	47
Increase in investments in subsidiary companies	33**	–	(35)
Net cash used in investing activities		(159)	(173)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on shares issued	6	15	14
Loans advanced by subsidiary companies	8	151	148
Net cash from financing activities		166	162
Net increase/(decrease) in cash and cash equivalents		3	(5)
Cash and cash equivalents at the beginning of the period		2	7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	5	2

* Earnings before interest, tax, depreciation and amortisation
** Refer to notes of the Group annual financial statements

Notes to the Company Annual Financial Statements

	2009 Rm	2008 Rm
2 AVAILABLE-FOR-SALE ASSETS		
Shares in Truworths Limited	16 093	9 641
Shares in Young Designers Emporium (Pty) Limited	316	216
Shares in Uzzi (Pty) Limited	36	36
Shares in Truworths Investments (Pty) Limited	139	28
Shares in Truworths Investments Two (Pty) Limited	74	–
Shares in Truworths Investments Three (Pty) Limited	54	–
Shares in Truworths Investments Four (Pty) Limited	77	–
Total	16 789	9 921

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

During the period the value of the investments in subsidiaries increased as a result of the Truworths International Limited share price increasing from R21.90 at 29 June 2008 to R36.90 at 28 June 2009.

	2009 Rm	2008 Rm
3 LOANS AND RECEIVABLES		
Loans and receivables at the beginning of the period	604	466
Advances during the period	159	185
Repayments during the period	–	(47)
Loans and receivables at the end of the period	763	604
The balance at the end of the period comprises amounts owing by:		
Truworths Investments (Pty) Limited	133	133
Truworths Investments Two (Pty) Limited	196	196
Truworths Investments Three (Pty) Limited	223	223
Truworths Investments Four (Pty) Limited	211	52
Total	763	604

The amounts owing are unsecured, interest-free and repayable on demand. The fair value of the loans approximate their carrying value. There were no material guarantees provided or received in respect of subsidiaries. The company has not made any impairment provision relating to amounts owed by subsidiary companies.

	2009 Rm	2008 Rm
4 CASH AND CASH EQUIVALENTS		
Balances with banks	5	2

Balances with banks earn interest based on floating daily bank deposit rates and closing balances. Refer to notes 9.2.1 and 9.3.2 for further information relating to interest rate risk and credit risk management respectively.

	2009 Rm	2008 Rm
5 SHARE CAPITAL		
Ordinary share capital		
Authorised		
650 000 000 (2008: 650 000 000) ordinary shares of 0.015 cent each	**98**	98
Issued and fully paid		
454 955 773 (2008: 452 995 426) ordinary shares of 0.015 cent each	**68**	68

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

	Number of shares 000's	Number of shares 000's
Reconciliation of movement in issued shares:		
Balance at the beginning of the period	**452 995**	450 773
Shares issued	**1 961**	2 222
Balance at the end of the period	**454 956**	452 995

The shares issued during the period were allotted for an aggregate nominal value of R294 (2008: R333) and an aggregate premium before expenses of R15 070 747 (2008: R13 681 174).

	Rm	Rm
6 SHARE PREMIUM		
Balance at the beginning of the period	**50**	36
Premium on shares issued	**15**	14
Balance at the end of the period	**65**	50
7 NON-DISTRIBUTABLE RESERVES		
Equity-settled compensation reserve	**38**	25
Revaluation reserve	**15 285**	8 430
Total	**15 323**	8 455
Reconciliation of equity-settled compensation reserve		
Balance at the beginning of the period	**25**	19
Equity-settled share-based payment expense (refer note 27.6.1)*	**13**	6
Balance at the end of the period	**38**	25
Reconciliation of revaluation reserve		
Balance at the beginning of the period	**8 430**	14 778
Revaluation of subsidiaries	**6 855**	(6 348)
Balance at the end of the period	**15 285**	8 430

* Refer to notes of the Group annual financial statements

Notes to the Company Annual Financial Statements

		2009 Rm	2008 Rm
8	**TRADE AND OTHER PAYABLES**		
	Amount owing to Truworths Limited	2 117	1 966
	Other payables and accrued expenses	2	1
	Shareholders for unclaimed dividends	2	2
	Total	2 121	1 969

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

Terms and conditions of financial liabilities:

– The amount owing to Truworths Limited is unsecured, interest-free and repayable on demand.
– Other payables and accrued expenses are non interest-bearing provided they are settled within their respective credit terms.
– Shareholders for unclaimed dividends are non interest-bearing and are payable on demand.

Refer to note 9.4 for further information relating to liquidity risk management.

9 FINANCIAL RISK MANAGEMENT

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

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

The board of the company is responsible for risk management, including financial risk management, and is assisted by the directors of Truworths Limited. The Risk Committee, a committee of the Truworths Limited board, oversees the management of financial risks relating to the company's operations. The board has adopted the King II Code's risk management principles and has established a policy framework which guides the company's risk management processes. These policies and guidelines are periodically examined by senior executives and adjusted, if necessary, to ensure that changes in the business and economic environment have been taken into account. These policies and frameworks will be modified to ensure the recommendations of the King III Code are adopted, where appropriate, in due course when this Code has come into force in 2010. Refer to the Risk Report on page 97 for further information relating to financial risk management.

9.1.1 Treasury risk management objectives and policies

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

9.2 Market risk management

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

9.2.1 Interest rate risk

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

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

Interest rate analysis

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

	2009 %	2008 %
Floating rate		
Balances with banks	4	9

Interest rate sensitivity analysis

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

A change of 100 basis points in interest rates would not have a material impact on the profits of the company. The analysis was performed on the same basis for 2008.

9.2.2 Other price risk

The company is exposed to fluctuations in its own share price due to shares held by subsidiaries that are classified as available-for-sale assets, measured at fair value. Refer to note 9.5 for further detail relating to the relevant valuation techniques used in determining the fair value of investments in subsidiaries.

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

Effect on equity	2009 Rm	2008 Rm
Impact of share price movement	5 876	2 976

9.3 Credit risk

The company's exposure to credit risk relates to loans and receivables and cash and cash equivalents. Refer to notes 3 and 4 respectively for further detail.

The company's maximum exposure to credit risk amounted to R768 million (2008: R606 million) at the end of the reporting period.

9.3.1 Loans and receivables

Loans and receivables totalling R763 million (2008: R604 million) are neither past due nor impaired. Refer to note 3 for further detail.

9.3.2 Cash and cash equivalents

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

Notes to the Company Annual Financial Statements

9 FINANCIAL RISK MANAGEMENT (CONTINUED)

9.4 Liquidity risk

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

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

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

	Note	Settled on demand Rm	Settled in < 30 days Rm	Settled after 90 days Rm	Total Rm
2009					
Trade and other payables	8				
Shareholders for unclaimed dividends		2	–	–	2
Other payables and accrued expenses		–	–	2	2
Amount owing to Truworths Limited		2 117	–	–	2 117
Total		2 119	–	2	2 121
2008					
Trade and other payables	8				
Shareholders for unclaimed dividends		2	–	–	2
Other payables and accrued expenses		–	1	–	1
Amount owing to Truworths Limited		1 966	–	–	1 966
Total		1 968	1	–	1 969

9.5 Fair value of financial instruments

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

Financial assets and liabilities

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

Available-for-sale assets

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

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

9.6 Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while enhancing the return to its shareholders. The company's overall strategy has remained unchanged from 2008.

The capital structure of the company consists of equity, comprising issued ordinary share capital, share premium, non-distributable reserves and retained earnings. Refer to notes 5, 6 and 7 for further detail.

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

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

The management of capital is reviewed by the board on a quarterly basis. The company will manage the overall capital structure through dividend payments, share issues and share buy-backs through subsidiaries. The company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the needs of the company.

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

	2009 Rm	2008 Rm
Profit for the period	**721**	602
Equity of the company	**15 436**	8 558

Notes to the Company Annual Financial Statements

	2009 Rm	2008 Rm
10 REVENUE		
Dividends received	720	602
Management fees	4	4
Interest received	1	–
Total	725	606

11 TRADING PROFIT

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

	2009 Rm	2008 Rm
11.1 Employment costs		
Directors' fees	1	1
11.2 Other operating costs		
Management, administrative and secretarial fees paid	3	3

12 TAX EXPENSE

12.1 Current period tax charge

In the prior period the corporate tax rate decreased from 29% to 28% for years of assessment ended on or after 1 April 2008.

The company has lodged its income tax return for the 2008 tax year. The most recent income tax assessment issued by the South African Revenue Service to the company was in respect of the 2007 tax year.

	2009 %	2008 %
12.2 Reconciliation of effective tax rate		
South African normal tax rate	28.0	28.0
Decrease in rate of tax due to:		
Exempt income	(28.0)	(28.0)
Effective tax rate	–	–

	2009 Rm	2008 Rm
13 DIVIDENDS		
Interim dividend – 2009		
Cash dividend of 88 cents per share declared on 18 February 2009 and paid on 16 March 2009	400	–
Final dividend – 2008		
Cash dividend of 72 cents per share declared on 20 August 2008 and paid on 15 September 2008	326	–
Interim dividend – 2008		
Cash dividend of 72 cents per share declared on 14 March 2008 and paid on 17 March 2008	–	326
Final dividend – 2007		
Cash dividend of 60 cents per share declared on 23 August 2007 and paid on 17 September 2007	–	270
Total	726	596

The final dividend for the period ended 28 June 2009 of 83 cents per share was declared on 19 August 2009 to shareholders registered on the record date of 11 September 2009, and is payable on 14 September 2009. No provision regarding this final dividend has been recognised.

	2009 Rm	2008 Rm
14 NOTES TO THE COMPANY STATEMENTS OF CASH FLOWS		
14.1 Cash flow from trading		
Profit before tax	721	602
Dividends received	(720)	(602)
Interest received	(1)	–
Net flow	–	–
14.2 Working capital movements		
Increase/(decrease) in trade and other payables	1	(1)
Net inflow/(outflow)	1	(1)
14.3 Dividends paid		
Amounts owing at the beginning of the period	(2)	(1)
Amounts charged to equity	(726)	(596)
Amounts owing at the end of the period	2	2
Net outflow	(726)	(595)

Notes to the Company Annual Financial Statements

15 RELATED PARTY DISCLOSURES

During the period the company and its subsidiaries entered into various transactions with each other, in the ordinary course of business. These transactions occurred under terms that are no less favourable than those arranged with third parties. Details of loan balances with and interest in subsidiaries are disclosed in notes 2, 3, 8 and Annexure One.

Related party transactions during the period were as follows:

	Management fee received from Rm	Dividends received from Rm	Dividends paid to Rm	Amount owing (to)/ by related parties Rm
2009				
Truworths Limited	4	677	–	(2 117)
Truworths Investments (Pty) Limited	–	12	(12)	133
Truworths Investments Two (Pty) Limited	–	11	(11)	196
Truworths Investments Three (Pty) Limited	–	12	(12)	223
Truworths Investments Four (Pty) Limited	–	8	(8)	211
2008				
Truworths Limited	4	569	–	(1 966)
Truworths Investments (Pty) Limited	–	11	(11)	133
Truworths Investments Two (Pty) Limited	–	10	(10)	196
Truworths Investments Three (Pty) Limited	–	6	(6)	223
Truworths Investments Four (Pty) Limited	–	–	–	52
Uzzi (Pty) Limited	–	6	–	–

Shareholders

The company's shares are widely held principally by public shareholders. The major shareholders of the company are detailed in the annual report on pages 219 to 220.

Key management personnel

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

Interest of directors in contracts

No directors have a material interest in any transaction with the company or any of its subsidiaries.

Other related parties

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

16 BUSINESS COMBINATIONS

The company did not enter into any business combinations during the 2009 reporting period. Details of the prior period business combinations are set out in note 33 of the Group annual financial statements.

17 COMPARATIVE INFORMATION

The company has adopted IAS 1 (revised) earlier than required by the standard. The adoption gives rise to additional disclosures and changes to comparative information. Refer to note 34 of the Group annual financial statements for a summary of the changes to wording and terminology.

The adoption of IAS 1 also affects the presentation of owner changes in equity and comprehensive income and some other changes detailed below:

- The revaluation of subsidiaries is presented under 'other comprehensive income' in the statements of comprehensive income, whereas previously it was disclosed in the statements of changes in equity.
- Similarly, the items above, together with profit for the period, are replaced by 'total comprehensive income' in the statements of changes in equity.

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/(to) subsidiaries (refer to notes 3 and 8 in company annual financial statements)	
		2009	2008	**2009 %**	2008 %	**2009 Rm**	2008 Rm	**2009 Rm**	2008 Rm
DIRECT SUBSIDIARY COMPANIES									
All (Pty) Limited companies unless otherwise stated									
Incorporated in South Africa									
Truworths Limited	R	**R23 883 152**	R23 883 152	**100.0**	100.0	**16 093**	9 641	**(2 117)**	(1 966)
Young Designers Emporium	C	**R200**	R200	**100.0**	100.0	**316**	216	**–**	–
Uzzi	D	**R100**	R100	**100.0**	100.0	**36**	36	**–**	–
SRG International	D	**R2**	R2	**100.0**	100.0				
Truworths Trading	D	**R60**	R60	**100.0**	100.0				
Truworths International Limited Share Trust	E	**N/A**	N/A	**100.0**	100.0	**N/A**	N/A		
Truworths Investments	I	**R120**	R120	**100.0**	100.0	**139**	28	**133**	133
Truworths Investments Two	I	**R120**	R120	**100.0**	100.0	**74**	–	**196**	196
Truworths Investments Three	I	**R120**	R120	**100.0**	100.0	**54**	–	**223**	223
Truworths Investments Four	I	**R120**	R120	**100.0**	100.0	**77**	–	**211**	52
Incorporated in Guernsey									
Truworths International Trust	I	**N/A**	N/A	**100.0**	100.0	**N/A**	N/A		
Truworths Worldwide Limited	I	**US$5 386 039**	US$5 386 039	**100.0**	100.0				
INDIRECT SUBSIDIARY COMPANIES									
All (Pty) Limited companies unless otherwise stated									
Incorporated in South Africa									
Chez Brigitte Fashion Accessories	D	**R2**	R2	**100.0**	100.0				
Daniel Hechter	D	**R200**	R200	**100.0**	100.0				
Intrigue Fine Lingerie Company	D	**R100**	R100	**100.0**	100.0				
Identity Retailing	C	**R2**	R2	**100.0**	100.0				
Truworths Management Services	DD	**R12 000**	R12 000	**100.0**	100.0				
Truworths Man	D	**R1**	R1	**100.0**	100.0				
Truworths Personal Finance	D	**R2**	R2	**100.0**	100.0				
Woolmos Properties Share Block Limited	S	**R5 920 950**	R5 920 950	**100.0**	100.0	**14**	14		
Incorporated in Namibia									
Truworths (Namibia) Limited	R	**N$14**	N$14	**100.0**	100.0				
Incorporated in Swaziland									
Truworths (Swaziland) Limited	R	**E40 000**	E40 000	**100.0**	100.0				
Incorporated in Lesotho									
Truworths (Lesotho)	D	**M2**	M2	**100.0**	100.0				
Incorporated in Botswana									
Chris & Wayne Enterprises	D	**P100**	P100	**100.0**	100.0				
Incorporated in Zambia									
Truworths (Zambia) Limited	D	**K50 000**	K50 000	**100.0**	100.0				
Incorporated in Australia									
Tarra Valley	I	**Au$23 405 000**	Au$23 405 000	**100.0**	100.0				
Select Retail Group Australia	I	**Au$8 350 008**	Au$8 350 008	**100.0**	100.0				
Redfern Road	D	**Au$7 613 643**	Au$7 613 643	**100.0**	100.0				
Incorporated in the Isle of Man									
Truworths Intellectual Property Limited	IP	**US$3**	US$3	**100.0**	100.0				

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

Annexure Two

Details of directors' holdings of shares and options

	2009 Shares 000's	2009 Options 000's	2009 Total 000's	2008 Shares 000's	2008 Options 000's	2008 Total 000's
1 DIRECTORS' HOLDINGS OF SHARES AND EQUITY-SETTLED SHARE OPTIONS						
In aggregate:						
Balance at the beginning of the period	6 638	6 333	12 971	7 317	5 653	12 970
Options granted	–	1 038	1 038	–	680	680
Options exercised	–	(108)	(108)	–	–	–
Options forfeited	–	(82)	(82)	–	–	–
Share movements during the period	(2 241)	–	(2 241)	(679)	–	(679)
Balance at the end of the period	4 397	7 181	11 578	6 638	6 333	12 971

By director:

The direct and indirect interest of each of the directors in the company's shares, all of which are held beneficially, and only some of which are held pursuant to the equity-settled share scheme, are as follows:

	2009 Shares 000's	2009 Options 000's	2009 Total 000's	2008 Shares 000's	2008 Options 000's	2008 Total 000's
Executive directors	3 882	7 151	11 033	6 122	6 253	12 375
Michael Mark	3 740	7 053	10 793	5 530	6 103	11 633
Tony Taylor	142	10	152	242	10	252
Quentin Scorgie	–	88	88	–	–	–
Wayne van der Merwe	–	–	–	350	140	490
Non-executive directors	515	30	545	516	80	596
Thandi Ndlovu	–	30	30	–	30	30
Edward Parfett	465	–	465	516	–	516
Hilton Saven	50	–	50	–	50	50
Balance at the end of the period	4 397	7 181	11 578	6 638	6 333	12 971
Comprising:						
Direct interest	229	7 181	7 410	730	6 333	7 063
Indirect interest	4 168	–	4 168	5 908	–	5 908
Total	4 397	7 181	11 578	6 638	6 333	12 971

There have been no changes to these interests between the end of the reporting period and the date of the Directors' Report.

It is the Group's policy that all directors and officers, as well as those employees who have access to price-sensitive information, should not deal in company shares, or receive or exercise share options of the company during the closed period. The closed periods commence two weeks before the end of the interim (December) and annual (June) reporting periods and end twenty-four hours after the announcement of the financial results on the JSE news service.

Annexure Two

Details of directors' holdings of shares and options (continued)

	Subscription price R	2009 Number of options 000's	2008 Number of options 000's
2 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE OPTIONS IN THE AGGREGATE:			
The options become releasable between the following dates and at the following subscription prices:			
Balance at the beginning of the period		**6 333**	5 653
Between 27 November 2001 and 27 November 2005	3.66	**3 113**	3 113
Between 26 October 2002 and 26 October 2006	5.33	**30**	30
Between 25 March 2003 and 25 March 2007	4.54	**340**	340
Between 7 November 2003 and 7 November 2007	5.74	**900**	900
Between 13 March 2004 and 13 March 2008	5.82	**570**	570
Between 6 November 2004 and 6 November 2008	8.52	**466**	466
Between 29 November 2005 and 29 November 2009	15.57	**234**	234
Between 2 October 2008 and 2 October 2012	31.75	**13**	–
Between 20 December 2008 and 20 December 2012	26.58	**17**	–
Between 31 March 2009 and 31 March 2013	25.11	**50**	–
Between 2 April 2009 and 2 April 2013	25.31	**600**	–
Options offered		**1 038**	680
Between 2 October 2008 and 2 October 2012	31.75	**–**	13
Between 20 December 2008 and 20 December 2012	26.58	**–**	17
Between 31 March 2009 and 31 March 2013	25.11	**–**	50
Between 2 April 2009 and 2 April 2013	25.31	**–**	600
Between 14 October 2009 and 14 October 2013	29.49	**550**	–
Between 19 March 2010 and 19 March 2014	29.62	**400**	–
Between 29 April 2010 and 29 April 2015	34.45	**58**	–
Between 3 June 2010 and 3 June 2014	37.18	**30**	–
Options forfeited		**(82)**	–
Between 29 November 2005 and 29 November 2009	15.57	**(8)**	–
Between 2 October 2008 and 2 October 2012	31.75	**(10)**	–
Between 20 December 2008 and 20 December 2012	26.58	**(14)**	–
Between 31 March 2009 and 31 March 2013	25.11	**(50)**	–
Options exercised		**(108)**	–
Between 13 March 2004 and 13 March 2008	5.82	**(20)**	–
Between 6 November 2004 and 6 November 2008	8.52	**(66)**	–
Between 29 November 2005 and 29 November 2009	15.57	**(16)**	–
Between 2 October 2008 and 2 October 2012	31.75	**(3)**	–
Between 20 December 2008 and 20 December 2012	26.58	**(3)**	–
Balance at the end of the period		**7 181**	6 333
Between 27 November 2001 and 27 November 2005	3.66	**3 113**	3 113
Between 26 October 2002 and 26 October 2006	5.33	**30**	30
Between 25 March 2003 and 25 March 2007	4.54	**340**	340
Between 7 November 2003 and 7 November 2007	5.74	**900**	900
Between 13 March 2004 and 13 March 2008	5.82	**550**	570
Between 6 November 2004 and 6 November 2008	8.52	**400**	466
Between 29 November 2005 and 29 November 2009	15.57	**210**	234
Between 2 October 2008 and 2 October 2012	31.75	**–**	13
Between 20 December 2008 and 20 December 2012	26.58	**–**	17
Between 31 March 2009 and 31 March 2013	25.11	**–**	50
Between 2 April 2009 and 2 April 2013	25.31	**600**	600
Between 14 October 2009 and 14 October 2013	29.49	**550**	–
Between 19 March 2010 and 19 March 2014	29.62	**400**	–
Between 29 April 2010 and 29 April 2015	34.45	**58**	–
Between 3 June 2010 and 3 June 2014	37.18	**30**	–

	Date ownership passes	Exercise/ offer/forfeit date	Subscription price R	Market price on date ownership passed R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE OPTIONS PER DIRECTOR:							
2009							
Executive directors							
MICHAEL MARK							
Balance at the beginning of the period						**6 103**	
			3.66			3 113	Between 27 November 2001 and 27 November 2005
			4.54			340	Between 25 March 2003 and 25 March 2007
			5.74			900	Between 7 November 2003 and 7 November 2007
			5.82			550	Between 13 March 2004 and 13 March 2008
			8.52			400	Between 6 November 2004 and 6 November 2008
			15.57			200	Between 29 November 2005 and 29 November 2009
			25.31			600	Between 2 April 2009 and 2 April 2013
Options granted		14/10/08	29.49			550	Between 14 October 2009 and 14 October 2013
Options granted		19/03/09	29.62			400	Between 19 March 2010 and 19 March 2014
Balance at the end of the period						**7 053**	
			3.66			3 113	Between 27 November 2001 and 27 November 2005
			4.54			340	Between 25 March 2003 and 25 March 2007
			5.74			900	Between 7 November 2003 and 7 November 2007
			5.82			550	Between 13 March 2004 and 13 March 2008
			8.52			400	Between 6 November 2004 and 6 November 2008
			15.57			200	Between 29 November 2005 and 29 November 2009
			25.31			600	Between 2 April 2009 and 2 April 2013
			29.49			550	Between 14 October 2009 and 14 October 2013
			29.62			400	Between 19 March 2010 and 19 March 2014
TONY TAYLOR							
Balance at the beginning and the end of the period						**10**	
			15.57			10	Between 29 November 2005 and 29 November 2009
EPOPC	28/11/08	28/11/03	8.73	29.65	(8)		
EPOPC	29/11/08	22/05/06	15.57	29.65	(10)		

EPOPC = Exercised previously but ownership passed in the current period

Annexure Two

Details of directors' holdings of shares and options (continued)

	Date ownership passes	Exercise/ offer/forfeit date	Subscription price R	Market price on date ownership passed R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE OPTIONS PER DIRECTOR (CONTINUED):							
2009 (continued)							
Executive directors (continued)							
WAYNE VAN DER MERWE							
Balance at the beginning of the period						**140**	
			5.82			20	Between 13 March 2004 and 13 March 2008
			8.52			16	Between 6 November 2004 and 6 November 2008
			15.57			24	Between 29 November 2005 and 29 November 2009
			31.75			13	Between 2 October 2008 and 2 October 2012
			26.58			17	Between 20 December 2008 and 20 December 2012
			25.11			50	Between 31 March 2009 and 31 March 2013
						(82)	
Options forfeited		27/03/09	15.57			(8)	
Options forfeited		27/03/09	31.75			(10)	
Options forfeited		27/03/09	26.58			(14)	
Options forfeited		27/03/09	25.11			(50)	
						(58)	
ESC	25/11/08	25/11/08	5.82	31.50		(20)	
ESC	25/11/08	25/11/08	8.52	31.50		(14)	
ESC	25/11/08	25/11/08	8.52	31.55		(2)	
ESC	31/03/09	31/03/09	15.57	32.10		(8)	
ESC	25/11/08	25/11/08	15.57	31.50		(8)	
ESC	14/04/09	14/04/09	31.75	35.00		(3)	
ESC	31/03/09	31/03/09	26.58	32.10		(3)	
Balance at the end of the period						–	
QUENTIN SCORGIE							
Balance at the beginning of the period						–	
						88	
Options granted		29/04/09	34.45			58	Between 29 April 2010 and 29 April 2015
Options granted		03/06/09	37.18			30	Between 3 June 2010 and 3 June 2014
Balance at the end of the period						**88**	
			34.45			58	Between 29 April 2010 and 29 April 2015
			37.18			30	Between 3 June 2010 and 3 June 2014
2009							
Non-executive directors							
THANDI NDLOVU							
Balance at the beginning and the end of the period			**5.33**			**30**	Between 26 October 2002 and 26 October 2006
HILTON SAVEN							
Balance at the beginning of the period						**50**	
			8.52			50	Between 6 November 2004 and 6 November 2008
EOPC	02/03/09	02/03/09	8.52	30.75		(50)	
Balance at the end of the period						–	

EOPC = Exercised and ownership passed in the current period
EPOPC = Exercised previously but ownership passed in the current period
ESC = Exercised and sold in the current period

	Date ownership passes	Exercise/ offer/ forfeit date	Subscription price R	Market price on date ownership passed R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE OPTIONS PER DIRECTOR (CONTINUED):							
2008							
Executive directors							
MICHAEL MARK							
Balance at the beginning of the period						**5 503**	
			3.66			3 113	Between 27 November 2001 and 27 November 2005
			4.54			340	Between 25 March 2003 and 25 March 2007
			5.74			900	Between 7 November 2003 and 7 November 2007
			5.82			550	Between 13 March 2004 and 13 March 2008
			8.52			400	Between 6 November 2004 and 6 November 2008
			15.57			200	Between 29 November 2005 and 29 November 2009
Options granted		02/04/08	25.31			600	Between 2 April 2009 and 2 April 2013
Balance at the end of the period						**6 103**	
			3.66			3 113	Between 27 November 2001 and 27 November 2005
			4.54			340	Between 25 March 2003 and 25 March 2007
			5.74			900	Between 7 November 2003 and 7 November 2007
			5.82			550	Between 13 March 2004 and 13 March 2008
			8.52			400	Between 6 November 2004 and 6 November 2008
			15.57			200	Between 29 November 2005 and 29 November 2009
			25.31			600	Between 2 April 2009 and 2 April 2013
TONY TAYLOR							
Balance at the beginning and the end of the period						**10**	
			15.57			10	Between 29 November 2005 and 29 November 2009
EPOPC	28/11/07	28/11/03	8.73	28.00	(8)		
EPOPC	07/11/07	22/05/06	5.74	33.51	(50)		
EPOPC	13/03/08	22/05/06	5.82	25.80	(20)		
EPOPC	29/11/07	22/05/06	15.57	28.28	(10)		
WAYNE VAN DER MERWE							
Balance at the beginning of the period						**60**	
			5.82			20	Between 13 March 2004 and 13 March 2008
			8.52			16	Between 6 November 2004 and 6 November 2008
			15.57			24	Between 29 November 2005 and 29 November 2009
Options granted		02/10/07	31.75			13	Between 2 October 2008 and 2 October 2012
Options granted		20/12/07	26.58			17	Between 20 December 2008 and 20 December 2012
Options granted		31/03/08	25.11			50	Between 31 March 2009 and 31 March 2013
EPOPC	07/11/07	09/03/06	5.74	33.51	(24)		
Balance at the end of the period						140	
			5.82			20	Between 13 March 2004 and 13 March 2008
			8.52			16	Between 6 November 2004 and 6 November 2008
			15.57			24	Between 29 November 2005 and 29 November 2009
			31.75			13	Between 2 October 2008 and 2 October 2012
			26.58			17	Between 20 December 2008 and 20 December 2012
			25.11			50	Between 31 March 2009 and 31 March 2013
2008							
Non-executive directors							
THANDI NDLOVU							
Balance at the beginning and the end of the period			5.33			**30**	Between 26 October 2002 and 26 October 2006
HILTON SAVEN							
Balance at the beginning and the end of the period			8.52			**50**	Between 6 November 2004 and 6 November 2008

EOPC = Exercised and ownership passed in the current period
EPOPC = Exercised previously but ownership passed in the current period
ESC = Exercised and sold in the current period

Annexure Two

Details of directors' holdings of shares and options (continued)

	Subscription price R	2009 Number 000's	2008 Number 000's
4 DETAILED EXERCISE CONDITIONS APPLICABLE TO EQUITY-SETTLED OPTIONS HELD BY PARTICIPANTS:			
Between 29 October 1998 and 29 October 2003	2.28	**20**	20
Between 30 October 1998 and 30 October 2004	2.28	**44**	220
Between 18 December 1998 and 18 December 2004	2.28	**51**	65
Between 18 December 1998 and 18 December 2003	2.93	**3**	3
Between 21 December 1998 and 21 December 2004	2.28	**17**	22
Between 26 February 1999 and 26 February 2005	3.16	**–**	96
Between 27 November 2000 and 27 November 2005	3.66	**3 786**	4 136
Between 11 May 2001 and 11 May 2006	4.38	**8**	8
Between 27 August 2001 and 27 August 2006	5.72	**–**	3
Between 4 October 2001 and 4 October 2006	5.02	**69**	112
Between 26 October 2001 and 26 October 2006	5.33	**30**	30
Between 14 December 2001 and 14 December 2006	5.00	**214**	300
Between 28 February 2002 and 28 February 2007	4.70	**4**	4
Between 25 March 2002 and 25 March 2007	4.54	**467**	498
Between 17 May 2002 and 17 May 2007	5.40	**–**	250
Between 23 August 2002 and 23 August 2007	5.74	**27**	51
Between 9 September 2002 and 9 September 2007	5.96	**20**	20
Between 7 November 2002 and 7 November 2007	5.74	**1 397**	1 588
Between 3 March 2003 and 3 March 2008	6.27	**–**	4
Between 13 March 2003 and 13 March 2008	5.82	**960**	1 320
Between 2 April 2003 and 2 April 2008	5.77	**2**	2
Between 23 April 2003 and 23 April 2008	6.22	**32**	32
Between 25 August 2003 and 25 August 2008	7.08	**–**	4
Between 25 August 2003 and 25 August 2008	7.92	**–**	5
Between 2 September 2003 and 2 September 2008	8.00	**–**	6
Between 16 September 2003 and 16 September 2008	7.83	**–**	3
Between 6 November 2003 and 6 November 2008	8.52	**510**	626
Between 28 November 2003 and 28 November 2008	8.73	**13**	13
Between 3 December 2003 and 3 December 2008	8.73	**337**	486
Between 8 December 2003 and 8 December 2008	8.73	**69**	110
Between 12 December 2003 and 12 December 2008	8.73	**–**	5
Between 23 February 2004 and 23 February 2009	9.32	**5**	9
Between 5 May 2004 and 5 May 2009	10.25	**–**	11
Between 5 May 2004 and 5 May 2009	10.26	**6**	6
Between 25 August 2004 and 25 August 2009	10.57	**51**	51
Between 9 September 2004 and 9 September 2009	11.42	**6**	6
Between 22 November 2004 and 22 November 2009	15.65	**114**	164
Between 29 November 2004 and 29 November 2009	15.57	**871**	1 086
Between 1 March 2005 and 1 March 2010	17.44	**9**	9
Between 1 March 2005 and 1 March 2010	17.58	**11**	11
Between 8 March 2005 and 8 March 2010	17.54	**–**	9
Between 18 March 2005 and 18 March 2010	16.66	**2**	4
Between 30 March 2005 and 30 March 2010	17.09	**–**	6
Between 11 April 2005 and 11 April 2010	16.02	**2**	6

	Subscription price R	**2009 Number 000's**	2008 Number 000's
Between 11 April 2005 and 11 April 2010	16.04	**2**	2
Between 4 May 2005 and 4 May 2010	15.96	**2**	6
Between 13 May 2005 and 13 May 2010	16.78	**1**	1
Between 2 June 2005 and 2 June 2010	16.76	**9**	36
Between 9 June 2005 and 9 June 2010	17.51	**7**	7
Between 15 June 2005 and 15 June 2010	15.65	**13**	13
Between 2 August 2005 and 2 August 2010	18.65	**2**	4
Between 23 August 2005 and 23 August 2010	18.73	**8**	12
Between 27 October 2005 and 27 October 2010	19.17	**5**	9
Between 2 November 2005 and 2 November 2010	19.03	**10**	10
Between 18 November 2005 and 18 November 2010	20.38	**–**	4
Between 22 November 2005 and 22 November 2010	20.51	**10**	10
Between 24 November 2005 and 24 November 2010	20.46	**–**	7
Between 15 December 2005 and 15 December 2010	20.94	**29**	29
Between 24 February 2006 and 24 February 2011	25.99	**14**	27
Between 9 March 2006 and 9 March 2011	26.26	**3**	5
Between 16 March 2006 and 16 March 2011	26.26	**5**	5
Between 21 March 2006 and 21 March 2011	26.82	**4**	4
Between 3 May 2006 and 3 May 2011	28.13	**14**	17
Between 25 May 2006 and 25 May 2010	17.58	**7**	7
Between 1 June 2006 and 1 June 2011	24.95	**3**	4
Between 28 August 2006 and 28 August 2011	22.42	**33**	33
Between 28 August 2006 and 28 August 2011	22.91	**19**	26
Between 27 September 2006 and 27 September 2011	23.13	**8**	14
Between 3 October 2006 and 3 October 2011	23.50	**3**	4
Between 5 October 2006 and 5 October 2011	23.84	**12**	14
Between 10 October 2006 and 10 October 2011	24.31	**5**	7
Between 2 November 2006 and 2 November 2011	25.75	**3**	4
Between 16 February 2007 and 16 February 2012	36.46	**29**	31
Between 24 April 2007 and 24 April 2012	38.21	**3**	3
Between 25 April 2007 and 25 April 2012	38.19	**3**	3
Between 24 May 2007 and 24 May 2012	41.51	**11**	13
Between 8 June 2007 and 8 June 2012	39.32	**3**	3
Between 23 June 2007 and 23 June 2012	36.33	**8**	10
Between 27 August 2007 and 27 August 2012	32.97	**28**	31
Between 30 August 2007 and 30 August 2012	33.16	**17**	20
Between 4 September 2007 and 4 September 2012	32.96	**3**	3
Between 18 September 2007 and 23 August 2012	18.73	**11**	11
Between 20 September 2007 and 20 September 2012	32.83	**9**	9
Between 2 October 2007 and 2 October 2012	31.75	**175**	216
Between 4 October 2007 and 4 October 2012	32.59	**5**	5
Between 9 October 2007 and 9 October 2012	34.32	**3**	–
Between 2 November 2007 and 2 November 2012	33.50	**12**	15
Between 13 November 2007 and 13 November 2012	32.86	**8**	12
Between 20 November 2007 and 20 November 2012	26.58	**457**	497

Annexure Two

Details of directors' holdings of shares and options (continued)

	Subscription price R	2009 Number 000's	2008 Number 000's
4 DETAILED EXERCISE CONDITIONS APPLICABLE TO EQUITY-SETTLED OPTIONS HELD BY PARTICIPANTS (CONTINUED):			
Between 26 February 2008 and 26 February 2013	26.81	**26**	37
Between 15 March 2008 and 15 March 2013	25.45	**30**	30
Between 18 March 2008 and 18 March 2013	25.31	**6**	6
Between 31 March 2008 and 31 March 2013	25.11	**1 106**	1 183
Between 2 April 2008 and 2 April 2013	25.31	**600**	600
Between 22 April 2008 and 22 April 2013	26.94	**43**	43
Between 23 April 2008 and 23 April 2013	27.18	**7**	7
Between 9 May 2008 and 9 May 2013	26.25	**8**	13
Between 16 May 2008 and 16 May 2013	25.58	**10**	10
Between 3 June 2008 and 3 June 2013	23.62	**8**	8
Between 22 August 2008 and 22 August 2013	30.64	**63**	–
Between 2 September 2008 and 2 September 2013	29.84	**4**	–
Between 18 September 2008 and 18 September 2013	30.57	**7**	–
Between 23 September 2008 and 23 September 2013	30.27	**5**	–
Between 29 September 2008 and 29 September 2013	30.40	**25**	–
Between 2 October 2008 and 2 October 2013	29.13	**5**	–
Between 14 October 2008 and 14 October 2013	29.49	**550**	–
Between 16 October 2008 and 16 October 2013	30.23	**4**	–
Between 4 November 2008 and 4 November 2013	30.12	**16**	–
Between 15 November 2008 and 15 November 2013	30.54	**7**	–
Between 21 November 2008 and 21 November 2013	31.07	**4**	–
Between 2 December 2008 and 2 December 2013	31.48	**26**	–
Between 10 December 2008 and 10 December 2013	32.86	**2 279**	–
Between 20 February 2009 and 20 February 2014	34.49	**44**	–
Between 3 March 2009 and 3 March 2014	32.46	**24**	–
Between 17 March 2009 and 17 March 2014	28.32	**10**	–
Between 19 March 2009 and 19 March 2014	29.62	**400**	–
Between 24 March 2009 and 24 March 2014	30.77	**5**	–
Between 3 April 2009 and 3 April 2014	32.08	**2**	–
Between 7 April 2009 and 7 April 2014	32.37	**3**	–
Between 16 April 2009 and 16 April 2014	33.56	**4**	–
Between 24 April 2009 and 24 April 2014	34.39	**3**	–
Between 29 April 2009 and 29 April 2015	34.45	**58**	–
Between 5 May 2009 and 5 May 2014	35.22	**31**	–
Between 13 May 2009 and 13 May 2014	35.96	**4**	–
Between 14 May 2009 and 14 May 2014	35.83	**6**	–
Between 16 May 2009 and 16 May 2014	35.48	**3**	–
Between 2 June 2009 and 2 June 2014	36.76	**55**	–
Between 3 June 2009 and 3 June 2014	37.18	**1 575**	–
Between 19 June 2009 and 19 June 2014	36.37	**7**	–
		17 246	14 560

Shareholder Information

	Number of shareholdings	%	Number of shares	%
ANALYSIS OF HOLDINGS OF ORDINARY SHARES AT 28 JUNE 2009				
Size of holding				
1 – 1 000	**2 842**	**40.9**	**1 414 526**	**0.3**
1 001 – 10 000	**3 015**	**43.5**	**9 860 359**	**2.2**
10 001 – 100 000	**767**	**11.0**	**25 608 108**	**5.6**
Over 100 000	**319**	**4.6**	**418 072 780**	**91.9**
Total	**6 943**	**100.0**	**454 955 773**	**100.0**
Distribution of shareholders				
Companies and close corporations			**292 985 699**	**64.4**
Insurance companies			**25 370 542**	**5.6**
Pension funds			**111 150 164**	**24.4**
Nominees and trusts			**13 719 885**	**3.0**
Individuals			**11 729 483**	**2.6**
Total			**454 955 773**	**100.0**
Geographical spread of fund managers				
England and Wales	**21**	**11.1**	**28 246 982**	**6.6**
United States of America	**35**	**18.4**	**117 932 661**	**27.4**
South Africa	**75**	**39.4**	**247 295 534**	**57.5**
Other	**59**	**31.1**	**36 581 793**	**8.5**
Total	**190**	**100.0**	**430 056 970**	**100.0**
ANALYSIS OF HOLDINGS OF ORDINARY SHARES AT 29 JUNE 2008				
Size of holding				
1 – 1 000	1 688	40.3	694 082	0.2
1 001 – 10 000	1 647	39.3	5 849 520	1.3
10 001 – 100 000	573	13.6	19 717 855	4.3
Over 100 000	284	6.8	426 733 969	94.2
Total	4 192	100.0	452 995 426	100.0
Distribution of shareholders				
Companies and close corporations			252 728 385	55.8
Insurance companies			34 419 030	7.6
Pension funds			143 452 729	31.7
Nominees and trusts			11 834 880	2.6
Individuals			10 560 402	2.3
Total			452 995 426	100.0
Geographical spread of fund managers				
England and Wales	18	12.4	36 044 805	8.3
United States of America	22	15.2	129 213 544	29.8
South Africa	68	46.9	236 645 480	54.6
Other	37	25.5	31 423 581	7.3
Total	145	100.0	433 327 410	100.0

Shareholder Information (continued)

SHAREHOLDER SPREAD AT THE END OF THE PERIOD

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 the end of the reporting period was as follows:

	2009			2008		
	Number of share-holdings	Number of shares	%	Number of share-holdings	Number of shares	%
Non-public shareholders						
Truworths Investments (Pty) Limited (treasury shares)	1	7 362 894	1.6	1	7 362 894	1.6
Truworths Investments Two (Pty) Limited (treasury shares)	1	7 281 150	1.6	1	7 281 150	1.6
Truworths Investments Three (Pty) Limited (treasury shares)	1	7 514 001	1.7	1	7 514 001	1.7
Truworths Investments Four (Pty) Limited (treasury shares)	1	7 782 547	1.7	1	2 330 446	0.5
Directors of the company and subsidiaries	5	370 184	0.1	6	868 474	0.2
Associates of directors of the company and subsidiaries	6	4 168 306	0.9	5	4 968 306	1.1
Share scheme participants	7	357 003	0.1	8	824 176	0.2
Total non-public shareholders	22	34 836 085	7.7	23	31 149 447	6.9
Public shareholders	6 921	420 119 688	92.3	4 169	421 845 979	93.1
Total	6 943	454 955 773	100.0	4 192	452 995 426	100.0

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 the end of the reporting period:

	2009		2008	
	Number of shares	% of issued capital	Number of shares	% of issued capital
Government Employees Pension Fund	39 815 991	8.75	50 960 291	11.3
Lazard Emerging Markets Portfolio	17 453 297	3.84	36 750 657	8.1
iShares MSCI Emerging Markets Index	14 844 151	3.26	–	–
Old Mutual Group	–	–	16 404 316	3.6

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) in excess of 3% of the company's shares at the end of the reporting period:

	2009 Number of shares	2009 % of issued capital	2008 Number of shares	2008 % of issued capital
Public Investment Corporation	42 923 948	9.4	34 960 281	7.7
Coronation Fund Managers	34 704 236	7.6	28 069 135	6.2
Lazard Asset Management LLC	31 440 416	6.9	62 713 083	13.8
Old Mutual Investment Group	20 363 739	4.5	25 549 557	5.6
Stanlib Asset Management	20 033 626	4.4	30 159 838	6.7
Aberdeen Asset Managers	17 091 248	3.8	20 503 000	4.5
Aberdeen Asset Management Inc	16 016 237	3.5	19 276 933	4.3
Barclays Global Investors	15 898 148	3.5	–	–
Investec Asset Management	14 846 873	3.3	16 642 363	3.7

Notice to Members

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, 5 November 2009 at 09:30 for the purpose of conducting the following business:

1. To receive and adopt the Group and the company audited annual financial statements for the period ended 28 June 2009.

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 AJ Taylor and AE Parfett 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 follows at the end of this notice.

3. To renew the directors' general authority, which shall be limited in aggregate to 5% of the company's shares in issue at 28 June 2009, over both the unissued and the repurchased ordinary 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 Companies Act, as amended or substituted (the Act), and the 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 of all members entitled to vote and in attendance or represented at the meeting, being cast in favour, and is further subject to paragraphs 5.52, 5.75 and 11.22 of such Requirements, which in summary provide as follows:

   - Such shares may only be issued or sold, as the case may be, to public shareholders as defined in such Requirements, and not to related parties.

   - 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 sub-paragraph 5.52(c) of such Requirements.

   - 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.

   - After the company has issued shares in terms of this general authority representing, on a cumulative basis within a financial year, 5% or more of the number of shares in issue prior to that issue, the company will publish an announcement containing full details of the issue, including:

     – the number of shares issued;

     – the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue was determined or agreed by the directors; and

     – the effects of the issue on the net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share, and diluted earnings and headline earnings per share.

   *The **reason** for proposing this resolution is to authorise the directors to issue the unissued shares of the company and to sell the treasury shares held by subsidiaries, together being limited to 5% of the shares in issue at 28 June 2009, 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 unissued shares of the company and to use the treasury shares held by subsidiaries, subject to the applicable provisions of the JSE 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 and including the acquisition by the company of any of its issued shares held by any of its subsidiaries, 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 JSE Listings Requirements 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 counterparty, unless the JSE otherwise permits;

(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, it being noted that in terms of the Act a maximum of 10% in aggregate of the company's issued shares that may have been repurchased are capable 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 at which 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 Listings Requirements concerning shareholder spread; and

(h) such repurchases are not effected during prohibited periods as defined by the JSE, unless the company has complied with the conditions set out in paragraph 5.72(g) of the JSE Listings Requirements.'

*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 or otherwise as permitted by 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 or otherwise as permitted by the JSE, subject to statutory and regulatory limitations and controls.*

Directors' Responsibility Statement

The directors of the company, whose names are given on pages 36 to 37 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 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 36 to 37 and pages 42 to 43;*
- *major shareholders, on pages 219 and 220;*
- *material changes since the end of the reporting period, on page 195;*
- *directors' interests in the company's shares, on pages 211 to 218; and*
- *company's share capital, on pages 201 and 219 to 220.*

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 have 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 and the board 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 debts;*
- *the consolidated assets of the company and the Group would exceed the consolidated liabilities of the company and the Group respectively, such assets and liabilities being fairly valued and 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; and*
- *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 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 an independent external auditor to audit the Group's annual financial statements for the period ending 27 June 2010.

   The Group's current external auditor is Ernst & Young Inc., which has indicated that Ms Tina Rookledge, being a director of that firm and a registered auditor, will undertake the audit, and the directors endorse the recommendation of the Group's Audit Committee that this firm be reappointed for the ensuing period, and that the terms of its engagement and fees be determined by such committee.

6. To approve the proposed fees of the non-executive directors for the period ending 27 June 2010, as follows:

Non-executive chairman	R370 000 (2009: R320 000)
Non-executive directors	R165 000 (2009: R150 000)
Audit Committee chairman	R90 000 (2009: R75 000)
Audit Committee members	R60 000 (2009: R55 000)
Remuneration Committee chairman	R67 000 (2009: R60 000)
Remuneration Committee member	R48 000 (2009: R45 000)
Risk Committee member	R35 000 (2009: R30 000)
Non-executive Committee chairman	R25 000 (2009: R20 000)

ATTENDANCE, REPRESENTATION AND VOTING AT THE MEETING

By registered shareowners

Natural persons

Any natural person registered as a member of the company, either as a holder of shares in certificate (i.e. paper) form or as an 'own name' holder of shares in dematerialised (i.e. electronic) form, may in person 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 meeting and speak and, on a poll (i.e. ballot) but not by way of a show of hands, vote thereat on his/her behalf.

Juristic persons

Any juristic (legal) 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 may appoint a proxy bearing in mind that such proxy will only be able to vote on a poll.

By non-registered shareowners

Shareowners who have dematerialised their company shareholdings, in such a manner that these holdings are no longer recorded in their own names in the sub-registers maintained by Central Securities Depository Participants (CSDPs), 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 non-registered shareowners who wish to attend the company's annual general meeting in person should arrange with their CSDPs or brokers to be furnished with the necessary authorisation to do so either as the representative or proxy of such CSDPs or brokers.

Notice to Members (continued)

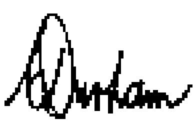
Both such categories of shareowners, who do not wish or are unable to attend the annual general meeting, but nonetheless wish to be represented thereat, should provide their CSDPs or brokers with their voting instructions.

These instructions should be given in sufficient time, and in accordance with the agreement between them and their CSDPs or brokers, to enable the CSDPs or brokers to lodge appropriate forms of proxy or appoint suitable representatives for the meeting in accordance with such instructions.

Documentary requirements relating to proxies
Where a proxy is appointed, the enclosed proxy form must be completed, signed and lodged, together with proof of the authority of the person signing the form in a representative capacity, with Computershare Investor Services (Pty) Limited, the transfer secretaries of the company, so as to be received at least twenty-four hours before the appointed time of the meeting.

Documentary requirements relating to representatives
Where a representative is appointed, proof of such appointment is required to be 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 a letter of representation signed by a duly authorised director or officer thereof (other than the representative), together with the presentation of suitable identification by the representative when registering for the meeting.

By order of the board



Chris Durham
CHARTERED SECRETARY
Company Secretary

19 August 2009

Cape Town

Directors' Résumés

DIRECTORS STANDING FOR RE-ELECTION

Brief résumés

Anthony Joseph Taylor (61)
BA
Executive director
Tony Taylor is an executive director of Truworths International Limited, having been appointed to the board in 1999.

He joined Truworths in 1992 as its merchandise director and was appointed as retail director in 1997. Prior to joining Truworths, he had worked for Edgars as well as the Foschini Group, where he held the positions of merchandise director and operations director of Pages Stores.

He is currently Deputy Managing Director of Truworths, having been appointed to this position in 1998, and is involved in retail operations, as well as the visual display, store architecture and property departments. He also plays a role in the Group's investor relations and risk management programmes.

He has 40 years' experience in the South African retailing industry, and has extensive knowledge of store operation, merchandise buying, supply chain management and real estate procurement.

He currently chairs the Group's Risk and Transformation Committees and the retailing operations forum, and is a member of the Sustainability Committee.

Albert Edward Parfett (67)
AMP (Harvard)
Independent non-executive director
Edward Parfett is a retired retail executive, and currently acts as a non-executive director and business consultant.

He joined Woolworths in 1961 and fulfilled various senior management responsibilities culminating in his appointment to the board of Woolworths in 1978. Following Woolworths' merger with Truworths, he was appointed managing director of Truworths in 1982.

In 1988, he was appointed managing director of Truworths International Limited, and became executive chairman in 1996, a position from which he retired in 2000.

He has served as a non-executive director of Wooltru and as chairman of the Truworths International Limited Audit Committee.

His extensive experience and knowledge of all aspects of retailing, together with his astute and empowering leadership skills and sense of statesmanship, have been invaluable to the Group's board and executive management.

He currently chairs and co-ordinates the activities of the Group's Non-executive Committee.

Cynthia Thandi Ndlovu (54)
BSc, MBChB, Diploma Company Direction
Independent non-executive director
Thandi Ndlovu has been an independent non-executive director of the company since 2001.

She is a medical doctor by training. Twelve years ago she founded the Motheo Construction Group, a business involved in affordable housing and general construction projects throughout South Africa.

Thandi has wide experience in business. She is the executive chairman of the Motheo Group and serves on various other company boards, including Baitshepi Development Consulting Services, JSE AltX listed IFCA Technologies and the Business Women's Association. She was recently elected President of the South African Women in Construction.

Shareholders' Diary

ANNUAL GENERAL MEETING	5 November 2009	
REPORTS		
Annual results for the period ended 28 June 2009 announced	19 August 2009	
Annual report for the period ended 28 June 2009 mailed	By 28 September 2009	
Interim results for the period ended 27 December 2009 announced	17 February 2010*	
Interim report for the period ended 27 December 2009 mailed	By 30 March 2010*	
DIVIDENDS	**Dividend declared**	**Dividend paid**
For the period ended 28 June 2009 (Dividend number 23)	19 August 2009	14 September 2009
For the period ended 27 December 2009 (Dividend number 24)	17 February 2010*	15 March 2010*

* These are approximate dates

Administration

TRUWORTHS INTERNATIONAL LIMITED

(Registration number 1944/017491/06)
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

PRINCIPAL BANKERS

The Standard Bank of South Africa Limited

AUDITORS

Ernst & Young Inc.

SPONSOR IN SOUTH AFRICA

Barnard Jacobs Mellet Corporate Finance (Pty) Limited

SPONSOR IN NAMIBIA

Old Mutual Investment Services (Namibia) (Pty) Limited

ATTORNEYS

Bernadt Vukic Potash and Getz
Edward Nathan Sonnenbergs Inc.
MacRobert Inc.

TRANSFER SECRETARIES

In South Africa
Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg, 2001, South Africa
PO Box 61051, Marshalltown, 2107, South Africa
Tel: +27 (11) 370 5000 • Telefax: +27 (11) 370 5271

In Namibia
Transfer Secretaries (Pty) Limited
Shop 12, Kaiserkrone Centre, Post Street Mall
Windhoek, Namibia
PO Box 2401, Windhoek, Namibia
Tel: +264 (61) 22 3162 • Telefax: +264 (61) 24 8531

Form of Proxy

TRUWORTHS INTERNATIONAL LIMITED

(Registration number: 1944/017491/06)
JSE code: TRU; NSX code: TRW; ISIN: ZAE000028296

ANNUAL GENERAL MEETING: 5 NOVEMBER 2009

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 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 5 November 2009 at 09:30 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 28 June 2009			
Item (2)	To re-elect by separate resolutions the retiring directors who have offered themselves for re-election:			
	• AJ Taylor			
	• AE Parfett			
	• CT Ndlovu			
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 Inc. as auditor for the period to 27 June 2010 and to authorise the Audit Committee to agree the terms and fees			
Item (6)	To approve by separate resolutions the proposed fees of the non-executive directors for the period to 27 June 2010, as follows:			
	• Non-executive chairman			
	• Non-executive directors			
	• Audit Committee chairman			
	• Audit Committee members			
	• Remuneration Committee chairman			
	• Remuneration Committee member			
	• Risk Committee members			
	• Non-executive Committee chairman			

* Special resolution

Signed at ________________________ this ____________day of ______________ 2009.

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 by the 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 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, 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 twenty-four 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.

7. Members wishing to propose modifications to special resolution 1, or any other resolution, are required to furnish their proposals in writing for consideration at least twenty-four hours prior to the commencement of the meeting.