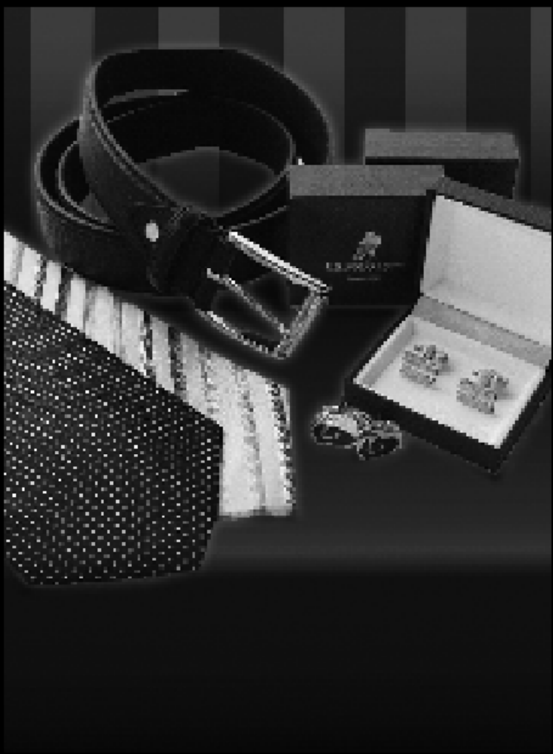

ANNUAL REPORT 2010

Love what you wear

TRUWORTHS

CONTENTS

CONTENTS

COMPANY PROFILE

Truworths Limited was incorporated in Zimbabwe in 1957 and has been operating as a retailer since then. The Company was listed on the Zimbabwe Stock Exchange in 1981, operating from 14 retail outlets comprised of Truworths Stores and Topic Stores. The Company now operates under the following;

Truworths Ladies operates from 8 stand-alone outlets as well as from two other branches which are housed with Truworths Man.

Truworths Man operates from 6 stand-alone outlets and two other branches which are housed with Truworths Ladies.

Topics operates from 24 stores.

Number 1 operates from 17 outlets.

Bravette, the manufacturing unit of the business is based in Harare and manufactures ladies wear sold through Truworths, Topics as well as Number 1 and also produces garments for the export market.

CORPORATE INFORMATION

DIRECTORS
C P M Peech (Chairman)
B Ndebele (Chief Executive Officer)
M T Chidovi
K Dienst
L Mabhiza
M P Mahlangu
A J Taylor

COMPANY SECRETARY
M T Chidovi

REGISTERED OFFICE
Stand 808 Seke Road
Prospect Park
Hatfield
P. O. Box 2898
Harare
Tel: (263 4) 576441/9 / 576438
Fax: (263 4) 571653,576433
E-mail: truworth@mweb.co.zw

AUDITORS
Ernst & Young
Angwa City Building
Julius Nyerere Way/Kwame Nkrumah
P. O. Box 702 or 62
Harare

TRANSFER SECRETARY
Corpserve (Private) Limited
2nd Floor ZB Centre
Cnr Kwame Nkrumah Avenue/ First Street
P. O. Box 2208
Harare
Tel: (263 4) 758193, 750711/2, 751559/61
Fax: (263 4) 752 629
E-mail: corpserve@corpserve.co.zw

CHAIRMAN'S STATEMENT

FINANCIAL REPORTING
The information contained in this report is presented in United States Dollars which is the Group's Functional Currency.

The financial statements have been prepared in conformity with International Financial Reporting Standards ('IFRS') except for comparative information. This was due to distortions that arose from the unstable macro-economic environment that prevailed in Zimbabwe during the prior period. Multiple exchange rates distorted the monetary value of transactions. This will result in the auditors issuing a qualified opinion with respect to comparative information and the non presentation of comparative information relating to the statement of cash flows.

THE RESULTS
I am pleased to be able to report on a relatively successful year for your company in its full first year of trading in multiple currencies.

An after tax profit of $714,487 was attained on retail sales of $13,184,174 driven by an increase in active credit accounts.

DIVIDEND
Given the need to fund increased working capital requirements as the debtors book grows, the Board has considered it prudent not to declare a dividend for the financial year ended July 04 2010.

GOVERNANCE
The Board met four times during the reporting period to review strategy and business performance. The Board covered a lot of detail in its performance reviews, so as to effectively assess risk.

In the execution of its mandate the Board was effectively supported by the Audit Committee, which met to ensure proper controls were in place and to verify and approve published financial information, and the Remuneration Committee.

OUTLOOK
Despite the economic stability, difficulties remain in the overall economy characterised by low productive economic activity. This manifests itself in liquidity problems, low employment levels and low disposable incomes. However, your Board is optimistic that the results for the next period will show an improvement.

APPRECIATION
My gratitude goes to my fellow directors for their commitment and contribution through the uncertainities of the last years.

On behalf of the Board, I thank our management and staff who have done a great job in improving Group results, our customers for their continued patronage and our suppliers for their valued support. I would like to thank our shareholders who have remained committed and who continue to support us.

C P M PEECH
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT
FOR THE YEAR ENDED JULY 04 2010

OVERVIEW
This is the first full twelve months that the business traded on a multicurrency basis the dominant currency being the United States Dollar.

The period July 2009 to Mid-October 2009 witnessed subdued sales as our credit offering was restricted due to liquidity constraints and hence inventory levels.

CREDIT MANAGEMENT
With improved liquidity and a healthly inventory position the business relaxed its credit granting criteria by dropping the 40% deposit requirement for new accounts with effect from October 15 2009. This resulted in a significant increase in sales and a profitable trading situation from October 2009 to July 4 2010. The book performed well albeit from a small base and compared favourably to South African benchmarks. Adequate provisions were made for uncollectable receivables, and in accordance with our policy, debt handed over for administration was written off.

INVENTORY MANAGEMENT
The stock turns achieved by the credit chains namely Truworths and Topics were satisfactory resulting in minimal markdowns and an improvement in gross margins. However the Number 1 cash mass market chain struggled in an environment where there is fierce competition from cheap imports and the informal sector.

SALES DENSITIES
We benchmark our sales densities against the highest in South Africa. Truworths for the twelve months achieved 36.9% of the highest sales densities in South Africa. Topics for the twelve months achieved 19.7% of the South African densities. As previously mentioned the first three months of the financial year were subdued. The increase in sales per m^2 between the first six months and the second six months was 32.5% for Truworths, and 35.3% for Topics. Sales per m^2 in Number 1 declined by 29.7% between the first six months and the second six months due to the first six months being traditionally stronger than the second because of the festive season in the first six months.

MANUFACTURING
With improved fabric holdings in our in-house manufacturing unit capacity utilization improved in the second half. The factory operated at a capacity utilization of 60% on a single shift basis and 33% on an installed capacity basis (double shift) in the second half. Due to the shortage of skilled machinists, the factory started an in-house training programme whose benefits will be felt in the medium-term as economic conditions improve.

INDUSTRIAL RELATIONS
The industrial relations environment was cordial despite the existence of hardships in the economy which impacted negatively on our workers including management. Compensation was based on productivity and company affordability. For the Unionised Workers compensation was benchmarked against the National Employment Councils of which the company and its workers are represented.

OUTLOOK
Sales have continued to improve in the new financial year in line with our improved credit offering for Truworths and Topics.

Sales growth continues to be constrained by low overall economic activity, with no increase in disposable incomes and no significant improvement in liquidity.

However under the CURRENT ECONOMIC conditions the business should continue to trade reasonably.

ACKNOWLEDGEMENTS
On behalf of Management I would like to express my gratitude for the support and loyalty of:

1) Our Customers
2) Our Suppliers
3) Our Bankers
4) Our Service Providers
5) Our Board
6) Our Shareholders
7) And last, but not LEAST, our WORKERS who have worked very hard under trying circumstances to produce an acceptable result to secure their careers now and into the future.

THEMBA NDEBELE
CHIEF EXECUTIVE OFFICER

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the Group and Company annual financial statements for the year ended July 04 2010.

NATURE OF BUSINESS
The Group is involved in the manufacture and retailing of fashion apparel and related merchandise. The Group operates principally in Zimbabwe.

RESULTS OF OPERATIONS
The results for the period are detailed in the Group and Company financial statements which follow.

COMPARATIVE INFORMATION
The directors draw attention to the limitations of financial reporting in the general environment that prevailed during the prior period as outlined in note 2.

GOING CONCERN
The directors have reviewed the Group's budget and cash flow forecast for the year to July 10 2011. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the Group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

DIVIDENDS
On September 28 2010, given the need to fund increased working capital requirements as the debtors book grows, the Board considered it prudent not to declare a dividend for the financial year ended July 2010.

SHARE CAPITAL
Details of the authorised and issued share capital of the company are disclosed in note 16 of the Group's annual financial statement.

At the forthcoming Annual General Meeting, a special resolution will be tabled for the restatement of the nominal share price into United States Dollars.

DIRECTORS AND SECRETARY
The names of the directors and Company Secretary in office at the date of this report are set out on page 3.

At the forthcoming Annual General Meeting members will be asked to approve the re-election of Mr M P Mahlangu and Ms K Dienst who retire by rotation in terms of the Articles of Association and being eligible, offer themselves for re-election.

DIRECTORS FEES
A resolution will be proposed at the Annual General Meeting to approve Director's fees amounting to $14,050 in total for all directors.

AUDITORS
Members will be asked to approve the remuneration of the auditors for the past year and re-elect Messrs Ernst & Young as auditors for the ensuing year.

ANNUAL GENERAL MEETING
The fifty-third Annual General Meeting will be held at 9:00am on Thursday November 25 2010 at the registered office of the Company.

REGISTERED OFFICE
The registered physical address of Truworths Limited and its subsidiaries is Stand 808 Seke Road, Prospect Park, Harare.

By Order of the Board

M T CHIDOVI
SECRETARY

SHAREHOLDERS

ANALYSIS OF SHAREHOLDERS
AS AT OCTOBER 16 2010

SHAREHOLDING DISTRIBUTION

	Total number of shares	% of issued shares	No of shareholders	% of total shareholders
1 - 5 000	1,139,554	0.30	750	50.30
5 001 - 10 000	1,613,282	0.43	223	14.96
10 001 - 25 000	3,091,728	0.82	197	13.21
25 001 - 50 000	5,053,285	1.34	143	9.59
50 001 - 100 000	5,659,533	1.50	80	5.37
100 001 - 500 000	11,859,835	3.15	60	4.02
500 001 - 1 000 000	9,642,154	2.56	14	0.94
ABOVE 1 000 000	338,677,611	89.90	24	1.61
	376,736,982	100.00	1,491	100.00

SHAREHOLDING BY TYPE

	Total number of shares	% of issued shares	No of shareholders	% of total shareholders
Non – Resident Shareholder	127,491,158	33.84	1	0.07
Local Nominees	102,325,305	27.16	55	3.69
Insurance Companies	90,678,755	24.07	43	2.88
Local Companies	20,093,432	5.33	133	8.92
Local Individual Residents	15,538,588	4.12	859	57.61
Investments & Trusts	9,057,420	2.40	53	3.55
Foreign Nominees	3,564,942	0.95	3	0.20
New Non - Residents	3,390,916	0.90	6	0.40
Employee Share Trust	1,701,857	0.45	267	17.91
Pension Funds	1,155,119	0.31	23	1.54
Banks	1,017,497	0.27	8	0.54
Non - Residents	496,396	0.13	23	1.54
Other Companies	174,928	0.05	11	0.74
Foreign Companies	36,778	0.01	1	0.07
Fund Managers	13,891	0	5	0.34
	376,736,982	100.00	1,491	100.00

MAJOR SHAREHOLDERS

		Shares held	% of issued shares
1	Truworths International Limited	127,491,158	33.84
2	Bethel Nominees (Pvt) Ltd No. 11	55,642,860	14.77
3	Old Mutual Life Assurance Company Zimbabwe Limited	55,553,734	14.75
4	Barclays Zimbabwe Nominees (Pvt) Ltd - NNR	38,475,534	10.21
5	Old Mutual Zimbabwe Limited	33,716,484	8.95
6	Stanbic Nominees (Pvt) Ltd - NNR	6,478,550	1.72
7	Datvest Nominees (Pvt) Ltd	4,346,363	1.15
8	National Social Security Authority	4,308,850	1.14
9	Edwards Nominees (Pvt) Ltd - NNR	2,815,998	0.75
10	Edwards Nominees (Pvt) Ltd	2,763,457	0.73
	Shares Selected	331,592,988	88.02
	Remaining Shares	45,143,994	11.98
	Total Shares Issued	376,736,982	100.00

SHAREHOLDERS' CALENDAR

Fifty-Third Annual General Meeting	November 25 2010
Interim Report to December 2010	February 2011
Financial Year-end	July 10 2011
Annual Report	October 2011

STATEMENT OF CORPORATE GOVERNANCE AND RESPONSIBILITY

CORPORATE GOVERNANCE
The Group is committed to high levels of corporate governance which is essential for the sustainable development of the Group and for long term shareholder value creation.

The responsibility to safeguard and respect the interests of all stakeholders is recognised by management. The Group's objective is to be profitable in a manner which conforms to strict requirements for transparency, acknowledges its accountability to broader society and complies with all legislations, relevant International Accounting Standards and sound management practices.

THE BOARD
The Group is headed by a board which leads and controls the Group. The Board is made up of 3 executive and 4 non-executive directors. The Chairman is a non-executive director.

The Board meets at least quarterly with the responsibility for strategic and policy decisions, the approval of budgets and the monitoring of the performance of the Group. Executive management present structured reports, to allow the Board to evaluate performance.

The Board has constituted the Audit and Remuneration Committees to assist it in the discharge of its responsibilities.

AUDIT COMMITTEE
An Audit Committee, consisting of non-executive directors and the Chief Executive Officer, meets twice a year with the Group's external auditors, internal auditors and executive management.

Its major functions are the thorough and detailed review of financial statements, internal controls, risk management and related audit matters through independent judgement and contributions of non-executive Board members. In addition, the Committee has the responsibility of ensuring credibility, transparency and objectivity of external financial reporting. The external auditors have unrestricted access to the Audit Committee.

REMUNERATION COMMITTEE
The Remuneration Committee consists of non-executive directors. The Committee has the responsibility of ensuring that directors and executives are fairly remunerated. Packages include basic salaries, benefits and performance related bonuses.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING
The directors are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Group at the end of the financial year and of the profit and cash flows for the period in line with International Financial Reporting Standards.

In preparing the accompanying financial statements, International Financial Reporting Standards have been followed, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the accounting philosophy of the Group.

However, as outlined in note 2 in this annual report, the unique circumstances prevailing in the Zimbabwe economy during the year to July 05 2009 has meant that it has been impossible to provide meaningful comparative figures. To the extent that this information is missing, disclosure is incomplete and our auditors have to qualify their opinion in this respect.

The Board recognises and acknowledges its responsibility for the system of internal financial control. The Group's policy on business conduct, which covers ethical behaviour, compliance with legislation and sound accounting practices, underpins the Group's internal financial control process. The control system includes written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets.

The responsibility for operating the system is delegated to the executive directors who confirm that they have reviewed its effectiveness. They consider that it is appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The effectiveness of the internal financial control system is monitored through management reviews and a comprehensive program of internal audits. In addition, the Group's external auditors review and test appropriate aspects of the internal financial control systems during the course of their statutory examinations of the Group and the underlying subsidiaries.

The Group's external auditors, Ernst & Young, have audited the financial statements and their report appears on page 9.

The financial statements for the year ended July 04 2010, which appear on pages 10 to 32 have been approved by the Board and are signed on its behalf by:

C P M PEECH	B NDEBELE
CHAIRMAN	CHIEF EXECUTIVE OFFICER

CORPORATE GOVERNANCE

ERNST & YOUNG

Chartered Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way/
Kwame Nkrumah Avenue
P.O Box 62 or 702
Harare
Tel: +263 4 750905/750979
Fax: +263 4 750707/773842

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF TRUWORTHS LIMITED

We have audited the accompanying financial statements of Truworths Limited as set out on pages 10 to 32, which comprise the Group and Company statements of financial position as at July 04 2010, and the Group and Company statements of comprehensive income, the statements of changes in equity and statements of cash flows for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ('IFRS') and in the manner required by the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96).This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

Basis for Qualified Opinion

The Directors have not presented comparative information relating to the statement of cashflows because they believe that the information will be misleading for reasons stated in note 2.2.2. Consequently the Group has not complied with IAS 1 (Presentation of Financial Statements) for the reasons stated in note 2.2.

An adverse audit opinion was issued on the statement of comprehensive income relating to the prior year due to non-compliance with International Accounting Standard ('IAS') 29 (Financial Reporting in Hyperinflationary Economies), International Accounting Standard ('IAS') 21 (The Effects of Changes in Foreign Exchange Rates) for the reasons stated in note 2.

Qualified Opinion

In our opinion, except for the effects of the matters described in the preceding paragraphs, the financial statements in all material respects, give a true and fair view of the financial position of Truworths Limited as at July 04 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96) except for the presentation of the comparative information relating to the Group's cashflows.

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)

Harare
November 04 2010

STATEMENTS
OF COMPREHENSIVE INCOME

	Note	COMPANY for the year ended July 04 2010 US$	COMPANY for the year ended July 05 2009 US$	GROUP for the year ended July 04 2010 US$	GROUP for the year ended July 05 2009 US$
Revenue	4	6,568,715	804,166	13,397,235	1,417,271
Retail merchandise sales		5,281,776	542,278	13,184,174	1,387,244
Cost of sales		(2,558,593)	(258,374)	(6,492,121)	(751,631)
Gross profit		2,723,183	283,904	6,692,053	635,613
Other operating income		1,221,656	261,878	21,811	1,408
Trading expenses		(3,283,757)	(670,655)	(5,816,041)	(1,045,219)
Depreciation	5.1	(153,101)	(59,247)	(217,966)	(73,952)
Employment costs	5.2	(1,267,555)	(225,296)	(1,981,737)	(376,762)
Occupancy costs	5.3	(705,192)	(149,954)	(1,777,892)	(284,094)
Trade receivable costs	5.4	(88,663)	-	(284,393)	-
Other operating costs	5.5	(1,069,246)	(236,158)	(1,554,053)	(310,411)
Retail trading profit / (loss)	5	661,082	(124,873)	897,823	(408,198)
Manufacturing profit / (loss)	6	-	-	65,637	(38,384)
Trading profit / (loss)		661,082	(124,873)	963,460	(446,582)
Finance income	7	65,283	10	187,057	271
Finance cost	7	(375, 014)	(2,151)	(375,918)	(2,154)
Profit / (Loss) before taxation		351,351	(127,013)	774,599	(448,465)
Tax (Expense) / Credit	8	(57,301)	5,206	(60,112)	8,577
Profit / (Loss) for the period	9	294,050	(121,807)	714,487	(439,888)
Other comprehensive income					
Change in Functional Currency		-	579,971	-	1,660,125
Total comprehensive income for the period		294,050	458,164	714,487	1,220,237
Basic earnings / (loss) per share (cents)	10	0.08	(0.03)	0.19	(0.12)
Headline earnings / (loss) per share (cents)	10	0.08	(0.03)	0.19	(0.12)
Key ratios					
Gross margin (%)		51.6	52.4	50.8	45.8
Trading expenses to turnover (%)		62.2	75.6	43.4	73.7
Trading margin (%)		12.5	(23.0)	7.3	(32.2)
Operating margin (%)		6.6	(23.4)	5.9	(32.3)

COMPREHENSIVE INCOME

FINANCIAL POSITION

STATEMENTS
OF FINANCIAL POSITION

		COMPANY		GROUP	
		at July 04	at July 05	at July 04	at July 05
		2010	2009	2010	2009
	Note	US$	US$	US$	US$
ASSETS					
Non current assets		686,727	554,712	1,281,520	1,185,420
Property, plant and equipment	11	591,238	554,712	1,186,031	1,185,420
Intangible asset	12	95,489	-	95,489	-
Current assets		4,218,821	498,913	6,019,945	1,383,772
Inventories	13	877,731	309,215	2,543,541	1,144,633
Trade and other receivables	14	3,163,958	163,312	3,062,239	178,023
Cash and cash equivalents	15	177,132	26,386	414,165	61,116
Total assets		4,905,548	1,053,625	7,301,465	2,569,192
EQUITY AND LIABILITIES					
Equity		752,214	458,164	1,934,724	1,220,237
Share capital and premium	16	-	-	-	-
Non-distributable reserves	17	579,971	579,971	1,660,125	1,660,125
Retained earnings		172,243	(121,807)	274,599	(439,888)
Non current liabilities					
Deferred taxation	18	235,189	178,240	417,530	385,356
Current liabilities		3,918,145	417,221	4,949,211	963,599
Short-term borrowings	19	2,870,191	86,084	2,870,191	86,084
Trade and other payables	20	883,157	292,187	1,801,569	784,145
Provisions	21	164,797	38,950	264,266	92,562
Current tax		-	-	13,185	808
Total liabilities		4,153,334	595,461	5,366,741	1,348,955
Total equity and liabilities		4,905,548	1,053,625	7,301,465	2,569,192
Number of shares in issue (net of treasury shares)		373,570,622	373,570,622	373,570,622	373,570,622
Net value per share (cents)		0.20	0.12	0.52	0.33

STATEMENTS
OF CHANGES IN EQUITY

FOR THE YEAR ENDED JULY 04 2010

	Note	Share capital US$	Non-distributable reserve US$	Retained earnings US$	Total US$
GROUP					
Balance at July 06 2008		-	-	-	-
Total comprehensive income for the period		-	1,660,125	(439,888)	1,220,237
Loss for the period	9	-	-	(439,888)	(439,888)
Other comprehensive income	17	-	1,660,125	-	1,660,125
Balance at July 05 2009		-	1,660,125	(439,888)	1,220,237
Total comprehensive income for the period	9	-	-	714,487	714,487
Balance at July 04 2010		-	1,660,125	274,599	1,934,724
COMPANY					
Balance at July 06 2008		-	-	-	-
Total comprehensive income for the period		-	579,971	(121,807)	458,164
Loss for the period	9	-	-	(121,807)	(121,807)
Other comprehensive income	17		579,971	-	579,971
Balance at July 05 2009		-	579,971	(121,807)	458,164
Total comprehensive income for the period	9	-	-	294,050	294,050
Balance at July 04 2010		-	579,971	172,243	752,214

CASH FLOWS

STATEMENTS
OF CASH FLOWS

FOR THE YEAR ENDED JULY 04 2010

	Note	COMPANY 2010 US$	GROUP 2010 US$
CASH FLOWS UTILISED IN OPERATING ACTIVITIES			
Cash flow from trading and cash EBITDA*	22.1	819,666	1,223,072
Working capital movements	22.2	(2,852,345)	(3,093.995)
Cash utilised in operations		(2,032,679)	(1,870,923)
Net interest paid		(309,731)	(188,861)
Interest received		65,283	187,057
Interest paid		(375,014)	(375,918)
Taxation paid	22.3	(351)	(15,561)
Net cash utilised in operating activities		(2,342,761)	(2,075,345)
CASH FLOWS UTILISED IN INVESTING ACTIVITIES			
Net cash utilised in investing activities	22.4	(290,600)	(355,713)
Acquistion of plant and equipment to maintain operations		(303,516)	(369,031)
Procceds form disposal of property, plant and equipment		12,916	13,318
CASH GENERATED FROM FINANCING ACTIVITIES			
Increase in short term borrowings		2,784,107	2,784,107
Net increase in cash and cash equivalents		150,746	353,049
Cash and cash equivalents at July 05 2009		26,386	61,116
CASH AND CASH EQUIVALENTS AT JULY 04 2010	22.5	177,132	414,165

* Earnings before interest, tax, depreciation and amortisation.

1. COUNTRY OF INCORPORATION AND MAIN ACTIVITY

The Company is incorporated and domiciled in Zimbabwe and is engaged in retailing of fashion apparel and related merchandise throughout Zimbabwe. The financial statements of the Group for the year ended July 04 2010 were authorised for issue in accordance with a resolution of the directors taken on September 28 2010.

2. MATTERS OF EMPHASIS IN RESPECT OF REPORTING

2.1 Statement of Compliance

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), promulgated by International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB as well as International Accounting Standards and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions IFRS's except in prior year due to non compliance with the following:

IAS1 - Presentation of Financial Statements

IAS 21 - The Effects of Changes in Foreign Exchange Rates

IAS 29 - Financial Reporting in Hyperinflationary Economies

IAS 7 - Statement of Cash Flows, and in the current year due to non-compliance with the following:-

IAS 1 - Presentation of Financial Statements

The effects of these departures were not quantified but, having regard to their nature, are considered to be material and pervasive to the financial statements. These exceptions arise from the circumstances which gave rise to a change in the company's functional currency from the Zimbabwe dollar to the United States dollar.

2.2 Limitations in financial reporting

The uncertainties in the adverse Zimbabwean economic environment prior to introduction of trading in multiple currencies resulted in limitations in financial reporting.

The Group operated under a hyperinflationary economy in the prior year. The group changed its functional currency to United States dollars with effect from 1 February 2009. The comparative Statement of Comprehensive Income and Statement of Cash Flows have not been prepared in conformity with IFRS in that the requirements of IAS 21 and IAS 29 were not complied with in that period in converting the financial information into the new functional currency for the following reasons:

- The inability to reliably measure inflation because of the interaction of multiple economic factors which were pervasive to the Zimbabwean economic environment: and
- The inability to adjust items that were recorded in Zimbabwe dollars into United States dollars at the date of change of functional currency as more fully explained in note 2.2.1.

Therefore, the information for prior periods cannot be compared to the current year's financial information because it is not measured on the same basis of accounting as compliance with these standards is considered material and pervasive to the comparative information.

Consequently, the Directors have not presented comparative information relating to cash flows because they believe that the information will be misleading for reason stated in 2.2.2.

As a result of these inherent limitations, the Directors advise caution on the use of the comparative Statement of Comprehensive Income for decision making purposes.

Approval was given for all entities to trade in foreign currency on January 29 2009. This means that by the time the Group reported on July 05 2009, all its assets and liabilities were denominated in a stable foreign currency. For this reason the Directors believe that the comparative Statement of Financial Position is a fair reflection of the financial position of the Group as at July 05 2009.

2.2.1 Non Compliance with IAS 29 (Financial Reporting in Hyperinflationary Economies) and IAS 21 (Effects of Changes in Foreign Exchange Rates) in respect of the comparative Statement of Comprehensive Income.

The Group's functional currency changed during the previous financial period from Zimbabwe dollars to United States dollars. The Group has chosen to report all its transactions in United States dollars because it is the functional currency applicable to most current transactions.

The Group was not able to comply with the requirements of IAS 21 because this standard requires that all transactions that are in the currency of a hyperinflationary economy to be adjusted to a unit of measure current at the measurement date before conversion to an alternative presentation currency. The Group was not able to adjust its Zimbabwe dollar transactions in the previous period to comply with IAS 29 as more fully explained in note 2.2.

Transactions that were previously reported in Zimbabwe dollars in prior periods are required to be converted into United States dollars in order to present the prior year information in a similar currency of presentation to the functional currency applicable for the current financial year. Due to the macroeconomic environment prevailing in the previous year, as explained in note 2.2, the comparative information relating to financial performance disclosed is misleading. The Directors advise caution in using the comparative information presented in the Statement of Comprehensive Income.

2.2.2 Comparative Information

The Directors have not presented comparative information for the Statement of Cash flows because they believe that the information is misleading. Due to the prevailing economic environment in the previous year, it was not possible to convert financial statements into United States dollars in a manner consistent with IAS 21 and IAS 29 as described in notes 2.2. and 2.2.1.

2.3 Basis of preparation of financial results

The annual financial statements are prepared in accordance with the going concern and historical cost bases except where otherwise indicated. The accounting policies are applied consistently throughout the Group. The presentation and functional currency of the Group financial statements is the United States Dollar (USD). The accounting policies adopted are consistent with those applied in the prior period.

3 PRINCIPAL ACCOUNTING POLICIES

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

- IFRS 2, 'Share-based Payment': Vesting conditions and cancellation
- IFRS 2, 'Share-based Payment': Group cash-settled share-based payment transactions (adopted earlier than required)
- IFRS 3, 'Business Combinations' (Revised) and IAS27,' Consolidated and Separate Financial Statements' (Amended) including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IFRS 7, 'Financial Instruments: Disclosures' – Improving disclosures about financial instruments
- IAS 39, 'Financial Instruments: Recognition and Measurement' – Eligible hedged items
- Annual improvements to IFRS (May 2008 and April 2009) (some improvements have been adopted earlier than required)

3.2 Use of estimates and judgements in the preparation of annual financial statements
In the preparation of the Group 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 judgements are inherent in the formation of estimates. Actual results in the future could differ from these estimates and these differences may be material to the financial statements within the next reporting period.

The key assumptions concerning estimation uncertainties at the end of the reporting period are discussed below:

Useful lives and residual values of Property, Plant and Equipment
The Group assesses the useful lives and residual values of these assets at each reporting date. These estimates take cognisance of current market and trading conditions for the Group's specific assets. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology. Residual values will be reassessed each year and adjustments for depreciation will be made in future periods if there is indication of impairment in value.

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

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

Allowance for credit losses
The Group assesses its allowance for credit losses 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.

3.3 Foreign currency translation
The financial results are accounted for in United States Dollars which is the functional currency of the Group.

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

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

3.4 Property, Plant and Equipment

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

Subsequent measurement
Buildings owned by the Group are classified as owner-occupied property and carried at cost less accumulated depreciation and impairment losses. Motor vehicles, plant, equipment, furniture and fittings and computer equipment are carried at cost less accumulated depreciation and impairment. When these assets comprise major components are accounted for as separate items. Expenditure incurred to replace or modify a significant component of these assets is capitalized if it is probable that future economic benefits associated with the item will flow to the entity and the cost of them can be reliably measured. Any remaining book value of the component replaced is written off in profit or loss. All other expenditure is recognized in profit or loss.

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

Depreciation commences when an asset is available for its intended use and ceases temporarily if the residual value exceeds the carrying amount.

Depreciation ceases permanently at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognised. The following estimated depreciation rates apply:

Leasehold premises	15%
Plant, equipment, furniture and fittings	10-20%
Motor vehicles	20%
Computer equipment	20%

De-recognition
An item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses which arise on de-recognition are included in profit or loss in the period of de-recognition. 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 de-recognition.

Impairment
Impairment of property, plant and equipment is assessed in terms of the accounting policy set out in note 3.7.

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

Initial recognition and measurement
Intangible assets are initially measured and recognized at cost. Purchased software and the direct costs associated with the customization and installation thereof is capitalized. Expenditure on software developed internally is capitalized if it meets the criteria for capitalizing development expenditure.

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

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

De-recognition
Computer software is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses which arise on de-recognition are included in profit or loss in the period of de-recognition. 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 de-recognition.

Impairment
Impairment of computer software is assessed in terms of the accounting policy set out in note 3.7.

3.6 Inventories
Raw materials are valued at purchase cost on a first-in-first-out (FIFO) basis.

Work-in-progress is valued at cost of direct materials and labour and a proportion of manufacturing overheads based on operating capacity but excluding borrowing costs.

Finished goods are valued at the lower of cost and net realisable value. The cost is calculated using the First-In-First-Out (FIFO) method.

Adjustments are made for any allowances for markdown, obsolescence and shrinkage, where appropriate.

Write-downs to net realisable value and inventory losses are recognised in profit or loss in the reporting period in which the write-downs occur. Net realisable value is the estimated selling price in the ordinary course of business, less necessary costs to make the sale.

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

3.7 Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks peculiar to the asset.

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

At each reporting date the Group assesses whether previously recognized impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognized impairment loss.

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

3.8 Financial instruments

Classification

Financial assets and liabilities are recognised in the Statement of financial position when the Group has become a party to the contractual provisions of the instruments. Purchases and sales of financial instruments are recognised on trade date, being the date on which the Group commits to purchase or sell the instrument.

Financial assets are initially recognised at fair value basis and subsequently set out below:

3.8.1 Trade and other receivables

Trade receivables are initially recognised at fair value.

The allowance for uncollectable amounts is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at reporting date. Uncollectable amounts are written off when identified.

3.8.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

All short-term cash investments are invested with major reputable financial institutions in order to manage credit risk.

3.8.3 Bank overdrafts and borrowing

Bank overdrafts are not offset against positive bank balances unless a legally enforceable right of offset exists and there is an intention to settle the overdraft and realise the net cash simultaneously, or to settle on a net basis.

Settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

3.8.4 Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for impairment at each reporting date and impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults

For financial assets carried at amortised cost, the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account and changes to this allowance account are recognised in profit and loss. Subsequent recoveries of amounts previously written off are credited against the allowance account.

3.8.5 Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset, or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.8.6 Financial liabilities

Financial liabilities include trade and other accounts payable, bank overdrafts and interest bearing loans, and these are initially measured at fair value including transaction costs and subsequently amortised costs. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

De-recognition of Financial Liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms,or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.8.7 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

3.8.8 Trade and other payables

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier.

3.8.8 Derivative financial instruments

Derivative financial instruments are initially measured at fair value at the contract date, which includes transaction costs. Subsequent to initial recognition, derivative instruments are stated at fair value with the resulting gains or losses recognised in the profit or loss.

3.9 Treasury shares

Own equity instruments which are re-acquired (treasury shares) are deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Shares in the Group held by Group subsidiaries are classified as treasury shares. The cost price of these shares, together with related transaction costs, is deducted from equity.

3.10 Employee Benefits

Short-term employee benefits

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

Truworths Pension Fund

The Group operates a defined contribution pension plan which requires contributions to be made to a separately administered fund. Group contributions in respect of the defined contribution plan are recognised as an expense in the year to which they relate.

National Employment Council for the Clothing Industry Pension Fund

One of the Group's subsidiaries participates in the industry-wide defined contribution pension fund. Contributions to this plan are charged against income as incurred

National Social Security Authority

The Group participates in this state administered defined contribution pension plan. Contributions to this plan are made in terms of statutory regulations and are charged against income as incurred.

3.11 Taxes

The income tax expenses consist of current tax and deferred tax.

Current Income tax

The current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute this amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity or other comprehensive income are recognized in equity or other comprehensive income and not in profit or loss.

Deferred income tax

Deferred income tax is provided, using the liability method, on all temporary differences arising between tax bases on assets and liabilities and their carrying amounts for financial reporting purposes.

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

- The parent 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.

No deferred tax liability is recognised on temporary differences caused by the initial recognition of goodwill.

A deferred tax asset is recognised where it is probable that, in the foreseeable future, taxable profits will be available against which the deferred tax asset can be realised. Neither a deferred tax asset nor liability is recognised where it arises from a transaction that is not part of a business combination, and, at the time of the transaction, has not impacted accounting or taxable profit.

The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit 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 the future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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.

Deferred income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

Revenue expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on a purchase of an asset or service is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expenses item as applicable; and
- receivables and payables that are settled with the amount of VAT included.

The net amount of VAT recoverable, or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

3.12 Leases

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

The resulting difference arising from the application of the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset.

3.13 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.

Where the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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

3.14 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:-

Sale of merchandise

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue comprises all sales of goods at the fair value of consideration received or receivable after the deduction of any trade discounts and excluding Value Added Tax (VAT).

Interest

Revenue is recognised as interest accrues using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the profit or loss.

3.15 Cost of sales

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

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

3.16 Finance costs

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

3.17 Events after the reporting period

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

3.18 IFRS amendments and IFRIC interpretations not yet effective

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

- IFRS 9, 'Financial Instruments': (Phase 1 – Classification and measurement of financial assets) Effective for annual periods beginning on or after 1 January 2013

- IAS 24, 'Related party Disclosures' (Revised): (Revised regarding identification of related party relationships) Effective for annual periods beginning on or after 1 January 2011

The Group expects that the adoption of IAS24 (Revised) will have no material financial impact on the Group's financial statements in the period of initial application. However, the Group will comply with the additional disclosure requirements resulting from such initial application.

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
4. REVENUE				
Sale of merchandise	5,281,776	542,278	13,188,367	1,415,592
- Retail merchandise sales	5,281,776	542,278	13,184,174	1,387,244
- Factory sales to third parties	-	-	4,193	28,348
Interest receivable	65,283	10	187,057	271
- Accounts receivable	62,920	5	183,764	190
- Other	2,363	5	3,293	81
Other income	1,221,656	261,878	21,811	1,408
Total revenue	6,568,715	804,166	13,397,235	1,417,271
5. RETAIL TRADING PROFIT / (LOSS)				
Trading profit / (loss) is stated after taking account of the following items:				
5.1 Depreciation				
- retail charge	153,101	59,247	217,966	73,952
5.2 Employment costs				
Retail chains employed 368 (2009: 342) full-time equivalent employees at the end of the period. The aggregate remuneration and associated costs for the period relating to the employment of permanent and flexi-time employees, including executive directors, were:				
- Salaries, bonuses, wages and other benefits	1,187,453	208,013	1,823,056	345,311
- Contributions to defined plans	68,201	17,283	146,324	31,451
- Medical aid contributions	11,901	-	12,357	-
Total	1,267,555	225,296	1,981,737	376,762
5.3 Occupancy costs				
Land and buildings				
- minimum lease payments	362,446	129,740	1,050,780	226,820
- turnover clause payments	32,081	-	52,196	-
Total operating lease expenses	394,527	129,740	1,102,976	226,820
Other occupancy costs	310,665	20,214	674,916	57,274
Total	705,192	149,954	1,777,892	284,094
5.4 Trade receivable costs				
Collection and other receivable costs	88,663	-	284,393	-
5.5 Other operating costs				
- advertising and marketing	125,243	25,626	202,953	28,344
- audit fees	27,206	18,400	49,172	27,700
- management, technical, consulting and secretarial fees	129,699	15,488	136,563	2,093
- transport and travel costs	364,479	98,769	463,375	134,935
- other operating costs	422,619	77,875	701,990	117,339
Total	1,069,246	236,158	1,554,053	310,411
6. MANUFACTURING PROFIT / (LOSS)				
Bravette Manufacturing (Private) Limited				
Manufacturing profit / (loss) is stated after taking account of the following items:				
- loss on disposal of property, plant and equipment			344	-
- audit fees			21,966	9,300
- depreciation			35,821	40,996
- foreign exchange losses			1,054	-
- employment costs - short-term benefits			154,812	71,134

		COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
7.	NET FINANCE COSTS				
	Interest receivable				
	- Accounts Receivable	62,920	5	183,764	190
	- Other	2,363	5	3,293	81
	Finance income	65,283	10	187,057	271
	Finance cost	(375,014)	(2,151)	(375,918)	(2,154)
	Net finance costs	(309,731)	(2,141)	(188,861)	(1,883)
8.	TAXATION				
8.1	Taxation charge				
	Income tax:				
	Current - Standard	-	-	26,639	784
	- AIDS levy	-	-	799	24
	- Withholding tax	351	-	499	-
	Deferred taxation - Current year	114,475	(5,206)	201,003	(9,385)
	- Rate adjustment	(57,525)	-	(168,828)	-
		57,301	(5,206)	60,112	(8,577)
8.2	Reconciliation of tax charge:				
		%	%	%	%
	Standard rate	25.75	30.90	25.75	30.90
	Adjusted for:				
	Effect of expenses not deductible for tax	6.56	(34.99)	3.14	(32.81)
	Effect of deferred tax balances due to the change in income tax rate	(16.00)	-	(21.31)	-
	Effective rate	16.31	(4.09)	7.58	(1.91)
9.	PROFIT / (LOSS) FOR THE PERIOD				
	Holding company			294,050	(121,807)
	Subsidiary companies:-				
	- Topics Stores (Private) Limited (incorporating Number 1 Stores)			370,263	(291,557)
	- Bravette Manufacturing Company (Private) Limited			50,175	(26,524)
				714,487	(439,888)

10. EARNINGS / (LOSS) PER SHARE

Earnings / (loss) per share is calculated by dividing net profit / (loss) for the year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

No adjustments have been made in calculating diluted earnings per share as there are no diluting instruments.

	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
Headline earnings are determined as follows:				
Profit / (loss) for the period, fully attributable to owners of the parent	294,050	(121,807)	714,487	(439,888)
Adjusted for:				
Loss on disposal of property, plant and equipment	5,483	-	5,483	-
Headline earnings	299,533	(121,807)	719,970	(439,888)
Weighted average number of ordinary shares in issue	373,570,622	373,570,622	373,570,622	373,570,622
Earnings / (loss) per share (Cents)	0.08	(0.03)	0.19	(0.12)
Headline earnings / (loss) per share (Cents)	0.08	(0.03)	0.19	(0.12)

There have been no other transactions involving ordinary shares between reporting date and date of completion of these financial statements.

	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
11. PROPERTY, PLANT AND EQUIPMENT				
Leasehold improvements				
At cost	59,860	59,860	218,200	218,200
Additions	-	-	17,726	-
Accumulated depreciation	(9,915)	(937)	(41,950)	(6,562)
	49,945	58,923	193,976	211,638
Motor vehicles				
At cost	264,600	265,450	264,600	265,450
Additions	141,419	-	141,419	-
Disposals	(23,000)	(850)	(23,000)	(850)
Accumulated depreciation	(123,530)	(52,920)	(123,530)	(52,920)
	259,489	211,680	259,489	211,680
Furniture fittings and equipment				
At cost	289,499	288,169	517,432	516,102
Additions	66,608	1,330	94,087	1,330
Accumulated depreciation	(74,303)	(5,390)	(135,310)	(22,118)
	281,804	284,109	476,209	495,314
Plant and machinery				
At cost	-	-	300,137	300,137
Additions	-	-	20,310	-
Disposals	-	-	(837)	-
Accumulated depreciation	-	-	(63,253)	(33,349)
	-	-	256,357	266,788
Total Property Plant and Equipment				
At cost	613,959	613,479	1,300,369	1,299,889
Additions	208,027	1,330	273,542	1,330
Disposals	(23,000)	(850)	(23,837)	(850)
Accumulated depreciation	(207,748)	(59,247)	(364,043)	(114,949)
Net carrying amount	591,238	554,712	1,186,031	1,185,420
Movements in net carrying amounts for the year				
Balance at the beginning of the year	554,712	613,479	1,185,420	1,299,888
Additions at cost				
Leasehold premises	-	-	17,726	-
Motor vehicles	141,419	-	141,419	-
Furniture, fittings and equipment	66,608	1,330	94,087	1,330
Plant and machinery	-	-	20,310	-
	208,027	1,330	273,542	1,330
Disposals				
Motor vehicles	(18,400)	(850)	(18,400)	(850)
Plant and machinery	-	-	(744)	-
	(18,400)	(850)	(19,144)	(850)
Depreciation for the year				
Leasehold improvements	(8,978)	(937)	(35,388)	(6,562)
Motor vehicles	(75,210)	(52,920)	(75,210)	(52,920)
Furniture, fittings and equipment	(68,913)	(5,390)	(113,193)	(22,118)
Plant and machinery	-	-	(29,996)	(33,348)
	(153,101)	(59,247)	(253,787)	(114,948)
Balance at the end of the year	591,238	554,712	1,186,031	1,185,420

The carrying value of plant and equipment held under finance leases at 4 July 2010 was $111,215 (2009: $nil). Additions during the year include $134,019 (2009: $nil) of plant and equipment under finance leases and hire purchase contracts. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease.

	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
12. INTANGIBLE ASSETS				
Computer software				
Cost	95,489	-	95,489	-
Movement in the net carrying amount for the year				
Balance at the beginning of the year	-	-	-	-
Additions				
Computer software	95,489	-	95,489	-
Balance at the end of the year	95,489	-	95,489	-

Components of computer software were still being acquired at year end and was thus not available for use. No amortisation expense has been incurred during the year.

	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
13. INVENTORIES				
Finished goods	877,731	309,215	2,164,738	811,593
Raw materials	-	-	309,584	300,077
Work in progress	-	-	69,219	32,963
	877,731	309,215	2,543,541	1,144,633

The amount of inventories expensed as a result of shrinkage during the period amounted to $64,566 which is included in cost of sales.

	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
14. TRADE AND OTHER RECEIVABLES				
Trade receivables	1,099,485	52,822	2,617,280	137,175
Prepayments	104,940	10,747	418,821	13,944
Other receivables	11,050	24,470	26,138	26,904
Group companies				
- Topics Stores (incorporating Number 1 Stores)	948,331	41,872	-	-
- Bravette Manufacturing Company	1,000,152	33,401	-	-
	3,163,958	163,312	3,062,239	178,023

14.1 Trade receivables
The Group's trade receivables have payment terms of 90 days. The average debtors' days at the end of the reporting period was 79 days (2009 :31 days). Refer to note 28.2 for age analysis. Interest is charged on all overdue accounts according to the Group's terms and conditions of granting credit. The rate charged during 2010 was 5% (2009: 5%). An amount of $2,000,000 has been pledged as security for a loan from a financial institution (refer to note 19).

	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
14.2 Allowance for credit losses				
Balance at the beginning of the period	-	-	-	-
Movement for the period				
Allowances raised	30,700	-	137,894	-
Balance at the end of the period	30,700	-	137,894	-

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.

	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
15. CASH AND CASH EQUIVALENTS				
Balances with banks	138,657	23,766	375,690	58,496
Cash on hand	38,475	2,620	38,475	2,620
Total	177,132	26,386	414,165	61,116

Balances with banks comprise current account balances and short-term deposits. Balances with banks earn interest at floating bank deposit and call rates.

16. SHARE CAPITAL

16.1 Authorised

Authorised share capital comprises 1,000,000,000 ordinary share of approximately nil value. The authorised share capital has not changed during the year.

16.2 Issued and fully paid

The original par value of issued shares of 376,736,982 (2009: 376,686,982) has been reduced to nil by the restatement of the Zimbabwe Dollar under hyperinflation and its subsequent conversion to United States Dollars.

	COMPANY 2010	COMPANY 2009
Reconciliation of movement in number of issued shares:		
Ordinary shares in issue at the beginning of the year	376,736,982	376,686,982
Ordinary shares options exercised during the year	-	50,000
Balance of shares at the end of the year	376,736,982	376,736,982
Treasury shares held	(3,166,360)	(3,166,360)
Adjusted issued ordinary shares of	373,570,622	373,570,622
Treasury shares as % of issued shares at the end of the year	(0.84)	(0.84)
Market price at the end of the period (cents)	1.55	0.90

16.3 Unissued shares

The Companies Articles of Association stipulate that the unissued shares of 623,263,018 (2009:623,263,018) shall only be dealt with as directed by a General Meeting of shareholders and shareholders in General Meeting may subject to provisions of the Companies Act (Chapter24:03), authorise Directors to dispose of unissued shares as the Directors in their discretion may think fit.

The number of shares under the control of the directors for the Share Option Scheme are 35,000,000 (2009:35,000,000). The directors decided to suspend any allotments on the scheme and allotment will be reconsidered at a later date.

16.4 Directors' shareholdings

The directors' direct and indirect beneficial interest in the shares of the company are shown below.

	Number of Ordinary shares 2010	%	Number of Ordinary shares 2009	%
B Ndebele	55,824,040	14.82	55,924,040	14.84
L Mabhiza	902	0.00	105,612	0.03
	55,824,942	14.82	56,029,652	14.87

Other than the above, no director or his nominee, had any interest, beneficial or non-beneficial, in the share capital of the company. There have not been any changes in the directors' interests in the shares of the company between reporting date and completion of these financial statements.

16.5 Treasury shares

	GROUP 2010	GROUP 2009
Balance of shares at the beginning of the year	3,166,360	3,166,360
Shares repurchased	-	-
Share sold by subsidiary during the year	-	-
Balance of shares at the end of the year	3,166,360	3,166,360
Market value at the end of the year (US$)	49,079	28,497

All treasury shares are held by Truworths Limited.

	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
17. NON-DISTRIBUTABLE RESERVE				
Balance at beginning of period	579,971	-	1,660,125	-
Change in functional currency reserve	-	579,971	-	1,660,125
Balance at end of period	579,971	579,971	1,660,125	1,660,125
The Change in functional currency reserve arose after converting ZWD values to USD values.				
These were made up as follows:				
- property, plant and equipment	613,479	613,479	1,299,888	1,299,888
- deferred taxation	(183,446)	(183,446)	(394,742)	(394,742)
- inventories	155,938	155,938	743,786	743,786
- trade receivables	-	-	12,367	12,367
- bank balances	-	-	4,826	4,826
- trade payables	(6,000)	(6,000)	(6,000)	(6,000)
	579,971	579,971	1,660,125	1,660,125
18. DEFERRED TAX				
Net deferred tax liability at the beginning of the year	178,240	183,446	385,356	394,742
Liability	178,240	183,446	385,356	394,742
Asset	-	-	-	-
Movement for the year	56,949	(5,206)	32,174	(9,386)
Charge to profit and loss	56,949	(5,206)	32,174	(9,386)
Increase / (decrease) in deferred tax liability	143,040	(5,206)	296,857	(9,386)
Prepayments	8,551	-	15,617	-
Property, plant and equipment	(7,332)	(13,814)	(62,836)	(30,221)
Accounts receivables	141,821	8,608	344,076	20,835
Decrease in deferred tax asset	(86,091)	-	(264,683)	-
Assessable losses	(86,091)	-	(264,683)	-
Net deferred tax liability at the end of the year	235,189	178,240	417,530	385,356
Closing balance comprising:				
Liability	321,280	178,240	682,213	385,356
Prepayments	8,551	-	15,617	-
Property plant and equipment	162,300	169,632	301,685	364,521
Accounts receivable	150,429	8,608	364,911	20,835
Asset	(86,091)	-	(264,683)	-
Assessable loss	(86,091)	-	(264,683)	-
Net deferred tax liability	235,189	178,240	417,530	385,356
19. SHORT-TERM BORROWINGS				
Short term loans	2,870,191	86,084	2,870,191	86,084

Short-term borrowings are unsecured, form part of the core borrowings of the Group and are renewed on maturity in terms of ongoing facilities negotiated with the relevant financial institutions.

The outstanding balances are repayable within twelve months.

Short-term borrowings bear interest in accordance with the ruling short-term money market rates. An average of 15.84% per annum was applicable to the outstanding balance.

		COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
20.	TRADE AND OTHER PAYABLES				
	Trade payables	506,546	182,897	1,125,247	534,176
	Other payables and accrued expenses	306,171	109,290	592,697	249,161
	Current tax payable	-	-	13,185	808
	Current portion of vehicle asset lease	70,440	-	70,440	-
		883,157	292,187	1,801,569	784,145

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

Terms and conditions of financial liabilities
- trade payables are non interest bearing and are normally settled between 30 and 90 days.
- other payables and accrued expenses are non interest bearing provided they are settled within their respective credit terms.

		COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
21.	PROVISIONS				
	Balance at beginning of year	38,950	-	92,562	-
	Movement for the year	125,847	38,950	171,704	92,562
	Provisions utilised	(23,230)	-	(46,542)	-
	Provisions raised	149,077	38,950	218,246	92,562
	Balance at end of year	164,797	38,950	264,266	92,562
	The provisions are summarised below:				
21.1	Employment related provisions				
	Balance at beginning of year	26,550	-	61,562	-
	Movement for the year	106,959	26,550	127,484	61,562
	Provisions utilised	(10,830)	-	(15,542)	-
	Provisions raised	117,789	26,550	143,026	61,562
	Balance at end of year	133,509	26,550	189,046	61,562

The provisions relate to accumulated payments in terms of employment contracts and incentive based bonuses.

		COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
21.2	Service provision				
	Balance at beginning of year	12,400	-	31,000	-
	Movement for the year	18,888	12,400	44,220	31,000
	Provisions utilised	(12,400)	-	(31,000)	-
	Provisions raised	31,288	12,400	75,220	31,000
	Balance at end of year	31,288	12,400	75,220	31,000
22.	CASH FLOW INFORMATION FROM OPERATIONS				
22.1	Cash generated from trading				
	Net profit before taxation	351,351		774,599	
	Depreciation	153,101		253,783	
	Loss on disposal of property, plant and equipment	5,483		5,829	
	Other non trading items	309,731		188,861	
		819,666		1,223,072	
22.2	Utilised to increase working capital from operations				
	Increase in Inventory	(568,516)		(1,398,908)	
	Increase in Accounts Receivable	(3,000,646)		(2,884,215)	
	Increase in Accounts Payable	716,817		1,189,128	
		(2,852,345)		(3,093,995)	
22.3	Income tax paid				
	Liability at the beginning of the period	-		(808)	
	Taxation provided	(351)		(27,938)	
	Liability at the end of the period	-		13,185	
		(351)		(15,561)	
22.4	Utilisation in investing activities				
	Maintaining operations	(303,516)		(369,031)	
	Proceeds from disposal of property, plant and equipment	12,916		13,318	
		(290,600)		(355,713)	
22.5	Cash and cash equivalents				
	Made up as follows:				
	Cash at bank and on hand	177,132		414,165	

	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
23. CAPITAL COMMITMENTS				
Capital commitments include all projects for which specific board approval has been obtained.				
Capital expenditure authorised	432,340	135,000	618,492	135,000
These commitments will be financed by cash generated from operations and facilities from financial institutions.				
24. LEASES				
24.1 Vehicle Asset Lease				
Total lease obligation at the beginning of the year	-	-	-	-
Lease obligations incurred during the year	134,019	-	134,019	-
Lease repayments	(63,579)	-	(63,579)	-
Balance at the end of the year	70,440	-	70,440	-
Current portion reflected under trade and other payables	70,440	-	70,440	-

This lease was obtained from a reputable bank. The duration is for a tenor of 6 months at an interest rate of 11.85% per annum. The vehicle is pledged against this lease.

24.2 Lessee under operating leases

The Group rents all its trading premises, head office, distribution centre in terms of operating leases, whereas other operating assets including a store are owned. Trading premises are contracted for periods of between 1 and 5 years, with renewal options for a further 1 to 5 years. Some of these leases provide for minimum annual rental payments together with additional amounts determined on the basis of sale of merchandise. A total of 10 (2009:1) stores of all premises leased on contract with turnover rental clauses reached the turnover threshold in terms of the lease agreements and therefore incurred these additional payments averaging approximately 5% (2009: 5%) of turnover.

	GROUP 2010 US$	GROUP 2009 US$
Operating lease committments payable within one period	1,684,885	1,125,000

25. RELATED PARTY DISCLOSURES

All transactions with related parties were conducted on an arms length basis. The following table provides the total amount of transactions, which have been entered into with related parties for the 2010 financial year.

Name	Country of Incorporation	Effective % holding 2010	Effective % holding 2009
Topic Stores (Private) Limited (incorporating Number 1 Stores)	Zimbabwe	100%	100%
Bravette Manufacturing Company (Private) Limited	Zimbabwe	100%	100%

Details of the inter-company loan balances are disclosed below:

	Management fees to/(from) US$	Merchandise sold to/(from) US$	Amounts owing (to)/by US$
2010			
Truworths Limited			
Topic Stores (Private) Limited (incorporating Number 1 Stores)	1,200,306	-	948,330
Bravette Manufacturing Company (Private) Limited	12,000	(622,067)	1,000,151
Topic Stores (Private) Limited (incorporating Number 1 Stores)			
Truworths Limited	(1,200,306)	-	(948,330)
Bravette Manufacturing Company (Private) Limited	-	(862,492)	(818,763)
Bravette Manufacturing Company (Private) Limited			
Truworths Limited	(12,000)	622,067	(1,000,151)
Topic Stores (Private) Limited (incorporating Number 1 Stores)	-	862,492	818,763
2009			
Truworths Limited			
Topic Stores (Private) Limited (incorporating Number 1 Stores)	254,686	-	41,873
Bravette Manufacturing Company (Private) Limited	-	(82,595)	33,401
Topic Stores (Private) Limited (incorporating Number 1 Stores)			
Truworths Limited	(254,686)	(122,792)	(86,913)
Bravette Manufacturing Company (Private) Limited	-	-	(41,873)
Bravette Manufacturing Company (Private) Limited			
Truworths Limited	-	82,595	(33,401)
Topic Stores (Private) Limited (incorporating Number 1 Stores)	-	122,792	86,913

During the year purchases totalling $34,401 (2009: $1,434) at normal market prices were made by the Group companies from a company, of which one of the directors has an indirect interest.

25. RELATED PARTY DISCLOSURES (continued)

	GROUP 2010 US$	GROUP 2009 US$
The remuneration of directors and other members of key management during the year was as follows:		
Short - term benefits	428,983	67,180
Post - employment benefits	16,255	4,920
	445,238	72,099
Included in the above amounts are the following in respect of directors' emoluments:		
Fees as directors	14,050	2,250
Otherwise in connection with management	282,199	40,016
	296,249	42,266

26. EMPLOYEE BENEFITS

The Group participates in several pension plans covering substantially all of its employees.

26.1 Truworths Pension Fund
The Group operates a defined contribution plan which requires contributions to be made to a separately administered fund. Contributions to this fund are recognised as an expense in the period to which the employees service relates.

	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2010 US$	GROUP 2009 US$
26.2 Retirement cost				
Truworths Pension Fund				
- current service cost	54,076	12,090	114,076	23,346
National Social Security Authority	14,430	1	32,248	8,105
	68,506	12,091	146,324	31,451

26.3 Employee share incentive plan

1999 Share Incentive Scheme
This scheme was allotted 31,250,000 shares. The scheme was closed and there are no outstanding options.

2008 Share Incentive Scheme
Shareholders placed 35 000 000 shares under the control of the directors for a Share Option Incentive Scheme. After considering the incentive nature of the scheme and the valuations prevailing on the Zimbabawe Stock Exchange.

27. BORROWING POWERS

In terms of the company's Articles of Association the aggregate amount owing in respect of monies borrowed by the company and its subsidiaries shall not, except with the consent of the company in general meeting, exceed two times the amount of the issued share capital plus the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves of the company and its subsidiaries.

28. FINANCIAL INSTRUMENTS

28.1 Derivative financial instruments
The Group does not use derivative financial instruments in the management of foreign currency. Derivative financial instruments are not held or issued for trading purposes.

28.2 Credit risk
Financial assets which potentially subject the group to concentrations of credit risk consist principally of trade accounts receivable and bank balances and cash. The Group's cash equivalents are placed with high credit quality institutions and are not all at any one time held by a single institution.

Trade account receivables presented net of allowance for credit losses. These trade account receivables are due by a large widespread customer base. Group entities perform ongoing credit evaluations of the financial position of their customers. Credit risk in respect of trade account receivables is limited due to the large number of customers comprising the Group's customer base and their employment across different economic and geographical area hence the group does not consider there to be any significant concentration of credit risk.

Group entities perform on-going 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 scoring systems, external credit bureau data and affordability assessments to determine the customer's credit quality.

Customers that are overdue can no longer purchase until they have made their now due payment to bring their account up to date.

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. Amounts owing by deceased customers and customers who have been placed under liquidation are written off immediately.

The directors believe that no further allowance in excess of the allowance for uncollectable receivables is required.

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

28. FINANCIAL INSTRUMENTS (continued)

28.2 Credit risk (continued)

	Trade and other receivables US$	Allowance US$	Trade and other receivables, net of allowance US$	Allowance as percentage of trade and other receivables %
2010				
< 30 days	1,993,022	-	1,993,022	-
30 - 59 days	422,141	-	422,141	-
60 - 89 days	172,470	-	172,470	-
90 - 119 days	73,174	(53,987)	19,187	0.02
> 120 days	94,367	(83,907)	10,460	0.03
Total trade receivables	2,755,174	(137,894)	2,617,280	0.04
Other receivables neither past due nor impaired	444,959	-	444,959	-
Total trade and other receivables	3,200,133	(137,894)	3,062,239	0.04
2009				
< 30 days	134,482	-	134,482	-
30 - 59 days	2,693	-	2,693	-
Total trade receivables	137,175	-	137,175	-
Other receivables neither past due nor impaired	40,848	-	40,848	-
Total trade and other receivables	178,023	-	178,023	-

28.3 Interest rate risk

The group policy is to adopt a non speculative approach to managing interest rates. The Group borrows principally in United States dollars and Group policy is to keep as much of its borrowings at a fixed rate of interest as possible.

Interest rate analysis

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

	2010 %	2009 %
Floating rate		
Balance with bank	3	3
Interest bearing portion of trade receivables*	5	5

* At the end of the reporting period 27.5% (2009: 1.9%) of trade receivables were interest-bearing.

28.4 Liquidity and cash flow risk
The group's exposure to liquidity risk relates to short term borrowings and trade and other payables. In terms of the holding company's articles of association, its borrowings are limited to two times the amount of the issued share capital plus the aggregate of all amounts standing to the credit of all distributable and non-distributable reserves and any share premium account of the Company and its subsidiaries as at the last date of the latest audited statement of finance position.

The table below summarises the maturity profile of the Group's assets and liabilities:

	Within 3 months US$	Between 4 to 12 months US$	More than 12 months US$	Total US$
2010				
Liabilities				
Interest-bearing borrowings	(703,215)	(2,166,976)	-	(2,870,191)
Trade and other accounts payable	(2,065,835)	-	-	(2,065,835)
Current tax liability	(13,185)	-	-	(13,185)
TOTAL	(2,782,235)	(2,166,976)	-	(4,949,211)
Assets				
Inventories	1,609,809	933,732	-	2,543,541
Cash and cash equivalents	414,165	-	-	414,165
Trade and other accounts receivable	1,819,555	1,242,684	-	3,062,239
TOTAL	3,843,529	2,176,416	-	6,019,945
2009				
Liabilities				
Interest-bearing borrowings	-	(86,084)	-	(86,084)
Trade and other accounts payable	(784,145)	-	-	(784,145)
Current tax liability	(808)	-	-	(808)
TOTAL	(784,953)	(86,084)	-	(871,037)
Assets				
Inventories	810,815	333,818	-	1,144,633
Cash and cash equivalents	61,116	-	-	61,116
Trade and other accounts receivable	178,023	-	-	178,023
TOTAL	1,049,954	333,818	-	1,383,772

The Group has access to financing facilities of which US$2 379 809 were unused at the end of the reporting period.

28.5 Currency Risk
The following exchange rates applied during the period:

	Average rate 2010	Average rate 2009	Spot rate 4 July 2010	Spot rate 5 July 2009
South African Rands	7.61	8.48	7.70	7.86
Great British Pounds	1.58	1.55	1.52	1.64
Botswana Pula	6.92	7.87	7.13	7.54

Whilst the Group trades on a multi-currency basis, the dominant trading currency is the United States Dollar. The Group's exposure to currency risk results mainly from its South African Rand based imports from South African suppliers, to the extent that they cannot be matched with inflows. Consequently, exchange rate fluctuations may have an impact on future cash flows.

28.6 Fair values

28.6.1 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.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

At the end of the reporting period, the Group does not hold financial instruments measured at fair value.

28.7 Capital risk management
The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while enhancing the return to its stakeholders.

The capital structure of the Group consists of equity (fully attributable to owners of the parent), comprising issued ordinary share capital, non-distributable reserves and retained earnings, less treasury shares. Refer to notes 15 and 16.

The Group's primary objectives in managing capital are:

-To guarantee the ability of the entity to continue as a going concern whilst providing an equitable return to the shareholders and benefit to customers and other stakeholders. The estimated net fair values of all financial instruments appropriate the carrying amount shown in the financial statements

28.7 Capital risk management (continued)

- To maintain strong fall back position which is commensurate with the level of risk undertaken by the entity in the normal course of its business.
- The entity's operating target is to maintain operating assets at a level that is higher than the available operating funds at all times in order to restrict recourse on shareholders' equity for operational funding. The objective was met at all times during the course of the year under review.

	2010 US$	2009 US$
Profit/(loss) for the period	714,487	(439,888)
Total equity	1,934,724	1,220,237
Total borrowings	2,870,191	86,084
Ratio		
Return on equity	37%	(36%)
Return on capital	10%	(17%)
Gearing	148%	7%

28.8 INSURANCE COVER

The Group's assets are adequately insured, as premiums are constantly reviewed to bring up sum insured values in-line with their realisable values.

29. SEGMENT INFORMATION

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

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

No operating segments have been aggregated to form the above reportable operating segments.

For management purposes, the group is organised into business units based on their products and services and has two reportable segments as follows:

	Manufacturing		Retail		Eliminations		Consolidated	
	2010 US$	2009 US$	2010 US$	2009 US$	2010 US$	2009 US$	2010 US$	2009 US$
Revenue								
External sales	4,193	28,348	13,184,174	1,387,244	-		13,188,367	1,415,592
Inter-segment sales	1,484,559	205,387	-	-	(1,484,559)	(205,387)	-	-
Total revenue	1,488,752	233,735	13,184,174	1,387,244	(1,484,559)	(205,387)	13,188,367	1,415,592
Result								
Segment result	71,464	(38,384)	897,823	(408,198)	(5,827)	-	963,460	(446,582)
Unallocated corporate expenses								
Interest payable	-	-	(188,861)	(1,883)	-	-	(188,861)	(1,883)
Taxation	(3,487)	(808)	(56,625)	9,385	-	-	(60,112)	8,577
Net profit /(loss) for the period	67,977	(39,192)	652,337	(400,696)	(5,827)	-	714,487	(439,888)
Other information								
Segment assets	1,788,087	722,916	8,096,499	1,796,782	(2,842,610)	(162,186)	7,041,976	2,357,512
Unallocated corporate assets							259,489	211,680
							7,301,465	2,569,192
Segment liabilities	1,084,016	113,637	3,852,010	1,011,340	-	(162,186)	4,936,026	962,791
Unallocated corporate liabilities							430,715	386,164
Consolidated total liabilities							5,366,741	1,348,955
Capital expenditure	25,842	-	343,189	1,330			369,031	1,330
Depreciation	35,821	40,997	217,966	73,952			253,787	114,949

Business segments: for management purposes the Group is organised into two operating divisions, namely manufacturing and retail. The manufacturing segment sells the majority of its production to the retail segment, which sells goods to the public. Inter-segmentation pricing is on an arms length basis.

Geographical segments: the Group operates principally in one geographical area, namely Zimbabwe. Therefore, no further information about geographical segments is provided.

NOTICE OF MEETING
53rd ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty-third Annual General Meeting of Shareholders of Truworths Limited will be held in the Boardroom, Truworths Limited, Prospect Park, Stand 808, Seke Road, Harare on Thursday November 25 2010 at 9.00am to transact the following business:

ORDINARY BUSINESS

1. To approve minutes of the Annual General Meeting held on November 26 2009.
2. To receive and adopt the financial statements and reports of the Directors and Auditors for the year ended July 04 2010.
3. Directorate
    - 3.1 Mr A J Taylor retires from the Board at the conclusion of the Annual General Meeting having served as a director of the Company for eight years.
    - 3.2 Mr M P Mahlangu and Ms K Dienst retire by rotation in terms of the Articles of Association. Being eligible, both offer themselves for re-election.
4. To approve the remuneration of the directors for the past financial year.
5. To approve the remuneration of the auditors for the past audit.
6. To re-appoint Ernst & Young as auditors until conclusion of the next Annual General Meeting.

SPECIAL BUSINESS

To consider, and if deemed fit, to pass with or without modification, the following resolution:

7. Special Resolution – Redenomination of Share Capital

    To consider and adopt the following Resolutions:

    - 7.1 That the authorised share capital of the Company be redenominated from 1 billion (1,000,000,000) ordinary shares of ZW$0.05 (2008 currency) each to one hundred thousand United States Dollars (US$100,000) comprising 1 billion (1,000,000,000) ordinary shares of US$0.0001 each.
    - 7.2 That the Directors be authorised to transfer from reserves an equivalent to the nominal value of the issued share capital as at 30 November 2010 to fund the redenomination.
    - 7.3 That the Memorandum and Articles of Association of the Company be amended accordingly.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, vote and speak in his stead. The proxy need not be a member of the Company.

A proxy form is attached and, if used, must be lodged at or posted at least 48 hours before the meeting to the office of the company's transfer secretaries; Corpserve (Private) Limited, 2nd Floor ZB Centre
Cnr Kwame Nkrumah Avenue/First Street
P.O. Box 2208
Harare, Zimbabwe

By Order of the Board

M T CHIDOVI
SECRETARY