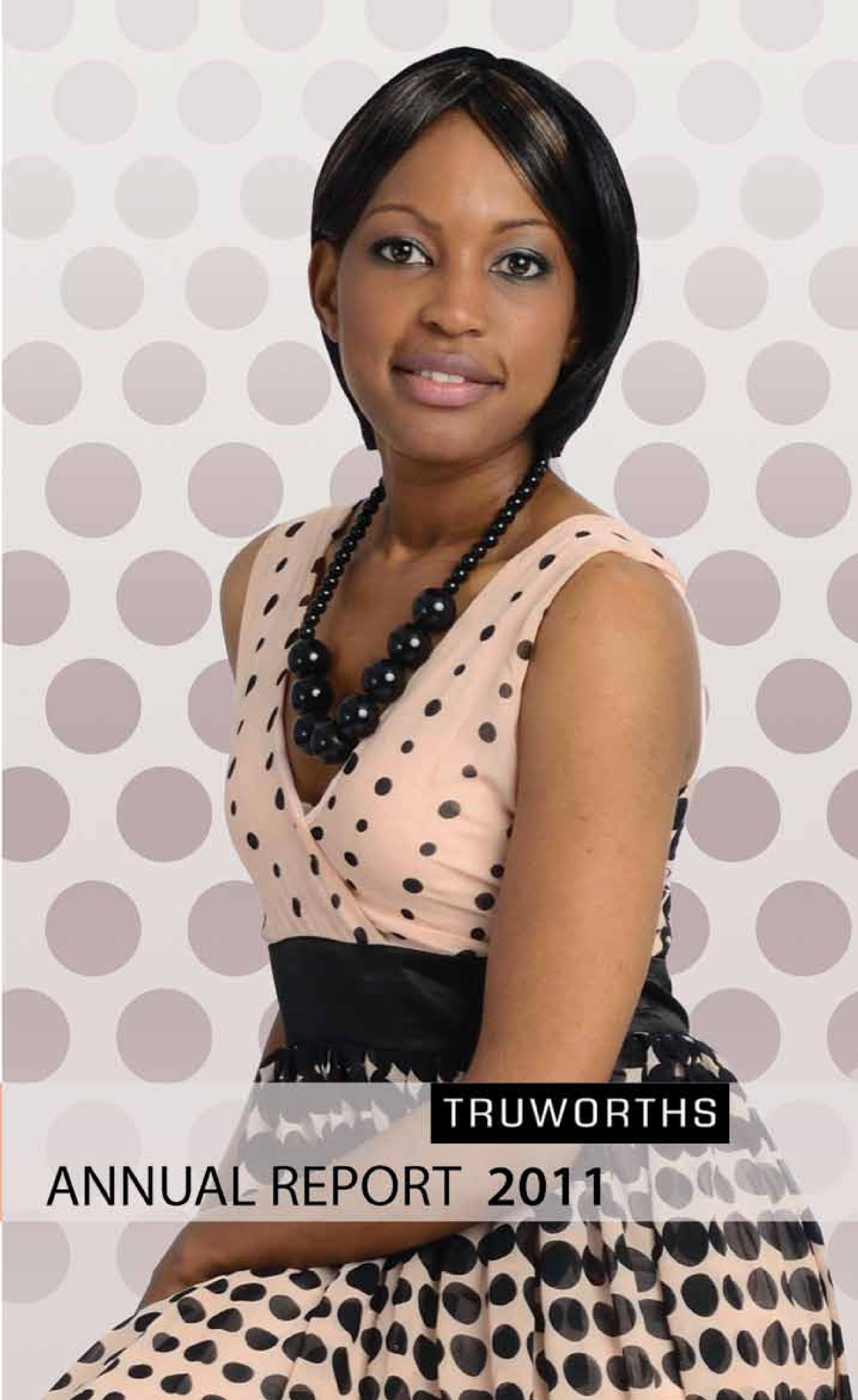

TRUWORTHS

ANNUAL REPORT 2011

Contents

TRUWORTHS **ANNUAL REPORT** 2011

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 comprising 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 2 other branches which are housed with Truworths Man.
- **Truworths Man** operates from 6 stand-alone outlets and 2 other branches which are housed with Truworths Ladies.
- **Topics** operates from 25 stores.
- **Number 1** operates from 18 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. It 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	
M. J. Sardi	(Appointed November 2010)
A. Taylor	(Retired November 2010)

COMPANY SECRETARY

M T Chidovi

REGISTERED OFFICE

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

AUDITORS

Ernst & Young Zimbabwe
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

TRUWORTHS

Chairman's Statement

Chairman's Statement

RESULTS FOR THE YEAR

I have great pleasure in reporting on a successful year in our operations with retail sales increasing by 71% driven by an increase in credit terms.

Profit after tax increased by 142% resulting in headline earnings per share of 0.47 cents from last year's 0.19 cents per share.

DIVIDEND

Given the need to preserve cash for working capital requirements, the Board has considered it prudent not to declare a dividend for the financial year ended 10 July 2011.

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.

BOARD OF DIRECTORS

At the conclusion of the last Annual General Meeting, Anthony Taylor retired from the Board after serving as a director of the company for eight years. The Board wishes him a happy retirement and acknowledges his contribution and commitment to the business.

Mark Sardi was appointed a non-executive director with effect from November 2010. He is the Group Chief Financial Officer of Truworths International and has a wealth of financial experience having been previously head of investment banking at a leading banking group in South Africa.

APPRECIATION

My gratitude goes to my fellow directors for their commitment and contribution throughout the year.

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
October 04 2011

Chief Executive Officer's REPORT

REPORTING PERIOD
The reporting period was 53 weeks as compared to 52 weeks in the prior period.

The high percentage increases in turnover reflect a change in Credit terms from 3 months in the prior period to 6 months in the reporting period.

SALES
Group sales grew 71% over the last reporting period due to an increase in credit sales which was boosted by an increase in credit terms from 3 months to pay to 6 months to pay. The increase in credit terms made the merchandise affordable, hence the increase in turnover.

Our mass market retail chain Number 1 grew by 49% over the prior period.

STORE ESTABLISHMENT
The business traded out of a combined store base of 59 stores as follows;

	2011	2010
Truworths	16	16
Topics	25	23
Number 1	18	17
	59	**56**

CREDIT MANAGEMENT
As already stated our credit terms were increased from 3 months to 6 months. The credit granting criteria did not change from the prior period. The number of accounts grew by 67% to 64,028 from 38,260 in the prior period.

Net bad debt was 2.2% compared to 1.1% in the prior period. The doubtful debt allowance at the end of the period was 5.2% of the gross debtors book compared to 5.0% in the prior period.

CASH FLOW MANAGEMENT
Cash utilized in operations was $2,340,219 and was funded by an increase in borrowings. This was in line with the increase in credit terms which resulted in a growth in the debtors book and a growth in stock levels to support higher trading volumes.

OUTLOOK
High unemployment levels and relatively low disposable incomes continue to hinder a sustainable recovery in consumer spending. Against this background, retail trading conditions are expected to be difficult. Management continues to focus on driving quality sales growth, prudent credit management, containing expense growth and reducing borrowings.

Since year-end there has been an investment in plant and machinery in the manufacturing unit to improve the quality of our formal ladies wear offering and to expand the range by manufacturing new products.

ACKNOWLEDGEMENTS
I would like to pay my sincere gratitude to our staff for their dedication and hard work, to our customers for believing in our product and service, to our suppliers for their loyalty, to our bankers for their continued support and to the Board for its wise counsel.

THEMBA NDEBELE
CHIEF EXECUTIVE OFFICER
October 04 2011

Directors' Report

The directors have pleasure in presenting their report together with the Group and Company annual financial statements for the year ended July 10 2011.

NATURE OF BUSINESS

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

RESULTS OF OPERATIONS

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

GOING CONCERN

The directors have reviewed the Group's budget and cash flow forecast for the year to July 08 2012. 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

Given the need to fund working capital requirements the Board considered it prudent not to declare a dividend for the financial year ended July 10 2011.

SHARE CAPITAL

Details of the authorised and issued share capital of the company are disclosed in note 16 of the Company's annual financial statements.

At the previous Annual General Meeting, a special resolution was passed for the re-statement of the nominal share price into United States Dollars. This resolution was duly effected.

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 Messrs C.P.M. Peech and M.J. Sardi 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 Directors' fees amounting to $14,040.

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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

ANNUAL GENERAL MEETING

The Fifty-Fourth Annual General Meeting will be held at 0900 hours on Thursday November 24 2011 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
October 04 2011

Analysis of Shareholders

AS AT OCTOBER 04 2011

SHAREHOLDING DISTRIBUTION	Total number of shares	% of issued shares	No of shareholders	% of total shareholders
1-5 000	1,107,941	0.29	734	50.00
5001- 10 000	1,591,838	0.42	222	15.12
10 001- 25 000	2,978,831	0.79	190	12.94
25 001 - 50 000	5,050,142	1.34	144	9.81
50 001- 100 000	5,194,564	1.38	75	5.11
100 001 - 200 000	5,665,494	1.50	43	2.93
200 001 – 500 000	6,825,367	1.81	22	1.50
500 001 - 1 000 000	9,187,274	2.44	14	0.95
1 000 001 & ABOVE	339,135,531	90.03	24	1.64
	376,736,982	100.00	1,468	100.00

SHAREHOLDING BY TYPE				
Non – Resident Shareholder	127,491,158	33.84	1	0.07
Local Nominees	68,841,835	18.27	64	4.36
Insurance Companies	59,392,841	15.77	11	0.75
Local Companies	41,281,349	10.96	140	9.54
Foreign Nominees	39,944,690	10.6	8	0.54
Local Individual Residents	12,554,612	3.33	833	56.74
Pension Funds	8,471,044	2.25	44	3.00
Investments & Trusts	7,645,058	2.03	54	3.68
Banks	3,991,258	1.06	18	1.23
New Non- Residents	3,532,222	0.94	6	0.41
Employee Share Trust	1,471,704	0.39	244	16.62
Foreign Companies	920,443	0.24	2	0.14
Institutions	497,196	0.13	25	1.70
Non Residents	469,065	0.12	2	0.14
Other Organisations	207,279	0.06	11	0.75
Fund Managers	25,228	0.01	5	0.33
	376,736,982	100.00	1,468	100.00

	MAJOR SHAREHOLDERS	Shares held	% of issued shares
1	Truworths International Limited	127,491,158	33.84
2	Old Mutual Life Assurance Company Zimbabwe Limited	58,215,580	15.45
3	Bethel Nominees (Private) Limited – No. II	55,142,860	14.64
4	Barclays Zimbabwe Nominees (Private) Limited - NNR	34,055,132	9.04
5	Old Mutual Zimbabwe Limited	27,378,165	7.27
6	Stanbic Nominees (Private) Limited - NNR	8,690,741	2.31
7	Edwards Nominees (Private) Limited	4,994,611	1.33
8	Bard Nominees (Private) Limited	4,747,906	1.26
9	National Social Security Authority (NSSA NPS)	4,632,532	1.23
10	OMLAC Insurance Limited	3,676,473	0.97
	Shares Selected	**329,025,158**	**87.34**
	Remaining Shares	**47,711,824**	**12.66**
	Total Shares Issued	**376,736,982**	**100.00**

SHAREHOLDERS' CALENDAR

Fifty-Fourth Annual General Meeting	November 24 2011
Interim Report to December 2011	February 2012
Financial Year-end	July 8 2012

Corporate Governance
AND DIRECTORS 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 Financial Reporting 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 presents 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 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.

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 Company and 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 (IFRS).

In preparing the accompanying Financial Statements, IFRS's 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.

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 practice, 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 programme 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 Company 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 53 weeks ended July 10 2011, which appear on Pages 10 to 43 have been approved by the Board on October 04 2011 and are signed on its behalf by;

C. P. M. PEECH
CHAIRMAN

B. NDEBELE
CHIEF EXECUTIVE OFFICER

October 04 2011

Report of the **Independent Auditors**

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
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E-mail: admin@zw.ey.com

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TRUWORTHS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Truworths Limited as set out on pages 10 to 43, which comprise the Group and Company statements of financial position as at 10 July 2011, and the Group and Company statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

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). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting practices; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 about 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 judgment, 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Truworths Limited as at 10 July 2011, and its financial performance and its cash flows for the period 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 and in the manner required by the Companies Act (Chapter 24:03), and the statutory instruments SI 33/99 and SI 62/96.

Ernst & Young
Chartered Accountants (Zimbabwe)

Harare
2 November 2011

Statements of **Comprehensive Income**

FOR THE PERIOD ENDED JULY 10 2011

		COMPANY		GROUP	
	Note	for the period ended July 10 2011 US $	for the period ended July 04 2010 US $	for the period ended July 10 2011 US $	for the period ended July 04 2010 US $
Revenue	4	**10,810,915**	**6,568,715**	**23,647,422**	**13,397,235**
Retail merchandise sales		**8,085,460**	**5,281,776**	**22,526,089**	**13,184,174**
Cost of sales		(3,786,509)	(2,558,593)	(10,877,855)	(6,492,121)
Gross profit		**4,298,951**	**2,723,183**	**11,648,234**	**6,692,053**
Other operating income	4	2,364,430	1,221,656	35,948	21,811
Trading expenses		**(5,198,391)**	**(3,283,757)**	**(9,372,935)**	**(5,816,041)**
Depreciation and amortisation	5.1	(294,594)	(153,101)	(394,265)	(217,966)
Employment costs	5.2	(1,903,926)	(1,267,555)	(2,999,779)	(1,981,737)
Occupancy costs	5.3	(941,709)	(705,192)	(2,403,423)	(1,777,892)
Trade receivable costs	5.4	(317,329)	(88,663)	(650,977)	(284,393)
Other operating costs	5.5	(1,740,833)	(1,069,246)	(2,924,491)	(1,554,053)
Retail trading profit	5	**1,464,990**	**661,082**	**2,311,247**	**897,823**
Manufacturing profit	6	-	-	15,227	65,637
Trading profit		**1,464,990**	**661,082**	**2,326,474**	**963,460**
Finance income	7	361,025	65,283	1,028,064	187,057
Finance cost	7	(1,000,586)	(375,014)	(1,000,631)	(375,918)
Profit before tax		**825,429**	**351,351**	**2,353,907**	**774,599**
Tax expense	8	(227,175)	(57,301)	(616,454)	(60,112)
Profit for the period	9	**598,254**	**294,050**	**1,737,453**	**714,487**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		**598,254**	**294,050**	**1,737,453**	**714,487**
Basic earnings per share (cents)	10	0.16	0.08	0.47	0.19
Headline earnings per share (cents)	10	0.16	0.08	0.47	0.19
Key ratios					
Gross margin %		53.2	51.6	51.7	50.8
Trading expenses to turnover %		48.1	50.0	39.6	43.4
Trading margin %		18.1	12.5	10.3	7.3
Operating margin %		10.2	6.7	10.4	5.9

Statements of **Financial Position**

		COMPANY			GROUP		
		at July 10 2011	at July 04 2010	at July 05 2009	at July 10 2011	at July 04 2010	at July 05 2009
	Note	US $	US $	US $	US $	US $	US $
ASSETS							
Non current assets		**1,030,803**	**686,727**	**554,712**	**1,713,295**	**1,281,520**	**1,185,420**
Property, plant and equipment	**11**	838,558	591,238	554,712	1,521,050	1,186,031	1,185,420
Intangible asset	**12**	192,245	95,489	-	192,245	95,489	-
Current assets		**8,050,003**	**4,218,821**	**498,913**	**11,410,433**	**6,019,945**	**1,383,772**
Inventories	**13**	1,576,784	877,731	309,215	4,680,254	2,543,541	1,144,633
Trade and other receivables	**14**	6,196,155	3,163,958	163,312	6,263,558	3,062,239	178,023
Cash and cash equivalents	**15**	277,064	177,132	26,386	466,621	414,165	61,116
Total assets		**9,080,806**	**4,905,548**	**1,053,625**	**13,123,728**	**7,301,465**	**2,569,192**
EQUITY AND LIABILITIES							
Equity		**1,350,467**	**752,214**	**458,164**	**3,672,177**	**1,934,724**	**1,220,237**
Share capital	**16**	37,674	-	-	37,674	-	-
Treasury shares	**16**	(317)	-	-	(317)	-	-
Non-distributable reserves	**17**	542,614	579,971	579,971	1,622,768	1,660,125	1,660,125
Retained earnings		770,496	172,243	(121,807)	2,012,052	274,599	(439,888)
Non current liabilities							
Deferred taxation	**18**	**416,768**	**235,189**	**178,240**	**988,377**	**417,530**	**385,356**
Current liabilities		**7,313,571**	**3,918,145**	**417,221**	**8,463,174**	**4,949,211**	**963,599**
Short-term borrowings	**19**	6,112,295	2,870,191	86,084	6,112,295	2,870,191	86,084
Trade and other payables	**20**	1,032,254	914,445	304,587	2,140,184	1,876,789	815,145
Provisions	**21**	123,532	133,509	26,550	187,623	189,046	61,562
Current tax		45,490	-	-	23,072	13,185	808
Total liabilities		**7,730,339**	**4,153,334**	**595,461**	**9,451,551**	**5,366,741**	**1,348,955**
Total equity and liabilities		**9,080,806**	**4,905,548**	**1,053,625**	**13,123,728**	**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	373,570,622	373,570,622
Net value per share (cents)		0.36	0.20	0.12	0.98	0.52	0.33

C P M PEECH
CHAIRMAN

Harare

B NDEBELE
CHIEF EXECUTIVE OFFICER

October 04 2011

Statements of **Changes in Equity**

	Note	Share capital US$	Treasury shares	Non- dis- tributable reserve US$	Retained earnings US$	Total US$
GROUP						
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**
Redenomination of share capital		37,674	(317)	(37,357)	-	-
Total comprehensive income for the period	**9**	-		-	1,737,453	1,737,453
Balance at July 10 2011		**37,674**	**(317)**	**1,622,768**	**2,012,052**	**3,672,177**

	Note	Share capital US$	Treasury shares	Non- dis- tributable reserve US$	Retained earnings US$	Total US$
COMPANY						
Balance at July 05 2009		**-**	**-**	**579,971**	**(121,807)**	**458,164**
Total comprehensive income for the period		-		-	294,050	294,050
Balance at July 04 2010		**-**	**-**	**579,971**	**172,243**	**752,214**
Redenomination of share capital		37,674	(317)	(37,357)		-
Total comprehensive income for the period		-	-	-	598,254	598,254
Balance at July 10 2011		**37,674**	**(317)**	**542,614**	**770,497**	**1,350,468**

Statements of **Cash Flows**

		COMPANY		GROUP	
		2011	**2010**	**2011**	**2010**
	Note	**US$**	**US$**	**US$**	**US$**
CASH FLOWS UTILISED IN OPERATING ACTIVITIES					
Cash flow from trading and cash EBITDA*	**22.1**	**1,742,064**	**819,666**	**2,743,666**	**1,223,072**
Working capital movements	**22.2**	(3,623,521)	(2,852,345)	(5,075,714)	(3,093,995)
Cash utilised in operations		**(1,881,457)**	**(2,032,679)**	**(2,332,048)**	**(1,870,923)**
Net interest (paid)/received		(639,561)	(309,731)	27,433	(188,861)
Interest paid		(1,000,586)	(375,014)	(1,000,631)	(375,918)
Interest received		361,025	65,283	1,028,064	187,057
Taxation paid	**22.3**	-	(351)	(35,604)	(15,561)
Net cash utilised in operating activities		**(2,521,018)**	**(2,342,762)**	**(2,340,219)**	**(2,075,345)**
CASH FLOWS UTILISED IN INVESTING ACTIVITIES					
Net cash utilised in investing activities	**22.4**	**(621,154)**	**(290,600)**	**(849,429)**	**(355,713)**
Acquisition of property plant and equipment to maintain operations		(667,508)	(303,516)	(895,784)	(369,031)
Proceeds on disposal of property plant and equipment		46,354	12,916	46,355	13,318
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in short term borrowings		3,242,104	2,784,107	3,242,104	2,784,107
		-	-		
Net increase in cash and cash equivalents		**99,932**	**150,746**	**52,456**	**353,049**
Cash and cash equivalents July 04 2010		**177,132**	**26,386**	**414,165**	**61,116**
CASH AND CASH EQUIVALENTS AT JULY 10 2011	**22.5**	**277,064**	**177,132**	**466,621**	**414,165**

* Earnings before interest, tax, depreciation and amortisation.

Notes to the Financial Statements

1. COUNTRY OF INCORPORATION AND MAIN ACTIVITY

The Group is incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. It is engaged in retailing of fashion apparel and related merchandise throughout Zimbabwe. The financial statements of the Group for the period ended July 10 2011 were authorised for issue in accordance with a resolution of the directors taken on October 04 2011.

2. THE STATEMENT OF COMPLIANCE

2.1 Transition to IFRS

The Group has achieved explicit and unreserved compliance with IFRS after early adoption of the revised IFRS 1 "First-time Adoption of International Financial Reporting Standards" issued on 20 December 2010. The Group failed to present IFRS financial statements for the financial period ended July 04 2010 due to the effects of severe hyperinflation as defined in IFRS 1 (Revised).

The first amendment replaces reference to a fixed date of "1 January 2004" with "the date of transition to IFRS", which eliminates transactions that occurred before the date of transition for IFRS. The second amendment provides guidance for entities emerging from severe hyperinflation to resume presenting IFRS financial statements. An entity can elect to measure assets and liabilities at fair value and to use fair values as the deemed cost in its opening IFRS statement of financial position. The Group elected to use severe hyperinflation exemption.

The effect of the application of the amendments to IFRS 1 is to render the opening statement of financial position, prepared on 05 July 2009 (date of IFRS) IFRS compliant. The opening statement of financial position was reported in the prior year as not being compliant with IFRS due to the inability to comply with International Accounting Standard IAS 1 "Effects of Changes in Foreign Exchange Rates" and IAS 29; "Financial Reporting in Hyperinflationary Economies".

The Group's previous functional currency, the Zimbabwe dollar (ZWD), was subjected to severe hyperinflation before the date of transition to IFRS because it had both of the following characteristics:
(a) a reliable general price index was not available to all entities with transactions and balances in the ZWD; and
(b) exchangeability between the ZWD and a relatively stable foreign currency did not exist.

The Group changed its functional currency from Zimbabwe dollars on 1 January 2009, however the Group has adopted 05 July 2009 as the effective date of currency normalisation and the date of transition to reporting in terms of International Financial Reporting Standards.

2.1.1 Deemed cost exemption

The Group elected to measure certain items of property, plant and equipment, trade and other receivables, inventories and trade and other payables at fair value and to use the fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position.

2.1.2 Comparative financial information

The financial statements comprise three statements of financial position, two statements of comprehensive income, changes in equity and cash flows as a result of the application of the Amendments to IFRS 1.

2.1.3 Reconciliation to previously prepared IFRS compliant financial statements

In preparing its opening IFRS statement of financial position, the Group has not adjusted amounts previously determined in accordance with the "Guidance on Change in Functional Currency - 2009", which was drafted jointly by the Public Accountants and Auditors Board (PAAB), Zimbabwe Accounting Practices Board (ZAPB) and the Zimbabwe Stock Exchange (ZSE). This guidance was adopted as the local standard for reporting by most listed entities and othe incorporated entities in Zimbabwe reporting subsequent to severe hyperinflation. As amounts have not changed from those presented in previously issued financial statements, reconciliations have not been presented, because the amendments to IFRS 1 effectively endorsed the approach adopted in the guidance paper issued by PAAB, ZAPB and the ZSE, which dealt with the conversion of local currency balances to stable foreign currency after a period of severe hyperinflation.

2.2 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 company. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1.1 Basis of consolidation from 1 July 2009

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 10 July 2011. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intragroup transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss

3.1.2 Basis of consolidation prior to 1 July 2009

In comparison to the above mentioned requirements which were applied on a prospective basis, the following differences applied:

- Non-controlling interest represented the portion of profit or loss and net assets that were not held by the Group and were presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the parent sharedolers' equity.
- Acquisitions of non-controlling interest were accounted for using the parent entity extension method,whereby, the difference between the consideration and the book value of the share of the net assets acquired was recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess lossed were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost.

3.2 Use of estimates and judgments in the preparation of annual financial statements

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

Notes to the Financial Statements

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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 realizable 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 Group's financial statements are presented in United States Dollars (US$), which is the Group's functional and presentation currency.

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.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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 carrying amount of the component replaced is written off in profit or loss. All other expenditure is recognised in profit or loss.

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

Notes to the Financial Statements

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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 sale.

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

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

Amortisation
Computer software is amortised to its estimated residual value on a straight-line basis over its expected useful life of five years. Amortisation commences when the computer software is available for its intended use and ceases temporarily if the residual value exceeds the carrying amount. Amortisation ceases permanently at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is 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 and adjusted prospectively. The amortisation expense is recognised 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 sale.

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

3.6 Inventories
Inventories are stated at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less necessary costs to make the sale.

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 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.

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.

Notes to the Financial Statements

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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 goodwill, trademarks, inventories and deferred tax, for which impairment policies are described within their respective accounting policies, are reviewed at each reporting date to determine whether there is any indication of impairment. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, the recoverable amount of the asset is estimated. The recoverable amount 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 company assesses whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment loss.

A previously recognised 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 recognised. A reversal of impairment is recognised in profit and loss.

3.8 Financial instruments

Classification

Financial assets and liabilities are recognised in the balance sheet when the company 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 company commits to purchase or sell the instrument.

Financial assets are initially recognised at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs and subsequently as set out below.

3.8.1 Trade and other receivables

Trade receivables are initially recognised at fair value. They are subsequently carried at amortised cost using the effective interest rate method (EIR) taking into account fair value less an allowance for any uncollectable amounts. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The allowance for uncollectable amounts is established when there is objective evidence that the company 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 balance sheet date. Bad debts 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. Cash and cash equivalents are intitally measured at fair value, and subsequently at amortised cost.

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

3.8.3 Bank overdrafts and borrowings

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 company's accounting policy for borrowing costs.

Notes to the Financial Statements

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.

A financial asset or a group of financial assets is deemed to be impaired if, and ony if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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.

Assets carried at amortised cost

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 derecognised 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 carried at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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.

Notes to the Financial Statements

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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.

3.9 Treasury shares

The Group's own equity instruments which are re-acquired (treasury shares) are deducted from equity. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Shares in the company held by company 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 such as bonuses, salaries, employee entitlements to leave pay, medical aid and other contributions 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 company operates a defined contribution pension plan which requires contributions to be made to a separately administered fund. company 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

The company participates in the industry-wide defined contribution pension fund. Contributions to this plan are charged against income as incurred.

National Social Security Authority

The company participates in this state administered defined benefit 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 expense consists 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 recognised directly in equity or other comprehensive income are recognised 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 income 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 company 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 income tax liability is recognised on temporary differences caused by the initial recognition of goodwill.

A deferred income 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 income 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 income 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 income 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 income tax asset to be recovered.

Deferred income 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.

Notes to the Financial Statements

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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
The determination of whether an arrangement contains a lease depends on the substance of the arrangement at inception date, and requires an assessment of whether the fulfilment of the arrangement is dependant on the use of specific asset/(s) and whether it conveys a right to use of the asset/(s).

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the facility. Finance charges are recognised in finance costs in the income statement.

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 and 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. The expense relating to any provision is presented in profit or loss, net of any certain reimbursements.

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

Provision for leave pay
Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment. The timimgs of the cash out-flows are by their nature uncertain.

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

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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 principal in all of its revenue arrangements. The following specific recognition criteria must be met before revenue is recognised:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company 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 income statement.

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

3.18 New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial year.

Amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 1 First-time adoption (Amendment) – 1January 2010
- IFRS 1 First-time adoption (Amendment) – 1July 2010
- IAS 24 Related party disclosures (Amendment) – 1 January 2011
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment) – 1 February 2010
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009)
- Improvements to IFRSs (Issued in May 2010)

The adoption of the standards or interpretations is described:

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IFRS 1 *First-time Adoption of International Financial Reporting Standards (Amendments)*
This amendment is effective for annual periods beginning on or after 1 January 2010. IFRS 1 has been amended to provide additional exemptions from full retrospective application of IFRS for the measurement of oil & gas assets and leases. This is not applicable to the Group as it is not a first-time adopter.

IFRS 1 *First-time Adoption of International Financial Reporting Standards (Amendment*)
The amendment to IFRS 1 is effective for annual periods beginning on or after 1 July 2010. The amendment allows first-time adopters to utilise the transitional provisions of IFRS 7 Financial Instruments: Disclosures as they relate to the March 2009 amendments to the standard. These provisions give relief from providing comparative information in the disclosures required by the amendments in the first year of application. To achieve this, the transitional provisions in IFRS 7 were also amended.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*
IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial position or performance of the Group.

Improvements to IFRSs

In May 2010, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments where relevant resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

Issued in May 2010

- **IFRS 3 Business Combinations (effective from 1 July 2010):**
  - Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. - The amendment clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). The amendment is applied retrospectively.
  - Measurement of non-controlling interests (NCI) - The amendment limits the scope of the measurement choices only to the components of NCI that are present ownership interests which entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation. Other components of NCI are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.
  - Un-replaced and voluntarily replaced share-based payment awards - The amendment requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether by obligation or voluntarily), i.e., split between consideration and post-combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognised as post-combination expenses.
- **IAS 27 Consolidated and Separate Financial Statements (effective from 1 July 2010):**
  The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier. The amendment is applied retrospectively.

Standards issued but not yet effective
Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. The Group expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Group's financial position or performance in the period of initial application but additional disclosures will be required. In cases where it will have an impact the Group is still assessing the possible impact.

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IAS 1 Financial statement presentation (Amendment)
The amendment is effective for annual periods beginning on or after 1 January 2012 and requires that items of other comprehensive income be grouped in Items that would be reclassified to profit or loss at a future point and items that will never be reclassified. This amendment only effects the presentation in the financial statements.

IAS 12 Income taxes (Amendment)
The amendment is effective for annual periods beginning on or after 1 January 2012 and introduces a rebuttable presumption that deferred tax on investment properties measured at fair value will be recognised on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. If consumed a use basis should be adopted. This amendment will have no impact on the Group after initial application.

IAS 19 Post employee benefits (Amendment)
The amendments are effective for annual periods beginning on or after 1 January 2013. There are changes to post employee benefits in that pension surpluses and deficits are to be recognised in full (no more deferral mechanisms) and all actuarial gains and losses recognised in other comprehensive income as they occur with no recycling to profit or loss. Past service costs as a result of plan amendments are to be recognised immediately.

IAS 24 ***Related Party Disclosures (Amendment)***
The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified and simplifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance.

IFRS 1 First-time Adoption of international Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)
The amendment is effective for annual periods beginning on or after 1 July 2011. The IASB has provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to severe hyperinflation. A further amendment to the standard is the removal of the legacy fixed dates in IFRS 1 relating to derecognition and day one gain or loss transactions have also been removed. The standard now has these dates coinciding with the date of transition to IFRS.

IFRS 7 Financial Instruments: Disclosures - Transfer of financial assets (Amendment)
The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, where:

- Financial assets are derecognised in their entirety, but where the entity has a continuing involvement in them (e.g., options or guarantees on the transferred assets)
- Financial assets are not derecognised in their entirety - The amendments may be applied earlier than the effective date and this fact must be disclosed. Comparative disclosures are not required for any period beginning before the effective date.
- Financial assets are not derecognised in their entirety - The amendments may be applied earlier than the effective date and this fact must be disclosed. Comparative disclosures are not required for any period beginning before the effective date.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the Board will address impairment and hedge accounting. The completion of this project is expected by the end of 2011. The adoption of the first phase of IFRS 9 will primarily have an effect on the classification and measurement of the Group's financial assets. The Group is currently assessing the impact of adopting IFRS 9, however, the impact of adoption depends on the assets held by the Group at the date of adoption, it is not practical to quantify the effect.

IFRS 10 Consolidated Financial Statements; IFRS 11 Joint Arrangements; IFRS 12 Disclosure of Interest in Other Entities
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model with a new definition of control that applies to all entities. The changes will require management to make significant judgement to determine which entities are controlled and therefore required to be consolidated by the parent. Therefore, IFRS 10 may change which entities are within a Group.

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IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 uses some of the terms that were used in IAS 31 but with different meanings which may create some confusion as to whether there are significant changes. IFRS 11 focuses on the nature of the rights and obligations arising from the arrangement compared to the legal form in IAS 31. IFRS 11 uses the principle of control in IFRS 10 to determine joint control which may change whether joint control exists. IFRS 11 addresses only two forms of joint arrangements; joint operations where the entity recognises its assets, liabilities, revenues and expenses and/or its relative share of those items and joint ventures which is accounted for on the equity method (no more proportional consolidation).

IFRS 12 includes all the disclosures that were previously required relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities as well as a number of new disclosures. An entity is now required to disclose the judgements made to determine whether it controls another entity.

The Group will need to consider the new definition of control to determine which entities are controlled or jointly controlled and then to account for them under the new standards. IFRS 10, 11 and 12 will be effective for the Group 1 July 2013.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single framework for all fair value measurement (financial and non-financial assets and liabilities) when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather describes how to measure fair value under IFRS when it is permitted or required by IFRS. There are also consequential amendments to other standards to delete specific requirements for determining fair value. The Group will need to consider the new requirements to determine fair values going forward. IFRS 13 will be effective for the Group 1 July 2013.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)
The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment corrects an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

Improvements to IFRSs (issued in 2010)
The following summarises the six amendments included that will be effective for June 2012 year ends:

- **IFRS 1** ***First-time Adoption of International Financial Reporting Standards***
  - Accounting policy changes in the year of adoption - The amendment clarifies that, if a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published an interim financial report in accordance with IAS 34 Interim Financial Reporting, it has to explain those changes and update the reconciliations between previous GAAP and IFRS.
  - Revaluation basis as deemed cost - The amendment allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first IFRS financial statements are issued. When such re-measurement occurs after the date of transition to IFRS, but during the period covered by its first IFRS financial statements the adjustment is recognised directly in retained earnings (or if appropriate, another category of equity).
- **IFRS 7** ***Financial Instruments Disclosures***
  The amendment clarifies disclosures by emphasizing the interaction between quantitative and qualitative disclosures and nature and extent of risks associated with financial instruments.
- **IAS 1** ***Presentation of Financial Statements - Clarification of statement of changes in equity***
  The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment is applied retrospectively.
- **IFRIC 13** ***Customer Loyalty Programmes - Fair value of award credit***
  The amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme is to be taken into account. The amendment is applied retrospectively.
- **IAS 34** ***Interim Financial Statements - Significant events and transactions***
  The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around circumstances likely to affect fair values of financial instruments and their classification.

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		COMPANY 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
4.	**REVENUE**				
	Sale of merchandise	8,085,460	5,281,776	22,583,410	13,188,367
	- Retail merchandise sales	8,085,460	5,281,776	22,526,089	13,184,174
	- Factory sales to third parties	-	-	57,321	4,193
	Interest received	361,025	65,283	1,028,064	187,057
	- Trade receivable interest	359,988	62,920	1,026,382	183,764
	- Other	1,037	2,363	1,682	3,293
	Other operating income	2,364,430	1.221,656	35,948	21,811
	- Management fees from subsidiaries	2,336,287	1,212,306	-	-
	- Other income	28,143	9,350	35,948	21,811
	Total revenue	**10,810,915**	**6,568,715**	**23,647,422**	**13,397,235**
5.	**RETAIL TRADING PROFIT**				
	Trading profit is stated after taking account of the following items:				
5.1	**Depreciation and amortisation**				
	-depreciation retail charge	246,533	153,101	346,204	217,966
	-amortisation retail charge	48,061	-	48,061	-
	Total	**294,594**	**153,101**	**394,265**	**217,966**

5.2 **Employment costs**

Retail chains employed 317 (2010: 368) 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:

		COMPANY 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
	- Salaries, bonuses, wages and other benefits	1,772,120	1,149,470	2,774,239	1,823,056
	- Contributions to defined plans (refer to note26.2)	87,176	68,506	175,961	146,324
	- Medical aid contributions	44,630	49,579	49,579	12,357
	Total	**1,903,926**	**1,267,555**	**2,999,779**	**1,981,737**
				-	-
5.3	**Occupancy costs**				
	Land and buildings				
	- minimum lease payments	548,903	362,446	1,505,560	1,050,780
	- turnover clause payments	54,938	32,081	59,735	52,196
	Total operating lease expenses	603,841	394,527	1,565,295	1,102,976
	Other occupancy costs	337,868	310,665	838,128	674,916
	Total	**941,709**	**705,192**	**2,403,423**	**1,777,892**
5.4	**Trade receivable costs**				
	Collection and other trade receivable costs	**317,329**	**88,663**	**650,977**	**284,393**

Notes to the Financial Statements

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			COMPANY 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
5.5	**Other operating costs**					
	- advertising and marketing		288,534	125,243	584,462	202,953
	- audit fees		64,500	27,206	72,000	49,172
	- management, technical, consulting and secretarial fees		172,675	129,699	172,675	136,563
	- transport and travel costs		470,905	364,479	746,440	463,375
	- other operating costs		744,219	422,619	1,348,914	701,990
			1,740,833	**1,069,246**	**2,924,491**	**1,554,053**
6.	**MANUFACTURING PROFIT**					
	Manufacturing profit is stated after taking account of the following items:					
	- loss on disposal of property, plant and equipment		-	-	-	344
	- audit fees		-	-	18,000	21,966
	- depreciation		-	-	40,451	35,821
	- foreign exchange losses		-	-	1,128	1,054
	- employment costs - short-term benefits		-	-	289,757	154,812
7.	**NET FINANCE INCOME / (COSTS)**					
	Interest receivable					
	- Trade receivable interest		359,988	62,920	1,026,382	183,764
	- Other		1,037	2,363	1,682	3,293
			361,025	65,283	1,028,064	187,057
	Interest payable					
	- Interest payable on short-term borrowings		(1,000,586)	(375,014)	(1,000,631)	(375,918)
	Net finance (costs)/income		**(639,561)**	**(309,731)**	**27,433**	**(188,861)**
8.	**TAX EXPENSE**					
8.1	**Taxation charge**					
	Income tax:					
	Current	- Standard	44,151	-	44,151	26,639
		- AIDS levy	1,325	-	1,325	799
		- Withholding tax	120	351	131	499
	Deferred taxation	- Current year	181,579	114,475	570,847	201,003
	Current	- Rate adjustment	-	(57,525)	-	(168,828)
			227,175	**57,301**	**616,454**	**60,112**
8.2	**Reconciliation of tax charge:**		%	%	%	%
	Standard rate		25.75	25.75	25.75	25.75
	Adjusted for:					
	Effect of expenses not deductible for tax		1.77	6.56	0.44	3.14
	Effect of deferred tax balances due to the change in income tax rate		-	(16.00)	-	(21.13)
	Effective rate		**27.52**	**16.31**	**26.19**	**7.76**

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	COMPANY 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
9. PROFIT FOR THE PERIOD				
Holding company			598,254	294,050
Subsidiary companies:-				
- Topics Stores (Private) Limited (incorporating Number 1 Stores)			1,158,944	370,262
- Bravette Manufacturing Company (Private) Limited			(19,745)	50,175
			1,737,453	**714,487**

10. EARNINGS PER SHARE

Earnings per share is calculated by dividing net profit 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 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
Headline earnings are determined as follows:				
Profit for the period, fully attributable to owners of the parent	598,254	294,050	1,737,453	714,487
Adjusted for:				
(Profit)/ Loss on disposal of property, plant and equipment	(17,521)	5,483	(17,521)	5,829
Headline earnings	580,733	299,533	1,719,932	720,316
Weighted average number of ordinary shares in issue	373,570,622	373,570,622	373,570,622	373,570,622
Earnings per share (cents)	0.16	0.08	0.47	0.19
Headline earnings per share (cents)	0.16	0.08	0.47	0.19

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

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	COMPANY 2011 US$	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2011 US$	GROUP 2010 US$	GROUP 2009 US$
11. PROPERTY, PLANT & EQUIPMENT						
Leasehold improvements						
At cost	59,860	59,860	59,860	235,926	218,200	218,200
Additions	15,041	-	-	124,737	17,726	-
Accumulated depreciation	(21,142)	(9,915)	(937)	(95,997)	(41,950)	(6,562)
	53,759	49,945	58,923	264,666	193,976	211,638
Motor vehicles						
At cost	383,019	264,600	265,450	383,019	264,600	265,450
Additions	315,960	141,419	-	315,960	141,419	-
Disposals	(28,833)	(23,000)	(850)	(28,833)	(23,000)	(850)
Accumulated depreciation	(253,320)	(123,530)	(52,920)	(253,320)	(123,530)	(52,920)
	416,826	259,489	211,680	416,826	259,489	211,680
Furniture fittings & equipment						
At cost	356,107	289,499	288,169	611,519	517,432	516,102
Additions	191,684	66,608	1,330	303,816	94,087	1,330
Accumulated depreciation	(179,818)	(74,303)	(5,390)	(305,982)	(135,310)	(22,118)
	367,973	281,804	284,109	609,353	476,209	495,314
Plant and machinery						
At cost	-	-	-	319,610	300,137	300,137
Additions	-	-	-	6,455	20,310	-
Disposals	-	-	-	-	(837)	-
Accumulated depreciation	-	-	-	(95,860)	(63,253)	(33,349)
	-	-	-	230,205	256,357	266,788
Total Property Plant & Equipment						
At cost	798,986	613,959	613,479	1,550,074	1,300,369	1,299,889
Additions	522,685	208,027	1,330	750,968	273,542	1,330
Disposals	(28,833)	(23,000)	(850)	(28,833)	(23,837)	(850)
Accumulated depreciation	(454,280)	(207,748)	(59,247)	(751,159)	(364,043)	(114,949)
Net carrying amount	**838,558**	**591,238**	**554,712**	**1,521,050**	**1,186,031**	**1,185,420**
Movements for the year						
Balance at the beginning of the period, net of depreciation	**591,238**	**554,712**	**613,479**	**1,186,031**	**1,185,420**	**1,299,888**
Additions at cost						
Leasehold premises	15,041	-	-	124,737	17,726	-
Motor vehicles	315,960	141,419	-	315,960	141,419	-
Furniture, fittings and equipment	191,684	66,608	1,330	303,816	94,087	1,330
Plant and machinery	-	-	-	6,455	20,310	-
	522,685	208,027	1,330	750,968	273,542	1,330
Disposals						
Motor vehicles	(28,833)	(18,400)	(850)	(28,833)	(18,400)	(850)
Plant and machinery	-	-	-	-	(744)	-
	(28,833)	(18,400)	(850)	(28,833)	(19,144)	(850)
Depreciation for the year						
Leasehold improvements	(11,227)	(8,978)	(937)	(54,047)	(35,388)	(6,562)
Motor vehicles	(129,790)	(75,210)	(52,920)	(129,790)	(75,210)	(52,920)
Furniture, fittings and equipment	(105,515)	(68,913)	(5,390)	(170,672)	(113,193)	(22,118)
Plant and machinery	-	-	-	(32,607)	(29,996)	(33,348)
	(246,532)	(153,101)	(59,247)	(387,116)	(253,787)	(114,948)
Net carrying amount at the end of the period	**838,558**	**591,238**	**554,712**	**1,521,050**	**1,186,031**	**1,185,420**

The carrying value of plant and equipment held under finance leases at 10 July 2011 was $200 975 (2010: $134 019). Additions during the year include $315 960 (2010: $134 019) 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.

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12. INTANGIBLE ASSETS	COMPANY 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
Computer software				
Cost	95,489	95,489	95,489	95,489
Additions	144,817	-	144,817	-
Accumulated amortisation	(48,061)	-	(48,061)	-
	192,245	**95,489**	**192,245**	**95,489**
Movements in the net carrying amount for the year				
Balance at the beginning of the period, net of amortisation	95,489	-	95,489	-
Additions	144,817	95,489	144,817	95,489
Amortisation for the year	(48,061)	-	(48,061)	-
Net carrying amount at the end of the period	**192,245**	**95,489**	**192,245**	**95,489**

In 2010 components of computer software were still being acquired at year end and was thus not available for use. No amortisation expense was incurred in 2010.

13. INVENTORIES	COMPANY 2011 US$	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2011 US$	GROUP 2010 US$	GROUP 2009 US$
Finished goods	1,576,784	877,731	309,215	3,999,362	2,164,738	811,593
Raw materials	-	-	-	639,097	309,584	300,077
Work in progress	-	-	-	41,795	69,219	32,963
	1,576,784	**877,731**	**309,215**	**4,680,254**	**2,543,541**	**1,144,633**

An amount of $3 700 000 (2010: $ nil) has been pledged as security for a loan from a financial institution (refer to note 19).

The amount of inventories expensed as a result of shrinkage during the period amounted to $151 755 (2010: $64 566) which is included in cost of sales.

14. TRADE AND OTHER RECEIVABLES	COMPANY 2011 US$	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2011 US$	GROUP 2010 US$	GROUP 2009 US$
Trade receivables	2,043,446	1,099,485	52,822	5,670,562	2,617,280	137,175
Prepayments	181,726	104,940	10,747	447,823	418,821	13,944
Other receivables	91,687	11,050	24,470	145,173	26,138	26,904
Group companies						
- Topics Stores (incorporating Number 1 Stores)	1,617,970	948,331	41,872	-	-	-
- Bravette Manufacturing Company	2,261,326	1,000,152	33,401	-	-	-
	6,196,155	**3,163,958**	**163,312**	**6,263,558**	**3,062,239**	**178,023**

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14.1 Trade receivables

The Group's trade receivables have payment terms of 180 days (2010: 90 days). The average debtors' days at the end of the reporting period was 124 days (2010: 79 days). Refer to note 28.2 for an age analysis.

Interest is charged on all overdue accounts according to the Group's term and conditions of granting credit. The rate charged during 2011 was 5% (2010: 5%).

An amount of $4 500 000 (2010 : $2 000 000) has been pledged as pledged as security for a loan from a financial institution (refer to note 19).

		COMPANY 2011 US$	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2011 US$	GROUP 2010 US$	GROUP 2009 US$
14.2	**Allowance for credit losses**						
	Balance at the beginning of the period	30,700	-	-	137,894	-	-
	Movement for the period						
	Allowances utilised	(100, 452)	-	-	(278,876)	-	-
	Allowances raised	209,268	30,700	-	455,137	137,894	-
	Balance at the end of the period	**139,516**	**30,700**	**-**	**314,155**	**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.

15. CASH AND CASH EQUIVALENTS

	COMPANY 2011 US$	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2011 US$	GROUP 2010 US$	GROUP 2009 US$
Balances with banks	259,362	138,657	23,766	443,669	375,690	58,496
Cash on hand	17,702	38,475	2,620	22,952	38,475	2,620
Total	**277,064**	**177,132**	**26,386**	**466,621**	**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 $0.0001 each. 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 (2010: 376 686 982) has been redenominated to $0.0001 each (2010: $nil).

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

	Company 2011	Company 2010	Company 2009
Reconciliation of movement in the number of issued shares:			
Ordinary shares in issue at the beginning of the period	376,736,982	376,736,982	376,686,982
Ordinary shares options exercised during the period	-	-	50,000
Balance at the end of the period	376,736,982	376,736,982	376,736,982
Treasury shares held	(3,166,360)	(3,166,360)	(3,166,360)
Adjusted issued ordinary shares of	**373,570,622**	**373,570,622**	**373,570,622**
Treasury shares as % of issued shares at the end of the period	(0.84)	(0.84)	(0.84)
Market price at the end of the period (cents)	7.30	1.55	0.90
Nominal value at the end of the period (US$)	**37,674**	-	-

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16.3 Unissued shares

The Companies Articles of Association stipulate that the unissued shares of 623 263 018 (2010: 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 statutory may see fit.

The number of shares under the control of the directors for the Share Option Scheme are 35 000 000 (2010: 35 000 000). The directors decided to suspend any allotments on the scheme.

16.4 Directors' shareholdings

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

	Number of Ordinary shares 2011	%	Number of Ordinary shares 2010	%	Number of Ordinary shares 2009	%
B Ndebele	55,142,860	14.76	55,648,173	14.77	55,924,040	14.84
L Mabhiza	-	-	902	0.00	105,612	0.03
M Mahlangu	13,800	0.00	-	-	-	-
	55,156,660	**14.76**	**55,649,075**	**14.77**	**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.

	Group 2011	Group 2010	Group 2009
16.5 Treasury shares			
Balance at the beginning of the period	3,166,360	3,166,360	3,166,360
Shares repurchased	-	-	-
Share sold by subsidiary during the period	-	-	-
Balance at the end of the period	**3,166,360**	**3,166,360**	**3,166,360**
Market value at the end of the period (US$)	231,144	49,079	28,497
Nominal vlaue at the end of the period (US$)	**317**	**-**	**-**
All treasury shares are held by Truworths Limited.			

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	COMPANY 2011 US$	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2011 US$	GROUP 2010 US$	GROUP 2009 US$
17. NON-DISTRIBUTABLE RESERVE						
Balance at beginning of period	579,971	579,971	-	1,660,125	1,660,125	-
Change in fuctional currency reserve	-	-	579,971	-	-	1,660,125
Redenomination of share capital	(37,357)	-	-	(37,357)	-	-
Balance at end of period	**542,614**	**579,971**	**579,971**	**1,622,768**	**1,660,125**	**1,660,125**
The Non Distributable Reserve arose after converting ZWD values to US$ values during the currency conversion.						
18. DEFERRED TAX						
Net deferred tax liability at the beginning of the period	**235,189**	**178,240**	**183,446**	**417,530**	**385,356**	**394,742**
Liability	321,280	178,240	183,446	682,213	385,356	394,742
Asset	(86,091)	-	-	(264,683)	-	-
Movement for the period	**181,579**	**56,949**	**(5,206)**	**570,847**	**32,174**	**(9,386)**
Charge to profit and loss	181,579	56,949	(5,206)	570,847	32,174	(9,386)
Increase/(decrease) in deferred tax liability	**95,488**	**143,040**	**(5,206)**	**355,577**	**296,857**	**(9,386)**
Prepayments	25,260	8,551	-	45,195	15,617	-
Property, plant and equipment	(1,978)	(7,332)	(13,814)	(24,513)	(62,836)	(30,221)
Accounts receivables	72,206	141,821	8,608	334,895	344,076	20,835
Decrease/(Increase) in deferred tax asset	**86,091**	**(86,091)**	**-**	**215,270**	**(264,683)**	**-**
Assessable losses	86,091	(86,091)	-	215,270	(264,683)	-
Net deferred tax liability at the end of the period	**416,768**	**235,189**	**178,240**	**988,377**	**417,530**	**385,356**
	-	-	-	-	-	-
Closing balance comprising:						
Liability	**416,768**	**321,280**	**178,240**	**1,037,790**	**682,213**	**385,356**
Prepayments	33,811	8,551	-	60,812	15,617	-
Property plant and equipment	160,322	162,300	169,632	277,172	301,685	364,521
Accounts receivable	222,635	150,429	8,608	699,806	364,911	20,835
Asset	**-**	**(86,091)**	**-**	**(49,413)**	**(264,683)**	**-**
Assessable loss	-	(86,091)	-	(49,413)	(264,683)	-
Total	**416,768**	**235,189**	**178,240**	**988,377**	**417,530**	**385,356**

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	COMPANY 2011 US$	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2011 US$	GROUP 2010 US$	GROUP 2009 US$
19. SHORT-TERM BORROWINGS						
Short term loans	**6,112,295**	**2,870,191**	**86,084**	**6,112,295**	**2,870,191**	**86,084**

Short-term borrowings of $2 883 402 (2010: $840 178) are secured by cross company guarantees from Topics Stores (Private) Limited and Bravette Manufacturing Company (Private) Limited, a pledge of trade receivables of $4 500 000 (2010: $2 000 000) and a pledge of stock of $3 700 000 (2010: $ nill) as per note 14 and 13 respectively. The remaining Short-term borrowings of $3 228 893 (2010 $2 030 013) are unsecured.

Short-term borrowings are renewed on maturity in terms of ongoing facilities negotiated with the respective 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 14.81% (2010: 15.84%) per annum was applicable to the outstanding balance.

	COMPANY 2011 US$	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2011 US$	GROUP 2010 US$	GROUP 2009 US$
20. TRADE AND OTHER PAYABLES						
Trade payables	494,044	506,546	182,897	1,281,418	1,125,247	534,176
Other payables and accrued expenses	337,235	337,459	121,690	657,791	667,917	280,161
Current tax payable	-	-	-	-	13,185	808
Current portion of vehicle asset lease	200,975	70,440	-	200,975	70,440	-
	1,032,254	**914,445**	**304,587**	**2,140,184**	**1,876,789**	**815,145**

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.

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	COMPANY 2011 US$	COMPANY 2010 US$	COMPANY 2009 US$	GROUP 2011 US$	GROUP 2010 US$	GROUP 2009 US$
21. PROVISIONS						
21.1 Employment related provisions						
Balance at beginning of period	133,509	26,550	-	189,046	61,562	-
Arising during the year	(9,977)	106,959	26,550	(1,423)	127,484	61,562
- Provisions utilised	(103,928)	(10,830)		(174,318)	(15,542)	-
- Provisions raised	93,951	117,789	26,550	172,895	143,026	61,562
Balance at end of period	**123,532**	**133,509**	**26,550**	**187,623**	**189,046**	**61,562**

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

	COMPANY 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
22. CASH FLOW INFORMATION FROM OPERATIONS				
22.1 Cash generated from trading				
Net profit before taxation	825,430	351,350	2,353,907	774,599
Depreciation	294,594	153,101	434,712	253,783
(Profit)/Loss on disposal of property, plant and equipment	(17,521)	5,483	(17,521)	5,829
Net finance income/(cost) (note 7)	639,561	309,732	(27,432)	188,861
	1,742,064	**819,666**	**2,743,676**	**1,223,072**
22.2 Utilised to increase working capital from operations				
Increase in Inventory	(699,053)	(568,516)	(2,136,712)	(1,398,908)
Increase in Accounts Receivable	(3,032,197)	(3,000,646)	(3,200,779)	(2,884,215)
Increase in Accounts Payable	107,729	716,817	261,777	1,189,128
	(3,623,521)	**(2,852,345)**	**(5,075,714)**	**(3,093,995)**
22.3 Income tax paid				
Amounts owing at the beginning of the period	-	-	(13,186)	(808)
Taxation charged	(45,490)	(351)	(45,490)	(27,938)
Amounts owing at the end of the period	45,490	-	23,072	13,185
	-	**(351)**	**(35,604)**	**(15,561)**
22.4 Utilisation in investing activities				
Maintaining operations	(667,509)	(303,516)	(895,784)	(369,031)
Proceeds from disposal of property, plant and equipment	46,355	12,916	46,355	13,318
	(621,154)	**(290,600)**	**(849,429)**	**(355,713)**

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		COMPANY 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
22.5	**Cash and cash equivalents**				
	Made up as follows:				
	Cash at bank and on hand	277,064	177,132	466,621	414,165
	Bank overdraft and acceptances	(6,112,295)	(2,870,191)	-	(2,870,191)
		(5,835,231)	**(2,693,059)**	**466,621**	**(2,456,026)**

23. CAPITAL COMMITMENTS

	COMPANY 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
Capital commitments include all projects for which specific board approval has been obtained.				
Capital expenditure authorised	**332,622**	**526,520**	**508,552**	**618,492**
Motor vehicles	245,000	355,307	245,000	355,307
Computer infrastructure	71,625	146,016	107,495	173,016
Store development	2,800	12,000	117,200	40,500
Factory development	-	-	25,660	36,472
Distribution facilities	13,197	13,197	13,197	13,197

These commitments will be financed by cash generated from operations and facilities from financial institutions.

24. LEASES

24.1 Lessee under finance leases

	COMPANY 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
Total lease obligation at the beginning of the period	70,440	-	70,440	-
Lease obligations incurred during the period	215,613	134,019	215,613	134,019
Lease repayments	(85,078)	(63,579)	(85,078)	(63,579)
Balance at the end of the period	**200,975**	**70,440**	**200,975**	**70,440**
Current portion reflected under trade and other payables	200,975	70,440	200,975	70,440

The Group has finance leases for motor vehicles. Future minimum lease payments under finance lease together with the present value of the net minimum leases payments are as shown. Vehicles are pledged against these finance leases.

	COMPANY 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
Finance lease committments payable within one period.	**200,975**	**70,440**	**200,975**	**70,440**

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. 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 5 (2010:10) 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% (2010: 5%) of turnover.

	GROUP 2011 US$	GROUP 2010 US$
Operating lease committments payable within one period	1,976,606	1,684,885
After one year but not more than five years	8,945,390	8,519,419
	10,921,996	**10,204,304**

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25. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions, which have been entered into with related parties for the 2011 financial year.

Name	Country of Incorporation	Effective % holding 2011	Effective % holding 2010
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/ (from) US$
2011			
Truworths Limited			
Topic Stores (Private) Limited (incorporating Number 1 Stores)	2,288,287	-	1,617,970
Bravette Manufacturing Company (Private) Limited	48,000	(869,238)	2,261,326
Topic Stores (Private) Limited (incorporating Number 1 Stores)			
Truworths Limited	(2,288,287)	-	(1,617,970)
Bravette Manufacturing Company (Private) Limited	-	(998,703)	(1,817,355)
Bravette Manufacturing Company (Private) Limited			
Truworths Limited	(48,000)	869,238	(2,261,326)
Topic Stores (Private) Limited (incorporating Number 1 Stores)	-	998,703	1,817,355
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 $51 177 (2010: $34 401) at normal market prices were made by the Group companies from a company, of which one of the directors has an indirect interest.

During the year rent amounting to $455 800 (2010: $398 136) was paid to Old Mutual Properties a subsidiary of a shareholder.

Compensation of Key Management Personnel

The remuneration of directors and other members of key management during the year was as follows:

	2011	2010
Short - term benefits	710,287	428,983
Post - employment benefits	19,470	16,255
	729,757	445,238

Included in the above amounts are the following in respect of directors' emoluments:

	2011	2010
Fees as directors	14,040	14,050
Otherwise in connection with management	466,232	282,199
	480,272	296,249

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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 2011 US$	COMPANY 2010 US$	GROUP 2011 US$	GROUP 2010 US$
26.2 Retirement benefit cost				
Truworths Pension Fund				
- current service cost	73,593	54,076	147,608	114,076
National Social Security Authority	13,583	14,430	28,353	32,248
	87,176	**68,506**	**175,961**	**146,324**

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 Zimbabwe Stock Exchange, the directors decided to suspend any allotments on this scheme. The Incentive Scheme will be reconsidered at a later date.

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.

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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 are 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. Before accepting any new credit customer or offering additional credit to exisiting account holders, the Group uses scoring systems, external credit bureau data and affordability assessments to determine the customer's credit quality. 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 areas hence the group does not consider there to be any significant concentration of credit risk.

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 doubtful debt allowance is required.

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

	Trade and other receivables	Allowance	Trade and other receivables, net of allowance	Allowance as percentage of trade and other receivables
	US$	US$	US$	%
2011				
< 30 days	4,045,473	-	4,045,473	-
30 - 59 days	573,399	(21,460)	551,939	0.00
60 - 89 days	312,742	(17,908)	294,834	0.00
90 - 119 days	271,469	(19,903)	251,566	0.00
> 120 days	781,634	(254,884)	526,750	0.05
Total trade receivables	5,984,717	(314,155)	5,670,562	0.05
Other receivables neither past due nor impaired	592,996	-	592,996	-
Total trade and other receivables	**6,577,713**	**(314,155)**	**6,263,558**	**0.05**
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	0.01
> 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**	**-**

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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. The Group's exposure to the risk for changes in market interest rates relates primarily to variable short-term borrowing rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on short-term borrowings. There is an immaterial impact on the Group's equity.

	2011 US$	2010 US$
Effect on profit before tax and equity		
Increase of 3%	(183,269)	(76,106)
Decrease of 3%	183,269	76,106

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:

	2011 %	2010 %
Floating rate		
Balance with bank	0.75	3
Interest bearing portion of trade receivables*	5	5

* At the end of the reporting period 32.5 % (2010: 27.5%) 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$
2011				
Liabilities				
Interest-bearing borrowings	(2,802)	(6,310,469)	-	(6,313,271)
Trade payables	(1,281,418)	-	-	(1,281,418)
TOTAL	**(1,284,219)**	**(6,310,469)**	**-**	**(7,393,713)**
Assets				
Inventories	3,219,556	1,460,698	-	4,680,254
Cash and cash equivalents	466,621	-	-	466,621
Trade and other accounts receivable	5,485,242	778,316	-	6,263,558
TOTAL	**9,171,419**	**2,239,014**	**-**	**11,410,433**
2010				
Liabilities				
Interest-bearing borrowings	(703,215)	(2,166,976)	-	(2,870,191)
Trade payables	(1,125,247)	-	-	(1,125,247)
TOTAL	**(1,828,462)**	**(2,166,976)**	**-**	**(3,995,438)**
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 payables	(534,176)	-	-	(534,176)
TOTAL	**(534,176)**	**(86,084)**	**-**	**(620,260)**
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 $5 287 705 (2010:$2 379 809) were unused at the end of the reporting period.

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28.5 Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foriegn exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is demoninated in a different currency from the Group's functional currency).

The following exchange rates applied during the period:

	Average rate		Spot rate	
	2011	**2010**	**10 July 2011**	**4 July 2010**
South African Rands	7.00	7.61	6.68	7.7
Great British Pounds	1.59	1.58	1.60	1.52
Botswana Pula	6.65	6.92	6.49	7.13

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.

The carrying amount of the groups foreign currency deniminated monetary assets and liabilities at the reporting date are as follows:

	Currency	Liabilities	Assets	Net Position
July 10 2011	South African Rand	(98,463)	46,881	(51,582)
July 04 2010	South African Rand	(1,806)	11,800	9,994

The following table demonstrates the sensitivity of the Group's results to a possible change in the United States Dollar exchange against the Southern African Rand, with all other variables held constant.

	2011 US$	**2010 US$**
Effect on profit before tax		
Increase of 10%	(702)	(1,177)
Decrease of 10%	702	1.177

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 and 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 values 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.

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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 16 and 17.

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

- 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.

	2011 US$	**2010 US$**
Profit for the period	1,737,453	714,487
Total equity	3,672,177	1,934,724
Total borrowings	6,112,295	2,870,191
Ratios		
Return on equity	47%	37%
Return on capital	13%	10%
Gearing	166%	148%

28.8 Insurance Cover

The Group's assets are adequately insured, as premiums are constantly reviewed to bring up sum insured values inline the realisable values.

Notes to the Financial Statements

CONTINUED

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 the 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 segment as follows:

	Manufacturing		Retail		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	US $	US $	US $	US $	US $	US $	US $	US $
Revenue (Sale of Merchandise)								
External sales	57,321	4,193	22,526,089	13,184,174	-		22,583,410	13,188,367
Inter-segment sales	1,867,941	1,484,559	-	-	(1,867,941)	(205,387)	-	-
Total revenue	1,925,262	1,488,752	22,526,089	13,184,174	(1,867,941)	(205,387)	22,583,410	13,188,367
Result								
Segment result	15,227	71,464	2,311,247	897,823	-	(5,827)	2,326,474	963,460
Unallocated corporate expenses								
Interest payable	-	-	27,433	(188,861)	-	-	27,433	(188,861)
Taxation	13,029	(3,487)	(629,483)	(56,625)	-	-	(616,454)	(60,112)
Net profit/(loss) for the period	28,256	67,977	1,709,197	652,337	-	(5,827)	1,737,453	714,487
							-	
Other information								
Segment assets	2,939,472	1,788,087	13,891,552	8,096,499	(4,316,367)	(2,842,610)	12,514,657	7,041,976
Unallocated corporate assets							609,071	259,489
							13,123,728	7,301,465
Segment liabilities	2,317,743	1,084,016	6,122,359	3,852,010	-	-	8,440,102	4,936,026
Unallocated corporate liabilities							1,011,449	430,715
Consolidated total liabilities							9,451,551	5,366,741
Capital expenditure	16,683	25,842	879,101	343,189	-	-	895,784	369,031
Depreciation	40,451	35,821	394,265	217,966	-	-	434,716	253,787

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 54th Annual General Meeting

Notice is hereby given that the Fifty-fourth 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 24 2011 at 9.00am to transact the following business:

ORDINARY BUSINESS

1. To approve Minutes of the Annual General Meeting held on November 25 2010.

2. To receive and adopt the Financial Statements and Reports of the Directors and Auditors for the year ended July 10 2011.

Directorate

3. Messrs C.P.M. Peech and M.J. Sardi 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.

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.

If a Proxy Form is used, it must be lodged or posted to the office of the Company's Transfer Secretaries. It must be received not later than forty eight hours before the meeting.

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

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

TRUWORTHS

ANNUAL REPORT **2011**

FORM OF PROXY

The Fifty-Fourth Annual General Meeting is to be held in the Boardroom of the Company, at the Company's Registered Office, Stand 808, Seke Road, Prospect Park, on Thursday November 24 2011 at 9:00am.

I/We ....

Of ....

Being a member/members of Truworths Limited hereby appoint ....

or failing him/her ....

or failing him/her the Chairman of the meeting as my/our proxy to act at the Annual General Meeting of shareholders of the Company, to be held on Thursday November 24 2011 at 9:00am and to vote on my/our behalf at the meeting, and at any adjournment thereof.

Signed this .... day of .... 2011.

....

SIGNATURE OF MEMBER

Unless otherwise instructed, the Proxy will vote as he thinks fit.
The Proxy Form must be signed, dated and lodged with the Company's Transfer Secretaries, to be received not later than forty-eight hours before the meeting.
Your attention is drawn to section 129(3) of the Companies Act (Chapter 24:03), which reads as follows:

A member entitled to attend and vote is entitled to appoint one or more Proxies to act in the alternative, to attend and vote and speak instead of him, and the Proxy need not be a member.

TRUWORTHS LIMITED

CHANGE OF ADDRESS ADVICE

The attention of shareholders is drawn to the necessity for keeping the Transfer Secretary advised of any changes in name and/or address.

....

Shareholder's name in full (BLOCK LETTERS)

New Address (BLOCK LETTERS)

....

....

....

....

Shareholder's Signature

TRUWORTHS LIMITED

THE TRANSFER SECRETARIES
CORPSERVE (PRIVATE) LIMITED
2nd Floor, ZB Centre
Cnr Kwame Nkrumah/First Street
P.O. Box 2208
HARARE

Tet: (263 4) 758193, 750711/2, 751559/61
Fax: (263 4) 752629
Email: corpserve@corpserve.co.zw

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