TRUWORTHS INTERNATIONAL

ANNUAL FINANCIAL STATEMENTS 2013

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

Contents

Independent Auditor's Report

to the shareholders of Truworths International Limited

Report on the financial statements

We have audited the consolidated and separate financial statements of Truworths International Limited set out on pages 3 to 105, which comprise the statements of financial position as at 30 June 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Truworths International Limited as at 30 June 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc.

Tina Rookledge
Director
Registered Auditor (RA)
Chartered Accountant (SA)

Cape Town
22 August 2013

Approval of Annual Financial Statements

The statement by the directors regarding their responsibility for the annual financial statements is set out on page 14 of the Corporate Governance Report on the Group's website www.truworths.co.za.

The Group and company annual financial statements, which appear on pages 3 to 105, were approved by the board of directors on 22 August 2013 and are signed on its behalf by:

H Saven
Chairman

MS Mark
Chief Executive Officer

22 August 2013

Certificate by Company Secretary

I certify that, in respect of the reporting period, the company has to the best of my knowledge and belief lodged with the Companies and Intellectual Property Commission (CIPC) all returns and notices required of a public company in terms of the Companies Act (71 of 2008, as amended) of South Africa and that all such returns appear to be true, correct and up to date.

C Durham
Company Secretary

22 August 2013

Directors' Report

The directors have pleasure in submitting their report on the state of affairs, the business and profit of the company and the Group, together with the Group and company annual financial statements for the 52-week period ended 30 June 2013.

Nature of business

The company is an investment holding and management company listed on the JSE and the Namibian Stock Exchange. Its principal trading entities, Truworths Ltd and Young Designers Emporium (Pty) Ltd, are engaged either directly, or through agencies, franchises or subsidiaries, in the retailing of fashion apparel and related merchandise. The Group operates primarily in South Africa, and in other sub-Saharan African countries.

Results of operations

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

Dividends

Details of the dividends paid by the company during the period are disclosed in note 13 of the company annual financial statements. On 22 August 2013, the directors of the company resolved to declare a final cash dividend from retained income in respect of the period in the amount of 158 cents per share, before deduction of dividends tax (where applicable), to shareholders registered on 13 September 2013.

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 4 of the company annual financial statements.

Directors and secretary

The names of the directors and Company Secretary in office at 30 June 2013 are set out on pages 40 and 41 and on the inside back cover of the Integrated Annual Report.

Mr Tony Taylor's non-executive directorship was designated with effect from 1 April 2013 as independent, three years after his retirement as an executive director of the company.

Mr David Pfaff was appointed as Chief Financial Officer Designate of the Group on 15 April 2013 to replace Mr Mark Sardi, who tendered his resignation on 11 July 2012 and served a notice period until 12 April 2013. At the date of this report the board has resolved to appoint Mr Pfaff as the Chief Financial Officer of the Group and as an executive director of the company with effect from 1 September 2013.

Subsidiary companies

Annexure One, containing full particulars of the Group's subsidiary companies, appears on pages 94 and 95 of the annual financial statements.

Borrowing powers

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

Special resolutions by subsidiary companies

By way of special resolutions taken on 2 July 2012 the Group's four investment companies were authorised for a period of fifteen months to acquire the shares of the company. These special resolutions do not require registration by the Companies and Intellectual Property Commission (CIPC) in terms of the Companies Act (71 of 2008, as amended).

By way of special resolutions taken on 30 April 2013, each of the operating South African incorporated wholly-owned subsidiaries of the company adopted a new memorandum of incorporation aligned to the Companies Act (71 of 2008, as amended). These special resolutions were submitted for registration to the CIPC during May 2013 and at the date of this report such registration was still awaited.

By way of special resolution taken on 28 June 2013, the wholly-owned subsidiary company Truworths Ltd, was authorised to provide (and ratified prior) financial assistance given to Group investment companies in the form of loans for the purposes of acquiring shares in the company. The special resolution further authorised (and ratified prior) financial assistance given in the form of loans to (a) the Group's African subsidiaries to enable them to meet various expenses following commencement of their trading operations, (b) the Group's charitable, enterprise development and share scheme trusts, so as to enable them to carry out their activities, and to (c) certain directors of that company for housing purposes. These special resolutions do not require registration by the CIPC in terms of the Companies Act (71 of 2008, as amended).

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

Events after the reporting date

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

Audit Committee Report

The Audit Committee (the committee) of the Truworths International board complies with relevant legislation, regulation and governance practices. The responsibilities of the committee are outlined in its written charter, which was reviewed and updated by the board during the prior reporting period. This update took into account changes brought about by the coming into force of the Companies Act (71 of 2008, as amended) as well as to reflect changed practices arising from amendments to the JSE Listings Requirements.

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

Role of the committee

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

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

Structure of the committee

The committee comprises three independent non-executive directors, and the chairman of the committee is not the chairman of the board of the company. The following directors served on the committee during the reporting period:

- Mr Michael Thompson (Chairman)
- Mr Rob Dow
- Mr Roddy Sparks

Biographical details of the committee members appear on pages 40 and 41 of the Integrated Annual Report. Fees paid to the committee members are outlined in note 26.1 of the Group annual financial statements.

The Chairman of the board, Chief Financial Officer, Company Secretary, Internal Audit Manager, Finance Executive, Chairman of the Risk Committee and external auditor also attend meetings of the committee as invitees.

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

Internal audit

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

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

The scope of the internal audit department's 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, business continuity plan monitoring services and special reviews or audits.

Internal controls

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

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

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

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

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

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

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

The committee reports that during the period under review:

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

External audit

The Group's external auditor is Ernst & Young Inc. Fees paid to the auditor are detailed in note 25.5 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 and approved 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.

Audit Committee Report (continued)

Auditor independence

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

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

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

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

Furthermore, the provision of non-restricted non-audit services by the external auditor is subject to prior approval by the committee if the fees exceed R100 000 (currently less than 5% of the annual audit fee) and requires appropriate disclosure in the financial statements. Details of non-audit services for the reporting period are presented and approved at committee meetings. During the period the external auditor received R143 000 (2012: R386 000) for non-audit services relating to taxation and other services to the Group, equivalent to 4% (2012: 10%) of the annual audit fee. (Refer to note 25.5 of the Group annual financial statements for further detail.)

Committee functioning

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

Reports routinely considered by the committee at these meetings included the Chief Financial Officer's Report, the report of the internal audit department (including its coverage plan and IT audit activities), the Risk Committee Report, 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, and the integrated annual report, prepared by management, and recommended their adoption by the board subject to identified amendments. The committee further considered the external auditor's audit plan and the appropriateness of the responses of management to the comments raised by the auditor in relation to the prior period audit.

During the reporting period the committee undertook the following:

- nominated for appointment the external auditor;
- noted which audit partner had been assigned to the annual audit engagement;
- 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;
- reviewed the applicability of the Companies Act (71 of 2008, as amended), the King III Code and the JSE Listings Requirements to the composition and functioning of the committee, and to accounting and external and internal auditing matters;
- considered the Group's credit risk management processes in some detail, including the methodologies deployed and judgement exercised by management to calculate the Group's bad debt write-off and determine the Group's doubtful debt allowance; and
- considered and approved management's recommendation that 'short-form' reporting of the Group's interim and annual results in the press be adopted.

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

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

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

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

Chief Financial Officer's expertise and experience

The committee reports in terms of the JSE Listings Requirements that, based on a formal assessment process, it was satisfied as to the appropriateness of the expertise and experience of the Group's Chief Financial Officer Designate for the duration of his employment during the reporting period.

Finance function's expertise, resources and experience

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

Annual financial statements and Integrated Annual Report

The committee has recommended the Group's 2013 audited annual financial statements (of which this report forms part) and the 2013 Integrated Annual Report to the board for approval.

Approval of the report

The committee confirms that it has functioned in accordance with its charter for the reporting period and that its report to shareholders was approved by the board on 22 August 2013.

MA Thompson
Chairman
Audit Committee

Group Statements of Financial Position

		Note	at 30 June 2013 Rm	at 1 July 2012 Rm
ASSETS				
Non-current assets			1 280	1 197
Property, plant and equipment		2	857	775
Goodwill		3	90	90
Intangible assets		4	103	94
Derivative financial assets		5	19	34
Available-for-sale assets		6	4	3
Loans and receivables		7	118	143
Deferred tax		16	89	58
Current assets			5 991	5 720
Inventories		9	787	670
Trade and other receivables		10	3 766	3 421
Derivative financial assets		5	42	7
Prepayments			71	62
Cash and cash equivalents		11	1 325	1 560
Total assets			7 271	6 917
EQUITY AND LIABILITIES				
Total equity			6 219	5 981
Share capital and premium		12,13	293	205
Treasury shares		14	(2 028)	(1 274)
Retained earnings			7 825	6 944
Non-distributable reserves		15	129	106
Non-current liabilities			97	97
Post-retirement medical benefit obligation		17.1	53	47
Cash-settled compensation obligation		26.6.2	8	12
Straight-line operating lease obligation		18.1	36	38
Current liabilities			955	839
Trade and other payables		19	719	598
Provisions		20	71	73
Tax payable			165	168
Total liabilities			1 052	936
Total equity and liabilities			7 271	6 917
Number of shares in issue (net of treasury shares)	(millions)	12	417.8	424.0
Net asset value per share	(cents)		1 488.5	1 410.6
Key ratios				
Return on equity	(%)		39	40
Return on capital	(%)		55	58
Return on assets	(%)		46	46
Inventory turn	(times)		5.4	5.7
Asset turnover	(times)		1.3	1.3

Group Statements of Comprehensive Income

		Note	52 weeks to 30 June 2013 Rm	53 weeks to 1 July 2012 Rm
Revenue		24	10 809	9 769
Sale of merchandise		24	9 765	8 830
Cost of sales			(4 241)	(3 820)
Gross profit			5 524	5 010
Other income		24	226	208
Trading expenses			(3 202)	(2 759)
Depreciation and amortisation		25.1	(160)	(138)
Employment costs		25.2	(986)	(890)
Occupancy costs		25.3	(843)	(746)
Trade receivable costs		25.4	(739)	(533)
Other operating costs		25.5	(474)	(452)
Trading profit			2 548	2 459
Interest received		24	814	728
Dividends received		24	4	3
Profit before tax			3 366	3 190
Tax expense		27.1	(958)	(965)
Profit for the period, fully attributable to owners of the parent			2 408	2 225
Other comprehensive income				
Movement in effective portion of cash flow hedge		5.2	(3)	11
Deferred tax on movement in effective cash flow hedge		15.2	4	(3)
Movement in foreign currency translation reserve		15.4	(1)	–
Other comprehensive income for the period, net of tax			–	8
Total comprehensive income for the period, fully attributable to owners of the parent			2 408	2 233
Basic earnings per share	(cents)	29.1	570.8	526.3
Headline earnings per share	(cents)	29.1	570.8	526.7
Fully diluted basic earnings per share	(cents)	29.2	560.7	516.6
Fully diluted headline earnings per share	(cents)	29.2	560.7	517.1
Weighted average number of shares	(millions)	29	421.9	422.8
Key ratios				
Gross margin	(%)		56.6	56.7
Trading expenses to sale of merchandise	(%)		32.8	31.2
Trading margin	(%)		26.1	27.8
Operating margin	(%)		34.5	36.1

Group Statements of Changes in Equity

	Note	Share capital and premium Rm	Treasury shares Rm	Retained earnings Rm	Non-distributable reserves Rm	Total equity Rm
2013						
Balance at the beginning of the period		205	(1 274)	6 944	106	5 981
Profit and total comprehensive income for the period		–	–	2 408	–	2 408
Dividends	28	–	–	(1 527)	–	(1 527)
Premium on shares issued	13	88	–	–	–	88
Shares repurchased	14	–	(691)	–	–	(691)
Shares issued in terms of the restricted share scheme	14	–	(61)	–	–	(61)
Shares acquired upon forfeiture of equity-based awards	14	–	(2)	–	–	(2)
Share-based payments	26.6.1	–	–	–	23	23
Balance at 30 June 2013		293	(2 028)	7 825	129	6 219
2012						
Balance at the beginning of the period		159	(1 191)	6 001	77	5 046
Total comprehensive income for the period		–	–	2 225	8	2 233
Profit for the period		–	–	2 225	–	2 225
Other comprehensive income for the period		–	–	–	8	8
Dividends	28	–	–	(1 282)	–	(1 282)
Premium on shares issued	13	46	–	–	–	46
Shares repurchased	14	–	(83)	–	–	(83)
Share-based payments	26.6.1	–	–	–	21	21
Balance at 1 July 2012		205	(1 274)	6 944	106	5 981

Dividends (cents per share)		2013	2012
Final – payable/paid September	28	158	157
Interim – paid March/April	28	204	169
Total		362	326

Group Statements of Cash Flows

		Note	52 weeks to 30 June 2013 Rm	53 weeks to 1 July 2012 Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash flow from trading and cash EBITDA*		31.1	2 720	2 653
Working capital movements		31.2	(352)	(802)
Cash generated from operations			2 368	1 851
Interest received		24	814	728
Dividends received		24	4	3
Tax paid		31.3	(988)	(964)
Cash inflow from operations			2 198	1 618
Dividends paid		31.4	(1 526)	(1 281)
Net cash from operating activities			672	337
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment to expand operations		31.5	(203)	(166)
Acquisition of plant and equipment to maintain operations		31.6	(50)	(37)
Acquisition of computer software		4	(17)	(23)
Loans advanced		7.2, 7.3	(1)	(16)
Loans repaid		7.1, 7.2, 7.3	29	15
Acquisition of mutual fund units		6.2	–	(2)
Net cash used in investing activities			(242)	(229)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds on shares issued		12, 13	27	46
Shares repurchased by subsidiaries		14	(691)	(83)
Net cash used in financing activities			(664)	(37)
Net (decrease)/increase in cash and cash equivalents			(234)	71
Cash and cash equivalents at the beginning of the period			1 560	1 489
Net foreign exchange difference			(1)	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		11	1 325	1 560
Key ratios				
Cash flow per share	(cents)	29.3	521.0	382.7
Cash equivalent earnings per share	(cents)	29.4	604.9	565.8
Cash realisation rate	(%)	29.5	86	68

* Earnings before interest received, tax, depreciation and amortisation

Notes to the Group Annual Financial Statements

Corporate information

The consolidated financial statements of Truworths International Ltd and its subsidiaries (the Group) for the 52 weeks ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors taken on 22 August 2013. Truworths International Ltd, the holding company of the Group, is incorporated and domiciled in the Republic of South Africa, and its shareholders have limited liability.

Statement of compliance

The annual financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), Financial Reporting Guides as issued by the Accounting Practices Committee, the Companies Act (71 of 2008, as amended) of South Africa and the JSE Listings Requirements.

Glossary of financial reporting terms

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

Group structures

Company

Truworths International Ltd

Entity

The company or any one of its subsidiaries or, where the context requires, an entity outside of the Group.

Subsidiary

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

Associate

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

Accounting

Acquisition date

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

Acquisition method of accounting

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

Allowance

An estimate of the reduction or diminution in the cost or subsequent amount of current assets, such as inventories and trade receivables, attributable to factors such as obsolescence, shrinkage and irrecoverability.

Business combination

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

Cash-generating unit

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

Contingent liability

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

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

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

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

Control

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

Defined contribution plan

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

Discount rate

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

Fair value

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

Foreign currency

A currency other than the functional currency of the entity.

Functional currency

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

Key management personnel

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

Operating segment

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

Pooling of interest method of accounting

A method of accounting for business combinations involving entities under common control, whereby those entities combine their net assets and operations at their 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 used to determine the present value of an entity's defined benefit obligations and the related current, and where applicable, past service cost. The method treats each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Provision

A liability of uncertain timing or amount.

Recoverable amount

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

Related party

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

(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of the parent of the reporting entity.

Accounting (continued)

Related party (continued)

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

- (i) the entity and the reporting entity are members of a group (which means that the parent, and each subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); or
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

Residual value

The estimated amount that an entity would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

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

Amortised cost

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

Available-for-sale financial asset

A non-derivative financial asset that is designated as available-for-sale or is 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 with all the following characteristics:

- the value of which changes in response to movements in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; provided that, in the case of a non-financial variable, 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.

Effective interest rate

The interest rate that exactly discounts estimated future cash payments or receipts during 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.

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 financial instrument for which the entity is or may be obliged to receive a variable number of its own equity instruments; or
  - (ii) a derivative financial instrument 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 would result in more relevant information because either:
  - (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or from recognising the gains and losses on them on different bases; or
  - (ii) a group of financial assets, financial liabilities or both, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about such 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 financial instrument for which the entity is or may be obliged to deliver a variable number of its own equity instruments; or
  - (ii) a derivative financial instrument 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.

Financial instruments (continued)

Forecast transaction
An uncommitted but anticipated future transaction.

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

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

Hedging instrument
A designated derivative financial instrument 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.

Interest rate risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates of interest.

Liquidity risk
The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset.

Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that an entity intends to sell immediately or in the near term, which are classified as held-for-trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
- that the entity upon initial recognition designates as available-for-sale; or
- for which the holder may not recover substantially all of its initial investment, other than as a result 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.

Regular way purchase or sale
A purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

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 used in the preparation of the Group and company financial statements is the South African Rand [ZAR] (Rand) and all amounts are rounded to the nearest million, except where otherwise indicated.

Accounting policies and methods of computation

The accounting policies and methods of computation applied in the preparation of these financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the period ended 1 July 2012, except for the adoption of IAS 1: Presentation of Financial Statements (Amended) as described below.

IAS 1: Presentation of Financial Statements (Amended)

The amendments to IAS 1 require items that are recognised in other comprehensive income that may be reclassified ('recycled') to profit or loss in a future period, to be presented separately from those items that may never be reclassified to profit or loss. The adoption of IAS 1 (Amended) only affects the presentation of the Group's annual financial statements and has had no impact on the Group's financial position or performance.

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

Various other new and amended IFRS and IFRIC interpretations that have been issued are effective but are not applicable to the Group's activities.

1.2 Basis of consolidation of financial results

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

Subsidiaries

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

In the course of such consolidation intra-group balances and transactions, as well as unrealised gains and losses resulting from intra-group transactions and dividends 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 company, using consistent accounting policies.

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

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

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

Property, plant and equipment

The Group assesses the depreciation methods, and estimates 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.)

1. Principal accounting policies (continued)

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

Trademarks

The Group's acquired trademark is adjudged to have 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 and management's expectations and strategy for the use of the trademark. (Refer to note 4 for further detail.)

Impairment of goodwill and trademarks

The Group assesses whether goodwill and trademarks are impaired at each reporting date or more frequently if events or changes in circumstances indicate that their carrying amounts may be impaired. This assessment involves a discounted cash flow calculation and key assumptions made in determining future earnings relate to the sales growth rate, operating margin, return on investment, reinvestment of profits, working capital requirements and capital expenditure. The growth rate used to extrapolate cash flows beyond the most recent budget period is also estimated. In determining the discount rate applied to calculate the present value of future earnings, the Group estimates the market risk return. (Refer to notes 3 and 4 for further detail.)

Allowances for inventories

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

Doubtful debt allowance

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

Post-retirement medical benefits

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

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

The fair value attached to share incentive scheme options and share appreciation rights granted is determined with the use of a binomial option pricing model. The key assumptions used in the calculation include estimates of the company's shares' expected volatility, dividend yield, risk-free interest rate and, for equity-settled share options, the forfeiture rate. (Refer to note 26.6 for further detail.)

Fair value of subsidiaries

The fair value of subsidiaries in the company annual financial statements is determined with reference to relative subsidiary profit performance and company market capitalisation (in the case of trading subsidiaries) and net asset value (in the case of non-trading subsidiaries). (Refer to note 2 of the company annual financial statements for further detail.)

Taxation

In determining the liability for taxation (including indirect and withholding taxes) management makes certain assumptions regarding the interpretation of the relevant taxing legislation and its practical application by the relevant revenue authorities.

1.4 Foreign currency translation

The Group and company financial statements are presented in Rand, the functional currency of the company. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured in that currency.

Translation of foreign currency transactions and balances

Transactions in foreign currencies are translated to the company's 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 reporting date. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, whilst assets carried at fair value are translated at the exchange rate when the fair value was determined.

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

Translation for consolidation

For consolidation purposes, the assets and liabilities of entities with a functional currency other than the Rand are translated into Rand at the exchange rates prevailing at the reporting date, and their statements of comprehensive income are translated at the average exchange rates of each retail month of the reporting period. Exchange differences arising on translation for consolidation are recognised in other comprehensive income in a separate foreign currency translation reserve (FCTR). On disposal of a foreign operation, the component of the FCTR relating to that particular foreign operation would be recognised in profit or loss.

1.5 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 initially 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/or accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any, and is not depreciated. Motor vehicles, plant, equipment, furniture and fittings, and computer equipment are carried at cost less accumulated depreciation and/or accumulated impairment losses, if any. 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 carrying amount of the component replaced is written off in profit or loss or derecognised on disposal. All other expenditure is recognised in profit or loss.

Depreciation

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

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

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

Derecognition

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

Impairment

Property, plant and equipment is assessed for impairment in terms of the accounting policy set out in note 1.9.

1. Principal accounting policies (continued)

1.6 Goodwill

Initial recognition and measurement

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

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the acquisition, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Subsequent measurement

Goodwill is stated at cost less accumulated impairment losses, if any.

Derecognition

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of such part when determining the gain or loss on disposal of that part. Goodwill disposed of in this circumstance is measured based on the relative values of the part disposed of and the portion of the cash-generating unit retained.

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.

Cash-generating units to which goodwill has been allocated are tested for impairment annually by assessing the recoverable amount of the cash-generating unit, which is the higher of fair value (less costs to sell) and value in use. 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. Losses arising from the impairment of goodwill cannot be reversed.

1.7 Trademarks

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

Initial recognition and measurement

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

Subsequent measurement

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

Derecognition

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

Impairment

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

1.8 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 the following criteria are satisfied:

- it can be demonstrated that the intangible asset will generate probable future economic benefits;
- it is technically feasible to complete the asset;
- the intention and ability to complete and use the asset exist;
- adequate financial, technical and other resources to complete the development are available; and
- the costs attributable to the process or product can be separately identified and reliably measured.

Subsequent measurement

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses, if any. 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 5 to 10 years. Amortisation commences when the computer software is available for its intended use, and ceases temporarily if the residual value exceeds or is equal to 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 derecognition.

Impairment

Computer software is assessed for impairment in terms of the accounting policy set out in note 1.9.

1.9 Impairment of property, plant and equipment and computer software

The Group's property, plant and equipment (including property, motor vehicles, plant, equipment, furniture and fittings and computer equipment) and computer software are reviewed at each reporting date to determine whether there is any indication of impairment. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, the recoverable amount of the asset is estimated.

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

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

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

Impairment policies for goodwill, trademarks, inventories and deferred tax are described within their respective accounting policies.

1. Principal accounting policies (continued)

1.10 Financial instruments

Financial instruments recognised in the statement of financial position include available-for-sale assets, 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 each reporting date. 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 reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include reference to the quoted market capitalisation of the Group, quoted market prices, relative entity profit performance, recent arm's length transactions and other recognised valuation methodologies. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment losses.

Categories of financial instruments and subsequent measurement

Financial assets and liabilities at fair value through profit or loss

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

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

Available-for-sale financial assets

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

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

The fair value of the shares held in subsidiaries in the company annual financial statements is determined with reference to relative subsidiary profit performance and company market capitalisation (in the case of trading subsidiaries) and net asset value (in the case of non-trading subsidiaries).

The fair value of the Group's mutual fund units and unlisted investment is determined annually with reference to the quoted unit prices at the close of business on the reporting date and the most recently traded share price respectively.

Loans and receivables

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

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

Where credit sales are made on a six-month interest-free basis, the related receivables are recognised at the fair value on transaction date and notional interest is recognised over the interest-free period.

Subsequently, such receivables are measured at amortised cost using the effective interest method, less an allowance for uncollectible amounts.

Financial liabilities measured at amortised cost

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

Offset

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

Derecognition of financial assets and liabilities

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

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

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

1.11 Impairment of financial assets

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

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

Available-for-sale financial assets

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal of any such impairment loss is recognised in other comprehensive income.

Loans and receivables

If there is objective evidence that an impairment loss has been incurred (such as the probability of insolvency or significant financial difficulties of the debtor), it is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced using an allowance account and the loss is recognised in profit or loss. Loans and receivables are written off, and, if previously impaired, the doubtful debt allowance utilised, when there is no realistic prospect of future recovery and all collateral (where applicable) has been realised or transferred to the Group.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed what the amortised cost would have been at the reversal date had no impairment been recognised.

1. Principal accounting policies (continued)

1.12 Derivative financial instruments and hedge accounting

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

Initial recognition and measurement

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

- at the inception of the hedge relationship, there is formal designation and documentation of the hedging relationship, the risk management objective and the 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.

Subsequent measurement

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

Derecognition

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

1.13 Inventories

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

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

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 (if any).

1.15 Treasury shares

Shares in the company held by Group subsidiaries and unvested restricted shares held for employee participants in the Group's 2012 share plan 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 except to the extent that they are paid to participants in the 2012 share plan.

When treasury shares held for participants in the 2012 share plan vest in such participants, the shares will no longer be classified as treasury shares, their cost will no longer be deducted from equity and their number will be taken into account for the purposes of basic and headline earnings per share calculations. When treasury shares are cancelled, the treasury share balance is reduced by the cost of the cancelled shares. Share capital is then reduced by the par value of these cancelled treasury shares. When shares are repurchased from parties outside the Group and subsequently cancelled, the company's share premium is reduced by the excess of the repurchase price over the par value of the shares cancelled. When shares are repurchased from subsidiary companies and subsequently cancelled, retained income of the Group is reduced by the excess of the repurchase price over the par value of the shares cancelled. In the company, the non-distributable reserve is reduced by the excess of the repurchase price over the par value of the shares cancelled.

1.16 Employee benefits

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

Short-term employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs and the fair value of plan assets. The present value of the defined benefit obligation, the related current service costs and, where applicable, past service costs, are calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on government 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, restricted shares and share appreciation rights (collectively 'equity-based awards')

Employees of the Group, including executive directors (and in prior periods, certain of the non-executive directors) receive remuneration in the form of equity-based awards, whereby they render services in exchange for such equity-based awards which are, or are referenced to, the company's JSE listed shares.

The cost of the services to be received from employees and the corresponding increase in the equity-settled compensation reserve are measured with reference to the fair value of the company's shares on the date on which the equity-based awards are granted. The fair value of the share options and share appreciation rights is determined using an actuarial binomial model (refer to note 26.6.1 for further detail). Non-vesting conditions and vesting conditions, to the extent that they are conditions linked to the price of the company's shares (i.e. market conditions), if any, are taken into account in determining the fair value of the equity-based awards. No account is taken of any other vesting conditions.

The cost of these equity-based awards is recognised in profit or loss, together with a corresponding increase in total equity under the equity-settled compensation reserve, over the vesting period. The cumulative expense recognised for equity-based awards granted at each reporting date 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 equity-based awards that will ultimately vest. The estimate is revised if subsequent information indicates that the number of equity-based awards expected to vest differs from previous estimates. No expense is recognised for equity-based awards 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 that increases the total fair value of the equity-based awards, 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 unvested equity-based awards is reflected in the computation of diluted earnings per share. (Refer to note 29.2 for further detail.)

1. Principal accounting policies (continued)

1.16 Employee benefits (continued)

Cash-settled share options

Certain employees of the Group, including executive directors receive remuneration in the form of cash-settled share options, whereby they render services in exchange for remuneration based on the company's share price.

The cost of the services rendered by employees and the corresponding cash-settled compensation liability is recognised over the vesting period and is initially measured at fair value. The liability is re-measured at each reporting date 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, in the prior period only, secondary tax on companies (STC).

Current South African and foreign tax

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

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 temporary differences at the reporting date between the tax bases of assets or liabilities and their respective carrying amounts.

A deferred tax liability is recognised except to the extent that it arises from:

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

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

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

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

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

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

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

Secondary tax on companies

For all dividends declared prior to 1 April 2012, STC was recognised as part of the tax expense in the statement of comprehensive income when the related dividend was paid.

Dividends tax

STC was abolished with effect from 1 April 2012 and replaced by a dividends tax, which is not levied on the company paying the dividend but on the beneficial owner of the share and accordingly does not require recognition in profit or loss. Dividends tax withheld by the company on dividends paid to its shareholders (who do not qualify for an exemption from the tax) and payable to the South African Revenue Service (where applicable) is included in trade and other payables in the statement of financial position.

1.18 Leases

Leases are classified as operating leases, where substantially all the risks and rewards associated with ownership of the asset are not transferred from the lessor to the lessee. Operating lease rentals with fixed or minimum rental escalation clauses are recognised in profit or loss on a straight-line basis over the lease term. The resulting difference between the lease expenses arising from the application of the straight-line basis and the contractual amounts actually paid or accrued 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 up to 1 April 2012 the STC thereon) are recognised as liabilities in the reporting period in which the dividends are declared. A dividend declared subsequent to the reporting date is not charged against total equity at the reporting date, 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 selling price under market-related conditions and the amount actually paid is recognised as notional interest income over the six-month financing period.

Interest

Interest is recognised using the effective interest method.

Commission

Commission, arising from the sale of merchandise by the Group 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 such an agent, all payments collected from customers and passed on to third parties are excluded from both revenue and expenses.

Display fees and financial services income

Display fees and financial services income, comprising commissions on insurance products and account service fees, are recognised in the reporting period in which they are earned, according to the applicable contractual arrangements.

Lease rental income

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

1. Principal accounting policies (continued)

1.21 Revenue (continued)

Royalties

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

Management fees

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

Dividends

Dividends are recognised when the Group's right to receive the payment is established, which typically arises on the record date.

1.22 Cost of sales

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

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

1.23 Segment information

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

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

1.24 Events after the reporting date

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

1.25 IFRS, amendments and IFRIC interpretations issued but not yet effective

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

- IFRS 9: Financial Instruments
  Phase One – Classification and measurement of financial instruments
  Effective for annual periods beginning on or after 1 January 2015
  The standard released to date is the first phase of a larger project to replace IAS 39: Financial Instruments – Recognition and Measurement. The first phase deals with the classification and measurement of financial assets and financial liabilities as defined in IAS 39. The second and third phases of the project will deal with impairment of financial instruments and hedge accounting respectively. The impact of the new standard, which could be significant for the Group, will be quantified when the finalised standard including all phases is issued.

- IFRS 10: Consolidated Financial Statements
  Presentation and preparation of consolidated financial statements
  Effective for annual periods beginning on or after 1 January 2013
  The new standard establishes control as the only basis for consolidation of all entities, regardless of the nature of the investee. It amends the definition of control to include three elements, namely power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. The new standard will replace IAS 27: Consolidated and Separate Financial Statements and SIC-12: Consolidation – Special Purpose Entities. The Group is still determining the expected impact of IFRS 10.

- IFRS 12: Disclosure of Interests in Other Entities
  Disclosure of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities
  Effective for annual periods beginning on or after 1 January 2013
  The objective of the new standard is to increase transparency in financial reporting where the reporting entity has an interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The new standard requires disclosure of information to enable users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The Group will comply with the additional disclosure requirements resulting from such initial application.

- IFRS 13: Fair Value Measurement
  Framework for measuring fair value and disclosure requirements for fair value measurements
  Effective for annual periods beginning on or after 1 January 2013
  The objective of the new standard is to reduce the complexity and improve the consistency of fair value measurements and is part of the IASB's IFRS and US GAAP convergence project. The new standard consolidates and clarifies the requirements for measuring fair value and includes disclosure enhancements to assist users of financial statements to better assess the valuation techniques and inputs used to measure fair value. The Group is still determining the expected impact of IFRS 13.

- IAS 19: Employee Benefits (Amended)
  Amendments to accounting for employee benefits, particularly pension and post-retirement benefit plans
  Effective for annual periods beginning on or after 1 January 2013
  Amendments to IAS 19 include significant changes to the accounting for pension and post-retirement benefit plans and various other minor changes. Of these changes, the most fundamental is the removal of the corridor mechanism for recognising actuarial gains and losses, which will result in full recognition in the statements of financial position of plan surpluses and deficits through other comprehensive income. The revised standard must be applied retrospectively in accordance with the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, when the Group adopts the amended standard during its 2014 reporting period, the opening comparative balance as at 1 July 2012 will be restated. This will result in the recognition of the previously unrecognised actuarial gain of R5 million (as at 1 July 2012) directly in other comprehensive income. All future actuarial gains and losses will be recognised directly in other comprehensive income in the period they arise. Other changes as a result of the revised standard include:

  - Past service cost will be expensed when the plan amendments (if any) occur regardless of whether or not they have vested.
  - The distinction between short-term and other long-term employee benefits is now based on expected timing of settlement rather than employee entitlement. Changes in the carrying amount of liabilities for other long-term employment benefits will continue to be recognised in profit or loss.

  The Group does not expect the adoption of the amended standard to have any further material financial impact on its financial statements in the period of initial application.

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

2. Property, plant and equipment

	Note	Land Rm	Buildings Rm	Motor vehicles Rm	Plant, equipment, furniture and fittings Rm	Computer equipment Rm	Total Rm
2013							
Balance at the beginning of the period, net of accumulated depreciation		48	151	6	524	46	775
Additions		–	4	4	220	25	253
Depreciation	25.1	–	(6)	(3)	(145)	(17)	(171)
Balance at the end of the period, net of accumulated depreciation		48	149	7	599	54	857
Reconciliation as at 30 June 2013							
Cost		48	188	18	1 350	207	1 811
Accumulated depreciation		–	(39)	(11)	(751)	(153)	(954)
Net carrying amount		48	149	7	599	54	857
2012							
Balance at the beginning of the period, net of accumulated depreciation		31	155	8	482	48	724
Additions		17	1	1	169	15	203
Disposals		–	–	–	(2)	–	(2)
Cost		–	–	–	(17)	(2)	(19)
Accumulated depreciation		–	–	–	15	2	17
Depreciation	25.1	–	(5)	(3)	(125)	(17)	(150)
Balance at the end of the period, net of accumulated depreciation		48	151	6	524	46	775
Reconciliation as at 1 July 2012							
Cost		48	184	14	1 130	182	1 558
Accumulated depreciation		–	(33)	(8)	(606)	(136)	(783)
Net carrying amount		48	151	6	524	46	775
Reconciliation as at 26 June 2011							
Cost		31	183	13	978	169	1 374
Accumulated depreciation		–	(28)	(5)	(496)	(121)	(650)
Net carrying amount		31	155	8	482	48	724

	2013 Rm	2012 Rm
Estimated replacement and insured value	1 780	1 658

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

3. Goodwill

		2013 Rm	2012 Rm
Balance at the beginning and end of the period		90	90

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

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

		2013 Rm	2012 Rm
Young Designers Emporium (Pty) Ltd (YDE)		52	52
Assumptions applied			
Discount rate applied to projected cash flows	(%)	14.0	11.5
Variables			
Risk-free rate, based on the long-term South African R186 bond (2012: R157 bond)	(%)	7.8	5.9
Market risk premium	(% points)	5.0	5.0
Beta value	(:1)	1.04	0.92

The recoverable amount of the YDE cash-generating unit has been determined based on a value-in-use calculation. Key assumptions applied in this calculation relate to the sales growth rate, reinvestment of profits, working capital requirements and capital expenditure. Cash flow projections, covering a five-year period, were based on historical information and financial budgets approved by senior management. No goodwill impairment was deemed necessary.

		2013 Rm	2012 Rm
Truworths Ltd		38	38

The Uzzi goodwill has been allocated to the Truworths Ltd cash-generating unit since the 2009 reporting period following the transfer of the Uzzi business as a going concern from Uzzi (Pty) Ltd. The fair value of the Truworths Ltd cash-generating unit is determined based on a fair value less cost of disposal calculation and takes into account relative company profit performance and Group market capitalisation. No goodwill impairment was deemed necessary.

4. Intangible assets

	Note	Trademark Rm	Computer software Rm	Total Rm
2013				
Balance at the beginning of the period, net of accumulated amortisation		34	60	94
Additions		–	17	17
Amortisation	25.1	–	(8)	(8)
Balance at the end of the period, net of accumulated amortisation		34	69	103
Reconciliation as at 30 June 2013				
Cost		34	134	168
Accumulated amortisation		–	(65)	(65)
Net carrying amount		34	69	103
2012				
Balance at the beginning of the period, net of accumulated amortisation		34	43	77
Additions		–	23	23
Amortisation	25.1	–	(6)	(6)
Balance at the end of the period, net of accumulated amortisation		34	60	94
Reconciliation as at 1 July 2012				
Cost		34	117	151
Accumulated amortisation		–	(57)	(57)
Net carrying amount		34	60	94
Reconciliation as at 26 June 2011				
Cost		34	94	128
Accumulated amortisation		–	(51)	(51)
Net carrying amount		34	43	77

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

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

	Note	2013 Rm	2012 Rm

5. Derivative financial assets

	Note	2013 Rm	2012 Rm
Current portion of derivative financial assets		42	7
Forward exchange contracts	5.1	31	3
Cash-settled call options	5.2	11	4
Non-current portion of derivative financial assets		19	34
Cash-settled call options	5.2	19	34
Total		61	41

5.1 Forward exchange contracts

	Note	2013 Rm	2012 Rm
The Group uses forward exchange contracts to reduce its foreign currency exposure arising from imports into South Africa. These contracts are marked-to-market, are classified as held-for-trading financial assets, and are measured at fair value. The fair value is determined as the difference between the contract price of forward exchange contracts entered into by the Group and the price of market traded forward exchange contracts with similar maturity profiles at the end of the reporting period.		31	3

Refer to note 23.3.1 for further information relating to currency risk management.

5.2 Cash-settled call options

	Note	2013 Rm	2012 Rm
Total cash-settled call options at the beginning of the period		38	49
Non-current portion of cash-settled call options at the beginning of the period		34	21
Current portion of cash-settled call options at the beginning of the period		4	28
Cash-settled call options exercised during the period	31.1	(5)	(34)
Total cash-settled call options at the end of the period, before fair value adjustments		33	15
Fair value adjustments for the period		(3)	23
Revaluation gain recognised in profit or loss	25.2	–	12
Movement in effective portion of cash flow hedge	15.2	(3)	11
Total cash-settled call options at the end of the period		30	38
Current portion of cash-settled call options at the end of the period		11	4
Non-current portion of cash-settled call options at the end of the period		19	34

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

5. Derivative financial assets (continued)

5.2 Cash-settled call options (continued)

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

		2013	2012
Weighted average exercise price of cash-settled call options	(R)	61.27	61.34
Remaining life of cash-settled call options	(years)	1 – 3	1 – 4
Company share price at the end of the period	(R)	86.95	89.52
Expected share price volatility*	(%)	33.5	31.7
Expected dividend yield	(%)	3.2	2.8
Risk-free interest rate**	(%)	5.2 – 6.4	5.5 – 5.9

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

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

	2013 Rm	2012 Rm
The hedged cash flow transactions will occur within the following periods:		
Within one year	11	4
Between one and three years (2012: between one and four years)	19	34
Total	30	38

Refer to notes 23.3.3 and 23.4.5 for further information relating to other price risk and credit risk management respectively.

	Note	2013 Rm	2012 Rm
6. Available-for-sale assets			
Unlisted investment	6.1	1	1
Mutual fund investments	6.2	3	2
Total		4	3

6.1 Unlisted investment

The number of ordinary shares in the unlisted investment, Business Partners Ltd, was 158 877 (2012: 158 877) which represents 0.1% of that company's total shares in issue. The cost of this investment was R349 529.

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

	2013 Rm	2012 Rm
Fair value	1	1

Refer to note 23.3.3 for further information relating to other price risk.

6.2 Mutual fund investments

Mutual fund investments comprise investments in various offshore mutual funds. These investments have been earmarked as retirement benefits for internationally deployed consultants.

The mutual fund investments have been valued at the quoted unit prices at the close of business on the reporting date and are therefore recorded at fair value.

	Note	2013 Rm	2012 Rm
Cost		2	2
Fair value	31.1	3	2

Refer to note 23.3.3 for further information relating to other price risk.

7. Loans and receivables

	Note	2013 Rm	2012 Rm
Export partnership participation	7.1	27	33
Secured loans to share scheme participants	7.2	65	66
Unsecured loans	7.3	26	44
Total		118	143

7.1 Export partnership participation

	2013 Rm	2012 Rm
Balance at the beginning of the period	33	39
Payments received during the period	(6)	(6)
Balance at the end of the period	27	33

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

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

	2013 Rm	2012 Rm
Long-term receivables	103	129
Long-term liabilities	(56)	(74)
Other liabilities	(19)	(21)
Gross cost	28	34
Cumulative amortised cost adjustment	(1)	(1)
Total	27	33

The participation is carried at amortised cost, using the effective interest method. The average effective interest rate for the period was 1.40% per annum (2012: 1.42%) and is calculated with reference to the partnership and related agreements. Amortised cost for the Group's participation in export partnerships is the Group's cost of original participation, less subsequent principal payments received, plus the cumulative amortisation of the difference between the initial amount and the maturity amount, less any write-down for impairment or uncollectibility.

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

Refer to notes 23.3.1 and 23.4.2 for further information relating to currency risk and credit risk management respectively.

	Note	2013 Rm	2012 Rm
7.2 Secured loans to share scheme participants			
Balance at the beginning of the period		**66**	59
Advances during the period		**1**	9
At cost		**1**	15
Initial amortised cost adjustment	31.1	**–**	(6)
Repayments during the period		**(4)**	(7)
At cost		**(5)**	(9)
Amortised cost adjustment	31.1	**1**	2
Cancellation of loan upon forfeiture of equity-based awards		**(1)**	–
At cost		**(2)**	–
Amortised cost adjustment	31.1	**1**	–
Annual effective interest rate amortisation	31.1	**3**	5
Balance at the end of the period		**65**	66

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

Refer to note 23.4.2 for further information relating to credit risk management.

	2013 Rm	2012 Rm
7.3 Unsecured loans		
Balance at the beginning of the period	**44**	43
Advances during the period	**–**	1
Repayments during the period	**(18)**	–
Balance at the end of the period	**26**	44

The amounts owing to the Group are unsecured, interest-free and repayable on demand and principally comprise loans to the Truworths Social Involvement Trust (2012: Truworths Community Foundation and Truworths Social Involvement Trust), whose charitable activities are funded by income earned on investments funded by such loans.

Refer to note 23.4.2 for further information relating to credit risk management.

8. Interest in subsidiaries and associates

	2013 Rm	2012 Rm
Interest in aggregate after-tax profits of subsidiaries	**2 549**	2 336

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

Due to the continued uncertainty regarding Zimbabwe's legislative framework, exchange controls and economy, the Group has maintained its approach of not equity accounting for this associate.

		2013 Rm	2012 Rm
9. Inventories			
Gross inventories		943	820
Allowances for markdown, obsolescence and shrinkage		(156)	(150)
Net inventories at the end of the period		787	670
Allowances as a % of gross inventories	(%)	16.5	18.3
Allowances for markdown, obsolescence and shrinkage			
Balance at the beginning of the period		150	144
Movement for the period		6	6
Allowance raised		152	125
Allowance utilised		(146)	(119)
Balance at the end of the period		156	150
10. Trade and other receivables			
Trade receivables		4 221	3 794
Doubtful debt allowance (refer to note 10.2)		(507)	(403)
Net trade receivables		3 714	3 391
Other receivables		52	30
Trade and other receivables at the reporting date		3 766	3 421
Interest-bearing debtors as a % of trade receivables	(%)	79	76
Net bad debt as a % of trade receivables	(%)	10.4	7.9
Doubtful debt allowance as a % of trade receivables	(%)	12.0	10.6

Refer to note 23.4.1 for further information relating to credit risk management.

10.1 Trade receivables

The Group's trade receivables have payment terms ranging between six and twelve months. The debtors' days at the reporting date were 211 days (2012: 210 days).

Interest is charged on all interest-bearing plans and on all overdue accounts in accordance with legislative provisions in the country of operation and the Group's terms and conditions of granting credit. The interest rates charged fluctuate in accordance with changes to the relevant central bank or financial authority reference rate. The rates charged during 2013 were between 14% and 21% (2012: 15% and 22%), which are lower than or equal to the maximum rates legislated.

Refer to note 23.3.2 for further information relating to interest rate risk.

10.2 Doubtful debt allowance

	2013 Rm	2012 Rm
Balance at the beginning of the period	403	338
Movement for the period	104	65
Allowance utilised	(398)	(311)
Allowance raised	502	376
Balance at the end of the period	507	403

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.

	2013 Rm	2012 Rm

11. Cash and cash equivalents

	2013 Rm	2012 Rm
Balances with banks	1 201	1 453
Cash on hand	124	107
Total	1 325	1 560

Balances with banks comprise current account balances and short-term deposits, varying between overnight call and liquid money market unit trust investments in accordance with the Group's treasury policy. Balances with banks earn interest at floating daily bank deposit, call and money market unit trust rates. Call and money market unit trust rates varied between 4% and 6% (2012: 5% and 6%) during the period.

Refer to notes 23.3.2 and 23.4.4 for further information relating to interest rate risk and credit risk management respectively.

12. Share capital

	2013 R'000	2012 R'000
Ordinary share capital		
Authorised		
650 000 000 (2012: 650 000 000) ordinary shares of 0.015 cent each	98	98
Issued and fully paid		
463 806 804 (2012: 461 810 026) ordinary shares of 0.015 cent each	70	69

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

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

		2013 Number of shares 000's	2012 Number of shares 000's
Reconciliation of movement in issued shares			
Balance at the beginning of the period		461 810	459 999
Shares issued during the period		2 019	1 811
Balance at the end of the period*		463 829	461 810
Treasury shares held by subsidiaries (refer to note 14)		(46 064)	(37 843)
Number of shares in issue (net of treasury shares)		417 765	423 967
Treasury shares as a % of the issued shares at the end of the period	(%)	9.9	8.2

The shares issued during the period were allotted for an aggregate nominal value of R303 (2012: R272) and an aggregate premium of R88 060 989 (2012: R45 525 177).

* Includes 22 084 shares issued during the period and to be allotted subsequent to the reporting date.

13. Share premium

	2013 Rm	2012 Rm
Balance at the beginning of the period	205	159
Premium on shares issued	88	46
Premium on shares issued into the open market in terms of the share option scheme	27	46
Premium on shares issued in terms of the restricted share scheme (refer to note 14)	61	–
Balance at the end of the period	293	205

14. Treasury shares

	2013 Number of shares 000's	2012 Number of shares 000's	2013 Cost Rm	2012 Cost Rm
Balance at the beginning of the period	37 843	36 647	1 274	1 191
Truworths Investments (Pty) Ltd	10 363	10 363	343	343
Truworths Investments Two (Pty) Ltd	9 281	9 281	324	324
Truworths Investments Three (Pty) Ltd	9 506	8 310	360	277
Truworths Investments Four (Pty) Ltd	8 590	8 590	245	245
Truworths International Limited Share Trust	103	103	2	2
Movement for the period:				
Shares repurchased by subsidiaries	7 584	1 196	691	83
Truworths Investments (Pty) Ltd	993	–	83	–
Truworths Investments Two (Pty) Ltd	2 000	–	191	–
Truworths Investments Three (Pty) Ltd	1 840	1 196	168	83
Truworths Investments Four (Pty) Ltd	2 751	–	249	–
Shares issued in terms of the restricted share scheme				
Truworths Ltd**	593	–	61	–
Shares sold by a subsidiary				
Truworths International Limited Share Trust	(6)	–	–*	–
Shares acquired upon forfeiture of equity-based awards				
Truworths International Limited Share Trust	50	–	2	–
Balance at the end of the period (refer to note 12)	46 064	37 843	2 028	1 274
Truworths Investments (Pty) Ltd	11 356	10 363	426	343
Truworths Investments Two (Pty) Ltd	11 281	9 281	515	324
Truworths Investments Three (Pty) Ltd	11 346	9 506	528	360
Truworths Investments Four (Pty) Ltd	11 341	8 590	494	245
Truworths Ltd	593	–	61	–
Truworths International Limited Share Trust	147	103	4	2

		2013	2012
Market value at the end of the period	(Rm)	4 005	3 388
Market value at the end of the period	(Rand per share)	86.95	89.52
Average purchase price (excluding shares cancelled) since inception of the repurchase programme	(Rand per share)	43.33	33.74
Average purchase price during the period	(Rand per share)	91.73	69.03

* Reflected as zero, due to rounding to millions

** These shares were issued pursuant to the restricted share scheme and are held as treasury shares. Refer to pages 107 and 108 of the Remuneration Report in the Integrated Annual Report.

The memorandum of incorporation (formerly the articles of association) of the company's wholly-owned subsidiaries – Truworths Investments (Pty) Ltd, Truworths Investments Two (Pty) Ltd, Truworths Investments Three (Pty) Ltd and Truworths Investments Four (Pty) Ltd – enable them to acquire the company's shares, subject to the relevant provisions of the Companies Act (71 of 2008, as amended) and the Listings Requirements of the JSE. The repurchases were effected in terms of special resolutions passed by the company and these subsidiaries whereby these subsidiaries were generally authorised to acquire a maximum of 20% of the company's shares in issue at the date of its annual general meeting on 8 November 2012, it being noted that in terms of the Companies Act (71 of 2008, as amended), a maximum of 10% in aggregate of the company's issued shares is capable of being held by subsidiaries of the company.

15. Non-distributable reserves

	Note	2013 Rm	2012 Rm
Equity-settled compensation reserve	15.1	126	103
Cash flow hedging reserve	15.2	3	2
Net unrealised gains reserve	15.3	1	1
Foreign currency translation reserve	15.4	(1)	–
Total		129	106

15.1 Reconciliation of equity-settled compensation reserve

	Note	2013 Rm	2012 Rm
Balance at the beginning of the period		103	82
Equity-settled share-based payments	26.6.1	23	21
Balance at the end of the period		126	103

15.2 Reconciliation of cash flow hedging reserve

	Note	2013 Rm	2012 Rm
Balance at the beginning of the period		2	(6)
Movement in effective portion of cash flow hedge	5.2	(3)	11
Deferred tax on movement in effective cash flow hedge	16	4	(3)
Balance at the end of the period		3	2

15.3 Reconciliation of net unrealised gains reserve

	Note	2013 Rm	2012 Rm
Balance at the beginning and end of the period	6.1	1	1

15.4 Reconciliation of foreign currency translation reserve

	Note	2013 Rm	2012 Rm
Movement in foreign currency translation reserve		(1)	–
Balance at the end of the period		(1)	–

16. Deferred tax

	Note	2013 Rm	2012 Rm
Net deferred tax asset at the beginning of the period		58	39
Liability		(92)	(90)
Asset		150	129
Movement for the period		31	19
Credited to profit or loss	27.1	27	22
Credited/(charged) to other comprehensive income	15.2	4	(3)
Net increase in deferred tax liability		(5)	(2)
Export partnership participation		6	6
Prepayments		–	(3)
Property, plant and equipment		(4)	(4)
Inventories		–	1
Other		(7)	(2)
Net increase in deferred tax asset		36	21
Trade and other receivables		30	16
Trade and other payables		1	1
Provisions		(1)	1
Post-retirement medical benefit obligation		2	1
Straight-line operating lease obligation		(1)	–
Cash-settled call options/compensation obligation		4	(3)
Assessed tax losses		(2)	2
Other		3	3
Net deferred tax asset at the end of the period		89	58
Liability		(97)	(92)
Asset		186	150
Closing balance comprising:			
Liability		(97)	(92)
Export partnership participation		(27)	(33)
Prepayments		(17)	(17)
Property, plant and equipment		(43)	(39)
Other		(10)	(3)
Asset		186	150
Trade and other receivables		111	81
Trade and other payables		11	10
Provisions		20	21
Post-retirement medical benefit obligation		15	13
Straight-line operating lease obligation		14	15
Cash-settled call options/compensation obligation		5	1
Assessed tax losses		–	2
Other		10	7

	2013 Rm	2012 Rm

17. Post-retirement medical benefit obligation

The Group participates in and contributes towards defined benefit healthcare funds for employees. Details of the post-retirement medical benefit obligation are disclosed below. Refer to note 26.3 for further information relating to post-retirement healthcare benefits.

17.1 Benefit obligation

	2013 Rm	2012 Rm
Present value of obligation (actuarially determined)	98	92
Fair value of plan assets	(50)	(50)
Funding deficit	48	42
Net actuarial gains not recognised	5	5
Net benefit obligation	53	47

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

Changes in the present value of the obligation are as follows:

	2013 Rm	2012 Rm
Opening balance of obligation	92	80
Interest cost	8	7
Current service cost	2	3
Benefits paid	(3)	(3)
Actuarial (gains)/losses on obligation	(1)	5
Closing balance of obligation	98	92

Changes in the fair value of plan assets are as follows:

	2013 Rm	2012 Rm
Opening balance of fair value of plan assets	(50)	(48)
Expected return on plan assets	(4)	(4)
Benefits paid	3	3
Actuarial losses/(gains) on plan assets	1	(1)
Closing balance of fair value of plan assets	(50)	(50)

The actual return earned on the Group's post-retirement medical benefit plan assets amounted to a profit of R3 million (2012: R5 million). The difference between the actual and the expected returns on plan assets is an actuarial gain or loss.

The overall expected rate of return on the plan assets is determined with reference to the market prices of such assets prevailing at the reporting date, 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:

		2013	2012
Equities	(%)	39	33
Off-shore investments	(%)	28	25
Cash	(%)	23	19
Bonds	(%)	8	20
Property	(%)	2	3
		100	100

17. Post-retirement medical benefit obligation (continued)

17.1 Benefit obligation (continued)

Fair value of benefit obligation

The Group values its liability in respect of its post-retirement medical benefit obligation at the reporting date. The following assumptions were made for the purposes of such valuation:

		2013	2012
Discount rate	(%)	8.8	8.5
Expected medical inflation	(%)	7.8	7.5
Expected return on plan assets	(%)	8.8	8.5
Normal retirement age	(years)	60	60

Contributions to the plan

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

17.2 Net benefit expense recognised in profit or loss

	2013 Rm	2012 Rm
Interest cost on benefit obligation	8	7
Current service cost	2	3
Expected return on plan assets	(4)	(4)
Net benefit expense (refer to note 25.2)	6	6

17.3 Sensitivity analysis

The effect of a one percentage point fluctuation in medical cost inflation on the present value of the obligation would be as follows:

		1 Percentage point Increase	1 Percentage point Decrease
June 2013			
Percentage increase/(decrease) in obligation	(%)	16.3	(13.3)
Present value of the obligation	(Rm)	114.0	85.0
June 2012			
Percentage increase/(decrease) in obligation	(%)	17.5	(13.5)
Present value of the obligation	(Rm)	108.1	79.6

The effect of a one percentage point fluctuation in medical cost inflation on the aggregate of the current service cost and interest cost components would be as follows:

		Increase	Decrease
June 2013			
Percentage increase/(decrease) in aggregate current service and interest costs	(%)	30.0	(10.0)
Aggregate current service and interest costs	(Rm)	13.0	9.0
June 2012			
Percentage increase/(decrease) in aggregate current service and interest costs	(%)	11.0	(21.0)
Aggregate current service and interest costs	(Rm)	11.1	7.9

	2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm
17.4 Amounts for the current and prior four periods are as follows:					
Present value of obligation	**98**	92	80	74	68
Fair value of plan assets	**(50)**	(50)	(48)	(42)	(42)
Funding deficit	**48**	42	32	32	26
Experience adjustment included in actuarial gains/(losses) on plan liabilities	**1**	(3)	(5)	(3)	2
Experience adjustment included in actuarial (losses)/gains on plan assets	**(1)**	1	5	(1)	(3)

18. Leases

	Note	2013 Rm	2012 Rm
18.1 Straight-line operating lease obligation			
Total lease obligation at the beginning of the period		**55**	55
Net lease obligations discharged during the period	31.1	**(6)**	–
Balance at the end of the period		**49**	55
Current portion reflected under trade and other payables	19	**13**	17
Non-current portion reflected under non-current liabilities		**36**	38

Only those leases that have a fixed or minimum annual rental escalation are taken into account in calculating the straight-line operating lease obligation. These leases comprise 37% (2012: 39%) of the Group's total lease agreements.

18.2 Lessee under operating leases

The Group leases its trading premises and a small distribution centre in terms of operating leases, whereas other operating assets, including the head office building, two distribution centres, two warehouses, two vacant industrial plots for future distribution development, an apartment and a number of parkade parking bays are owned. Leases on trading premises are typically contracted for periods of between five and ten years, with renewal options for a further three or five years. Some of these leases provide for minimum annual rental payments together with additional amounts determined on the basis of sale of merchandise. A total of 156 (2012: 161) stores, or 28% (2012: 31%) of all premises leased on contracts with turnover rental clauses reached the turnover threshold in terms of the lease agreements and therefore incurred these additional payments averaging approximately 4% (2012: 4%) of the turnover above the threshold, or 1% (2012: 1%) of the total turnover of these stores. Rental escalations have varied at an average rate of approximately 7.5% (2012: 7.5%) per annum. Refer to note 25.3 for further information relating to lease expenses.

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

	2013 Rm	2012 Rm
Within one year	**646**	590
Between one and five years	**1 329**	1 336
Between five and ten years	**15**	47
Total	**1 990**	1 973

18. Leases (continued)

18.3 Lessor under operating leases

The Group leases a limited number of trading and office premises under operating lease agreements to third parties. Leases on these premises are typically contracted for a five-year period, with renewal options on certain leases for up to five years. Rental escalations are fixed in terms of the lease contracts and averaged 8.0% (2012: 8.1%) per annum during the period. Refer to note 24 for information relating to lease rental income.

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

	Note	2013 Rm	2012 Rm
Within one year		9	8
Between one and five years		26	33
Total		35	41

19. Trade and other payables

	Note	2013 Rm	2012 Rm
Trade payables		372	283
Other payables and accrued expenses		264	235
Value-added tax		53	50
Current portion of straight-line operating lease obligation	18.1	13	17
Current portion of cash-settled compensation obligation	26.6.2	12	9
Unclaimed dividends due to shareholders	31.4	5	4
Total		719	598

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

Terms and conditions of financial and other liabilities:

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

Refer to note 23.5 for further information relating to liquidity risk management.

20. Provisions

	Note	2013 Rm	2012 Rm
Employment costs	20.1	60	58
Sales returns	20.2	11	15
Total		71	73

20.1 Employment costs

	2013 Rm	2012 Rm
Balance at the beginning of the period	58	62
Movement for the period	2	(4)
Provision raised	60	58
Provision utilised	(58)	(54)
Provision released	–	(8)
Balance at the end of the period	60	58

This provision relates to accumulated payments in terms of employment contracts and incentive-based bonuses. The estimated incentive-based bonuses, which will be no greater than the provision raised, are calculated as a present obligation with reference to different incentive arrangements for different levels of employees. Dependent on the level of employee, the calculation could either refer to the employment contract, or employee performance and the Group's results. The incentives are expected to be paid over the period between September 2013 and November 2013 and as such the present obligation includes amounts earned to date based on the assumption of continued employment until the payment date. 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 reporting date.

20.2 Sales returns

	2013 Rm	2012 Rm
Balance at the beginning of the period	15	11
Movement for the period	(4)	4
Provision raised	11	15
Provision utilised	(11)	(11)
Provision released	(4)	–
Balance at the end of the period	11	15

It is the Group's policy to accept merchandise returns up to 30 days after the sale has occurred or in the case of defective goods up to 6 months after sale, provided that the customer has retained proof of purchase. The amount of the provision was calculated with reference to prior period sales returns trends.

21. Capital commitments

Capital commitments refer to all projects specifically approved by the board.

	2013 Rm	2012 Rm
Capital expenditure authorised but not contracted		
Store development	259	211
Distribution facilities	60	43
Computer infrastructure	59	51
Motor vehicles	6	6
Head office refurbishments	4	4
Total	388	315

The capital commitments will be financed by cash generated from operations and available cash resources and are expected to be incurred in the 2014 reporting period.

22. Contingent liabilities

The Group had no contingent liabilities at the reporting date (2012: R nil).

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

23. Financial risk management

23.1 Classifications

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

Assets	Note	Loans and receivables Rm	At fair value through profit or loss Rm	Available-for-sale Rm	Hedging instruments Rm	Total Rm
2013						
Net trade receivables	10	**3 714**	**–**	**–**	**–**	**3 714**
Other receivables	10	**52**	**–**	**–**	**–**	**52**
Available-for-sale assets	6	**–**	**–**	**4**	**–**	**4**
Loans and receivables	7	**118**	**–**	**–**	**–**	**118**
Cash and cash equivalents	11	**1 325**	**–**	**–**	**–**	**1 325**
Derivative financial assets	5	**–**	**31**	**–**	**30**	**61**
Total		**5 209**	**31**	**4**	**30**	**5 274**
2012						
Trade receivables	10	3 391	–	–	–	3 391
Other receivables	10	30	–	–	–	30
Available-for-sale assets	6	–	–	3	–	3
Loans and receivables	7	143	–	–	–	143
Cash and cash equivalents	11	1 560	–	–	–	1 560
Derivative financial assets	5	–	3	–	38	41
Total		5 124	3	3	38	5 168

Liabilities	Note	At amortised cost Rm	Non-financial liabilities Rm	Total Rm
2013				
Trade and other payables	19	**587**	**132**	**719**
Non-current portion of cash-settled compensation obligation	26.6.2	**–**	**8**	**8**
Total		**587**	**140**	**727**
2012				
Trade and other payables	19	481	117	598
Non-current portion of cash-settled compensation obligation	26.6.2	–	12	12
Total		481	129	610

23. Financial risk management (continued)

23.2 Financial risk management

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

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

The Truworths International board is responsible for risk governance, including in relation to financial risks, and is assisted by the directors of Truworths Ltd. The Risk Committee, a committee of the Truworths Ltd board, oversees the management of financial risks relating to the Group's operations. The Truworths International board has adopted King III's risk governance and management principles and has established a policy framework which guides the Group's risk management processes. These policies and guidelines are periodically examined by senior executives and adjusted, if necessary, to ensure that changes in the business and economic environment have been taken into account. Refer to the Risk Report on page 121 of the Integrated Annual Report, for further information relating to financial risk management.

Treasury risk management objectives and policies

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

23.3 Market risk management

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

23.3.1 Currency risk

The following exchange rates applied during the period:

	Average spot rate		Period-end spot rate	
	2013	2012	30 June 2013	1 July 2012
US Dollars	8.81	7.74	10.03	8.13
GB Pounds	14.02	12.25	15.27	12.76

Forward exchange contracts

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

It is the Group's policy to cover all committed import exposures. The Group had no uncovered foreign currency liabilities at 30 June 2013 (1 July 2012: nil). All foreign exchange trading positions are valued at fair value determined using market traded foreign exchange rates with similar maturity profiles at the reporting date. Resultant profits or losses are recognised in profit or loss. The mark-to-market forward exchange contract asset at the end of the period was R31.4 million (2012: R3.0 million). Refer to note 5.1 for further information.

At the end of the period the Group had the following open forward exchange contracts which will mature within 12 months to cover specific orders of goods.

	Average contract rate R	Foreign currency '000	Contract equivalent R'000
June 2013			
US Dollars	9.32	37 111	345 875
GB Pounds	13.53	4	54
Total			345 929
June 2012			
US Dollars	8.22	28 515	234 464

Export partnership participation

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

Currency risk sensitivity analysis

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

A 15% (2012: 10%) fluctuation in exchange rates, assuming all other variables remain constant, would have affected profit before tax by the amounts set out in the table below. A 15% (2012: 10%) fluctuation is considered to be appropriate based on the volatility of the Rand exchange rate during the period as well as current market indicators.

Effect on profit before tax	2013 R'000	2012 R'000
US Dollars	51 881	23 446
GB Pounds	8	–
Total	51 889	23 446

23. Financial risk management (continued)

23.3 Market risk management (continued)

23.3.2 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 23.8, the Group is not geared and is therefore not subject to interest rate risk on borrowings.

Interest rate analysis
No interest-bearing instruments have a maturity profile exceeding one year. The interest rates of interest-bearing instruments at the reporting date are summarised below:

Floating rate	2013 %	2012 %
Interest earned on balances with banks	4.1	4.7
Interest earned on interest-bearing portion of trade receivables*	21.0**	21.6

* At the reporting date, 79% (2012: 76%) of trade receivables were interest-bearing.

** Being the maximum interest rate charged on interest-bearing plans at the reporting date.

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 reporting date. The sensitivity analysis was performed by increasing or decreasing the interest rates achieved at the end of the period by 100 basis points.

Effect on profit before tax	2013 Rm	2012 Rm
Cash and cash equivalents	12	15
Interest-bearing portion of trade receivables	33	29
Total	45	44

23.3.3 Other price risk

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

HPSS
The Group uses derivative financial instruments, in the form of purchased cash-settled call options, to hedge its exposure in respect of fluctuations in the HPSS obligation arising from movements in the company's share price. Sufficient options were purchased in order to settle the total expected future obligation. As a result of the hedging relationship, movements in the company's share price will not have a material impact on either profit or loss or equity of the Group. Refer to note 26.6.2 for further information.

Unlisted available-for-sale investment
The Group holds 158 877 shares in Business Partners Ltd. This investment is classified as an available-for-sale asset and is measured at fair value through other comprehensive income. A possible movement in the share price of Business Partners Ltd will not have a material impact on other comprehensive income. Refer to note 6.1 for further information.

Mutual fund investments
The Group's offshore mutual fund investments are classified as available-for-sale assets and are measured at fair value through other comprehensive income. A possible movement in the prices of these units will not have a material impact on other comprehensive income. Refer to note 6.2 for further information.

23.4 Credit risk

The Group's exposure to credit risk relates to trade and other receivables, loans and receivables, cash and cash equivalents and derivative financial assets which are disclosed in notes 10, 7, 11 and 5 respectively. Refer to the Managing the Risk of Credit Report on pages 87 to 91 of the Integrated Annual Report for further information.

The Group's maximum exposure to credit risk at the reporting date, split per class and category of financial asset, is shown in note 23.1. There is no exposure to credit risk relating to items not recognised in the statement of financial position.

23.4.1 Trade and other receivables

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

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

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

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

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

	Trade and other receivables Rm	Allowance Rm	Net trade and other receivables Rm	Allowance as a percentage of trade receivables %
2013				
< 30 days	3 002	(57)	2 945	1.9
30 – 59 days	421	(60)	361	14.3
60 – 89 days	214	(66)	148	30.8
90 – 119 days	165	(75)	90	45.5
≥ 120 days	419	(249)	170	59.4
Total impaired trade receivables	4 221	(507)	3 714	12.0
Other receivables neither past due nor impaired	52	–	52	
Total trade and other receivables	4 273	(507)	3 766	

23. Financial risk management (continued)

23.4 Credit risk (continued)

23.4.1 Trade and other receivables (continued)

	Trade and other receivables Rm	Allowance Rm	Net trade and other receivables Rm	Allowance as a percentage of trade receivables %
2012				
< 30 days	2 823	(49)	2 774	1.7
30 – 59 days	365	(51)	314	14.0
60 – 89 days	176	(51)	125	29.0
90 – 119 days	123	(58)	65	47.2
≥ 120 days	307	(194)	113	63.2
Total impaired trade receivables	3 794	(403)	3 391	10.6
Other receivables neither past due nor impaired	30	–	30	
Total trade and other receivables	3 824	(403)	3 421	

23.4.2 Loans and receivables

Loans and receivables totalling R118 million (2012: R143 million) are neither past due nor impaired. Refer to note 7 for further information.

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

Concentration of credit risk

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

23.4.3 Available-for-sale assets

Mutual fund investments comprise units in various offshore mutual funds administered by reputable asset managers with long-term proven past performance. Accordingly the Group is not exposed to significant credit risk arising from its mutual fund investments. Refer to note 6 for further information.

23.4.4 Cash and cash equivalents

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

23.4.5 Derivative financial assets

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

23.5 Liquidity risk

The Group's exposure to liquidity risk relates to trade and other payables and the cash-settled compensation obligation, which are disclosed in notes 19 and 26.6.2 respectively.

The Group has R278 million (2012: R278 million) committed and uncommitted unutilised short-term domestic general banking facilities. The Group operates a cash management system with its primary bank which allows it to off-set positive cash balances and overdrafts. Management believes that the Group would be able (were it to be necessary) to obtain funding in addition to the unutilised domestic general short-term banking facilities, based on its solid financial track record in past years.

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

The Group has minimal risk of illiquidity as reflected by its substantial unutilised short-term domestic general 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 reporting date, 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
2013						
Trade and other payables						
Trade payables	–	46	312	14	–	372
Shareholders for unclaimed dividends	5	–	–	–	–	5
Other payables and accrued expenses	38	41	97	34	–	210
Total	43	87	409	48	–	587
2012						
Trade and other payables						
Trade payables	–	52	211	20	–	283
Shareholders for unclaimed dividends	4	–	–	–	–	4
Other payables and accrued expenses	35	55	66	38	–	194
Total	39	107	277	58	–	481

23. Financial risk management (continued)

23.6 Items of income, expense, gains or losses

	Interest received Rm	Impairment losses recognised Rm	Fair value gains Rm	Other costs Rm	Net gains/ (losses) Rm
2013					
Financial assets					
Loans and receivables	814	(560)	–	(179)	75
At fair value through profit or loss	–	–	28	–	28
Financial liabilities					
At fair value through profit or loss	–	–	–	(8)	(8)
2012					
Financial assets					
Loans and receivables	728	(376)	–	(157)	195
At fair value through profit or loss	–	–	4	–	4
Financial liabilities					
At fair value through profit or loss	–	–	–	(21)	(21)

23.7 Fair value of financial instruments

23.7.1 Fair value measurement

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

Financial assets and liabilities (other than those separately disclosed below)
Carrying amounts reported in the statements of financial position at amortised cost approximate fair values. The fair value of the financial instruments at the reporting date has been determined using available market information and appropriate valuation methodologies.

Available-for-sale asset
The fair value of the Group's mutual fund units and unlisted investment is determined annually with reference to the quoted unit prices at the close of business on the reporting date and the most recently traded share price respectively. Refer to note 6 for further information.

Forward exchange contracts
The fair value of forward exchange contracts entered into by the Group is determined with reference to market traded forward exchange contracts with similar maturity profiles at the reporting date.

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 reporting date. Refer to note 5.2 for further information.

23.7.2 Fair value hierarchy

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

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

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

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

At the reporting date, the Group held the following financial instruments measured at fair value:

	Rm	Level 1	Level 2	Level 3
		Fair value hierarchy		
2013				
Assets measured at fair value				
Available-for-sale assets	4	3	1	–
Forward exchange contracts	31	–	31	–
Cash-settled call options	30	–	30	–
2012				
Assets measured at fair value				
Available-for-sale assets	3	2	1	–
Forward exchange contracts	3	–	3	–
Cash-settled call options	38	–	38	–

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

23.8 Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as going concerns while enhancing the return to its shareholders. The Group's overall strategy has remained unchanged from 2012.

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

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

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

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

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

		2013	2012
Profit for the period	(Rm)	2 408	2 225
Total equity	(Rm)	6 219	5 981
Ratios			
Return on equity	(%)	39	40
Return on capital	(%)	55	58
Gearing		Not geared	Not geared
Dividend cover	(times)	1.58	1.62

Refer to the Group's financial targets on page 54 of the Integrated Annual Report.

	Note	2013 Rm	2012 Rm
24. Revenue			
Sale of merchandise		9 765	8 830
Retail sales		10 074	9 104
Accounting adjustments*		(318)	(298)
Franchise sales		9	24
Interest received		814	728
Trade receivables interest		724	630
Investment interest		90	98
Other income		226	208
Commission		112	103
Financial services income		51	39
Display fees		48	45
Lease rental income		7	8
Other		6	10
Royalties		2	3
Dividends received		4	3
Total		10 809	9 769

* Accounting adjustments made in terms of IFRS and generally accepted accounting practice relating to promotional vouchers, staff discounts on merchandise purchases, cellular retail sales, notional interest on non interest-bearing trade receivables and the sales returns provision.

25. Trading profit

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

25.1 Depreciation and amortisation

	Note	2013 Rm	2012 Rm
Depreciation	2	171	150
Amortisation	4	8	6
Total depreciation and amortisation for the period	31.1	179	156
Depreciation and amortisation reclassified to cost of sales		(19)	(18)
Total		160	138

25.2 Employment costs

The Group employed 6 892 (2012: 6 713) full-time equivalent employees at the end of the period. The aggregate remuneration and associated costs for the period relating to the employment of permanent and flexi-time employees, including executive directors, were:

	Note	2013 Rm	2012 Rm
Salaries, bonuses, wages and other benefits		869	782
Contributions to defined contribution plans	26.2	52	48
Post-retirement medical benefit expense	17.2	6	6
Medical scheme contributions		45	39
Share-based payments: equity-settled	26.6.1	23	21
Share-based payments: cash-settled		8	9
Revaluation gain on cash-settled options	5.2	–	(12)
Recognition of current period expense	26.6.2	8	21
Total employment costs		1 003	905
Employment costs reclassified to cost of sales		(17)	(15)
Total		986	890

	Note	2013 Rm	2012 Rm
25.3 Occupancy costs			
Land and buildings		650	568
Minimum lease payments		615	530
Turnover-based lease payments		35	38
Security expense in terms of operating leases		3	3
Total operating lease expenses		653	571
Utilities		100	89
Rates and municipal expenses		43	41
Other security expenses		43	37
Other occupancy costs		18	21
Total occupancy costs		857	759
Occupancy costs reclassified to cost of sales		(14)	(13)
Total		843	746
25.4 Trade receivable costs			
Impairment losses recognised on trade receivables		560	376
Collection and other trade receivable costs		179	157
Total		739	533
25.5 Other operating costs			
Sales promotion, advertising and communication costs		286	249
Administration costs		257	236
Management, technical, consulting and secretarial fees paid		41	34
Forward exchange contract mark-to-market gains	31.1	(28)	(4)
Foreign exchange gains		(19)	(6)
Audit fees – current period*		4	4
Loss on disposal of plant and equipment	31.1	–	2
Total other operating costs		541	515
Other operating costs reclassified to cost of sales	1.22	(67)	(63)
Total		474	452

* Inclusive of R143 000 (2012: R386 000) in respect of tax and other services.

26. Directors and employees

26.1 Directors' remuneration

		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	Interest benefit on loans R'000	Total remuneration R'000	Fair value of equity-based awards granted** R'000	Loans pursuant to share scheme# R'000
2013										
Executive directors										
Michael Mark	12	–	5 686	7 900	297	1 218	2 852	17 953	3 641	44 865
Mark Sardi	10	–	1 815	–	28	194	132	2 169	237	–
Total		–	7 501	7 900	325	1 412	2 984	20 122	3 878	44 865
Non-executive directors										
Rob Dow	12	430	–	–	–	–	–	430	–	–
Thandi Ndlovu	12	251	–	–	–	–	–	251	–	–
Sisa Ngebulana	12	251	–	–	–	–	–	251	–	–
Hilton Saven	12	651	–	–	–	–	–	651	–	–
Roddy Sparks	12	351	–	–	–	–	–	351	–	–
Tony Taylor	12	236	–	–	–	–	–	236	–	–
Michael Thompson	12	452	–	–	–	–	–	452	–	–
Total		2 622	–	–	–	–	–	2 622	–	–
2012										
Executive directors										
Michael Mark	12	–	5 296	10 750	299	1 139	3 229	20 713	3 128	46 695
Mark Sardi	12	–	2 189	–	830	220	150	3 389	243	2 766
Total		–	7 485	10 750	1 129	1 359	3 379	24 102	3 371	49 461
Non-executive directors										
Rob Dow	12	387	–	–	–	–	–	387	–	–
Thandi Ndlovu	12	222	–	–	–	–	–	222	–	–
Sisa Ngebulana	12	222	–	–	–	–	–	222	–	–
Edward Parfett	11	240	–	–	–	–	–	240	–	–
Hilton Saven	12	590	–	–	–	–	–	590	–	–
Roddy Sparks	5	115	–	–	–	–	–	115	–	–
Tony Taylor	12	222	–	–	–	–	–	222	–	–
Michael Thompson	12	392	–	–	–	–	–	392	–	–
Total		2 390	–	–	–	–	–	2 390	–	–

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

** The value of equity-based awards granted is the annual expense as determined in accordance with IFRS 2: Share-based Payment, and is presented for information purposes only, as it is not regarded as constituting remuneration, given that the value was neither received by nor accrued to the directors during the period. Gains made on the exercise of such equity-based awards are disclosed in note 26.5 in the period when vesting occurs.

\# The value of the loans granted to directors pursuant to the share scheme represents the price paid, less any repayments made, for shares allotted pursuant to the said scheme.

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 the Group's subsidiaries. These amounts were paid by the subsidiaries.

During the period Mr Michael Mark, the Chief Executive Officer, extended his service contract with the Group until 30 June 2015. In terms of his contract, he is entitled to a guaranteed remuneration package and to participate in the Group's various cash and share schemes. Both parties have the right to terminate the contract on a nine-month notice period but should the Group do so for reasons other than improper conduct prior to the conclusion of the contract, the balance of the remuneration package owing in terms of his contract would become payable. The contract requires a nine-month notice period to be provided except in the case of permanent disability/incapacitation.

Mr Mark Sardi, the former Chief Financial Officer of the Group, was appointed as an executive director of the company with effect from 21 February 2011. In terms of his contract, he was entitled to a guaranteed remuneration package and to participate in the Group's various cash and share schemes. The contract required a nine-month notice period to be provided except in the case of permanent disability/incapacitation. Mr Sardi tendered his resignation on 11 July 2012 and served a notice period until 12 April 2013.

Non-executive directors

All amounts received by the non-executive directors were for services rendered as directors of the company. These amounts, which were approved by the shareholders at the company's annual general meeting held on 8 November 2012, were paid by the company. None of the non-executive directors have service contracts with the company.

Mr Roddy Sparks was appointed as an independent non-executive director with effect from 1 February 2012. Mr Edward Parfett retired as an independent non-executive director with effect from 17 May 2012.

Consultancy fees

There were no consultancy fees paid to executive and non-executive directors during the period (2012: nil).

Cash-settled compensation scheme

During the reporting period an amount totalling R4.3 million (2012: R29 million) was paid to participants pursuant to the HPSS on successful attainment of Group and individual performance targets. Mr Mark, in his capacity as an executive director of the company, received R1.4 million (2012: R6.4 million) in terms of the HPSS during the reporting period.

26.2 Defined contribution retirement funds

Alexander Forbes Retirement Fund: Defined contribution plan

This is a defined contribution arrangement whereby full time and part-time permanent employees in South Africa who are members of this fund pay 7.5% of their pensionable salary as contributions towards retirement benefits. The Group contributes 10.5% towards retirement benefits, life insurance, disability benefits, funeral benefits and administration costs. The fund's retirement age is 60.

On 1 April 2013 membership of this fund was extended to incorporate two additional categories of employees, being employees of Young Designers Emporium (Pty) Ltd, a wholly-owned subsidiary of Truworths International as well as core permanent employees; both of which are non-contributory categories and the employer companies pay 5% to the fund on their behalf.

The member's pension entitlement at retirement age is determined by his/her share of the fund. On retirement, the member is entitled to elect up to one-third of the share as a cash lump sum payout and receive the balance in the form of a monthly pension. The plan is registered under the Pension Funds Act (1956, as amended).

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

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

26. Directors and employees (continued)

26.2 Defined contribution retirement funds (continued)

SACCAWU National Provident Fund: Defined contribution plan

The SACCAWU National Provident Fund is an umbrella money purchase arrangement administered by Old Mutual. Full time and part-time permanent employees in South Africa who have elected membership of the fund 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. The member's entitlement at retirement age is determined by his/her share of the fund. The plan is registered under the Pension Funds Act (1956, as amended).

Namflex Pension Fund: Defined contribution plan

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

Swaziland National Provident Fund: Defined contribution plan

The Swaziland National Provident Fund is an arrangement whereby the members and the Group pay a statutory contribution based on members' earnings on a 50/50 basis with a maximum monthly contribution of E160 (2012: E150) based on a maximum monthly wage of E1 600 (2012: E1 500). 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.

Swaziland Retirement Fund: Defined contribution plan

This fund is a defined contribution arrangement whereby Swaziland-based employees who are members pay 7.5% of their pensionable salary as contributions towards retirement benefits. The Group contributes 10.5% of pensionable salaries towards retirement benefits, life insurance, disability benefits, funeral benefits and administration costs. The fund's retirement age is 60. The member's pension entitlement at retirement age is determined by his/her share of the fund. On retirement, the member is entitled to elect up to one-third of the share as a cash lump sum payout and receive the balance in the form of a monthly pension.

National Pension Scheme Authority (Zambia)

The National Pension Scheme Authority (NAPSA) is governed by the National Pension Scheme Act of 1996. It provides retirement and other social security benefits to workers in Zambia. The main functions of NAPSA are to collect contribution income, invest this income and then distribute benefits when they fall due. It is a compulsory condition of service for all employees in Zambia to participate in this fund and employees contribute a regulated 5% of cash salary. The Group also contributes 5% towards this fund for each employee. All contributions are paid directly to NAPSA monthly.

National Pension Scheme (Mauritius)

In terms of the National Pensions Act 44 of 1976, all employees in Mauritius belong to a compulsory National Pension Scheme. Employees pay 3% and the Group pays 6% of basic salary as contributions. Employees also belong to a compulsory National Savings Fund (Social Security) to which employees pay 1% and the Group pays 2.5% of basic salary. The minimum monthly remuneration on which contributions to these funds are based is Rs1 905 and the maximum is Rs13 470 as at the reporting date.

Nigeria Pension Fund Contributions

In terms of the Pension Reform Act of 2004 all employees in Nigeria are obliged to register and open a Retirement Savings Account with a Pension Fund Administrator of their choice. The Group contributes 7.5% of gross monthly emoluments (inclusive of basic salary, transportation and housing allowance) and employees pay an equal amount to such Accounts.

	Number of members	
	2013	2012
Summary per fund		
Alexander Forbes Retirement Fund	2 580	2 570
SACCAWU National Provident Fund	442	473
The Pension Fund	800	668
Namflex Pension Fund	38	42
National Pension Scheme Authority (Zambia)	22	–
Swaziland National Provident Fund/Swaziland Retirement Fund	19	20
National Pension Scheme (Mauritius)	15	–
Nigeria Pension Fund Contributions	12	–
Total	3 928	3 773

* Reflected as zero, due to rounding to millions

During the reporting period, the Group contributed R52 million (2012: R48 million) to the above mentioned funds. Approximately R56 million is expected to be contributed to the above mentioned funds in the 2014 reporting period.

26.3 Defined benefit healthcare funds

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

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

The audited annual financial statements of the WHF at 31 December 2012 reveal that it continues to maintain a sound financial position with a solvency ratio of 79% at its period-end.

During the reporting period, the Group contributed R45 million (2012: R39 million) to the above funds. Approximately R48 million is expected to be contributed to the above funds in respect of short-term healthcare benefits in the 2014 reporting period.

Occupational Care South Africa
Occupational Care South Africa (OCSA) is an occupational health solution designed for the South African labour market to keep employees who do not qualify for membership of the employer's private healthcare scheme, healthy and productive at work. OCSA offers premium, private, day-to-day healthcare through the private medical practitioners of the CareCross Health Group which is a national network of GP's, radiologists, pathologists, dentists and optometrists and collectively embrace the concept of affordable healthcare. The Group pays a premium of R214 per month for each participating employee and the employees in turn receive unlimited day-to-day doctors visits. In addition the Group pays an amount of R16.30 per participating employee towards an HIV benefit.

During the reporting period, the Group contributed R2.1 million to the above fund. Approximately R2.4 million is expected to be contributed to the above fund in respect of short-term healthcare benefits in the 2014 reporting period.

	2013 Rm	2012 Rm
26.4 Other		
Staff discount allowance	5	5

Group employees and pensioners may be 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.

26. Directors and employees (continued)

26.5 Directors' equity-settled compensation gains

26.5.1 Share option scheme

	2013 Rm	2012 Rm
Executive directors	71	20
Non-executive directors	–	3
Total	71	23

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

26.5.2 Restricted share plan

	2013 Rm
Executive directors	–
Total	–

Restricted share scheme participants (including the directors) are entitled to receive settlement of their equity-settled restricted shares on the vesting date, subject to attainment of performance targets where applicable. The restricted share plan gains of directors for disclosure purposes is equal to the market value of the company's shares on the vesting date, multiplied by the number of restricted shares that have vested. Refer to Annexure 2 for details of directors' equity-settled restricted shares.

26.5.3 Share appreciation rights plan

	2013 Rm
Executive directors	–
Total	–

Share appreciation rights scheme participants (including the directors) may exercise their equity-settled share appreciation rights at any date subsequent to the vesting date, subject to attainment of performance targets where applicable. The share appreciation rights gains of directors for disclosure purposes is therefore equal to the appreciation in the company's share price between the dates of grant and exercise of the share appreciation rights, multiplied by the number of share appreciation rights that have vested and have been exercised. Refer to Annexure 2 for details of directors' share appreciation rights.

			2013 Number of equity-settled awards 000's	2012 Number of equity-settled awards 000's
26.6	**Share-based payment plans**			
	The following table illustrates the number of share options, restricted shares and share appreciation rights held by eligible participants, including executive directors, in the equity-settled compensation schemes:			
	Shares and options held in terms of the share option scheme		20 579	20 794
	Restricted shares held by participants		593	–
	Share appreciation rights held by participants		440	–
	Total utilisation at the end of the period		21 612	20 794
	Maximum percentage of issued shares available for equity-settled compensation schemes allocation	(%)	10	15
	Maximum equity-settled compensation schemes allocation		46 181	68 416
	Utilisation	(%)	46.8	30.4
	Shares available for utilisation		24 569	47 622
	Percentage available for utilisation	(%)	53.2	69.6

			2013 Rm	2012 Rm
26.6.1	**Equity-settled compensation schemes**			
	The Group operates five equity-settled compensation schemes, detailed information on which is provided in the Remuneration Report on pages 107 and 108 of the Integrated Annual Report.			
	Expense recognised for employee services rendered during the period:			
	Share option scheme		16	21
	Restricted share plan		3	–
	Performance share plan		2	–
	Share appreciation rights plan		1	–
	Performance appreciation rights plan		1	–
	Total expense recognised for employee services rendered during the period		23	21
	Weighted average strike price of equity-based awards			
	Granted during the period	(R)	101.89	78.42
	Exercised during the period	(R)	15.18	25.14
	Forfeited during the period	(R)	48.69	42.26
	Held by participants at the end of the period	(R)	27.03	23.54
	Exercisable at the end of the period	(R)	13.21	9.69
	Details of options exercised during the period			
	Simple average exercise price per share	(R)	26.21	20.52
	Weighted average market price per share	(R)	71.06	81.07
	Summarised exercise conditions applicable to options			
	Latest date by which options become exercisable		3 Jun 2019	4 Jun 2018
	Latest date by which options will lapse if not exercised*		17 Aug 2022	4 Jun 2022
	Lowest price	(R)	3.66	3.66
	Highest price	(R)	103.60	82.71

* Unless alternative arrangements are agreed to by the trustees of the scheme.

Details of the vesting conditions, vesting periods and exercise prices applicable to equity-settled share options are provided in Annexures Two and Three, and in the Remuneration Report on pages 107 and 108 of the Integrated Annual Report.

26. Directors and employees (continued)

26.6 Share-based payment plans (continued)

26.6.1 Equity-settled compensation schemes (continued)

26.6.1.1 Share option scheme

		2013	2012
The inputs used to calculate the fair value of the share options granted during the period are as follows:			
Expected life of share options	(years)	2 – 8	2 – 8
Grant price	(R)	103.60	70.66 – 82.71
Expected share price volatility	(%)	30	35
Expected dividend yield	(%)	3.2	3.3 – 3.7
Risk-free interest rate	(%)	5.1 – 7.6	5.4 – 8.4

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

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

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

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

	2013 Number of shares/ options 000's	2012 Number of shares/ options 000's
Shares held by participants	3 027	3 683
Shares held by the trust	147	103
Options held by participants	10 397	11 970
Inclusion (in terms of trust deed) of shares sold by participants, who are still employees	7 008	5 038
Total utilisation at the end of the period	20 579	20 794

Shares held by participants

	2013	2012
The following table illustrates the number of, and movements in, shares during the period:		
Shares held by participants at the beginning of the period	3 683	5 169
Shares issued when options exercised	544	434
Shares forfeited due to resignations	(50)	–
Shares sold	(1 150)	(1 920)
Shares held by participants at the end of the period	3 027	3 683

		2013 Number of options 000's	2012 Number of options 000's
Options held by participants			
The following table illustrates the number of, and movements in, share options during the period:			
Options held by participants at the beginning of the period		11 970	13 835
Options granted during the period		15	189
Options exercised during the period		(1 426)	(1 811)
Options forfeited during the period		(162)	(243)
Options held by participants at the end of the period		10 397	11 970

			2013 Number of RSPs	2012 Number of RSPs
26.6.1.2	Restricted share plan (RSPs)			
	The fair value of the RSPs is determined on grant date.			
	RSPs held by participants			
	The following table illustrates the number of, and movements in, RSPs during the period:			
	RSPs granted during the period		308 759	–
	RSPs held in a nominee account on behalf of the participants at the end of the period		308 759	–
	Weighted average fair value of RSPs granted during the period	(R)	101.83	–
	Summarised exercise conditions applicable to RSPs			
	Earliest date by which RSPs become exercisable		21 Dec 2015	–
	Latest date by which RSPs become exercisable		1 Apr 2019	–

Details of the rights, vesting conditions and periods applicable to equity-settled RSPs are provided in Annexure Two and Three, and in the Remuneration Report on pages 107 and 108 of the Integrated Annual Report.

			2013 Number of PSPs	2012 Number of PSPs
26.6.1.3	Performance share plan (PSPs)			
	The fair value of the PSPs is determined on grant date.			
	PSPs held by participants			
	The following table illustrates the number of, and movements in, PSPs during the period:			
	PSPs granted during the period		283 816	–
	PSPs held in a nominee account on behalf of the participants at the end of the period		283 816	–
	Weighted average fair value of PSPs awarded during the period	(R)	102.70	–
	Summarised exercise conditions applicable to PSPs			
	Earliest date by which PSPs become exercisable		21 Dec 2015	–
	Latest date by which PSPs become exercisable		21 Dec 2018	–

Details of the rights, vesting conditions and periods applicable to equity-settled PSPs are provided in Annexure Two and Three, and in the Remuneration Report on pages 107 and 108 of the Integrated Annual Report.

26. Directors and employees (continued)

26.6 Share-based payment plans (continued)

26.6.1 Equity-settled compensation schemes (continued)

26.6.1.4 Share appreciation rights plan (SARs)

		2013	2012
The inputs into the valuation model are as follows:			
Weighted average grant price of SARs	(R)	100.69	–
Expected life of SARs	(years)	3 – 8	–
Expected share price volatility	(%)	30.0	–
Expected dividend yield	(%)	3.2 – 3.7	–
Risk-free interest rate	(%)	7.4 – 7.6	–

		2013 Number of SARs	2012 Number of SARs
SARs held by participants			
The following table illustrates the number of, and movements in, SARs during the period:			
SARs granted during the period		291 882	–
SARs forfeited due to resignations		(1 461)	–
SARs held by participants at the end of the period		290 421	–
Weighted average grant price of SARs			
Allocated during the period	(R)	100.69	–
Forfeited during the period	(R)	102.70	–
Held by participants at the end of the period	(R)	100.68	–
Summarised exercise conditions applicable to SARs			
Latest date by which SARs become exercisable		3 Jun 2019	–
Latest date by which SARs will lapse if not exercised		3 Jun 2021	–
Lowest price	(R)	88.46	–
Highest price	(R)	102.70	–

Details of the vesting conditions and periods applicable to equity-settled SARs are provided in Annexure Two and Three, and in the Remuneration Report on pages 107 and 108 of the Integrated Annual Report.

		2013	2012
26.6.1.5 Performance appreciation rights plan (PARs)			
The inputs into the valuation model are as follows:			
Weighted average grant price of PARs	(R)	102.70	–
Expected life of PARs	(years)	3 – 8	–
Expected share price volatility	(%)	30.0	–
Expected dividend yield	(%)	3.2	–
Risk-free interest rate	(%)	7.3 – 7.6	–

		2013 Number of PARs	2012 Number of PARs
PARs held by participants			
The following table illustrates the number of, and movements in, PARs during the period:			
PARs granted during the period		150 002	–
PARs held by participants at the end of the period		150 002	–
Summarised exercise conditions applicable to PARs			
Latest date by which PARs become exercisable		21 Dec 2018	–
Latest date by which PARs will lapse if not exercised		21 Dec 2020	–
Lowest price	(R)	102.70	–
Highest price	(R)	102.70	–

Details of the vesting conditions and periods applicable to equity-settled PARs are provided in Annexure Two and Three, and in the Remuneration Report on pages 107 and 108 of the Integrated Annual Report.

26. Directors and employees (continued)

26.6 Share-based payment plans (continued)

26.6.2 Cash-settled compensation scheme

The Group's cash-settled share-based payment obligation is recognised in terms of IFRS 2: Share-based Payment and arose from the implementation of the HPSS, detailed information on which is provided in the Remuneration Report on page 107 of the Integrated Annual Report.

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

	Note	2013 Rm	2012 Rm
Total liability at the beginning of the period		21	29
Non-current portion at the beginning of the period		12	1
Current portion at the beginning of the period		9	28
Settlement of liability during the period	31.1	(4)	(29)
Recognition of current period expense		8	21
Gain on prior period resignation of employees	31.1	(5)	–
Total liability at the end of the period		20	21
Current portion reflected under trade and other payables	19	12	9
Non-current portion at the end of the period		8	12

The Group's liability has been hedged as disclosed in note 5.2. The fair value of the liability at the reporting date was determined by way of valuations performed using an actuarial binomial option pricing model. The inputs into the valuation model are as follows:

		2013	2012
Weighted average HPSS option exercise price	(R)	61.27	61.34
Remaining life of HPSS options	(years)	1 – 3	1 – 4
Company share price at the end of the period	(R)	86.95	89.52
Expected share price volatility*	(%)	33.5	31.7
Expected dividend yield	(%)	3.2	2.8
Risk-free interest rate**	(%)	5.2 – 6.4	5.5 – 5.9

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

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

At the reporting date, 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 R18 million (2012: R14 million).

27. Tax expense

27.1 Current period tax charge

	Note	2013 Rm	2012 Rm
South African current tax		964	911
Current period		965	911
Prior period over provision		(1)	–
Deferred tax	16	(27)	(22)
Current period		(29)	(22)
Prior period under provision		2	–
Foreign tax – current period		21	19
Secondary tax on companies (STC)		–	57
Total		958	965

Tax returns and payments
Group companies have lodged their income tax returns for the 2012 tax year. Income tax payments for tax-paying Group companies have been made in respect of the second period of the 2013 tax year. The most recent income tax assessments issued to Group companies were mostly in respect of the 2012 tax year.

STC
STC was abolished with effect from 1 April 2012 and replaced by a dividends tax, which is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in the statement of comprehensive income.

27.2 Reconciliation of effective tax rate

	2013 %	2012 %
South African current tax rate	28.0	28.0
Increase in rate of tax	0.7	2.4
Disallowable expenditure	0.5	0.5
Impact of unrecognised tax losses	0.1	–
Differences in corporate tax rates	0.1	0.1
STC	–	1.8
Decrease in rate of tax		
Non-taxable income	(0.2)	(0.2)
Effective tax rate	28.5	30.2

28. Dividends

	Note	2013 Rm	2012 Rm
Interim dividend – 2013			
Cash dividend of 204 cents per share declared on 20 February 2013 and paid on 18 March 2013		944	–
Final dividend – 2012			
Cash dividend of 157 cents per share declared on 15 August 2012 and paid on 10 September 2012		725	–
Interim dividend – 2012			
Cash dividend of 169 cents per share declared on 3 April 2012 and paid on 30 April 2012		–	779
Final dividend – 2011			
Cash dividend of 134 cents per share declared on 18 August 2011 and paid on 12 September 2011		–	616
Less: dividends received on treasury shares held by subsidiaries		(142)	(113)
Total	31.4	1 527	1 282

The final dividend for the period ended 30 June 2013 of 158 cents per share, before deduction of dividends tax (where applicable), was declared on 22 August 2013 to shareholders registered on the record date of 13 September 2013 and is payable on 16 September 2013. No liability regarding this final dividend has been recognised.

29. 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 weighted average number of shares. Appropriate adjustments are made thereto in calculating diluted basic earnings per share.

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

	2013 Rm	2012 Rm
Headline earnings is determined as follows:		
Profit for the period, fully attributable to owners of the parent	2 408	2 225
Adjusted for:		
Loss on disposal of fixed assets (refer to note 25.5)	–	2
Headline earnings	2 408	2 227

The weighted average number of ordinary shares, adjusted for treasury shares held by subsidiaries (including RSPs and PSPs held for participants in the Group's equity-settled compensation schemes), and referred to hereafter as 'weighted average number of shares', is used in calculating all the basic earnings, headline earnings and cash flow earnings per share amounts below:

		2013 Number of shares	2012 Number of shares
Issued shares (net of treasury shares) at the beginning of the period	(millions)	423.9	423.4
Weighted average number of shares repurchased during the period	(millions)	(2.6)	(1.1)
Weighted average number of shares issued during the period	(millions)	0.6	0.5
Weighted average number of shares for the period	(millions)	421.9	422.8

		2013	2012
29.1 Basic and headline earnings basis			
Basic earnings per share	(cents)	570.8	526.3
Headline earnings per share	(cents)	570.8	526.7
29.2 Fully diluted basic and headline earnings basis			
Weighted average number of shares for the period	(millions)	421.9	422.8
Add: Dilutive effect of share options and share appreciation rights	(millions)	7.6	7.9
Fully diluted weighted average number of shares for the period	(millions)	429.5	430.7
The dilution arises from share options and share appreciation rights outstanding in respect of the equity-settled share schemes. 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)	560.7	516.6
Percentage dilution in basic earnings per share	(%)	1.8	1.8
Fully diluted headline earnings per share	(cents)	560.7	517.1
Percentage dilution in headline earnings per share	(%)	1.8	1.8
29.3 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 weighted average number of shares.			
Cash inflow from operations	(Rm)	2 198	1 618
Cash flow per share	(cents)	521.0	382.7
29.4 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 weighted average number of shares.			
Profit for the period, fully attributable to owners of the parent	(Rm)	2 408	2 225
Adjusted for:			
Non-cash items (refer to note 31.1)	(Rm)	171	189
Deferred tax (refer to note 31.3)	(Rm)	(27)	(22)
Cash equivalent earnings	(Rm)	2 552	2 392
Cash equivalent earnings per share	(cents)	604.9	565.8
29.5 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.	(%)	86	68

30. Related party disclosures

Post-retirement benefit plans

The Group is a participating employer in various defined contribution retirement plans as well as defined benefit healthcare plans. Refer to notes 26.2 and 26.3 for further information.

Key management personnel

Details relating to executive and non-executive directors' remuneration and shareholdings (including equity-based awards) in the company, are disclosed in note 26.1, 26.5 and Annexure Two. Directors of the company and of the subsidiary, Truworths Ltd, have been classified as key management personnel. Below is a summary of the total compensation incurred in relation to the 12 (2012: 13) employees constituting key management personnel for the period.

Category	2013 Rm	2012 Rm
Short-term benefits	33	36
Post-retirement benefits	2	2
Equity-settled compensation benefits	5	5
Cash-settled compensation benefits	2	7
Total remuneration	42	50

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

Interest of directors in contracts

Except as disclosed below, no directors have a material direct or indirect interest in any transaction with the company or any of its subsidiaries.

Mr Sisa Ngebulana

Mr Sisa Ngebulana, a non-executive director of the company, has an interest in and is an executive director of Rebosis Property Fund Ltd, which acquired the assets and liabilities of Hemingways Shopping Centre (Pty) Ltd and Mdantsane Shopping Centre (Pty) Ltd.

The Group leases certain of its trading premises from the above companies. The value of these transactions amounted to R7.6 million (2012: R7.1 million). At the reporting date there were no outstanding balances owing to these related parties (2012: R nil).

Mr Roddy Sparks

Mr Roddy Sparks, who was appointed as a non-executive director of the company in the prior period, has an interest in and is the non-executive chairman of NMC (Pty) Ltd and is a non-executive director of Trencor Ltd.

During the prior period, the Group entered into certain transactions with NMC (Pty) Ltd in relation to the construction of distribution facilities in terms of an agreement concluded with NMC (Pty) Ltd prior to the appointment of Mr Sparks to the company's board. The value of these transactions in the prior period amounted to R0.2 million. At the reporting date there were no outstanding balances owing to NMC (Pty) Ltd (2012: Rnil).

The Group also participates with other companies in the former Wooltru Ltd group in various export partnerships whose business is the purchase and export sale of marine containers. Trencor Services (Pty) Ltd, a wholly-owned subsidiary of Trencor Ltd acts as managing partner in these partnerships. Refer to note 7.1 for details of transactions with and amounts owing to the Group by Trencor Ltd.

Mr Tony Taylor

Mr Tony Taylor, a non-executive director of the company, was a non-executive director of MTN (Pty) Ltd and MTN Service Provider (Pty) Ltd for a portion of the period.

During the period, the Group earned commission from MTN Service Provider (Pty) Ltd on the sale of cellular telephones and airtime. The value of the commission earned amounted to R50.3 million (2012: R41.5 million). At the reporting date the balance owing by MTN Service Provider (Pty) Ltd in relation to such commission was R2.5 million (2012: R0.3 million).

Other related parties

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

	2013 Rm	2012 Rm
Truworths Community Foundation	10	8

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

	Note	2013 Rm	2012 Rm
31. Notes to the statements of cash flows			
31.1 Cash flow from trading and cash EBITDA*			
Profit before tax		3 366	3 190
Add: Non-cash items		171	189
Depreciation and amortisation	25.1	179	156
Movement in straight-line operating lease obligation	18.1	(6)	–
Revaluation gain on cash-settled call options	5.2	–	(12)
Prior period gain not paid out on cash-settled call options	26.6.2	(5)	–
Fair value adjustment to mutual fund investments	6.2	(1)	–
Amortised cost adjustment to secured loans advanced to share scheme participants	7.2	–	6
Amortised cost adjustments to repayments and cancellation of secured loans to share scheme participants	7.2	(2)	(2)
Amortised cost adjustment to secured loans to share scheme participants	7.2	(3)	(5)
Unrealised foreign exchange mark-to-market gains	25.5	(28)	(4)
Post-retirement medical benefit expense	17.2	6	6
Loss on disposal of plant and equipment	25.5	–	2
Share-based payments: equity-settled	26.6.1	23	21
Share-based payments: cash-settled	26.6.2	8	21
Proceeds on cash-settled call options exercised during the period	5.2	5	34
Settlement of cash-settled compensation liability	26.6.2	(4)	(29)
Interest received	24	(814)	(728)
Dividends received	24	(4)	(3)
Net inflow		2 720	2 653

* Earnings before interest received, tax, depreciation and amortisation.

	Note	2013 Rm	2012 Rm
31.2 Working capital movements			
Increase in inventories		(117)	(140)
Increase in trade and other receivables and prepayments		(354)	(399)
Increase/(decrease) in trade and other payables		119	(263)
Net outflow		(352)	(802)
31.3 Tax paid			
Amounts owing at the beginning of the period		(168)	(145)
Amounts charged to profit or loss	27.1	(958)	(965)
South African current tax		(964)	(911)
Foreign current tax		(21)	(19)
Deferred tax		27	22
STC		–	(57)
Deferred tax movement	27.1	(27)	(22)
Amounts owing at the end of the period		165	168
Net outflow		(988)	(964)

	Note	2013 Rm	2012 Rm
31.4 Dividends paid			
Amounts owing at the beginning of the period		**(4)**	(3)
Amounts charged to equity	28	**(1 527)**	(1 282)
Amounts owing at the end of the period	19	**5**	4
Net outflow		**(1 526)**	(1 281)
31.5 Acquisition of property, plant and equipment to expand operations			
Equipment, furniture and fittings		**(176)**	(135)
Computer equipment		**(20)**	(12)
Buildings		**(4)**	(1)
Motor vehicles		**(3)**	(1)
Land		**–**	(17)
Net outflow		**(203)**	(166)
31.6 Acquisition of plant and equipment to maintain operations			
Equipment, furniture and fittings		**(44)**	(34)
Computer equipment		**(5)**	(3)
Motor vehicles		**(1)**	–
Net outflow		**(50)**	(37)

32. Comparative information

The Group has not made any reclassifications or restatements in the statements of financial position. As a result, the Group has not presented an additional comparative statement of financial position, as would be required under such circumstances.

33. Segment information

The Group's reportable segments have been identified as the Truworths and YDE business units. The Truworths business unit comprises all the retailing activities conducted by the Group (as detailed in note 33.3), through which it retails fashion apparel comprising clothing, footwear and other fashion products to women, men and children, other than by the YDE business unit. The YDE business unit comprises the agency activities through which the Group retails clothing, footwear and related products on behalf of emerging South African designers.

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

33.1 Reportable segment information

		Truworths Rm	YDE Rm	Consolidation entries Rm	Group Rm
2013					
Total revenue (refer to note 24)		10 722	111	(24)	10 809
Third party		10 691	111	7	10 809
Inter-segment		31	–	(31)	–
Depreciation and amortisation		156	4	–	160
Employment costs		973	13	–	986
Occupancy costs		810	33	–	843
Trade receivable costs		739	–	–	739
Other costs		493	15	(34)	474
Interest received		810	1	3	814
Profit for the period		2 367	32	9	2 408
Profit before tax		3 312	45	9	3 366
Tax expense		(945)	(13)	–	(958)
Segment assets		10 125	154	(3 008)	7 271
Segment liabilities		1 154	1	(103)	1 052
Capital expenditure		268	2	–	270
Other segment information					
Gross margin	(%)	56.6	–		56.6
Trading margin	(%)	25.6	39.7		26.1
Operating margin	(%)	33.9	40.8		34.5
Inventory turn	(times)	5.4	–		5.4
Credit:cash sales mix	(%)	72:28	25:75		72:28
2012					
Total revenue (refer to note 24)		9 679	107	(17)	9 769
Third party		9 654	107	8	9 769
Inter-segment		25	–	(25)	–
Depreciation and amortisation		134	4	–	138
Employment costs		877	13	–	890
Occupancy costs		715	31	–	746
Trade receivable costs		533	–	–	533
Other costs		463	16	(27)	452
Interest received		722	1	5	728
Profit for the period		2 190	31	4	2 225
Profit before tax		3 143	43	4	3 190
Tax expense		(953)	(12)	–	(965)
Segment assets		9 208	176	(2 467)	6 917
Segment liabilities		1 073	5	(142)	936
Capital expenditure		217	9	–	226
Other segment information					
Gross margin	(%)	56.7	–		56.7
Trading margin	(%)	27.4	39.1		27.8
Operating margin	(%)	35.6	40.0		36.1
Inventory turn	(times)	5.7	–		5.7
Credit:cash sales mix	(%)	73:27	25:75		73:27

	2013 Contribution to revenue		2012 Contribution to revenue	
	Rm	%	Rm	%
33.2 Third party revenue				
South Africa	10 460	96.8	9 501	97.3
Namibia	171	1.6	159	1.6
Swaziland	52	0.5	55	0.6
Botswana	49	0.5	18	0.2
Nigeria	16	0.1	3	–
Zambia	16	0.1	–	–
Ghana	14	0.1	–	–
Lesotho	13	0.1	–	–
Mauritius	9	0.1	9	0.1
Franchise sales	9	0.1	24	0.2
Kenya	8	0.1	10	0.1
Lesotho	1	–	4	–
Botswana	–	–	7	0.1
Zambia	–	–	3	–
Total third party revenue (refer to note 24)	10 809	100	9 769	100

33.3 Components of Truworths

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

	2013 Contribution to sale of merchandise		2012 Contribution to sale of merchandise	
	Rm	%	Rm	%
Sale of merchandise				
Truworths ladieswear	3 661	37.5	3 361	38.1
Truworths menswear	1 987	20.3	1 757	19.9
Identity	1 586	16.2	1 407	15.9
Daniel Hechter	1 206	12.4	1 091	12.4
Truworths Elements	480	4.9	454	5.1
Inwear	451	4.6	409	4.6
LTD	405	4.1	353	4.0
Truworths Jewellery	95	1.0	89	1.0
Cellular	201	2.1	170	1.9
Truworths Living**	2	–	13	0.1
Retail sales	10 074	103.1	9 104	103.0
Franchise sales	9	0.2	24	0.4
Accounting adjustments*	(318)	(3.3)	(298)	(3.4)
Total	9 765	100	8 830	100

* Accounting adjustments made in terms of IFRS and generally accepted accounting practice relating to promotional vouchers, staff discounts on merchandise purchases, cellular retail sales, notional interest on non interest-bearing trade receivables and the sales returns provision.

** Truworths Living was discontinued during the 2012 period.

33. Segment information (continued)

33.4 Non-current assets

	2013 Rm	2012 Rm
South Africa	994	924
Botswana	12	12
Nigeria	11	9
Namibia	10	10
Swaziland	8	–
Lesotho	7	–
Zambia	3	–
Mauritius	3	3
Ghana	2	1
Total	1 050	959

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

34. Events after the reporting date

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

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Company Statements of Financial Position

	Note	at 30 June 2013 R'000	at 1 July 2012 R'000
ASSETS			
Non-current assets			
Available-for-sale assets	2	40 332 041	41 341 234
Current assets		7 182	6 902
Prepayments		12	–
Tax receivable		110	135
Cash and cash equivalents	3	7 060	6 767
Total assets		40 339 223	41 348 136
EQUITY AND LIABILITIES			
Total equity		39 256 773	40 127 573
Share capital and premium	4,5	292 824	204 762
Retained earnings		97 717	47 386
Non-distributable reserves	6	38 866 232	39 875 425
Current liabilities			
Trade and other payables	8	1 082 450	1 220 563
Total equity and liabilities		40 339 223	41 348 136

Company Statements of Comprehensive Income

	Note	52 weeks to 30 June 2013 R'000	53 weeks to 1 July 2012 R'000
Revenue	10	1 725 217	1 400 764
Other income	10	5 682	5 390
Trading expenses		(5 274)	(5 293)
Employment costs	11.1	(2 654)	(2 414)
Other operating costs	11.2	(2 620)	(2 879)
Trading profit		408	97
Dividends received	10	1 719 336	1 395 265
Interest received	10	199	109
Profit before tax		1 719 943	1 395 471
Tax expense	12	(276)	(155)
Profit for the period		1 719 667	1 395 316
Other comprehensive (loss)/income			
Revaluation of subsidiaries	6	(1 031 622)	9 888 807
Other comprehensive (loss)/income for the period		(1 031 622)	9 888 807
Total comprehensive income for the period		688 045	11 284 123

Company Statements of Changes in Equity

	Note	Share capital and premium R'000	Retained earnings R'000	Non-distributable reserves R'000	Total equity R'000
2013					
Balance at the beginning of the period		204 762	47 386	39 875 425	40 127 573
Total comprehensive income for the period		–	1 719 667	(1 031 622)	688 045
Profit for the period		–	1 719 667	–	1 719 667
Other comprehensive (loss)/income for the period		–	–	(1 031 622)	(1 031 622)
Dividends	13	–	(1 669 336)	–	(1 669 336)
Shares issued	4,5	88 062	–	–	88 062
Share-based payment	6	–	–	22 429	22 429
Balance at 30 June 2013		292 824	97 717	38 866 232	39 256 773
2012					
Balance at the beginning of the period		159 237	47 335	29 965 917	30 172 489
Total comprehensive income for the period		–	1 395 316	9 888 807	11 284 123
Profit for the period		–	1 395 316	–	1 395 316
Other comprehensive income for the period		–	–	9 888 807	9 888 807
Dividends	13	–	(1 395 265)	–	(1 395 265)
Shares issued	5	45 525	–	–	45 525
Share-based payment	6	–	–	20 701	20 701
Balance at 1 July 2012		204 762	47 386	39 875 425	40 127 573

Company Statements of Cash Flows

	Note	52 weeks to 30 June 2013 R'000	53 weeks to 1 July 2012 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflow from trading	14.1	408	97
Dividends received	14.1	1 719 336	1 395 265
Cash EBITDA*		1 719 744	1 395 362
Working capital movements	14.2	503	(666)
Cash generated from operations		1 720 247	1 394 696
Interest received	14.1	199	109
Tax paid	14.3	(251)	(91)
Cash inflow from operations		1 720 195	1 394 714
Dividends paid	14.4	(1 668 131)	(1 394 392)
Net cash from operating activities		52 064	322
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on shares issued	4,5	88 062	45 525
Loans repaid to subsidiary companies	14.5	(139 833)	(41 418)
Net cash (used in)/from financing activities		(51 771)	4 107
Net increase in cash and cash equivalents		293	4 429
Cash and cash equivalents at the beginning of the period		6 767	2 338
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	7 060	6 767

* Earnings before interest received, tax, depreciation and amortisation

Notes to the Company Annual Financial Statements

	2013 R'000	2012 R'000
2. Available-for-sale assets		
Shares in Truworths Ltd	37 805 873	38 659 562
Shares in Young Designers Emporium (Pty) Ltd	513 231	540 399
Shares in Uzzi (Pty) Ltd	35 918	35 918
Shares in Truworths Investments (Pty) Ltd	561 711	584 923
Shares in Truworths Investments Two (Pty) Ltd	463 983	504 995
Shares in Truworths Investments Three (Pty) Ltd	458 361	490 969
Shares in Truworths Investments Four (Pty) Ltd	492 964	524 468
Total	40 332 041	41 341 234

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

During the period the value of the investments in subsidiaries decreased as a result of the Truworths International Ltd share price decreasing from R89.52 at 1 July 2012 to R86.95 at 30 June 2013.

3. Cash and cash equivalents

	2013 R'000	2012 R'000
Balances with banks	7 060	6 767

Balances with banks earn interest based on floating daily bank deposit rates. Refer to note 9.2.1 and 9.3.1 for further information relating to interest rate risk and credit risk management respectively.

4. Share capital

Ordinary share capital

	2013 R'000	2012 R'000
Authorised		
650 000 000 (2012: 650 000 000) ordinary shares of 0.015 cents each	98	98
Issued and fully paid		
463 806 804 (2012: 461 810 026) ordinary shares of 0.015 cents each	70	69

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

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

	2013 Number of shares 000's	2012 Number of shares 000's
Reconciliation of movement in issued shares		
Balance at the beginning of the period	461 810	459 999
Shares issued	2 019	1 811
Balance at the end of the period*	463 829	461 810

* Includes 22 084 shares issued during the period and to be allotted subsequent to the reporting date.

The shares issued during the period were allotted for an aggregate nominal value of R303 (2012: R272) and an aggregate premium of R88 060 989 (2012: R45 525 177).

	Note	2013 R'000	2012 R'000
5. Share premium			
Balance at the beginning of the period		204 693	159 168
Premium on shares issued		88 061	45 525
Balance at the end of the period		292 754	204 693
6. Non-distributable reserves			
Equity-settled compensation reserve		125 510	103 081
Revaluation reserve		38 740 722	39 772 344
Total		38 866 232	39 875 425
Reconciliation of equity-settled compensation reserve			
Balance at the beginning of the period		103 081	82 380
Equity settled share-based payment expense	26.6.1*	22 429	20 701
Balance at the end of the period		125 510	103 081
Reconciliation of revaluation reserve			
Balance at the beginning of the period		39 772 344	29 883 537
Revaluation of subsidiaries		(1 031 622)	9 888 807
Balance at the end of the period		38 740 722	39 772 344

* Refer to notes of the Group annual financial statements

	Note	2013 R'000	2012 R'000
7. Deferred tax			
Deferred tax asset at the beginning of the period		–	41
Movement for the period			
Decrease in deferred tax asset, charged to profit or loss			
Tax loss	12.1	–	(41)
Deferred tax asset at the end of the period		–	–

	2013 R'000	2012 R'000
8. Trade and other payables		
Amount owing to Truworths Ltd	1 075 617	1 215 450
Other payables and accrued expenses	1 398	883
Unclaimed dividends due to shareholders	5 435	4 230
Total	1 082 450	1 220 563

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

Terms and conditions of financial liabilities:

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

Refer to note 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 governance, including in relation to financial risks, and is assisted by the directors of Truworths Ltd. The Risk Committee, a committee of the Truworths Ltd board, oversees the management of financial risks relating to the company's operations. The board has adopted King III's risk governance and management principles and has established a policy framework which guides the company's risk management processes. These policies and guidelines are periodically examined by senior executives and adjusted, if necessary, to ensure that changes in the business and economic environment have been taken into account. Refer to the Risk Report on page 121 of the Integrated Annual Report for further information relating to financial risk management.

Treasury risk management objectives and policies

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

9. Financial risk management (continued)

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 treasury trading occurs within defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The reporting on the state of the risk and risk practices to executive management is part of this process. The processes set up to measure, monitor and mitigate these market risks are described below. There has been no change in the company's exposure to market risk or the manner in which it manages and measures the risk since the prior reporting period.

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 reporting date are summarised below:

Floating rate	2013 %	2012 %
Balances with banks	2.5	3.0

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

A change of 100 basis points in interest rates would not have a material impact on the profits of the company. The analysis was performed on the same basis for 2012.

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 9.6 for further information relating to the relevant valuation techniques used in determining the fair value of investments in subsidiaries.

The share price sensitivity analysis was calculated by increasing or decreasing the company's share price at the end of the period used in the valuations of subsidiaries by 30% (2012: 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	2013 Rm	2012 Rm
Impact of share price movement before tax	12 100	14 469

9.3 Credit risk

The company's exposure to credit risk relates to cash and cash equivalents. Refer to note 3 for further information.

The company's maximum exposure to credit risk amounted to R7 million (2012: R7 million) at the reporting date.

9.3.1 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 3 for further information.

9.4 Liquidity risk

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

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

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

	Note	Settled on demand R'000	Settled between 30 – 59 days R'000	Settled after 90 days R'000	Total R'000
2013					
Trade and other payables	8				
Amount owing to Truworths Ltd		1 075 617	–	–	1 075 617
Other payables and accrued expenses		–	317	1 081	1 398
Unclaimed dividends due to shareholders		5 435	–	–	5 435
Total		1 081 052	317	1 081	1 082 450
2012					
Trade and other payables	8				
Amount owing to Truworths Ltd		1 215 450	–	–	1 215 450
Other payables and accrued expenses		–	66	817	883
Unclaimed dividends due to shareholders		4 230	–	–	4 230
Total		1 219 680	66	817	1 220 563

9.5 Items of income, expense, gains or losses

	Fair value (losses)/ gains R'000	Dividends received R'000	Interest received R'000	Net gains R'000
2013				
Financial assets				
Available-for-sale	(1 031 622)	1 719 336	–	687 714
Loans and receivables	–	–	199	199
2012				
Financial assets				
Available-for-sale	9 888 807	1 395 265	–	11 284 072
Loans and receivables	–	–	109	109

9.6 Fair value of financial instruments

9.6.1 Fair value measurement

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

Financial assets and liabilities (other than available-for-sale assets)
Carrying amounts reported in the statements of financial position at amortised cost approximate fair values. The fair value of the financial instruments at the reporting date has been determined using available market information and appropriate valuation methodologies.

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

9. Financial risk management (continued)

9.6 Fair value of financial instruments (continued)

9.6.1 Fair value measurement (continued)

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

9.6.2 Fair value hierarchy

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

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

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

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

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

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

9.7 Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while enhancing the return to its shareholders. The company's overall strategy has remained unchanged from 2012.

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 4 to 6 for further information.

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

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

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

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

	2013 R'000	2012 R'000
Profit for the period	1 719 667	1 395 316
Equity of the company	39 256 772	40 127 573

	Note	2013 R'000	2012 R'000
10. Revenue			
Dividends received		1 719 336	1 395 265
Management fees received		5 682	5 390
Interest received		199	109
Total		1 725 217	1 400 764

11. Trading profit

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

11.1 Employment costs

	Note	2013 R'000	2012 R'000
Directors' fees	26.1*	2 622	2 390
Other employment costs		32	24
Total		2 654	2 414

11.2 Other operating costs

	Note	2013 R'000	2012 R'000
Management, administrative and secretarial fees paid include:			
Financial reporting fees		1 126	1 500
JSE and STRATE fees		786	678
Consulting fees		285	289
Transfer secretaries' fees		266	258
Other		157	154
Total		2 620	2 879

* Refer to notes of the Group annual financial statements

12. Tax expense

12.1 Current period tax charge

	Note	2013 R'000	2012 R'000
South African normal tax		276	114
Current period		276	114
Deferred tax		–	41
Current period	7	–	41
Total		276	155

The company has lodged its income tax return for the 2012 tax year. The most recent income tax assessment issued by the South African Revenue Service to the company was in respect of the 2012 tax year.

12.2 Reconciliation of effective tax rate

	2013 %	2012 %
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	–	–

	Notes	2013 R'000	2012 R'000
13. Dividends			
Interim dividend – 2013			
Cash dividend of 204 cents per share declared on 20 February 2013 and paid on 18 March 2013		944 294	–
Final dividend – 2012			
Cash dividend of 157 cents per share declared on 15 August 2012 and paid on 10 September 2012		725 042	–
Interim dividend – 2012			
Cash dividend of 169 cents per share declared on 3 April 2012 and paid on 30 April 2012		–	778 866
Final dividend – 2011			
Cash dividend of 134 cents per share declared on 18 August 2011 and paid on 12 September 2011		–	616 399
Total		1 669 336	1 395 265

The final dividend for the period ended 30 June 2013 of 158 cents per share, before deduction of dividends tax (where applicable), was declared on 22 August 2013 to shareholders registered on the record date of 13 September 2013 and is payable on 16 September 2013. No liability regarding this final dividend has been recognised.

14. Notes to the statements of cash flows

	Notes	2013 R'000	2012 R'000
14.1 Cash flow from trading			
Profit before tax		1 719 943	1 395 471
Dividends received	10	(1 719 336)	(1 395 265)
Interest received	10	(199)	(109)
Net inflow		408	97
14.2 Working capital movements			
Increase/(decrease) in other payables and accrued expenses		515	(666)
Increase in prepayments		(12)	–
Net inflow/(outflow)		503	(666)
14.3 Tax paid			
Amounts refundable at the beginning of the period		135	158
Amounts charged to profit or loss	12	(276)	(155)
South African normal tax		(276)	(114)
Deferred tax		–	(41)
Deferred tax movement		–	41
Amounts refundable at the end of the period		(110)	(135)
Net outflow		(251)	(91)
14.4 Dividends paid			
Amounts owing at the beginning of the period		(4 230)	(3 357)
Amounts charged to equity		(1 669 336)	(1 395 265)
Amounts owing at the end of the period	8	5 435	4 230
Net outflow		(1 668 131)	(1 394 392)
14.5 Loans repaid to subsidiary companies			
Amounts owing at the beginning of the period		(1 215 450)	(1 256 868)
Amounts owing at the end of the period	8	1 075 617	1 215 450
Net outflow		(139 833)	(41 418)

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. Details of loan balances with and interest in subsidiaries are disclosed in notes 2, 8 and Annexure One.

Related party transactions during the period were as follows:

	Management fee received from R'000	Dividends received from R'000	Dividends paid to R'000	Amount owing to related parties R'000
2013				
Truworths Ltd	5 682	1 523 823	–	(1 075 617)
Truworths Investments (Pty) Ltd	–	37 410	(37 410)	–
Truworths Investments Two (Pty) Ltd	–	36 289	(36 289)	–
Truworths Investments Three (Pty) Ltd	–	34 317	(34 317)	–
Truworths Investments Four (Pty) Ltd	–	33 972	(33 972)	–
Truworths International Limited Share Trust	–	–	(290)	–
Young Designers Emporium (Pty) Limited	–	50 000	–	–
2012				
Truworths Ltd	5 390	1 280 040	–	(1 215 450)
Truworths Investments (Pty) Ltd	–	31 400	(31 400)	–
Truworths Investments Two (Pty) Ltd	–	28 122	(28 122)	–
Truworths Investments Three (Pty) Ltd	–	27 132	(27 132)	–
Truworths Investments Four (Pty) Ltd	–	26 029	(26 029)	–
Truworths International Limited Share Trust	–	–	(285)	–

Shareholders

The company's shares are widely held principally by public shareholders. The major shareholders of the company are detailed in the shareholder information section on pages 106 to 109.

Key management personnel

Details relating to executive and non-executive directors' emoluments, and shareholdings (including options) in the company, are disclosed in notes 26.1 and 26.5 of the Group annual financial statements and Annexure Two.

Interest of directors in contracts

Refer to note 30 of the Group annual financial statements for information relating to directors' interests in contracts with the company and its subsidiaries.

Other related parties

Refer to note 30 of the Group annual financial statements for further information relating to other related party transactions.

16. Comparative information

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

Annexure One

DETAILS OF SUBSIDIARY COMPANIES

Name	Main business	Ordinary share capital and premium		Percentage held (effective interest)		Book value of shares		Amounts owing to subsidiaries (refer to note 8 in company annual financial statements)	
		2013	2012	**2013 %**	2012 %	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm
Direct subsidiary companies									
All (Pty) Ltd companies unless otherwise stated									
Incorporated in South Africa									
Truworths Ltd	R	**R23 883 152**	R23 883 152	**100**	100	**37 806**	38 660	**(1 076)**	(1 215)
Young Designers Emporium	C	**R200**	R200	**100**	100	**513**	540	**–**	–
Uzzi	D	**R100**	R100	**100**	100	**36**	36	**–**	–
SRG International	D	**R2**	R2	**100**	100	**–**	–	**–**	–
Truworths Trading	D	**R60**	R60	**100**	100	**–**	–	**–**	–
Truworths International Limited Share Trust	E	**N/A**	N/A	**100**	100	**N/A**	N/A	**–**	–
Truworths Investments	I	**R120**	R120	**100**	100	**562**	585	**–**	–
Truworths Investments Two	I	**R120**	R120	**100**	100	**464**	505	**–**	–
Truworths Investments Three	I	**R120**	R120	**100**	100	**458**	491	**–**	–
Truworths Investments Four	I	**R120**	R120	**100**	100	**493**	524	**–**	–
Incorporated in Guernsey									
Truworths International Trust	I	**N/A**	N/A	**100**	100	**N/A**	N/A	**–**	–
Truworths Worldwide Ltd	I	**US$5 386 039**	US$5 386 039	**100**	100	**–**	–	**–**	–

C = Commission agent, D = Dormant, E = Employee share scheme, I = Investment holding, R = Retailing

Name	Main business	Ordinary share capital and premium 2013	Ordinary share capital and premium 2012	Percentage held (effective interest) 2013 %	Percentage held (effective interest) 2012 %
Indirect subsidiary companies					
All (Pty) Ltd companies unless otherwise stated					
Incorporated in South Africa					
Chez Brigitte Fashion Accessories	D	R2	R2	100	100
Daniel Hechter	D	R200	R200	100	100
Intrigue Fine Lingerie Company	D	R100	R100	100	100
Identity Retailing	C	R2	R2	100	100
Truworths Man	D	R1	R1	100	100
Truworths Personal Finance	D	R2	R2	100	100
Woolmos Properties Share Block Ltd	S	R5 920 950	R5 920 950	100	100
Incorporated in Namibia					
Truworths (Namibia) Ltd	R	N$14	N$14	100	100
Incorporated in Swaziland					
Truworths (Swaziland) Ltd	R	E40 000	E40 000	100	100
Incorporated in Lesotho					
Truworths (Lesotho)	R	M2	M2	100	100
Incorporated in Kenya					
Truworths (Kenya) Ltd	D	KES 100 000	N/A	100	N/A
Incorporated in Botswana					
Truworths Botswana	R	P100	P100	100	100
Incorporated in Zambia					
Truworths (Zambia) Ltd	R	ZK4 500	ZK4 500	100	100
Incorporated in Mauritius					
Truworths (Mauritius)	R	Rs1	Rs1	100	100
Incorporated in Nigeria					
Truworths The Look Nigeria Ltd	R	NGN12 924 000	NGN12 924 000	100	100
Incorporated in Ghana					
Tru Group Clothing Retailers (Ghana) Ltd	R	¢510 000	¢510 000	100	100
Incorporated in Australia					
Tarra Valley	I	Au$23 405 000	Au$23 405 000	100	100
Select Retail Group Australia	I	Au$8 350 008	Au$8 350 008	100	100
Redfern Road	D	Au$7 613 643	Au$7 613 643	100	100
Incorporated in the Isle of Man					
Truworths Intellectual Property Ltd	IP	US$3	US$3	100	100

C = Commission agent, D = Dormant, I = Investment holding, IP = Intellectual property holding, R = Retailing, S = Share block scheme

Annexure Two

DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND EQUITY-BASED AWARDS

1. Directors' holdings of shares and equity-based awards

	RSPs 000's	PSPs 000's	Shares 000's	Options 000's	Total 000's
2013					
In aggregate					
Balance at the beginning of the period	–	–	3 053	5 963	9 016
Granted during period	48	49	–	–	97
Exercised during the period	–	–	–	(501)	(501)
Forfeited during the period	–	–	(50)	(9)	(59)
Share movements during the period	–	–	(385)	–	(385)
Balance at the end of the period	48	49	2 618	5 453	8 168
By director The direct and indirect interest of each of the directors in the company's shares, which are held either beneficially or pursuant to the equity-settled share schemes, are as follows:					
Executive director	48	49	2 490	5 453	8 040
Michael Mark	48	49	2 490	5 453	8 040
Non-executive directors	–	–	128	–	128
Thandi Ndlovu	–	–	30	–	30
Hilton Saven	–	–	50	–	50
Tony Taylor	–	–	48	–	48
Balance at the end of the period	48	49	2 618	5 453	8 168
Comprising:					
Direct interest	48	49	2 128	5 453	7 678
Indirect interest	–	–	490	–	490
Total	48	49	2 618	5 453	8 168

	Shares 000's	Options 000's	Total 000's
2012			
In aggregate			
Balance at the beginning of the period	4 823	6 043	10 866
Exercised during the period	–	(80)	(80)
Share movements during the period	(1 770)	–	(1 770)
Balance at the end of the period	3 053	5 963	9 016

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

	Shares 000's	Options 000's	Total 000's
Executive directors	2 540	5 963	8 503
Michael Mark	2 490	5 953	8 443
Mark Sardi	50	10	60
Non-executive directors	513	–	513
Thandi Ndlovu	30	–	30
Edward Parfett	385	–	385
Hilton Saven	50	–	50
Tony Taylor	48	–	48
Balance at the end of the period	3 053	5 963	9 016
Comprising:			
Direct interest	1 735	5 963	7 698
Indirect interest	1 318	–	1 318
Total	3 053	5 963	9 016

There have been no changes to these interests between the reporting date 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 or share appreciation rights of the company during the closed period. The closed periods commence two weeks before the end of the interim (December) and annual (June) reporting periods and end twenty-four hours after announcement of the financial results on the JSE news service.

Loans pursuant to share option scheme
The shares held by executive directors in terms of the Truworths International Ltd share option scheme have been acquired by way of secured loans pursuant to such scheme. The shares are pledged against the outstanding loan balances (refer to note 26.1 of the Group annual financial statements) and will become releasable upon the later of vesting or repayment of the loans (refer to note 7.2 of the Group annual financial statements). Refer to section 3 of Annexure Two for details of options exercised and shares so acquired in terms of such scheme during the reporting period.

Of the 1 990 275 shares held by Mr Mark pursuant to the share scheme, 1 752 775 (2012: 1 865 275) shares have vested at the reporting date. The remaining 237 500 (2012: 625 000) shares will become releasable between 14 October 2013 and 19 March 2014 (2012: 14 October 2012 and 19 March 2014).

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

2.1 Share option scheme

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

	Exercise price R	2013 Number of options 000's	2012 Number of options 000's
Balance at the beginning of the period		5 963	6 043
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
Between 25 March 2003 and 25 March 2007	4.54	340	340
Between 7 November 2003 and 7 November 2007	5.74	900	900
Between 13 March 2004 and 13 March 2008	5.82	550	550
Between 6 November 2004 and 6 November 2008	8.52	400	400
Between 29 November 2005 and 29 November 2009	15.57	200	200
Between 19 February 2011 and 19 February 2016	44.78	450	450
Between 23 August 2011 and 23 August 2016	55.32	–	50
Between 8 December 2011 and 8 December 2016	73.80	10	10
Options exercised		(501)	(80)
Between 27 November 2001 and 27 November 2005	3.66	(500)	–
Between 26 October 2002 and 26 October 2006	5.33	–	(30)
Between 23 August 2011 and 23 August 2016	55.32	–	(50)
Between 8 December 2011 and 8 December 2016	73.80	(1)	–
Options forfeited			
Between 8 December 2011 and 8 December 2016	73.80	(9)	–
Balance at the end of the period		5 453	5 963
Between 27 November 2001 and 27 November 2005	3.66	2 613	3 113
Between 25 March 2003 and 25 March 2007	4.54	340	340
Between 7 November 2003 and 7 November 2007	5.74	900	900
Between 13 March 2004 and 13 March 2008	5.82	550	550
Between 6 November 2004 and 6 November 2008	8.52	400	400
Between 29 November 2005 and 29 November 2009	15.57	200	200
Between 19 February 2011 and 19 February 2016	44.78	450	450
Between 8 December 2011 and 8 December 2016	73.80	–	10

2.2 Restricted share plan (RSPs)

The RSPs vest between the following dates and at the following exercise prices:

	Exercise price R	2013	2012
RSPs granted during the period		48	–
Between 14 December 2015 and 14 December 2018	102.70	48	–
Balance at the end of the period		48	–
Between 14 December 2015 and 14 December 2018	102.70	48	–

2.3 Performance share plan (PSPs)

The PSPs vest between the following dates and at the following exercise prices:

	Exercise price R	2013	2012
PSPs granted during the period		49	–
Between 14 December 2015 and 14 December 2018	102.70	49	–
Balance at the end of the period		49	–
Between 14 December 2015 and 14 December 2018	102.70	49	–

3. Details of directors' equity-settled share options per director

	Date ownership passes	Exercise/ offer/forfeit date	Exercise price R	Market price on date ownership passed R	Number of options 000's	Vesting dates between
2013						
Executive directors						
MICHAEL MARK						
Share option scheme						
Balance at the beginning of the period					5 953	
			3.66		3 113	27 November 2001 and 27 November 2005
			4.54		340	25 March 2003 and 25 March 2007
			5.74		900	7 November 2003 and 7 November 2007
			5.82		550	13 March 2004 and 13 March 2008
			8.52		400	6 November 2004 and 6 November 2008
			15.57		200	29 November 2005 and 29 November 2009
			44.78		450	19 February 2011 and 19 February 2016
Movement for the period						
EOPC	25/02/13	25/02/13	3.66	95.75	(500)	27 November 2001 and 27 November 2005
Balance at the end of the period					5 453	
			3.66		2 613	27 November 2001 and 27 November 2005
			4.54		340	25 March 2003 and 25 March 2007
			5.74		900	7 November 2003 and 7 November 2007
			5.82		550	13 March 2004 and 13 March 2008
			8.52		400	6 November 2004 and 6 November 2008
			15.57		200	29 November 2005 and 29 November 2009
			44.78		450	19 February 2011 and 19 February 2016
Vesting of options exercised previously						
EPOPC	2/04/13	26/08/10	25.31	91.16	150	2 April 2009 and 2 April 2013
EPOPC	14/10/12	26/08/10	29.49	94.90	138	14 October 2009 and 14 October 2013
EPOPC	19/03/13	26/08/10	29.62	90.00	100	19 March 2010 and 19 March 2014

3. Details of directors' equity-settled share options per director (continued)

	Date ownership passes	Exercise/offer/forfeit date	Exercise price R	Market price on date ownership passed R	Number of options 000's	Vesting dates between
2013						
Executive directors						
MICHAEL MARK						
Restricted share plan						
Granted during the period					48	
		14/12/12	102.70		48	14 December 2015 and 14 December 2018
Balance at the end of the period					48	
			102.70		48	14 December 2015 and 14 December 2018
Performance share plan						
Granted during the period		14/12/12			49	
			102.70		49	14 December 2015 and 14 December 2018
Balance at the end of the period					49	
			102.70		49	14 December 2015 and 14 December 2018
MARK SARDI						
Share option scheme						
Balance at the beginning of the period					10	
			73.80		10	8 December 2011 and 8 December 2016
Movement for the period					(10)	
EOPC	26/02/13	26/02/13	73.80	95.95	(1)	23 August 2011 and 23 August 2016
Forfeited		12/04/13	73.80		(9)	23 August 2011 and 23 August 2016
Balance at the end of the period					–	

EPOPC: Exercised previously but ownership passed in the current period
EOPC: Exercised and ownership passed in the current period

	Date ownership passes	Exercise/ offer/forfeit date	Exercise price R	Market price on date ownership passed R	Number of options 000's	Vesting dates between
2012						
Executive directors						
Share option scheme						
MICHAEL MARK						
Balance at the beginning and the end of the period					5 953	
			3.66		3 113	27 November 2001 and 27 November 2005
			4.54		340	25 March 2003 and 25 March 2007
			5.74		900	7 November 2003 and 7 November 2007
			5.82		550	13 March 2004 and 13 March 2008
			8.52		400	6 November 2004 and 6 November 2008
			15.57		200	29 November 2005 and 29 November 2009
			44.78		450	19 February 2011 and 19 February 2016
Vesting of options exercised previously						
EPOPC	02/04/12	26/08/10	25.31	83.60	150	2 April 2009 and 2 April 2013
EPOPC	14/10/11	26/08/10	29.49	72.19	138	14 October 2009 and 14 October 2013
EPOPC	19/03/12	26/08/10	29.62	80.85	100	19 March 2010 and 19 March 2014
MARK SARDI						
Balance at the beginning of the period					60	
			55.32		50	23 August 2011 and 23 August 2016
			73.80		10	8 December 2011 and 8 December 2016
Movement for the period						
ECOPS		01/09/11	55.32		(50)	23 August 2011 and 23 August 2016
Balance at the end of the period					10	
			73.80		10	8 December 2011 and 8 December 2016
Non-executive directors						
THANDI NDLOVU						
Balance at the beginning of the period					30	
			5.33		30	26 October 2002 and 26 October 2006
Movement for the period						
EOPC	15/06/12	15/06/12	5.33	90.05	(30)	26 October 2002 and 26 October 2006
Balance at the end of the period					–	

EPOPC: Exercised previously but ownership passed in the current period
ECOPS: Exercised in the current period but ownership passes subsequently
EOPC: Exercised and ownership passed in the current period

Annexure Three

DETAILS OF PARTICIPANTS' HOLDINGS OF EQUITY-BASED AWARDS

1. Details of participants' equity-based awards in the aggregate

1.1 Share options scheme

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

	Exercise price R	2013 Number 000's	2012 Number 000's
Between 27 November 2000 and 27 November 2005	3.66	2 613	3 113
Between 25 March 2002 and 25 March 2007	4.54	340	340
Between 9 September 2002 and 9 September 2007	5.96	–	10
Between 7 November 2002 and 7 November 2007	5.74	900	992
Between 13 March 2003 and 13 March 2008	5.82	556	581
Between 6 November 2003 and 6 November 2008	8.52	410	410
Between 3 December 2003 and 3 December 2008	8.73	74	137
Between 8 December 2003 and 8 December 2008	8.73	7	10
Between 23 February 2004 and 23 February 2009	9.32	5	5
Between 25 August 2004 and 25 August 2009	10.57	–	8
Between 22 November 2004 and 22 November 2009	15.65	16	19
Between 29 November 2004 and 29 November 2009	15.57	292	313
Between 1 March 2005 and 1 March 2010	17.58	11	11
Between 13 May 2005 and 13 May 2010	16.78	1	1
Between 2 June 2005 and 2 June 2010	16.76	7	7
Between 15 June 2005 and 15 June 2010	15.65	13	13
Between 3 May 2006 and 3 May 2011	28.13	4	4
Between 25 May 2006 and 25 May 2010	17.58	2	2
Between 5 October 2006 and 5 October 2011	23.84	–	1
Between 16 February 2007 and 16 February 2012	36.46	4	11
Between 25 April 2007 and 25 April 2012	38.19	–	2
Between 8 June 2007 and 8 June 2012	39.32	2	2
Between 23 June 2007 and 23 June 2012	36.33	4	4
Between 27 August 2007 and 27 August 2012	32.97	4	7
Between 30 August 2007 and 30 August 2012	33.16	1	1
Between 4 September 2007 and 4 September 2012	32.96	3	3
Between 20 September 2007 and 20 September 2012	32.83	–	2
Between 2 October 2007 and 2 October 2012	31.75	49	63
Between 4 October 2007 and 4 October 2012	32.59	–	1
Between 2 November 2007 and 2 November 2012	33.50	2	3
Between 13 November 2007 and 13 November 2012	32.86	–	2
Between 20 December 2007 and 20 December 2012	26.58	134	158
Between 26 February 2008 and 26 February 2013	26.81	8	8
Between 15 March 2008 and 15 March 2013	25.45	5	6
Between 18 March 2008 and 18 March 2013	25.31	1	4
Between 31 March 2008 and 31 March 2013	25.11	226	306
Between 22 April 2008 and 22 April 2013	26.94	10	13
Between 23 April 2008 and 23 April 2013	27.18	7	7
Between 9 May 2008 and 9 May 2013	26.25	1	1
Between 16 May 2008 and 16 May 2013	25.58	4	5
Between 3 June 2008 and 3 June 2013	23.62	8	8
Between 22 August 2008 and 22 August 2013	30.64	5	21
Between 2 September 2008 and 2 September 2013	29.84	1	4

	Exercise price R	2013 Number 000's	2012 Number 000's
Between 23 September 2008 and 23 September 2013	30.27	5	5
Between 2 October 2008 and 2 October 2013	29.13	3	3
Between 16 October 2008 and 16 October 2013	30.23	1	2
Between 4 November 2008 and 4 November 2013	30.12	1	2
Between 15 November 2008 and 15 November 2013	30.54	3	7
Between 21 November 2008 and 21 November 2013	31.07	4	4
Between 2 December 2008 and 2 December 2013	31.48	7	7
Between 10 December 2008 and 10 December 2013	32.86	1 066	1 425
Between 20 February 2009 and 20 February 2014	34.49	19	23
Between 3 March 2009 and 3 March 2014	32.46	7	9
Between 17 March 2009 and 17 March 2014	28.32	7	8
Between 3 April 2009 and 3 April 2014	32.08	–	2
Between 7 April 2009 and 7 April 2014	32.37	2	2
Between 24 April 2009 and 24 April 2014	34.39	1	2
Between 5 May 2009 and 5 May 2014	35.22	7	8
Between 13 May 2009 and 13 May 2014	35.96	3	4
Between 16 May 2009 and 16 May 2014	35.48	2	2
Between 2 June 2009 and 2 June 2014	36.76	43	48
Between 3 June 2009 and 3 June 2014	37.18	951	1 123
Between 19 June 2009 and 19 June 2014	36.37	7	7
Between 21 August 2009 and 21 August 2014	37.14	29	36
Between 25 August 2009 and 25 August 2014	38.06	20	24
Between 2 September 2009 and 2 September 2014	40.20	25	27
Between 16 September 2009 and 16 September 2014	39.14	3	3
Between 3 November 2009 and 3 November 2014	44.92	6	6
Between 2 December 2009 and 2 December 2014	41.77	–	4
Between 9 December 2009 and 9 December 2014	42.65	18	25
Between 19 February 2009 and 19 February 2015	44.78	32	40
Between 19 February 2009 and 19 February 2016	44.78	1 691	1 744
Between 2 March 2010 and 2 March 2015	49.16	11	14
Between 19 March 2010 and 19 March 2015	53.91	5	5
Between 7 April 2010 and 7 April 2015	53.66	4	4
Between 3 May 2010 and 3 May 2016	52.75	8	8
Between 4 May 2010 and 4 May 2015	52.84	8	8
Between 5 May 2010 and 5 May 2015	53.05	5	5
Between 18 May 2010 and 18 May 2015	54.22	1	2
Between 2 June 2010 and 2 June 2015	53.75	14	18
Between 20 August 2010 and 20 August 2015	55.84	3	3
Between 20 August 2010 and 20 August 2016	55.84	2	2
Between 23 August 2010 and 23 August 2015	55.32	11	14
Between 23 August 2010 and 23 August 2016	55.32	14	14
Between 1 September 2010 and 1 September 2016	56.57	2	2
Between 2 September 2010 and 2 September 2015	57.91	2	4
Between 2 September 2010 and 2 September 2016	57.91	6	6
Between 14 September 2010 and 14 September 2015	61.19	2	2
Between 4 October 2010 and 4 October 2015	67.64	3	3
Between 4 October 2010 and 4 October 2016	67.64	8	5

1. Details of participants' equity-based awards in the aggregate (continued)

1.1 Share options scheme (continued)

	Exercise price R	2013 Number 000's	2012 Number 000's
Between 2 November 2010 and 2 November 2015	68.47	–	3
Between 2 November 2010 and 2 November 2016	68.47	6	6
Between 5 November 2010 and 5 November 2016	71.12	7	7
Between 9 November 2010 and 9 November 2015	71.89	2	1
Between 10 November 2010 and 10 November 2016	72.99	12	12
Between 16 November 2010 and 16 November 2015	73.49	3	3
Between 1 December 2010 and 1 December 2016	73.80	220	226
Between 2 December 2010 and 2 December 2016	73.80	4	4
Between 8 December 2010 and 8 December 2016	73.80	73	84
Between 13 December 2010 and 13 December 2016	75.02	5	4
Between 20 December 2010 and 20 December 2016	72.49	3	3
Between 23 February 2011 and 23 February 2016	64.57	12	14
Between 23 February 2011 and 23 February 2017	64.57	5	5
Between 1 March 2011 and 1 March 2016	62.90	4	4
Between 2 March 2011 and 2 March 2016	62.91	4	4
Between 2 March 2011 and 2 March 2017	62.91	11	11
Between 7 March 2011 and 7 March 2017	64.35	8	8
Between 16 March 2011 and 16 March 2017	65.97	6	6
Between 21 March 2011 and 21 March 2017	65.63	3	5
Between 4 April 2011 and 4 April 2016	70.55	2	2
Between 13 April 2011 and 13 April 2017	74.86	3	3
Between 18 April 2011 and 18 April 2017	73.56	2	2
Between 19 April 2011 and 19 April 2017	73.13	2	2
Between 4 May 2011 and 4 May 2017	75.02	8	10
Between 10 May 2011 and 10 May 2017	74.10	2	2
Between 24 May 2011 and 24 May 2017	72.33	2	2
Between 2 June 2011 and 2 June 2017	72.30	5	5
Between 7 June 2011 and 7 June 2017	71.11	2	2
Between 14 June 2011 and 14 June 2017	69.77	2	2
Between 19 August 2011 and 19 August 2017	71.91	23	28
Between 22 August 2011 and 22 August 2017	72.43	4	4
Between 2 September 2011 and 2 September 2017	76.37	–	2
Between 16 September 2011 and 16 September 2017	76.71	–	2
Between 4 October 2011 and 4 October 2017	70.66	5	5
Between 2 November 2011 and 2 November 2017	79.74	10	10
Between 8 November 2011 and 8 November 2017	79.89	2	2
Between 17 November 2011 and 17 November 2017	79.56	1	1
Between 2 December 2011 and 2 December 2017	77.89	10	10
Between 24 February 2012 and 24 February 2018	79.84	52	59
Between 2 March 2012 and 2 March 2018	79.90	19	22
Between 6 March 2012 and 6 March 2018	80.46	2	2
Between 3 April 2012 and 3 April 2018	81.71	3	3
Between 11 April 2012 and 11 April 2018	82.71	1	1
Between 17 April 2012 and 17 April 2018	80.93	3	3
Between 3 May 2012 and 3 May 2018	82.33	10	13
Between 4 May 2012 and 4 May 2018	82.57	2	2
Between 16 May 2012 and 16 May 2018	81.40	1	1
Between 25 May 2012 and 25 May 2018	81.46	6	6
Between 4 June 2012 and 4 June 2018	82.43	12	12
Between 17 August 2012 and 17 August 2018	103.60	11	–
		10 397	11 970

	Exercise price R	2013 Number 000's	2012 Number 000's
1.2 Restricted share plan			
Between 14 December 2012 and 14 December 2018	102.70	287	–
Between 1 April 2013 and 1 April 2019	90.56	22	–
		309	–
1.3 Performance share plan			
Between 14 December 2012 and 14 December 2018	102.70	284	–
1.4 Share appreciation rights plan			
Between 14 December 2012 and 14 December 2018	102.70	214	–
Between 21 February 2013 and 21 February 2019	101.86	29	–
Between 1 March 2013 and 1 March 2019	96.15	8	–
Between 15 March 2013 and 15 March 2019	93.33	2	–
Between 1 April 2013 and 1 April 2019	90.56	4	–
Between 15 April 2013 and 15 April 2019	91.21	6	–
Between 1 May 2013 and 1 May 2019	88.46	4	–
Between 8 May 2013 and 8 May 2019	88.98	4	–
Between 13 May 2013 and 13 May 2019	89.56	8	–
Between 3 June 2013 and 3 June 2019	88.64	11	–
		290	–
1.5 Performance appreciation rights plan			
Between 14 December 2012 and 14 December 2018	102.70	150	–

Shareholder Information

Analysis of holdings of ordinary shares at 30 June 2013

	Number of shareholdings	%	Number of shares	%
Size of holding				
1 – 1 000	2 910	55.1	1 109 069	0.2
1 001 – 10 000	1 694	32.1	5 661 813	1.2
10 001 – 100 000	471	8.9	15 062 500	3.3
100 001 – 1 000 000	159	3.0	52 320 432	11.3
Over 1 000 000	48	0.9	389 652 990	84.0
Total	5 282	100.0	463 806 804	100.0
Distribution of shareholders				
Companies and close corporations	420	7.9	304 247 822	65.6
Pension funds	127	2.4	79 492 889	17.1
Other funds	243	4.6	51 024 096	11.0
Nominees and trusts	902	17.1	15 865 557	3.4
Individuals	3 564	67.5	7 349 990	1.6
Insurance companies	26	0.5	5 826 450	1.3
Total	5 282	100.0	463 806 804	100.0
Geographical spread of holders of beneficial interests				
South Africa			178 628 879	38.5
North America			149 916 995	32.3
Europe			33 481 246	7.2
United Kingdom			32 849 115	7.1
Middle East and Asia			30 721 251	6.7
Other/Undisclosed			29 884 866	6.4
Rest of Africa			8 324 452	1.8
Total			463 806 804	100.0
Geographical spread of fund managers				
South Africa	184	46.5	177 714 609	38.3
England and Wales	40	10.1	127 904 355	27.6
United States of America	47	11.9	119 243 948	25.7
Other	123	31.0	32 724 591	7.1
Namibia	2	0.5	6 219 301	1.3
Total	396	100.0	463 806 804	100.0

Analysis of holdings of ordinary shares at 1 July 2012

	Number of shareholdings	%	Number of shares	%
Size of holding				
1 – 1 000	3 018	52.5	1 268 697	0.3
1 001 – 10 000	2 092	36.4	6 788 832	1.5
10 001 – 100 000	471	8.2	14 073 688	3.0
100 001 – 1 000 000	119	2.1	35 758 547	7.7
Over 1 000 000	47	0.8	403 920 262	87.5
Total	5 747	100.0	461 810 026	100.0
Distribution of shareholders				
Companies and close corporations	416	7.2	315 233 005	68.3
Pension funds	97	1.7	76 168 123	16.5
Other funds	230	4.0	29 889 650	6.5
Nominees and trusts	1 046	18.2	23 164 708	5.0
Insurance companies	27	0.5	8 866 784	1.9
Individuals	3 931	68.4	8 487 756	1.8
Total	5 747	100.0	461 810 026	100.0
Geographical spread of holders of beneficial interests				
North America			165 209 287	35.8
South Africa			159 579 675	34.6
United Kingdom			54 562 566	11.8
Middle East and Asia			31 812 673	6.9
Europe			31 570 774	6.8
Rest of Africa			9 925 871	2.1
Other/Undisclosed			9 149 180	2.0
Total			461 810 026	100.0
Geographical spread of fund managers				
South Africa	132	53.7	149 103 147	32.5
United States of America	28	11.4	138 529 687	30.1
England and Wales	20	8.1	107 412 471	23.4
Other	65	26.4	56 260 296	12.2
Namibia	1	0.4	8 233 987	1.8
Total	246	100.0	459 539 588	100.0

Shareholder Information (continued)

Shareholder spread at the end of the period

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

	2013			2012		
	Number of shareholdings	Number of shares	%	Number of shareholdings	Number of shares	%
Non-public shareholders						
Treasury shares						
Truworths Investments (Pty) Ltd	1	11 355 395	2.5	1	10 362 894	2.2
Truworths Investments Two (Pty) Ltd	1	11 281 150	2.4	1	9 281 150	2.0
Truworths Investments Three (Pty) Ltd	1	11 346 001	2.5	1	9 506 001	2.1
Truworths Investments Four (Pty) Ltd	1	11 341 451	2.5	1	8 590 547	1.9
Truworths International Limited Share Trust	1	147 351	0.0	1	102 751	0.0
Truworths Limited, held on behalf of participants in terms of the 2012 share plan:	1	592 575	0.1	–	–	–
Directors of the company and subsidiaries		194 746	0.0		–	–
Non-director participants		397 829	0.1		–	–
Directors of the company and subsidiaries	10	2 843 623	0.6	13	2 449 213	0.5
Associates of directors of the company and subsidiaries	2	490 275	0.1	4	1 318 025	0.3
Non-director share scheme participants	6	348 025	0.1	5	431 665	0.1
Total non-public shareholders	24	49 745 846	10.8	27	42 042 246	9.1
Public shareholders	5 258	414 060 958	89.2	5 720	419 767 780	90.9
Total	5 282	463 806 804	100.0	5 747	461 810 026	100.0

Holders of major beneficial interests in shares

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

		2013		2012	
	Country	Number of shares	% of issued capital	Number of shares	% of issued capital
Government Employees Pension Fund	South Africa	63 690 010	13.7	61 070 428	13.2
Aberdeen Emerging Opportunities Fund	Australia	37 265 719	8.0	1 571 729	0.3
Aberdeen Emerging Markets	Canada	32 275 543	7.0	1 976 098	0.4
Lazard Emerging Markets Fund	United States of America	10 999 918	2.4	19 202 193	4.2
Aberdeen Emerging Markets Institutional Fund	United States of America	–	–	14 381 737	3.1

Major fund managers

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

		2013		2012	
	Country	Number of shares	% of issued capital	Number of shares	% of issued capital
Aberdeen Asset Managers Ltd	United Kingdom	103 264 062	22.3	83 527 498	18.1
Public Investment Corporation	South Africa	62 064 848	13.4	61 548 894	13.3
Westwood Global Investments LLC	United States of America	28 965 780	6.2	30 470 812	6.6
Foord Asset Management	South Africa	19 466 467	4.2	11 463 295	2.5
Lazard Asset Management LLC	United States of America	19 241 228	4.1	33 638 075	7.3
Aberdeen Asset Managers Inc	United States of America	16 634 420	3.6	6 460 573	1.4
Capital Research & Management	United States of America	10 683 000	2.3	26 518 952	5.7

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