ANNUAL FINANCIAL STATEMENTS 2015

TRUWORTHS
INTERNATIONAL

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 of the Group.

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INDEPENDENT AUDITOR'S REPORT

to the shareholders of Truworths International Limited

Report on the consolidated financial statements

We have audited the consolidated and separate financial statements of Truworths International Limited set out on pages 3 to 121 which comprise the statements of financial position as at 28 June 2015, 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 consolidated 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 28 June 2015, 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 28 June 2015, 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.

Director – Tina Lesley Rookledge
Registered Auditor
Chartered Accountant (SA)

Cape Town
20 August 2015

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors are responsible for preparing annual financial statements that fairly present the financial position of the Group and the results of its operations in accordance with the Companies Act, International Financial Reporting Standards (IFRS) and the JSE Listings Requirements. The application of IFRS is reviewed by the Group's Accounting Forum, which meets quarterly with the external auditors, comprises members of the Group financial management team, and makes recommendations to management and the directors relating to accounting treatment and disclosure.

The Group and company annual financial statements, which appear on pages 3 to 121, were approved by the board of directors on 20 August 2015 and are signed on its behalf by:

H Saven
Chairman

MS Mark
Chief Executive Officer

20 August 2015

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

20 August 2015

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 28 June 2015.

Nature of business

Truworths International Ltd (the company) is an investment holding and management company listed on the JSE and the Namibian Stock Exchanges. Its principal trading entities, Truworths Ltd and Young Designers Emporium (Pty) Ltd, are engaged either directly, or through subsidiaries, agencies, or franchises, in the retailing of fashion clothing and footwear apparel and related merchandise. The company and its subsidiaries (the Group) operate primarily in South Africa, and have an emerging presence 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 12 of the company annual financial statements. On 20 August 2015, the directors of the company resolved to declare a final cash dividend from retained income in respect of the period in the amount of 169 cents per share, before deduction of dividends tax (where applicable), to shareholders registered on 11 September 2015.

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 28 June 2015 are set out on pages 2 and 67 and on the inside back cover of the Integrated Report.

Subsidiary companies

Annexure One, containing full particulars of the Group's subsidiary companies, appears on pages 106 and 107 of the Group 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 a special resolution taken on 21 May 2014 and filed by the CIPC on 18 March 2015, Truworths Trading (Pty) Ltd a wholly-owned subsidiary of the company adopted a new memorandum of incorporation aligned to the Companies Act (71 of 2008, as amended).

By way of special resolution taken on 17 June 2014, the wholly-owned subsidiary company Truworths Ltd, was authorised to provide financial assistance (and ratified prior such 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 financial assistance (and ratified prior such assistance given) in the form of loans to (a) the Group's retailing subsidiaries in the rest of Africa to enable them to meet various expenses and working capital requirements relating to 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.

By way of special resolution taken on 27 June 2014, the wholly-owned subsidiary company Young Designers Emporium (Pty) Ltd was authorised to provide financial assistance (and ratified prior such assistance given) to fellow subsidiary company Truworths Ltd in the form of a loan for the purposes of investing such funds centrally within the Group.

The aforesaid special resolutions do not require filing with the CIPC in terms of the Companies Act (71 of 2008, as amended), and have the effect of authorising the said financial assistance for two years following the passing of the resolutions.

No other special resolutions were passed by 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 most recently reviewed and updated by the board during 2012. 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, as well as 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 Report, Interim Report, Preliminary 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 page 93 of the Integrated Report. Fees paid to the committee members are outlined in note 28.1 of the Group annual financial statements.

The Chairman of the board, Chief Financial Officer, Company Secretary, Internal Audit Manager, Information Systems Audit Manager, Finance Executive, Chairman of the Risk Committee (if available) 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 Manager 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.

AUDIT COMMITTEE REPORT (CONTINUED)

The scope of the internal audit department's work includes:

- reviewing, appraising and reporting on the adequacy and effectiveness of the Group's system of internal control;
- reviewing the processes and systems which are designed to ensure integrity in the Group's reporting of financial and operating information; and
- reviewing the adequacy of the Group's 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 and operating procedures;
- 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 and verification of and accountability for 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 auditor, assists 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 and appropriately monitored and reported on by management;
- 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 27.5 of the Group annual financial statements.

The external auditor's plan for the annual audit of the Group's financial statements, which plan 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 external 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 that prohibits or otherwise restricts 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 by round robin resolution if the fees exceed R100 000 (currently less than 3% of the annual audit fee). Fees for all such non-audit services require appropriate disclosure in the financial statements. Details of non-audit fees incurred between committee meetings during the reporting period are presented and ratified at committee meetings. During the period the external auditor received R567 173 (2014: R301 000) for non-audit services relating to taxation, due diligence and other services to the Group, equivalent to 12% (2014: 6%) of the annual audit fee. (Refer to note 27.5 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 and board Risk Status Report, and the Group Tax Report.

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, preliminary and annual financial reports and announcements, and the Integrated 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 and obtained assurance from management that this appointment complied with legislative requirements;
- 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;
- reviewed the Group's tax risk management and compliance activities, particularly relating to value added tax and income tax in South Africa and the Group's fiscal obligations in countries outside of South Africa;
- considered the methods deployed by management to promote sound IT governance and information security and monitor progress, by way of a scorecard maintained by the Group's Information Systems Audit Manager, made by management towards attaining Group objectives in these areas;
- considered progress made in the implementation of the Group's internal audit coverage plan, the key findings from such audits and special investigations conducted, and key outcomes arising from the Group's recently installed loss prevention system; and
- reviewed, updated and recommended for adoption by the board a revised policy on the provision of non-audit services by the group's external auditor, to take into account regulatory developments.

AUDIT COMMITTEE REPORT (CONTINUED)

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 financial statements and interim and preliminary reports, 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 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 of and information systems available to 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 Report

The committee has recommended the Group's 2015 audited annual financial statements (of which this report forms part) and the 2015 Integrated 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 20 August 2015.

MA Thompson
Chairman

Audit Committee
20 August 2015

GROUP STATEMENTS OF FINANCIAL POSITION

		Note	AT 28 JUNE 2015 Rm	at 29 June 2014 Rm
ASSETS				
Non-current assets			**1 876**	1 360
Property, plant and equipment		2	**1 053**	934
Goodwill		3	**346**	90
Intangible assets		4	**217**	106
Derivative financial assets		5	**–**	6
Available-for-sale assets		6	**19**	9
Loans and receivables		7	**82**	99
Deferred tax		9	**159**	116
Current assets			**7 281**	6 716
Inventories		10	**1 074**	863
Trade and other receivables		11	**4 637**	4 182
Derivative financial assets		5	**13**	5
Prepayments			**95**	78
Cash and cash equivalents		12	**1 462**	1 588
Total assets			**9 157**	8 076
EQUITY AND LIABILITIES				
Total equity			**7 504**	6 642
Share capital and premium		13, 14	**551**	368
Treasury shares		15	**(770)**	(652)
Retained earnings			**7 533**	6 774
Non-distributable reserves		16	**190**	152
Non-current liabilities			**192**	88
Post-retirement medical benefit obligation		17.1	**57**	51
Leave pay obligation		18	**4**	3
Cash-settled compensation obligation		28.6.2	**–**	4
Straight-line operating lease obligation		19.1	**36**	30
Contingent consideration obligation		34.1	**95**	–
Current liabilities			**1 461**	1 346
Trade and other payables		20	**1 302**	1 134
Provisions		21	**54**	47
Derivative financial liability		22	**–**	8
Tax payable			**105**	157
Total liabilities			**1 653**	1 434
Total equity and liabilities			**9 157**	8 076
Number of shares in issue (net of treasury shares)	(millions)	13	**419.0**	413.8
Net asset value per share	(cents)		**1 790.9**	1 605.1
Key ratios				
Return on equity	(%)		**35**	37
Return on capital	(%)		**49**	52
Return on assets	(%)		**38**	42
Inventory turn	(times)		**4.7**	5.3
Asset turnover	(times)		**1.2**	1.3

GROUP STATEMENTS OF
COMPREHENSIVE INCOME

		Note	52 WEEKS TO 28 JUNE 2015 Rm	52 weeks to 29 June 2014 Rm
Revenue		26	**12 619**	11 642
Sale of merchandise		26	**11 290**	10 458
Cost of sales			**(5 060)**	(4 617)
Gross profit			**6 230**	5 841
Other income		26	**259**	235
Trading expenses			**(4 116)**	(3 668)
Depreciation and amortisation		27.1	**(221)**	(184)
Employment costs		27.2	**(1 186)**	(1 024)
Occupancy costs		27.3	**(1 102)**	(954)
Trade receivable costs		27.4	**(960)**	(916)
Other operating costs		27.5	**(647)**	(590)
Trading profit			**2 373**	2 408
Interest received		26	**1 063**	917
Dividends received		26	**7**	32
Profit before finance costs and tax			**3 443**	3 357
Finance costs			**(6)**	–
Profit before tax			**3 437**	3 357
Tax expense		29.1	**(977)**	(951)
Profit for the period, fully attributable to shareholders of the company			**2 460**	2 406
Other comprehensive income to be reclassified to profit or loss in subsequent periods			**10**	(3)
Fair value adjustment on available-for-sale financial instruments		16.2	**1**	1
Movement in effective cash flow hedge		16.3	**1**	(2)
Deferred tax on movement in effective cash flow hedge		16.3	**–**	(2)
Movement in foreign currency translation reserve		16.5	**8**	–
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			**(1)**	3
Re-measurement (losses)/gains on defined benefit plans		17.1	**(1)**	3
Other comprehensive income for the period, net of tax			**9**	–
Total comprehensive income for the period, fully attributable to shareholders of the company			**2 469**	2 406
Basic earnings per share	(cents)	31.1	**591.2**	575.9
Headline earnings per share	(cents)	31.1	**593.8**	576.8
Fully diluted basic earnings per share	(cents)	31.2	**589.5**	568.4
Fully diluted headline earnings per share	(cents)	31.2	**592.1**	569.3
Weighted average number of shares	(millions)	31	**416.1**	417.8
Fully diluted weighted average number of shares	(millions)	31.2	**417.3**	423.3
Key ratios				
Gross margin	(%)		**55.2**	55.9
Trading expenses to sale of merchandise	(%)		**36.5**	35.1
Trading margin	(%)		**21.0**	23.0
Operating margin	(%)		**30.5**	32.1

GROUP STATEMENTS OF CHANGES IN EQUITY

	Note	SHARE CAPITAL AND PREMIUM Rm	TREASURY SHARES Rm	RETAINED EARNINGS Rm	NON-DISTRI-BUTABLE RESERVES Rm	TOTAL EQUITY Rm
2015						
Balance at the beginning of the period		**368**	**(652)**	**6 774**	**152**	**6 642**
Profit and total comprehensive income for the period		**–**	**–**	**2 459**	**10**	**2 469**
Profit for the period		**–**	**–**	**2 460**	**–**	**2 460**
Other comprehensive income for the period		**–**	**–**	**(1)**	**10**	**9**
Dividends	30	**–**	**–**	**(1 700)**	**–**	**(1 700)**
Premium on shares issued	14	**65**	**–**	**–**	**–**	**65**
Premium on shares issued in terms of the restricted share scheme	14, 15	**118**	**(118)**	**–**	**–**	**–**
Share-based payments	16.1	**–**	**–**	**–**	**28**	**28**
Balance at 28 June 2015		**551**	**(770)**	**7 533**	**190**	**7 504**
2014						
Balance at the beginning of the period		293	(2 028)	7 830	129	6 224
Profit and total comprehensive income for the period		–	–	2 409	(3)	2 406
Profit for the period		–	–	2 406	–	2 406
Other comprehensive income for the period		–	–	3	(3)	–
Dividends	30	–	–	(1 568)	–	(1 568)
Premium on shares issued	14	44	–	–	–	44
Shares repurchased	15	–	(490)	–	–	(490)
Shares repurchased and cancelled	15	–	1 897	(1 897)	–	–
Premium on shares issued in terms of the restricted share scheme	14, 15	31	(31)	–	–	–
Share-based payments	16.1	–	–	–	26	26
Balance at 29 June 2014		368	(652)	6 774	152	6 642

	Note	2015	2014
Dividends (cents per share)			
Final – payable/paid September	30	**169**	169
Interim – paid March	30	**236**	216
Total		**405**	385

GROUP STATEMENTS OF CASH FLOWS

		Note	52 WEEKS TO 28 JUNE 2015 Rm	52 weeks to 29 June 2014 Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash flow from trading and cash EBITDA*		33.1	**2 654**	2 682
Working capital movements		33.2	**(476)**	(105)
Cash generated from operations			**2 178**	2 577
Interest received		26	**1 063**	917
Dividends received		26	**7**	32
Finance costs			**(4)**	–
Tax paid		33.3	**(1 099)**	(984)
Cash inflow from operations			**2 145**	2 542
Dividends paid		33.4	**(1 698)**	(1 566)
Net cash from operating activities			**447**	976
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment to expand operations		33.5	**(266)**	(221)
Acquisition of plant and equipment to maintain operations		33.6	**(61)**	(54)
Acquisition of computer software		4	**(53)**	(14)
Proceeds on disposal of plant and equipment			**1**	2
Net acquisition of businesses		33.7	**(270)**	–
Premiums paid to insurance cell			**(12)**	–
Loans repaid		7.1, 7.2, 7.3	**19**	21
Acquisition of mutual fund units			**(2)**	(1)
Net cash used in investing activities			**(644)**	(267)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds on shares issued		14	**65**	44
Shares repurchased by subsidiaries		15	**–**	(490)
Contributions to post-retirement medical benefit plan asset		17.1	**(2)**	–
Net cash from/(used in) financing activities			**63**	(446)
Net (decrease)/increase in cash and cash equivalents			**(134)**	263
Cash and cash equivalents at the beginning of the period			**1 588**	1 325
Net foreign exchange difference		16.5	**8**	–
CASH AND CASH EQUIVALENTS AT THE REPORTING DATE		12	**1 462**	1 588
Key ratios				
Cash flow per share	(cents)	31.3	**515.5**	608.4
Cash equivalent earnings per share	(cents)	31.4	**642.9**	634.8
Cash realisation rate	(%)	31.5	**80**	96

* Earnings before interest received, finance costs, 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 28 June 2015 were authorised for issue in accordance with a resolution of the directors taken on 20 August 2015. 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 of the South African Institute of Chartered Accountants, 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 arrangement.

Accounting

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

Acquisition method of accounting
The method of accounting for business combinations whereby the acquirer 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 carrying amount of current assets, such as inventories and trade receivables, attributable to factors such as markdowns, shrinkage and irrecoverability.

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

Cash-generating unit
The smallest identifiable group of assets within the Group 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Control
Control over an investee requires the Group to possess three essential elements:

(a) Power over the investee;

(b) Exposure or rights to variable returns from its involvement with the investee; and

(c) Ability to use its power over the investee to affect the amount of the Group's variable returns.

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 separate 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 price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

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 (as previously reported in separate or consolidated financial statements) 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').

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Related party (continued)

(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.

(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);
   (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); or
   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting 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 was already of the age and in the condition expected at the end of its useful life.

Significant

An asset, liability or other transaction is considered to be significant when, in the judgement of management, it is sufficiently relevant to the Group based on its nature and/or magnitude that to omit or misstate it could influence users of the financial statements.

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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Derivative financial instrument

A financial instrument with all the following characteristics:

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

- cash;
- an equity instrument of another entity;
- a contractual right to:
  - (i) receive cash or another financial asset from another entity; or
  - (ii) 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 by the entity, other than by the exchange of a fixed amount of cash or another financial asset, by the delivery by the entity of 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 of an entity 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

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Financial liability (continued)

- 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 by the entity, other than by the exchange of a fixed amount of cash or another financial asset, by the delivery of a fixed number of the entity's own equity instruments to the other entity. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Forecast transaction
An uncommitted but anticipated future transaction.

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

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

Hedging instrument
A designated derivative 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 changes in 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 other financial assets.

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 assets are classified as held-for-trading, and those assets 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 assets 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1 Principal accounting policies

1.1 Basis of preparation of financial results

The annual financial statements for the period ended 28 June 2015 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 prior period ended 29 June 2014, except for the changes resulting from the adoption of the amended statement that came into force during the period as described below:

IFRS 3: Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

The amendment has resulted in the contingent consideration liability that arose as a result of the Earthchild acquisition in the current period being classified at fair value through profit or loss.

Other IFRS, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations

Various other new and amended IFRS and IFRIC interpretations that have been issued are effective in the period 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.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Business combinations involving entities under common control are accounted using the pooling of interest method. When applying this method the assets and liabilities of the combining entities are reflected at their carrying amounts. The reporting entity applying the pooling of interests method recognises the assets and liabilities of the acquiree at the carrying amounts reported in the consolidated financial statements of the ultimate parent. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method. The only adjustments that are made are to align accounting policies. No 'new' goodwill is recognised as a result of the combination. The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1 Principal accounting policies (continued)

1.2 Basis of consolidation of financial results (continued)

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 its entitlement to receive the dividends has arisen. 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 property, plant and equipment at each reporting date. These estimates take cognisance of current market and trading conditions for the Group's specific assets. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology. (Refer to note 2 for further detail.)

Trademarks

The Group's acquired trademarks are adjudged to have indefinite useful lives. The useful lives are 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 trademarks. (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 allowance for markdown of inventory takes into account historic information related to sales trends and represents 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. The allowance for shrinkage applies the historic shrinkage percentage to sales between the most recent inventory count and the reporting date. (Refer to note 10 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 11 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 relate to mortality rates and other demographic information, 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 28.6 for further detail.)

Fair value of subsidiaries
The fair value of subsidiaries in the company annual financial statements is determined with reference to the relative profit performance of directly held subsidiaries and their subsidiaries as a whole, and either company market capitalisation (in the case of directly held trading subsidiaries) or net asset value (in the case of directly held 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.

Insurance cell captive
The Group has determined that it does not have control of its insurance cell captive arrangement as the current insurance legislative framework regards all the assets and liabilities in the cell as that of the insurer. Therefore the cell captive is not considered to be a silo in accordance with IFRS 10. The Group has therefore not consolidated the cell captive.

The Group is exposed to financial risk rather than insurance risk and has therefore accounted for its investment in the cell captive as an available-for-sale financial asset in accordance with IAS 39.

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 depending on the country of operation of the entity, 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 entity'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 financial statement 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1 Principal accounting policies (continued)

1.5 Property, plant and equipment (continued)

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

Items of property, plant and equipment are assessed for impairment in terms of the accounting policy set out in note 1.9.

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 the 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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 trademarks are classified as intangible assets with indefinite useful lives.

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
Acquired 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 trademarks will flow to the entity and costs can be reliably measured. Trademarks are considered to have indefinite useful lives, 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1 Principal accounting policies (continued)

1.8 Computer software (continued)

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 carrying amounts of 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 assets are described within their respective accounting policies.

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 on the next page.

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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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 investment in mutual fund units, short-term insurance cell captive, personal lines insurance business arrangement 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 the relative profit performance of directly held subsidiaries and their subsidiaries as a whole, and either company market capitalisation (in the case of directly held trading subsidiaries) or net asset value (in the case of directly held non-trading subsidiaries).

The fair value of the investment in 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.

The fair value of the Group's short-term insurance cell captive underwritten by an insurer is determined quarterly with reference to the net asset value of the cell captive, as determined jointly by the insurer and the Group's short-term insurance brokers.

The fair value of the Group's personal lines insurance business arrangement with an insurer is determined monthly with reference to a net asset value calculation stipulated in the contract and performed by the insurer.

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 at cost, 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1 Principal accounting policies (continued)

1.10 Financial instruments (continued)

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 carrying amounts of 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 has been 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.

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.

1.12 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 determined 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 of such gains or losses 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

Inventories comprising 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 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 or losses occur. The net realisable value of inventories 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 raised 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 of the company 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 such treasury shares are cancelled, the treasury share cost balance is reduced by the cost of the cancelled shares. Share capital is then reduced by the par value of these cancelled treasury shares with the excess of the cost above par value being charged to share premium.

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 Principal accounting policies (continued)

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 as former employees, who entered into the Group's employment prior to 30 June 2000. The obligation is conditional upon such employees retiring whilst being in the employment of the Group.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

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 28.6.1 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.

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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

The effect of unvested equity-based awards is reflected in the computation of diluted earnings per share. (Refer to note 31.2 for further detail.)

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 cash 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 of the options 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 and deferred tax.

Current South African and foreign tax
The current tax charge is the expected tax payable on the taxable income for each entity 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.

Current tax is recorded in profit or loss, unless the underlying transaction that led to the tax expense was accounted for in other comprehensive income or equity. In such an event the tax expense is also recorded in other comprehensive income or equity as appropriate.

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 the assets and liabilities of Group 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.

Deferred tax is recorded in profit or loss, unless the underlying transaction that led to the tax expense was accounted for in other comprehensive income or equity. In such an event the tax expense is also recorded in other comprehensive income or equity as appropriate.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1 Principal accounting policies (continued)

1.17 Taxes (continued)

Dividends tax

Dividends tax is not levied on the company paying the dividend but on the beneficial owner of the share and accordingly does not require recognition in the company's 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 remain with the lessor and are not transferred to Group entities as the lessees. 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 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 to customers 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 and list fees 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (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 receivable
Dividends are recognised when the Group's right to receive the payment is established, which typically arises on the record date.

Trade exchange income
When the Group provides goods or services in exchange for goods or services from counterparties that are of dissimilar nature and value, revenue is recognised in respect of the transaction. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

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:

Amendments to IFRS 11: Joint Arrangements – Accounting for Acquisitions of Interests
Effective for annual periods beginning on or after 1 January 2016
The amendments require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

This amendment is not expected to have any effect on the Group as the Group has currently not entered into any joint arrangements.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1 Principal accounting policies (continued)

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

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
Effective for annual periods beginning on or after 1 January 2016
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The Group is in the process of assessing whether the amendments will impact on the financial position and performance of the Group.

Amendments to IAS 27: Equity Method in Separate Financial Statements
Effective for annual periods beginning on or after 1 January 2016
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

This amendment is not expected to have any effect on the Group as the Group currently has no recognised investments in associates or joint ventures.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
Effective for annual periods beginning on or after 1 January 2016
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3: Business combinations, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

This amendment is not expected to have any effect on the Group as the Group currently has no recognised investments in associates or joint ventures.

IFRS 9: Financial Instruments – Recognition and Measurement
Effective for annual periods beginning on or after 1 January 2018
Financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Apart from the 'own credit risk' requirements, classification and measurement of financial liabilities is unchanged from existing requirements. The impairment requirements in the new standard are based on an expected credit loss model and replace the IAS 39 incurred loss model. Entities are required to recognise either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. The measurement of expected credit losses would reflect a probability-weighted outcome, the time value of money and reasonable and supportable information.

The impact of this new standard, which could be significant for the Group, still needs to be determined.

IFRS 15: Revenue Recognition
Effective for annual periods beginning on or after 1 January 2017
This standard establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or industry. The core principle is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group is in the process of assessing whether there will be any impact on the financial position and performance of the Group.

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

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

2 Property, plant and equipment

	Note	LAND Rm	BUILDINGS Rm	MOTOR VEHICLES Rm	PLANT, EQUIPMENT, FURNITURE AND FITTINGS Rm	COMPUTER EQUIPMENT Rm	TOTAL Rm
2015							
Balance at the beginning of the period, net of accumulated depreciation		**48**	**143**	**9**	**673**	**61**	**934**
Additions		**19**	**7**	**4**	**279**	**18**	**327**
Additions on acquisition of Earthchild	34.1	**–**	**–**	**–**	**12**	**–**	**12**
Additions on acquisition of Naartjie	34.3	**–**	**–**	**–**	**5**	**–**	**5**
Disposals		**–**	**–**	**–**	**(7)**	**–**	**(7)**
Cost		**–**	**–**	**(2)**	**(77)**	**(36)**	**(115)**
Accumulated depreciation		**–**	**–**	**2**	**70**	**36**	**108**
Movement in exchange rates		**–**	**–**	**–**	**2**	**–**	**2**
Depreciation	27.1	**–**	**(7)**	**(4)**	**(189)**	**(20)**	**(220)**
Balance at the reporting date, net of accumulated depreciation		**67**	**143**	**9**	**775**	**59**	**1 053**
Reconciliation as at 28 June 2015							
Cost		**67**	**196**	**23**	**1 800**	**215**	**2 301**
Accumulated depreciation		**–**	**(53)**	**(14)**	**(1 025)**	**(156)**	**(1 248)**
Net carrying amount		**67**	**143**	**9**	**775**	**59**	**1 053**
2014							
Balance at the beginning of the period, net of accumulated depreciation		48	149	7	599	54	857
Additions		–	1	6	242	26	275
Disposals		–	–	–	(6)	–	(6)
Cost		–	–	(3)	(11)	–	(14)
Accumulated depreciation		–	–	3	5	–	8
Depreciation	27.1	–	(7)	(4)	(162)	(19)	(192)
Balance at the reporting date, net of accumulated depreciation		48	143	9	673	61	934
Reconciliation as at 29 June 2014							
Cost		48	189	21	1 581	233	2 072
Accumulated depreciation		–	(46)	(12)	(908)	(172)	(1 138)
Net carrying amount		48	143	9	673	61	934
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

	2015 Rm	2014 Rm
Estimated replacement and insured value*	2 324	1 981

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

* Not an indication of the fair value.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

		Note	2015 Rm	2014 Rm
3 Goodwill				
Balance at the beginning of the period			**90**	90
Goodwill arising on acquisitions			**256**	–
Earthchild			**243**	–
Naartjie			**13**	–
Balance at the reporting date			**346**	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:

		Note	2015 Rm	2014 Rm
Young Designers Emporium (Pty) Ltd (YDE)			**52**	52
Assumptions applied				
Discount rate applied to projected cash flows	(%)		**14.5**	14.9
Discount rate calculated using the following variables:				
Risk-free rate, based on the long-term South African R186 bond	(%)		**8.3**	8.3
Market risk premium	(% points)		**5.0**	5.0
Beta value	(:1)		**1.0**	1.1

The above variables are consistent with external sources of information.

The recoverable amount of the YDE cash-generating unit has been determined based on its value-in-use using the discounted cash flow approach. 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. A terminal value growth rate of 1% was used to extrapolate cash flow projections beyond this five-year period. No goodwill impairment was deemed necessary.

	Note	2015 Rm	2014 Rm
Truworths Ltd			
Uzzi		**38**	38
Earthchild	34.1	**243**	–
Naartjie	34.3	**13**	–
		294	38

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3 Goodwill (continued)

Uzzi

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. The fair value takes into account relative company profit performance and Group market capitalisation and is classified as level 3 according to the fair value hierarchy. No goodwill impairment was deemed necessary. The assumptions used are consistent with acceptable market information.

Earthchild

The Earthchild goodwill was initially recognised on acquisition of the 100% shareholding of Earthchild Clothing (Waterfront) (Pty) Ltd and its wholly-owned subsidiary Earthchild Clothing (Namibia) (Pty) Ltd and is measured at cost. The Earthchild goodwill has been allocated to the Truworths Ltd cash-generating unit following the transfer of the Earthchild business as a going concern from Earthchild Clothing (Waterfront) (Pty) Ltd with effect from 27 June 2015. The fair value of the Truworths Ltd cash-generating unit is determined based on a fair value less cost of disposal calculation. The fair value takes into account relative company profit performance and Group market capitalisation and is classified as level 3 according to the fair value hierarchy. No goodwill impairment was deemed necessary. The assumptions used are consistent with acceptable market information.

Naartjie

The Naartjie goodwill has been allocated to the Truworths Ltd cash-generating unit since 1 April 2015 following the acquisition of the assets and liabilities from ZA One (Pty) Ltd and Naartjie Custom Kids Inc. as a going concern and is measured at cost. The fair value of the Truworths Ltd cash-generating unit is determined based on a fair value less cost of disposal calculation. The fair value takes into account relative company profit performance and Group market capitalisation and is classified as level 3 according to the fair value hierarchy. No goodwill impairment was deemed necessary. The assumptions used are consistent with acceptable market information.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

4 Intangible assets

	Note	TRADE-MARKS Rm	COMPUTER SOFTWARE Rm	TOTAL Rm
2015				
Balance at the beginning of the period, net of accumulated amortisation		**34**	**72**	**106**
Additions		**–**	**53**	**53**
Additions on acquisition of Earthchild	34.1	**73**	**–**	**73**
Additions on acquisition of Naartjie	34.3	**6**	**1**	**7**
Disposals		**–**	**–**	**–**
Cost		**–**	**(7)**	**(7)**
Accumulated amortisation		**–**	**7**	**7**
Amortisation	27.1	**–**	**(22)**	**(22)**
Balance at the reporting date, net of accumulated amortisation		**113**	**104**	**217**
Reconciliation as at 28 June 2015				
Cost		**113**	**195**	**308**
Accumulated amortisation		**–**	**(91)**	**(91)**
Net carrying amount		**113**	**104**	**217**
2014				
Balance at the beginning of the period, net of accumulated amortisation		34	69	103
Additions		–	14	14
Amortisation	27.1	–	(11)	(11)
Balance at the reporting date, net of accumulated amortisation		34	72	106
Reconciliation as at 29 June 2014				
Cost		34	148	182
Accumulated amortisation		–	(76)	(76)
Net carrying amount		34	72	106
Reconciliation as at 30 June 2013				
Cost		34	134	168
Accumulated amortisation		–	(65)	(65)
Net carrying amount		34	69	103

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

4 Intangible assets (continued)

	2015 Rm	2014 Rm
Trademarks		
Uzzi		
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.	**34**	34
Earthchild		
The Earthchild trademarks have been allocated to the Truworths Ltd cash-generating unit since 27 June 2015. The trademarks were initially recognised on acquisition of a 100% shareholding in Earthchild Clothing (Waterfront) (Pty) Ltd with effect from 1 March 2015 and measured at fair value. The Earthchild brands are well established in the South African market and reflect upper-end kids' and women's apparel. For this reason there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows for the Group. The trademarks are therefore considered to have indefinite useful lives.	**73**	–
Naartjie		
The Naartjie trademarks have been allocated to the Truworths Ltd cash-generating unit since its initial recognition on the acquisition of the Naartjie business with effect from 1 April 2015 and is measured at fair value. The Naartjie brand is well established in the South African market and reflects upper-end kids' apparel. 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 trademarks are therefore considered to have an indefinite useful life.	**6**	–

Impairment testing of trademarks

The recoverable amounts of the trademarks cannot be identified independently as the benefits of the trademarks 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 and is classified as level 3 according to the fair value hierarchy. No trademark impairment was deemed necessary.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

5 Derivative financial assets

	Note	2015 Rm	2014 Rm
Current portion of derivative financial assets		**13**	5
Forward exchange contracts	5.1	**5**	–
Cash-settled call options	5.2	**8**	5
Non-current portion of derivative financial assets		**–**	6
Cash-settled call options	5.2	**–**	6
Total	25.1	**13**	11

5.1 Forward exchange contracts

		2015 Rm	2014 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, classified as held-for-trading financial assets, and 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 reporting date.		**5**	–

At the prior reporting date the marked-to-market adjustment resulted in the recognition of a derivative financial liability. Refer to note 22 for further information relating to the derivative financial liability.

Refer to note 25.3.1 for further information relating to currency risk management.

5.2 Cash-settled call options

	Note	2015 Rm	2014 Rm
Total cash-settled call options at the beginning of the period		**11**	30
Non-current portion of cash-settled call options at the beginning of the period		**6**	19
Current portion of cash-settled call options at the beginning of the period		**5**	11
Cash-settled call options exercised during the period	33.1	**(4)**	(10)
Total cash-settled call options at the reporting date, before fair value adjustments		**7**	20
Fair value adjustments for the period		**1**	(9)
Recognised in profit or loss	27.2, 33.1	**–***	(7)
Movement in effective cash flow hedge through other comprehensive income	16.3	**1**	(2)
Total cash-settled call options at the reporting date		**8**	11
Non-current portion of cash-settled call options at the reporting date		**–**	6
Current portion of cash-settled call options at the reporting date		**8**	5

* Reflected as zero, due to rounding to millions.

In the 2011 reporting period, the Group acquired derivative financial instruments (being cash-settled call options) from a financial institution 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 reporting date was determined by way of valuations performed by the issuing institution using an actuarial binomial option pricing model. The inputs into the valuation model are as follows:

		2015	2014
Weighted average exercise price of cash-settled call options	(R)	**61.05**	61.15
Remaining life of cash-settled call options	(years)	**1**	1 – 2
Company share price at the reporting date	(R)	**86.49**	74.90
Expected share price volatility*	(%)	**32.4**	30.3
Expected dividend yield	(%)	**4.4**	4.1
Risk-free interest rate**	(%)	**6.4**	6.0 – 6.7

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

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

	Note	2015 Rm	2014 Rm
The hedged cash flow transactions will occur within the following periods:			
Within one year		**8**	5
Between one and two years		**–**	6
Total		**8**	11

Refer to notes 25.3.3 and 25.4.5 for further information relating to other price risk and credit risk management respectively.

6 Available-for-sale assets

	Note	2015 Rm	2014 Rm
Mutual fund investments	6.1	**9**	5
Insurance cell captive	6.2	**7**	2
Personal lines insurance business arrangement	6.3	**2**	1
Unlisted investment	6.4	**1**	1
Total	25.1	**19**	9

6.1 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.

	2015 Rm	2014 Rm
Fair value	**9**	5

Refer to note 25.3.3 for further information relating to other price risk.

6.2 Insurance cell captive

The Group's insurance cell became operative with effect from 1 July 2013. This cell, underwritten by Mutual & Federal, receives a portion of the Group's short-term insurance premiums and meets the Group's corporate short-term insurance claims as and when they arise up to a prescribed limit.

The interest in the insurance cell is represented by an investment in 99 W4 Class and 1 C1 Class variable rate redeemable profit participating preference shares in Mutual & Federal Risk Financing Limited, entitling the Group to the profits of the cell. Dividends received are accounted for as dividend income.

The Group is required to ensure that the insurance cell remains at all times in a financially sound condition and maintains capital adequacy requirements (CAR) as determined by various regulatory bodies and Mutual & Federal. If the Group fails to maintain the CAR, it will be required to subscribe for further shares at such premium sufficient to restore the insurance cell to a financially sound condition.

The insurance cell has been valued at its net asset value at the reporting date per the agreement with Mutual & Federal and is therefore recorded at fair value.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note	2015 Rm	2014 Rm
6 Available-for-sale assets (continued)			
6.2 Insurance cell captive (continued)			
Fair value		**7**	2
Refer to note 25.3.3 for further information relating to other price risk.			
6.3 Personal lines insurance business arrangement			
The Group has a business arrangement with Hollard in terms of which Hollard underwrites the account balance protection, life insurance and cellular phone insurance products offered by the Group as a representative of Hollard for the benefit of the customers of the Group.			
The Group's interest is represented by an investment in 50 A1 Class ordinary shares in Hollard Business Associates (Pty) Ltd entitling the Group to a share of the profits of the business arrangement. Dividends received are accounted for as dividend income.			
The Group's interest in the business arrangement has been valued at its net asset value, as calculated per the formula in the agreement with Hollard. Hollard carries 100% of the insurance risk.			
Fair value	16.2	**2**	1
Refer to note 25.3.3 for further information relating to other price risk.			
6.4 Unlisted investment			
The number of ordinary shares in the unlisted investment, Business Partners Ltd, was 158 877 (2014: 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 during the financial period and is therefore in management's view recorded at fair value.			
Fair value	16.4	**1**	1
Refer to note 25.3.3 for further information relating to other price risk.			

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note	2015 Rm	2014 Rm
7 Loans and receivables			
Secured loans to share scheme participants	7.1	**54**	60
Export partnership participation	7.2	**16**	21
Unsecured loan to charitable trust	7.3	**12**	18
Total	25.1	**82**	99

	Note	2015 Rm	2014 Rm
7.1 Secured loans to share scheme participants			
Balance at the beginning of the period		**60**	65
Repayments during the period		**(7)**	(6)
At cost		**(8)**	(7)
Amortised cost adjustment	33.1	**1**	1
Annual effective interest rate amortisation	33.1	**1**	1
Balance at the reporting date		**54**	60

Loans to participants in the Truworths International Ltd share option scheme are interest-free and fully 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 25.4.2 for further information relating to credit risk management.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

7 Loans and receivables (continued)

7.2 Export partnership participation

	Note	2015 Rm	2014 Rm
Balance at the beginning of the period		**21**	27
Payments received during the period		**(5)**	(6)
Balance at the reporting date		**16**	21

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 reporting date, the Group's participation comprised of the following:

	2015 Rm	2014 Rm
Long-term receivables	**61**	83
Long-term liabilities	**(31)**	(43)
Other liabilities	**(14)**	(18)
Gross cost	**16**	22
Cumulative amortised cost adjustment	**–***	(1)
Total	**16**	21

The participation is carried at amortised cost, using the effective interest method. The average effective interest rate for the period was 1.29% per annum (2014: 1.38%) 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.

* Reflected as zero, due to rounding to millions.

7.3 Unsecured loan

	2015 Rm	2014 Rm
Balance at the beginning of the period	**18**	26
Repayments during the period	**(6)**	(8)
Balance at the reporting date	**12**	18

The amount owing to the Group is unsecured, interest-free and repayable on demand and comprises a loan to the Truworths Social Involvement Trust, whose charitable activities are funded by income earned on investments funded by such loan.

Refer to note 25.4.2 for further information relating to credit risk management.

8 Interest in subsidiaries and associates

	2015 Rm	2014 Rm
Interest in aggregate after-tax profits of subsidiaries	**2 473**	3 925

Investment in Truworths Ltd (incorporated in Zimbabwe)

The Group holds 132 091 763 (2014: 132 091 763) shares or approximately 35% of the issued shares of Truworths Ltd (incorporated in Zimbabwe), a company listed on the Zimbabwe Stock Exchange. Due to severe long-term restrictions on the repatriation of dividends from Zimbabwe and the volatility of the Zimbabwean Dollar, the Group impaired the carrying value of the investment to a nominal value of R1 during the 2003 reporting period. Due to the continued uncertainty in Zimbabwe this investment continues to remain impaired.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

9 Deferred tax

	Note	2015 Rm	2014 Rm
Net deferred tax asset at the beginning of the period		**116**	89
Asset		**200**	186
Liability		**(84)**	(97)
Opening balance comprising:			
Asset		**200**	186
Trade and other receivables		**124**	111
Post-retirement medical benefit obligation		**17**	15
Provisions		**13**	20
Trade and other payables		**12**	11
Straight-line operating lease obligation		**12**	14
Other		**14**	10
Inventories		**3**	–
Cash-settled call options/restricted shares		**5**	5
Liability		**(84)**	(97)
Property, plant and equipment		**(42)**	(43)
Prepayments		**(18)**	(17)
Export partnership participation		**(22)**	(27)
Other		**(2)**	(10)
Movement for the period		**43**	27
Credited to profit or loss	29.1, 31.4, 33.3	**70**	25
Credited to other comprehensive income	16.1, 16.3	**–**	2
Net deferred tax on acquisition		**(20)**	–
Deferred tax asset acquired		**2**	–
Trademarks acquired		**(22)**	–
Credited directly to equity	16.1	**(7)**	–
Net increase in deferred tax asset		**68**	14
Trade and other receivables		**71**	13
Post-retirement medical benefit obligation		**1**	2
Provisions		**2**	(7)
Trade and other payables		**2**	1
Straight-line operating lease obligation		**1**	(2)
Other		**(2)**	4
Inventories		**(1)**	3
Deferred tax asset acquired		**2**	–
Cash-settled call options/restricted shares		**(8)**	–
Net increase in deferred tax liability		**(25)**	13
Property, plant and equipment		**(2)**	1
Prepayments		**(5)**	(1)
Trademarks acquired		**(22)**	–
Export partnership participation		**6**	5
Other		**(2)**	8
Net deferred tax asset at the reporting date		**159**	116
Asset		**268**	200
Liability		**(109)**	(84)
Closing balance comprising:			
Asset		**268**	200
Trade and other receivables		**195**	124
Post-retirement medical benefit obligation		**18**	17
Provisions		**15**	13
Trade and other payables		**14**	12
Straight-line operating lease obligation		**13**	12
Other		**12**	14
Inventories		**2**	3
Deferred tax asset acquired		**2**	–
Inventories		**1**	–
Straight-line operating lease obligation		**1**	–
Cash-settled call options/restricted shares		**(3)**	5
Liability		**(109)**	(84)
Property, plant and equipment		**(44)**	(42)
Prepayments		**(23)**	(18)
Trademarks acquired		**(22)**	–
Export partnership participation		**(16)**	(22)
Other		**(4)**	(2)

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

10 Inventories

	Note	2015 Rm	2014 Rm
Gross inventories		**1 226**	1 037
Allowances for markdown and shrinkage		**(152)**	(174)
Net inventories at the reporting date		**1 074**	863
Allowances as a % of gross inventories (%)		**12.4**	16.8
Allowances for markdown and shrinkage			
Balance at the beginning of the period		**174**	156
Movement for the period		**(22)**	18
Allowance raised		**134**	170
Allowance utilised		**(121)**	(152)
Allowance released		**(35)**	–
Balance at the reporting date		**152**	174

11 Trade and other receivables

	Note	2015 Rm	2014 Rm
Trade receivables		**5 229**	4 720
Doubtful debt allowance	11.2	**(653)**	(590)
Net trade receivables	25.1	**4 576**	4 130
Other receivables	25.1	**61**	52
Trade and other receivables at the reporting date		**4 637**	4 182
Interest-bearing debtors as a % of trade receivables (%)		**82**	81
Net bad debt as a % of trade receivables (%)		**12.5**	12.9
Doubtful debt allowance as a % of trade receivables (%)		**12.5**	12.5

Refer to note 25.4.1 for further information relating to credit risk management.

11.1 Trade receivables

The Group's trade receivables have payment terms ranging between six and twelve months. The debtors' days at the reporting date were 230 days (2014: 224 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 2015 were between 13% and 22.65% (2014: 13% and 22.1%), which are lower than or equal to the maximum rates legislated.

Refer to note 25.3.2 for further information relating to interest rate risk.

11.2 Doubtful debt allowance

	2015 Rm	2014 Rm
Balance at the beginning of the period	**590**	507
Movement for the period	**63**	83
Allowance utilised	**(627)**	(574)
Allowance raised	**690**	657
Balance at the reporting date	**653**	590

The doubtful debt allowance of R653 million (2014: R590 million) excludes the allowance of R69 million (2014: R63 million) for trade receivables that are over 180 days in arrears at the reporting date. This amount has been credited directly against trade receivables rather than included in the allowance at the reporting date.

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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

12 Cash and cash equivalents

	Note	2015 Rm	2014 Rm
Balances with banks		**1 365**	1 487
Cash on hand		**97**	101
Total	25.1	**1 462**	1 588

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 3% and 7% (2014: 4% and 6%) during the period.

Refer to notes 25.3.2 and 25.4.4 for further information relating to interest rate risk and credit risk management respectively.

13 Share capital

	2015 R'000	2014 R'000
Ordinary share capital		
Authorised		
650 000 000 (2014: 650 000 000) ordinary shares of 0.015 cent each	**98**	98
Issued and fully paid		
429 327 350 (2014: 422 638 973) ordinary shares of 0.015 cent each	**64**	63

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.

	Note	2015 NUMBER OF SHARES 000's	2014 Number of shares 000's
Reconciliation of movement in issued shares			
Balance at the beginning of the period		**422 640**	463 829
Shares issued during the period		**6 688**	2 665
Shares cancelled during the period	15	**–**	(43 854)
Balance at the reporting date		**429 328**	422 640
Treasury shares held by subsidiaries	15	**(10 368)**	(8 866)
Number of shares in issue (net of treasury shares)		**418 960**	413 774
Treasury shares as a % of the issued shares at the reporting date		**2.4**	2.1

The shares issued during the period were allotted for an aggregate nominal value of R1 003 (2014: R400) and an aggregate premium of R182 722 459 (2014: R75 008 267).

14 Share premium

	Note	2015 Rm	2014 Rm
Balance at the beginning of the period		**368**	293
Premium on shares issued		**183**	75
Premium on shares issued in terms of the share option scheme		**65**	44
Premium on shares issued in terms of the restricted share scheme	15	**118**	31
Balance at the reporting date		**551**	368

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

15 Treasury shares

	2015 NUMBER OF SHARES 000's	2014 Number of shares 000's	2015 COST Rm	2014 Cost Rm
Balance at the beginning of the period	**8 866**	46 064	**652**	2 028
Truworths Trading (Pty) Ltd	**7 669**	–	**556**	–
Truworths Ltd	**1 050**	593	**92**	61
Truworths International Limited Share Trust	**147**	147	**4**	4
Truworths Investments (Pty) Ltd	–	11 356	–	426
Truworths Investments Two (Pty) Ltd	–	11 281	–	515
Truworths Investments Three (Pty) Ltd	–	11 346	–	528
Truworths Investments Four (Pty) Ltd	–	11 341	–	494
Movement for the period:				
Shares issued in terms of the restricted share scheme				
Truworths Ltd* (refer to note 14)	**1 502**	457	**118**	31
Shares repurchased by subsidiaries	–	6 199	–	490
Truworths Investments Two (Pty) Ltd	–	30	–	3
Truworths Trading (Pty) Ltd	–	6 169	–	487
Shares purchased from subsidiaries and cancelled (refer to note 13)	–	(43 854)	–	(1 897)
Truworths Investments (Pty) Ltd	–	(11 356)	–	(426)
Truworths Investments Two (Pty) Ltd	–	(9 811)	–	(449)
Truworths Investments Three (Pty) Ltd	–	(11 346)	–	(528)
Truworths Investments Four (Pty) Ltd	–	(11 341)	–	(494)
Shares sold by subsidiaries				
Truworths Investments Two (Pty) Ltd	–	(1 500)	–	(69)
Shares purchased by a subsidiary from another subsidiary				
Truworths Trading (Pty) Ltd	–	1 500	–	69
Balance at the reporting date (refer to note 13)	**10 368**	8 866	**770**	652
Truworths Trading (Pty) Ltd	**7 669**	7 669	**556**	556
Truworths Ltd	**2 552**	1 050	**210**	92
Truworths International Limited Share Trust	**147**	147	**4**	4

* These shares were issued pursuant to the restricted share scheme and are held as treasury shares. Refer to note 28.6.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

15 Treasury shares (continued)

		2015	2014
Market value at the reporting date	(Rm)	**897**	664
Market value at the reporting date	(Rand per share)	**86.49**	74.90
Average purchase price (excluding shares cancelled) since inception of the repurchase programme	(Rand per share)	**30.85**	30.85
Average purchase price during the period	(Rand per share)	**78.48**	78.94

The memorandum of incorporation of the company's wholly-owned subsidiary Truworths Trading (Pty) Ltd enables it 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 this subsidiary whereby the subsidiary was generally authorised to acquire a maximum of 5% (2014: 5%) of the company's shares in issue at 29 June 2014, 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note	2015 Rm	2014 Rm
16 Non-distributable reserves			
Equity-settled compensation reserve	16.1	**180**	152
Personal lines insurance business arrangement	16.2	**2**	1
Cash flow hedging reserve	16.3	**–**	(1)
Net unrealised gains reserve	16.4	**1**	1
Foreign currency translation reserve	16.5	**7**	(1)
Total		**190**	152
16.1 Equity-settled compensation reserve			
Balance at the beginning of the period		**152**	126
Movement for the period		**28**	26
Equity-settled share-based payments	28.6.1	**35**	22
Deferred tax on restricted shares	9	**(7)**	4
Balance at the reporting date		**180**	152
16.2 Personal lines insurance business arrangement			
Balance at the beginning of the period		**1**	–
Fair value adjustment through other comprehensive income at the reporting date		**1**	1
Balance at the reporting date	6.3	**2**	1
16.3 Cash flow hedging reserve			
Balance at the beginning of the period		**(1)**	3
Movement in effective cash flow hedge through other comprehensive income	5.2	**1**	(2)
Deferred tax on movement in effective cash flow hedge through other comprehensive income	9	**–**	(2)
Balance at the reporting date		**–**	(1)
16.4 Net unrealised gains reserve			
Balance at the beginning and end of the reporting period	6.4	**1**	1
16.5 Foreign currency translation reserve			
Balance at the beginning of the period		**(1)**	(1)
Movement in foreign currency translation reserve through other comprehensive income		**8**	–
Balance at the reporting date		**7**	(1)

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

17 Post-retirement medical benefit obligation

The Group participates in and contributes towards defined benefit healthcare funds for employees. Refer to note 28.3 for further information on such funds.

Employees who joined the Group prior to 1 July 2000 and who have been members of these funds uninterruptedly since 1 January 2001, continue to enjoy Group subsidised healthcare contributions after retirement on the same basis as permanent employees. The subsidy lapses if an employee transfers between the approved funds.

The Group's exposure in terms of this post-retirement medical benefit plan is reflected in the net benefit obligation set out on the next page. This obligation comprises the present value of the obligation, which is actuarially determined, less the fair value of the plan assets. The present value of the obligation is subject to certain financial and demographic assumptions as regards:

- the discount rate matching the duration of the liability;
- expected medical inflation;
- the expected return on plan assets;
- pre- and post-retirement mortality rates;
- the percentage of participants married at the time of retirement;
- the age gap between male and female participants;
- the normal retirement age; and
- the rate of withdrawal.

The nature of the benefits provided under the post-retirement medical benefit plan exposes the Group to changes in the life expectancy of beneficiaries and changes in the future medical expenses that could impact the contributions to be paid by the Group. The plan assets expose the group to market risk.

Plan assets comprise collective investment scheme units and level annuities underwritten by an insurer. The plan is not exposed to any significant concentration of risk in relation to its assets as is evident from the breakdown of the assets on the next page. On an annual basis level annuities are purchased from an insurer to cover the cost of the subsidies payable for eligible pensioners at the level of healthcare fund contributions set for that year. This purchase is funded from the other plan assets held in collective investment scheme units and premium payments by the employer to the insurer.

The plan is not regulated but is operated in accordance with the insurance and subsidy policies, and is managed by a management committee operating in terms of a written mandate and comprising employees of the Group, representatives of the Group's actuaries and representatives of the insurer underwriting the level annuities. The objectives of the management committee are to manage the Group's liability in terms of the post-retirement medical benefit plan, review the viability of the plan, resolve policy implementation and ongoing queries, manage the terms and conditions of the policy, and implement and monitor the execution of the plan's investment mandate.

Details of the post-retirement medical benefit obligation are disclosed on the next page.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

17 Post-retirement medical benefit obligation (continued)

17.1 Benefit obligation

		2015 Rm	2014 Rm
Present value of obligation (actuarially determined)		**113**	105
Fair value of plan assets		**(56)**	(54)
Net benefit obligation		**57**	51
Weighted average duration of the defined benefit obligation	(years)	**16**	16

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

	2015 Rm	2014 Rm
Changes in the present value of the obligation are as follows:		
Balance at the beginning of the reporting period	**105**	98
Interest cost	**10**	9
Current service cost	**2**	2
Benefits paid	**(4)**	(4)
Actuarial gains on obligation arising from changes in experience	**(6)**	–
Actuarial losses on obligation arising from changes in financial assumptions	**6**	–
Balance at the reporting date	**113**	105
Changes in the fair value of plan assets are as follows:		
Balance at the beginning of the reporting period	**(54)**	(50)
Interest on plan assets	**(5)**	(5)
Benefits paid	**4**	4
Actuarial losses/(gains) on plan assets	**1**	(3)
Company contributions	**(2)**	–
Balance at the reporting date	**(56)**	(54)

The actual return earned on the Group's post-retirement medical benefit plan assets amounted to a profit of R4 million (2014: R8 million). The difference between the actual and the expected returns on plan assets are reflected as actuarial gains or losses, recognised in other comprehensive income.

	2015 Rm	2014 Rm
Net actuarial losses/(gains)		
Actuarial gains on obligation arising from changes in experience	**(6)**	–
Actuarial losses on obligation arising from changes in financial assumptions	**6**	–
Actuarial losses/(gains) on plan assets	**1**	(3)
Actuarial losses/(gains) recognised in other comprehensive income	**1**	(3)

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

17 Post-retirement medical benefit obligation (continued)

17.1 Benefit obligation (continued)

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

	2015 %	2014 %
Collective investment scheme units, at fair value	**52**	53
South African: Multi asset, high equity funds	**31**	27
South African: Multi asset, low equity funds	**21**	26
Level annuities, at net present value	**48**	47
Total	**100**	100

Plan assets comprise collective investment scheme units and level annuities underwritten by an insurer. The collective investment scheme units are valued at fair value based on quoted market prices. The level annuities are valued at net present value using a discounted cash flow model based on assumptions consistent with those applied in the valuation of the plan obligation.

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:

		2015	2014
Discount rate		**9.2**	9.5
Expected medical inflation		**8.6**	8.5
Interest on plan assets		**9.2**	9.5
Normal retirement age	(years)	**60**	60

Contributions to the plan

The Group contributes to the plan by way of premium payments on a periodic basis based on the recommendations of the management committee in consultation with the Group's actuaries and the insurer.

Given the uncertainty relating to the number of employees likely to retire in the next year and the level of the 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

	Note	2015 Rm	2014 Rm
Interest cost on benefit obligation		**10**	9
Current service cost		**2**	2
Interest on plan assets		**(5)**	(5)
Net benefit expense	33.1	**7**	6

17.3 Sensitivity analysis

The effect of a 50 basis point fluctuation in the discount rate on the present value of the obligation would be as follows:

		50 BASIS POINTS INCREASE	50 BASIS POINTS DECREASE
2015			
Percentage increase/(decrease) in obligation	(%)	**7.7**	**(6.9)**
Present value of the obligation	(Rm)	**121.5**	**105.1**
2014			
Percentage increase/(decrease) in obligation	(%)	7.0	(7.3)
Present value of the obligation	(Rm)	112.4	97.3

17 Post-retirement medical benefit obligation (continued)

17.3 Sensitivity analysis (continued)

The effect of a 100 basis point fluctuation in medical inflation on the present value of the obligation would be as follows:

		100 BASIS POINTS INCREASE	100 BASIS POINTS DECREASE
2015			
Percentage increase/(decrease) in obligation	(%)	**16.2**	**(13.2)**
Present value of the obligation	(Rm)	**131.1**	**98.0**
2014			
Percentage increase/(decrease) in obligation	(%)	15.2	(13.3)
Present value of the obligation	(Rm)	121.0	91.0

The effect of a 100 basis point fluctuation in medical inflation on the aggregate of the current service cost and interest cost components would be as follows:

		100 BASIS POINTS INCREASE	100 BASIS POINTS DECREASE
2015			
Percentage increase/(decrease) in aggregate current service and interest costs	(%)	**18.0**	**(14.0)**
Aggregate current service and interest costs	(Rm)	**15.2**	**11.1**
2014			
Percentage increase/(decrease) in aggregate current service and interest costs	(%)	31.8	(3.6)
Aggregate current service and interest costs	(Rm)	14.5	10.6

The effect of a one year increase in the retirement age on the present value of the obligation would be as follows:

		1 YEAR INCREASE	1 YEAR DECREASE
2015			
Percentage increase/(decrease) in obligation	(%)	**3.9**	**(3.8)**
Present value of the obligation	(Rm)	**117.3**	**108.6**
2014			
Percentage increase/(decrease) in obligation	(%)	3.4	(4.2)
Present value of the obligation	(Rm)	108.6	100.6

There has been no change to the methods applied in the preparation of the sensitivity analysis since the prior reporting period.

17.4 Amounts for the current and prior four periods are as follows:

	2015 Rm	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Present value of obligation	**113**	105	98	92	80
Fair value of plan assets	**(56)**	(54)	(50)	(50)	(48)
Funding deficit	**57**	51	48	42	32
Experience adjustment included in actuarial gains/(losses) on plan liabilities	**6**	–	5	(3)	(5)
Experience adjustment included in actuarial (losses)/gains on plan assets	**(1)**	3	(1)	1	5

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note	2015 Rm	2014 Rm
18 Leave pay obligation			
Balance at the beginning of the period		**43**	40
Current leave pay accrual		**40**	36
Non-current leave pay obligation		**3**	4
Movement for the period		**7**	3
Balance at the reporting date		**50**	43
Current leave pay accrual reflected under trade and other payables	20	**46**	40
Non-current leave pay obligation reflected under non-current liabilities		**4**	3

19 Leases

19.1 Straight-line operating lease obligation

	Note	2015 Rm	2014 Rm
Total lease obligation at the beginning of the period		**43**	49
Lease obligation acquired on purchase of Earthchild and Naartjie		**6**	–
Net lease obligations created/(discharged) during the period	33.1	**5**	(6)
Balance at the reporting date		**54**	43
Current portion reflected under trade and other payables	20	**18**	13
Non-current portion reflected under non-current liabilities		**36**	30

Only those leases that have a fixed or minimum annual rental escalation are taken into account in calculating the straight-line operating lease obligation. These leases comprise 41% (2014: 36%) of the Group's total lease agreements.

19.2 Lessee under operating leases

The Group leases its trading premises, certain of its office and storage space, two small warehouses and a small distribution centre in terms of operating leases, whereas other operating assets, including the head office building, two distribution centres, two warehouses, three 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 five years, with renewal options for a further five years. Some of these leases provide for minimum annual rental payments together with additional amounts determined on the basis of sale of merchandise (turnover). A total of 85 (2014: 128) stores, or 12% (2014: 22%) 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% (2014: 4%) of the turnover above the threshold, or 1% (2014: 1%) of the total turnover of these stores. Rental escalations have varied at an average rate of approximately 7.4% (2014: 7.4%) per annum. Refer to note 27.3 for further information relating to lease expenses.

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

	2015 Rm	2014 Rm
Within one year	**837**	723
Between one and five years	**1 503**	1 484
Between five and ten years	**88**	65
Total	**2 428**	2 272

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

19 Leases (continued)

19.3 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% (2014: 8%) per annum during the period. Lease rental income of R7 million (2014: R7 million) was received during the reporting period.

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

	Note	2015 Rm	2014 Rm
Within one year		**9**	9
Between one and five years		**9**	17
Total		**18**	26

20 Trade and other payables

	Note	2015 Rm	2014 Rm
Trade payables		**812**	736
Other payables and accrued expenses		**301**	234
Value-added tax		**109**	96
Current leave pay accrual	18	**46**	40
Current portion of straight-line operating lease obligation	19.1	**18**	13
Current portion of cash-settled compensation obligation	28.6.2	**7**	8
Unclaimed dividends owing to shareholders	33.4	**9**	7
Total	25.1	**1 302**	1 134

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, 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 25.5 for further information relating to liquidity risk management.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note	2015 Rm	2014 Rm
21 Provisions			
Employment costs	21.1	**42**	35
Sales returns	21.2	**12**	12
Total		**54**	47
21.1 Employment costs			
Balance at the beginning of the period		**35**	60
Movement for the period		**7**	(25)
Provision raised		**42**	35
Provision utilised		**(35)**	(54)
Provision released		**–**	(6)
Balance at the reporting date		**42**	35

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 2015 and November 2015 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.

	2015 Rm	2014 Rm
21.2 Sales returns		
Balance at the beginning of the period	**12**	11
Movement for the period	**–**	1
Provision raised	**12**	12
Provision utilised	**(12)**	(11)
Balance at the reporting date	**12**	12

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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

22 Derivative financial liability

	2015 Rm	2014 Rm
Forward exchange contracts	–	8

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 liabilities, 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 reporting date.

At the reporting date the marked-to-market adjustment resulted in the recognition of a derivative financial asset. Refer to note 5.1 for further information relating to derivative financial assets.

Refer to note 25.3.1 for further information relating to currency risk management.

23 Capital commitments

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

	2015 Rm	2014 Rm
Capital expenditure authorised but not contracted		
Store renovation and development	**322**	356
Buildings	**170**	–
Distribution facilities	**163**	17
Computer infrastructure	**86**	65
Head office refurbishments	**21**	7
Motor vehicles	**5**	3
Total	**767**	448

The capital commitments will be financed by cash generated from operations and available cash resources and are expected to be incurred in the 2016 reporting period.

24 Contingent liabilities

The Group had no contingent liabilities at the reporting date (2014: Rnil).

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

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

25 Financial risk management

25.1 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.

	Note	LOANS, RECEIVABLES AND CASH Rm	AVAILABLE-FOR-SALE Rm	FAIR VALUE THROUGH PROFIT AND LOSS Rm	TOTAL Rm
ASSETS					
2015					
Net trade receivables	11	**4 576**	**–**	**–**	**4 576**
Other receivables	11	**61**	**–**	**–**	**61**
Available-for-sale assets	6	**–**	**19**	**–**	**19**
Loans and receivables	7	**82**	**–**	**–**	**82**
Cash and cash equivalents	12	**1 462**	**–**	**–**	**1 462**
Derivative financial assets	5	**–**	**–**	**13**	**13**
Total		**6 181**	**19**	**13**	**6 213**
2014					
Net trade receivables	11	4 130	–	–	4 130
Other receivables	11	52	–	–	52
Available-for-sale assets	6	–	9	–	9
Loans and receivables	7	99	–	–	99
Cash and cash equivalents	12	1 588	–	–	1 588
Derivative financial assets	5	–	–	11	11
Total		5 869	9	11	5 889

LIABILITIES	Note	AT AMORTISED COST Rm	NON-FINANCIAL LIABILITIES Rm	TOTAL Rm
2015				
Trade and other payables	20	**1 107**	**195**	**1 302**
Contingent consideration obligation	34.1	**95**	**–**	**95**
Total		**1 202**	**195**	**1 397**
2014				
Trade and other payables	20	969	165	1 134
Non-current portion of cash-settled compensation obligation	28.6.2	–	4	4
Total		969	169	1 138

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

25 Financial risk management (continued)

25.2 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.

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.

25.3 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.

25.3.1 Currency risk

The following exchange rates applied during the period:

	AVERAGE SPOT RATE FOR THE REPORTING PERIOD	SPOT RATE AT THE REPORTING DATE
2015		
US Dollars	**11.42**	**12.17**
GB Pounds	**17.97**	**19.19**
Euro	**13.71**	**13.61**
Australian Dollar	**9.55**	**9.34**
2014		
US Dollars	10.35	10.57
GB Pounds	16.85	18.00
Euro	14.07	14.43
Australian Dollar	9.52	9.98

25 Financial risk management (continued)

25.3 Market risk management (continued)

25.3.1 Currency risk (continued)

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.

It is the Group's policy to cover all committed import exposures. The Group had no uncovered foreign currency liabilities at 28 June 2015 (29 June 2014: 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 marked-to-market forward exchange contract asset at the reporting date was R5.3 million (2014: marked-to-market forward exchange contract liability R7.9 million). Refer to notes 5.1 and 22 for further information.

At the reporting date 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
2015			
US Dollars	**12.22**	**35 959**	**439 419**
GB Pounds	**20.30**	**77**	**1 563**
Euro	**13.20**	**314**	**4 145**
Aus Dollars	**9.89**	**15**	**148**
Total			**445 275**
2014			
US Dollars	10.96	42 847	469 603
GB Pounds	15.77	13	205
Euro	14.68	73	1 072
Total			470 880

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 7.2 for further information.

Currency risk sensitivity analysis (forward exchange contracts)

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.

If the South African Rand weakens or strengthens against the currencies stated below by 15% (2014: 15%), assuming all other variables remain constant, profit before tax would have increased or decreased by the amounts set out in the table below due to the change in the fair value of the FECs. A 15% (2014: 15%) 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	**2015 R'000**	2014 R'000
US Dollars	**65 913**	70 440
GB Pounds	**234**	31
Euro	**622**	161
Aus Dollars	**22**	–
Total	**66 791**	70 632

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

25 Financial risk management (continued)

25.3 Market risk management (continued)

25.3.2 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 25.8, 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	2015 %	2014 %
Interest earned on balances with banks	**5.1**	5.0
Interest earned on interest-bearing portion of trade receivables*	**22.65****	22.1**

* At the reporting date, 82% (2014: 81%) 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/(decreasing) the interest rates achieved at the reporting date by 100 basis points, which would result in an increase/(decrease) in profit before tax respectively.

Effect on profit before tax	2015 Rm	2014 Rm
Cash and cash equivalents	**13**	15
Interest-bearing portion of trade receivables	**43**	38
Total	**56**	53

25.3.3 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 Group's insurance cell captive, mutual fund investments, the unlisted available-for-sale investment in Business Partners Ltd and the personal lines insurance business arrangement.

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 notes 5.2 and 28.6.2 for further information.

Insurance cell captive
The Group's insurance cell captive is classified as an available-for-sale asset and is measured at fair value through other comprehensive income. A movement in the net asset value of this asset will not have a material impact on other comprehensive income. Refer to note 6.2 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 6.1 for further information.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

25 Financial risk management (continued)

25.3 Market risk management (continued)

25.3.3 Other price risk (continued)

Unlisted investment (available-for-sale)

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 6.4 for further information.

Personal lines insurance business arrangement

The Group's personal lines insurance business arrangement is classified as an available-for-sale asset and is measured at fair value through other comprehensive income. A movement in the net asset value of this asset will not have a material impact on other comprehensive income. Refer to note 6.3 for further information.

25.4 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 11, 7, 12 and 5 respectively. Refer to the Managing the Risk of Credit Report on pages 54 to 57 of the Integrated 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 25.1. There is no exposure to credit risk relating to items not recognised in the statement of financial position.

25.4.1 Trade and other receivables

The Group only offers credit to customers in South Africa, Namibia, Swaziland and Botswana. 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 at the reporting date 83% (2014: 83%) of active account holders were able to purchase on credit because they continued to meet the Group's stringent and consistently applied criteria for ongoing purchases. Management is satisfied with the quality of the debtors' book.

The Group follow a strict policy of contractual and strict write-off which ensures that non-performing accounts are removed from the portfolio on an consistent basis.

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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

25 Financial risk management (continued)

25.4 Credit risk (continued)

25.4.1 Trade and other receivables (continued)

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.

	Note	TRADE AND OTHER RECEIVABLES Rm	ALLOWANCE Rm	NET TRADE AND OTHER RECEIVABLES Rm	ALLOWANCE AS A PERCENTAGE OF TRADE RECEIVABLES %
2015					
< 30 days		**3 682**	**(80)**	**3 602**	**2.2**
30 – 59 days		**563**	**(82)**	**481**	**14.6**
60 – 89 days		**280**	**(82)**	**198**	**29.3**
90 – 119 days		**208**	**(94)**	**114**	**45.2**
> 120 days		**496**	**(315)**	**181**	**63.5**
Total impaired trade receivables	11	**5 229**	**(653)**	**4 576**	**12.5**
Other receivables neither past due nor impaired	11	**61**	**–**	**61**	
Total trade and other receivables		**5 290**	**(653)**	**4 637**	
2014					
< 30 days		3 369	(75)	3 294	2.2
30 – 59 days		451	(68)	383	15.1
60 – 89 days		239	(67)	172	28.0
90 – 119 days		187	(79)	108	42.2
> 120 days		474	(301)	173	63.5
Total impaired trade receivables	11	4 720	(590)	4 130	12.5
Other receivables neither past due nor impaired	11	52	–	52	
Total trade and other receivables		4 772	(590)	4 182	

25.4.2 Loans and receivables (non-current assets)

Loans and receivables totalling R82 million (2014: R99 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 loan represents a loan to a charitable trust founded by the Group. This trust is in sound financial position and has the ability to repay the loan 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 7.2 for further information.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

25 FINANCIAL RISK MANAGEMENT (continued)

25.4 Credit risk (continued)

25.4.3 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.

25.4.4 Cash and cash equivalents

The Group invests surplus cash only with F1+ (zaf), 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 12 for further information.

25.4.5 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.

25.5 Liquidity risk

The Group's exposure to liquidity risk relates to trade and other payables, a derivative financial liability and the cash-settled compensation obligation, which are disclosed in notes 20, 22 and 28.6.2 respectively.

The Group has R278 million (2014: R278 million) committed and uncommitted, unutilised short-term domestic general banking facilities. 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:

	Note	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
2015							
Trade payables	20	–	**323**	**439**	**32**	**18**	**812**
Unclaimed dividends due to shareholders	20	**9**	–	–	–	–	**9**
Other payables and accrued expenses		**46**	**66**	**160**	**14**	–	**286**
Contingent consideration obligation	34.1	–	–	–	–	**104**	**104**
Total		**55**	**389**	**599**	**46**	**122**	**1 211**
2014							
Trade payables	20	–	400	333	3	–	736
Unclaimed dividends due to shareholders	20	7	–	–	–	–	7
Other payables and accrued expenses		40	51	110	22	–	223
Derivative financial liability	22	–	5	3	–	–	8
Total		47	456	446	25	–	974

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

25 FINANCIAL RISK MANAGEMENT (continued)

25.6 Items of income, expense, gains or losses

	INTEREST RECEIVED Rm	IMPAIRMENT LOSSES RECOGNISED Rm	FAIR VALUE GAINS/ (LOSSES) Rm	OTHER COSTS Rm	NET GAINS/ (LOSSES) Rm
2015					
Financial assets					
Loans and receivables	**1 063**	**(720)**	**–**	**(240)**	**103**
At fair value through profit or loss	**–**	**–**	**13**	**–**	**13**
Available-for-sale assets	**–**	**(5)**	**–**	**–**	**(5)**
Financial liabilities					
Contingent consideration obligation	**–**	**–**	**(2)**	**–**	**(2)**
2014					
Financial assets					
Loans and receivables	917	(693)	–	(223)	1
At fair value through profit or loss	–	–	(39)	–	(39)
Financial liabilities					
At fair value through profit or loss	–	–	–	(5)	(5)

25.7 Fair value of financial instruments

25.7.1 Fair value measurement

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 assets
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. The fair value of the Group's short-term insurance cell captive and personal lines insurance business arrangement is determined with reference to the net asset value of these interests per management accounts prepared by third parties. 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.

Contingent consideration
The fair value of the contingent consideration has been determined using the discounted cash flow method. Future cash outflows have been discounted using a discount rate that takes into account the relevant risk factors. Refer to note 34.1 for further information.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

25 FINANCIAL RISK MANAGEMENT (continued)

25.7 Fair value of financial instruments (continued)

25.7.2 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:

			Fair value hierarchy		
	Note	Rm	LEVEL 1	LEVEL 2	LEVEL 3
2015					
Assets and liabilities measured at fair value					
Available-for-sale assets	6	**19**	**9**	**1**	**9**
Forward exchange contracts	5.1	**5**	**–**	**5**	**–**
Cash-settled call options	5.2	**8**	**–**	**8**	**–**
Contingent consideration obligation	34.1	**95**	**–**	**95**	**–**
2014					
Assets and liability measured at fair value					
Available-for-sale assets	6	9	5	1	3
Forward exchange contracts	22	(8)	–	(8)	–
Cash-settled call options	5.2	11	–	11	–

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

25 FINANCIAL RISK MANAGEMENT (continued)

25.8 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 2014.

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 13 to 16 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.

		2015	2014
Profit for the period	(Rm)	**2 460**	2 406
Total equity	(Rm)	**7 504**	6 642
Ratios			
Return on equity	(%)	**35**	37
Return on capital	(%)	**49**	52
Gearing		**Not geared**	Not geared
Dividend cover	(times)	**1.5**	1.5

Refer to the Group's financial targets on page 42 of the Integrated Report.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note	2015 Rm	2014 Rm
26 Revenue			
Sale of merchandise		**11 290**	10 458
Retail sales		**11 644**	10 762
Accounting adjustments*		**(363)**	(312)
Franchise sales		**9**	8
Interest received	33.1, 35.1	**1 063**	917
Trade receivables interest		**969**	828
Investment interest		**94**	89
Other income		**259**	235
Commission		**119**	118
Display fees		**61**	53
Financial services income		**61**	50
Lease rental income		**7**	7
Insurance recoveries		**6**	3
Other		**3**	3
Royalties		**2**	1
Dividends received	33.1	**7**	32
Dividend received from insurance business arrangements		**7**	3
Dividend received from dissolution of an insurance cell captive		**–**	29
Total revenue		**12 619**	11 642

* 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.

27 Trading profit

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

27.1 Depreciation and amortisation

	Note	2015 Rm	2014 Rm
Depreciation	2	**220**	192
Amortisation	4	**22**	11
Total depreciation and amortisation for the period	33.1	**242**	203
Depreciation and amortisation reclassified to cost of sales		**(21)**	(19)
Total	35.1	**221**	184

27.2 Employment costs

The Group employed 8 652 (2014: 7 297) full-time equivalent employees at the reporting date. The aggregate remuneration and associated costs for the period relating to the employment of permanent and flexi-time employees, including executive directors, were:

	Note	2015 Rm	2014 Rm
Salaries, bonuses, wages and other benefits		**1 046**	900
Contributions to defined contribution plans		**63**	61
Post-retirement medical benefit expense		**7**	6
Medical scheme contributions		**50**	45
Share-based payments: equity-settled	28.6.1	**35**	22
Share-based payments: cash-settled		**2**	6
Revaluation loss on cash-settled call options	5.2	**–**	7
Recognition of current period expense		**2**	(1)
Total employment costs		**1 203**	1 040
Employment costs reclassified to cost of sales		**(17)**	(16)
Total	35.1	**1 186**	1 024

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note	2015 Rm	2014 Rm
27 Trading profit (continued)			
27.3 Occupancy costs			
Land and buildings		**811**	709
Minimum lease payments		**795**	686
Turnover-based lease payments		**16**	23
Security expense in terms of operating leases		**4**	4
Total operating lease expenses		**815**	713
Utilities		**138**	118
Rates and municipal expenses		**73**	58
Other security expenses		**61**	52
Other occupancy costs		**34**	31
Total occupancy costs		**1 121**	972
Occupancy costs reclassified to cost of sales		**(19)**	(18)
Total	35.1	**1 102**	954
27.4 Trade receivable costs			
Impairment loss recognised on trade receivables		**720**	693
Collection and other trade receivable costs		**240**	223
Total	35.1	**960**	916
27.5 Other operating costs			
Sales promotion, advertising and communication costs		**355**	297
Administration costs		**313**	280
Management, technical, consulting and secretarial fees paid		**41**	39
Loss on disposal of plant and equipment	31, 33.1	**6**	4
Audit fees – current period*		**5**	5
Impairment of insurance cell captive	31, 33.1	**5**	–
Total foreign exchange (gains)/losses		**(5)**	36
Forward exchange contract marked-to-market (gain)/loss	33.1	**(13)**	39
Foreign exchange loss/(gain)		**8**	(3)
Total other operating costs		**720**	661
Other operating costs reclassified to cost of sales		**(73)**	(71)
Total	35.1	**647**	590

* Inclusive of R567 173 (2014: R301 000) in respect of tax and other services.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28 Directors and employees

28.1 Directors' remuneration

	Months paid	SHORT-TERM BENEFITS DIRECTORS' FEES R'000	SALARIES R'000	PERFORMANCE BONUS* R'000	ALLOWANCES R'000	POST-RETIREMENT BENEFITS PENSION CONTRIBUTIONS R'000	LONG-TERM BENEFITS 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
2015										
Executive directors										
Michael Mark	12	**–**	**6 423**	**–**	**46**	**1 317**	**2 911**	**10 697**	**4 564**	**43 254**
David Pfaff	12	**–**	**3 037**	**1 400**	**34**	**318**	**–**	**4 789**	**1 075**	**–**
Total		**–**	**9 460**	**1 400**	**80**	**1 635**	**2 911**	**15 486**	**5 639**	**43 254**
Non-executive directors										
Rob Dow	12	**512**	**–**	**–**	**–**	**–**	**–**	**512**	**–**	**–**
Thandi Ndlovu	12	**305**	**–**	**–**	**–**	**–**	**–**	**305**	**–**	**–**
Hilton Saven	12	**773**	**–**	**–**	**–**	**–**	**–**	**773**	**–**	**–**
Roddy Sparks	12	**397**	**–**	**–**	**–**	**–**	**–**	**397**	**–**	**–**
Tony Taylor	12	**287**	**–**	**–**	**–**	**–**	**–**	**287**	**–**	**–**
Michael Thompson	12	**576**	**–**	**–**	**–**	**–**	**–**	**576**	**–**	**–**
Khutso Mampeule	12	**269**	**–**	**–**	**–**	**–**	**–**	**269**	**–**	**–**
Total		**3 119**	**–**	**–**	**–**	**–**	**–**	**3 119**	**–**	**–**
2014										
Executive directors										
Michael Mark	12	–	6 270	–	18	1 280	2 702	10 270	3 231	43 267
David Pfaff	10	–	2 597	–	–	269	–	2 866	585	–
Total		–	8 867	–	18	1 549	2 702	13 136	3 816	43 267
Non-executive directors										
Rob Dow	12	467	–	–	–	–	–	467	–	–
Thandi Ndlovu	12	278	–	–	–	–	–	278	–	–
Hilton Saven	12	705	–	–	–	–	–	705	–	–
Roddy Sparks	12	362	–	–	–	–	–	362	–	–
Tony Taylor	12	255	–	–	–	–	–	255	–	–
Michael Thompson	12	513	–	–	–	–	–	513	–	–
Sisa Ngebulana	7	132	–	–	–	–	–	132	–	–
Khutso Mampeule	5	129	–	–	–	–	–	129	–	–
Total		2 841	–	–	–	–	–	2 841	–	–

* 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 28.5 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28 Directors and employees (continued)

28.1 Directors' remuneration

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.

The long-term service contract of Mr Michael Mark, the Chief Executive Officer, ended on 30 June 2015 and was not renewed. The Group has since entered into a new contract with Mr. Mark in order to ensure a smooth transition in the process of appointing the new Chief Executive Officer. In terms of this contract Mr Mark is entitled to a guaranteed remuneration package, and both he and the Group have a right of termination on a one-month notice period.

Mr David Pfaff, was appointed as Chief Financial Officer of the Group and as an executive director of the company with effect from 1 September 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 6 November 2014, were paid by the company. None of the non-executive directors have service contracts with the company.

Consultancy fees

There were no consultancy fees paid to executive and non-executive directors during the period (2014: nil).

Cash-settled compensation scheme

During the reporting period an amount totalling R5.9 million (2014: R6.8 million) was paid to participants pursuant to the HPSS on successful attainment in the prior period of Group and individual performance targets. Mr Mark, in his capacity as an executive director of the company, received R2.4 million (2014: R2.6 million) in terms of the HPSS during the reporting period.

28.2 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.

Employees of Young Designers Emporium (Pty) Ltd, a wholly-owned subsidiary of Truworths International as well as the core permanent employees of Truworths Ltd are non-contributing members and the employer companies pay 5% to the fund on their behalf, towards retirement benefits, disability benefits, funeral benefits and administration costs.

All members of the Alexander Forbes Retirement Fund can structure additional voluntary contributions of either, 2.5%, 5%, 7.5% or 10% of pensionable earnings, towards retirement savings.

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

The Group contributes to the fund at a rate of 5% of pensionable salaries in respect of employees who are on two-year contracts. The fund's retirement age is 60. The plan is registered under the Pension Funds Act (1956, as amended).

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28 Directors and employees (continued)

28.2 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 E190 (2014: E170) based on a maximum monthly wage of E1 900 (2014: E1 700). 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.

Ghana Social Security and National Insurance Trust Pension Scheme

The Ghana Social Security and National Insurance Trust Pension Scheme is a pension scheme governed by the National Pensions Act, 2008 (amended 2014), and provides retirement and other social security benefits to workers in Ghana. It is mandatory for employers to ensure that all workers in their employment are registered. A total contribution of 18.5% is paid monthly, with 5.5% provided by the employee to Petra Trust, a company selected private fund manager licensed under the National Pensions Regulatory Authority (NPRA), and 13% is provided by the employer to the Social Security and National Insurance Trust (SSNIT). A retirement age of 60 years is required for access to a full pension, where a reduced pension can be obtained if above 55 years but below 60 years of age.

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 Rs2 405 and the maximum is Rs15 710 as at the reporting date.

Nigeria Pension Fund Contributions

In terms of the Pension Reform Act of 2014 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 10% of gross monthly emoluments (inclusive of basic salary, transportation and housing allowance) and employees pay 8% to such accounts.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Number of members 2015	2014
28 Directors and employees (continued)		
28.2 Defined contribution retirement funds (continued)		
Summary per fund		
Alexander Forbes Retirement Fund	**3 530**	2 531
SACCAWU National Provident Fund	**386**	432
Namflex Pension Fund	**35**	39
National Pension Scheme Authority (Zambia)	**35**	23
The Pension Fund	**37**	820
Ghana Social Security and National Insurance Trust	**26**	27
National Pension Scheme (Mauritius)	**16**	16
Swaziland National Provident Fund/Swaziland Retirement Fund	**19**	20
Nigeria Pension Fund Contributions	**10**	10
Total	**4 094**	3 918

During the reporting period, the Group contributed R66 million (2014: R61 million) to the above mentioned funds. Approximately R71 million is expected to be contributed to the above mentioned funds in the 2016 reporting period.

28.3 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 2014 reveal that it continues to maintain a sound financial position with a solvency ratio of 71.82% at its reporting date.

During the reporting period, the Group contributed R45 million (2014: R43 million) to the above funds. Approximately R49 million is expected to be contributed to the above funds in respect of the short-term healthcare benefits in the 2016 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 R238 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 R18.33 per participating employee towards an HIV benefit.

During the reporting period, the Group contributed R3.2 million to OCSA. Approximately R3.4 million is expected to be contributed to OCSA in respect of the short-term healthcare benefits in the 2016 reporting period.

	2015 Rm	2014 Rm
28.4 Other		
Staff discount allowance	**5**	4

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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28 Directors and employees (continued)

28.5 Directors' equity-settled compensation gains

	2015 Rm	2014 Rm
Share option scheme		
Executive directors	**279**	72

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.

28.6 Share-based payment plans

The Group implemented the share option scheme during 1998. Options are granted over the company's shares at a purchase price equal to the weighted average trading price of the shares on the JSE over the five-day share trading period immediately preceding the date of the grant. No consideration is payable on acceptance of the options and the purchase price of the shares becomes payable on exercise of the options unless participants qualify for interest-free loans secured by a pledge over the shares. Shares and options have either a five- or six-year vesting period. Shares and options not vested are forfeited upon termination of employment, other than on retirement or death and options granted before 7 November 2012 lapse after 10 years, while those granted subsequently lapse after eight years.

The Group introduced a new share scheme, which includes four award plans with effect from December 2012. The four award plans are:

- Restricted share plan (with no Group performance targets on vesting)
- Performance share plan (with Group performance targets on vesting)
- Share appreciation rights plan (with no Group performance targets on vesting)
- Performance appreciation rights plan (with Group performance targets on vesting)

The new share scheme's shares and appreciation rights are granted over the company's shares at a purchase price equal to the weighted average trading price of the shares on the JSE over the five-day share trading period immediately preceding the date of the grant. Shares have either a three-, four-, five-, or six-year vesting period while appreciation rights have either a four-, five-, or six-year vesting period. Shares and appreciation rights not vested are forfeited upon termination of employment, other than on retirement or death and lapse after eight years.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28 Directors and employees (continued)

28.6 Share-based payment plans (continued)

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:

		Note	**2015 NUMBER OF EQUITY-SETTLED AWARDS 000's**	2014 Number of equity-settled awards 000's
Shares and options held in terms of the share option scheme		28.6.1.1	**19 093**	20 022
Restricted and performance shares held by participants		28.6.1.3	**2 435**	1 032
Share and performance appreciation rights held by participants		28.6.1.5	**2 146**	2 266
Total utilisation at the reporting date			**23 674**	23 320
Maximum equity-settled compensation schemes allocation			**46 181**	46 181
Utilisation	(%)		**51.3**	50.5
Shares available for utilisation			**22 507**	22 861
Percentage available for utilisation	(%)		**48.7**	49.5

				2015 Rm	2014 Rm
28.6.1	**Equity-settled compensation schemes**				
	Expense recognised for employee services rendered during the period:				
	Restricted share plan			**20**	8
	Share option scheme			**6**	10
	Performance share plan			**5**	1
	Share appreciation rights plan			**3**	2
	Performance appreciation rights plan			**1**	1
	Total expense recognised for employee services rendered during the period		16.1, 27.2, 33.1	**35**	22
	Weighted average strike price of equity-based awards				
	Granted during the period	(R)		**77.37**	69.56
	Exercised during the period	(R)		**13.16**	17.55
	Forfeited during the period	(R)		**73.45**	67.70
	Held by participants at the reporting date	(R)		**58.28**	38.23
	Exercisable at the reporting date	(R)		**34.56**	19.61
	Details of options exercised during the period				
	Simple average exercise price per share	(R)		**33.17**	30.26
	Weighted average market price per share	(R)		**65.33**	79.28
	Summarised exercise conditions applicable to options				
	Latest date by which options become exercisable			**14 Mar 2020**	14 Mar 2020
	Latest date by which options will lapse if not exercised*			**14 Mar 2022**	14 Mar 2022
	Lowest price	(R)		**8.73**	3.66
	Highest price	(R)		**103.60**	103.60

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

28 Directors and employees (continued)

28.6 Share-based payment plans (continued)

28.6.1 Equity-settled compensation schemes (continued)

28.6.1.1 Share option scheme

There were no new grants during the current period. The inputs used to calculate the fair value of the share options granted during the 2013 reporting period are as follows:

		2013
Expected life of share options	(years)	2 – 8
Grant price	(R)	103.60
Expected share price volatility	(%)	30
Expected dividend yield	(%)	3.2
Risk-free interest rate	(%)	5.1 – 7.6

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:

	2015 NUMBER OF SHARES/ OPTIONS 000's	2014 Number of shares/ options 000's
Shares held by participants	**1 974**	2 334
Shares held by the trust	**147**	147
Options held by participants	**2 705**	8 037
Inclusion (in terms of trust deed) of shares sold by participants, who are still employees	**14 267**	9 504
Total utilisation at the reporting date	**19 093**	20 022
Shares held by participants		
The following table illustrates the number of, and movements in, shares during the period:		
Shares held by participants at the beginning of the period	**2 334**	3 027
Shares issued when options exercised	**999**	324
Shares sold	**(1 359)**	(1 017)
Shares held by participants at the reporting date	**1 974**	2 334
Options held by participants		
The following table illustrates the number of, and movements in, shares options during the period:		
Options held by participants at the beginning of the period	**8 037**	10 397
Options exercised during the period	**(5 205)**	(2 207)
Options forfeited during the period	**(127)**	(153)
Options held by participants at the reporting date	**2 705**	8 037

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28 Directors and employees (continued)

28.6 Share-based payment plans (continued)

28.6.1 Equity-settled compensation schemes (continued)

28.6.1.2 Restricted share plan (RSPs)

The fair value of the RSPs is determined on grant date.

		2015 NUMBER OF EQUITY-SETTLED AWARDS	2014 Number of equity-settled awards
Number of RSPs			
RSPs held in a nominee account on behalf of the participants at the beginning of the period	(000's)	**528**	309
RSPs granted during the period	(000's)	**1 072**	229
RSPs forfeited during the period due to resignations	(000's)	**(63)**	(10)
RSPs held in a nominee account on behalf of the participants at the reporting date	(000's)	**1 537**	528
Weighted average fair value of RSPs			
Granted during the period	(R)	**76.83**	69.56
Forfeited during the period	(R)	**81.52**	102.7
Held by participants at the reporting date	(R)	**81.55**	87.80
Summarised exercise conditions applicable to RSPs			
Earliest date by which RSPs become exercisable		**14 Dec 2015**	14 Dec 2015
Latest date by which RSPs become exercisable		**24 Mar 2021**	14 Mar 2020

28.6.1.3 Performance share plan (PSPs)

The fair value of the PSPs is determined on award date.

		2015	2014
Number of PSPs			
PSPs held in a nominee account on behalf of the participants at the beginning of the period	(000's)	**504**	284
PSPs granted during the period	(000's)	**430**	227
PSPs forfeited during the period due to resignations	(000's)	**(36)**	(7)
PSPs held in a nominee account on behalf of the participants at the reporting date	(000's)	**898**	504
Weighted average fair value of PSPs			
Awarded during the period	(R)	**82.79**	69.56
Forfeited during the period due to resignations	(R)	**92.13**	102.70
Held by participants at the reporting date	(R)	**76.27**	87.74
Summarised exercise conditions applicable to PSPs			
Earliest date by which PSPs become exercisable		**14 Dec 2015**	14 Dec 2015
Latest date by which PSPs become exercisable		**22 May 2020**	14 Mar 2020
Total RSPs and PSPs	(000's)	**2 435**	1 032

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28 Directors and employees (continued)

28.6 Share-based payment plans (continued)

28.6.1 Equity-settled compensation schemes (continued)

28.6.1.4 Share appreciation rights plan (SARs)

		2015	2014
The inputs into the valuation model are as follows:			
Weighted average grant price of SARs	(R)	**75.41**	76.50
Expected life of SARs	(years)	**1 – 7**	3 – 8
Expected share price volatility	(%)	**30.0 – 32.7**	30.0 – 32.7
Expected dividend yield	(%)	**3.2 – 5.3**	3.2 – 5.3
Risk-free interest rate	(%)	**6.71 – 8.17**	6.71 – 8.17
Number of SARs held by participants			
SARs held by participants at the beginning of the period	(000's)	**1 266**	290
SARs granted during the period	(000's)	**168**	1 018
SARs forfeited due to resignations	(000's)	**(171)**	(42)
SARs held by participants at the reporting date	(000's)	**1 263**	1 266
Weighted average grant price of SARs			
Allocated during the period	(R)	**66.97**	69.56
Forfeited during the period due to resignations	(R)	**77.38**	91.66
Held by participants at the reporting date	(R)	**74.55**	75.96
Summarised exercise conditions applicable to SARs			
Earliest date by which SARs become exercisable		**14 Dec 2015**	14 Dec 2015
Latest date by which SARs become exercisable		**14 Mar 2020**	14 Mar 2020
Latest date by which SARs will lapse if not exercised		**14 Mar 2022**	14 Mar 2022
Lowest price	(R)	**66.97**	69.56
Highest price	(R)	**102.70**	102.70

28.6.1.5 Performance appreciation rights plan (PARs)

		2015	2014
The inputs into the valuation model are as follows:			
Weighted average grant price of PARs	(R)	**74.49**	74.49
Expected life of PARs	(years)	**1 – 7**	3 – 8
Expected share price volatility	(%)	**30.0 – 32.7**	30.0 – 32.7
Expected dividend yield	(%)	**3.2 – 5.3**	3.2 – 5.3
Risk-free interest rate	(%)	**6.93 – 8.17**	6.93 – 8.17
Number of PARs held by participants			
PARs held by participants at the beginning of the period	(000's)	**1 000**	150
PARs granted during the period	(000's)	**–**	859
PARs forfeited due to resignations	(000's)	**(117)**	(9)
PARs held by participants at the reporting date	(000's)	**883**	1 000
Weighted average grant price of PARs			
Allocated during the period	(R)	**–**	69.56
Forfeited during the period due to resignations	(R)	**74.63**	102.70
Held by participants at the reporting date	(R)	**74.11**	74.22
Summarised exercise conditions applicable to PARs			
Earliest date by which PARs become exercisable		**14 Dec 2015**	14 Dec 2015
Latest date by which PARs become exercisable		**14 Mar 2020**	14 Mar 2020
Latest date by which PARs will lapse if not exercised		**14 Mar 2022**	14 Mar 2022
Lowest price	(R)	**69.56**	69.56
Highest price	(R)	**102.70**	102.70
Total SARs and PARs	(000's)	**2 146**	2 266

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28 Directors and employees (continued)

28.6 Share-based payment plans (continued)

28.6.2 Cash-settled compensation scheme

The Group's cash-settled share-based 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 pages 86 to 87 of the Integrated Report.

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

	Note	2015 Rm	2014 Rm
Total liability at the beginning of the period		**12**	20
Non-current portion at the beginning of the period		**4**	8
Current portion at the beginning of the period		**8**	12
Settlement of liability during the period	33.1	**(6)**	(7)
Recognition of current period expense reflected in employment costs	33.1	**1**	(1)
Total liability at the reporting date		**7**	12
Current portion reflected under trade and other payables	20	**7**	8
Non-current portion at the reporting date	25.1	**–**	4

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:

		2015	2014
Weighted average HPSS option exercise price	(R)	**61.05**	61.15
Remaining life of HPSS options	(years)	**1**	1 – 2
Company share price at the reporting date	(R)	**86.49**	74.90
Expected share price volatility*	(%)	**32.4**	30.3
Expected dividend yield	(%)	**4.4**	4.1
Risk-free interest rate**	(%)	**6.4**	6.0 – 6.7

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

** 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 R7 million (2014: R7 million).

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

29 Tax expense

29.1 Current period tax charge

	Note	2015 Rm	2014 Rm
South African current tax		**1 029**	949
Current period		**975**	949
Prior period under provision		**54**	–
Deferred tax	9	**(70)**	(25)
Foreign tax – current period		**18**	27
Total	33.3	**977**	951

Tax returns and payments

Group companies have lodged their income tax returns for the 2014 tax year. Income tax payments for tax-paying Group companies have been made in respect of the second period of the 2015 tax year. The most recent income tax assessments issued to Group companies were mostly in respect of the 2014 tax year.

29.2 Reconciliation of effective tax rate

	2015 %	2014 %
South African current tax rate	**28.0**	28.0
Increase due to adjustment items	**0.8**	0.7
Disallowable expenditure	**0.5**	0.5
Impact of unrecognised tax losses	**0.2**	0.1
Differences in corporate tax rates	**0.1**	0.1
Non-taxable income	**(0.4)**	(0.4)
Effective tax rate	**28.4**	28.3

The Group has tax losses which arose in Nigeria, Mauritius and Zambia of R51 million (2014: R48 million) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has capital allowances in Ghana R1.3 million (2014: R0.6 million) which has not been claimed that are available indefinitely for offsetting against future taxable profits of the company in Ghana.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the profit would increase by R6.4 million.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note	2015 Rm	2014 Rm
30 Dividends			
Interim dividend – 2015			
Cash dividend of 236 cents per share declared on 19 February 2015 and paid on 16 March 2015		**1 009**	–
Final dividend – 2014			
Cash dividend of 169 cents per share declared on 21 August 2014 and paid on 15 September 2014		**714**	–
Interim dividend – 2014			
Cash dividend of 216 cents per share declared on 20 February 2014 and paid on 17 March 2014		**–**	910
Final dividend – 2013			
Cash dividend of 158 cents per share declared on 22 August 2013 and paid on 16 September 2013		**–**	733
Less: dividends received on treasury shares held by subsidiaries		**(23)**	(75)
Total	33.4	**1 700**	1 568

The final dividend for the period ended 28 June 2015 of 169 cents per share, before deduction of dividends tax (where applicable), was declared on 20 August 2015 to shareholders registered on the record date of 11 September 2015 and is payable on 14 September 2015. No liability regarding this final dividend has been recognised.

31 Earnings and cash flow per share

Basic earnings per share is derived by dividing profit for the period attributable to shareholders of the company, 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.

	Note	2015 Rm	2014 Rm
Headline earnings is determined as follows:			
Profit for the period, fully attributable to shareholders of the company		**2 460**	2 406
Adjusted for:			
Loss on disposal of plant and equipment	27.5	**6**	4
Impairment of insurance cell captive	27.5	**5**	–
Headline earnings		**2 471**	2 410

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:

		2015 NUMBER OF SHARES	2014 Number of shares
Issued shares (net of treasury shares) at the beginning of the period	(millions)	**413.8**	417.8
Weighted average number of shares issued during the period	(millions)	**2.3**	1.0
Weighted average number of shares repurchased during the period	(millions)	**–**	(1.0)
Weighted average number of shares for the period	(millions)	**416.1**	417.8

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

31 Earnings and cash flow per share (continued)

		2015	2014
31.1 Basic and headline earnings basis			
Basic earnings per share	(cents)	**591.2**	575.9
Headline earnings per share	(cents)	**593.8**	576.8
31.2 Fully diluted basic and headline earnings basis			
Weighted average number of shares for the period	(millions)	**416.1**	417.8
Add: Dilutive effect of share options and share appreciation rights	(millions)	**1.2**	5.5
Fully diluted weighted average number of shares for the period	(millions)	**417.3**	423.3
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)	**589.5**	568.4
Percentage dilution in basic earnings per share	(%)	**0.3**	1.3
Fully diluted headline earnings per share	(cents)	**592.1**	569.3
Percentage dilution in headline earnings per share	(%)	**0.3**	1.3
31.3 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)	**2 145**	2 542
Cash flow per share	(cents)	**515.5**	608.4
31.4 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)	**2 460**	2 406
Adjusted for:			
Non-cash items (refer to note 33.1)	(Rm)	**285**	271
Deferred tax (refer to note 9)	(Rm)	**(70)**	(25)
Cash equivalent earnings	(Rm)	**2 675**	2 652
Cash equivalent earnings per share	(cents)	**642.9**	634.8
31.5 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.	(%)	**80**	96

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

32 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 28.2 and 28.3 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 28.1, 28.5 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 (2014: 12) employees constituting key management personnel for the period.

Category	**2015 Rm**	2014 Rm
Short-term benefits	**24**	22
Post-retirement benefits	**2**	2
Equity-settled compensation benefits	**7**	5
Cash-settled compensation benefits	**3**	3
Total remuneration	**36**	32

Details of secured loans made pursuant to key management personnel's participation in the share incentive scheme are disclosed in note 7.1.

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 Roddy Sparks

Mr Roddy Sparks, a non-executive director of the company, is a non-executive director of Trencor Ltd.

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. Trencor Services (Pty) Ltd, a wholly-owned subsidiary of Trencor Ltd, acts as managing partner in these partnerships. Refer to note 7.2 for details of transactions with and amounts owing to the Group by Trencor Ltd.

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 Group's involvement in charitable and developmental activities. The Group has not consolidated these entities as it is not exposed to variable returns from them and any non-financial benefit is considered to be insignificant. The total net assets and net income for the 4 entities are R152 million and R7 million respectively. Donations to these entities during the period were:

	2015 Rm	2014 Rm
Truworths Social Involvement Trust	**5**	10

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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

33 Notes to the statements of cash flows

33.1 Cash flow from trading and cash EBITDA*

	Note	2015 Rm	2014 Rm
Profit before tax		**3 437**	3 357
Add: Non-cash items	31.4	**285**	271
Depreciation and amortisation	27.1	**242**	203
Movement in straight-line operating lease obligation	19.1	**5**	(6)
Revaluation loss on cash-settled call options	5.2	**–**	7
Unrealised gain on mutual fund investments		**(1)**	(1)
Amortised cost adjustments to repayments and cancellation of secured loans to share scheme participants	7.1	**(1)**	(1)
Amortised cost adjustment to secured loans to share scheme participants	7.1	**(1)**	(1)
Unrealised foreign exchange marked-to-market (gain)/loss	27.5	**(13)**	39
Post-retirement medical benefit expense	17.2	**7**	6
Loss on disposal of plant and equipment	27.5	**6**	4
Impairment of insurance cell captive	27.5	**5**	–
Share-based payments: equity-settled	28.6.1	**35**	22
Share-based payments: cash-settled	28.6.2	**1**	(1)
Proceeds on cash-settled call options exercised during the period	5.2	**4**	10
Settlement of cash-settled compensation liability	28.6.2	**(6)**	(7)
Interest received	26	**(1 063)**	(917)
Dividends received	26	**(7)**	(32)
Interest paid		**4**	–
Interest expense		**6**	–
Non-cash interest expense		**(2)**	–
Net inflow		**2 654**	2 682

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

33.2 Working capital movements

	2015 Rm	2014 Rm
Increase in inventories	**(142)**	(76)
Increase in trade and other receivables and prepayments	**(455)**	(423)
Increase in trade and other payables	**121**	394
Net outflow	**(476)**	(105)

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

33 Notes to the statements of cash flows (continued)

	Note	2015 Rm	2014 Rm
33.3 Tax paid			
Amounts owing at the beginning of the period		**(157)**	(165)
Amounts charged to profit or loss	29.1	**(977)**	(951)
South African current tax		**(1 029)**	(949)
Foreign current tax		**(18)**	(27)
Deferred tax		**70**	25
STC		**–**	–
Deferred tax movement	9	**(70)**	(25)
Amounts owing at the reporting date		**105**	157
Net outflow		**(1 099)**	(984)
33.4 Dividends paid			
Unclaimed dividends due to shareholders at the beginning of the period		**(7)**	(5)
Amounts charged to equity	30	**(1 700)**	(1 568)
Unclaimed dividends due to shareholders at the reporting date	20	**9**	7
Net outflow		**(1 698)**	(1 566)
33.5 Acquisition of property, plant and equipment to expand operations			
Equipment, furniture and fittings		**(223)**	(194)
Computer equipment		**(14)**	(21)
Land		**(19)**	–
Buildings		**(7)**	(1)
Motor vehicles		**(3)**	(5)
Net outflow		**(266)**	(221)
33.6 Acquisition of plant and equipment to maintain operations			
Equipment, furniture and fittings		**(56)**	(48)
Computer equipment		**(4)**	(5)
Motor vehicles		**(1)**	(1)
Net outflow		**(61)**	(54)
33.7 Acquisition of businesses			
Earthchild			
Cash paid on acquisition	34.1	**226**	–
Add: Bank overdraft assumed on acquisition		**13**	–
Net outflow on acquisition		**239**	–
Naartjie			
Cash paid on acquisition	34.3	**33**	–
Less: Cash and cash equivalents acquired on acquisition		**(2)**	–
Net outflow on acquisition		**31**	–
Total net outflow on acquisitions		**270**	–

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

34 Business combinations

34.1 Acquisition of Earthchild Clothing (Waterfront) (Pty) Ltd

With effect from 1 March 2015 Truworths International acquired 100% of the share capital of Earthchild Clothing (Waterfront) (Pty) Ltd (Earthchild) and therefore gained control over Earthchild and its wholly-owned subsidiary Earthchild Clothing (Namibia) (Pty) Ltd. Earthchild specialises in the retail sale of upper-end kids' and women's apparel.

The purchase consideration payable at the acquisition date was R330 million of which R226 million was payable immediately (cash consideration) and the remaining balance of R104 million will be payable during the 2017 (R42 million) and 2018 (R62 million) reporting periods (contingent consideration).

The contingent consideration is payable in two instalments (40% and 60%), payable within 30 days from the 2016 and 2017 reporting date and will be based on the opening of new stores by the purchaser during these financial periods.

	Percentage payable %	2016 Rm	2017 Rm	Total Rm
Percentage and amount payable if the purchaser opens:				
No new stores	–	–	–	–
1 or 2 new stores	85	35	53	88
3 or 4 new stores	90	37	56	94
5 or 6 new stores	95	40	59	99
7 or more new stores	100	42	62	104

The fair value of the contingent consideration at the acquisition date was determined based on the outcome probability (100%) of the above, discounted to the net present value using a discount rate that takes into account the relevant risk factors.

The fair value of the purchase consideration at acquisition date was as follows:

	Note	FAIR VALUE Rm
Cash paid on acquisition	33.7	**226**
Contingent consideration obligation		**93**
Purchase consideration		**319**
Contingent consideration obligation at acquisition date		**93**
Fair value adjustment recognised through profit and loss		**2**
Contingent consideration obligation at fair value through profit and loss at the reporting date	25.1, 25.7.2	**95**

The fair value of the contingent consideration liability at the acquisition date was determined using the discounted cash flow method.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

34 Business combinations (continued)

34.1 Acquisition of Earthchild Clothing (Waterfront) (Pty) Ltd (continued)

The fair value and carrying amount of the identifiable assets and liabilities of the Earthchild business, at and immediately before acquisition date respectively, were as follows:

	Note	FAIR VALUE Rm
Plant, equipment, furniture and fittings	2	**12**
Inventories		**45**
Trade and other receivables		**12**
Deferred tax asset		**2**
Cash and cash equivalents		**(13)**
Trade and other payables		**(35)**
Net asset value		**23**
Intangible assets: Trademarks	4	**73**
Deferred tax on the fair value adjustment of the trademarks		**(20)**
Total fair value		**76**
Purchase consideration		**(319)**
Goodwill arising on the acquisition	3	**(243)**

Trade and other receivables are carried at the gross contractual amount receivable and no contractual cash flows are expected not to be recovered.

The goodwill of R243 million arising on the acquisition is attributable to the Earthchild business' superior store locations, long-term supplier relationships, good profitability and cash flow generation, and loyal customer base. These intangible assets were not separately recognised as it was not possible to measure their fair values reliably.

	Rm
Earthchild has achieved the following results for the four months since acquisition to the reporting date:	
Revenue	74
Profit before tax	7
If the Earthchild business had been acquired at the beginning of the reporting period the results to the reporting date would have been as follows:	
Revenue	194
Profit before tax	26

34.2 Pooling of interest: Truworths Ltd and Earthchild Clothing (Waterfront) (Pty) Ltd

On 27 June 2015 Truworths Ltd acquired the Earthchild business as a going concern from Earthchild Clothing (Waterfront) (Pty) Ltd at the net asset value on this effective date. The acquisition was accounted for using the pooling of interest method. This transaction had no financial impact on the consolidated results of the Group. From this date Earthchild and Earthaddict have become trading departments within Truworths Ltd.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

34 Business combinations (continued)

34.3 Naartjie

With effect from 1 April 2015 Truworths Ltd acquired the Naartjie business which specialises in the retail sale of upper-end kids' apparel as a going concern from ZA One (Pty) Ltd and Naartjie Custom Kids, Inc. From this date Naartjie became a trading department within Truworths Ltd.

The total purchase consideration payable was US$2.7 million of which US$0.27 million was paid as a deposit on 22 January 2015, and the remaining US$2.43 million was paid on 31 March 2015. The total purchase consideration paid was R33 million (calculated at an exchange rate of US$1:R12.23).

The fair value and carrying amount of the identifiable assets and liabilities of the Naartjie business, at and immediately before acquisition date respectively, were as follows:

	Note	FAIR VALUE Rm
Plant, equipment, furniture and fittings	2	**5**
Intangible assets	4	**1**
Inventories		**24**
Trade and other receivables		**3**
Cash and cash equivalents		**2**
Trade and other payables		**(19)**
Net asset value		**16**
Intangible assets: Trademarks	4	**6**
Deferred tax on the fair value adjustment of the trademarks		**(2)**
Total fair value		**20**
Cash paid on acquistion	33.7	**(33)**
Goodwill arising on the acquisition	3	**(13)**

Trade and other receivables are carried at the gross contractual amount receivable and no contractual cash flows are expected to not be recovered.

The goodwill of R13 million arising on acquisition is attributable to the Naartjie business' superior store locations, long-term manufacturer and supplier relationships, good profitability and cash flow generation, and loyal customer base. These intangible assets were not separately recognised as it was not possible to measure their fair values reliably.

	Rm
The Naartjie department within Truworths Ltd has achieved the following results for the three months since acquisition to the reporting date:	
Revenue	33
If the Naartjie business had been acquired at the beginning of the reporting period the results to the reporting date would have been as follows:	
Revenue	148

Profit for this period is not separately identifiable as the Naartjie business has been incorporated into Truworths Ltd from acquisition date.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

35 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 35.3), 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.

As discussed in note 34.1 to 34.3, Earthchild, Earthaddict and Naartjie are brands within the Truworths business unit, and are therefore not reported on individually.

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.

35.1 Reportable segment information

	Note	TRUWORTHS Rm	YDE Rm	CONSOLIDATION ENTRIES Rm	GROUP Rm
2015					
Total revenue	26	12 489	130	–	12 619
Third party		12 481	130	8	12 619
Inter-segment		8	–	(8)	–
Depreciation and amortisation	27.1	217	4	–	221
Employment costs	27.2	1 180	14	(8)	1 186
Occupancy costs	27.3	1 064	38	–	1 102
Trade receivable costs	27.4	960	–	–	960
Other costs	27.5	710	16	(79)	647
Interest received	26	1 078	3	(18)	1 063
Profit for the period		2 404	41	15	2 460
Profit before tax		3 365	57	15	3 437
Tax expense		(961)	(16)	–	(977)
Segment assets		12 598	192	(3 633)	9 157
Segment liabilities		1 731	10	(88)	1 653
Capital expenditure		378	2	–	380
Other segment information					
Gross margin (%)		55.2		–	55.2
Trading margin (%)		20.5	42.8	–	21.0
Operating margin (%)		29.9	45.1	–	30.5
Inventory turn (times)		4.7		–	4.7
Credit:cash sales mix (%)		70:30	73:27	–	70:30

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

35 Segment information (continued)

35.1 Reportable segment information (continued)

	Note	Truworths Rm	YDE Rm	Consolidation entries Rm	Group Rm
2014					
Total revenue	26	11 519	123	–	11 642
Third party		11 485	123	34	11 642
Inter-segment		34	–	(34)	–
Depreciation and amortisation	27.1	179	5	–	184
Employment costs	27.2	1 005	14	5	1 024
Occupancy costs	27.3	917	37	–	954
Trade receivable costs	27.4	916	–	–	916
Other costs	27.5	613	15	(38)	590
Interest received	26	913	2	2	917
Profit for the period		2 334	38	34	2 406
Profit before tax		3 271	52	34	3 357
Tax expense		(937)	(14)	–	(951)
Segment assets		11 372	197	(3 493)	8 076
Segment liabilities		1 563	7	(136)	1 434
Capital expenditure		283	6	–	289
Other segment information					
Gross margin (%)		55.9		–	55.9
Trading margin (%)		22.5	41.5	–	23.0
Operating margin (%)		31.3	43.1	–	32.1
Inventory turn (times)		5.3		–	5.3
Credit:cash sales mix (%)		71:29	24:76	–	71:29

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

35 Segment information (continued)

35.2 Third party revenue

	2015 CONTRIBUTION TO REVENUE Rm	2015 %	2014 Contribution to revenue Rm	2014 %
South Africa	**12 141**	**96.2**	11 219	96.4
Namibia	**237**	**1.9**	201	1.7
Swaziland	**78**	**0.6**	70	0.6
Botswana	**75**	**0.6**	63	0.5
Zambia	**24**	**0.2**	20	0.2
Ghana	**22**	**0.2**	17	0.1
Lesotho	**15**	**0.1**	15	0.1
Mauritius	**12**	**0.1**	10	0.1
Nigeria	**6**	**–**	19	0.2
Franchise sales: Kenya	**9**	**0.1**	8	0.1
Total third party revenue (refer to note 26)	**12 619**	**100**	11 642	100

35.3 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. After the acquisition of Naartjie and Earthchild, a decision was made to adjust the way divisional sales are disclosed to more accurately reflect the way sales are reviewed by management, therefore the comparative information has been adjusted to remain comparable.

	2015 CONTRIBUTION TO SALE OF MERCHANDISE Rm	2015 %	2014 Contribution to sale of merchandise Rm	2014 %
Sale of merchandise				
Truworths Ladieswear	**4 387**	**38.9**	4 258	40.7
Truworths Menswear	**2 386**	**21.1**	2 168	20.7
Identity	**1 951**	**17.3**	1 719	16.4
Truworths designer emporium*	**1 464**	**13.0**	1 417	13.5
Truworths kids emporium**	**457**	**4.0**	289	2.8
Other***	**999**	**8.8**	911	8.7
Group retail sales	**11 644**	**103.1**	10 762	102.8
Franchise sales	**9**	**0.1**	8	0.2
Accounting adjustments#	**(363)**	**(3.2)**	(312)	(3.0)
Total	**11 290**	**100**	10 458	100

* Daniel Hechter, LTD and Earthaddict.

** LTD Kids, Earthchild and Naartjie.

*** Cellular, Truworths Jewellery and Cosmetics.

\# 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.

35 Segment information (continued)

35.4 Non-current assets

	2015 Rm	2014 Rm
South Africa	**1 572**	1 088
Namibia	**11**	6
Botswana	**8**	10
Swaziland	**6**	7
Nigeria	**5**	10
Zambia	**5**	2
Ghana	**4**	1
Lesotho	**2**	3
Mauritius	**2**	3
Kenya	**1**	–
Total	**1 616**	1 130

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

36 Events after the reporting date

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

COMPANY ANNUAL FINANCIAL STATEMENTS

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COMPANY STATEMENTS OF FINANCIAL POSITION

	Note	AT 28 JUNE 2015 R'000	at 29 June 2014 R'000
ASSETS			
Non-current assets		**37 078 518**	31 626 437
Available-for-sale assets	2	**37 078 518**	31 626 437
Current assets		**9 548**	6 756
Tax receivable		**201**	117
Cash and cash equivalents	3	**9 347**	6 639
Total assets		**37 088 066**	31 633 193
EQUITY AND LIABILITIES			
Total equity		**34 126 698**	28 776 073
Share capital and premium	4, 5	**550 548**	367 825
Retained earnings		**1 327 068**	1 575 255
Non-distributable reserves	6	**32 249 082**	26 832 993
Non-current liabilities			
Contingent consideration obligation	Group 34.1	**95 134**	–
Current liabilities			
Trade and other payables	7	**2 866 234**	2 857 120
Total liabilities		**2 961 368**	2 857 120
Total equity and liabilities		**37 088 066**	31 633 193

COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Note	52 WEEKS TO 28 JUNE 2015 R'000	52 weeks to 29 June 2014 R'000
Revenue	9	**1 780 284**	3 125 764
Other income	9	**5 904**	5 933
Trading expenses		**(304 283)**	(5 332)
Employment costs	10.1	**(3 150)**	(2 885)
Other operating costs	10.2	**(301 133)**	(2 447)
Trading (loss)/profit		**(298 379)**	601
Dividends received	9	**1 774 016**	3 119 599
Interest received	9	**364**	232
Profit before tax		**1 476 001**	3 120 432
Tax expense	11	**(239)**	(355)
Profit for the period		**1 475 762**	3 120 077
Other comprehensive income/(loss)			
Revaluation of subsidiaries	6.2	**5 381 205**	(8 728 356)
Other comprehensive income/(loss) for the period		**5 381 205**	(8 728 356)
Total comprehensive income/(loss) for the period		**6 856 967**	(5 608 279)

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
2015					
Balance at the beginning of the period		367 825	1 575 255	26 832 993	28 776 073
Total comprehensive income for the period		–	1 475 762	5 381 205	6 856 967
Profit for the period		–	1 475 762	–	1 475 762
Other comprehensive income for the period	6.2	–	–	5 381 205	5 381 205
Dividends	12	–	(1 723 949)	–	(1 723 949)
Share capital and premium on shares issued	4, 5	182 723	–	–	182 723
Share-based payment	6.1	–	–	34 884	34 884
Balance at 28 June 2015		550 548	1 327 068	32 249 082	34 126 698
2014					
Balance at the beginning of the period		292 824	97 717	38 866 232	39 256 773
Total comprehensive income/(loss) for the period		–	3 120 077	(8 728 356)	(5 608 279)
Profit for the period		–	3 120 077	–	3 120 077
Other comprehensive loss for the period		–	–	(8 728 356)	(8 728 356)
Dividends	12	–	(1 642 539)	–	(1 642 539)
Premium on shares issued	5	75 008	–	–	75 008
Share-based payment	6.1	–	–	22 752	22 752
Shares repurchased and cancelled	4, 6.2	(7)	–	(3 327 635)	(3 327 642)
Balance at 29 June 2014		367 825	1 575 255	26 832 993	28 776 073

COMPANY STATEMENTS OF CASH FLOWS

	Note	52 WEEKS TO 28 JUNE 2015 R'000	52 weeks to 29 June 2014 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (outflow)/inflow from trading	13.1	**(88)**	601
Dividends received	13.1	**1 774 016**	1 643 489
Cash EBITDA*		**1 773 928**	1 644 090
Working capital movements	13.2	**85**	(8)
Cash generated from operations		**1 774 013**	1 644 082
Interest received	13.1	**364**	232
Tax paid	13.3	**(323)**	(362)
Cash inflow from operations		**1 774 054**	1 643 952
Dividends paid	13.4	**(1 722 736)**	(1 641 120)
Net cash from operating activities		**51 318**	2 832
CASH FLOWS FROM INVESTING ACTIVITIES			
Premiums paid to personal lines insurance arrangement		**(10)**	–
Premiums paid to insurance cell		**(4 700)**	–
Increase in investments in subsidiary companies		**(226 000)**	–
Net cash used in investing activities		**(230 710)**	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on shares issued	4, 5	**182 723**	75 001
Loans paid to subsidiary companies	13.5	**(623)**	(78 254)
Net cash generated from/(used in) financing activities		**182 100**	(3 253)
Net increase/(decrease) in cash and cash equivalents		**2 708**	(421)
Cash and cash equivalents at the beginning of the period		**6 639**	7 060
CASH AND CASH EQUIVALENTS AT THE REPORTING DATE	3	**9 347**	6 639

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

	Note	2015 R'000	2014 R'000
2 Available-for-sale assets			
Shares in Truworths Ltd	8.6.2	**36 415 824**	31 124 247
Shares in Young Designers Emporium (Pty) Ltd	8.6.2	**626 702**	502 190
Shares in Earthchild Clothing (Waterfront) (Pty) Ltd	8.6.2	**28 729**	–
Insurance cell captive	2.1, 8.6.2	**7 253**	–
Personal lines insurance business arrangement	2.2, 8.6.2	**10**	–
Total		**37 078 518**	31 626 437

2.1 Insurance cell captive

This cell, underwritten by Mutual & Federal, receives a portion of the Group's short-term insurance premiums and meets the Group's corporate short-term insurance claims as and when they arise up to a prescribed limit.

The interest in the insurance cell is represented by an investment in 99 W4 Class and 1 C1 Class variable rate redeemable profit participating preference shares in Mutual & Federal Risk Financing Limited, entitling the Group to the profits of the cell. Dividends received are accounted for as dividend income.

The Group is required to ensure that the insurance cell remains at all times in a financially sound condition and maintains capital adequacy requirements (CAR) as determined by various regulatory bodies and Mutual & Federal. If the Group fails to maintain the CAR, it will be required to subscribe for further shares at such premium sufficient to restore the insurance cell to a financially sound condition.

The insurance cell has been valued at its net asset value at the reporting date per the agreement with Mutual & Federal and is therefore recorded at fair value.

	2015 R'000	2014 R'000
Fair value	**7 253**	–

2.2 Personal lines insurance business arrangement

The Group has a business arrangement with Hollard in terms of which Hollard underwrites the account balance protection, life insurance and cellular phone insurance products offered by the Group as a representative of Hollard for the benefit of the customers of the Group.

The Group's interest is represented by an investment in 50 A1 Class ordinary shares in Hollard Business Associates (Pty) Ltd entitling the Group to a share of the profits of the business arrangement. Dividends received are accounted for as dividend income.

The Group's interest in the business arrangement has been valued at its net asset value, as calculated per the formula in the agreement with Hollard. Hollard carries 100% of the insurance risk.

	2015 R'000	2014 R'000
Fair value	**10**	–

The value of the remaining investments in subsidiaries increased as a result of the Truworths International Ltd share price increasing from R74.90 at 29 June 2014 to R86.49 at 28 June 2015.

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

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2015 R'000	2014 R'000
3 Cash and cash equivalents		
Balances with banks	**9 347**	6 639

Balances with banks earn interest based on floating daily bank deposit rates. Refer to note 8.2.1 and 8.3.1 for further information relating to interest rate risk and credit risk management respectively.

	2015 R'000	2014 R'000
4 Share capital		
Ordinary share capital		
Authorised		
650 000 000 (2014: 650 000 000) ordinary shares of 0.015 cents each	**98**	98
Issued and fully paid		
429 327 350 (2014: 422 638 973) ordinary shares of 0.015 cents each	**64**	63

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.

	2015 NUMBER OF SHARES 000's	2014 Number of shares 000's
Reconciliation of movement in issued shares		
Balance at the beginning of the period	**422 640**	463 829
Shares issued during the period	**6 688**	2 665
Shares cancelled during the period	–	(43 854)
Balance at the reporting date	**429 328**	422 640

The shares issued during the period were allotted for an aggregate nominal value of R1 003 (2014: R400) and an aggregate premium of R182 722 459 (2014: R75 008 267).

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (CONTINUED)

		Note	2015 R'000	2014 R'000
5	**Share premium**			
	Balance at the beginning of the period		**367 762**	292 754
	Premium on shares issued		**182 722**	75 008
	Balance at the reporting date		**550 484**	367 762
6	**Non-distributable reserves**			
	Equity-settled compensation reserve	6.1	**183 146**	148 262
	Revaluation reserve	6.2	**32 065 936**	26 684 731
	Total		**32 249 082**	26 832 993
6.1	**Reconciliation of equity-settled compensation reserve**			
	Balance at the beginning of the period		**148 262**	125 510
	Movement in equity-settled share schemes		**34 884**	22 752
	Balance at the reporting date		**183 146**	148 262
6.2	**Reconciliation of revaluation reserve**			
	Balance at the beginning of the period		**26 684 731**	38 740 722
	Revaluation of subsidiaries*	8.5	**5 381 205**	(8 728 356)
	Shares repurchased and cancelled	13.5	**–**	(3 327 635)
	Balance at the reporting date		**32 065 936**	26 684 731

* Prior period revaluation consists of revaluation of Truworths Ltd (R6 740 296 loss), YDE (R11 041 loss) and the revaluation on investment companies deregistered (R1 977 019 loss).

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note	2015 R'000	2014 R'000
7 Trade and other payables			
Amount owing to Truworths Ltd	13.5	**2 856 704**	2 848 888
Other payables and accrued expenses		**1 463**	1 378
Unclaimed dividends due to shareholders	13.4	**8 067**	6 854
Total		**2 866 234**	2 857 120

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 8.4 for further information relating to liquidity risk management.

8 Financial risk management

8.1 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.

8.1.1 Treasury risk management objectives and policies

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

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (CONTINUED)

8 Financial risk management (continued)

8.2 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.

8.2.1 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	**2015 %**	2014 %
Balances with banks	**3.0**	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 2014.

8.2.2 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 8.6 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 reporting date used in the valuations of subsidiaries by 30% (2014: 30%), 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	**2015 R'000**	2014 R'000
Impact of share price movement before tax	**11 121 377**	9 487 931

8.3 Credit risk

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

The company's maximum exposure to credit risk amounted to R9 million (2014: R7 million) at the reporting date.

8.3.1 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.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (CONTINUED)

8 Financial risk management (continued)

8.4 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:

	SETTLED ON DEMAND R'000	SETTLED BETWEEN 30 – 59 DAYS R'000	SETTLED AFTER 90 DAYS R'000	TOTAL R'000
2015				
Amount owing to Truworths Ltd	2 856 704	–	–	2 856 704
Other payables and accrued expenses	–	4	978	982
Unclaimed dividends due to shareholders	8 067	–	–	8 067
Contingent consideration obligation	–	–	104 000	104 000
Total	2 864 771	4	104 978	2 969 753
2014				
Amount owing to Truworths Ltd	2 848 888	–	–	2 848 888
Other payables and accrued expenses	–	472	906	1 378
Unclaimed dividends due to shareholders	6 854	–	–	6 854
Total	2 855 742	472	906	2 857 120

8.5 Items of income, expense, gains or losses

		FAIR VALUE GAINS/ (LOSSES) R'000	IMPAIRMENT LOSSES RECOGNISED R'000	DIVIDENDS RECEIVED R'000	INTEREST RECEIVED R'000	NET (LOSSES)/ GAINS R'000
2015						
Financial assets and liabilities						
Available-for-sale	6.2, 9	**5 381 205**	**(296 601)**	**1 774 016**	**–**	**6 858 620**
Loans and receivables		**–**	**–**	**–**	**364**	**364**
Financial liability through profit and loss		**(1 690)**	**–**	**–**	**–**	**(1 690)**
2014						
Financial assets						
Available-for-sale	6.2, 9	(8 728 356)		3 119 599	–	(5 608 757)
Loans and receivables		–		–	232	232

On 27 June 2015 Truworths Ltd acquired the Earthchild business as a going concern from Earthchild Clothing (Waterfront) (Pty) Ltd at the net asset value on this effective date. The acquisition was accounted for using the pooling of interest method. This transaction impacted the fair value of the Earthchild Clothing (Waterfront) (Pty) Ltd investment at the reporting date and an impairment of R290 715 000 was recognised through profit and loss.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (CONTINUED)

8 FINANCIAL RISK MANAGEMENT (continued)

8.6 Fair value of financial instruments

8.6.1 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 below:

Contingent consideration
The contingent consideration is classified as a financial liability through profit and loss and the fair value has been determined using the discounted cash flow method. Future cash outflows have been discounted using a discount rate that takes into account the relevant risk factors. Refer to note 34.1 of the group AFS for further information.

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)
Earthchild Clothing (Waterfront) (Pty) Ltd	Net asset value
Truworths Trading (Pty) Ltd	Net asset value
Uzzi (Pty) Ltd	Net asset value

8.6.2 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 3.

The fair value of the investment in subsidiaries is determined by allocating the market capitalisation of the group of companies at 28 June 2015 to the relevant subsidiary of Truworths International Ltd on the basis of the relevant subsidiary's contribution to the Group earnings per share at 28 June 2015.

The fair value of the investment in subsidiaries is sensitive to changes in the market capitalisation of the Group and changes in the relative contribution of a subsidiary to the earnings per share of the group of companies. The market capitalisation is influenced by the share price of Truworths International Limited at 28 June 2015. A 1% change in the listed share price of Truworths International Ltd at 28 June 2015 will lead to a 1% movement in the fair value of the subsidiaries of Truworths International Ltd at 28 June 2015. A change in the relative contribution of a subsidiary to the earnings per share of the Group will lead to changes in the fair value of the subsidiaries relative to one another.

The fair value of the Group's short-term insurance cell captive and personal lines insurance business arrangement is determined with reference to the net asset value of these interests per management accounts prepared by third parties.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (CONTINUED)

8 FINANCIAL RISK MANAGEMENT (continued)

8.6 Fair value of financial instruments (continued)

8.6.2 Fair value hierarchy (continued)

At the reporting date, the company's contingent consideration obligation was the only financial liability measured at fair value. The fair value measurement of the contingent consideration obligation is classified as level 2.

A reconciliation of the movements in each of the available-for-sale assets is set out below:

	Note	2015 R'000	2014 R'000
Shares in Truworths Ltd			
Balance at the beginning of the period		**31 124 247**	37 805 873
Revaluation recognised in other comprehensive income		**5 256 693**	(6 740 296)
Movement in equity-settled share schemes recognised in equity		**34 884**	22 752
Distribution of Uzzi reserves to Truworths Ltd		**–**	35 918
Balance at the reporting date	2	**36 415 824**	31 124 247
Shares in Young Designers Emporium (Pty) Ltd			
Balance at the beginning of the period		**502 190**	513 231
Revaluation recognised in other comprehensive income		**124 512**	(11 041)
Balance at the reporting date	2	**626 702**	502 190
Shares in Earthchild Clothing (Waterfront) (Pty) Ltd			
Balance at the beginning of the period		**–**	–
Purchase of shares		**319 444**	–
Impairment recognised in other operating costs	10.2	**(290 715)**	–
Balance at the reporting date	2	**28 729**	–
Personal lines insurance business arrangement			
Balance at the beginning of the period		**–**	–
Premiums paid		**13 139**	–
Impairment recognised in other operating costs	10.2	**(5 886)**	–
Balance at the reporting date	2	**7 253**	–
Insurance cell captive			
Balance at the beginning of the period		**–**	–
Premiums paid		**10**	–
Balance at the reporting date	2	**10**	–

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (CONTINUED)

8.7 Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while enhancing the return to its stakeholders. The company's overall strategy has remained unchanged from 2014.

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.

	Note	2015 R'000	2014 R'000
Profit for the period		**1 475 762**	3 120 077
Equity of the company		**34 126 698**	28 776 073
9 Revenue			
Dividends received		**1 774 016**	3 119 599
Management fees received		**5 904**	5 933
Interest received		**364**	232
Total		**1 780 284**	3 125 764
10 Trading profit			
Trading profit is stated after taking account of the following items:			
10.1 Employment costs			
Directors' fees	28.1*	**3 119**	2 841
Other employment costs		**31**	44
Total		**3 150**	2 885
10.2 Other operating costs			
Management, administrative and secretarial fees paid include:			
Financial reporting fees		**995**	901
JSE and STRATE fees		**1 064**	870
Consulting fees		**399**	283
Transfer secretaries' fees		**264**	269
Impairment of insurance cell captive	8.6.2, 13.1	**5 886**	–
Impairment of investment in Earthchild	8.6.2, 13.1	**290 715**	–
Fair value adjustment of contingent obligation	13.1	**1 690**	–
Other		**120**	124
Total		**301 133**	2 447

* Refer to notes of the Group annual financial statements.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (CONTINUED)

11 Tax expense

11.1 Current period tax charge

	2015 R'000	2014 R'000
South African normal tax for the current period	**239**	355

The company has lodged its income tax return for the 2014 tax year. The most recent income tax assessment issued by the South African Revenue Service to the company was in respect of the 2014 tax year.

11.2 Reconciliation of effective tax rate

	2015 %	2014 %
South African normal tax rate	**28.0**	28.0
Decrease in rate of tax due to		
Exempt income	**(33.7)**	(28.0)
Disallowed expenditure	**5.7**	–
Effective tax rate	**–**	–

12 Dividends

	2015 R'000	2014 R'000
Interim dividend – 2015		
Cash dividend of 236 cents per share declared on 19 February 2015 and paid on 16 March 2015	**714 260**	–
Final dividend – 2014		
Cash dividend of 169 cents per share declared on 21 August 2014 and paid on 15 September 2014	**1 009 689**	–
Interim dividend – 2014		
Cash dividend of 216 cents per share declared on 20 February 2014 and paid on 17 March 2014	**–**	909 724
Final dividend – 2013		
Cash dividend of 158 cents per share declared on 22 August 2013 and paid on 16 September 2013	**–**	732 815
Total	**1 723 949**	1 642 539

The final dividend for the period ended 28 June 2015 of 169 cents per share, before deduction of dividends tax (where applicable), was declared on 20 August 2015 to shareholders registered on the record date of 11 September 2015 and is payable on 14 September 2015. No liability regarding this final dividend has been recognised.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note	2015 R'000	2014 R'000
13 Notes to the statements of cash flows			
13.1 Cash flow from trading			
Profit before tax		**1 476 001**	3 120 432
Add: non-cash items		**298 291**	–
Impairment of insurance cell captive	10.2	**5 886**	–
Impairment of investment in Earthchild	10.2	**290 715**	–
Fair value adjustment of contingent obligation	10.2	**1 690**	–
Dividends received	9	**(1 774 016)**	(3 119 599)
Dividends received in respect of shares repurchased	13.5	**–**	(1 476 110)
Other*		**(1 774 016)**	(1 643 489)
Interest received	9	**(364)**	(232)
Net (outflow)/inflow		**(88)**	601
13.2 Working capital movements			
Increase/decrease in other payables and accrued expenses		**85**	(20)
Decrease in prepayments		**–**	12
Net inflow/(outflow)		**85**	(8)
13.3 Tax paid			
Amounts refundable at the beginning of the period		**117**	110
Amounts charged to profit or loss: South African normal tax	11.1	**(239)**	(355)
Amounts refundable at the reporting date		**(201)**	(117)
Net outflow		**(323)**	(362)
13.4 Dividends paid			
Unclaimed dividends due to shareholders at the beginning of the period		**(6 854)**	(5 435)
Amounts charged to equity		**(1 723 949)**	(1 642 539)
Unclaimed dividends due to shareholders at the reporting date	7	**8 067**	6 854
Net outflow		**(1 722 736)**	(1 641 120)
13.5 Loans repaid to subsidiary companies			
Amounts owing at the beginning of the period		**(2 848 888)**	(1 075 617)
Dividends received in respect of shares repurchased	13.1	**–**	1 476 110
Shares repurchased and cancelled	6.2	**–**	(3 327 635)
Premiums paid to insurance cell on behalf of Truworths International		**(8 439)**	–
Amounts owing at the reporting date	7	**2 856 704**	2 848 888
Net outflow		**(623)**	(78 254)

* Includes dividends received from subsidiaries of R1 766 728 (2014: R1 611 559).

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (CONTINUED)

14 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 interest in and loan balances with subsidiaries are disclosed in notes 2, 7 and Annexure One.

Related party transactions during the period were as follows:

	MANAGEMENT FEE RECEIVED FROM R'000	DIVIDENDS RECEIVED FROM R'000	EXPENSES PAID ON BEHALF OF R'000	DIVIDENDS PAID TO R'000	AMOUNT OWING TO RELATED PARTIES R'000
2015					
Truworths Ltd	**5 904**	**1 693 869**	**(8 439)**	**–**	**2 856 704**
Young Designers Emporium (Pty) Ltd (YDE)	**–**	**50 000**	**–**	**–**	**–**
Uzzi (Pty) Ltd	**–**	**–**	**–**	**–**	**–**
Truworths Trading (Pty) Ltd	**–**	**22 859**	**–**	**(22 859)**	**–**
Truworths International Limited Share Trust	**–**	**–**	**–**	**(837)**	**–**
2014					
Truworths Ltd	5 933	1 501 821	–	–	2 848 888
Truworths Investments (Pty) Ltd	–	453 048	–	(17 040)	–
Truworths Investments Two (Pty) Ltd	–	357 800	–	(17 872)	–
Truworths Investments Three (Pty) Ltd	–	350 687	–	(17 927)	–
Truworths Investments Four (Pty) Ltd	–	385 333	–	(17 919)	–
Uzzi (Pty) Ltd	–	35 917	–	–	–
Truworths Trading (Pty) Ltd	–	3 061	–	(3 061)	–
Truworths International Limited Share Trust	–	–	–	(475)	–

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 122 to 125.

Key management personnel

Details relating to executive and non-executive directors' emoluments, and shareholdings (including options) in the company, are disclosed in notes 28.1 and 28.5 of the Group annual financial statements and Annexure Two.

Interest of directors in contracts

Refer to note 32 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 32 of the Group annual financial statements for further information relating to other related party transactions.

ANNEXURE ONE

DETAILS OF SUBSIDIARY COMPANIES

Name	Main business	Ordinary share capital and premium 2015	Ordinary share capital and premium 2014	Percentage held (effective interest) 2015 %	Percentage held (effective interest) 2014 %	Book value of shares 2015 Rm	Book value of shares 2014 Rm	Amounts owing to subsidiaries 2015 Rm	Amounts owing to subsidiaries 2014 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	**36 445**	31 124	**(2 857)***	(2 849)*
Earthchild Clothing (Waterfront)	D	**R14 596 031**	–	**100**	–	**29**	–	**–**	–
Young Designers Emporium	C	**R200**	R200	**100**	100	**627**	502	**–**	–
Uzzi	D	**R100**	R100	**100**	100	**–**	–	**–**	–
SRG International	D	**R2**	R2	**100**	100	**–**	–	**–**	–
Truworths Trading	I	**R60**	R60	**100**	100	**–**	–	**–**	–
Truworths International Limited Share Trust	E	**N/A**	N/A	**100**	100	**N/A**	N/A	**–**	–
Incorporated in Guernsey									
Truworths International Trust	I	**N/A**	N/A	**100**	100	**N/A**	N/A	**–**	–
Truworths Worldwide Ltd	I	**$5 386 039**	$5 386 039	**100**	100	**–**	–	**–**	–

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

* Refer to note 7 in company annual financial statements.

ANNEXURE ONE
DETAILS OF SUBSIDIARY COMPANIES (CONTINUED)

Name	Main business	ORDINARY SHARE CAPITAL AND PREMIUM 2015	ORDINARY SHARE CAPITAL AND PREMIUM 2014	PERCENTAGE HELD (EFFECTIVE INTEREST) 2015 %	PERCENTAGE HELD (EFFECTIVE INTEREST) 2014 %
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
Earthchild Clothing (Namibia)	D	**N$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	R	**KES200**	KES200	**100**	100
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	**NGN50 000 000**	NGN50 000 000	**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 OTHER EQUITY-BASED AWARDS

1 Directors' holdings of shares and equity-based awards

	RSPs 000's	PSPs 000's	SARs 000's	PARs 000's	SHARES 000's	OPTIONS 000's	TOTAL 000's
2015							
In aggregate							
Balance at the beginning of the period	153	132	31	32	1 626	4 453	6 427
Granted during period	28	28	–	–	–	–	56
Exercised during the period	–	–	–	–	–	(4 003)	(4 003)
Share movements during the period	–	–	–	–	(3)	–	(3)
Balance at the reporting date	181	160	31	32	1 623	450	2 477
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:							
Executive directors	181	160	31	32	1 550	450	2 404
Michael Mark	120	121	–	–	1 550	450	2 241
David Pfaff	61	39	31	32	–	–	163
Non-executive directors	–	–	–	–	73	–	73
Thandi Ndlovu	–	–	–	–	20	–	20
Hilton Saven	–	–	–	–	50	–	50
Tony Taylor	–	–	–	–	3	–	3
Balance at the reporting date	181	160	31	32	1 623	450	2 477
Comprising:							
Direct interest	181	160	31	32	1 573	450	2 427
Indirect interest	–	–	–	–	50	–	50
Total	181	160	31	32	1 623	450	2 477

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND OTHER EQUITY-BASED AWARDS (CONTINUED)

1 Directors' holdings of shares and equity-based awards (continued)

	RSPs 000's	PSPs 000's	SARs 000's	PARs 000's	Shares 000's	Options 000's	Total 000's
2014							
In aggregate							
Balance at the beginning of the period	70	49	–	–	2 618	5 453	8 190
Granted during period	83	83	31	32	–	–	229
Exercised during the period	–	–	–	–	–	(1 000)	(1 000)
Share movements during the period	–	–	–	–	(992)	–	(992)
Balance at the reporting date	153	132	31	32	1 626	4 453	6 427
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:							
Executive directors	153	132	31	32	1 553	4 453	6 354
Michael Mark	120	121	–	–	1 553	4 453	6 247
David Pfaff	33	11	31	32	–	–	107
Non-executive directors	–	–	–	–	73	–	73
Thandi Ndlovu	–	–	–	–	20	–	20
Hilton Saven	–	–	–	–	50	–	50
Tony Taylor	–	–	–	–	3	–	3
Balance at the reporting date	153	132	31	32	1 626	4 453	6 427
Comprising:							
Direct interest	153	132	31	32	1 573	4 453	6 374
Indirect interest	–	–	–	–	53	–	53
Total	153	132	31	32	1 626	4 453	6 427

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 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 28.1) and will become releasable upon the later of vesting or repayment of the loans (refer to note 7.1). 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.

All 1 550 000 shares held by Mr Mark pursuant to the share scheme have vested at the reporting date. All 1 553 741 shares held by Mr Mark pursuant to the share scheme in 2014 had vested at the reporting date.

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND OTHER EQUITY-BASED AWARDS (CONTINUED)

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	2015 NUMBER OF OPTIONS 000's	2014 Number of options 000's
Balance at the beginning of the period		**4 453**	5 453
Between 27 November 2001 and 27 November 2004	3.66	**1 613**	2 613
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
Options exercised		**(4 003)**	(1 000)
Between 27 November 2001 and 27 November 2004	3.66	**(1 613)**	(1 000)
Between 25 March 2003 and 25 March 2007	4.54	**(340)**	–
Between 7 November 2003 and 7 November 2007	5.74	**(900)**	–
Between 13 March 2004 and 13 March 2008	5.82	**(550)**	–
Between 6 November 2004 and 6 November 2008	8.52	**(400)**	–
Between 29 November 2005 and 29 November 2009	15.57	**(200)**	–
Balance at the end of the period		**450**	4 453
Between 27 November 2001 and 27 November 2004	3.66	**–**	1 613
Between 25 March 2003 and 25 March 2007	4.54	**–**	340
Between 7 November 2003 and 7 November 2007	5.74	**–**	900
Between 13 March 2004 and 13 March 2008	5.82	**–**	550
Between 6 November 2004 and 6 November 2008	8.52	**–**	400
Between 29 November 2005 and 29 November 2009	15.57	**–**	200
Between 19 February 2011 and 19 February 2016	44.78	**450**	450

2.2 Restricted share plan (RSPs)

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

	Exercise price R	2015	2014
Balance at the beginning of the period		**153**	70
Between 14 December 2015 and 14 December 2018	102.70	**48**	48
Between 1 April 2016 and 1 April 2019	90.56	**22**	22
Between 14 March 2017 and 14 March 2020	69.56	**83**	–
RSPs granted during the period		**28**	83
Between 14 March 2017 and 14 March 2020	69.56	**–**	83
Between 30 September 2016 and 30 September 2018	66.97	**17**	–
Between 24 March 2018 and 24 March 2020	88.62	**11**	–
Balance at the reporting date		**181**	153
Between 14 March 2017 and 14 March 2020	102.70	**48**	48
Between 1 April 2016 and 1 April 2019	90.56	**22**	22
Between 14 March 2017 and 14 March 2020	69.56	**83**	83
Between 30 September 2016 and 30 September 2018	66.97	**17**	–
Between 24 March 2018 and 24 March 2020	69.56	**11**	–

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND OTHER EQUITY-BASED AWARDS (CONTINUED)

2 Details of directors' equity-settled awards in the aggregate (continued)

	Exercise price R	2015 NUMBER OF OPTIONS 000's	2014 Number of options 000's
2.3 Performance share plan (PSPs)			
The PSPs vest between the following dates and at the following exercise prices:			
Balance at the beginning of the period		**132**	49
Between 14 December 2015 and 14 December 2018	102.70	**49**	49
Between 14 March 2017 and 14 March 2020	69.56	**83**	–
PSPs granted during the period		**28**	83
Between 14 March 2017 and 14 March 2020	69.56	**–**	83
Between 30 September 2016 and 30 September 2018	66.97	**17**	–
Between 24 March 2018 and 24 March 2020	88.62	**11**	–
Balance at the reporting date		**160**	132
Between 14 December 2015 and 14 December 2018	102.70	**49**	49
Between 14 March 2017 and 14 March 2020	69.56	**83**	83
Between 30 September 2016 and 30 September 2018	66.97	**17**	–
Between 24 March 2018 and 24 March 2020	88.62	**11**	–
2.4 Share appreciation rights (SARs)			
The SARs vest between the following dates and at the following exercise prices:			
Balance at the reporting date		**31**	31
Between 14 March 2017 and 14 March 2020	69.56	**31**	31
2.5 Performance appreciation rights (PARs)			
The PARs vest between the following dates and at the following exercise prices:			
Balance at the reporting date		**32**	32
Between 14 March 2017 and 14 March 2020	69.56	**32**	32

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND OTHER EQUITY-BASED AWARDS (CONTINUED)

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

	Date ownership passes	Exercise/ offer/ forfeit date	EXERCISE PRICE R	MARKET PRICE ON DATE OWNER-SHIP PASSED R	NUMBER OF OPTIONS 000's	Vesting dates between
2015						
Executive directors						
MICHAEL MARK						
Share Option Scheme						
Balance at the beginning of the reporting period					**4 453**	
			3.66		**1 613**	27 November 2001 and 27 November 2004
			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					**(4 003)**	
			3.66		**(1 613)**	Between 27 November 2001 and 27 November 2004
			4.54		**(340)**	Between 25 March 2003 and 25 March 2007
			5.74		**(900)**	Between 7 November 2003 and 7 November 2007
			5.82		**(550)**	Between 13 March 2004 and 13 March 2008
			8.52		**(400)**	Between 6 November 2004 and 6 November 2008
			15.57		**(200)**	Between 29 November 2005 and 29 November 2009
Balance at the reporting date					**450**	
			44.78		**450**	19 February 2011 and 19 February 2016

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND OTHER EQUITY-BASED AWARDS (CONTINUED)

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 OWNER-SHIP PASSED R	NUMBER OF OPTIONS 000's	Vesting dates between
Restricted share plan						
Balance at the beginning of and at the end of the reporting period					**120**	
			102.70		**48**	14 December 2015 and 14 December 2018
			69.56		**72**	14 March 2017 and 14 March 2018
Performance share plan						
Balance at the beginning of and at the end of the reporting period					**121**	
			102.70		**49**	14 December 2015 and 14 December 2018
			69.56		**72**	14 March 2017 and 14 March 2018

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND OTHER EQUITY-BASED AWARDS (CONTINUED)

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 OWNER-SHIP PASSED R	NUMBER OF OPTIONS 000's	Vesting dates between
2015						
Executive directors						
DAVID PFAFF						
Restricted share plan						
Balance at the beginning of the reporting period					**33**	
		1/04/13	**90.56**		**22**	1 April 2016 and 1 April 2019
		14/03/14	**69.56**		**11**	14 March 2017 and 14 March 2020
Granted during the period					**28**	
		30/09/14	**66.97**		**17**	30 September 2016 and 30 September 2018
		24/03/15	**88.62**		**11**	24 March 2018 and 24 March 2020
Balance at the reporting date					**61**	
			90.56		**22**	1 April 2016 and 1 April 2019
			69.56		**11**	14 March 2017 and 14 March 2020
			66.97		**17**	30 September 2016 and 30 September 2018
			88.62		**11**	24 March 2018 and 24 March 2020
Performance share plan						
Balance at the beginning of the period					**11**	
		14/03/14	**69.56**		**11**	14 March 2017 and 14 March 2020
Granted during the period					**28**	
		30/09/14	**66.97**		**17**	30 September 2016 and 30 September 2018
		24/03/15	**88.62**		**11**	24 March 2018 and 24 March 2020
Balance at the reporting date					**39**	
			69.56		**11**	14 March 2017 and 14 March 2020
			66.97		**17**	30 September 2016 and 30 September 2018
			88.62		**11**	24 March 2018 and 24 March 2020
Share appreciation rights						
Balance at the beginning of and at the end of the reporting period					**31**	
			69.56		**31**	14 March 2017 and 14 March 2020
Performance appreciation rights						
Balance at the beginning of and at the end of the reporting period					**32**	
			69.56		**32**	14 March 2017 and 14 March 2020

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

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND OTHER EQUITY-BASED AWARDS (CONTINUED)

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 owner-ship passed R	Number of options 000's	Vesting dates between
2014						
Executive directors						
MICHAEL MARK						
Share Option Scheme						
Balance at the beginning					5 453	
			3.66		2 613	27 November 2001 and 27 November 2004
			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	30/08/13	30/08/13	3.66	81.81	(500)	27 November 2001 and 27 November 2004
	14/03/14	14/03/14	3.66	70.05	(200)	27 November 2001 and 27 November 2004
	17/03/14	17/03/14	3.66	70.38	(300)	27 November 2001 and 27 November 2004
Balance at the end of the period					4 453	
			3.66		1 613	27 November 2001 and 27 November 2004
			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

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND OTHER EQUITY-BASED AWARDS (CONTINUED)

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 owner-ship passed R	Number of options 000's	Vesting dates between
2014 (continued)						
Executive directors (continued)						
MICHAEL MARK (continued)						
Restricted share plan						
Balance at the beginning of the period					48	
			102.70		48	14 December 2015
Granted during the period					72	
		14/03/14	69.56		72	14 March 2017 and 14 March 2018
Balance at the reporting date					120	
			102.70		48	14 December 2015 and 14 December 2018
			69.56		72	14 March 2017 and 14 March 2018
Performance share plan						
Balance at the beginning of the period					49	
			102.70		49	14 December 2015
Granted during the period					72	
		14/03/14	69.56		72	14 March 2017 and 14 March 2018
Balance at the reporting date					121	
			102.70		49	14 December 2015
			69.56		72	14 March 2017 and 14 March 2018

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND OTHER EQUITY-BASED AWARDS (CONTINUED)

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
2014 (continued)						
Executive directors (continued)						
DAVID PFAFF						
Restricted share plan						
Balance at the beginning of the period					22	
		1/04/13	90.56		22	1 April 2016 and 1 April 2019
Granted during the period					11	
		14/03/14	69.56		11	14 March 2017 and 14 March 2020
Balance at the reporting date					33	
			90.56		22	1 April 2016 and 1 April 2019
			69.56		11	14 March 2017 and 14 March 2020
Performance share plan						
Granted during the period					11	
		14/03/14	69.56		11	14 March 2017 and 14 March 2020
Balance at the reporting date					11	
			69.56		11	14 March 2017 and 14 March 2020
Share appreciation rights						
Granted during the period					31	
		14/03/14	69.56		31	14 March 2017 and 14 March 2020
Balance at the reporting date					31	
			69.56		31	14 March 2017 and 14 March 2020
Performance appreciation rights						
Granted during the period					32	
		14/03/14	69.56		32	14 March 2017 and 14 March 2020
Balance at the reporting date					32	
			69.56		32	14 March 2017 and 14 March 2020

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

ANNEXURE THREE DETAILS OF PARTICIPANTS' HOLDINGS OF EQUITY-BASED AWARDS

1 DETAILS OF PARTICIPANTS' EQUITY-SETTLED 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-settled awards held by participants:

	Exercise price R	2015 NUMBER 000's	2014 Number 000's
Between 27 November 2000 and 27 November 2004	3.66	–	1 613
Between 25 March 2002 and 25 March 2007	4.54	–	340
Between 7 November 2002 and 7 November 2007	5.74	–	900
Between 13 March 2003 and 13 March 2008	5.82	–	550
Between 6 November 2003 and 6 November 2008	8.52	–	400
Between 3 December 2003 and 3 December 2008	8.73	–	3
Between 22 November 2004 and 22 November 2009	15.65	–	12
Between 29 November 2004 and 29 November 2009	15.57	–	263
Between 1 March 2005 and 1 March 2010	17.58	**11**	11
Between 2 June 2005 and 2 June 2010	16.76	–	7
Between 15 June 2005 and 15 June 2010	15.65	–	13
Between 3 May 2006 and 3 May 2011	28.13	**2**	4
Between 25 May 2006 and 1 March 2010	17.58	–	2
Between 8 June 2007 and 8 June 2012	39.32	–	2
Between 30 August 2007 and 30 August 2012	33.16	**1**	1
Between 2 October 2007 and 2 October 2012	31.75	**41**	47
Between 2 November 2007 and 2 November 2012	33.50	**2**	2
Between 20 December 2007 and 20 December 2012	26.58	**67**	93
Between 26 February 2008 and 26 February 2013	26.81	**5**	8
Between 15 March 2008 and 15 March 2013	25.45	**1**	1
Between 18 March 2008 and 18 March 2013	25.31	**1**	1
Between 31 March 2008 and 31 March 2013	25.11	**120**	164
Between 22 April 2008 and 22 April 2013	26.94	–	10
Between 23 April 2008 and 23 April 2013	27.18	–	2
Between 9 May 2008 and 9 May 2013	26.25	**1**	1
Between 16 May 2008 and 16 May 2013	25.58	–	4
Between 3 June 2008 and 3 June 2013	23.62	–	8
Between 2 September 2008 and 2 September 2013	29.84	–	1
Between 23 September 2008 and 23 September 2013	30.27	**1**	1
Between 2 October 2008 and 2 October 2013	29.13	–	3
Between 21 November 2008 and 21 November 2013	31.07	**1**	3
Between 2 December 2008 and 2 December 2013	31.48	**1**	6
Between 10 December 2008 and 10 December 2013	32.86	**5**	5
Between 10 December 2008 and 10 June 2014	32.86	**336**	606
Between 20 February 2009 and 20 February 2014	34.49	**7**	17
Between 3 March 2009 and 3 March 2014	32.46	–	5
Between 17 March 2009 and 17 March 2014	28.32	**1**	7
Between 5 May 2009 and 5 May 2014	35.22	**1**	4
Between 16 May 2009 and 16 May 2014	35.48	–	2

ANNEXURE THREE DETAILS OF PARTICIPANTS' HOLDINGS OF EQUITY-BASED AWARDS (CONTINUED)

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

	Exercise price R	2015 NUMBER 000's	2014 Number 000's
1.1 Share options scheme (continued)			
Between 2 June 2009 and 2 June 2014	36.76	–	40
Between 3 June 2009 and 3 June 2014	37.18	**353**	626
Between 19 June 2009 and 19 June 2014	36.37	**7**	7
Between 21 August 2009 and 21 August 2014	37.14	**9**	22
Between 25 August 2009 and 25 August 2014	38.06	–	8
Between 2 September 2009 and 2 September 2014	40.20	**12**	19
Between 16 September 2009 and 16 September 2014	39.14	–	3
Between 3 November 2009 and 3 November 2014	44.92	**2**	6
Between 9 December 2009 and 9 December 2014	42.65	**18**	18
Between 19 February 2010 and 19 February 2015	44.78	**20**	28
Between 19 February 2010 and 19 February 2016	44.78	**1 163**	1 513
Between 2 March 2010 and 2 March 2015	49.16	**9**	11
Between 19 March 2010 and 19 March 2015	53.91	**5**	5
Between 7 April 2010 and 7 April 2015	53.66	–	2
Between 3 May 2010 and 3 May 2016	52.75	**5**	5
Between 4 May 2010 and 4 May 2015	52.84	**6**	8
Between 5 May 2010 and 5 May 2015	53.05	**2**	3
Between 18 May 2010 and 18 May 2015	54.22	–	1
Between 2 June 2010 and 2 June 2015	53.75	**8**	14
Between 20 August 2010 and 20 August 2015	55.84	**1**	2
Between 20 August 2010 and 20 August 2016	55.84	**2**	2
Between 23 August 2010 and 23 August 2015	55.32	**11**	11
Between 23 August 2010 and 23 August 2016	55.32	**13**	11
Between 1 September 2010 and 1 September 2016	56.57	–	2
Between 2 September 2010 and 2 September 2015	57.91	**2**	2
Between 2 September 2010 and 2 September 2016	57.91	**6**	6
Between 14 September 2010 and 14 September 2015	61.19	**1**	2
Between 1 October 2010 and 1 October 2016	67.64	**3**	3
Between 4 October 2010 and 4 October 2016	67.64	**5**	5
Between 2 November 2010 and 2 November 2016	68.47	**2**	6
Between 5 November 2010 and 5 November 2016	71.12	**7**	7
Between 10 November 2010 and 10 November 2016	72.99	**7**	12
Between 16 November 2010 and 16 November 2015	73.49	**1**	1
Between 1 December 2010 and 1 December 2016	73.80	**186**	206
Between 2 December 2010 and 2 December 2016	73.80	**1**	1
Between 8 December 2010 and 8 December 2016	73.80	**61**	72
Between 13 December 2010 and 13 December 2016	75.02	**4**	4
Between 20 December 2010 and 20 December 2016	72.49	–	3
Between 23 February 2011 and 23 February 2016	64.57	**9**	12
Between 23 February 2011 and 23 February 2017	64.57	**2**	5
Between 2 March 2011 and 2 March 2016	62.91	**4**	4
Between 2 March 2011 and 2 March 2017	62.91	**6**	10
Between 7 March 2011 and 7 March 2017	64.35	**6**	8
Between 16 March 2011 and 16 March 2017	65.97	**3**	2
Between 4 April 2011 and 4 April 2016	70.55	**2**	2

ANNEXURE THREE DETAILS OF PARTICIPANTS' HOLDINGS OF EQUITY-BASED AWARDS (CONTINUED)

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

	Exercise price R	2015 NUMBER 000's	2014 Number 000's
1.1 Share options scheme (continued)			
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	**4**	4
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
Between 19 August 2011 and 19 August 2017	71.91	**16**	18
Between 22 August 2011 and 22 August 2017	72.43	**3**	4
Between 4 October 2011 and 4 October 2017	70.66	**3**	5
Between 2 November 2011 and 2 November 2017	79.74	**5**	8
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	**4**	7
Between 24 February 2012 and 24 February 2018	79.84	**38**	44
Between 2 March 2012 and 2 March 2018	79.90	**14**	19
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	**–**	1
Between 3 May 2012 and 3 May 2018	82.33	**5**	10
Between 16 May 2012 and 16 May 2018	81.40	**1**	1
Between 25 May 2012 and 25 May 2018	81.46	**4**	6
Between 4 June 2012 and 4 June 2018	82.43	**4**	7
Between 17 August 2012 and 17 August 2018	103.60	**10**	11
		2 704	8 033
1.2 Restricted share plan			
Between 14 December 2012 and 14 December 2018	102.70	**203**	228
Between 14 December 2012 and 14 December 2015	102.70	**49**	49
Between 1 April 2013 and 1 April 2019	90.56	**22**	22
Between 14 March 2014 and 15 March 2020	69.56	**134**	147
Between 14 March 2014 and 15 March 2018	69.56	**83**	83
Between 30 September 2014 and 30 September 2018	66.97	**17**	–
Between 30 September 2014 and 30 September 2018	66.97	**520**	–
Between 30 September 2014 and 30 September 2019	66.97	**23**	–
Between 24 March 2015 and 24 March 2020	88.62	**197**	–
Between 24 March 2015 and 24 March 2020	88.62	**267**	–
Between 24 March 2015 and 24 March 2019	88.62	**1**	–
Between 24 March 2015 and 24 March 2021	88.62	**6**	–
Between 22 May 2015 and 22 May 2020	91.74	**14**	–
		1 536	529

ANNEXURE THREE DETAILS OF PARTICIPANTS' HOLDINGS OF EQUITY-BASED AWARDS (CONTINUED)

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

	Exercise price R	2015 NUMBER 000's	2014 Number 000's
1.3 Performance share plan			
Between 14 December 2012 and 14 December 2018	102.70	**204**	228
Between 14 December 2012 and 14 December 2015	102.70	**49**	49
Between 14 March 2014 and 15 March 2020	69.56	**134**	145
Between 14 March 2014 and 15 March 2018	69.56	**83**	83
Between 30 September 2014 and 30 September 2018	66.97	**118**	–
Between 24 March 2015 and 24 March 2020	88.62	**197**	–
Between 24 March 2015 and 24 March 2020	88.62	**101**	–
Between 22 May 2015 and 22 May 2020	91.74	**14**	–
		900	505
1.4 Share appreciation rights plan			
Between 14 December 2012 and 14 December 2018	102.70	**160**	196
Between 21 February 2013 and 21 February 2019	101.86	**25**	28
Between 1 March 2013 and 1 March 2019	96.15	**9**	8
Between 15 March 2013 and 15 March 2019	93.33	**–**	–
Between 1 April 2013 and 1 April 2019	90.56	**4**	4
Between 15 April 2013 and 15 April 2019	91.21	**6**	6
Between 1 May 2013 and 1 May 2019	88.46	**1**	1
Between 8 May 2013 and 8 May 2019	88.98	**4**	4
Between 13 May 2013 and 13 May 2019	89.56	**–**	–
Between 3 June 2013 and 3 June 2019	88.64	**5**	9
Between 14 March 2014 and 15 March 2020	69.56	**866**	985
Between 14 March 2014 and 15 March 2018	69.56	**25**	25
Between 30 September 2014 and 30 September 2019	66.97	**160**	–
		1 265	1 266
1.5 Performance appreciation rights plan			
Between 14 December 2012 and 14 December 2018	102.70	**121**	141
Between 14 March 2014 and 15 March 2020	69.56	**738**	834
Between 14 March 2014 and 15 March 2018	69.56	**25**	25
		884	1 000

SHAREHOLDER INFORMATION

Analysis of holdings of ordinary shares at 28 June 2015

	NUMBER OF SHARE-HOLDINGS	%	NUMBER OF SHARES	%
Size of holding				
1 – 1 000	3 665	58.3	1 343 793	0.3
1 001 – 10 000	1 822	29.0	5 993 694	1.4
10 001 – 100 000	586	9.3	19 902 410	4.7
100 001 – 1 000 000	144	2.3	47 331 325	11.0
Over 1 000 000	66	1.1	354 756 128	82.6
Total	6 283	100.0	429 327 350	100.0
Distribution of shareholders				
Unit Trusts			153 929 429	35.9
Other funds			131 835 697	30.7
Pension funds			119 236 740	27.8
Individuals			17 809 889	4.1
Insurance companies			6 515 595	1.5
Total			429 327 350	100.0
Geographical spread of holders of beneficial interests				
South Africa			145 480 579	33.9
North America			136 443 370	31.8
Europe			45 692 143	10.6
United Kingdom			37 023 090	8.6
Middle East and Asia			38 194 377	8.9
Other/Undisclosed			15 969 680	3.7
Rest of Africa			10 524 111	2.5
Total			429 327 350	100.0
Geographical spread of fund managers				
South Africa	121	42.2	148 996 029	34.7
England and Wales	36	12.5	108 292 949	25.2
United States of America	44	15.3	105 286 939	24.5
Other	84	29.3	64 513 399	15.1
Namibia	2	0.7	2 238 034	0.5
Total	287	100.0	429 327 350	100.0
Share type				
Dematerialised	5 861	93.3	428 574 703	99.8
Certificated	422	6.7	752 647	0.2
	6 283	100.0	429 327 350	100.0

SHAREHOLDER INFORMATION (CONTINUED)

Analysis of holdings of ordinary shares at 29 June 2014

	Number of share-holdings	%	Number of shares	%
Size of holding				
1 – 1 000	2 715	56.2	927 891	0.2
1 001 – 10 000	1 465	30.4	5 053 932	1.2
10 001 – 100 000	455	9.4	14 048 013	3.3
100 001 – 1 000 000	143	3.0	50 321 637	11.9
Over 1 000 000	49	1.0	352 287 500	83.4
Total	4 827	100.0	422 638 973	100.0
Distribution of shareholders				
Unit Trusts			171 941 250	40.7
Pension funds			119 563 681	28.3
Other funds			109 404 957	25.9
Individuals			16 508 615	3.9
Insurance companies			5 220 470	1.2
Total			422 638 973	100.0
Geographical spread of holders of beneficial interests				
South Africa			144 698 945	34.3
North America			153 917 434	36.4
Europe			40 211 467	9.5
United Kingdom			34 839 870	8.2
Middle East and Asia			28 575 695	6.8
Other/Undisclosed			12 385 456	2.9
Rest of Africa			8 010 106	1.9
Total			422 638 973	100.0
Geographical spread of fund managers				
South Africa	114	42.4	148 143 560	35.0
England and Wales	33	12.3	114 051 597	27.0
United States of America	41	15.2	122 538 810	29.0
Other	80	29.7	37 056 849	8.8
Namibia	1	0.4	848 157	0.2
Total	269	100.0	422 638 973	100.0
Share type				
Dematerialised	4 391	91.0	421 862 495	99.8
Certificated	436	9.0	776 478	0.2
	4 827	100.0	422 638 973	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 end of the reporting period was as follows:

	2015			2014		
	NUMBER OF SHARE-HOLDINGS	**NUMBER OF SHARES**	**%**	Number of share-holdings	Number of shares	%
Non-public shareholders						
Treasury shares						
Truworths Limited, held on behalf of participants in terms of the 2012 share plan:	**1**	**2 551 687**	**0.6**	1	1 049 641	0.3
Directors of the company and subsidiaries		**556 141**	**0.1**		396 124	0.1
Non-director participants		**1 995 546**	**0.5**		653 517	0.2
Truworths International Limited Share Trust	**1**	**146 956**	**0.0**	1	146 561	0.0
Truworths Trading (Pty) Ltd	**1**	**7 668 876**	**1.8**	1	7 668 876	1.8
Directors of the company and subsidiaries	**6**	**1 740 272**	**0.4**	6	1 833 716	0.4
Associates of directors of the company and subsidiaries	**1**	**50 000**	**0.0**	2	53 741	0.0
Non-director share scheme participants	**5**	**257 768**	**0.1**	8	497 259	0.1
Total non-public shareholders	**15**	**12 415 559**	**2.9**	19	11 249 794	2.6
Public shareholders	**6 268**	**416 911 791**	**97.1**	4 808	411 389 179	97.4
Total	**6 283**	**429 327 350**	**100.0**	4 827	422 638 973	100.0

SHAREHOLDER INFORMATION (CONTINUED)

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:

		2015		2014	
	Country	NUMBER OF SHARES	% OF ISSUED CAPITAL	Number of shares	% of issued capital
Government Employees Pension Fund	South Africa	**64 155 300**	**14.9**	65 280 416	15.5
Aberdeen Emerging Markets Fund	United Kingdom	**26 948 395**	**6.3**	26 659 395	6.3
Aberdeen Emerging Opportunities Fund	United Kingdom	**15 839 676**	**3.7**	15 381 512	3.6
Aberdeen Institutional Commingled Funds	United Kingdom	**12 901 975**	**3.0**	–	–

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 end of the reporting period:

		2015		2014	
	Country	NUMBER OF SHARES	% OF ISSUED CAPITAL	Number of shares	% of issued capital
Aberdeen Asset Managers Ltd	United Kingdom	**75 042 518**	**17.5**	76 844 038	18.2
Public Investment Corporation	South Africa	**56 948 634**	**13.3**	59 088 097	14.0
Westwood Global Investments LLC	United States of America	**30 276 083**	**7.1**	30 026 825	7.1
Aberdeen Asset Managers Inc	United States of America	**20 908 638**	**4.9**	20 835 466	4.9
Foord Asset Management (Pty) Ltd	South Africa	**15 385 060**	**3.6**	21 872 419	5.2
Coronation Fund Managers Ltd	South Africa	**13 899 968**	**3.2**	16 270 450	3.8
Lazard Asset Management LLC	United States of America	–	–	18 381 956	4.3

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