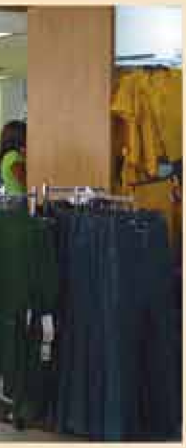
ANNUAL REPORT 2012 **TRUWORTHS**



TRUWORTHS FIRST STREET HARARE

Contents

Company Profile

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

- Truworths Ladies which operates from 8 stand-alone outlets as well as from 2 other branches which are housed within Truworths Man.

- Truworths Man which operates from 6 stand-alone outlets and 2 other branches which are housed within Truworths Ladies.

- Topics which operates from 25 stores.

- Number 1 which operates from 21 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

COMPANY SECRETARY
M. T. Chidovi

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

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

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

Chairman's Statement

RESULTS FOR THE YEAR

Without the benefit of the introduction of 6 months credit, which last year drove sales levels higher, turnover this period decreased 2.3%.

Profit after tax decreased 63.1%, resulting in headline earnings of seventeen cents per share as compared to last year's forty seven cents per share.

DIVIDEND

To preserve cash for working capital requirements, the Board has considered it prudent not to declare a dividend for the financial period ended 8th July 2012.

GOVERNANCE

The Board met four times during the reporting period. Group performance was continuously reviewed in great detail so as to assess risk and to determine effective strategies.

In the execution of the Board's mandate, to ensure proper controls are in place and to verify and approve published financial information, we have been well supported by the Audit and the Remuneration Committees.

OUTLOOK

With the credit environment expected to deteriorate in the year ahead, Management has determined to focus closely on Credit risk limitation. This, coupled with cost savings to be achieved in various sectors, gives reason for optimism that an improved performance can be achieved in the year ahead.

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 for their dedicated work, our Customers for their continued patronage and our Suppliers for their valued support. I would also like to thank all shareholders who have remained committed and supportive.

■ **C P M PEECH**
CHAIRMAN
September 27 2012

Chief Executive Officer's Report

Overview of The Financial Period Ended July 08 2012.

The financial period ended July 10 2011 witnessed the introduction of 6 months credit. This was characterised by high pent-up demand for credit which was not repeatable in the financial period 2012 in the absence of growth in employment in the formal sector, and an increase in disposable incomes. The first six months up to December 2012 witnessed a decline in sales of 10%, however there was a recovery in the 2nd half with a 9.4% increase in sales.

November 2011 and December 2011 sales were below expectations as a result of delayed bonus payments which suppressed consumer spending and reduced the number of shopping days. In the Retail Sector in general the outcome in any financial year is significantly determined by Trading in the High Seasons of November and December. Specifically in our company, historically November and December sales account for 45% of your July to December sales and 55% of the profits.

Sales Participation

	08/07/12	10/07/11
Truworths	35.2%	36.0%
Topics	54.2%	55.0%
Number 1	10.6%	9.0%

Cash vs Credit Sales Participation

	Cash	% Growth	Credit	% Growth	Cash	Credit
Truworths	21.2%	14.5%	78.8%	(8.4%)	19.0%	81.0%
Topics	12.0%	4.2%	88.0%	(5.1%)	11.0%	89.0%
Number 1	100.0%	16.7%	-	-	100.0%	-

Gross Margin Analysis

Gross margin last year	51.7
Improved buying margin	0.6
Decrease in shrinkage	0.3
Increase in markdown costs	(0.2)
Increase in loyalty discounts	(1.7)
Gross margin achieved	50.7

Trading Margin Analysis

Trading margin last year	10.1
Decrease in trade receivable costs	1.0
Lower gross margin achieved	(1.0)
Increased employment costs	(2.7)
Increased occupancy costs	(1.7)
Increased marketing activity	(0.6)
Increased depreciation and amortisation	(0.2)
TRADING MARGIN ACHIEVED THIS YEAR	4.9

TRADING EXPENSES ANALYSIS

Trading expenses increased 7.5%
- Excluding depreciation, trading expenses went up by 7.6%

Depreciation and amortisation (6.5% growth)
- Depreciation and amortisation increased by 6.5% owing to capital expenditure of $899,323 in the period, as well as the capital expenditure of $895,784 in the prior year that was depreciated for the full financial period.

Occupancy costs (13.1% growth)
- A net 3 stores opened from July 2011 to June 2012.
- Basic rental went up combined 30%. Like for like rental increase was 27.8%.

Employment costs (17.6% growth)
- Basic salaries up 18.18%
- Medical aid went up 51% due to increase in tariff and more staff joining the scheme.
- Additional pension due to combining transport with basic salary in line with National Employment Council ruling.

DEBTORS PERFORMANCE

Prudent management of account openings and robust collection systems resulted in an improvement in the quality of the book with 87.1% of customers able to purchase at period end compared to 76.9% last year. With collections and quality of customer improving interest on debtors in arrears reduced by 11.4%.

STORES

The number of stores increased by a net 3 all of which were Number 1 stores.

OUTLOOK

Although the credit retail environment remains difficult, management is confident that there is every chance results will get better going forward. Significant cost savings have been achieved in the 1st quarter of the new financial year which should translate to better profitability.

In the longer term management believes that growth in earnings is best achieved by continuation of the following strategies:

- Improving and developing product ranges.
- Profitably increasing the debtors book through new " quality customers".
- Managing gross and net margins by better sourcing, continuous cost control and efficient management of stock levels.
- Prudent credit risk management to reduce trade receivable costs.
- Improving the "credit enabler" to make instalments affordable and drive volumes.

I would like to thank all stakeholders for their continued support.

THEMBA NDEBELE
CHIEF EXECUTIVE OFFICER
September 27 2012

Directors' Report

The directors have pleasure in presenting their report together with the Group and Company annual financial statements for the period ended July 08 2012.

NATURE OF BUSINESS

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

RESULTS OF OPERATIONS

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

GOING CONCERN

The directors have reviewed the Group's budget and cash flow forecast for the period to July 07 2013. 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 period ended July 08 2012.

SHARE CAPITAL

Details of the authorised and issued share capital of the company are disclosed in note 17 of the Company's annual financial statement.

DIRECTORS AND SECRETARY

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

At the forthcoming Annual General Meeting members will be asked to approve the re-election of Mr M P Mahlangu who retires by rotation in terms of the Articles of Association and being eligible, offers himself for re-election.

DIRECTORS FEES

A resolution will be proposed at the Annual General Meeting to approve Directors' fees amounting to $16,960.

AUDITORS

Members will be asked to approve the remuneration of the Auditors for the past year and re-elect 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-fifth Annual General Meeting will be held at 1100 hours on Thursday November 29 2012 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
September 27 2012

Analysis of Shareholders
as at July 08 2012.

SHAREHOLDING DISTRIBUTION	Total number of shares	% of issued shares	No of shareholders	% of total shareholders
1-5 000	1,105,886	0.29	735	51.28
5001- 10 000	1,545,559	0.41	215	15.00
10 001- 25 000	2,802,642	0.74	178	12.42
25 001 - 50 000	4,731,996	1.26	136	9.49
50 001- 100 000	4,770,204	1.27	69	4.82
100 001 - 200 000	6,414,016	1.70	47	3.28
200 001 – 500 000	5,248,254	1.39	17	1.19
500 001 - 1 000 000	8,825,418	2.34	13	0.91
1 000 001 & ABOVE	341,293,007	90.60	23	1.61
	376,736,982	**100.00**	**1,433**	**100.00**

SHAREHOLDING BY TYPE				
New Non Resident	128,487,306	34.11	32	2.23
Local Companies	95,416,637	25.33	113	7.89
Local Nominees	76,971,935	20.43	80	5.58
Foreign Nominees	38,214,714	10.14	13	0.91
Local Individual Residents	13,199,632	3.50	833	58.13
Foreign Companies	9,514,375	2.53	2	0.14
Pension Funds	8,880,274	2.36	44	3.07
Charitable & Trusts	2,028,174	0.54	266	18.56
Insurance Companies	1,859,708	0.49	16	1.12
Employees	1,045,298	0.28	1	0.07
Fund Managers	658,640	0.17	18	1.26
Investments	447,879	0.12	11	0.77
Deceased Estates	12,410	0.00	4	0.27
	376,736,982	**100.00**	**1,433**	**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	61,938,793	16.44
3	Bethel Nominees (Private) Limited – No. II	55,142,860	14.64
4	Standard Chartered Nominees (Private) Limited - NNR	29,442,388	7.82
5	Old Mutual Zimbabwe Limited	27,378,165	7.27
6	Stanbic Nominees (Private) Limited - NNR	14,707,255	3.90
7	Stanbic Nominees (Private) Limited	4,901,872	1.30
8	National Social Security Authority (NSSA NPS)	4,632,532	1.23
9	Bard Nominees (Private) Limited	3,937,723	1.05
10	Edwards Nominees (Private) Limited - NNR	2,648,165	0.70
	Shares Selected	**332,220,911**	**88.19**
	Remaining Shares	**44,516,071**	**11.81**
	Total Shares Issued	**376,736,982**	**100.00**

SHAREHOLDERS' CALENDAR

Fifty-Fifth Annual General Meeting	November 29 2012
Interim Report to January 06 2013	February 2013
Financial Year-end	July 07 2013
Annual Report	October 2013

Statement of Corporate Governance and Responsibility

CORPORATE GOVERNANCE

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

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

THE BOARD

The company is headed by a Board which leads and controls the company. 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 IFRS's.

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 52 weeks ended July 08 2012, which appear on Pages 10 to 42 have been approved by the Board and are signed on its behalf by;

C. P. M. PEECH — **CHAIRMAN**

B. NDEBELE — **CHIEF EXECUTIVE OFFICER**

ERNST & YOUNG

Chartered Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way/
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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 42, which comprise the Group and Company statements of financial position as at July 08 2012, 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), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from financial misstatement, whether due to fraud or error.

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 July 08 2012, 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

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare
30 October 2012

Statements of Comprehensive Income

FOR THE PERIOD ENDED JULY 08 2012

		COMPANY		GROUP	
	Note	for the period ended July 08 2012 US $	for the period ended July 10 2011 US $	for the period ended July 08 2012 US $	for the period ended July 10 2011 US $
Revenue	4	**11,366,840**	**10,810,915**	**23,058,976**	**23,647,422**
Retail merchandise sales		**7,747,675**	**8,085,460**	**22,014,401**	**22,526,089**
Cost of sales		(3,804,033)	(3,786,509)	(10,847,921)	(10,877,855)
Gross profit		**3,943,642**	**4,298,951**	**11,166,480**	**11,648,234**
Other operating income	4.1	2,075,179	2,364,430	69,137	35,948
Trading expenses		**(5,631,167)**	**(5,198,391)**	**(10,078,378)**	**(9,372,935)**
Depreciation and armortisation	5.1	(287,143)	(294,594)	(419,763)	(394,265)
Employment costs	5.2	(2,234,112)	(1,903,926)	(3,526,937)	(2,999,779)
Occupancy costs	5.3	(1,074,924)	(941,709)	(2,717,134)	(2,403,423)
Trade receivable costs	5.4	(125,220)	(317,329)	(405,579)	(650,977)
Other operating costs	5.5	(1,909,768)	(1,740,833)	(3,008,964)	(2,924,491)
Retail trading profit	5	**387,654**	**1,464,990**	**1,157,240**	**2,311,247**
Manufacturing (loss) / profit	6	-	-	(89,387)	15,227
Trading profit		**387,654**	**1,464,990**	**1,067,853**	**2,326,474**
Dividend received	4	1,200,000	-	-	-
Finance income	7	343,986	361,025	917,709	1,028,064
Finance cost	7	(1,103,972)	(1,000,586)	(1,103,996)	(1,000,631)
Profit before tax		**827,668**	**825,429**	**881,566**	**2,353,907**
Tax credit / (expense)	8	88,768	(227,175)	(233,889)	(616,454)
Profit for the period	9	**916,436**	**598,254**	**647,677**	**1,737,453**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		**916,436**	**598,254**	**647,677**	**1,737,453**
Basic and diluted earnings per share (cents)	10	0.25	0.16	0.17	0.47
Headline earnings per share (cents)	10	0.24	0.16	0.17	0.47
Key ratios					
Gross margin (%)		50.9	53.2	50.7	51.7
Trading expenses to retail merchandise sales (%)		72.7	64.3	45.8	41.6
Trading margin (%)		5.0	18.1	4.9	10.3
Operating margin (%)		10.7	10.2	4.0	10.4

Statements of Financial Position

AS AT JULY 08 2012

	Note	COMPANY at July 08 2012 US $	COMPANY at July 10 2011 US $	GROUP at July 08 2012 US $	GROUP at July 10 2011 US $
ASSETS					
Non current assets		**1,457,269**	**1,030,803**	**2,303,052**	**1,762,708**
Investment in subsidiaries	11	8,018	-	-	-
Property, plant and equipment	12	1,089,573	838,558	1,912,148	1,521,050
Intangible assets	13	212,608	192,245	212,608	192,245
Deferred tax	19	147,070	-	178,296	49,413
Current assets		**10,352,812**	**8,050,003**	**13,792,591**	**11,410,433**
Inventories	14	2,322,575	1,576,784	5,634,378	4,680,254
Trade and other receivables	15	7,787,132	6,196,155	7,789,171	6,263,558
Cash and cash equivalents	16	243,105	277,064	369,042	466,621
Total assets		**11,810,081**	**9,080,806**	**16,095,643**	**13,173,141**
EQUITY AND LIABILITIES					
Equity		**2,274,922**	**1,350,468**	**4,319,854**	**3,672,177**
Share capital	17	37,674	37,674	37,674	37,674
Treasury shares	17	(317)	(317)	(317)	(317)
Non-distributable reserves	18	550,632	542,614	1,622,768	1,622,768
Retained earnings		1,686,933	770,497	2,659,729	2,012,052
Non current liabilities					
Deferred taxation	19	475,065	416,768	1,199,020	1,037,790
Current liabilities		**9,060,094**	**7,313,570**	**10,576,769**	**8,463,174**
Short-term borrowings	20	7,456,258	6,112,295	7,456,258	6,112,295
Trade and other payables	21	1,470,269	1,032,254	2,717,784	2,140,184
Provisions	22	133,567	123,531	228,622	187,623
Current tax		-	45,490	174,105	23,072
Total liabilities		**9,535,159**	**7,730,338**	**11,775,789**	**9,500,964**
Total equity and liabilities		**11,810,081**	**9,080,806**	**16,095,643**	**13,173,141**
Number of shares in issue (net of treasury shares)		**373,570,622**	**373,570,622**	**373,570,622**	**373,570,622**
Net asset value per share (cents)		**0.61**	**0.36**	**1.16**	**0.98**

Statements of Changes in Equity

FOR THE PERIOD ENDED JULY 08 2012

	Note	Share capital US$	Treasury shares	Non-distributable reserve US$	Retained earnings US$	Total US$
GROUP						
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**
Total comprehensive income for the period	**9**	-		-	647,677	647,677
Balance at July 08 2012		**37,674**	**(317)**	**1,622,768**	**2,659,729**	**4,319,854**
COMPANY						
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	**9**	-	-	-	598,254	598,254
Balance at July 10 2011		**37,674**	**(317)**	**542,614**	**770,497**	**1,350,468**
Total comprehensive income for the period	**9**	-	-	-	916,436	916,436
Redenomination of Investment in subsidiary companies	**18**	-	-	8,018	-	8,018
Balance at July 08 2012		**37,674**	**(317)**	**550,632**	**1,686,933**	**2,274,922**

Note:

Redenomination of Share Capital and Investment in Subsidiary Companies

This relates to the redenomination of shares in the company and existing subsidiary companies from Zimbabwean Dollars (ZWD) to United States Dollars (USD) upon change in functional currency in 2009.

The redenomination of the subsidiary companies was done in the current year. Comparatives have not been restated as impact on financial statements is immaterial.

Statements of Cash Flows

FOR THE PERIOD ENDED JULY 08 2012

	Note	COMPANY 2012 US$	COMPANY 2011 US$	GROUP 2012 US$	GROUP 2011 US$
CASH FLOWS UTILISED IN OPERATING ACTIVITIES					
Cash generated from trading and cash EBITDA*	**23.1**	**1,841,021**	**1,840,902**	**1,568,449**	**2,918,504**
Working capital movements	**23.2**	(1,868,469)	(3,722,360)	(1,912,602)	(5,250,552)
Cash utilised in operations		**(27,448)**	**(1,881,458)**	**(344,153)**	**(2,332,048)**
Net interest (paid) / received		(759,986)	(639,561)	(186,287)	27,433
Interest paid		(1,103,972)	(1,000,586)	(1,103,996)	(1,000,631)
Interest received		343,986	361,025	917,709	1,028,064
Taxation paid	**23.3**	(45,495)	-	(50,509)	(35,604)
Net cash utilised in operating activities		**(832,929)**	**(2,521,019)**	**(580,949)**	**(2,340,219)**
CASH FLOWS UTILISED IN INVESTING ACTIVITIES					
Net cash utilised in investing activities		**(544,993)**	**(621,147)**	**(860,593)**	**(849,430)**
Acquisition of property, plant and equipment	**12**	(513,159)	(522,685)	(828,761)	(750,968)
Acquisition of intangible assets	**13**	(70,562)	(144,817)	(70,562)	(144,817)
Proceeds on disposal of property, plant and equipment		38,728	46,355	38,730	46,355
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in short term borrowings		1,343,963	3,242,104	1,343,963	3,242,104
Net (decrease) / increase in cash and cash equivalents		**(33,959)**	**99,938**	**(97,579)**	**52,455**
Cash and cash equivalents July 10 2011		**277,064**	**177,126**	**466,621**	**414,166**
Cash and cash equivalents July 08 2012	**23.4**	**243,105**	**277,064**	**369,042**	**466,621**

* Earnings before interest, tax, depreciation and amortisation

1. COUNTRY OF INCORPORATION AND MAIN ACTIVITY

The Group is incorporated and domiciled in Zimbabwe and its 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 08 2012 were authorised for issue in accordance with a resolution of the directors taken on September 27 2012.

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 Group. The presentation and functional currency of the Group financial statements is the United States Dollar (USD). The accounting policies adopted are consistent with those applied in the prior period except as noted in Note 3.18.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 08 July 2012. 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 intergroup balances, income and expenses, unrealised gains and losses and dividends resulting from intergroup 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

3.2 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 company's specific assets. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology. Residual values will be reassessed each year and adjustments for depreciation will be made in future periods if there is indication of impairment in value.

Asset impairment

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

Allowances for inventories

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

Allowance for credit losses

The Group assesses its allowance for credit losses at each reporting date. Key assumptions applied in this calculation are the estimated debt recovery rates within the company'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 initial 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

Leasehold improvements are 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, they are accounted for as separate items. Expenditure incurred to replace or modify a significant component of these assets is capitalised if it is probable that future economic benefits associated with the item will flow to the entity and the cost of 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%

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 Intangible assets

Intangible assets comprise computer software 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 of manufacturing overheads based on operating capacity but excluding borrowing costs.

Finished goods are valued at the lower of cost and net realisable value. The cost is calculated using the 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 twice a year, including at the end of the reporting period through the performance of inventory counts, and variances identified are charged to profit or loss.

3.7 Impairment of non-financial assets

The Group's non-financial assets (property, plant, equipment, computer equipment and computer software) are reviewed at each reporting date to determine whether there is any indication of impairment. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, the recoverable amount of the asset is estimated. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

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

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

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

At each reporting date the Group assesses whether previously 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 is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in profit or loss.

3.8 Financial instruments

Recognition

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

3.8.1 Financial Assets

Financial assets are initially recognised at fair value, plus, in the case of investments at fair value through profit and loss, directly attributable transaction costs and subsequently as set out below.

3.8.1.1 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 uncollectible 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 uncollectible amounts is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at reporting date. Bad debts are written off to profit or loss when identified.

3.8.1.2 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 initially measured at fair value, and subsequently at amortised cost. For the purpose of the statement of cashflows, cash and cash equivalents consist of cash and short term deposits.

3.8.1.3 Derecognition of financial assets

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

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

3.8.1.4 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 the carrying amount of the asset will not be recovered.

A financial asset or a group of financial assets is deemed to be impaired if, and only 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 or loss. Subsequent recoveries of amounts previously written off are credited against the allowance account.

3.8.2 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.

3.8.2.1 Trade and other payables

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

3.8.2.2 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.

3.8.2.3 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.

3.8.3 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.

3.8.4 Equity instruments

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

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

3.10 Employee benefits

Short-term employee benefits

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

National Employment Council for the Clothing Industry Pension Fund

The Group participates in the industry-wide defined contribution pension fund. Contributions to this plan are charged against profit or loss as incurred.

National Social Security Authority

The Group participates in this state administered pension plan. Contributions to this plan are made in terms of statutory regulations and are charged to profit or loss as incurred.

3.11 Taxes

Current Income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current 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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred Tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

Value Added Tax (VAT)

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

- When the VAT incurred on a purchase of assets or services 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 expense item, as applicable.
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, 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 is, or contains a lease is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment 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 liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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 Group 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 timings 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 Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:-

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

and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Interest

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 statement of comprehensive income.

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 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in the borrowing of funds.

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 except as follows:

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 7 Financial Instruments: Disclosures - Transfer of financial assets (Amendment)

· IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

· IAS 24 Related party disclosures (Amendment) – 1 January 2011

The adoption of the standards or interpretations is described below:

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.

Additional disclosure should enable the user to evaluate the nature of and the risks associated with the entity's continuing involvement in derecognised assets and/or the relationship with those assets that have not been derecognised and their associated liabilities. Comparative disclosures are not required for any period beginning before the effective date. The adoption of this amendment had no effect on the financial statements of the Group.

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, '1AS19-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 has no impact on the financial statements of the Group.

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.

Standards and interpretations 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.

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 and the income tax rate applied.Furthermore,it introduces the requirement that deferred tax on non depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. 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. The concept of expected returns on plan assets is also simplified and certain rewording is made. Past service costs as a result of plan amendments are to be recognised immediately.

Short and long-term benefits will now be distinguished based on the expected timing of settlement, rather than employee entitlement.

IAS 27 Separate Financial Statements (Revised 2011)

As a consequence of the new IFRS 10 and 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

IAS 28 Investments in Associates and Joint Ventures (Revised 2011)

As a consequence of the new IFRS 11 and 12, IAS 28 has been renamed Investments in Associates and Joint Ventures. It describes the application of the equity method to investments in joint ventures in addition to associates. This will not have an impact on the Group as it does not have any investments in joint ventures accounted for using the proportionate consolidation method.

IAS 27 and 28 will be effective for the Group 1 July 2013.

IAS 32 Financial Instruments (Amendment)

The amendment will be effective in the financial year beginning 1 July 2014.The amendments clarify the meaning of 'currently has a legally enforceable right of set off', and that some gross settlement systems may be considered equivalent to net settlement. The amendments are required to be applied retrospectively. The Group is currently assessing the impact of these amendments on adoption.

IFRS 7 Financial Instruments Disclosures-(Amendment)

These amendments require an entity to disclose information about the rights of set-off and related arrangements e.g. collateral agreements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. Disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation and any recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.The Group is still determining the impact of these amendments on adoption.

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 2015. In subsequent phases, the Board will address impairment and hedge accounting. The completion of this project is expected by the end of 2013. 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 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 judgment 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.

IFRS 11 Joint Arrangements

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 Disclosure of Interest in Other Entities

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 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 7,9,10,11,12 and 13 will be effective for the Group 1 July 2013.

		COMPANY		GROUP	
		2012 US$	2011 US$	2012 US$	2011 US$
4.	**REVENUE**				
	Sale of merchandise	7,747,675	8,085,460	22,072,130	22,583,410
	- retail merchandise sales	7,747,675	8,085,460	22,014,401	22,526,089
	- factory sales to third parties	-	-	57,729	57,321
	Interest receivable	343,986	361,025	917,709	1,028,064
	- accounts receivable	335,319	359,988	909,041	1,026,382
	- other	8,667	1,037	8,668	1,682
	Dividend received from subsidiary	1,200,000	-	-	-
	Other income (refer Note 4.1)	2,075,179	2,364,430	69,137	35,948
	Total revenue	**11,366,840**	**10,810,915**	**23,058,976**	**23,647,422**
4.1	**Other income**	**2,075,178**	**2,364,430**	**69,137**	**35,948**
	Management fees from subsidiaries	2,023,240	2,336,287	-	-
	Profit on disposal of property, plant and equipment	13,528	17,521	13,528	17,521
	Other income	38,411	10,622	55,609	18,427

5. RETAIL TRADING PROFIT

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

		COMPANY 2012 US$	COMPANY 2011 US$	GROUP 2012 US$	GROUP 2011 US$
5.1	**Depreciation and amortisation**				
	- Depreciation retail charge	236,944	246,533	369,564	346,204
	- Amortisation retail charge	50,199	48,061	50,199	48,061
		287,143	**294,594**	**419,763**	**394,265**

5.2 Employment costs

Retail chains employed 371 (2011: 317) 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 2012 US$	COMPANY 2011 US$	GROUP 2012 US$	GROUP 2011 US$
- Salaries, bonuses, wages and other benefits	2,036,519	1,772,120	3,221,179	2,774,239
- Contributions to defined contribution plans (refer to note 27.2)	132,845	87,176	230,717	175,961
- Medical aid contributions	64,748	44,630	75,041	49,579
Total	**2,234,112**	**1,903,926**	**3,526,937**	**2,999,779**

		COMPANY 2012 US$	COMPANY 2011 US$	GROUP 2012 US$	GROUP 2011 US$
5.3	**Occupancy costs**				
	Land and buildings				
	- minimum lease payments	717,195	548,903	1,957,638	1,505,560
	- turnover clause payments	10,829	54,938	15,123	59,735
	Total operating lease expenses	728,024	603,841	1,972,761	1,565,295
	Other occupancy costs	346,900	337,868	744,373	838,128
	Total	**1,074,924**	**941,709**	**2,717,134**	**2,403,423**
5.4	**Trade receivable costs**				
	Collection and other receivable costs	125,220	317,329	405,579	650,977
5.5	**Other operating costs**				
	Advertising and marketing	383,369	288,534	714,144	584,462
	Audit fees	102,309	64,500	102,309	72,000
	Management, technical, consulting and secretarial fees	158,529	172,675	159,218	172,675
	Transport and travel costs	498,190	470,905	728,059	746,440
	Other operating costs*	767,370	744,219	1,305,234	1,348,914
		1,909,767	**1,740,833**	**3,008,964**	**2,924,491**

* other operating costs mainly comprise telephone, postage, printing, stationery and insurance expenses

		COMPANY		GROUP	
		2012 US$	2011 US$	2012 US$	2011 US$
6.	**MANUFACTURING (LOSS) / PROFIT**				
	Manufacturing (loss) / profit is stated after taking account of the following items:				
	- audit fees	-	-	18,000	18,000
	- depreciation	-	-	42,899	40,912
	- foreign exchange losses	-	-	7,872	1,128
	- employment costs - short-term benefits	-	-	478,230	289,757
7.	**NET FINANCE (COST) / INCOME**				
	Interest receivable				
	- accounts receivable	335,319	359,988	909,041	1,026,382
	- other	8,667	1,037	8,668	1,682
	Finance income	**343,986**	**361,025**	**917,709**	**1,028,064**
	Finance cost				
	Interest payable on short term borrowings	(1,103,972)	(1,000,586)	(1,103,996)	(1,000,631)
	Net finance (cost)/income	**(759,986)**	**(639,561)**	**(186,287)**	**27,433**
8.	**TAX CREDIT / (EXPENSE)**				
8.1	**Taxation charge**				
	Income tax:				
	Current - Standard	-	(44,151)	(195,664)	(44,151)
	- AIDS levy	-	(1,325)	(5,870)	(1,325)
	- Withholding tax	(5)	(120)	(8)	(131)
	Deferred tax	88,773	(181,579)	(32,347)	(570,847)
		88,768	(227,175)	(233,889)	(616,454)
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	15.03	1.77	0.78	0.44
	Effective rate	**(10.72)**	**27.52**	**26.53**	**26.19**
9.	**PROFIT / (LOSS) FOR THE PERIOD**				
	Holding company	916,436	598,254	(283,565)	598,254
	Subsidiary companies:-				
	- Topics Stores (Private) Limited (incorporating Number 1 Stores)	-	-	1,033,252	1,158,944
	- Bravette Manufacturing Company (Private) Limited	-	-	(102,010)	(19,745)
		916,436	598,254	647,677	1,737,453

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. No adjustments have been made thereto in calculating diluted earnings per share as there are no diluting instruments.

	COMPANY		GROUP	
	2012 US$	2011 US$	2012 US$	2011 US$
Headline earnings are determined as follows:				
Profit for the period, fully attributable to owners of the parent	916,436	598,254	647,677	1,737,453
Adjusted for:				
Profit on disposal of property, plant and equipment	(13,528)	(17,521)	(13,528)	(17,521)
Headline earnings	902,908	580,733	634,149	1,719,932
Weighted average number of ordinary shares in issue	373,570,622	373,570,622	373,570,622	373,570,622
Basic earnings per share (cents)	0.25	0.16	0.17	0.47
Diluted earnings per share (cents)	0.25	0.16	0.17	0.47
Headline earnings per share (cents)	0.24	0.16	0.17	0.47

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

11. INVESTMENT IN SUBSIDIARIES

Topic Stores (Private) Limited (incorporating Number 1 Stores) (100% wholly-owned)				
16,000 Ordinary shares of $0.50 each	8,000	-	-	-
Bravette Manufacturing Company (Private) Limited (100% wholly-owned)				
2 Ordinary shares of $2.00 each	4	-	-	-
Major Merchandising (Private) Limited (Dormant) (100% wholly-owned)				
2 Ordinary shares of $2.00 each	4	-	-	-
Effective Debt Collection Company (Private) Limited (Dormant) (100% wholly-owned)				
2 Ordinary shares of $1.00 each	2	-	-	-
Top Centre (Private) Limited (Dormant) (100% wholly owned)				
2 Ordinary shares of $1.00 each	2	-	-	-
Truworths Management Services (Private) Limited (Dormant) (100% wholly owned)				
2 Ordinary shares of $1.00 each	2	-	-	-
Number 1 Stores (1987) (Private) Limited (Dormant) (100% wholly owned)				
2 Ordinary shares of $2.00 each	4	-	-	-
	8,018	-	-	-

	COMPANY		GROUP	
	2012 US$	2011 US$	2012 US$	2011 US$
12. PROPERTY, PLANT AND EQUIPMENT				
Leasehold improvements				
At cost	74,901	59,860	360,663	235,926
Additions	174,800	15,041	341,464	124,737
Accumulated depreciation	(35,327)	(21,142)	(165,948)	(95,997)
Net Carrying Amount	**214,374**	**53,759**	**536,179**	**264,666**
Motor vehicles				
At cost	670,146	383,019	670,146	383,019
Additions	165,078	315,960	165,078	315,960
Disposals	(25,200)	(28,833)	(25,200)	(28,833)
Accumulated depreciation	(337,628)	(253,320)	(337,628)	(253,320)
Net Carrying Amount	**472,396**	**416,826**	**472,396**	**416,826**
Furniture, fittings and equipment				
At cost	547,791	356,107	915,335	611,519
Additions	173,281	191,684	304,075	303,816
Accumulated depreciation	(318,269)	(179,818)	(529,765)	(305,982)
Net Carrying Amount	**402,803**	**367,973**	**689,645**	**609,353**
Plant and machinery				
At cost	-	-	326,065	319,610
Additions	-	-	18,144	6,455
Disposals	-	-	-	-
Accumulated depreciation	-	-	(130,281)	(95,860)
Net Carrying Amount	**-**	**-**	**213,928**	**230,205**
Total Property, Plant and Equipment				
At cost	1,292,838	798,986	2,272,209	1,550,074
Additions	513,159	522,685	828,761	750,968
Disposals	(25,200)	(28,833)	(25,200)	(28,833)
Accumulated depreciation	(691,224)	(454,280)	(1,163,622)	(751,159)
Net carrying amount	**1,089,573**	**838,558**	**1,912,148**	**1,521,050**
Movements for the year				
Balance at the beginning of the period, net of depreciation	**838,558**	**591,238**	**1,521,050**	**1,186,031**
Additions at cost				
Leasehold premises	174,800	15,041	341,464	124,737
Motor vehicles	165,078	315,960	165,078	315,960
Furniture, fittings and equipment	173,281	191,684	304,075	303,816
Plant and machinery	-	-	18,144	6,455
	513,159	522,685	828,761	750,968
Disposals				
Motor vehicles	(25,200)	(28,833)	(25,200)	(28,833)
Depreciation for the year				
Leasehold improvements	(14,185)	(11,227)	(69,951)	(54,047)
Motor vehicles	(84,308)	(129,790)	(84,308)	(129,790)
Furniture, fittings and equipment	(138,451)	(105,515)	(223,783)	(170,672)
Plant and machinery	-	-	(34,421)	(32,607)
	(236,944)	(246,532)	(412,463)	(387,116)
Net carrying amount at the end of the period	**1,089,573**	**838,558**	**1,912,148**	**1,521,050**

The carrying value of motor vehicles held under finance leases at July 08 2012 was $211,176 (2011: $252,768). Additions during the year include $nil (2011: $215,613) of motor vehicles under finance leases and hire purchase contracts. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease liability.

	COMPANY		GROUP	
	2012	2011	2012	2011
	US$	US$	US$	US$
13. INTANGIBLE ASSETS				
Computer software				
Cost	240,306	95,489	240,306	95,489
Additions	70,562	144,817	70,562	144,817
Accumulated amortisation	(98,260)	(48,061)	(98,260)	(48,061)
Net carrying amount	**212,608**	**192,245**	**212,608**	**192,245**
Movements in the net carrying amount for the year				
Balance at the beginning of the period, net of amortisation	192,245	95,489	192,245	95,489
Additions	70,562	144,817	70,562	144,817
Amortisation for the year	(50,199)	(48,061)	(50,199)	(48,061)
Net carrying amount at the end of the period	**212,608**	**192,245**	**212,608**	**192,245**
14. INVENTORIES				
Finished goods	2,322,575	1,576,784	5,012,575	3,999,362
Raw materials	-	-	599,508	639,097
Work in progress	-	-	22,295	41,795
	2,322,575	1,576,784	5,634,378	4,680,254

The amount of inventories expensed as a result of shrinkage during the period amounted to $287,682 (2011: $366,268) which is included in cost of sales.

Cost of inventory expensed due to sales amounted to $10,560,239 (2011: $10,511,587) which is included in cost of sales.

	COMPANY 2012 US$	COMPANY 2011 US$	GROUP 2012 US$	GROUP 2011 US$
15. TRADE AND OTHER RECEIVABLES				
Trade receivables	2,547,814	2,043,446	6,989,120	5,670,562
Prepayments	181,097	181,726	600,971	447,823
Other receivables	156,763	91,687	199,080	145,173
Group companies				
- Topics Stores (Private) Limited (incorporating Number 1 Stores)	1,200,000	1,617,970	-	-
- Bravette Manufacturing Company (Private) Limited	3,701,458	2,261,326	-	-
	7,787,132	**6,196,155**	**7,789,171**	**6,263,558**

15.1 Trade receivables

The Group's trade receivables have payment terms of 180 days (2011: 150 days). The average debtors' days at the end of the reporting period was 141 days (2011: 134 days). Refer to note 29.2 for additional credit risk disclosures.

Interest is charged on all overdue accounts according to the Group's terms and conditions of granting credit. The rate charged during 2012 was 5% (2011: 5%).

Refer to note 26 for the terms of intercompany receivables.

		COMPANY		GROUP	
		2012	2011	2012	2011
		US$	US$	US$	US$
15.2	**Allowance for credit losses**				
	Balance at the beginning of the period	139,516	30,700	314,155	137,894
	Movement for the period				
	Allowances utilised	(138,139)	(100,452)	(299,686)	(278,876)
	Allowances raised	107,855	209,268	310,151	455,137
	Balance at the end of the period	**109,232**	**139,516**	**324,620**	**314,155**

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 above allowance is required. The trade receivables above are net of the allowance for credit losses.

16. CASH AND CASH EQUIVALENTS

	COMPANY 2012 US$	COMPANY 2011 US$	GROUP 2012 US$	GROUP 2011 US$
Balances with banks	206,843	259,362	328,053	443,669
Cash on hand	36,262	17,702	40,989	22,952
Total	**243,105**	**277,064**	**369,042**	**466,621**

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

		COMPANY	
		2012	2011
		US$	US$
17.	**SHARE CAPITAL**		
17.1	**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.	100,000	100,000
17.2	**Issued and fully paid**		
	The original par value of issued shares of 376,736,982 (2011: 376,736,982) was redenominated to $0.0001 each in 2011.		
	The Company has one class of ordinary shares which carry no rights to fixed income.		
	Reconciliation of movement in the number of issued shares:		
	Ordinary shares in issue at the beginning of the period	376,736,982	376,736,982
	Ordinary shares options exercised during the period	-	-
	Balance at the end of the period	376,736,982	376,736,982
	Treasury shares held	(3,166,360)	(3,166,360)
	Adjusted issued ordinary shares of	**373,570,622**	**373,570,622**
	Treasury shares as % of issued shares at the end of the period	(0.84)	(0.84)
	Market price at the end of the period (cents)	3.51	7.30
	Nominal value at the end of the period (US$)	**37,674**	**37,674**

17.3 Unissued shares

The Company's Articles of Association stipulate that the unissued shares of 623,263,018 (2011: 623,263,018) shall only be dealt with as directed by a General Meeting of shareholders. Shareholders in a 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 right may see fit.

The number of shares under the control of the Directors for the Share Option Scheme are 35,000,000 (2011:35,000,000). The Directors decided to suspend any allotments on the scheme and allotment will be reconsidered at a later date.

17.4 Directors' shareholdings

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

	Ordinary shares		Ordinary shares	
	2012	**%**	**2011**	**%**
B Ndebele	55,142,860	14.76	55,142,860	14.76
M Mahlangu	13,800	0.00	13,800	0.00
	55,156,660	**14.76**	**55,156,660**	**14.76**

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.

	COMPANY		GROUP	
	2012	**2011**	**2012**	**2011**
	US$	**US$**	**US$**	**US$**
17.5 Treasury shares				
Balance at the beginning of the period	3,166,360	3,166,360	3,166,360	3,166,360
Shares repurchased	-	-	-	-
Shares sold by subsidiary during the period	-	-	-	-
Balance at the end of the period	**3,166,360**	**3,166,360**	**3,166,360**	**3,166,360**
Market value at the end of the period (US$)	111,139	231,144	111,139	231,144
Nominal value at the end of the period (US$)	**317**	**317**	**317**	**317**

All treasury shares are held by Truworths Limited.

18. NON-DISTRIBUTABLE RESERVE

Balance at beginning of period	542,614	579,971	1,622,768	1,660,125
Redenomination of share capital	-	(37,357)	-	(37,357)
Redenomination of investment in subsidiary companies	8,018	-	-	-
Balance at end of period	**550,632**	**542,614**	**1,622,768**	**1,622,768**

The non-distributable reserve arose as a result of change in functional currency from the Zimbabwean Dollar to United States Dollar in 2009. It represents the residual equity in existence at change - over period.

	COMPANY		GROUP	
	2012	2011	2012	2011
	US$	US$	US$	US$
19. DEFERRED TAX				
Net deferred tax liability at the beginning of the period	**416,768**	**235,189**	**988,377**	**417,530**
Liability	416,768	321,280	1,037,790	682,213
Asset	-	(86,091)	(49,413)	(264,683)
Movement for the period	(88,773)	181,579	32,347	570,847
Charge to profit or loss	(88,773)	181,579	32,347	570,847
Increase in deferred tax liability	58,297	95,488	161,229	355,577
Prepayments	12,822	25,260	29,617	45,195
Property, plant and equipment	34,941	(26,893)	46,304	(49,428)
Intangible assets	5,244	24,915	5,244	24,915
Accounts receivables	5,290	72,206	80,064	334,895
(Increase)/Decrease in deferred tax asset	(147,070)	86,091	(128,882)	215,270
Estimated tax losses	(147,070)	86,091	(128,882)	215,270
Net deferred tax liability at the end of the period	**327,995**	**416,768**	**1,020,724**	**988,377**
Closing balance comprising:				
Liability	**475,065**	**416,768**	**1,199,020**	**1,037,790**
Prepayments	46,633	33,811	90,429	60,812
Property plant and equipment	145,760	110,819	273,973	227,669
Intangible assets	54,747	49,503	54,748	49,503
Accounts receivable	227,925	222,635	779,870	699,806
Asset	**(147,070)**	**-**	**(178,296)**	**(49,413)**
Estimated tax losses	(147,070)	-	(178,296)	(49,413)
Total	**327,995**	**416,768**	**1,020,724**	**988,377**

The Group has recognised a deferred income tax asset as it is probable that in the foreseeable future, taxable profits will be available against which the deferred tax asset can be realised.

	COMPANY 2012 US$	COMPANY 2011 US$	GROUP 2012 US$	GROUP 2011 US$
20. SHORT-TERM BORROWINGS				
Short term loans	7,456,258	6,112,295	7,456,258	6,112,295

Short-term borrowings of $1,453,276 (2011: $2,883,402) are secured by cross company guarantees from Topics Stores (Private) Limited and Bravette Manufacturing Company (Private) Limited. The remaining short-term borrowings of $6,002,982 (2011: $3,228,893) 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 15.4% (2011: 17.2%) per annum was applicable to the outstanding balance.

	COMPANY		GROUP	
	2012	2011	2012	2011
	US$	US$	US$	US$
21. TRADE AND OTHER PAYABLES				
Trade payables	819,420	494,044	1,920,719	1,281,418
Other payables and accrued expenses	406,745	337,235	724,443	657,791
Current portion of vehicle finance leases	72,622	200,975	72,622	200,975
Group companies				
- Topics Stores (Private) Limited (incorporating Number 1 Stores)	171,482	-	-	-
	1,470,269	**1,032,254**	**2,717,784**	**2,140,184**

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. These are normally settled within 30 days.

Refer to note 26 for the terms of intercompany payables.

22. PROVISIONS

	COMPANY 2012 US$	COMPANY 2011 US$	GROUP 2012 US$	GROUP 2011 US$
22.1 Employment related provisions				
Balance at beginning of period	123,532	133,508	187,623	189,046
Arising during the year	10,035	(9,977)	40,999	(1,423)
- Provisions utilised	(93,902)	(103,928)	(141,984)	(174,318)
- Provisions raised	103,937	93,951	182,983	172,895
Balance at end of period	**133,567**	**123,531**	**228,622**	**187,623**

The Group's provisions relate to accumulated payments in terms of employment contracts.

23. CASH FLOW INFORMATION FROM OPERATIONS

	COMPANY 2012 US$	COMPANY 2011 US$	GROUP 2012 US$	GROUP 2011 US$
23.1 Cash generated from trading				
Net profit before tax	827,668	825,429	881,566	2,353,907
Depreciation and amortisation	287,143	294,594	462,664	435,177
(Decrease)/increase in allowances for credit losses	(30,283)	108,816	10,465	175,796
Increase/(decrease) in employment related provisions	10,036	(9,977)	40,995	(1,423)
Profit on disposal of property, plant and equipment	(13,528)	(17,521)	(13,528)	(17,520)
Net finance cost / (income) (note 7)	759,985	639,561	186,287	(27,433)
	1,841,021	**1,840,902**	**1,568,449**	**2,918,504**
23.2 Working capital movements				
Increase in inventory	(745,791)	(699,053)	(954,124)	(2,136,712)
Increase in accounts receivable	(1,560,693)	(3,141,013)	(1,536,078)	(3,377,040)
Increase in accounts payable	438,015	117,706	577,600	263,200
	(1,868,469)	**(3,722,360)**	**(1,912,602)**	**(5,250,552)**

		COMPANY		GROUP	
		2012	2011	2012	2011
		US$	US$	US$	US$
23.3	**Tax paid**				
	Amounts owing at the beginning of the period	(45,490)	106	(23,072)	(13,069)
	Tax charged	(5)	(45,596)	(201,542)	(45,607)
	Amounts owing at the end of the period	-	45,490	174,105	23,072
		(45,495)	-	**(50,509)**	**(35,604)**
23.4	**Cash and cash equivalents**				
	Made up as follows:				
	Cash at bank and on hand	**243,105**	**277,064**	**369,042**	**466,621**
24.	**CAPITAL COMMITMENTS**				
	Capital commitments include all projects for which specific board approval has been obtained.				
	Capital expenditure authorised	**487,975**	**332,622**	**1,380,300**	**508,552**
	Motor vehicles	76,500	245,000	150,000	245,000
	Computer infrastructure	41,920	71,625	64,570	107,495
	Store development	356,358	2,800	1,126,873	117,200
	Factory development	-	-	25,660	25,660
	Distribution facilities	13,197	13,197	13,197	13,197
	These commitments will be financed by cash generated from operations and existing facilities from financial institutions.				
25.	**LEASES**				
25.1	**Lessee under finance leases**				
	Total lease obligation at the beginning of the period	200,975	70,440	200,975	70,440
	Lease obligations incurred during the year	-	215,613	-	215,613
	Lease repayments	(128,353)	(85,078)	(128,353)	(85,078)
	Balance at the end of the period	**72,622**	**200,975**	**72,622**	**200,975**
	Current portion reflected under trade and other payables	72,622	200,975	72,622	200,975
	The Group has finance leases for motor vehicles. Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as shown. Vehicles are pledged against these finance leases.				
	Finance lease commitments payable within one period.	72,622	200,975	72,622	200,975

25.2 Lessee under operating leases

The Group leases all its trading premises, manufacturing premise, head office and 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 4 (2011: 5) 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% (2011: 5%) of turnover.

	COMPANY		GROUP	
	2012	2011	2012	2011
	US$	US$	US$	US$
Operating lease commitments payable within one period	-	-	2,356,810	1,976,606
After one year but not more than five years	-	-	12,031,750	8,945,390
	-	**-**	**14,388,560**	**10,921,996**

26. RELATED PARTY DISCLOSURES

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

Name	Country of Incorporation	Effective % holding 2012	Effective % holding 2011
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	Merchandise sold to/(from)	Amounts owing (to)/by
	US$	US$	US$
2012 Company			
Topic Stores (Private) Limited (incorporating Number 1 Stores)	1,975,240	-	(171,482)
Bravette Manufacturing Company (Private) Limited	48,000	(831,891)	3,701,458
2011 Company			
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

During the year purchases totalling $7,480 (2011: $51,177) 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 $585,332 (2011: $455,800) was paid to Old Mutual Properties, a Subsidiary of a Shareholder.

Terms of intercompany balances

There are no fixed terms of repayment for intercompany receivables and payables and no interest is charged on outstanding balances. No allowance for credit losses is made on intercompany receivables as the balances will be recovered in the normal course of business.

	GROUP 2012 US$	GROUP 2011 US$
Compensation of Key Management Personnel		
The remuneration of directors and other members of key management during the year was as follows:		
Short - term benefits	712,973	710,287
Post - employment benefits	38,498	19,470
	751,471	729,757
Included in the above amounts are the following in respect of directors' emoluments:		
Fees as directors	16,970	14,040
Otherwise in connection with management	409,826	466,232
	426,796	480,272
Loans to Key Management Personnel		
Loans granted to key management personnel are interest bearing and balances outstanding at the end of the period were as follows:	87,079	65,256

27. EMPLOYEE BENEFITS

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

27.1 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		GROUP	
	2012 US$	2011 US$	2012 US$	2011 US$
27.2 Retirement benefit cost				
Truworths Pension Fund				
- current service cost	117,889	73,593	202,306	147,608
National Social Security Authority	14,956	13,583	28,411	28,353
	132,845	87,176	230,717	175,961

27.3 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 considered at a later date.

28. 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 a general meeting, exceed two times the amount of the issued share capital plus the aggregate of two times the amounts standing to the credit of all distributable and non-distributable reserves of the company and its subsidiaries.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings and trade payables. The main purpose of these financial liabilities is to fund the Group's operations. The Group has trade and other receivables, and cash and short term deposits that arise directly from its operations.

The Group is exposed to credit risk, liquidity risk, interest rate risk and currency risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by the audit committee that advises on financial risk and appropriate risk governance framework for the Group.

29.1 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.

29.2 Credit risk

Financial assets which potentially subject the group to concentrations of credit risk consist principally of trade receivables and bank and cash balances. 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.

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

Trade receivables are presented net of allowance for credit losses. These trade account receivables are due from a large 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 existing 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 area. As a result 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 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 Group's maximum exposure to credit risk is limited to the carrying amount of the trade receivables.

The directors believe that no further allowance in excess of the allowance for credit losses made is required.

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

	Trade and other receivables US$	Allowance US$	Trade and other receivables, net of allowance US$
2012 GROUP			
Neither past due nor impaired	5,552,692	-	5,552,692
Past due but not impaired			
30 - 59 days	634,950	(25,230)	609,720
60 - 89 days	245,191	(8,115)	237,076
90 - 119 days	128,167	(6,912)	121,255
> 120 days	752,740	(284,363)	468,377
Total trade receivables	7,313,740	(324,620)	6,989,120
Other receivables neither past due nor impaired	199,080	-	199,080
Total trade and other receivables	**7,512,820**	**(324,620)**	**7,188,200**

	Trade and other receivables US$	Allowance US$	Trade and other receivables, net of allowance US$
COMPANY			
Neither past due nor impaired	1,798,048	-	1,798,048
Past due but not impaired			
30 - 59 days	374,590	(4,526)	370,064
60 - 89 days	125,246	(2,165)	123,081
90 - 119 days	58,365	(2,389)	55,976
> 120 days	300,797	(100,152)	200,645
Total trade receivables	2,657,046	(109,232)	2,547,814
Other receivables neither past due nor impaired	5,058,221	-	5,058,221
Total trade and other receivables	**7,715,267**	**(109,232)**	**7,606,035**
2011			
GROUP			
Neither past due nor impaired	4,045,473	-	4,045,473
Past due but not impaired			
30 - 59 days	573,399	(21,460)	551,939
60 - 89 days	312,742	(17,908)	294,834
90 - 119 days	271,469	(19,903)	251,566
> 120 days	781,634	(254,884)	526,750
Total trade receivables	5,984,717	(314,155)	5,670,562
Other receivables neither past due nor impaired	145,173	-	145,173
Total trade and other receivables	**6,129,890**	**(314,155)**	**5,815,735**
COMPANY			
Neither past due nor impaired	1,607,592	-	1,607,592
Past due but not impaired			
30 - 59 days	206,657	(2,044)	204,613
60 - 89 days	90,162	(2,245)	87,917
90 - 119 days	71,915	(2,597)	69,318
> 120 days	206,636	(132,630)	74,006
Total trade receivables	2,182,962	(139,516)	2,043,446
Other receivables neither past due nor impaired	4,013,193	-	4,013,193
Total trade and other receivables	**6,196,155**	**(139,516)**	**6,056,639**

29.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's short term borrowings which have variable interest rates.

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 low rate of interest as possible.

The Group manages its interest rate risk by borrowing from financial institutions at favourable and fixed interest 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.

	2012	**2011**
Effect on profit before tax	**US$**	**US$**
Increase of 3%	(223,685)	(183,269)
Decrease of 3%	223,685	183,269

Interest rate analysis

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

	2012	**2011**
Floating rate	**%**	**%**
Balance with bank	0.75	0.75
Interest bearing portion of trade receivables*	5	5
Average Interest on short term borrowings	15.4	17.2

* At the end of the reporting period 23.8% (2011: 32.5%) of trade receivables were interest-bearing.

29.4 Liquidity risk

The Group's objective in managing liquidity risk is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures and finance leases.

The Group assessed the concentration of risk with respect to refinancing its debt and considered it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with respective lenders.

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 financial position. The Group is within its borrowing limits.

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

GROUP 2012	**Within 3 months**	**Between 4 to 12 months**	**More than 12 months**
Liabilities	**US$**	**US$**	**US$**
Interest-bearing borrowings	(5,456,258)	(2,000,000)	-
Trade payables	(1,920,719)	-	-
TOTAL	**(7,376,977)**	**(2,000,000)**	**-**
Assets			
Cash and cash equivalents	369,042	-	-
Trade and other accounts receivable	4,411,854	2,776,346	-
TOTAL	**4,780,896**	**2,776,346**	**-**
GROUP 2011			
Liabilities			
Interest-bearing borrowings	(2,802)	(6,109,494)	-
Trade payables	(1,281,417)	-	-
TOTAL	**(1,284,219)**	**(6,109,494)**	**-**
Assets			
Cash and cash equivalents	466,621	-	-
Trade and other accounts receivable	5,037,419	778,316	-
TOTAL	**5,504,040**	**778,316**	**-**

The Group has access to financing facilities and $1,171,518 (2011: $1,232,059) could be borrowed before limitations of the Company's Articles of Association as at the end of the reporting period are breached.

29.5 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 foreign 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 denominated in a different currency from the Group's functional currency).

The Group manages its currency risk by either pre-paying for purchases or retaining stock until the foreign currency to settle the related liability has been secured.

The following exchange rates applied during the period:	Average rate		Spot rate	
	2012	**2011**	**08 July 2012**	**10 July 2011**
South African Rands	8.33	7.00	8.18	6.68
British Pounds	1.58	1.59	1.55	1.60
Botswana Pula	7.69	6.65	7.69	6.49

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 Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Currency	Liabilities	Assets	Net Position
July 08 2012	South African Rand	(367,528)	25,172	(342,356)
July 10 2011	South African Rand	(98,463)	46,881	(51,582)

The following demonstrates the sensitivity of the Group's results to a possible change in the United States Dollar exchange against the South African Rand, with all other variables held constant. Impact on equity is not material.

	2012	**2011**
Effect on profit before tax	**US$**	**US$**
Increase of 10%	(4,084)	(702)
Decrease of 10%	4,084	702

29.6 Fair values

29.6.1. Fair value measurement

All financial instruments have been recognised in the Statements of Financial Position and there is no material differences between their fair values and carrying amounts.

29.6.2 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.

29.7 Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as going concerns while enhancing the return to its 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 17 and 18.

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.
- To maintain a strong credit rating and healthy capital rating to support its business.
- To maintain a strong fall back position which is commensurate with the level of risk undertaken by the entity in the normal course of its business.

No changes were made in objectives, policies or processes for managing capital during the period ended 08 July 2012.

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 period under review.

	2012	**2011**
GROUP	**US$**	**US$**
Profit for the period	647,677	1,737,453
Total equity	4,319,853	3,672,177
Total borrowings	7,456,258	6,112,295
Ratios		
Return on equity	15%	47%
Return on assets	4%	13%
Gearing	173%	166%

29.8 INSURANCE COVER

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

30 EVENTS AFTER REPORTING DATE

There have been no significant events after reporting date.

31. 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, some Group assets (comprising intangible assets, motor vehicles and deferred tax assets) and liabilities (comprising deferred and current tax liabilities) 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 reportable operating segments below.

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-segment 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.

	Manufacturing		Retail		Eliminations		Consolidated	
	2012 US $	2011 US $	2012 US $	2011 US $	2012 US $	2011 US $	2012 US $	2011 US $
Revenue								
(Sale of Merchandise)								
External sales	57,729	57,321	22,014,401	22,526,089	-	-	22,072,130	22,583,410
Inter-segment sales	2,036,244	1,867,941	-	-	(2,036,244)	(1,867,941)	-	-
Total revenue	2,093,973	1,925,262	22,014,401	22,526,089	(2,036,244)	(1,867,941)	22,072,130	22,583,410
Result								
Segment result	(137,387)	(50,600)	1,157,240	2,311,247	48,000	65,827	1,067,853	2,326,474
Net Interest (paid)/ received	-	-	(186,287)	27,433	-	-	(186,287)	27,433
Taxation	35,377	13,029	(269,266)	(629,483)	-	-	(233,889)	(616,454)
Net profit/(loss) for the period	(102,010)	(37,571)	701,687	1,709,197	48,000	65,827	647,677	1,737,453
Other information								
Segment assets	4,305,569	2,939,472	17,872,989	13,891,552	(6,946,214)	(4,316,367)	15,232,344	12,514,657
Unallocated corporate assets	-	-	-	-	-	-	863,299	658,484
	4,305,569	2,939,472	17,872,989	13,891,552	(6,946,214)	(4,316,367)	16,095,643	13,173,141
Segment liabilities	3,813,708	2,317,743	13,535,170	10,438,726	(6,946,214)	(4,316,367)	10,402,664	8,440,102
Unallocated corporate liabilities	-	-	-	-	-	-	1,373,125	1,060,862
Consolidated total liabilities	3,813,708	2,317,743	13,535,170	10,438,726	(6,946,214)	(4,316,367)	11,775,789	9,500,964
Capital expenditure	21,393	16,683	877,930	879,101	-	-	899,323	895,784
Depreciation and amortisation	42,897	40,451	419,763	394,265	-	-	462,660	434,716

Notice of Meeting

55th ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty-fifth 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 29 2012 at 11.00am to transact the following business:

ORDINARY BUSINESS

1. To approve Minutes of the Annual General Meeting held on November 24 2011.

2. To receive and adopt the Financial Statements and Reports of the Directors and Auditors for the year ended July 08 2012.

3. Mr M P Mahlangu retires by rotation in terms of the Articles of Association. Being eligible, he offers himself 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;

Corpserve (Private) Limited,
2nd Floor ZB Centre,
Cnr Kwame Nkrumah Avenue / First Street,
P.O. Box 2208,
Harare, Zimbabwe.

The Proxy form must be received not later than forty eight hours before the meeting.

By Order of the Board

M T CHIDOVI
SECRETARY