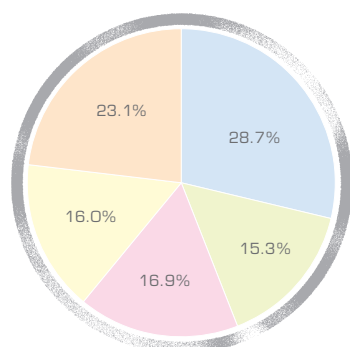
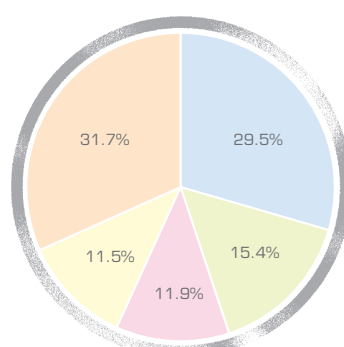


CASH VALUE ADDED STATEMENTS for the periods ended 30 June

	Notes to the annual financial statements	2004 Rm 52 weeks	2003 Rm 52 weeks	Change %
<p>Cash value added is the wealth, expressed in cash terms, that the group has created by purchasing and marketing its merchandise.</p> <p>The statement below shows how this cash wealth created has been disbursed among the group's stakeholders.</p> <p>Cash generated</p> <p>Cash received from customers</p> <p>Cash payments outside the group to suppliers of materials, merchandise, facilities and services</p> <p>Wealth created through cash value added</p> <p>Cash utilised to</p> <p>Remunerate employees for their services</p> <p>Provide lessors with a return for the use of their premises</p> <p>Pay direct taxes to the state</p> <p style="padding-left: 20px;">South Africa</p> <p style="padding-left: 20px;">Elsewhere</p> <p>Provide shareholders with cash dividends</p> <p>Cash disbursed among stakeholders</p> <p>Net cash from operating activities (per cash flow statement)</p> <p>Reconciliation with cash generation</p> <p>Wealth created through cash value added (refer above)</p> <p>Less: Remunerate employees for their services</p> <p style="padding-left: 20px;">Paid as rental to lessors</p> <p style="padding-left: 20px;">Interest received</p> <p style="padding-left: 20px;">Finance costs</p> <p>Cash generated from operations (per cash flow statement)</p> <p>State taxes summary</p> <p>Direct taxes (as above)</p> <p>Net value added tax</p> <p>Employees' tax</p> <p>Regional services council levies</p> <p>Municipal assessment rates and services</p> <p>Channelled through the group</p> <p>Paid in</p> <p style="padding-left: 20px;">South Africa</p> <p style="padding-left: 20px;">Elsewhere</p>				
		2 930.9	2 487.5	
		(1 717.0)	(1 456.4)	
		1 213.9	1 031.1	17.7
		348.9	304.1	14.7
	24.5	186.1	158.9	17.1
	24.7	205.2	123.0	66.8
	33.3	203.6	123.2	
		1.6	(0.2)	
	33.4	193.6	118.2	63.8
		933.8	704.2	32.6
		280.1	326.9	
		1 213.9	1 031.1	
	24.5	(348.9)	(304.1)	
	24.7	(186.1)	(158.9)	
		(144.4)	(140.9)	
	27	0.2	0.5	
		534.7	427.7	25.0
		205.2	123.0	
		126.5	100.6	
		48.2	43.9	
		5.4	4.0	
		20.9	18.0	
		406.2	289.5	
		397.8	286.5	
		8.4	2.7	



2004



2003

CASH DISBURSED AND CASH RETAINED

- Cash retained
- Employees
- Lessors
- State
- Shareholders

SEVEN-YEAR REVIEW

Year Number of weeks	Six-year compound growth %	Truworths International Limited group				Truworths Limited		
		2004	2003	2002	2001	2000	1999	1998
		52 Rm	52 Rm	53 Rm	52 Rm	52 Rm	52 Rm	52 Rm
Income statements								
Sale of merchandise	15.7	2 719	2 306	1 984	1 595	1 417	1 247	1 132
Cost of sales	15.5	(1 287)	(1 141)	(949)	(759)	(677)	(599)	(541)
Gross profit		1 432	1 165	1 035	836	740	648	591
Expenses	11.5	(834)	(759)	(672)	(616)	(571)	(479)	(434)
Trading profit	25.0	598	406	363	220	169	169	157
Investment income		148	144	89	75	65	78	61
Profit before finance costs, exceptional items and tax	22.8	746	550	452	295	234	247	218
Finance costs		-	(1)	-	-	(2)	(1)	(2)
Profit before exceptional items and tax		746	549	452	295	232	246	216
Exceptional items		15	(1)	5	15	(194)	4	(2)
Profit before tax	23.5	761	548	457	310	38	250	214
Income tax expense		(243)	(158)	(163)	(92)	(70)	(74)	(79)
Profit after tax	25.1	518	390	294	218	(32)	176	135
Minority interest		(1)	-	-	-	-	-	-
Net profit attributable to shareholders	25.1	517	390	294	218	(32)	176	135
Cash flow statements								
Cash flow from operating activities								
Cash EBITDA	23.1	674	481	433	274	35	217	194
Working capital movements		(139)	(53)	(179)	(22)	(47)	(50)	(47)
Cash generated from/(utilised by) operations	24.0	535	428	254	252	(12)	167	147
Net interest received		144	140	84	68	55	72	59
Tax paid		(205)	(123)	(192)	(92)	(72)	(82)	(76)
Cash inflow/(outflow) from operations	24.1	474	445	146	228	(29)	157	130
Dividends paid		(194)	(118)	(75)	(53)	(16)	(15)	(12)
Net cash from/(used in) operating activities		280	327	71	175	(45)	142	118
Net cash outflow from investing activities		(88)	(56)	(208)	(36)	(40)	(51)	(49)
Net cash (used in)/from financing activities		(193)	39	(46)	4	-	-	-
Net (decrease)/increase in cash and cash equivalents		(1)	310	(183)	143	(85)	91	69
Net cash inflow from discontinued operations		10	1	5	15	-	-	-
Cash and cash equivalents for the period		9	311	(178)	158	(85)	91	69
Balance sheets								
Assets								
Non-current assets		449	409	429	280	291	300	281
Current assets		1 639	1 431	966	1 017	801	820	663
Total assets	14.1	2 088	1 840	1 395	1 297	1 092	1 120	944
Equity and liabilities								
Shareholders' equity		1 488	1 335	1 032	859	701	748	588
Minority interests		12	-	-	-	-	-	-
Total shareholders' equity		1 500	1 335	1 032	859	701	748	588
Non-current liabilities		94	121	136	149	161	167	168
Current liabilities		494	384	227	289	230	205	188
Total equity and liabilities		2 088	1 840	1 395	1 297	1 092	1 120	944

The Truworths International Limited group information has been disclosed for the 2001 to 2004 periods. Information in respect of the prior periods has been excluded as these periods include the effects of discontinued operations. For the purposes of comparability the information in respect of the operating company Truworths Limited has been disclosed for the 1998 to 2000 financial periods. The compound growth statistics are for a six-year period.

Information in respect of the 2001 to 2004 periods has been adjusted to take into account the requirement of AC132: Consolidated Financial Statements and Accounting for Investments in Subsidiaries, in so far as it requires a share purchase trust which meets the definition of a subsidiary to be consolidated.

RATIOS

Year Number of weeks	Six-year compound growth % or seven-year average (Av.)		Truworths International Limited group				Truworths Limited		
			2004 52	2003 52	2002 53	2001 52	2000 52	1999 52	1998 52
Returns									
Return on average shareholders' equity	(%)	Av. 25.2	36.6	33.0	31.1	27.7	(4.4)	26.3	25.9
Return on capital	(%)	Av. 42.2	52.6	46.5	47.8	37.4	32.3	37.0	41.8
Asset reinvestment rate (†)	:1	Av. 1.2	1.0	1.0	1.2	1.3	1.3	1.1	1.7
Return on invested capital (ROIC)	(%)	Av. 20.0	25.4	21.4	21.7	20.1	17.3	17.8	16.0
Weighted average cost of capital (WACC)	(%)	Av. 16.9	14.8	14.1	16.5	16.4	18.5	19.9	18.3
ROIC vs. WACC	(%)		10.6	7.3	5.2	3.7	(1.2)	(2.1)	(2.3)
Productivity									
Sale of merchandise per full-time equivalent (FTE) employee**	(R'000)	12.4	695	622	564	471	428	359	345
Sale of merchandise per store**	(R'000)	10.2	8 828	8 007	7 321	5 974	5 535	5 262	4 922
Annualised retail sale of merchandise per trading square metre**	(R)	Av. 9.9	20 241	18 120	16 428	14 329	13 082	11 965	11 497
Net asset turn	(times)	Av. 1.8	1.8	1.7	1.9	1.9	2.0	1.7	1.9
Net assets per FTE employee	(R'000)		369	360	293	254	212	215	179
Gross margin	(%)	Av. 52.0	52.7	50.5	52.2	52.4	52.2	52.0	52.2
Trading margin	(%)	Av. 15.9	22.0	17.6	18.3	13.8	11.9	13.6	13.9
Operating margin	(%)	Av. 21.2	27.4	23.9	22.8	18.6	16.5	19.8	19.3
EBITDA margin	(%)	Av. 24.2	30.0	26.8	25.8	21.6	19.9	23.3	22.3
Basic earnings per FTE employee	(R'000)		127	105	84	64	(10)	51	41
Stock turn	(times)	Av. 5.5	6.5	6.7	6.1	5.2	5.5	4.5	3.7
Effective tax rate	(%)		32.0	28.8	35.7	29.7	184.2	29.6	36.9
Solvency and liquidity									
Net cash to total shareholders' equity	(%)	Av. 27.3	30.3	33.3	12.9	36.2	21.8	31.8	25.0
Current ratio	:1	Av. 3.7	3.3	3.7	4.3	3.5	3.5	4.0	3.5
Total liabilities to total shareholders' equity	(%)	Av. 47.0	39.1	37.8	35.2	51.0	55.8	49.7	60.5
Key debtor statistics									
Number of active customer accounts	(000's)		857	780	737	729	709		
Arrear accounts: overdue accounts as a % of total debtors	(%)		14	14	13	15	18		
Net bad debts: credit sale of merchandise	(%)		2.2	2.5	2.2	3.7	4.7		
Credit:cash sales mix**	(%)		73:27	72:28	72:28	75:25	77:23		
Net bad debts as a % of gross debtors book	(%)		4.3	5.1	4.7	8.0	10.0		
Bad debt provision as a % of gross debtors book	(%)		5.9	5.9	5.6	5.6	4.9		
Cost of credit	(Rm)		11	3	18	37	*		

† Excluding No. 1 Mostert Street and its related depreciation

** Excludes sale of merchandise made by YDE to customers as these sales are on behalf of the designers. YDE earns commission on these sales which is reported in the group's revenue.

* This information is not available.

RATIOS

Year	Number of weeks	Six-year compound growth % or seven-year average (Av.)	Truworths International Limited group				Truworths Limited		
			2004 52	2003 52	2002 53	2001 52	2000 52	1999 52	1998 52
Operating statistics									
Total number of FTE employees excluding YDE		3.0	3 912	3 710	3 520	3 386	3 310	3 474	3 281
Total number of FTE employees including YDE			4 062	3 710	3 520	3 386	3 310	3 474	3 281
Total number of Truworths stores, excluding franchise stores			291	269	257	255	246	230	224
Total number of franchise stores			17	19	14	12	10	7	6
Total number of YDE stores			12	-	-	-	-	-	-
Total trading area, excluding franchise and YDE stores	(m ²)	5.4	135 188	127 072	121 170	115 414	109 402	104 221	98 419
Total trading area for YDE stores			4 522	-	-	-	-	-	-
Total expenses	(Rm)	11.5	834	759	672	616	571	479	434
Depreciation costs	(Rm)	11.9	69	67	58	48	48	44	35
Employment costs	(Rm)	12.3	349	304	271	240	216	197	174
Occupancy costs	(Rm)	12.6	208	177	159	146	132	118	102
Other operating costs	(Rm)	9.2	208	211	184	182	175	120	123
Total expenses as a % of sale of merchandise	(%)	Av. 36.2	30.7	32.9	33.9	38.6	40.3	38.4	38.3
Depreciation costs as a % of sale of merchandise	(%)	Av. 3.0	2.5	2.9	2.9	3.0	3.4	3.5	3.1
Employment costs as a % of sale of merchandise	(%)	Av. 14.4	12.8	13.2	13.7	15.0	15.2	15.8	15.4
Occupancy costs as a % of sale of merchandise	(%)	Av. 8.6	7.7	7.7	8.0	9.2	9.3	9.5	9.0
Other operating costs as a % of sale of merchandise	(%)	Av. 10.0	7.7	9.1	9.3	11.4	12.4	9.6	10.8
Annual growth (%)									
Sale of merchandise			17.9	16.2	24.4	12.6	13.6	10.2	12.6
Trading profit			47.3	11.8	65.0	38.4	††	7.6	9.0
Profit before finance costs, exceptional items and tax			35.6	21.7	53.2	31.7	††	13.3	13.0
Profit before tax			38.9	19.9	47.4	††	††	16.8	16.3
Net profit attributable to shareholders			32.6	32.7	34.9	††	††	30.4	14.4

The Truworths International Limited group information has been disclosed for the 2001 to 2004 periods. Information in respect of the prior periods has been excluded as these periods include the effects of discontinued operations. For the purposes of comparability the information in respect of the operating company Truworths Limited has been disclosed for the 1998 to 2000 financial periods. The compound growth statistics are for a six-year period.

Information in respect of the 2001 to 2004 periods has been adjusted to take into account the requirement of AC132: Consolidated Financial Statements and Accounting for Investments in Subsidiaries, in so far as it requires a share purchase trust which meets the definition of a subsidiary to be consolidated.

†† = % change not meaningful

Definitions are provided on pages 70 and 71.

DEFINITIONS

- 1. Annualised retail sale of merchandise**
Represents sale of merchandise (excluding sales to franchise stores) adjusted for stores that opened during the period (and therefore did not trade for the full financial period) and for stores that closed during the period. Sale of merchandise in respect of stores opened during the period is annualised to reflect a full period's sales effect.
- 2. Asset reinvestment rate**
Represents capital expenditure divided by depreciation.
- 3. Basic earnings per FTE employee**
Net profit attributable to shareholders, divided by the number of full-time equivalent employees in service at the end of the period.
- 4. Cash 'EBITDA'**
Cash flow from trading plus dividends received.
- 5. Cash flow from trading**
Profit before finance costs, exceptional items and tax, adjusted for dividends and interest received and all non-cash items.
- 6. Cost of credit**
Comprises interest received on customer accounts and financial services income, less net bad debt (which includes movement on bad debt provision), collection and other direct costs incurred in providing credit.
- 7. Cost of sales**
Comprises the historical cost of inventory sold, and includes adjustments for markdown and shrinkage.
- 8. Current ratio**
Current assets divided by current liabilities.
- 9. Dividend cover**
Headline (previously basic) earnings per share divided by dividends declared per share.
- 10. Dividend yield**
Dividends declared per share divided by the period end share price on the JSE Securities Exchange South Africa ('JSE').
- 11. Earnings yield**
Basic earnings per share divided by the period end share price on the JSE.
- 12. EBITDA margin**
Profit before finance costs, exceptional items, tax, depreciation and amortisation divided by sale of merchandise.
- 13. Full time equivalent ('FTE') employees**
A calculated number determined by converting the actual number of flexi-time employees into a lesser number of full-time equivalent employees (through dividing the aggregate working hours of all flexi-time employees by standard working hours), and adding this latter number to the actual number of permanent employees.
- 14. Gross margin**
Gross profit divided by sale of merchandise.
- 15. Market capitalisation**
The period end share price on the JSE multiplied by the number of shares in issue at the end of the period.
- 16. Period end share price/net asset value per share**
The period end share price on the JSE expressed as a ratio of the net asset value per share.
- 17. Net assets**
The total of non-current assets and net current assets, less non-current liabilities, at the end of the period.
- 18. Net asset turn**
Sale of merchandise divided by closing net assets.
- 19. Net asset value per share**
Net assets divided by the number of shares in issue (adjusted for treasury shares held) at the end of the period.
- 20. Net cash to total shareholders' equity**
Cash and cash equivalents, net of borrowings, divided by total shareholders' equity at the end of the period.
- 21. Operating margin**
Operating profit divided by sale of merchandise.
- 22. Operating profit**
Operating profit is profit before finance costs, exceptional items and tax.

DEFINITIONS

- 23. Price earnings ratio**
The period end share price on the JSE divided by headline earnings per share for the period.
- 24. Return on average shareholders' equity**
The current period's net profit attributable to shareholders divided by the average of the current and prior periods' shareholders' equity.
- 25. Return on invested capital**
Profit before tax adjusted for operating leases, less depreciation subsequently calculated on the 'capitalised' operating leases, less the adjusted tax charge, divided by the sum of the net assets and newly capitalised operating leases.
- 26. Return on capital**
The current period's profit before finance costs, exceptional items and tax divided by the average of the current and prior periods' total net assets.
- 27. Sale of merchandise**
Represents sale of merchandise through retail outlets, together with sale of merchandise to franchisees, but excludes value added and general sales tax and sale of merchandise made by YDE to customers as these are on behalf of the designers.
- 28. Stock turn**
Cost of sales for the period divided by inventories on hand at the end of the period.
- 29. Trading margin**
Trading profit divided by sale of merchandise.
- 30. Weighted average cost of capital**
The risk-free rate at the end of the period as defined by the RSA (R153) long-term bond yield adjusted by a risk premium appropriate for the group.
- 31. Weighted average number of shares in issue**
The number of shares in issue at the beginning of the period, increased by shares issued during the period, and decreased by share repurchases, weighted on a time basis for the period during which they were in issue. In the case of shares issued pursuant to a share capitalisation award in lieu of dividends, the participation of such shares is deemed to be from the date of issue.
- 32. Weighted average price per share traded**
The total value of shares traded divided by the total volume of shares traded for the period on the JSE.
-

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements and group annual financial statements which appear on pages 73 to 115 were approved by the board of directors on 19 August 2004 and are signed on its behalf by



H Saven
Chairman



MS Mark
Chief Executive Officer

CERTIFICATE BY COMPANY SECRETARY

I certify that, in respect of the period under review, the company has lodged with the Registrar of Companies all returns required of a public company in terms of the South African Companies Act 61 of 1973, and that all such returns are true, correct and up to date.



C Durham
Company Secretary

19 August 2004

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TRUWORTHS INTERNATIONAL LIMITED

We have audited the annual financial statements and group annual financial statements of Truworths International Limited set out on pages 73 to 115 for the 52 weeks ended 30 June 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, these annual financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2004 and the results of their operations and cash flows for the 52 weeks then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act 61 of 1973, in South Africa.



ERNST & YOUNG

Registered Accountants and Auditors
Chartered Accountants (SA)

Cape Town
19 August 2004

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the company and group annual financial statements for the 52-week period ended 30 June 2004.

NATURE OF BUSINESS

The company is an investment holding company with trading subsidiaries engaged either directly or through franchises in the retailing of fashion apparel and related merchandise. The group operates principally in southern Africa.

RESULTS OF OPERATIONS

The results for the period are detailed in the attached annual financial statements.

DIVIDENDS

Details of the dividends paid by the company during the period are contained in note 30 of the annual financial statements. On 19 August 2004 the directors of the company resolved to declare a final dividend in respect of the period in the amount of 27 cents per share, to shareholders registered on 10 September 2004.

SHARE CAPITAL

Details of the authorised and issued share capital and the movements during the period are contained in notes 10 and 13 of the annual financial statements.

DIRECTORS AND SECRETARY

The names of the directors and company secretary in office at 30 June 2004 are set out on pages 4 and 118 of the annual report. Mr MA Thompson was appointed, with effect from 1 March 2004, and Mr BD Lapin resigned, with effect from 20 May 2004, as directors of the company.

SUBSIDIARY COMPANIES

Annexure one containing full particulars of the company's subsidiary companies appears on pages 114 and 115 of the annual financial statements.

BORROWING POWERS

In terms of the company's articles of association, its borrowing powers are unlimited. The borrowing powers of the group's wholly-owned operating subsidiary, Truworths Limited, may in terms of its articles of association be limited by the company. Any borrowings by group companies, were they to be made, must comply with the provisions of the group's treasury policy which is reviewed regularly by the board of the company.

EVENTS SUBSEQUENT TO PERIOD END

No event, material to the understanding of this report, has occurred between the financial year-end and the date of this report.

SPECIAL RESOLUTIONS BY SUBSIDIARY COMPANIES

During the period, the authority of the wholly-owned subsidiary company Truworths Limited to purchase its own and up to 10% of the company's shares, subject to the relevant provisions of the Companies Act 1973, and the Listings Requirements of the JSE Securities Exchange South Africa, was renewed for a maximum period of a further fifteen months, by a special resolution of shareholders of the company, which was passed on 31 March 2004 and registered by the Registrar of Companies on 3 May 2004.

During the period, the wholly-owned subsidiary company The Credit Recovery Corporation (Proprietary) Limited changed its name to Young Designers Emporium (Proprietary) Limited, and changed its main business to the operation of a chain of retail emporiums, by special resolution passed on 30 January 2004 and registered by the Registrar of Companies on 9 February 2004.

No other special resolutions were passed by subsidiary companies during the period under review.

BALANCE SHEETS *at 30 June*

	Note	GROUP		COMPANY	
		2004 Rm	2003 Rm	2004 Rm	2003 Rm
ASSETS					
Non-current assets		449.1	409.3	215.8	183.1
Property, fixtures, vehicles, plant, equipment and software	2	275.8	277.9	-	-
Goodwill	3	38.4	-	-	-
Investments	4	105.1	109.5	-	-
Interests in subsidiary companies	5	-	-	215.8	183.1
Loans	6	29.8	21.9	-	-
Current assets		1 638.6	1 430.9	2.8	2.6
Inventories	7	198.0	169.2	-	-
Trade and other receivables	8	963.2	796.2	-	-
Prepayments		23.0	20.4	-	-
Cash and cash equivalents	9	454.4	445.1	2.8	2.6
Total assets		2 087.7	1 840.2	218.6	185.7
EQUITY AND LIABILITIES					
Share capital	10	0.1	0.1	0.1	0.1
Share premium	11	177.4	153.2	177.7	153.2
Non-distributable reserve	12	-	-	9.1	9.1
Retained earnings		1 586.1	1 262.7	30.2	16.9
Treasury shares	13	(275.3)	(81.0)	-	-
Shareholders' equity		1 488.3	1 335.0	217.1	179.3
Minority interest		12.1	-	-	-
Total shareholders' equity		1 500.4	1 335.0	217.1	179.3
Non-current liabilities		94.2	121.3	-	-
Deferred tax	14	76.3	86.0	-	-
Retirement benefit obligation	15	17.9	35.3	-	-
Current liabilities		493.1	383.9	1.5	6.4
Trade and other payables	16	336.6	269.9	1.0	0.3
Short-term provisions	17	0.4	6.0	0.4	6.0
Current tax payable		156.1	108.0	0.1	0.1
Total liabilities		587.3	505.2	1.5	6.4
Total equity and liabilities		2 087.7	1 840.2	218.6	185.7
Number of shares in issue (adjusted for treasury shares)		446.4	460.4		
Net asset value per share (cents)		336.1	290.0		

INCOME STATEMENTS *for the periods ended 30 June*

	Note	GROUP		COMPANY	
		2004 Rm 52 weeks	2003 Rm 52 weeks	2004 Rm 52 weeks	2003 Rm 52 weeks
Revenue	23	2 903.9	2 462.3	199.3	115.3
Sale of merchandise		2 718.7	2 306.0	-	-
Cost of sales		(1 287.3)	(1 140.5)	-	-
Gross profit		1 431.4	1 165.5	-	-
Expenses		(833.8)	(759.3)	(0.1)	(0.5)
Trading profit	24	597.6	406.2	(0.1)	(0.5)
Dividends received		2.7	1.7	199.0	114.5
Interest received	26	145.7	142.4	0.3	0.8
Profit before finance costs, exceptional items and tax		746.0	550.3	199.2	114.8
Finance costs	27	(0.2)	(0.5)	-	-
Profit before exceptional items and tax		745.8	549.8	199.2	114.8
Exceptional items	28	15.4	(1.3)	15.5	(1.2)
Profit before tax		761.2	548.5	214.7	113.6
Income tax expense	29	(243.5)	(158.1)	(0.2)	18.5
Profit after tax		517.7	390.4	214.5	132.1
Minority interest		(0.5)	-	-	-
Net profit attributable to shareholders		517.2	390.4	214.5	132.1
Cents per share:					
Dividends declared for the period	30	48.0	34.0		
Interim		21.0	13.0		
Final		27.0	21.0		
Headline earnings	31.1	110.0	86.0		
Basic earnings	31.2	113.0	85.7		
Fully diluted headline earnings	31.3	107.4	84.3		
Fully diluted basic earnings	31.3	110.4	84.1		

STATEMENTS OF CHANGES IN TOTAL SHAREHOLDERS' EQUITY

for the periods ended 30 June

	Note	Share capital and premium Rm	Non-distributable reserve Rm	Retained earnings Rm	Treasury shares Rm	Minority interest Rm	Total shareholders' equity Rm
GROUP							
Balance at 30 June 2002		125.5	-	998.9	(92.6)	-	1 031.8
Change in accounting policy, AC133: Financial instruments adjustment	22.1	-	-	(8.2)	-	-	(8.2)
Restated balance at 30 June 2002		125.5	-	990.7	(92.6)	-	1 023.6
Net profit attributable to shareholders		-	-	390.4	-	-	390.4
Dividends	30	-	-	(118.4)	-	-	(118.4)
Shares issued	11	28.1	-	-	-	-	28.1
Odd lot shares repurchased and cancelled	11	(0.1)	-	-	-	-	(0.1)
Share issue expenses written off	11	(0.2)	-	-	-	-	(0.2)
Sale of shares held by share trust	13	-	-	-	25.0	-	25.0
Shares repurchased	13	-	-	-	(13.4)	-	(13.4)
Balance at 30 June 2003		153.3	-	1 262.7	(81.0)	-	1 335.0
Net profit attributable to shareholders		-	-	517.2	-	0.5	517.7
Minority interest in business acquired		-	-	-	-	11.6	11.6
Dividends	30	-	-	(193.8)	-	-	(193.8)
Shares issued	11	24.6	-	-	-	-	24.6
Share issue expenses written off	11	(0.1)	-	-	-	-	(0.1)
Sale of shares held by share trust	13	(0.3)	-	-	0.3	-	-
Shares repurchased	13	-	-	-	(194.6)	-	(194.6)
Balance at 30 June 2004		177.5	-	1 586.1	(275.3)	12.1	1 500.4
COMPANY							
Balance at 30 June 2002		125.5	9.1	7.2	-	-	141.8
Net profit attributable to shareholders		-	-	132.1	-	-	132.1
Dividends	30	-	-	(122.4)	-	-	(122.4)
Shares issued	11	28.1	-	-	-	-	28.1
Odd lot shares repurchased and cancelled	11	(0.1)	-	-	-	-	(0.1)
Share issue expenses written off	11	(0.2)	-	-	-	-	(0.2)
Balance at 30 June 2003		153.3	9.1	16.9	-	-	179.3
Net profit attributable to shareholders		-	-	214.5	-	-	214.5
Dividends	30	-	-	(201.2)	-	-	(201.2)
Shares issued	11	24.6	-	-	-	-	24.6
Share issue expenses written off	11	(0.1)	-	-	-	-	(0.1)
Balance at 30 June 2004		177.8	9.1	30.2	-	-	217.1

CASH FLOW STATEMENTS for the periods ended 30 June

	Note	GROUP		COMPANY	
		2004 Rm 52 weeks	2003 Rm 52 weeks	2004 Rm 52 weeks	2003 Rm 52 weeks
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash flow from trading	33.1	671.6	479.1	(0.4)	(0.5)
Dividends received		2.7	1.7	199.0	114.6
Cash EBITDA		674.3	480.8	198.6	114.1
Working capital movements	33.2	(139.6)	(53.1)	0.6	-
Cash generated from operations		534.7	427.7	199.2	114.1
Finance costs		(0.2)	(0.5)	-	-
Interest received		144.4	140.9	0.3	0.8
Tax (paid)/received	33.3	(205.2)	(123.0)	(0.2)	18.7
Cash inflow from operations		473.7	445.1	199.3	133.6
Dividends paid	33.4	(193.6)	(118.2)	(201.0)	(122.3)
Net cash from/(used in) operating activities		280.1	326.9	(1.7)	11.3
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, fixtures, vehicles, plant, equipment and software to maintain operations	33.5	(18.7)	(20.7)	-	-
Purchase of property, fixtures, vehicles, plant, equipment and software to expand operations	33.6	(42.5)	(42.1)	-	-
Proceeds on disposal of property, fixtures, vehicles, plant, equipment and software	33.7	0.9	0.9	-	-
Cash flow on business acquired net of cash	33.8	(25.6)	-	-	-
Loans advanced		(8.3)	(2.0)	-	-
Loans repaid		0.4	-	-	-
Loans advanced to subsidiary companies		-	-	(35.4)	(38.5)
Loans repaid by subsidiary companies		-	-	2.7	-
Decrease in investments		5.5	8.2	-	-
Net cash used in investing activities		(88.3)	(55.7)	(32.7)	(38.5)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds on share issue		24.5	27.9	24.5	27.9
Odd lot shares repurchased and cancelled		-	(0.1)	-	(0.1)
Shares repurchased by subsidiary		(194.6)	(13.4)	-	-
Sale of shares held by share trust		0.3	25.0	-	-
Contribution paid in respect of retirement benefit obligation		(22.8)	-	-	-
Net cash (used in)/from financing activities		(192.6)	39.4	24.5	27.8
Net (decrease)/increase in cash and cash equivalents		(0.8)	310.6	(9.9)	0.6
Net cash inflow from discontinued operations		10.1	0.7	10.1	0.7
Cash and cash equivalents for the period		9.3	311.3	0.2	1.3
Cash and cash equivalents at the beginning of the period		445.1	133.8	2.6	1.3
Cash and cash equivalents at the end of the period		454.4	445.1	2.8	2.6
Cash flow per share (cents)	31.4	103.5	97.7		
Cash equivalent earnings per share (cents)	31.5	125.9	97.5		
Cash realisation rate (%)	31.6	82.2	100.2		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The annual financial statements are prepared on the historical cost basis except where otherwise stated. These annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP). These accounting policies are consistent in all material respects with those applied in the prior period, except for the adoption during the current period of accounting statement AC132: Consolidated Financial Statements and Accounting for Investments in Subsidiaries, in so far as it requires a share purchase trust which meets the definition of a subsidiary to be consolidated.

1.2 Subsidiary companies

The group annual financial statements present the consolidated financial position and changes therein, operating results and cash flow information of the company and its subsidiaries. Subsidiaries are those entities in which the group has an interest of more than one half of the voting rights or the power to exercise control so as to obtain benefits from their activities.

The results of subsidiaries acquired or disposed of during the period are included from the date control was acquired and up to the date control ceased. The identifiable assets and liabilities of companies acquired are assessed and included in the balance sheet at their fair values as at the date of acquisition.

All intercompany transactions, intragroup balances and unrealised profits or losses, to the extent that losses do not indicate impairment, are eliminated on consolidation.

The results of the share trust, that in substance is controlled by the group, are consolidated.

Foreign subsidiaries are classified as foreign operations for the purpose of foreign currency translations.

The balance sheets on consolidation of foreign operations are translated into South African Rand at the rates of exchange ruling at the balance sheet date or at historic rates, for monetary and non-monetary assets and liabilities respectively. Income, expenditure and cash flow items are translated using weighted average rates of exchange during the period. Differences arising on translation are recognised in the income statement.

The company carries its investments in subsidiaries at cost less accumulated impairment losses.

1.3 Associate companies

An associate is an entity which is not a subsidiary and in which the group holds an equity investment and exercises significant influence over the financial and operating policies.

Investments in associate companies are equity accounted. The group's share of the associate's profit or loss for the period is recognised in the income statement and the investment in the associate which is carried in the balance

sheet. This investment is carried at an amount that reflects its share of the net assets of the associate and includes goodwill on acquisition. Provision is made for any permanent diminution in the carrying value of the investment.

Foreign associates of the company, operating under severe long-term restrictions that significantly impair their ability to repatriate income to the company, are not equity accounted.

Where foreign associates are not equity accounted and are treated as available for sale assets, any fair value adjustments are recognised directly in equity through the statement of changes in equity. When such an investment is sold, collected or otherwise disposed of, the cumulative balance in equity is recognised in net profit or loss for the period. Where the investment is determined to be impaired, any cumulative loss recognised directly in equity is recognised in net profit or loss for the period.

The company carries its investments in associates at cost less accumulated impairment losses.

1.4 Change in accounting policy

Should a change in accounting policy be made due to the adoption of a South African Statement of GAAP, the change will be accounted for in accordance with the specific transitional provisions of such Statement. In the absence of any transitional provisions, the changes will be applied in accordance with the requirements of the South African Statement of GAAP, AC103: Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies.

During the period accounting statement AC132: Consolidated Financial Statements and Accounting for Investments in Subsidiaries, in so far as it requires a share purchase trust which meets the definition of a subsidiary to be consolidated, was adopted. As a result, the comparative financial statements have been adjusted.

1.5 Discontinuing operations

Discontinuing operations are those which are clearly identifiable as a separate part of the group's operations and in respect of which management has initiated and committed itself to a formal plan of discontinuance, whether by sale or abandonment. The profits or losses shown as exceptional items are based on the actual cost and expenses directly associated with the discontinuance. All other profits and losses are included in earnings and headline earnings. Expected losses on discontinuance are recognised in full while recoveries on discontinuance are only recognised when they are realised or when the realisation is reasonably certain.

1.6 Dividends

Dividends proposed or declared on equity instruments after the balance sheet date, and secondary tax on companies ensuing therefrom, are not recognised as liabilities at the period end.

1.7 Exceptional items

These are items of income or expense from ordinary activities that, due to their nature or incidence are disclosed separately in order to explain the performance of the company and group for the period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.8 Finance costs

Interest paid is accrued and recognised in the income statement at the effective interest rate relating to the relevant financial liability.

1.9 Financial instruments

Financial instruments recognised on the balance sheet include cash and cash equivalents, derivative instruments, trade and other receivables, loans, investments (including export partnership participation) and trade and other payables. Financial instruments are initially measured at cost, including transaction costs, when the group becomes a party to the contractual arrangements. Trade date accounting for 'regular way' purchases or sale of financial assets has been adopted. The trade date is the date that the group commits to purchase or sell an asset. A 'regular way' contract is a contract for the purchase or sale of financial assets that requires delivery of the assets within the time frame generally established by regulation or convention in the marketplace concerned. Financial assets, or a portion thereof, are derecognised when the group loses control of the contractual rights that comprise the financial asset. The group loses such control if it realises the rights to benefits specified in the contract, the rights expire or the group surrenders those rights. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or has expired.

1.9.1 Cash and cash equivalents

Cash and cash equivalents consisting of cash on hand, cash in banks, short-term deposits, bank overdrafts and highly liquid investments, including redeemable preference shares are classified as loans and receivables originated by the enterprise and are measured at cost.

1.9.2 Derivative instruments

The group uses derivative financial instruments in the form of forward exchange rate agreements. It is the policy of the group not to trade in derivative financial instruments for speculative purposes.

Derivative financial instruments are classified as held for trading and are subsequently measured at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. A recognised gain or loss arising from a change in the fair value of a derivative financial asset or financial liability is recognised in the income statement during the period in which it is incurred.

1.9.3 Trade and other receivables

Trade and other receivables are classified as receivables originated by the enterprise and are recognised and carried at original invoice amount less an allowance for uncollectible amounts. The allowance raised is the amount required to reduce the carrying amount that the group will not be able to collect (principal and interest) according to the contractual terms of trade and other receivables.

1.9.4 Loans receivable

Loans receivable are classified as receivables originated by the enterprise. Loans with fixed maturity repayment terms are measured at amortised cost using the effective interest rate method. Loans with no fixed repayment dates are measured at cost.

1.9.5 Investments

Investments, other than investments in subsidiaries or associates and cash on deposit, are classified as available for sale assets. These investments are measured at fair value with fair value adjustments recognised directly in equity through the statement of changes in equity. When such an investment is sold, collected or otherwise disposed of, the cumulative balance in equity is recognised in net profit or loss for the period. Where the investment is determined to be impaired, any cumulative loss recognised directly in equity is recognised in net profit or loss for the period.

There is a presumption that the fair value of an investment in an equity instrument cannot be reliably determined when there is no quoted market price in an active market and for which other methods of reasonably estimating fair value are clearly inappropriate. Consequently, these investments are measured at cost, subject to an impairment test.

1.9.6 Export partnership participation

Export partnership participation is measured at amortised cost using the effective interest rate method. Amortised cost is the group's cost of original participation less subsequent principal repayments received, plus the cumulative amortisation of the difference between the initial amount and the maturity amount, less any write down for impairment or uncollectibility.

1.9.7 Trade and other payables

Liabilities for trade and other amounts payable are classified as other liabilities and are measured at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

1.9.8 Offset

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

1.10 Foreign currency transactions

Transactions in foreign currency are converted to South African Rand at rates of exchange ruling at the date of the transaction.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into South African Rand at exchange rates ruling at the balance sheet date.

Foreign currency gains and losses are recognised in the income statement during the period in which they occur.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.11 Goodwill

Goodwill represents the excess of the cost of an acquisition over the group's share of the attributable fair value of the net identifiable assets at the date of acquisition. Goodwill is capitalised as an asset and amortised using the straight-line method over its effective economic life, which is assessed on an annual basis, not exceeding a period of twenty years. Goodwill is reflected at cost less any accumulated amortisation and any impairment losses.

1.12 Impairment of non-financial assets

The carrying amount of non-financial assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. The carrying amounts of these assets or their applicable cash generating units are reduced to their recoverable amounts, where these are lower than the carrying amounts. In determining the recoverable amounts, the higher of the value in use and the net selling price is taken into account.

1.13 Intangible assets

Trademarks and brand names

Trademarks and brand names acquired are capitalised and amortised on a straight-line basis over their anticipated useful lives, not exceeding twenty years. At each balance sheet date, trademarks and brands are reviewed for indications of impairment or changes in future benefits. Trademarks and brand names are reflected at cost less any accumulated amortisation and any impairment losses.

Costs incurred on internally generated trademarks and brand names are charged to the income statement in the period in which they are incurred.

1.14 Inventories

Finished goods

Finished goods are valued at the lower of cost and net realisable value, using the specific identification method, taking account of provisions for mark-downs, obsolescence and shrinkage, where appropriate. Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

Fabric

Fabric is valued at the lower of cost and net realisable value, using the specific identification method, taking account of provisions for obsolescence, where appropriate.

1.15 Leases

Leases are classified as operating leases, where substantially all the risks and rewards associated with ownership of the asset are not transferred from the lessor to the lessee. Operating lease expenses are charged to the income statement in the period in which they are incurred.

1.16 Property, fixtures, vehicles, plant, equipment and software

Property owned by the group is classified as owner-occupied property. The group does not hold any investment property.

Owner-occupied buildings are shown at cost less accumulated depreciation. Buildings are shown at cost. All buildings are depreciated on a straight-line basis over twenty five years, except the head office building. Land is shown at cost and not depreciated.

Lease premiums and improvements in respect of leasehold land and buildings are written off over the lease periods or such shorter periods as may be appropriate.

Fixtures, vehicles, plant, equipment and software

Fixtures, vehicles, plant, equipment and software are recorded at historic cost and depreciated to their expected residual values, on a straight-line basis, over the following estimated useful lives:

Fixtures, fittings, plant and equipment	3 to 6 years
Lifts and escalators	10 years
Computer equipment and software	1 to 3 years
Motor vehicles	4 to 5 years

Computer software is capitalised, where material, and is considered to be an integral part of the related hardware.

1.17 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, where a reliable estimate can be made of the obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.18 Retirement benefits

Defined contribution plans

Group contributions to the defined contribution retirement funds are based on a percentage of the payroll and are recognised in the income statement in the period in which the service is rendered.

Post-retirement medical benefits

The group has an obligation to provide certain post-retirement medical benefits, in the form of medical aid subsidies, to its eligible employees and pensioners.

The present value of future medical aid subsidies in respect of past services is actuarially determined on an annual basis, and the liability is reflected in the balance sheet. Any curtailment benefits or settlement amounts are recognised in the income statement. Unrecognised actuarial gains and losses, in excess of the greater of 10% of the fair value of plan assets or the present value of the obligation at the beginning of the period, are recognised in the income statement over the average expected remaining working lives of employees participating in that plan.

1.19 Revenue

Revenue comprises sale of merchandise, and the receipt of commissions, display fees, dividends, interest, lease rental income, royalties, warehouse and management fees. This revenue is recognised on the bases set out below:

Sale of merchandise

Revenue from the sale of merchandise through retail outlets and to franchisees is recognised when the risks and rewards

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

of ownership have passed to the customer or franchisee. Such income represents the net invoice value of merchandise provided to third parties, excluding value-added and general sales tax.

Commission received

Commission received, as a result of the sale of merchandise on behalf of designers, is recognised in the period in which it is earned in accordance with contractual terms.

Display fees received

Display fees received are recognised in the period in which they are earned in accordance with contractual terms.

Dividends received

Dividends received on equity instruments are recognised when the right to receive payment has been established.

Interest received

Interest received is accrued and recognised on a time proportion basis, at the effective rate implicit in the instrument.

Lease rental income

Lease rental income is recognised on a straight-line basis over the period of the lease.

Royalties received

Royalties received, through the sale of merchandise to franchisees, is recognised in the period in which it is earned.

Warehouse and management fees received

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

1.20 Segmental reporting

Segmental information is not disclosed as the subsidiary, Truworths Limited and its Namibian and Swaziland operations are regarded as having a single material southern African retailing segment. Revenue, profit after tax and total assets of Young Designers Emporium (Pty) Ltd represent less than 10% of the group's total revenue, profit after tax and assets and are thus not separately disclosed.

1.21 Treasury shares

Shares in Truworths International Limited held by a wholly-owned group company and by the share trust are classified as treasury shares. These shares are treated as a deduction from equity, and the cost price of these shares is deducted in arriving at group equity. Dividends received on treasury shares are eliminated on consolidation. Issued and weighted average number of shares is reduced by treasury shares for earnings per share purposes.

1.22 Share incentive scheme

The company operates the Truworths International Limited share incentive scheme. Participation is open to all permanent employees including non-executive directors at the discretion of the remuneration committee. Shares and options are released to participants at the rate of 20% per annum commencing on the first anniversary of the date of offer. No expense is currently recognised in the income statement when such benefits are granted. The dilutive effect of outstanding options is reflected as additional share

dilution in the computation of earnings per share. Shares held by the share trust are treated as treasury shares, recorded at cost and deducted from equity.

1.23 Tax

The income tax expense comprises current tax, deferred tax and secondary tax on companies.

Current tax

The current tax charge is the expected tax payable on the taxable income for the period using enacted tax rates and any adjustments to tax payable in respect of prior periods.

Deferred tax

Deferred tax is provided for all temporary differences at the balance sheet date between the tax bases of assets or liabilities and their respective balance sheet carrying amounts. A deferred tax asset is recognised where it is probable that, in the foreseeable future, taxable profits will be available against which the deferred tax asset can be realised. No deferred tax is recognised on temporary differences caused by the initial recognition of an asset or liability that is not part of a business combination or has not impacted accounting or taxable profit, and non-tax deductible goodwill. A deferred tax liability for export partnership participation is raised which is equal to the cost of original participation together with the group's share of the partnership gross profit less the group's share of subsequent amounts received by the partnership.

Secondary tax on companies

Secondary tax on companies is recognised as part of the income tax expense in the income statement when the related dividend is declared.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 R'000	2003 R'000
2. PROPERTY, FIXTURES, VEHICLES, PLANT, EQUIPMENT AND SOFTWARE		
Historic cost		
Land and buildings	164 554	160 010
Fixtures, plant and equipment	446 244	399 099
Computer equipment and software	141 625	124 352
Motor vehicles	552	404
	752 975	683 865
Accumulated depreciation		
Land and buildings	(22 628)	(13 881)
Fixtures, plant and equipment	(346 483)	(305 204)
Computer equipment and software	(107 850)	(86 715)
Motor vehicles	(198)	(130)
	(477 159)	(405 930)
Net carrying value	275 816	277 935
Comprising:		
Land and buildings	141 926	146 129
Fixtures, plant and equipment	99 761	93 895
Computer equipment and software	33 775	37 637
Motor vehicles	354	274
	275 816	277 935
Opening net carrying value	277 935	282 653
Movements for the period		
<i>Capital expenditure</i>	61 135	62 877
Land and buildings	4 544	-
Fixtures, plant and equipment	39 202	39 605
Computer equipment and software	16 681	22 619
Motor vehicles	708	653
<i>Acquisition of fair value of fixed assets in respect of Young Designers Emporium</i>	6 404	-
Fixtures, plant and equipment	5 921	-
Computer equipment and software	246	-
Motor vehicles	237	-
<i>Disposals</i>	(877)	(818)
Leasehold improvements	-	(107)
Fixtures, plant and equipment	(92)	(297)
Motor vehicles	(785)	(414)
<i>Depreciation (note 24.4)</i>	(68 781)	(66 777)
Closing net carrying value	275 816	277 935

Property, fixtures, vehicles, plant, equipment and software have an estimated replacement and insured value of R634 million (2003: R515 million).

The group had no idle fixed assets at the end of the period (2003: Nil).

The gross cost of fully depreciated fixtures, vehicles, plant, equipment and software amounted to R331 million (2003: R263 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Original cost R'000	Prior periods cumulative improvements R'000	Current period acquisition R'000	2004 Total cost R'000	2003 Total cost R'000
2. PROPERTY, FIXTURES, VEHICLES, PLANT, EQUIPMENT AND SOFTWARE (Continued)					
Details of group freehold land and buildings are as follows:					
Flat No 1303 Salwood Court – remainder Erf 47473 Rondebosch, Cape Town Date of acquisition – 30 August 1998 Market valuation, performed on 27 March 2003, by RM Prideaux, Associated Valuer was R520 000.	309	118	–	427	427
Truworths Distribution Centre – portion Erf 103597 Epping, Cape Town Date of acquisition – 30 August 1999 Market valuation, performed on 14 August 2002, by Baker Street Property Company, was R25.3 million.	15 030	237	–	15 267	15 267
Head office building – No. 1 Mostert Street – Erf 150977, Cape Town Date of acquisition – 1 October 2001 Directors' valuation based on market valuation, performed on 29 July 2003 by Tim Moulder FRICS FIV(SA) of Marriott Property Services (Pty) Ltd, was R87.5 million.	144 204	112	4 544	148 860	144 316
	159 543	467	4 544	164 554	160 010

During the period the remaining 4 212 shares in Woolmos Properties Share Block Limited, which is the registered holder of and owns the bare dominium in No. 1 Mostert Street (formerly SRG House), the group's head office, were purchased at a cost of R4.5 million. At the end of the 2004 financial period, the group had a 100% (2003: 76.8%) shareholding in this entity. The total cost of this shareholding was R14.8 million (2003: R10.3 million), which has been recorded as part of the carrying value of the building.

As the head office building is a corporate asset, the cash inflows it generates cannot be separated from the cash inflows from the group's business as a whole in terms of the GAAP statement AC128: Impairment of assets. In terms of this statement, an assessment of the recoverable amount attributable to the assets of the group's business as a whole, including No. 1 Mostert Street, was performed at the balance sheet date. This assessment concluded that as the estimated recoverable amount materially exceeded the carrying value of the assets of the group's business as a whole, no impairment write-down of the head office building was required.

Management notes that the directors' valuation based on a market valuation performed on 29 July 2003 of No. 1 Mostert Street is R87.5 million whilst the carrying value is R128.5 million (2003: R132.3 million). In management's view the differential between the building's carrying value and its current directors' valuation is likely to be eliminated in the next five years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2004 R'000	2003 R'000
3. GOODWILL			
Goodwill in respect of business acquired		40 696	-
Goodwill amortised for the period		(2 339)	-
Closing carrying amount		38 357	-
Gross carrying amount		40 696	-
Accumulated amortisation		(2 339)	-
Goodwill arising during the current period represents the excess of the purchase consideration over the fair value of the identifiable assets of Young Designers Emporium at the acquisition date, 1 December 2003. This goodwill is amortised over its economic useful life of ten years. For further details, refer to note 33.8.			
4. INVESTMENTS			
GROUP			
Summary			
Listed investments	4.1	-	-
Unlisted investments	4.2	350	396
Other investments	4.3	3 338	878
Export partnership participation	4.4	101 456	108 177
		105 144	109 451
COMPANY			
Summary			
Listed investments	4.1	-	-
4.1 Listed investments			
Truworths Limited (incorporated in Zimbabwe)			
Date of acquisition – 22 February 2002			
Balance at the beginning of the period		-	2 000
Impairment of investment		-	(2 000)
Balance at the end of the period		-	-
The number of ordinary shares held in this listed investment was 115 358 024 (2003: 105 429 958) which represents 33.4% (2003: 31.7%) of total shares issued.			
As there are currently severe long-term restrictions on the repatriation of dividends from Zimbabwe, the results of the above associate have not been equity accounted for in the period under review. Had they been equity accounted, the group's share of profits attributable to shareholders would have been R8.3 million (2003: R4.7 million).			
The above amounts have been translated at a rate determined with reference to an implied rate derived from relative share prices of a company listed on both the Zimbabwe Stock Exchange and the JSE Securities Exchange South Africa, of Z\$798:R1 (2003: Z\$181:R1).			
During the 2003 period the shares underwent a 10 for 1 subdivision. The investment was impaired due to the volatility of the Zimbabwean rate of exchange and the severe long-term restrictions on the repatriation of dividends from Zimbabwe.			
4.2 Unlisted investments			
Business Partners Limited		350	396
The number of ordinary shares held was 158 877 (2003: 158 877) which represents 0.1% (2003: 0.1%) of total shares issued.			
Directors' valuation This investment has been valued at the latest traded share price, and is therefore recorded at fair value.			
		350	396
4.3 Other investments			
Nedbank deposit		3 338	878
Directors' valuation This non-interest bearing investment is cash on call at Nedbank in respect of the group's car scheme and has been valued at cost.			
		3 338	878

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2004 R'000	2003 R'000
4. INVESTMENTS (continued)			
4.4 Export partnership participation			
Investment in export partnerships at the beginning of the period		114 851	122 327
Less payments received during the period		(7 985)	(7 476)
Investment in export partnerships at the end of the period		106 866	114 851
AC133: Financial instruments adjustment			
Balance at the beginning of the period		(6 674)	(8 171)
Current interest adjustment		1 264	1 497
Balance at the end of the period		(5 410)	(6 674)
Amortised cost at the end of the period		101 456	108 177
<p>The group participates with other companies in the former Wooltru Limited group in various export partnerships whose business was the purchase and export sale of containers. These partnerships bought and sold dry containers in terms of long-term suspensive purchase and credit sale agreements respectively, with specifically scheduled repayment terms over either a ten- or a fifteen-year period. Trenchor Services (Proprietary) Limited, a wholly-owned subsidiary of Trenchor Limited, which is listed on the JSE Securities Exchange South Africa, acts as managing partner in these partnerships. The managing partner collects and disburses partnership funds on behalf of the partners and distributes to them the funds required to settle their deferred tax liabilities when these fall due.</p> <p>At the end of the period, the group's share of long-term receivables due by the purchaser of the containers exported was R363 million (2003: R392 million), the group's share of long-term liabilities due to the manufacturer of the containers was R224 million (2003: R241 million) and the group's share of net other liabilities was R32 million (2003: R36million).</p> <p>In compliance with AC133: Financial instruments: Recognition and Measurement, the long term receivables have been valued at amortised cost, using the effective interest rate method and at an effective interest rate of 1.73% per annum.</p> <p>Any impairment to the export partnership participation investment would result in a corresponding decrease in the deferred tax liability and thus have no impact.</p> <p>It is not practical within the constraints of timelines or costs to determine the fair value of the export partnership participation.</p>			
5. INTERESTS IN SUBSIDIARY COMPANIES			
GROUP			
Interest in aggregate after-tax profits and losses of subsidiaries			
Profits		509 722	376 751
Losses		(545)	(225)
		509 177	376 526
COMPANY			
Shares in Truworths Limited, at cost		100 330	100 330
Amounts owing by Young Designers Emporium (Proprietary) Limited	5.1	35 358	-
Amounts owing by Truworths Limited	5.2	80 082	82 777
		215 770	183 107

5.1 The company concluded an agreement, with effect from 1 December 2003, to purchase a 75% interest in the fashion retailing chain known as Young Designers Emporium ('YDE') . For further details, refer to note 3 and 33.8. The amounts owing by YDE are unsecured, interest free (provided they are pro-rata to the company's shareholding in YDE), and have no fixed repayment terms, and they are therefore recorded at cost.

5.2 The amounts owing by Truworths Limited are unsecured, interest free and have no fixed repayment terms, and they are therefore recorded at cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2004 R'000	2003 R'000
6. LOANS			
Summary			
Secured housing loans to directors and officers	6.1	690	690
Secured housing loans to employees	6.2	1 047	1 441
Secured loans to share incentive scheme participants	6.3	23 869	14 959
Unsecured loans	6.4	4 220	4 827
		29 826	21 917
6.1 Secured housing loans to directors and officers			
Balance at the beginning of the period		690	986
Repayments during the period		-	(296)
Balance at the end of the period		690	690
Interest is payable at 8% per annum. The loans are secured by second mortgage bonds registered in favour of the subsidiary, Truworths Limited, and are repayable upon termination of the directors' and officers' service with the group. For further details, refer to notes 25.3 and 32. There is uncertainty regarding the settlement date of these loans and they are therefore recorded at cost.			
6.2 Secured housing loans to employees			
Balance at the beginning of the period		1 441	1 670
Repayments during the period		(394)	(229)
Balance at the end of the period		1 047	1 441
Interest is payable at 8% per annum. Capital and interest is payable monthly. The loans are secured by a pledge of the employees' share in the Alexander Forbes Retirement Fund. The loans are repayable immediately upon the termination of the employees' service with the group. There is uncertainty regarding the settlement date of these loans and they are therefore recorded at cost.			
6.3 Secured loans to share incentive scheme participants			
Loans to participants in the Truworths International Limited Share Scheme		23 869	14 959
The loans are secured by a pledge over ordinary shares in Truworths International Limited held by employees of Truworths Limited pursuant to the scheme. Given that loan repayments by participants are subject to different vesting periods in respect of the company shares financed by such loans, and market fluctuations in the company's share price, and having regard for the large number of participants involved, a determination of the fair value of the loans with sufficient reliability is impractical. The loans have therefore been recorded at cost.			
6.4 Unsecured loans			
Educational loans		77	113
Other loans		4 143	4 714
		4 220	4 827
<i>Educational loans</i>			
These loans are recorded at cost, are interest free and are repayable through fixed monthly repayments.			
<i>Other loans</i>			
These comprise unsecured interest-free loans to the Truworths Community Foundation and the Truworths Social Involvement Trust whose charitable activities are funded by income earned on the funds invested. There is uncertainty as to the timing of the repayment of these loans and they are therefore recorded at cost.			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 R'000	2003 R'000
7. INVENTORIES		
Finished goods	197 949	169 227
Fabric	-	16
Total inventories on hand	197 949	169 243
Estimated replacement value	255 502	226 332
8. TRADE AND OTHER RECEIVABLES		
Trade account receivables	972 928	802 134
Provision for doubtful debts	(57 225)	(48 253)
	915 703	753 881
Other receivables	47 498	42 336
	963 201	796 217
The provision for doubtful debts, has been calculated on a consistent basis and is determined after a specific period of inactivity during which a predetermined level of payment has not been made.		
9. CASH AND CASH EQUIVALENTS GROUP		
Cash on hand and balances with banks	424 428	415 051
Redeemable preference shares	30 000	30 000
	454 428	445 051
The redeemable preference shares are considered to be cash equivalents as they are a short-term investment instrument and are redeemable on 19 May 2005 (2003: 19 November 2003), and earn a pre-tax return of 11.3% (2003: 16.6%). Dividends are payable bi-annually but are accrued for on a time proportion basis.		
For further details regarding financial risk management, refer to note 21.		
COMPANY		
Cash on hand and balances with banks	2 810	2 556
10. SHARE CAPITAL GROUP AND COMPANY		
Ordinary share capital		
Authorised		
650 000 000 (2003: 650 000 000) ordinary shares of 0.015 cent each	98	98
Issued		
482 732 023 (2003: 476 385 156) ordinary shares of 0.015 cent each	72	71

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 Number of Shares 000's	2003 Number of Shares 000's	2004 R'000	2003 R'000
10. SHARE CAPITAL (continued)				
GROUP AND COMPANY (continued)				
Reconciliation of movement in issued shares:				
Issued shares at the beginning of the period	476 385	467 603		
Share incentive scheme issues	6 347	8 782		
Issued shares at the end of the period	482 732	476 385		
Treasury shares:	(36 358)	(15 941)		
Total shares repurchased	(36 215)	(15 768)		
Shares held by share trust	(143)	(173)		
Adjusted issued shares at the end of the period	446 374	460 444		
Shares repurchased as a % of the issued shares at the end of the period	7.5	3.3		
The shares issued during the period were allotted for an aggregate nominal value of R952 (2003: R1 317) and an aggregate subscription price before expenses of R24 603 218 (2003: R28 062 770). In terms of a shareholders' resolution passed on 6 November 2003, the directors have a general authority until the next annual general meeting, which authority is limited to 10% of the company's issued shares, to issue, or use, the unissued and treasury shares of the company, subject to the provisions of the Companies Act, 1973 and the Listings Requirements of the JSE Securities Exchange South Africa.				
11. SHARE PREMIUM				
GROUP				
Balance at the beginning of the period			153 193	125 415
Premium on share incentive scheme issues			24 603	28 063
Odd lot shares repurchased and cancelled			-	(120)
Share issue expenses written off			(103)	(165)
Sale of shares held by share trust			(306)	-
Balance at the end of the period			177 387	153 193
COMPANY				
Balance at the beginning of the period			153 193	125 415
Premium on share incentive scheme issues			24 603	28 063
Odd lot shares repurchased and cancelled			-	(120)
Share issue expenses written off			(103)	(165)
Balance at the end of the period			177 693	153 193
12. NON-DISTRIBUTABLE RESERVE				
COMPANY				
Reserve arising on acquisition of subsidiary				
Balance at the beginning and end of the period			9 147	9 147

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 Number of Shares 000's	2003 Number of Shares 000's	2004 R'000	2003 R'000
13. TREASURY SHARES				
Balance at the beginning of the period	15 941	17 728	81 015	92 611
Shares repurchased	15 768	13 612	80 200	66 781
Shares held by share trust	173	4 116	815	25 830
Shares repurchased during the period	20 447	2 156	194 593	13 419
Shares sold by share trust during the period	(30)	(3 943)	(310)	(25 015)
Balance at the end of the period	36 358	15 941	275 298	81 015
Shares repurchased	36 215	15 768	274 793	80 200
Shares held by share trust	143	173	505	815
<p>The articles of association of the company's wholly-owned subsidiary, Truworthe Limited have been altered by special resolution to enable it to acquire both its own and the company's shares, subject to the relevant provisions of the Companies Act, 1973 and the Listings Requirements of the JSE Securities Exchange South Africa. The repurchases were effected in terms of a special resolution in which the said subsidiary was generally authorised to acquire its own shares and up to 10% of the company's shares.</p>				
14. DEFERRED TAX				
Net deferred tax liability at the beginning of the period			85 958	107 261
Deferred tax liability at the beginning of the period			124 686	128 926
Deferred tax asset at the beginning of the period			(38 728)	(21 665)
Movement for the period			(9 620)	(21 303)
Export partnership participation			(7 985)	(7 476)
Prepayments			(90)	677
Provision for doubtful debts			(634)	(4 032)
Retirement benefit obligation			(655)	(2 014)
Inventories			1 676	(6 530)
Other			(1 932)	(1 928)
Net deferred tax liability at the end of the period			76 338	85 958
Deferred tax liability at the end of the period			108 302	124 686
Deferred tax asset at the end of the period			(31 964)	(38 728)
Comprising:				
Export partnership participation (For further details, refer to note 4.4)			106 866	114 851
Trade and other receivables			(9 844)	(9 240)
Trade and other payables			(2 249)	(8 043)
Leave pay accrual			(4 291)	(1 194)
Prepayments			6 043	6 133
Retirement benefit obligation			(11 242)	(10 587)
Inventories*			(5 785)	(7 461)
Other			(3 160)	1 499
			76 338	85 958

* This is as a result of certain provisions not being allowed as a deduction for tax purposes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 R'000	2003 R'000
15. RETIREMENT BENEFIT OBLIGATION		
Funding obligation	48 875	43 233
Funding asset	(30 800)	(8 145)
Funding deficit	18 075	35 088
Unrecognised actuarial (losses)/gains	(182)	202
	17 893	35 290
Reconciled as follows:		
Net obligation at the beginning of the period	35 290	28 576
Net movement in income statement (For further details, refer to note 24.9)	5 451	6 714
Contribution paid in respect of funding obligation	(22 848)	-
Net obligation at the end of the period	17 893	35 290
A subsidiary, Truworhts Limited, has undertaken to meet any shortfalls arising from the healthcare fund's funding deficit in respect of the group's share of post-retirement medical benefit obligations. For further details, refer to note 25.6.		
16. TRADE AND OTHER PAYABLES GROUP		
Trade payables	227 876	176 343
Value added tax	12 460	7 304
Shareholders for dividends	397	236
Other payables and accrued expenses	95 871	86 010
	336 604	269 893
COMPANY		
Shareholders for dividends	397	236
Other payables and accrued expenses	623	6
	1 020	242
17. SHORT-TERM PROVISIONS GROUP AND COMPANY		
Discontinued operations	403	5 994
The remaining provision relates to further costs flowing from the expected finalisation of the administration of Sportsgirl Sportscraft Group (Proprietary) Limited, now known as Redfern Road (Proprietary) Limited (subject to Deed of Company Arrangement) and the closure of offshore entities. Once the closure of the offshore entities has been finalised, the remaining provision will be reviewed and released to the income statement.		
The movement during the period was as follows:		
Balance at the beginning of the period	5 994	6 022
Amounts utilised during the period	(313)	(28)
Amounts released during the period	(5 278)	-
Balance at the end of the period	403	5 994

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 R'000	2003 R'000
18. CAPITAL COMMITMENTS		
Capital expenditure authorised but not contracted for:		
Computer equipment and software	26 220	20 309
Fixtures, plant and equipment	77 170	49 517
	103 390	69 826
The capital commitments will be financed by cash generated from operations and available cash resources.		
19. CONTINGENT LIABILITY		
Export partnership participation		
The South African Revenue Service (SARS) is continuing its investigation into the tax treatment by certain other companies participating in export partnerships with financial periods ending after 1 March 1996. Legal advice, obtained by the managing partner, Trenchor Limited, has confirmed that the tax treatment adopted in relation to participation in these partnerships has been appropriate. Trenchor Limited has warranted certain material aspects of the partners' participation, including any exposure that might arise in the event that SARS were to raise assessments in respect of this participation.		
Deferred tax liability in respect of the group's export partnership participation with financial periods ending after 1 March 1996 (excluding interest and penalties).	76 883	82 571
Litigation		
There is no current or pending litigation which is considered likely to have a material adverse effect on the group.		
20. LEASES		
The group rents all its trading premises in terms of operating leases, whereas other operating assets, including the head office building No. 1 Mostert Street and the distribution centre are generally owned. Leases on trading premises are contracted for periods of between three and fifteen years, with renewal options for a further three or five years. Some of these leases provide for minimum annual rental payments together with additional amounts determined on the basis of sale of merchandise. Seventy-three (2003: Sixty-two) stores reached the sale of merchandise threshold and therefore incurred these additional payments averaging approximately 5.5% (2003: 5.5%) of sale of merchandise. Rental escalations are linked mainly to the consumer price index and have varied at an average rate of approximately 9.0% (2003: 9.0%) per annum. For further details regarding lease expenses, refer to note 24.7.		
At 30 June 2004 the future minimum property operating lease commitments due were as follows:		
Within one year	857 943	953 613
Between one and five years	174 261	157 447
Between five and ten years	526 221	529 900
Between ten and fifteen years	141 932	209 856
	15 529	56 410
	16 008	21 717
At 30 June 2004 the future minimum lease rental income was as follows:		
Within one year	6 253	5 709
Between one and five years	9 755	16 008

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

21. FINANCIAL RISK MANAGEMENT**21.1 Treasury risk management**

The group has a detailed and comprehensive treasury policy which, inter alia, regulates currency, interest rate and counterparty exposures. This policy has been approved by the board of directors and is regularly evaluated and adapted to take into account the rapid pace of change in this area. Derivatives are only used to provide an economic hedge in respect of foreign exchange and interest rate movements. These economic hedges are accounted for as financial instruments held for trading rather than accounting hedges.

21.2 Foreign currency management**21.2.1 Forward exchange contracts**

Group policy is to cover 100% of all committed import exposures. The group had no uncovered foreign currency liabilities at 30 June 2004 (2003: Nil). At the end of the period the group had entered into forward exchange contracts to cover specific orders of goods. These contracts will mature within twelve months. The average rates shown include the cost of forward cover for periods of up to twelve months.

	Foreign Currency '000	Fair Value R'000	Contract Equivalent R'000	Average Contract Rate
2004 US Dollars	2 766	17 786	18 892	6.83
GB Pounds	42	498	540	12.86
2003 US Dollars	2 957	23 062	26 317	8.90
GB Pounds	45	591	645	14.33

21.2.2 Export partnership participation

A fixed rate of exchange is set for the purposes of converting the foreign currency receipts into Rands on amounts received and any differences are for the account of Trencor Services (Proprietary) Limited.

21.3 Interest rate and liquidity risk management

The interest rate and maturity profile of group deposits are summarised as follows:

	Floating on call R'000	Fixed 1-12 months R'000	Total R'000
2004 Cash on hand	424 428	30 000	454 428
Interest rate (%)	7.7	11.3	-
% of cash	93.4	6.6	100.0
2003 Cash on hand	415 051	30 000	445 051
Interest rate (%)	12.4	16.6	-
% of cash	93.3	6.7	100.0

The group had R457 million (2003: R445 million) unutilised domestic general banking facilities and R4.5 million (2003: R4.5 million) guarantees in place at 30 June 2004.

In terms of the company's articles of association, its borrowing powers are unlimited. The borrowing powers of the group's wholly-owned operating subsidiary, Truworths Limited, may in terms of its articles of association be limited by the company.

21.4 Credit risk management

Credit risk management relates primarily to trade receivables and short-term cash investments, including preference shares. The group invests surplus cash only with F1 + and approved F1 rated financial institutions. The amount of exposure to any one counterparty is subject to limits imposed by the group's treasury policy. Trade receivables are due by a large widespread customer base. Group companies perform ongoing credit evaluations of the financial condition of their customers. The granting of credit is regulated, inter alia, by the use of sophisticated point score models. The assumptions therein are reviewed and updated on a regular basis. At 30 June 2004 the group had adequately provided for any significant credit risks.

Concentration of credit risk

There is a prima facie concentration of credit risk in relation to the group's export partnership participation referred to in note 4.4, in that the amounts due to the group by virtue of such participation are, in the first instance, owed by a single debtor. However the indebtedness of this debtor to the group is underpinned by amounts owing to it by its numerous internationally dispersed customers. Furthermore the debtor is a wholly-owned subsidiary of Trencor Limited, a JSE Securities Exchange South Africa listed company, which has warranted certain important cash flow aspects of the group's participation in these partnerships. In addition, the partnerships have a contractual right to 'put' the rights and obligations which they have under the long-term suspensive purchase agreements concluded with the seller of the containers, to Trencor Services (Proprietary) Limited, also a wholly-owned subsidiary of Trencor Limited, in the event that the debtor is twelve months or more in arrears with any payment due to the partnerships.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

22. CHANGE IN ACCOUNTING POLICY

22.1 AC133: Financial instruments: Recognition and Measurement

During the 2003 financial period, the group changed its accounting policy in respect of its financial instruments to comply with South African Statement of GAAP – AC133, Financial Instruments: Recognition and Measurement. The adoption of this policy has had no prior period effect on headline earnings and headline earnings per share.

The change resulted in an adjustment to the balance of retained earnings at the beginning of the 2003 period. The adjustment arose as a result of the difference in valuation methods in respect of the group's export partnership participation. This participation was previously valued at cost and has subsequently been valued at amortised cost using the effective interest rate method.

Opening retained earnings as previously reported

AC133: Financial instruments adjustment – export partnership participation
(For further details, refer to note 4.4.)

Restated opening retained earnings

Apart from the above, the adoption of this statement has had no material impact on the valuation of other financial instruments disclosed in the annual financial statements.

22.2 AC132: Consolidated Financial Statements and Accounting for Investments in Subsidiaries

To meet the requirement of AC132, Consolidated Financial Statements and Accounting for Investments in Subsidiaries, in so far as it requires a share purchase trust which meets the definition of a subsidiary to be consolidated, certain non-material changes to comparative information at June 2003 have been made as follows:

		2003 Restated	2003 Previously reported	Difference
Balance sheet				
Loans	Rm	21.9	22.9	(1.0)
Cash and cash equivalents	Rm	445.1	444.9	0.2
Treasury shares	Rm	(81.0)	(80.2)	(0.8)
Income statement				
Dividends received	Rm	1.7	2.2	(0.5)
Net profit attributable to shareholders	Rm	390.4	390.9	(0.5)
Weighted average number of shares	'000	455 630	457 411	(1 781)
Cents per share:				
Headline earnings		86.0	85.7	0.3
Basic earnings		85.7	85.5	0.2
Fully diluted headline earnings		84.3	84.1	0.2
Fully diluted basic earnings		84.1	83.9	0.2

	2004 R'000	2003 R'000
	-	998 874
	-	(8 171)
	-	990 703

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 R'000	2003 R'000
23. REVENUE		
GROUP		
Sale of merchandise	2 718 746	2 305 995
Commission received	17 288	-
Display fees received	6 642	-
Dividends received	2 736	1 691
Interest received	145 742	142 382
Lease rental income received	8 274	7 246
Royalties received	1 558	2 115
Warehousing and management fees received	2 939	2 866
	2 903 925	2 462 295
COMPANY		
Dividends received	199 027	114 557
Interest received	276	791
	199 303	115 348
24. TRADING PROFIT		
This is stated after taking account of the following items:		
24.1 Amortisation of goodwill		
Charge for the period	2 339	-
24.2 Auditors' remuneration		
Fees for annual audit – current period	1 343	1 231
Fees for annual audit – prior period (over)/underprovision	(138)	40
Other services – tax advice	32	33
Other services	34	177
	1 271	1 481
24.3 Computer software		
Expenditure incurred	641	547
24.4 Depreciation		
Land and buildings	8 747	7 531
Fixtures, plant and equipment	39 165	39 885
Computer equipment and software	20 789	19 334
Motor vehicles	80	27
	68 781	66 777
24.5 Employment costs		
The group employed 4 062 full-time equivalent employees at the end of the period (2003: 3 710).		
The aggregate remuneration and associated costs relating to the employment of permanent and flexi-time employees including executive directors were:		
Salaries, bonuses, wages and other benefits	308 431	267 735
Contributions to the defined contribution plans	19 643	16 392
Post-retirement medical benefits	5 448	6 714
Medical scheme contributions	15 329	13 218
	348 851	304 059
24.6 Foreign exchange loss	909	6 125

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 R'000	2003 R'000
24. TRADING PROFIT (continued)		
24.7 Occupancy costs		
Land and buildings	177 785	151 703
Minimum lease payments	175 392	148 699
Turnover clause payments	10 667	10 250
Lease rental income	186 059	158 949
	(8 274)	(7 246)
Fixtures, plant and equipment	1 064	907
Total net operating lease expenses	178 849	152 610
Other occupancy costs	29 305	24 299
	208 154	176 909
24.8 Fees paid/(received)		
Management, technical, administrative and secretarial fees paid	25 444	23 804
Commissions received	(17 288)	-
Display fees received	(6 642)	-
Royalties received	(1 558)	(2 115)
Warehousing and management fees received	(2 939)	(2 866)
	(2 983)	18 823
24.9 Retirement benefit obligation		
Current service costs	1 765	1 640
Interest on obligation	4 401	5 801
Expected return on asset	(715)	(1 155)
Actuarial loss	-	428
Net expenses recognised (For further details, refer to note 15)	5 451	6 714
The actual return earned on the group's share of the healthcare fund's post-retirement medical benefit plan assets amounted to a profit of R2 million (2003: deficit of R0.5 million). The difference between the actual and the expected returns on these plan assets is accounted for in the actuarial valuation of these assets.		
24.10 Surplus on realisation and scrapping of property, fixtures, vehicles, plant, equipment and software	(50)	(109)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Months paid	Director's fees R'000	Salaries R'000	Performance Bonus * R'000	Allowances R'000	Pension contributions R'000	Other benefits R'000	Share loan benefits R'000	Total emoluments R'000
25. DIRECTORS AND EMPLOYEES									
25.1 Directors' emoluments COMPANY 2004									
Executive directors									
MS Mark	12	-	2 412	5 100	258	541	50	1 269	9 630
AJ Taylor	12	-	900	760	162	205	46	429	2 502
WM van der Merwe	12	-	762	600	118	168	33	77	1 758
		-	4 074	6 460	538	914	129	1 775	13 890
Non-executive directors									
RG Dow	12	86	-	-	-	-	-	-	86
BD Lapin (resigned 20 May 2004)	11	25	-	-	-	-	-	-	25
CT Ndlovu	12	50	-	-	-	-	-	-	50
AE Parfett	12	60	-	-	-	-	-	-	60
H Saven	12	79	-	-	-	-	-	-	79
MA Thompson (appointed 1 March 2004)	4	15	-	-	-	-	-	-	15
		315	-	-	-	-	-	-	315

* Determined on performance for the period ended 30 June 2004

(Refer to remuneration philosophy regarding executive compensation on page 56.)

2003
Executive directors

MS Mark	12	-	2 116	4 000	258	438	54	1 117	7 983
AJ Taylor	12	-	866	700	162	173	43	188	2 132
WM van der Merwe	10	-	537	500	98	116	26	18	1 295
		-	3 519	5 200	518	727	123	1 323	11 410

Non-executive directors

RG Dow	12	100	-	-	-	-	-	-	100
BD Lapin	12	45	-	-	-	-	-	-	45
CT Ndlovu	12	48	-	-	-	-	-	-	48
AE Parfett	12	93	-	-	-	-	-	-	93
LA Tager (resigned 30 June 2003)	12	53	-	-	-	-	-	-	53
H Saven	5	46	-	-	-	-	-	-	46
		385	-	-	-	-	-	-	385

Executive directors

All amounts received by the executives, while being directors of the company, were in respect of services rendered to, and in connection with the carrying on of the affairs of a subsidiary, Truworths Limited. These emoluments were paid by the subsidiary, Truworths Limited. The chief executive officer, Mr MS Mark has entered into a three-year contract with Truworths International Limited effective from 1 January 2003. In terms of the contract, Mr MS Mark will be entitled to his remuneration package, payable monthly over three years. However, should the contract be terminated by the company prior to the conclusion of the three-year period, the remaining remuneration package owing in terms of the contract would be payable. The contract requires a six-month notice period in the case of incapacitation. Directors of Truworths Limited and key employees receive a salary and a performance-related incentive bonus based on individual and overall company performance. In addition the vast majority of employees periodically receive bonuses based on company performance.

The directors of Truworths Limited and key employees have specific predetermined goals and performance objectives which are key components of their formal performance evaluation, which is the primary basis for determining their performance bonuses.

Non-executive directors

All amounts received by the non-executive directors were for services rendered as directors of the company. None of the non-executive directors have service contracts with the company.

Consultancy fees

There were no consultancy fees paid to executive and non-executive directors during the period (2003: Nil).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Shares 000's	2004 Options 000's	Total 000's	Shares 000's	2003 Options 000's	Total 000's
25. DIRECTORS AND EMPLOYEES						
(continued)						
25.2 Directors' holdings of shares and options						
In aggregate:						
Balance at the beginning of the period	7 431	7 995	15 426	6 153	7 913	14 066
Directors appointed during the period	20	-	20	-	676	676
Options granted	-	530	530	-	2 020	2 020
Options exercised	-	(2 398)	(2 398)	-	(2 614)	(2 614)
Share movements during the period	1 997	-	1 997	1 278	-	1 278
Balance at the end of the period	9 448	6 127	15 575	7 431	7 995	15 426
By director:						
The direct and indirect interest of each of the directors in the company's shares, all of which are held beneficially, and only some of which are held pursuant to the share incentive scheme, are as follows:						
Executive directors	8 912	6 047	14 959	6 685	7 874	14 559
MS Mark	7 340	5 303	12 643	5 883	6 361	12 244
AJ Taylor	1 360	224	1 584	752	792	1 544
WM van der Merwe	212	520	732	50	721	771
Non-executive directors	536	80	616	746	121	867
RG Dow	-	-	-	171	-	171
BD Lapin (resigned 20 May 2004)	-	-	-	-	91	91
CT Ndlovu	-	30	30	-	30	30
AE Parfett	516	-	516	516	-	516
LA Tager (resigned 30 June 2003)	-	-	-	59	-	59
H Saven	-	50	50	-	-	-
MA Thompson (appointed 1 March 2004)	20	-	20	-	-	-
Balance at the end of the period	9 448	6 127	15 575	7 431	7 995	15 426
Comprising:						
Direct interest	1 730	6 127	7 857	1 067	7 995	9 062
Indirect interest	7 718	-	7 718	6 364	-	6 364
	9 448	6 127	15 575	7 431	7 995	15 426

There have been no changes to these interests between the end of the financial period and the date of the directors' report.

It is company policy that all directors and officers, as well as those employees who have access to price-sensitive information should not deal in company shares, or receive or exercise share options of the company for the periods from mid-December to twenty-four hours after publication of the half-year end results and from mid-June to twenty-four hours after publication of the year-end results.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004		2003	
	Number of options 000's	Subscription price	Number of options 000's	Subscription price
25. DIRECTORS AND EMPLOYEES (continued)				
25.2 Directors' holdings of shares and options (continued)				
Details of directors' share options in the aggregate:				
The options become releasable between the following dates and at the following subscription prices:				
Balance at the beginning of the period	7 995		7 913	
Between 3 September 1999 and 3 September 2003	91	2.92	513	2.92
Between 27 October 1999 and 27 October 2002	-	-	156	2.28
Between 11 January 2000 and 11 January 2003	38	3.33	-	-
Between 26 February 2000 and 26 February 2003	42	3.16	245	3.16
Between 27 November 2001 and 27 November 2005	5 252	3.66	6 560	3.66
Between 4 October 2002 and 4 October 2006	79	5.02	-	-
Between 26 October 2002 and 26 October 2006	30	5.33	30	5.33
Between 25 March 2003 and 25 March 2007	467	4.54	409	4.54
Between 7 November 2003 and 7 November 2007	1 246	5.74	-	-
Between 13 March 2004 and 13 March 2008	750	5.82	-	-
Directors appointed during the period	-	-	676	
Between 11 January 2000 and 11 January 2003	-	-	75	3.33
Between 26 February 2000 and 26 February 2003	-	-	83	3.16
Between 27 November 2001 and 27 November 2005	-	-	328	3.66
Between 4 October 2002 and 4 October 2006	-	-	132	5.02
Between 25 March 2003 and 25 March 2007	-	-	58	4.54
Options granted	530		2 020	
Between 7 November 2003 and 7 November 2007	-	-	1 270	5.74
Between 13 March 2004 and 13 March 2008	-	-	750	5.82
Between 6 November 2004 and 6 November 2008	490	8.52	-	-
Between 28 November 2004 and 28 November 2008	40	8.73	-	-
Options exercised	(2 398)		(2 614)	
Between 3 September 1999 and 3 September 2003	(91)	2.92	(422)	2.92
Between 27 October 1999 and 27 October 2002	-	-	(156)	2.28
Between 11 January 2000 and 11 January 2003	(38)	3.33	(37)	3.33
Between 26 February 2000 and 26 February 2003	(42)	3.16	(286)	3.16
Between 27 November 2001 and 27 November 2005	(1 899)	3.66	(1 636)	3.66
Between 4 October 2002 and 4 October 2006	(26)	5.02	(53)	5.02
Between 25 March 2003 and 25 March 2007	(78)	4.54	-	-
Between 7 November 2003 and 7 November 2007	(124)	5.74	(24)	5.74
Between 13 March 2004 and 13 March 2008	(60)	5.82	-	-
Between 28 November 2004 and 28 November 2008	(40)	8.73	-	-
Balance at the end of the period	6 127		7 995	
Between 3 September 1999 and 3 September 2003	-	-	91	2.92
Between 11 January 2000 and 11 January 2003	-	-	38	3.33
Between 26 February 2000 and 26 February 2003	-	-	42	3.16
Between 27 November 2001 and 27 November 2005	3 353	3.66	5 252	3.66
Between 4 October 2002 and 4 October 2006	53	5.02	79	5.02
Between 26 October 2002 and 26 October 2006	30	5.33	30	5.33
Between 25 March 2003 and 25 March 2007	389	4.54	467	4.54
Between 7 November 2003 and 7 November 2007	1 122	5.74	1 246	5.74
Between 13 March 2004 and 13 March 2008	690	5.82	750	5.82
Between 6 November 2004 and 6 November 2008	490	8.52	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. DIRECTORS AND EMPLOYEES (continued)

25.2 Directors' holdings of shares and options (continued)

Details of directors' share options per director:

2004

Executive directors

MS Mark

Balance at the beginning of the period

	Date ownership passes	Exercise date	Subscription price R	Market price on date ownership passes R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
			3.66			6 361	
			4.54			4 571	Between 27 November 2001 and 27 November 2004
			5.74			340	Between 25 March 2003 and 25 March 2007
			5.82			900	Between 7 November 2003 and 7 November 2007
						550	Between 13 March 2004 and 13 March 2008

Exercised in current year but ownership passes subsequently

27/11/04

29/10/03

3.66

(858)

(600)

Exercised in current year but ownership passes subsequently

27/11/04

18/11/03

3.66

Exercised previously but ownership passes in the current year

27/11/03

20/9/02

3.66

8.65

(400)

Exercised previously but ownership passes in the current year

27/11/03

28/3/03

3.66

8.65

(257)

Offered

6/11/03

8.52

400

Between 06 November 2004 and 06 November 2008

Balance at the end of the period

5 303

			3.66			3 113	Between 27 November 2001 and 27 November 2004
			4.54			340	Between 25 March 2003 and 25 March 2007
			5.74			900	Between 7 November 2003 and 7 November 2007
			5.82			550	Between 13 March 2004 and 13 March 2008
			8.52			400	Between 06 November 2004 and 06 November 2008

AJ Taylor

Balance at the beginning of the period

			3.66			792	
			4.54			373	Between 27 November 2001 and 27 November 2005
			5.74			69	Between 25 March 2003 and 25 March 2007
			5.82			250	Between 7 November 2003 and 7 November 2007
						100	Between 13 March 2004 and 13 March 2008

Exercised in current year but ownership passes subsequently

28/11/04

28/11/03

8.73

(40)

Exercised and ownership passes in the current year

25/3/03

1/12/03

4.54

8.83

(14)

Exercised and ownership passes in the current year

25/3/04

1/12/03

4.54

9.65

(14)

Exercised in current year but ownership passes subsequently

25/3/06

1/12/03

4.54

(14)

Exercised in current year but ownership passes subsequently

25/3/07

1/12/03

4.54

(13)

Exercised in current year but ownership passes subsequently

7/11/04

1/12/03

5.74

(50)

Exercised and ownership passes in the current year

7/11/03

1/12/03

5.74

8.83

(50)

Exercised in current year but ownership passes subsequently

13/3/07

1/12/03

5.82

(20)

Exercised and ownership passes in the current year

13/3/04

1/12/03

5.82

9.32

(20)

Exercised in current year but ownership passes subsequently

27/11/04

1/12/03

3.66

(187)

Exercised in current year but ownership passes subsequently

27/11/05

1/12/03

3.66

(186)

Exercised previously but ownership passes in the current year

27/11/03

1/12/03

3.66

8.65

(186)

Offered

28/11/03

8.73

40

Between 28 November 2004 and 28 November 2008

Balance at the end of the period

224

			4.54			14	Between 25 March 2003 and 25 March 2007
			5.74			150	Between 7 November 2003 and 7 November 2007
			5.82			60	Between 13 March 2004 and 13 March 2008

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Date ownership passes	Exercise date	Sub- scription price R	Market price on date ownership passes R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
25. DIRECTORS AND EMPLOYEES (continued)							
25.2 Directors' holdings of shares and options per director (continued)							
WM van der Merwe							
Balance at the beginning of the period						721	
			3.33			37	Between 11 January 2000 and 11 January 2003
			3.16			42	Between 26 February 2000 and 26 February 2003
			3.66			309	Between 27 November 2001 and 27 November 2005
			5.02			79	Between 4 October 2002 and 4 October 2006
			4.54			58	Between 25 March 2002 and 25 March 2007
			5.74			96	Between 7 November 2003 and 7 November 2007
			5.82			100	Between 13 March 2004 and 13 March 2008
Exercised in current year but ownership passes subsequently	27/11/04	29/10/03	3.66			(69)	
Exercised in current year but ownership passes subsequently	4/10/04	29/10/03	5.02			(26)	
Exercised in current year but ownership passes subsequently	7/11/04	29/10/03	5.74			(24)	
Exercised and ownership passes in the current year	13/3/04	29/10/03	5.82	9.32		(20)	
Exercised and ownership passes in the current year	25/3/03	29/10/03	4.54	7.95		(12)	
Exercised and ownership passes in the current year	25/3/04	29/10/03	4.54	9.65		(11)	
Exercised and ownership passes in the current year	26/2/03	26/5/04	3.16	9.85		(4)	
Exercised and ownership passes in the current year	26/2/03	8/6/04	3.16	9.75		(38)	
Exercised and ownership passes in the current year	11/1/03	8/6/04	3.33	9.75		(37)	
Exercised previously but ownership passes in the current year	4/10/03	14/3/03	5.02	8.05	(26)		
Exercised previously but ownership passes in the current year	7/11/03	13/3/03	5.74	8.91	(24)		
Offered		6/11/03	8.52			40	Between 06 November 2004 and 06 November 2008
Balance at the end of the period						520	
			3.66			240	Between 27 November 2001 and 27 November 2005
			5.02			53	Between 4 October 2002 and 4 October 2006
			4.54			35	Between 25 March 2003 and 25 March 2007
			5.74			72	Between 7 November 2003 and 7 November 2007
			5.82			80	Between 13 March 2004 and 13 March 2008
			8.52			40	Between 06 November 2004 and 06 November 2008
2004							
Non-executive directors							
BD Lapin							
Balance at the beginning of the period			2.92			91	Between 3 September 1999 and 3 September 2003
Exercised and ownership passes in the current year	3/9/01	10/6/04	2.92	9.76		(23)	
Exercised and ownership passes in the current year	3/9/02	11/6/04	2.92	9.76		(34)	
Exercised and ownership passes in the current year	3/9/03	12/6/04	2.92	9.76		(34)	
Balance at the end of the period						-	
RG Dow							
Balance at the beginning of the period			2.92			-	Between 3 September 1999 and 3 September 2003
Exercised and ownership passes in the current year	3/9/03	28/2/03	2.92	8.00	(35)		
Balance at the end of the period						-	
CT Ndlovu							
Balance at the beginning and end of the period			5.33			30	Between 26 October 2002 and 26 October 2006
H Saven							
Balance at the beginning of the period						-	
Offered		6/11/03	8.52			50	Between 6 November 2004 and 6 November 2008
Balance at the end of the period						50	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Date ownership passes	Exercise date	Subscription price R	Market price on date ownership passes R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
25. DIRECTORS AND EMPLOYEES (continued)							
25.2 Directors' holdings of shares and options per director (continued) 2003							
Executive directors							
MS Mark							
Balance at the beginning of the period						5 968	
			3.66			5 628	Between 27 November 2001 and 27 November 2004
			4.54			340	Between 25 March 2003 and 25 March 2007
Exercised in current year but ownership passes subsequently	27/11/03	20/9/02	3.66			(400)	
Exercised in current year but ownership passes subsequently	27/11/03	28/3/03	3.66			(257)	
Exercised and ownership passes in the current year	27/11/02	20/9/02	3.66	6.45		(400)	
Offered		7/11/02	5.74			900	Between 7 November 2003 and 7 November 2007
Offered		13/3/03	5.82			550	Between 13 March 2004 and 13 March 2008
Balance at the end of the period						6 361	
			3.66			4 571	Between 27 November 2001 and 27 November 2004
			4.54			340	Between 25 March 2003 and 25 March 2007
			5.74			900	Between 7 November 2003 and 7 November 2007
			5.82			550	Between 13 March 2004 and 13 March 2008
AJ Taylor							
Balance at the beginning of the period						1 402	
			2.28			156	Between 27 October 1999 and 27 October 2002
			3.16			245	Between 26 February 2000 and 26 February 2003
			3.66			932	Between 27 November 2001 and 27 November 2005
			4.54			69	Between 25 March 2003 and 25 March 2007
Exercised and ownership passes in the current year	27/10/02	8/11/02	2.28	6.02		(156)	
Exercised and ownership passes in the current year	26/2/01	8/11/02	3.16	6.02		(82)	
Exercised and ownership passes in the current year	26/2/02	8/11/02	3.16	6.02		(81)	
Exercised and ownership passes in the current year	26/2/03	8/11/02	3.16	5.73		(82)	
Exercised and ownership passes in the current year	27/11/01	13/3/03	3.66	5.73		(187)	
Exercised and ownership passes in the current year	27/11/02	13/3/03	3.66	5.73		(186)	
Exercised in current year but ownership passes subsequently	27/11/03	28/3/03	3.66			(186)	
Offered		7/11/02	5.74			250	Between 7 November 2003 and 7 November 2007
Offered		13/3/03	5.82			100	Between 13 March 2004 and 13 March 2008
Balance at the end of the period						792	
			3.66			373	Between 27 November 2001 and 27 November 2004
			4.54			69	Between 25 March 2003 and 25 March 2007
			5.74			250	Between 7 November 2003 and 7 November 2007
			5.82			100	Between 13 March 2004 and 13 March 2008

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Date ownership passes	Exercise date	Sub- scription price R	Market price on date ownership passes R	Number of options previously exercised 000's	Number of options 000's	Vesting dates
25. DIRECTORS AND EMPLOYEES (continued)							
25.2 Directors' holdings of shares and options per director (continued)							
WM van der Merwe							
Opening balance at 1 September 2002						676	
			3.33			75	Between 11 January 2000 and 11 January 2003
			3.16			83	Between 26 February 2000 and 26 February 2003
			3.66			328	Between 27 November 2001 and 27 November 2005
			5.02			132	Between 4 October 2002 and 4 October 2006
			4.54			58	Between 25 March 2002 and 25 March 2007
Exercised and ownership passes in the current year	4/10/02	21/11/02	5.02	6.50		(26)	
Exercised and ownership passes in the current year	26/2/02	21/11/02	3.16	6.50		(42)	
Exercised and ownership passes in the current year	11/1/02	21/11/02	3.33	6.50		(38)	
Exercised and ownership passes in the current year	27/11/01	21/11/02	3.66	6.50		(19)	
Exercised in current year but ownership passes subsequently	7/11/03	13/3/03	5.74			(24)	
Exercised in current year but ownership passes subsequently	4/10/03	14/3/03	5.02			(26)	
Offered		7/11/02	5.74			120	Between 7 November 2003 and 7 November 2007
Offered		13/3/03	5.82			100	Between 13 March 2004 and 13 March 2008
Balance at the end of the period						721	
			3.33			37	Between 11 January 2000 and 11 January 2003
			3.16			42	Between 26 February 2000 and 26 February 2003
			3.66			309	Between 27 November 2001 and 27 November 2005
			5.02			79	Between 4 October 2002 and 4 October 2006
			4.54			58	Between 25 March 2002 and 25 March 2007
			5.74			96	Between 7 November 2003 and 7 November 2007
			5.82			100	Between 13 March 2004 and 13 March 2008
2003							
Non-executive directors							
RG Dow							
Balance at the beginning of the period			2.92			171	Between 3 September 1999 and 3 September 2003
Exercised and ownership passes in the current year	3/9/99	28/2/03	2.92	6.23		(34)	
Exercised and ownership passes in the current year	3/9/00	28/2/03	2.92	6.23		(34)	
Exercised and ownership passes in the current year	3/9/01	28/2/03	2.92	6.23		(34)	
Exercised and ownership passes in the current year	3/9/02	28/2/03	2.92	6.23		(34)	
Exercised in current year but ownership passes subsequently	3/9/03	28/2/03	2.92			(35)	
Balance at the end of the period						-	
BD Lapin							
Balance at the beginning of the period			2.92			171	Between 3 September 1999 and 3 September 2003
Exercised and ownership passes in the current year	3/9/99	4/11/02	2.92	5.60		(34)	
Exercised and ownership passes in the current year	3/9/00	4/11/02	2.92	5.60		(34)	
Exercised and ownership passes in the current year	3/9/01	4/11/02	2.92	5.60		(12)	
Balance at the end of the period			2.92			91	Between 3 September 1999 and 3 September 2003
LA Tager							
Balance at the beginning of the period			2.92			171	Between 3 September 1999 and 3 September 2003
Exercised and ownership passes in the current year	3/9/99	23/5/03	2.92	6.70		(34)	
Exercised and ownership passes in the current year	3/9/00	23/5/03	2.92	6.70		(33)	
Exercised and ownership passes in the current year	3/9/00	27/5/03	2.92	6.70		(2)	
Exercised and ownership passes in the current year	3/9/01	28/5/03	2.92	6.70		(22)	
Exercised and ownership passes in the current year	3/9/01	27/5/03	2.92	6.65		(12)	
Exercised and ownership passes in the current year	3/9/02	27/5/03	2.92	6.65		(34)	
Exercised and ownership passes in the current year	3/9/03	9/6/03	2.92	7.00		(22)	
Exercised and ownership passes in the current year	3/9/03	9/6/03	2.92	6.98		(12)	
Balance at the end of the period						-	
CT Ndlovu							
Balance at the beginning and end of the period			5.33			30	Between 26 October 2002 and 26 October 2006

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 R'000	2003 R'000
25. DIRECTORS AND EMPLOYEES (continued)		
25.2 Directors' holdings of shares and options (continued)		
Share option gains		
Executive	5 405	3 496
Non-executive	796	1 323
	6 201	4 819
The directors may exercise their share options at any date subsequent to the offer date. These shares are however only eligible for sale after the vesting date, as this is the date when ownership passes to the director and the director is able to dispose of the shares. The share option gain is therefore the difference between the strike price and the share price on the date ownership passes. This modification in the calculation of these gains has resulted in a reallocation between the current year and prior year benefits.		
25.3 Directors' housing loans		
Executive directors		
MS Mark	270	270
25.4 Share incentive scheme		
The group operates the Truworths International Limited share scheme ('the scheme'), the Truworths Limited share scheme having been rendered dormant in 2001. The deed of the Truworths International Share Trust ('the Trust') provides that scheme shares and options may not exceed 15% of the company's issued shares. In determining this percentage, scheme shares sold by employees are to be included either until the employees have terminated their employment or seven years have elapsed from the date of offer of the shares or options.		
Participation is open to all permanent employees including non-executive directors at the discretion of the remuneration committee and at the end of the period there were 2 020 (2003: 1 930) participants. In terms of the rules of the scheme, unless the trustees have otherwise determined, shares and options are released to participants at the rate of 20% per annum commencing on the first anniversary of the date of offer. Participants in the scheme are granted options to acquire the company's shares at a price equal to the weighted average trading price of the company's shares on the JSE Securities Exchange South Africa over the five-day period immediately preceding the date of offer. Participation by any one employee is limited to 2.4% of the company's issued shares. No consideration is payable for the options upon acceptance, but on exercise of the options the purchase price of the shares becomes payable, unless participants (excluding non-executive directors) qualify for interest-free loans secured by a pledge of the shares. Shares and options which have not vested in accordance with the release timetable are forfeited upon termination of employment, other than on retirement. After ten years from the date of offer options that have not been exercised lapse, and loans are required to have been settled in full.		
The group has not recognised, and is not yet required to recognise, any expense related to options granted under the scheme. For information purposes the estimated expense of options vesting during the period was R3.4 million (2003: R0.6 million). According to IFRS2 (AC139), Share Based Payments, only the expense relating to options granted after 7 November 2002 is required to be recognised. The estimated total expense for all options issued between this date and 30 June 2004 is R10.8 million (2003: R4.3 million) which would be spread over the vesting period of the options granted.		
The expense has been calculated estimating the fair value of each option tranche on the date of the grant using an adjusted binomial option-pricing model.		
The assumptions used in determining the fair value are as follows:		
Grant date in the financial year ending 30 June		
Share/exercise price	R7.63 to R10.27	R5.77 to R6.27
Expected volatility	30%	30%
Expected dividend yield	3.9% to 4.5%	4.1% to 4.5%
Risk-free interest rate	7.18% to 10.53%	9.74% to 11.68%

The risk-free interest rate used is the implied yield on zero coupon RSA bonds available at the date of the grant of the options, with a remaining term equal to the expected term of the option. The expected volatility is based on the historical volatility of Truworths International Limited share price, adjusted for the initial high volatility immediately after listing, the abnormal volatility experienced during the overall share market adjustment in September 1998 and the tendency of volatility to revert to its mean.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 Number of shares 000's	2003 Number of shares 000's
25. DIRECTORS AND EMPLOYEES (continued)		
25.4 Share incentive scheme (continued)		
Share incentive scheme		
Shares held by participants	6 266	4 094
Shares held by the Trust	143	173
Options held by participants	23 918	28 953
Inclusion (in terms of Trust Deed) of shares sold by participants, who are still employees or directors	18 247	16 253
Total utilisation	48 574	49 473
Issued share capital at the end of the period	482 732	476 385
% utilisation	10.1	10.4
Shares available for utilisation	23 654	21 985
% available for utilisation	4.9	4.6
Shares held by participants:		
Balance at the beginning of the period	4 094	3 461
Issued when options exercised	2 369	2 474
Shares sold	(197)	(1 793)
Released from scheme	-	(48)
Balance at the end of the period	6 266	4 094
Shares held by Trust:		
Balance at the beginning of the period	173	4 116
Subscribed for	61	80
Shares sold	(91)	(4 023)
Balance at the end of the period	143	173
Options held by participants:		
Balance at the beginning of the period	28 953	31 422
Granted	2 857	7 698
Exercised	(6 438)	(9 144)
Lapsed	(1 454)	(1 023)
Balance at the end of the period	23 918	28 953
Details of options exercised during the period:		
Average subscription price per share	R3.86	R3.18
Weighted average market price per share traded	R8.82	R6.23
Summarised exercise conditions applicable to options:		
Earliest date on which options could have been exercised	01 July 2004	01 July 2003
Latest date by which options become exercisable	08 June 2009	23 April 2008
Latest date by which options will lapse if not exercised	08 June 2014	23 April 2013
Lowest price	R2.28	R2.28
Weighted average price	R4.90	R4.29
Highest price	R10.27	R6.22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. DIRECTORS AND EMPLOYEES (continued)

25.4 Share incentive scheme (continued)

Detailed exercise conditions applicable to options held by participants:

Offer Date	Last Vesting Date	Offer Price	2004 Number 000's	2003 Number 000's
03 Sep 1998	03 Sep 2003	2.92	-	91
07 Sep 1998	07 Sep 2004	2.92	-	18
06 Oct 1998	06 Oct 2002	2.34	-	25
26 Oct 1998	26 Oct 2004	2.28	697	809
27 Oct 1998	27 Oct 2004	2.28	74	174
28 Oct 1998	28 Oct 2002	2.28	-	32
29 Oct 1998	29 Oct 2003	2.28	106	106
30 Oct 1998	30 Oct 2004	2.28	428	537
13 Nov 1998	13 Nov 2004	2.34	8	11
18 Dec 1998	18 Dec 2004	2.28	214	539
18 Dec 1998	18 Dec 2003	2.93	3	10
21 Dec 1998	21 Dec 2004	2.28	73	177
11 Jan 1999	11 Jan 2003	3.33	-	38
26 Feb 1999	26 Feb 2005	3.16	510	618
07 Apr 2000	07 Apr 2006	5.00	1	1
15 Aug 2000	15 Aug 2005	5.54	-	13
02 Nov 2000	02 Nov 2005	3.92	2	16
27 Nov 2000	27 Nov 2005	3.66	8 895	13 462
15 Jan 2001	15 Jan 2006	4.49	13	22
22 Feb 2001	22 Feb 2006	4.27	28	28
08 May 2001	08 May 2006	5.01	24	24
11 May 2001	11 May 2006	4.38	24	40
04 Jun 2001	04 Jun 2006	4.92	15	15
27 Aug 2001	27 Aug 2006	5.32	6	8
27 Aug 2001	27 Aug 2006	5.72	52	69
04 Oct 2001	04 Oct 2006	5.02	477	564
26 Oct 2001	26 Oct 2006	5.33	30	30
02 Nov 2001	02 Nov 2006	5.37	6	9
14 Dec 2001	14 Dec 2006	5.00	1 955	2 640
01 Feb 2002	01 Feb 2007	4.64	14	-
28 Feb 2002	28 Feb 2007	4.70	4	4
25 Mar 2002	25 Mar 2007	4.54	716	877
17 May 2002	17 May 2007	5.40	499	499
23 Aug 2002	23 Aug 2007	5.74	132	161
02 Sep 2002	02 Sep 2007	5.88	9	9
09 Sep 2002	09 Sep 2007	5.96	50	50
01 Oct 2002	01 Oct 2007	5.85	41	51
07 Nov 2002	07 Nov 2007	5.74	3 785	4 623
03 Mar 2003	03 Mar 2008	6.27	32	-
13 Mar 2003	13 Mar 2008	5.82	2 173	2 478
02 Apr 2003	02 Apr 2008	5.77	35	35
23 Apr 2003	23 Apr 2008	6.22	40	40
21 May 2003	21 May 2008	6.27	19	-
25 Aug 2003	25 Aug 2008	7.08	21	-
25 Aug 2003	25 Aug 2008	7.92	46	-
26 Aug 2003	26 Aug 2008	7.95	15	-
02 Sep 2003	02 Sep 2008	8.00	31	-
15 Sep 2003	15 Sep 2008	7.63	33	-
16 Sep 2003	16 Sep 2008	7.83	15	-
06 Nov 2003	06 Nov 2008	8.52	690	-
28 Nov 2003	28 Nov 2008	8.73	25	-
03 Dec 2003	03 Dec 2008	8.73	1 205	-
08 Dec 2003	08 Dec 2008	8.73	464	-
12 Dec 2003	12 Dec 2008	8.73	23	-
23 Feb 2004	23 Feb 2009	9.32	34	-
19 Apr 2004	19 Apr 2009	10.27	15	-
05 May 2004	05 May 2009	10.25	48	-
05 May 2004	05 May 2009	10.26	32	-
08 Jun 2004	08 Jun 2009	9.74	31	-
			23 918	28 953

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. DIRECTORS AND EMPLOYEES (continued)

25.5 Retirement funds

Alexander Forbes Retirement Fund: Defined contribution plan

During the 2003 period Truworths Limited ('Truworths') transferred its participation from the Wooltru Group Retirement Fund to the Alexander Forbes Retirement Fund. The Alexander Forbes Retirement Fund is an umbrella fund and Truworths is a participating employer. It is a defined contribution arrangement whereby the members pay 7.5% of their below-threshold pensionable salary as contributions towards retirement benefits. Truworths contributes 10.5% towards retirement benefits, life insurance, disability benefits and administration costs. The fund's retirement age is 60. Membership of either this fund or the Saccawu National Provident Fund is compulsory for all full-time or part-time permanent South African and Swaziland based employees (excluding flexi-time employees) under normal retirement age. The member's pension entitlement at retirement age is determined by his/her share of the fund. Alternatively, the member is entitled to elect up to one-third of the share as a cash lump sum payout and receive the balance in the form of a monthly pension. The plan is registered under the Pension Funds Act, 1956, as amended.

Investment Solutions Pension Fund: Defined contribution plan

All employees above an annually determined pensionable salary threshold have an option of paying 7.5% of their above-threshold earnings as contributions into this fund, which is an umbrella retirement funding arrangement. Truworths contributes 7.5% to this fund and an additional 2.87% of the above-threshold pensionable earnings towards life insurance, disability benefits and administration costs. The fund's retirement age is 60 and retirement from this fund must coincide with retirement from the Alexander Forbes Retirement Fund. The plan is registered under the Pension Funds Act, 1956, as amended.

Saccawu National Provident Fund: Defined contribution plan

The Saccawu National Provident Fund is an umbrella money purchase arrangement administered by Old Mutual. Members pay 7.5% of their pensionable salary towards retirement benefits. Truworths contributes 10.0% of pensionable salaries towards retirement benefits, life insurance, disability benefits and administration costs. Membership of either the Alexander Forbes Retirement Fund or of the Saccawu National Provident Fund is compulsory for all permanent full-time and part-time South African and Swaziland employees (excluding flexi-time employees).

Namflex Pension Fund: Defined contribution plan

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

Swaziland National Provident Fund: Defined contribution plan

The Swaziland National Provident Fund is an arrangement whereby the members and the company pay a statutory contribution based on members' earnings on a 50/50 basis with a maximum contribution of E60 based on a maximum wage of E600. The fund provides for a retirement benefit at or after age 45 and an age benefit at or after age 50. The fund also provides for a disability benefit, immigration benefit and a survivor's benefit. The employer is registered under the provisions of the Registration of Contributing Employers Regulations 1975, and Section 8 of the Swaziland National Provident Fund Order 1974. Membership of the fund is compulsory for all Swaziland-based permanent employees under normal retirement age.

	2004	2003	2004	2003
	Number of members		Contributions	
Summary of contributions and number of members per fund				
Alexander Forbes Retirement Fund	2 155	2 044	16 466	13 585
Investment Solutions Pension Fund	24	26	1 183	934
Saccawu National Provident Fund	409	427	1 746	1 651
Namflex Pension Fund	49	50	237	219
Swaziland National Provident Fund	15	14	11	3
			19 643	16 392

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 R'000	2003 R'000
25. DIRECTORS AND EMPLOYEES (continued)		
25.6 Medical Funds		
Wooltru Healthcare Fund: Defined benefit plan		
Retired employees who participated in the Wooltru Healthcare Fund ('the fund'), which is operated as a group administration plan, and who joined the company prior to 30 June 2000, continue to enjoy group subsidised contributions after retirement on the same basis as permanent employees. The fund operates as a defined benefit medical aid scheme.		
According to the audited annual financial statements of the fund at 31 December 2003, the fund was in a sound financial position having a 47% (31 December 2002: 78%) solvency margin at book value at that date after a conscious decision by the trustees to transfer R34 million of the general reserve to a HIV reserve in terms of the fund's long-term HIV and AIDS strategy.		
The group values its accrued future liability in respect of post-retirement medical aid contributions annually at 30 June. This liability is actuarially valued, based on the projected unit credit method. For purposes of the valuation, a discount rate of 10% (2003: 10%), expected medical cost inflation of 8% (2003: 8%), expected return on fund assets of 10% (2003: 12%) and normal retirement age of 60 were assumed.		
At 30 June 2004, the net liability in respect of these post-retirement medical benefits, as reflected in the balance sheet, amounted to R17.9 million (2003: R35.3 million). During the period the group contributed R22.8 million towards the plan assets, thus reducing the group's net liability in respect of these benefits. For further details refer to note 15.		
25.7 Other		
Group employees and pensioners are entitled to a discount on purchases made at Truworths stores.		
26. INTEREST RECEIVED		
GROUP		
Investments	37 993	36 277
Trade receivables	107 749	106 105
	145 742	142 382
COMPANY		
Investments	276	791
27. FINANCE COSTS		
GROUP		
Interest paid	191	481
28. EXCEPTIONAL ITEMS		
GROUP		
Distributions from discontinued operations	10 140	741
Impairment of Zimbabwe listed investment	-	(2 000)
Release of provision for costs relating to discontinued operations	5 278	-
	15 418	(1 259)
COMPANY		
Distributions from discontinued operations	10 140	741
Impairment of Zimbabwe listed investment	-	(2 000)
Utilisation of provision for costs relating to discontinued operations	97	28
Release of provision for costs relating to discontinued operations	5 278	-
	15 515	(1 231)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 R'000	2003 R'000
29. INCOME TAX EXPENSE		
29.1 Current period tax charge GROUP		
South African normal tax:	227 192	183 888
Current period	229 344	182 613
Prior period (over)/underprovision	(2 152)	1 275
Foreign tax:	1 607	(247)
Current period	2 084	1 050
Prior period overprovision	(477)	(1 297)
Deferred tax – current period	(9 620)	(21 303)
Secondary tax on companies	23 747	13 820
Withholding tax	644	678
Transfer pricing tax credit relating to periods 1996 to 1999	-	(18 686)
Normal tax	-	(10 189)
Secondary tax on companies	-	(3 023)
Interest	-	(5 474)
	243 570	158 150
Comprising:		
South African normal and deferred tax	217 572	162 585
Secondary tax on companies	23 747	13 820
Withholding tax	644	678
Transfer pricing tax	-	(18 686)
Foreign tax	1 607	(247)
	243 570	158 150
COMPANY		
South African normal tax:	163	150
Current period	72	150
Prior period under provision	91	-
Secondary tax on companies	-	15
Transfer pricing tax	-	(18 686)
Normal tax	-	(10 189)
Secondary tax on companies	-	(3 023)
Interest	-	(5 474)
	163	(18 521)
29.2 Reconciliation of tax rate GROUP		
Standard rate of tax – South Africa	30.0	30.0
Adjusted for:		
Difference in foreign tax rates	-	(0.3)
Exempt income – exceptional item	(0.6)	-
Exempt income – other	(0.3)	(0.1)
Prior period tax credits	(0.3)	-
Secondary tax on companies	3.1	2.5
Withholding tax	0.1	0.1
Transfer pricing tax	-	(3.4)
Effective tax rate	32.0	28.8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 R'000	2003 R'000
29. INCOME TAX EXPENSE (continued)		
29.2 Reconciliation of tax rate (continued)	%	%
COMPANY		
Standard rate of tax – South Africa	30.0	30.0
Adjusted for:		
Exempt income	(29.9)	(30.3)
Disallowable expenditure	–	0.5
Transfer pricing tax	–	(16.5)
Effective tax rate	0.1	(16.3)
There are no assessed losses available for set-off against future taxable income.		
During the 2003 period the South African Revenue Service (SARS) advised that the company's objections to additional tax assessments received in the 2002 financial period, relating to transfer pricing adjustments in respect of the 1996 to 1999 years, had been successfully allowed in full. As a result an amount of R18.7 million comprising normal tax, secondary tax on companies and interest was fully refunded to the company. The refund was recorded as a tax credit in the 2003 financial period.		
30. DIVIDENDS		
GROUP		
Final dividend – 2002 Cash dividend of 13.0 cents per share declared on 22 August 2002 and paid on 16 September 2002.	–	60 788
Interim dividend – 2003 Cash dividend of 13.0 cents per share declared on 27 February 2003 and paid on 24 March 2003.	–	61 636
Final dividend – 2003 Cash dividend of 21.0 cents per share declared on 21 August 2003 and paid on 15 September 2003.	100 120	–
Interim dividend – 2004 Cash dividend of 21.0 cents per share declared on 19 February 2004 and paid on 15 March 2004.	101 150	–
Dividends on treasury shares held through		
Subsidiary	(7 446)	(3 539)
Share trust	(65)	(493)
	193 759	118 392
COMPANY		
Final dividend – 2002 Cash dividend of 13.0 cents per share declared on 22 August 2002 and paid on 16 September 2002.	–	60 788
Interim dividend – 2003 Cash dividend of 13.0 cents per share declared on 27 February 2003 and paid on 24 March 2003.	–	61 636
Final dividend – 2003 Cash dividend of 21.0 cents per share declared on 21 August 2003 and paid on 15 September 2003.	100 120	–
Interim dividend – 2004 Cash dividend of 21.0 cents per share declared on 19 February 2004 and paid on 15 March 2004.	101 150	–
	201 270	122 424

The final dividend for the period ended 30 June 2004 of 27.0 cents per share was declared on 19 August 2004 to shareholders registered on the record date of 10 September 2004, is payable on 13 September 2004 and will give rise to secondary tax on companies of approximately R15.1 million. No provision regarding this final dividend and the secondary tax on companies thereon has been recognised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 Number of shares 000's	2003 Number of shares 000's	2004 R'000	2003 R'000
31. EARNINGS AND CASH FLOW PER SHARE				
The weighted average number of shares used in calculating the earnings, headline earnings and cash flow earnings per share	457 787	455 630		
Opening balance	460 444	449 874		
Shares repurchased during the period	(5 753)	(360)		
Shares sold by the trust during the period	(31)	2 335		
Shares issued during the period	3 127	3 781		
31.1 Headline earnings basis				
Headline earnings per share (cents)			110.0	86.0
Headline earnings is calculated as follows:				
Net profit attributable to shareholders			517 239	390 474
Net surplus on realisation of property, plant and equipment			(35)	(76)
Gross			(50)	(109)
Tax			15	33
Exceptional items			(15 418)	1 259
Gross			(15 418)	1 259
Tax			-	-
Amortisation of goodwill			1 754	-
Gross			2 339	-
Tax			-	-
Minority interest			(585)	-
Headline earnings			503 540	391 657
31.2 Basic earnings basis				
Basic earnings per share (cents)			113.0	85.7
Net profit attributable to shareholders			517 239	390 474
31.3 Fully diluted earnings basis				
Fully diluted headline earnings per share (cents)			107.4	84.3
Percentage dilution in headline earnings per share			2.4%	2.0%
Fully diluted basic earnings per share (cents)			110.4	84.1
Percentage dilution in basic earnings per share			2.3%	1.9%
Net profit attributable to shareholders			517 239	390 474
Weighted number of shares in issue				
Basic	457 787	455 630		
Add: Dilutive effect of share options	10 894	8 757		
Fully diluted weighted average number of shares	468 681	464 387		
The dilution arises from share options outstanding in respect of the share incentive scheme. The amount of the dilution is the difference between the fair value and the issue price of the shares. Fair value is calculated using the average market price of the shares during the period.				
31.4 Attributable cash flow basis				
Cash flow per share (cents)			103.5	97.7
This basis focuses on the cash inflow actually achieved during the period, and is calculated as follows:				
Cash inflow from operations			473 725	445 105

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2004 R'000	2003 R'000
31. EARNINGS AND CASH FLOW PER SHARE		
(continued)		
31.5 Attributable cash equivalent earnings basis		
Cash equivalent earnings per share (cents)	125.9	97.5
This basis recognises the potential of the earnings stream to generate cash. It is therefore an indicator of the underlying quality of earnings, and is calculated as follows:		
Net profit attributable to shareholders	517 239	390 474
Adjusted for:		
Non-cash items (For further details, refer to note 33.1)	68 773	74 845
Deferred tax (For further details, refer to note 14)	(9 620)	(21 303)
Cash equivalent earnings	576 392	444 016
31.6 Cash realisation rate (%)	82.2	100.2
This represents the potential cash earnings realised and is derived by dividing cash flow per share by cash equivalent earnings per share.		
32. RELATED PARTY TRANSACTIONS		
Shareholders		
The company's shares are widely held by public and non-public shareholders. The principal shareholders of the company are provided in the annual report on pages 116 and 117.		
Subsidiaries		
During the period the company and its subsidiaries, in the ordinary course of business, entered into various transactions with each other. These transactions occurred under terms that are no less favourable than those arranged with third parties. Details of income from, and investments in subsidiaries are disclosed in note 5 and annexure one.		
Directors		
Details relating to executive and non-executive directors' emoluments and shareholding (including options) in the company are disclosed in note 25.1 and 25.2.		
Interest of directors in contracts		
None of the directors have a material interest in any transaction with the company or any of its subsidiaries.		
Loans to directors and officers		
Details of housing loans to directors and officers are contained in notes 6.1 and 25.3.		
Employees		
Details relating to option and share transactions are disclosed in note 25.4.		
Key management personnel		
Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, including any director of that entity. Directors of the subsidiary, Truworths Limited, have been classified as key management personnel. Below is a summary of compensation paid to these directors.		
Category		
Salaries	4 222	4 347
Performance bonus	3 450	5 671
Allowances	760	967
Pension contributions	778	1 131
Other benefits	636	390
Total remuneration	9 846	12 506
Share option gains	4 054	6 457
Total emoluments	13 900	18 963

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
33. NOTES TO THE CASH FLOW STATEMENT				
33.1 Cash flow from trading				
Profit before tax	761 216	548 593	214 744	113 601
Add: Non-cash items	68 773	74 845	(5 688)	1 972
Depreciation	68 781	66 777	-	-
Amortisation of goodwill	2 339	-	-	-
Net surplus on realisation of property, fixtures, vehicles, plant, equipment and software	(50)	(109)	-	-
Exceptional item – impairment of Zimbabwe listed investment	-	2 000	-	2 000
Release of provision	(5 591)	(28)	(5 688)	(28)
Unrealised foreign exchange gains	(2 157)	(509)	-	-
Retirement benefit obligation	5 451	6 714	-	-
Finance costs	191	481	-	-
Interest received	(145 742)	(142 382)	(276)	(791)
Dividends received	(2 736)	(1 691)	(199 027)	(114 557)
Exceptional item – distributions from discontinued operation	(10 140)	(741)	(10 140)	(741)
Net inflow/(outflow)	671 562	479 105	(387)	(516)
33.2 Working capital movements				
Increase in inventories	(28 706)	(13 698)	-	-
Increase in trade and other receivables and prepayments	(167 735)	(140 354)	-	-
Increase in trade and other payables	56 878	100 978	617	6
Net (outflow)/inflow	(139 563)	(53 074)	617	6
33.3 Tax paid				
Amounts owing at the beginning of the period	(108 051)	(51 641)	(150)	-
Amounts charged to the income statement	(243 570)	(158 150)	(163)	18 521
South African normal tax	(227 192)	(183 888)	(163)	(150)
Foreign tax	(1 607)	247	-	-
Deferred tax	9 620	21 303	-	-
Withholding tax	(644)	(678)	-	-
Secondary tax on companies	(23 747)	(13 820)	-	(15)
Transfer pricing tax	-	18 686	-	18 686
Deferred tax movement	(9 620)	(21 303)	-	-
Amounts owing at the end of the period	156 067	108 051	70	150
Net (outflow)/inflow	(205 174)	(123 043)	(243)	18 671
33.4 Dividends paid				
Amounts owing at the beginning of the period	(236)	(81)	(236)	(81)
Amounts charged to the statement of changes in equity	(193 759)	(118 392)	(201 270)	(122 424)
Amounts owing at the end of the period	397	236	397	236
Net outflow	(193 598)	(118 237)	(201 109)	(122 269)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
33. NOTES TO THE CASH FLOW STATEMENT (continued)				
33.5 Purchase of property, fixtures, vehicles, plant, equipment and software to maintain operations				
During the period the following were acquired by the group through cash resources:				
Fixtures, plant and equipment	(12 937)	(13 202)	-	-
Computer equipment and software	(5 505)	(7 539)	-	-
Motor vehicles	(234)	-	-	-
Net outflow	(18 676)	(20 741)	-	-
33.6 Purchase of property, fixtures, vehicles, plant, equipment and software to expand operations				
During the period the following were acquired by the group through cash resources:				
Land and buildings	(4 544)	-	-	-
Fixtures, plant and equipment	(26 265)	(26 403)	-	-
Computer equipment and software	(11 176)	(15 080)	-	-
Motor vehicles	(474)	(653)	-	-
Net outflow	(42 459)	(42 136)	-	-
33.7 Proceeds on disposal of property, fixtures, vehicles, plant, equipment and software	927	927	-	-
33.8 Acquisition of business net of cash				
The group acquired a 75% interest in a business known as Young Designers Emporium on 1 December 2003 ('effective date'). The fair values of assets acquired and liabilities assumed were:				
Property, fixtures, vehicles, plant, equipment and software	(6 404)	-	-	-
Goodwill (refer to note 3)	(40 096)	-	-	-
Cash	(9 879)	-	-	-
Prepayments	(976)	-	-	-
Accounts receivable	(877)	-	-	-
Loans	(8)	-	-	-
Trade payables	11 740	-	-	-
	(46 500)	-	-	-
Minority interest	11 625	-	-	-
Total purchase price	(34 875)	-	-	-
Add: Capitalisation of acquisition costs	(600)	-	-	-
Less: Cash on hand at effective date	9 879	-	-	-
Cash flow on business acquired net of cash	(25 596)	-	-	-

34. COMPARATIVE FIGURES

To meet the requirement of AC132: Consolidated Financial Statements and Accounting for Investments in Subsidiaries, in so far as it requires a share purchase trust which meets the definition of a subsidiary to be consolidated, certain non-material changes to comparative information at June 2003 have been made. For further details, refer to note 22.2.

35. POST-BALANCE SHEET EVENTS

No event, material to the understanding of these annual financial statements, has occurred between the end of the financial period and the date of approval.

ANNEXURE ONE

DETAILS OF SUBSIDIARY COMPANIES

Name	Main business	Ordinary share capital and premium		Percentage held (effective interest)		Book value of shares		Amounts owing by subsidiaries	
		2004	2003	2004 %	2003 %	2004 R'000	2003 R'000	2004 R'000	2003 R'000
DIRECT SUBSIDIARY COMPANIES									
All (Proprietary) Limited companies unless otherwise stated									
Incorporated in South Africa									
Truworths Limited	Retailing	R23 883 152	R23 883 152	100.0	100.0	100 330	100 330	80 082	82 777
Young Designers Emporium (previously The Credit Recovery Corporation)	Retailing	R200	R14	75.0	100.0			35 358	
SRG International	Dormant	R2	R2	100.0	100.0				
Truworths Trading	Dormant	R60	R60	100.0	100.0				
Truworths International Share Trust	Employee incentive scheme	N/A	N/A	100.0	100.0	N/A	N/A		
Incorporated in Guernsey									
Truworths International Trust	Investment holding	N/A	N/A	100.0	100.0	N/A	N/A		
Truworths Worldwide Limited	Investment holding	US\$5 386 039	US\$5 386 039	100.0	100.0				
INDIRECT SUBSIDIARY COMPANIES									
All (Proprietary) Limited companies unless otherwise stated									
Incorporated in South Africa									
Chez Brigitte Fashion Accessories	Dormant	R2	R2	100.0	100.0				
Daniel Hechter	Dormant	R200	R200	100.0	100.0				
Intrigue Fine Lingerie Company	Dormant	R100	R100	100.0	100.0				
Identity Retailing	Commission agent	R2	R2	100.0	100.0				
Truworths Management Services	Dormant	R12 000	R12 000	100.0	100.0				
Truworths Man	Dormant	R1	R1	100.0	100.0				
Truworths Personal Finance	Dormant	R2	R2	100.0	100.0				
Woolmos Properties Share Block Limited	Share block scheme	R5 920 950	R5 920 950	100.0	76.8	14 843	10 299		
Incorporated in Namibia									
Truworths (Namibia) Limited	Retailing	N\$14	N\$14	100.0	100.0				
Incorporated in Swaziland									
Truworths (Swaziland) Limited	Retailing	E40 000	E40 000	100.0	100.0				
Incorporated in Lesotho									
Truworths (Lesotho)	Dormant	M2	M2	100.0	100.0				
Incorporated in Zambia									
Truworths (Zambia) Limited	Dormant	K50 000	K50 000	100.0	100.0				

ANNEXURE ONE

DETAILS OF SUBSIDIARY COMPANIES

Name	Main business	Ordinary share capital and premium		Percentage held (effective interest)	
		2004	2003	2004 %	2003 %
INDIRECT SUBSIDIARY COMPANIES (continued)					
All (Proprietary) Limited companies unless otherwise stated					
Incorporated in Australia					
Tarra Valley	Investment holding	Au\$23 405 000	Au\$23 405 000	100.0	100.0
Select Retail Group Australia	Investment holding	Au\$8 350 008	Au\$8 350 008	100.0	100.0
Redfern Road (subject to Deed of Company Arrangement) *	Under administration				
Incorporated in Guernsey					
Truworths International Holdings Limited	Investment holding	US\$6 290 000	US\$6 290 000	100.0	100.0
Select Retail Group 1994 Limited	Investment holding	US\$6 290 000	US\$6 290 000	100.0	100.0
Truworths International Limited	Trading	US\$3	US\$3	100.0	100.0
Incorporated in the Isle of Man					
Truworths Intellectual Property Limited	Intellectual property holding	US\$3	US\$3	100.0	100.0

*This subsidiary has not been consolidated at 30 June 2004 or 30 June 2003 as it relates to operations discontinued at 25 November 1999.

SHAREHOLDER INFORMATION

SHAREHOLDER ANALYSIS AT 30 JUNE 2004

SHAREHOLDER BANDS

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 – 1 000 shares	1 831	35.66	773 969	0.16
1 001 – 10 000 shares	2 302	44.83	7 923 931	1.64
10 001 – 100 000 shares	644	12.54	20 192 982	4.18
Over 100 000 shares	358	6.97	453 841 141	94.02
	5 135	100.00	482 732 023	100.00

SHAREHOLDER TYPE

Banks	98	1.91	43 370 026	8.98
Close corporations	49	0.95	192 517	0.04
Endowment funds	28	0.55	2 270 725	0.47
Individuals	3 436	66.91	14 518 103	3.01
Insurance companies	35	0.68	42 014 535	8.70
Investment companies	33	0.64	56 936 609	11.79
Medical aid schemes	11	0.21	1 367 922	0.28
Mutual funds	193	3.76	134 837 115	27.94
Nominees and trusts	841	16.39	13 043 780	2.71
Other corporations	48	0.93	5 241 600	1.09
Pension funds	207	4.03	123 399 077	25.56
Private companies	135	2.63	6 572 676	1.36
Public companies	19	0.37	32 558 399	6.74
Share trusts	2	0.04	6 408 939	1.33
	5 135	100.00	482 732 023	100.00

SHAREHOLDER INFORMATION

SHAREHOLDER SPREAD AT 30 JUNE

Pursuant to the Listings Requirements of the JSE Securities Exchange South Africa and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at 30 June was as follows:

	Number of shareholders 2004	Number of shares 2004	% 2004	Number of shares 2003	% 2003
Non-public shareholders					
Truworths Limited (repurchased shares)	1	36 214 812	7.50	15 767 668	3.31
Directors of the company and subsidiaries	8	2 506 219	0.52	1 789 032	0.38
Associates of directors of the company and subsidiaries	5	7 798 306	1.62	6 465 982	1.35
Holdings by or for employees (excluding directors), in terms of the company's share scheme	5	143 466	0.03	172 534	0.04
Total non-public shareholders	19	46 662 803	9.67	24 195 216	5.08
Public shareholders	5 116	436 069 220	90.33	452 189 940	94.92
	5 135	482 732 023	100.00	476 385 156	100.00

MAJOR SHAREOWNERS

According to the company's register of disclosures of beneficial interests made by registered shareholders acting in a nominee capacity, and the disclosures made by fund managers in terms of section 140A(5) of the Companies Act 61 of 1973, the following persons owned in excess of 4% of the company's shares at 30 June:

	Number of shares 2004	% of issued capital 2004	Number of shares 2003	% of issued capital 2003
Truworths Limited	36 214 812	7.50	15 767 668	3.31
Old Mutual Life Assurance Company	33 321 016	6.90	25 294 020	5.31
Public Investment Commissioners	28 029 199	5.81	41 091 850	8.63
Liberty Group	24 159 298	5.00	22 633 366	4.75
Investec Unit Trusts	17 733 655	3.67	27 741 305	5.82
Sanlam	10 355 339	2.15	21 991 039	4.62

MAJOR FUND MANAGERS

According to the disclosures made by nominee and asset management companies in terms of section 140A of the Companies Act, the following fund managers administered client portfolios (including those of the major shareowners above) which included more than 4% of the company's shares at 30 June:

	Number of shares 2004	% of issued capital 2004	Number of shares 2003	% of issued capital 2003
Investec Asset Management	94 289 569	19.53	96 890 071	20.34
Old Mutual Asset Managers	80 209 294	16.62	66 830 390	14.03
Stanlib Asset Management	45 993 514	9.53	42 034 811	8.82
Truworths Limited	36 214 812	7.50	15 767 668	3.31
Coronation Fund Managers	25 575 054	5.30	21 512 403	4.52
Sanlam Investment Managers	16 417 346	3.40	44 340 820	9.31
Metal & Engineering Industries Fund Managers	13 301 006	2.76	22 849 926	4.80
Allan Gray	5 926 354	1.23	30 088 763	6.32

SHAREHOLDERS' DIARY AND ADMINISTRATION

SHAREHOLDERS' DIARY

Annual general meeting

4 November 2004

Reports

Annual results for the period ended 30 June 2004 announced
 Annual report for the period ended 30 June 2004 mailed
 Interim results for the period ended 31 December 2004 announced

19 August 2004
 by 29 September 2004*
 24 February 2005*

Dividends

For the period ended 30 June 2004 (Dividend number 13)
 For the period ended 31 December 2004 (Dividend number 14)

Dividend declared
 19 August 2004
 24 February 2005*

Dividend paid
 13 September 2004
 22 March 2005*

* These are approximate dates

ADMINISTRATION

Truworths International Limited

(registration no 1944/O17491/O6)

JSE code: TRU

NSX code: TRW

ISIN: ZAE000028296

Company secretary	C Durham FCIS PG Dip. Adv. Co Law (UCT)	Transfer secretaries	Namibia Transfer Secretaries (Proprietary) Limited Shop 12, Kaiserkrone Centre Post Street Mall Windhoek Namibia 8531 Telephone +264 61 22 3162 Telefax +264 61 24 8531
Registered office	No. 1 Mostert Street Cape Town 8001 South Africa	Principal bankers	The Standard Bank of South Africa Limited
Postal address	PO Box 600 Cape Town 8000 South Africa	Auditors	Ernst & Young
Telephone	+27 21 460 7911	Sponsor in South Africa	HSBC Investment Services (Africa) (Proprietary) Limited
Telefax	+27 21 460 7132	Sponsoring broker in Namibia	HSBC Securities (Namibia) (Proprietary) Limited
Website	www.truworths.co.za	Attorneys	Bernadt Vukic Potash and Getz Edward Nathan and Friedland Sonnenberg Hoffmann and Galombik MacRoberts Inc
Transfer secretaries	South Africa Computershare Investor Services 2004 (Proprietary) Limited 70 Marshall Street Johannesburg, 2001 South Africa Telephone +27 11 370 5000 Telefax +27 11 370 5271 Website www.computershare.com		

NOTICE TO MEMBERS

Notice is hereby given that the annual general meeting of members of Truworths International Limited ('the Company') will be held in the Auditorium, No. 1 Mostert Street, Cape Town, South Africa on Thursday, 4 November 2004 at 09:30 for the purpose of conducting the following business:

1. To receive and adopt the Company and the group's audited annual financial statements for the period ended 30 June 2004.
2. To elect directors of the Company in accordance with its articles of association which provide that:
 - At least one-third of the directors, being those longest in office at the date of the annual general meeting, should retire, but that such directors may offer themselves for re-election.
 - Any director appointments made by the board since the previous annual general meeting require confirmation.

Messrs AE Parfett, AJ Taylor and WM van der Merwe are required to retire by rotation at the annual general meeting and, being entitled thereto, have offered themselves for re-election. Voting for the directors seeking re-election will be conducted individually. Mr MA Thompson was appointed as a director by the board with effect from 1 March 2004, and his appointment needs to be confirmed by the members. A brief résumé of each of these directors is attached at the end of this notice.

3. To renew the directors' general authority (which shall be additional to the specific authority, which was renewed at the annual general meeting held on 6 November 2003 subject to a number of conditions, in respect of the shares reserved for the purposes of the Company's share scheme), which shall be limited in aggregate to 10 per cent of the Company's shares in issue at 30 June 2004, over both the unissued shares, and the repurchased shares, of the Company until the following annual general meeting. This general authority shall include the power to allot or to sell, as the case may be, such shares for cash subject to the provisions of the Companies Act 61 of 1973 (as amended) and the JSE Securities Exchange South Africa ("JSE") JSE's Listings Requirements. In particular this resolution, which if passed would constitute a waiver by members of their preemptive rights, is subject to not less than 75% of the votes of all members entitled to vote, and in attendance or represented at the meeting, being cast in favour, and is further subject to paragraph 5.52 of such Requirements, which provides as follows:
 - Such shares may only be issued or sold, as the case may be, to public shareholders as defined in the Requirements, and not to related parties.
 - Such shares may not in any one financial year in the aggregate exceed 15% of the Company's issued shares, the number that may be issued or sold, as the case may be, being determined in accordance with sub-paragraph 5.52 (c) of the Requirements.

- The maximum discount at which such shares may be issued or sold, as the case may be, is 10% of the weighted average traded price of such shares on the JSE over the 30 business days preceding the date of determination of the issue or selling price, as the case may be.

The **reason** for proposing this resolution is to authorise the directors to issue the unissued shares of the Company and sell the treasury shares held by a subsidiary together being limited to 10% of the shares in issue at 30 June 2004, subject to regulatory and statutory limitations, either for cash or in respect of the acquisition of assets, or otherwise.

The **effect** of this resolution, were it to be passed, would be that the directors will have the authority to issue the unissued shares of the Company and use the treasury shares held by a subsidiary, subject to the applicable provisions of the JSE's Listings Requirements, the Act and the provisions of the resolution.

4. To consider and if deemed fit to pass, with or without modification, the following as special resolution 1:

"That the Company hereby approves, as a general approval contemplated in the Act, the acquisition from time to time, either by the Company itself or by its subsidiaries, of the Company's issued shares, upon such terms and conditions and in such amounts as the directors of the Company may from time to time decide, subject however to the provisions of the Act and the Listings Requirements of the JSE relating to general repurchases of shares, it being recorded that it is currently required that general repurchases of a Company's shares can be made only if:

- (a) the Company and its subsidiaries are enabled by their articles to acquire such shares;
- (b) the Company and its subsidiaries are authorised by their members in terms of special resolutions taken at general meetings, to make such general repurchases, such authorisation being valid only until their next annual general meetings or for 15 months from the date of the special resolutions, whichever period is shorter;
- (c) such repurchases are effected through the order book operated by the JSE trading system and without any prior understanding or arrangement between the Company and a counterparty;
- (d) such repurchases are limited to a maximum of 20% per financial year of the Company's issued shares of that class at the time the aforementioned authorisation is given, a maximum of 10% in aggregate of the Company's issued shares that may have been repurchased being capable, in terms of the Companies Act, of being held by subsidiaries of the Company;

NOTICE TO MEMBERS

- (e) such repurchases are made at a price no greater than 10% above the weighted average market price of the Company's shares traded on the JSE over the five business days immediately preceding the date on which the transaction is effected;
- (f) at any point in time, the Company appoints only one agent to effect any repurchase on the Company's behalf;
- (g) the Company may only undertake such repurchases if thereafter it still complies with the JSE's Listings Requirements concerning shareholder spread; and
- (h) such repurchases are not effected during prohibited periods as defined by the JSE."

The **reason** for this special resolution is to authorise the Company or its subsidiaries generally to repurchase the Company's shares by way of bona fide open market transactions on the JSE, subject to statutory and regulatory limitations and controls.

The **effect** of this special resolution were it to be passed would be that the Company and its subsidiaries will have been authorised generally to repurchase the Company's shares by way of bona fide open market transactions on the JSE, subject to statutory and regulatory limitations and controls.

Directors' Responsibility Statement

The directors of the Company, whose names are given on page 4 of the annual report in which this notice is incorporated, collectively and individually accept full responsibility for the accuracy of the information given in this notice in respect of this resolution, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that, in respect of this resolution, the notice contains all information required by the JSE's Listings Requirements.

The other general information referred to in paragraph 11.26 (b) of the Listings Requirements of the JSE regarding the Company is contained elsewhere in this annual report, as follows:

- Directors of the Company and of its material subsidiary, on pages 4, 11, 20, 23 – 26 and 30.
- Major shareholders on pages 116 and 117.
- Material changes since year-end, on pages 73 and 113.
- Directors' interests in the Company's shares, on pages 97 to 103.
- Company's share capital, on pages 87 and 88.

Furthermore, neither the Company nor its subsidiaries is involved in any legal or arbitration proceedings, nor are any such proceedings pending or threatened, that may or have had any material effect on the group's financial position.

Although no such repurchases are currently in contemplation, the general authority to repurchase the Company's shares will be effected within the parameters laid down by the JSE as and when the directors of the Company deem it to be appropriate. After considering the effect of a general repurchase within these parameters, the directors are of the view that for a period of at least 12 months after the date of the annual general meeting referred to in this notice:

- the Company and the group would in the ordinary course of their business be able to pay their debts;
- the consolidated assets of the Company and the group would exceed the liabilities of the Company and the group, such assets and liabilities being recognised and measured in accordance with the accounting policies used in the financial statements contained in this annual report;
- the issued capital and reserves of the Company and the group would be adequate for the purposes of the Company and the group's business; and
- the Company and the group's working capital would be sufficient for their requirements.

Notes:

- (i). The Company will publish an announcement complying with the JSE's Listings Requirements if and when an initial and successive 3% tranche(s) of its shares have been repurchased in terms of the aforementioned general authority.
 - (ii). The Company's sponsor will provide a letter to the JSE, regarding the directors' statement as to the adequacy of the group's working capital, before the Company commences any share repurchases in terms of the general authority being hereby sought.
5. To elect independent external auditors in respect of the audit of the group's annual financial statements for the year ending 30 June 2005.

The group's current external auditors are Ernst & Young and the directors recommend that they be reappointed for the ensuing period, and that the terms of their engagement and their fees be determined by the Company's audit committee.

6. To approve the fees of the non-executive directors for the year ended 30 June 2004.

During the year fees as detailed in the annual financial statements were paid to the non-executive directors for services rendered as directors, and members are being asked to approve these fees.

7. To consider and if deemed fit to pass, with or without modification, the following as special resolution 2:

"That the Company hereby authorises the grant of options to acquire 50 000 shares in the Company, at the weighted average traded price of such shares on the JSE over the five

NOTICE TO MEMBERS

days preceding the offer date as defined in the scheme rules, to a non-executive director, Mr MA Thompson.”

The **reason** for this resolution, which is required by section 223 of the Act and the King II Code, is to enable options in respect of Company shares to be granted to a non-executive director in accordance with the provisions of the Company’s share incentive scheme, should the remuneration committee so determine.

The **effect** of this resolution, were it to be passed, is that the grant of options to a non-executive director, Mr MA Thompson, to acquire 50 000 shares in the Company in accordance with the rules of the Company’s share incentive scheme, will have been authorised.

VOTING

By registered shareowners

Any member of the Company registered as such, either as a holder of shares in certificated form or as an “own name” holder of shares in dematerialised (ie electronic) form, may attend, speak and vote at the annual general meeting. Alternatively every such member may appoint a proxy, who need not be a member of the Company, to attend the annual general meeting and speak and, on a poll, vote thereat in his/her stead. To this end the enclosed proxy form must be lodged with Computershare Investor Services 2004 (Proprietary) Limited, the transfer secretaries of the Company, at least twenty-four hours before the appointed time of the meeting.

Any juristic person or corporate body registered as a member of the Company may either appoint a representative to attend the annual general meeting and speak and vote thereat on its behalf, or alternatively appoint a proxy bearing in mind that such proxy will only be able to vote on a poll. This entitlement shall be subject to the requirement that proof of such appointment is furnished to the satisfaction of the directors of the Company prior to the commencement of the meeting. Such proof can take the form of either a certified copy of a resolution of the juristic person or corporate body or by way of a letter signed by an officer thereof.

By non-registered shareowners

Shareowners, who have dematerialised their Company shareholdings, such that these holdings are no longer recorded in their own names in the sub-registers maintained by Central Securities Depository Participants (CSDPs), are not Company members as defined. Similarly, shareowners whose shares held in certificated form are registered in the name of nominee companies, are also not Company members as defined.

Both such categories of shareowners who wish to attend the Company’s annual general meeting should arrange with their CSDPs or brokers to be furnished with the necessary authorisation to do so as the proxy or representative of such CSDPs or brokers.

Both such categories of shareowners, who are either unable or unwilling to attend the annual general meeting, but nonetheless wish to be represented thereat, should provide their CSDPs or brokers

with their voting instructions. These instructions should be given in sufficient time, and in accordance with the agreement between them, to enable the CSDPs or brokers to lodge appropriate forms of proxy or appoint suitable representatives for the meeting in accordance with such instructions.

By order of the board



C Durham
Company Secretary

16 September 2004
Cape Town

NOTICE TO MEMBERS

DIRECTORS STANDING FOR RE-ELECTION

Albert Edward Parfett (62)

Independent Non-Executive Director

Eddie Parfett, a business consultant and retired retail executive, joined Woolworths in 1961 and enjoyed various responsibilities culminating in his appointment to the board of Woolworths in 1978. Following Woolworths' merger with Truworths in 1981, he was appointed managing director of Truworths in 1982. In 1988, he was appointed managing director of Truworths International Limited. He became executive chairman in 1996 and retired from this position in June 2000. He has also served as a non-executive director of Wooltru and as chairman of the Truworths International Limited audit and non-executive committees.

Wayne Martin van der Merwe (46)

B Com, B Acc Sc (Hons) CA (SA)

Group Financial Director

Wayne van der Merwe joined Truworths in January 1999 following a career in financial management at companies in the Barloworld group and Estee Lauder. He served articles at the international accounting firm Deloitte and has been a member of the Auditing Standards Committee of the SA Institute of Chartered Accountants. He is the financial director for Truworths and in August 2002 was appointed to the Truworths International Limited board in the position of group financial director. Besides his financial and risk management responsibilities, he currently oversees the Truworths employee benefits department. He also serves as an executive director of Young Designers Emporium.

Anthony Joseph Taylor (57) BA

Executive Director

Tony Taylor is an executive director of Truworths International Limited, having been appointed to the board in 1999. He joined Truworths in 1992 as its merchandise director and was appointed as retail director in 1997. Prior to joining Truworths, he had worked for Edgars and the Foschini group. Whilst at Foschini, he held the positions of merchandise director and operations director of Pages Stores. He is currently deputy-managing director of Truworths, having been appointed to this position in 1998, and is responsible for visual display, property and distribution, as well as overseeing the human resources development and industrial relations departments. He heads up the group's risk and transformation committees.

NEW DIRECTOR APPOINTMENT

Michael Anthony Thompson (61)

B Com (UN), MBA (UCT), AMP (Harvard)

Independent Non-Executive Director

Michael Thompson, a retired banking executive and business consultant, was appointed to the Truworths International Limited board as an independent non-executive director with effect from 1 March 2004. He is the chairman of the company's Audit Committee. His business career has been focused on the banking and investment sectors, and he has served in various capacities at *inter alia* Nedbank Corporate, Cape of Good Hope Bank, the JSE, Standard Bank and Syfrets Trust Company. He currently serves as Chairman of the Peninsula Technikon's Finance Committee, Cape Technikon's Audit Committee, UCT's Building & Development Committee and Siyasanga Cape Town Theatre Company. He is a member of Council of the Cape Town Regional Chamber of Commerce & Industry, the Peninsula Technikon's Council and Executive Committee, UCT's Audit Committee and the Graduate School of Business's Advisory Board, and is the deputy-chairman of Wesgro.

FORM OF PROXY

TRUWORTHS INTERNATIONAL LIMITED

(Registration number 1944/O17491/O6) JSE Code: TRU; NSX Code: TRW; ISIN: ZAE000028296

ANNUAL GENERAL MEETING: 4 NOVEMBER 2004

NB: To be completed only by shareholders who hold their shares in certificated form, and by those shareholders who hold dematerialised shares with 'own name' registration. Other shareholders must give their voting instructions to their Central Securities Depository Participant (CSDP) or broker.

I/We (full names)

of (address)

being a member of Truworths International Limited ('the Company') and holding shares therein, hereby appoint or failing him, the chairman of the meeting as my/our proxy to attend, speak, and on a poll vote on my/our behalf, as indicated below, at the annual general meeting of members of the Company to be held on 4 November 2004 at 09:30 in the Auditorium, 1st Floor, No. 1 Mostert Street, Cape Town, South Africa and at any adjournment thereof.

		In favour of	Against	Abstain
Item (1)	To receive and adopt the annual financial statements for the period ended 30 June 2004			
Item (2a)	To re-elect the retiring directors who have offered themselves for re-election:			
	• Mr AE Parfett			
	• Mr AJ Taylor			
	• Mr WM van der Merwe			
Item (2b)	To confirm the appointment as director of Mr MA Thompson who was appointed by the board with effect from 1 March 2004			
Item (3)	To give the directors limited and conditional general authority over the unissued and repurchased shares, including the authority to issue or dispose of such shares for cash			
Item (4)*	To give a limited and conditional general mandate for the Company or its subsidiaries to acquire the Company's shares			
Item (5)	To re-elect Ernst & Young as auditors for the period to 30 June 2005 and to authorise the audit committee to agree the relevant terms and fees			
Item (6)	To approve the fees of the non-executive directors for the period ended 30 June 2004			
Item (7)*	To authorise the grant of options in respect of 50 000 of the Company's shares to a non-executive director, Mr MA Thompson			

* Special resolution

Signed at this of 2004.

Signature

NOTES

1. A member registered as such (either as the holder of shares in certificated form whose name is reflected in the register of company members, or as the holder of shares in dematerialised form whose name is reflected in a sub-register maintained by a Central Securities Depository Participant (CSDP)) is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead. A proxy need not be a member of the Company. Dematerialised shareholders, other than those with 'own name' registration, must notify their CSDP or broker of how they wish to vote, in terms of the custody agreement between the shareholder and his/her CSDP or broker. This should be done in the manner and cut-off time stipulated by the CSDP or broker.
 2. Forms of proxy, in order to be valid, must be lodged at or posted to the office of the Company's transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001, South Africa or PO Box 61051, Marshalltown, 2107, South Africa, or Transfer Secretaries (Pty) Ltd, Shop 12, Kaiserkrone Centre, Post Street Mall, Windhoek, Namibia or PO Box 2401, Windhoek, Namibia, so as to be received at least 24 hours before the commencement of the meeting.
 3. If two or more proxies attend the meeting on behalf of the same member, then the person attending the meeting whose name appears first on the form of proxy and whose name is not deleted shall be regarded as the validly appointed proxy.
 4. The authority of a person signing a form of proxy in a representative capacity must be attached to the form of proxy, unless such authority has already been recorded by the Company.
 5. The delivery of a duly completed form of proxy shall not preclude any member or his duly authorised representative from attending the meeting and speaking and voting thereat to the exclusion of the proxy.
 6. If this form of proxy is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
-