



REX TRUEFORM  
CLOTHING COMPANY  
LIMITED

INTEGRATED  
ANNUAL REPORT

2016

*Rex  
Trueform*



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# SCOPE, BOUNDARY AND APPROVAL OF THE INTEGRATED ANNUAL REPORT

THE REX TRUEFORM GROUP IS PLEASED TO PRESENT ITS INTEGRATED ANNUAL REPORT TO STAKEHOLDERS IN LINE WITH THE REQUIREMENTS OF THE KING REPORT ON GOVERNANCE FOR SOUTH AFRICA 2009 ("KING III").

## Report content

This integrated annual report covers the annual financial reporting period 1 July 2015 to 30 June 2016. The integrated annual report covers all subsidiaries within the group as detailed in this integrated annual report, and both the retail and property segments as defined within the group (refer to the notes to the annual financial statements). The companies operate mainly in South Africa, with retail franchisees operating in Kenya and Namibia.

We have included only a general narrative on strategy, risks, opportunities and sustainability issues identified within the group. All financial information provided, which is supported by the annual financial statements, has been prepared in terms of International Financial Reporting Standards, while financial key performance indicators and ratios calculated using non-financial information have been provided based on internal management information, and are defined within the integrated annual report.

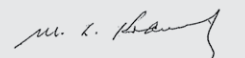
This integrated annual report includes summarised extracts from the group's annual financial statements. The full set of annual financial statements can be found on the company's website at [www.rextrueform.com](http://www.rextrueform.com).

## External assurance

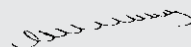
Assurance on the financial statements contained in this integrated annual report has been provided by the external auditors, KPMG Inc. These financial statements form the basis of the financial disclosure in the integrated annual report.

## Approval of integrated annual report

The board of directors ("the board") acknowledges its responsibility to ensure the integrity of the integrated annual report. The board has accordingly applied its mind to the integrated annual report and in its opinion the integrated annual report addresses all material issues and presents fairly the integrated performance of the organisation. The integrated annual report has been prepared pursuant to the recommendations of King III (principle 9.1). The board authorised the integrated annual report for release on 30 September 2016.



**Michael Krawitz**  
Chairman  
Authorised director



**Catherine Radowsky**  
Chief executive officer  
Authorised director

Cape Town, 26 September 2016



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[@QueensparkSA](https://twitter.com/QueensparkSA)

[www.queenspark.com](http://www.queenspark.com)



## FINANCIAL PERFORMANCE

Turnover increased by 4.2%

Operating profit R11.5m  
(2015: R29.9m)

Earnings per share 57.1 cents  
(2015: 115.6 cents)



## GROUP PROFILE

**REX TRUEFORM CLOTHING COMPANY LIMITED ("REX TRUEFORM" OR "THE COMPANY") WAS ESTABLISHED IN CAPE TOWN IN 1937 AND HAS BEEN LISTED ON THE JSE LIMITED SINCE 1945. THE COMPANY HAS INTERESTS IN THE RETAILING OF CLOTHING AND IN PROPERTY.**

### Retail segment

Through its ownership of Queenspark Proprietary Limited ("Queenspark"), which operates a nationwide chain of Queenspark stores, Rex Trueform has a significant interest in the retailing of fine-quality men's and women's clothing and related accessories.

### Property segment

Rex Trueform and its subsidiary, Queenspark Distribution Centre Propriety Limited, have a direct investment in a portfolio of properties located in and around Cape Town. These properties are held either for the purpose of operations or for investment purposes. Group properties utilised (or part utilised) by the retail segment include the group's head office premises and the distribution centre premises.

#### Rex Trueform Clothing Company Limited

Investment in retail and property holdings

Company Operating Segments:

**Retail** – Investment in Queenspark Proprietary Limited

**Property** – Owns and manages a property portfolio directly in the company and indirectly through its investment in Queenspark Distribution Centre Proprietary Limited

**Group services** – Manages the group's corporate responsibility

100% owned

#### Queenspark Distribution Centre Proprietary Limited

Owns and manages the distribution centre property which is leased to Queenspark Proprietary Limited

#### Queenspark Proprietary Limited

Operates in the clothing retail sector

#### Anglo American Export & Import Company Limited

Dormant



## VALUES

AS A PASSIONATE TEAM WE UNDERSTAND AND COMMIT TO THE FOLLOWING VALUES TO DETERMINE THE WAY IN WHICH WE CONDUCT OUR BUSINESS AND INTERACT WITH STAKEHOLDERS:

- INTEGRITY
- PASSION
- PROFESSIONALISM
- UNRELENTING FOCUS ON THE CUSTOMER

## RETAIL SEGMENT VISION

TO BE THE DESTINATION FASHION  
STORE FOR DISCERNING CUSTOMERS  
WHO WANT TO LOOK AND FEEL  
FANTASTIC

## BUSINESS MODEL

### Retail segment Strategy/business model

- Niche retailer focused on fashion clothing and accessories
- International fashion trends continually monitored
- All product brands are owned by the group
- Focused mainly on the higher LSM customers
- Product sold through retail stores located in shopping malls
- Product is sold online through third party website
- A mix of emporium style and standalone stores mainly located in major centres in South Africa
- Franchise stores model in operation in Africa
- Private label card credit provided to customers by a third party service provider
- Build long-term relationship with key suppliers

### Property segment Strategy/business model

- Group owns a small property portfolio in and around Cape Town
- Where feasible, properties are to be developed in the medium to long term
- Developed properties (where practical) are leased to third parties or, where feasible, the operations of the group will occupy (or part-occupy) group-owned property

## RETAIL TRADING BRANDS

BRAND	OVERVIEW AND CUSTOMER OFFERING	PRODUCT FOCUS	CURRENT CUSTOMER FOCUS	THE TOTAL NUMBER OF STORES THAT SELL THE PARTICULAR BRAND
QUEENSPARK LADIESWEAR	The ladieswear division forms the core of the retail business. It is the fashion destination for discerning customers who want to look and feel fantastic and feminine, with fashion confidence across casual, formal and glamour.	Fashion apparel including casual, formal and glamour, jewellery, fashion accessories and footwear	LSM 8 – 10+ 35 years and up	58
J CREW	J CREW is the fashion destination for discerning male customers who want to look well groomed, classic and comfortable. Its hallmarks are good fabrics and colour in sophisticated styles yet always commercial.	Fashion apparel including casual and formal, footwear and fashion accessories	LSM 8 – 10+ 35 years and up	57
QUEENSPARK PLUS	The Queenspark Plus collection offers feminine and flattering clothing suitable for a larger lady by replicating the signature looks and pieces of the mainstream Queenspark range.	Fashion apparel including casual, formal and glamour	LSM 8 – 10+ 35 years and up	57
AURA	A limited cosmetic range of seasonal colour-relevant make-up especially formulated and developed for the core Queenspark customer.	Cosmetics	LSM 8 – 10+ 30 years and up	58
CATH.NIC	Cath.Nic is the destination for aspirational, fashion-conscious women who seek the latest of fashion across casual, formal and glamour.	Fashion apparel, footwear and fashion accessories	LSM 8 – 10+ 30 years and up	58



## Retail turnover and stores by geographic region

	2016			2015		
	Number of stores at 30 June 2016	Turnover Rm	% Contribution	Number of stores at 30 June 2015	Turnover Rm	% Contribution
Eastern Cape	4	22 315	4.25	4	22 752	4.5
Free State	3	24 862	4.73	3	22 086	4.4
Gauteng	24	271 273	51.62	22	267 614	53.0
Kwazulu-Natal	7	54 116	10.30	7	46 347	9.2
Limpopo	3	22 794	4.34	3	19 524	3.9
Mpumalanga	4	29 175	5.55	4	27 795	5.5
North West	3	19 789	3.76	3	18 815	3.7
Northern Cape	2	9 017	1.72	2	7 756	1.5
Western Cape	8	72 163	13.73	8	72 194	14.3
<b>Total</b>	<b>58</b>	<b>525 504</b>	<b>100.00</b>	<b>56</b>	<b>504 883</b>	<b>100.0</b>

\* Excludes franchise stores. Currently operate two franchise stores in Windhoek (Namibia) and Nairobi (Kenya).

Summary of store gross trading area*	2016			2015		
	Number of stores	Store m <sup>2</sup>	% Change	Number of stores	Store m <sup>2</sup>	% Change
Opening store base	56	26 248		56	26 554	
Stores opened	2	605	2.3	3	1 212	4.6
Stores closed	–	–	–	(3)	(912)	(3.4)
Space decreased due to refurbishments and other		(287)	(1.1)	–	(606)	(2.3)
<b>Closing store base</b>	<b>58</b>	<b>26 566</b>	<b>1.2</b>	<b>56</b>	<b>26 248</b>	<b>(1.1)</b>
Weighted average store area* (m <sup>2</sup> )		<b>26 098</b>			25 944	

\* Store area includes the trading area plus store rooms and back-office space.

# STAKEHOLDER ENGAGEMENT

STAKEHOLDER	WHY WE ENGAGE	MEANS OF ENGAGING
Retail customers	<ul style="list-style-type: none"> <li>- To obtain customer loyalty and achieve customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>- Customer feedback at stores</li> <li>- Customer feedback via helpdesk</li> <li>- Advertising and marketing through various media channels</li> <li>- Interaction with account holders of private label card via various communication channels</li> <li>- Use of social media and web-based channels to improve interaction</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>- To provide our shareholders with relevant, timeous and balanced information</li> </ul>	<ul style="list-style-type: none"> <li>- Integrated annual report</li> <li>- Annual financial statements</li> <li>- Interim reporting announcements</li> <li>- Annual general meeting</li> <li>- SENS announcements and circulars when applicable</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- To ensure that we attract and retain the relevant talent</li> <li>- To ensure that we have motivated employees</li> <li>- To increase our employee productivity</li> <li>- To ensure employee loyalty</li> </ul>	<ul style="list-style-type: none"> <li>- Performance management</li> <li>- Training programmes</li> <li>- Liaison committees</li> <li>- Competitive remuneration policy</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- To maintain a good relationship with our suppliers to ensure a long-term benefit for both parties, and ensure that our suppliers maintain a high ethical standard</li> <li>- To ensure that we receive a timeous supply of consistently high-quality merchandise</li> </ul>	<ul style="list-style-type: none"> <li>- Regular supplier interaction and correspondence</li> <li>- Supply agreements entered into</li> </ul>



## RISK MANAGEMENT

The directors and management recognise that certain risks are inherent in the achievement of the group's strategic objectives. A formal process is followed to identify, evaluate and develop appropriate strategies to mitigate and manage these risks. The key risks identified by the group are outlined in the risk committee report included in this integrated annual report.



## STRATEGY

The group has two key operating segments, these being retail and property.

### Retail segment

The group wishes to grow the Queenspark retail division by expanding the range of products offered in its retail outlets, by increasing the trading space within South Africa, by expanding the Queenspark franchise model in Africa and by selling products online. The retail segment manages its own "house of brands". The growth strategy encompasses organic growth of existing brands and the introduction of new internally-generated brands where feasible.

### Property segment

The group owns and leases commercial properties, some of which it intends to redevelop in the medium to long term.

A conservative approach to development of properties is to be applied. Group-owned properties are, where feasible, to be occupied (or part-occupied) by the group's operations.

# STRATEGIC OBJECTIVES – 2016

Report on the implementation of objectives during the year

## Retail segment

OBJECTIVES	PROGRESS
<b>Fashion/growth</b> Continue to focus on the organic growth of all ranges	Growth has been marginal, partly due to the regulatory changes to credit legislation and the tough economic and trading conditions in South Africa. The second half of the year was far more challenging than the first half as the regulatory changes to credit legislation took effect.
<b>Customers</b> Finalise the feasibility in relation to implementing an online sales platform	We have successfully launched a Queenspark "store within a store" on the Zando online sales platform. The turnover has met our expectations and growth for the future looks promising.
<b>Stores/franchise</b> At least two new stores to be opened during the year	Two new stores were opened, Greenstone and Mall of Africa. The Botswana franchise store was closed.
<b>Marketing</b> Continue to improve the customer data gathering and analysis process	Progress in this regard has been made during the year. The implementation of the new point-of-sale system (which was rolled out during the period January 2016 to July 2016) should assist in improving the capturing of certain customer data. This data will be analysed and used to make informed decisions.
Realign marketing resources based on updated customer data analysis	Marketing resources will be aligned to the customer data once it has been analysed.
<b>Financial</b> Continue to focus on key financial indicators	Trading during the second half of the year was tougher than expected. The weakening of the Rand in conjunction with the tougher economic environment put pressure on turnover and the gross margin.  This contributed to certain key financial targets not being met.
<b>Human resources</b> Implement the improved staff development process	A revised employee development process has been introduced.
Implement the head office incentive scheme	The head office employees received an incentive scheme payout in respect of the 2015 financial year.
<b>Sustainability</b> Continue to integrate sustainable development and environmental practices into certain business processes	Refer to the Social and Ethics Committee Report and the Environmental and Social Sustainability Report.
<b>Information technology</b> Ensure the successful implementation of the ERP system	The new ERP system went live at head office in October and the staggered roll-out to stores was completed in July 2016.  The many benefits to the system should be realised going forward.

STRATEGIC OBJECTIVES – 2016 continued

Property segment

OBJECTIVES	PROGRESS
<b>Development</b>	
Rex Trueform Office Park ("RTOP") – Let the remaining office space	A vacancy factor of 6% remained at June 2016 and this is likely to reduce during the 2017 financial year.
Prepare development feasibilities in respect of the two undeveloped properties	Development feasibilities continue to be prepared with a view to obtaining the targeted yields.  Heritage-related matters have delayed the finalisation of the feasibility in respect of the one property.
<b>Financial</b>	
Continue to provide improved returns on investments	The RTOP development has been a success. The full potential of the property segment will be achieved once the other properties have been developed.
<b>Sustainability</b>	
Integrate sustainable development and environmental practices into development plans where practical	Refer to the Social and Ethics Committee Report and the Environmental and Social Sustainability Report.



# STRATEGIC OBJECTIVES – 2017

Strategic initiatives for the 2017 year

## RETAIL SEGMENT

### Fashion/growth

- Continue to focus on the organic growth of all ranges
- Continue to differentiate within our product and brand lifestyles to appeal to a wider variety of customers
- Use the insights gained from the online sales platforms to appeal to new customers

### Customers

- Create a solid base of data to effectively analyse our customers
- Increase our credit and cash customer base
- Provide customers with an option to buy goods on lay-by

### Online

- Continue to grow the Zando platform as an online store
- Consider an additional online store, ideally appealing to new customers

### Credit

- Develop strategies to try and mitigate the negative impact of the regulatory changes to the credit legislation

### Franchise

- Investigate franchise opportunities in Africa

### Stores

- Open further stores in South Africa
- Transition our current Namibia franchise store into a Queenspark-owned corporate store
- Open further corporate stores in Namibia

### Marketing

- Continue to focus on the key message of affordable luxury
- Utilise the customer insights to focus on more segmented and targeted customer groups
- Aim to provide further brand consistency across all the channels from digital to in-store

### Information technology

- Implement continuous business improvement projects which includes utilising the additional features available in the new ERP system to improve the business

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## PROPERTY SEGMENT

### Development

- Prepare development feasibilities in respect of the two undeveloped investment properties

### Financial

- Continue to focus on return on investments

### Sustainability

- Integrate sustainable development and environmental practices into development plans where practical

## FIVE-YEAR REVIEW

### Group results

	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
<b>Turnover</b>	<b>537 588</b>	516 086	492 079	474 438	530 593
Cost of sales	<b>(248 937)</b>	(225 698)	(249 774)	(231 176)	(246 182)
<b>Gross profit</b>	<b>288 651</b>	290 388	242 305	243 262	284 411
Other income	<b>15 726</b>	17 029	5 585	3 079	2 937
<b>Trading expenses</b>	<b>(292 854)</b>	(277 483)	(265 192)	(265 479)	(260 731)
<b>Operating profit/(loss)</b>	<b>11 523</b>	29 934	(17 302)	(19 138)	26 617
Dividends received	<b>20</b>	18	16	13	13
Interest income	<b>5 292</b>	3 493	3 527	6 427	8 133
Interest expense	<b>(172)</b>	(163)	(201)	(189)	(272)
<b>Profit/(loss) before tax</b>	<b>16 663</b>	33 282	(13 960)	(12 887)	34 491
Income tax expense	<b>(4 903)</b>	(9 470)	3 929	3 389	(10 711)
<b>Profit/(loss) for the year</b>	<b>11 760</b>	23 812	(10 031)	(9 498)	23 780
<b>Profit/(loss) attributable to ordinary and "N" ordinary shareholders</b>	<b>11 743</b>	23 795	(10 048)	(9 515)	23 763



## Group results

	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
<b>STATEMENT OF CASH FLOWS</b>					
Operating profit/(loss) before working capital changes	38 257	51 620	3 091	(1 654)	45 456
Working capital changes	3 947	4 855	9 137	(18 206)	5 157
<b>Cash generated/(utilised) by operating activities</b>	<b>42 204</b>	<b>56 475</b>	<b>12 228</b>	<b>(19 860)</b>	<b>50 613</b>
Interest received	5 292	3 493	3 527	6 427	8 133
Interest paid	(172)	(163)	(201)	(189)	(272)
Dividends paid	(12 571)	(17)	(12 567)	(12 567)	(10 659)
Dividends received	20	18	16	13	13
Income tax paid	(5 630)	(782)	736	(784)	(10 255)
STC paid	–	–	–	–	(1 073)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>29 143</b>	<b>59 024</b>	<b>3 739</b>	<b>(26 960)</b>	<b>36 500</b>
<b>Net cash outflows from investing activities</b>	<b>(27 748)</b>	<b>(34 627)</b>	<b>(46 814)</b>	<b>(35 805)</b>	<b>(24 474)</b>
<b>Net cash inflows from financing activities</b>	<b>–</b>	<b>–</b>	<b>57</b>	<b>263</b>	<b>309</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1 395</b>	<b>24 397</b>	<b>(43 018)</b>	<b>(62 502)</b>	<b>12 335</b>
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>Assets</b>					
Non-current assets	155 705	151 146	142 159	114 458	90 263
Current assets	182 984	174 235	151 717	203 416	238 617
<b>Total assets</b>	<b>338 689</b>	<b>325 381</b>	<b>293 876</b>	<b>317 874</b>	<b>328 880</b>
<b>Equity and liabilities</b>					
Ordinary shareholders' interest	260 438	260 798	237 033	259 473	281 258
Preference share capital	280	280	280	280	280
Total equity	260 718	261 078	237 313	259 753	281 538
Non-current liabilities	21 897	20 916	15 110	15 508	14 961
Current liabilities	56 074	43 387	41 453	42 613	32 381
<b>Total equity and liabilities</b>	<b>338 689</b>	<b>325 381</b>	<b>293 876</b>	<b>317 874</b>	<b>328 880</b>

## FIVE-YEAR REVIEW continued

### Group ratios

		<b>2016</b>	2015	2014	2013	2012
<b>Returns</b>						
Return on equity	(%)	<b>4.5</b>	9.6	(4.0)	(3.5)	8.7
Return on capital	(%)	<b>6.5</b>	13.4	(5.5)	(4.7)	12.6
Return on assets	(%)	<b>5.0</b>	10.7	(4.6)	(3.9)	10.6
<b>Productivity</b>						
Total asset turn	(times)	<b>1.6</b>	1.7	1.6	1.5	1.6
Gross margin	(%)	<b>53.7</b>	56.3	49.2	51.3	53.6
Operating margin	(%)	<b>2.1</b>	5.8	(3.5)	(4.0)	5.0
EBITDA margin	(%)	<b>7.5</b>	10.8	1.9	1.0	10.6
Profit/(loss) margin before tax	(%)	<b>3.1</b>	6.4	(2.8)	(2.7)	6.5
Inventory turn	(times)	<b>3.8</b>	3.0	2.9	3.1	3.7
Effective tax rate	(%)	<b>29.4</b>	28.5	28.1	26.3	31.1
<b>Solvency and liquidity</b>						
Total liabilities to total equity	(%)	<b>29.9</b>	24.6	23.8	22.4	16.8
Current ratio	:1	<b>3.3</b>	4.0	3.7	4.8	7.4
Acid test ratio	:1	<b>2.2</b>	2.4	1.7	2.7	5.5
Dividend cover	(times)	<b>2.0</b>	1.7	–	(0.8)	2.0
<b>Annual growth</b>						
Turnover	(%)	<b>4.2</b>	4.9	3.7	(10.6)	4.4
Operating profit/(loss)	(%)	<b>(61.5)</b>	273.0	9.6	171.9	40.1
Profit/(loss) for the year	(%)	<b>(50.6)</b>	337.4	(5.6)	139.9	35.4

# RETAIL SEGMENT RESULTS

three-year analysis

		2016	2015	2014
<b>Retail turnover</b>	(R'000)	<b>537 588</b>	516 086	492 079
Sale of merchandise at retail stores	(R'000)	<b>525 504</b>	504 883	479 423
Sales to franchisees	(R'000)	<b>8 580</b>	11 012	12 220
Export, other and online turnover	(R'000)	<b>3 504</b>	191	436
<b>Returns</b>				
Operating profit/(loss)	(R'000)	<b>9 372</b>	26 807	(14 046)
Operating assets at year-end	(R'000)	<b>223 584</b>	216 705	203 295
Return on average operating assets	(%)	<b>4.3</b>	12.8	(6.7)
<b>Annual growth</b>				
Retail segment turnover	(%)	<b>4.2</b>	4.9	3.7
Sale of merchandise at retail stores	(%)	<b>4.1</b>	5.3	4.0
Operating (loss)/profit	(%)	<b>(65.0)</b>	290.9	(4.8)
<b>Productivity</b>				
Sale of merchandise per full-time equivalent ("FTE")	(R'000)	<b>947</b>	883	820
Sale of merchandise per store	(R'000)	<b>9 060</b>	9 016	8 561
Sales trading density	(R)	<b>20 135</b>	19 460	17 988
Total asset turn	(times)	<b>2.4</b>	2.4	2.3
Gross margin	(%)	<b>53.7</b>	56.3	49.2
Operating margin	(%)	<b>1.7</b>	5.2	(2.9)
Inventory turn	(times)	<b>3.8</b>	3.0	2.9
<b>Operating statistics</b>				
Total number of FTE employees (closing)		<b>555</b>	572	585
Total number of Queenspark stores excluding franchisees		<b>58</b>	56	56
Total number of franchise stores		<b>2</b>	3	4
Total weighted average store area, excluding franchisees	(m <sup>2</sup> )	<b>26 098</b>	25 944	26 653
Trading expenses as a % of retail turnover	(%)	<b>52.0</b>	51.2	52.3
Depreciation costs as a % of retail turnover	(%)	<b>3.7</b>	3.9	4.5
Employment costs as a % of retail turnover	(%)	<b>17.1</b>	16.7	17.4
Occupancy costs as a % of retail turnover	(%)	<b>19.4</b>	20.2	19.6
Other operating costs as a % of retail turnover	(%)	<b>11.7</b>	10.4	10.8

# SHARE PERFORMANCE

		2016	2015	2014	2013	2012
Earnings/(loss) per share	(cents)	<b>57.1</b>	115.6	(48.8)	(46.3)	116.1
Headline earnings/(loss) per share	(cents)	<b>54.1</b>	102.0	(41.0)	(47.4)	123.7
Proposed dividend per ordinary share	(cents)	<b>27.0</b>	61.0	–	61.0	61.0
Dividend declared per ordinary share	(cents)	<b>61.0</b>	–	61.0	61.0	52.0
Dividend cover-based on headline (loss)/earnings	(cents)	<b>2.0</b>	1.7	–	(0.8)	2.0
Total number of shares in issue	(000's)	<b>20 642</b>	20 642	20 642	20 642	20 642
Total number of shares in issue (net of treasury shares)	(000's)	<b>20 582</b>	20 582	20 582	20 575	20 531
Weighted average number of shares in issue (net of treasury shares)	(000's)	<b>20 582</b>	20 582	20 574	20 555	20 469
Weighted average shareholder return	(%)	<b>17.4</b>	(5.9)	(17.2)	(2.8)	61.5
Net asset value per share	(cents)	<b>1 265</b>	1 267	1 152	1 261	1 370
Ratio closing price/net asset value						
– Ordinary shares		<b>1.3</b>	1.0	1.0	1.3	1.3
– "N" ordinary shares		<b>0.9</b>	0.9	1.0	1.2	1.2
<b>Ordinary shares</b>						
Market price per share						
– at year-end	(cents)	<b>1 600</b>	1 255	1 150	1 600	1 740
– high	(cents)	<b>1 600</b>	1 255	1 600	1 950	1 750
– low	(cents)	<b>900</b>	1 200	1 150	1 380	1 250
Shares traded						
– value	(R'000)	<b>490</b>	21	42	267	283
– volume	(000's)	<b>35</b>	2	4	15	17
Shares in issue	(000's)	<b>2 906</b>	2 906	2 906	2 906	2 906
Percentage traded	(%)	<b>1.2</b>	0.1	0.1	0.5	0.6
Closing price/headline earnings/(loss)	(ratio)	<b>29.6</b>	12.3	(28.1)	(33.7)	14.1
Closing dividend yield – proposed dividend	(%)	<b>1.7</b>	4.9	–	3.8	3.5
<b>"N" ordinary shares</b>						
Market price per share						
– at year-end	(cents)	<b>1 200</b>	1 100	1 200	1 500	1 600
– high	(cents)	<b>1 250</b>	1 250	1 200	9 999	1 700
– low	(cents)	<b>1 095</b>	540	850	1 500	1 000
Shares traded						
– value	(R'000)	<b>1 884</b>	344	1 241	3 489	3 214
– volume	(000's)	<b>159</b>	35	126	159	197
Shares in issue	(000's)	<b>17 736</b>	17 736	17 736	17 736	17 736
Percentage traded	(%)	<b>0.9</b>	0.2	0.7	0.9	1.1
Closing price/headline earnings/(loss)	(ratio)	<b>22.2</b>	10.8	(29.3)	(31.6)	12.9
Closing dividend yield – proposed dividend	(%)	<b>2.3</b>	5.5	–	4.1	3.8
<b>Market capitalisation</b>						
– Ordinary shares	(R million)	<b>46.5</b>	36.5	33.4	46.5	50.6
– "N" ordinary shares	(R million)	<b>212.8</b>	195.1	212.8	266.0	283.8
– Total	(R million)	<b>259.3</b>	231.6	246.2	312.5	334.4

## GROUP DEFINITIONS

Return on equity:	(Loss)/profit attributable to ordinary and "N" ordinary shareholders divided by average ordinary shareholder's interest
Return on capital:	Total group (loss)/profit before interest paid and tax divided by average total net assets
Return on assets:	Total group (loss)/profit before interest paid and tax divided by average total assets
Total asset turn:	Total group turnover divided by average total assets
Gross margin:	Gross profit divided by turnover
Operating margin:	Operating (loss)/profit divided by turnover
EBITDA margin:	Earnings before interest expense, tax, depreciation and amortisation divided by turnover
Inventory turn:	Total group cost of sales for the year divided by average inventory
Effective tax rate:	Income tax expense divided by profit before tax
Total liabilities to equity:	Total closing liabilities divided by total closing equity
Current ratio:	Total closing current assets divided by total closing current liabilities
Acid test ratio:	Total closing current assets less closing inventories divided by total closing current liabilities
Dividend cover:	Headline (loss)/earnings per share divided by total ordinary dividends proposed for the year
Weighted average number of shares in issue:	The number of shares in issue at the beginning of the year increased by shares issued during the year, and decreased by shares repurchased during the year, weighted on a time basis for the period during the year in which they were in issue.
Weighted average shareholder return:	Weighted average share price at the end of the year minus the weighted average share price at the beginning of the year plus dividends declared, divided by the weighted average share price at the beginning of the year
Net asset value per share:	Net assets divided by the number of shares in issue (net of treasury shares) at the end of the reporting period.
Market capitalisation:	The closing share price at year-end as per the JSE multiplied by the total number of shares in issue at the end of the year.

## RETAIL SEGMENT DEFINITIONS

Return on average operating assets:	Operating (loss)/profit from the retail segment divided by average total assets of retail segment
Sales trading density:	Sale of merchandise at retail stores divided by the weighted average store area (square metres)
Total asset turn:	Retail segment turnover divided by average total retail segment assets
Inventory turn:	Cost of sales for the year from retail segment divided by average inventory from retail segment
Operating margin:	Retail segment operating (loss)/profit divided by retail segment turnover
Gross margin:	Retail segment gross profit divided by retail segment turnover
Sale of merchandise per store:	Sale of merchandise at retail stores divided by number of retail stores (excluding franchise stores) at year-end

# VALUE ADDED STATEMENT

		GROUP	
		2016	2015
		R'000	R'000
Notes			
	Turnover	537 588	516 086
	Rental income	14 185	11 417
	Royalties	991	1 228
	Interest income	5 292	3 493
	Dividends received	20	18
	Profit on sale of property	–	3 864
	Management fee income	550	520
	Paid to suppliers for goods and services	(418 219)	(387 159)
	<b>Value added</b>	<b>140 407</b>	<b>149 467</b>
	Applied as follows:		
	<b>Employees</b>		
	Remuneration to employees	99 988	93 798
	<b>Taxation and duties</b>		
	Income tax	4 840	623
	<b>Providers of capital</b>		
	To lenders as finance charges	172	163
	To shareholders as dividends and share premium reduction	12 571	17
	<b>Reinvested</b>		
	Reinvested in group to finance future expansion and growth	22 836	54 866
	<b>Total</b>	<b>140 407</b>	<b>149 467</b>
	Notes to the value added statement		
	<b>1. Reinvested in group to finance future expansion and growth</b>		
	Depreciation and amortisation	23 584	22 224
	Deferred tax	63	8 847
	Retained income	(811)	23 795
		<b>22 836</b>	<b>54 866</b>
	<b>2. Taxation channelled through the group</b>		
	Taxation as above	4 840	623
	Net value added tax	13 999	15 864
	Employees' taxation	15 017	12 657
		<b>33 856</b>	<b>29 144</b>





## DIRECTORATE



Michael Laurence Krawitz (77)

*Diploma in Law and Higher Diploma in Tax Law*

**NON-EXECUTIVE CHAIRMAN**

Non-executive chairman of African and Overseas Enterprises Limited, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited

Appointed to the board 2003

No other significant directorships



Catherine Elizabeth Anne Radowsky (49)

*BA*

**CHIEF EXECUTIVE OFFICER**

Director of African and Overseas Enterprises Limited, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited

Appointed to the board 1999

No other significant directorships



Damian Steven Johnson (48)

*BCompt (Hons), CA (SA)*

**EXECUTIVE FINANCIAL DIRECTOR**

Director of African and Overseas Enterprises Limited, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited

Appointed to the board 2009

No other significant directorships



Marcel Jonathan Anthony Golding (56)

*BA (Hons)*

**NON-EXECUTIVE DIRECTOR**

Director of African and Overseas Enterprises Limited, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited

Appointed to the board 2016

Other significant directorships: Tsogo Sun Holdings Limited, KVV Holdings Limited and Geomer Investments Proprietary Limited



## EXECUTIVE



**Patrick Martin Naylor (70)**

*BSc (Eng)*

### **LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR**

Director of African and Overseas Enterprises Limited, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited

Appointed to the board 2003

Other significant directorship: Fruitways Group Proprietary Limited

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**Romain Victor Orlin (74)**

*BA (Econ) (Wits)*

### **INDEPENDENT NON-EXECUTIVE DIRECTOR**

Director of African and Overseas Enterprises Limited, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited

Appointed to the board 2009

Other significant directorship: Investec Import Solutions Proprietary Limited

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**Humphrey John Borkum (71)**

### **INDEPENDENT NON-EXECUTIVE DIRECTOR**

Director of African and Overseas Enterprises Limited, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited

Appointed to the board 2015

No other significant directorships

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### **Catherine Radowsky (49)**

BA  
Chief executive officer  
Joined the group 1991

### **Damian Johnson (48)**

BCompt (Hons), CA (SA)  
Finance director  
Joined the group 2004

### **Gordon Bradley (60)**

Distribution and property executive  
Joined the group 1976

### **Andrew Gast (50)**

BA  
Merchandise executive  
Joined the group 2012

### **Anton Prinsloo (56)**

Operations executive  
Joined the group 2006

### **Matthew Mueller (53)**

BCom  
Information technology executive  
Joined the group 2014

### **Lindsey Johnson (48)**

BA, BCompt  
Sourcing executive  
Joined the group 1992

### **Adam Snitcher (36)**

LLB  
Company secretary and group legal adviser  
Joined the group 2013

### **Gayle Momsen (45)**

Retail property and franchise executive  
Joined the group 2014

### **Juanita Dixon (45)**

N.D.I.A  
Human resources executive  
Joined the group 2013

Note: Patricia Shub was a non-executive director of the company until her retirement in August 2016. In September 2016 Marcel Golding was appointed as a director of the company by the board in order to fill the vacancy arising from the retirement of Patricia Shub.

"THE GROUP HAS SUCCESSFULLY DEVELOPED THE REX TRUEFORM OFFICE PARK LOCATED IN SALT RIVER, CAPE TOWN."



## CHAIRMAN'S REPORT

### Overview

The group's performance was disappointing, mainly due to the performance of the retail segment, which was impacted by the challenging economic environment.

Group revenue increased by 4.1% to R558.6 million (2015: R536.6 million). The operating profit decreased by 61.5% to R11.5 million (2015: R29.9 million). Profit after tax decreased by 50.6% to R11.8 million (2015: R23.8 million) resulting in the earnings per share decreasing by 50.6%.

As a result of the performance of the group the directors have proposed a distribution of 27 cents in respect of the 2016 year (2015: 61 cents) per share in respect of the ordinary and "N" ordinary shares. Shareholders will be asked to approve this proposal of the board at the annual general meeting of the company.

### The economic environment

During the year the economic environment was difficult because of the sluggish economy, significant Rand fluctuations, increased living costs, increased interest rates, and regulatory changes to credit legislation, which together impacted

the retail business, which factors are still of concern going forward.

### Governance

The board is fully committed to the principles and practice of sound governance which are promoted by King III and the Companies Act 71 of 2008 (as amended) ("the Companies Act"). We endeavour to maintain a culture of good corporate governance and are substantially compliant with those aspects of King III material to the effective corporate governance of the group.

### Integrated reporting

We continue to provide an integrated annual report as promoted in King III. We have chosen to present our integrated annual report to our stakeholders in a combined document which incorporates the information about the operations of the group, corporate matters, sustainability matters and summaries of key financial information. The full set of annual financial statements of the company and the group can be found on the company's website.

### Prospects

#### Retail

Various initiatives will be introduced going forward with a view to

improving turnover, however the retail business is likely to continue to operate in a difficult economic and regulatory environment which will continue to impact the business in the short term.

### Property

The company has successfully developed the Rex Trueform Office Park located in Salt River (Cape Town) and intends to develop its two remaining investment properties over the medium term.

### Acknowledgements

I wish to thank the CEO, Catherine Radowsky, and all employees for their contribution to the group, especially under these difficult trading conditions.

I thank my fellow directors for their valued contributions during the year. I wish Pat Shub well in her retirement and thank her for the many years of service. I also welcome Marcel Golding to the board of the company.

**Michael Krawitz**

Chairman

26 September 2016

A photograph of a man with short dark hair and a light beard, wearing a white button-down shirt and blue patterned trousers. He is looking off to the side with a thoughtful expression. The background is a plain, light-colored wall.

"THE GROUP IMPLEMENTED A NEW ENTERPRISE RESOURCE PLANNING INFORMATION TECHNOLOGY SYSTEM ("ERP") DURING THE YEAR. THE COMPANY IS LOOKING FORWARD TO RECEIVING THE BENEFITS THEREFROM."



## CHIEF EXECUTIVE OFFICER'S REVIEW

The group's performance unfortunately did not meet expectations. The performance of the retail segment was significantly impacted by reduced consumer confidence and spending, which in turn was adversely impacted by, amongst other things, the unseasonably warm winter, the sluggish economy, the increase in living costs, the increase in interest rates and regulatory changes to credit legislation introduced during the year.

Group revenue increased by 4.1% to R558.6 million (2015: R536.6 million). The gross profit generated from the retail segment decreased by 0.6% to R288.7 million (2015: R290.4 million). Trading expenses were contained and increased by 5.5%.

The above resulted in the operating profit decreasing by 61.5% to R11.5 million (2015: R29.9 million). Excluding the prior year profit on sale of the Atlantis property, the operating profit decreased by 55.8%. Profit after tax decreased by 50.6% to R11.8 million (2015: R23.8 million).

Summarised details of the financial performance of the group are contained in the abridged group financial statements, the Financial Director's Report and the Five-year Review, all of which are available in this integrated annual report.

### Retail (Queenspark)

Turnover increased by a modest 4.2%, with the regulatory changes to credit legislation mostly impacting the second half of the year. The gross profit margin decreased to 53.7% (2015: 56.3%) impacted by the weakening of the Rand.

This led to the decrease in operating profit which amounted to R9.4 million (2015: R26.8 million).

Further details of the Queenspark retail segment trading results, brands and trading footprint can be found within this integrated annual report.

During the year the company successfully implemented a new enterprise resource planning information technology system. Management can now focus on extracting value therefrom.

During the 2016 financial year the company started selling its products on the Zando website and results so far have been promising. This new initiative enables the business to service a larger client base. Various other initiatives are to be introduced going forward with a view to improving turnover. One such initiative is the introduction of lay-by sales.

The year ahead is expected to be challenging due to the tough economic trading conditions and credit legislation which, amongst other things, will continue to be of concern to customers.

### Property

The property segment has produced a pleasing result. The operating profit of this segment amounted to R8.5 million (2015: R7.8 million, which included the R3.9 million profit on sale of the non-strategic property located in Atlantis). Excluding the impact of the prior year sale of the Atlantis property, the segment operating profit increased by 113.3%. This improvement is a result of the development of the Rex Trueform Office Park which has proved to be a success.

The group continues to consider various development options in respect of its two other investment properties, the development of which is expected over the medium term.

### Appreciation

I would like to take this opportunity to thank staff members for their contribution to the successful implementation of the ERP system, which should add value to the group going forward. I would also like to thank all staff for their continued commitment to the business.

The group receives a high level of support and input from suppliers, service providers and consultants and I would also like to take this opportunity to thank them for this.

The involvement, advice and encouragement of the non-executive board members is highly valued, and I wish to extend my appreciation to them. Pat Shub has decided after many years to retire. Pat has provided much support, guidance and mentorship over the years for which I am very appreciative. I would like to welcome Marcel Golding to the board. Marcel's skills and experience will be highly valued.

Finally, I would like to thank the non-executive chairman of the group, Michael Krawitz, for his continued leadership, advice and support provided to myself, the directors and senior executives.

**Catherine Radowsky**  
Chief Executive Officer

26 September 2016



## FINANCIAL DIRECTOR'S REPORT

### Introduction

#### Group

The group's performance was disappointing mainly due to the performance of the retail segment. Group revenue increased by 4.1% to R558.6 million (2015: R536.6 million). Group headline earnings per share decreased by 47.0% to 54.1 cents for the year (2015: 102.0 cents). The results reflected the decline in return on equity, which reduced to 4.5%.

#### Retail

The retail market has been challenging due to low consumer confidence and spending. Turnover increased by a modest 4.2%, with the regulatory changes to credit legislation mostly impacting the second half of the year. Queenspark, while operating in a challenging market, produced an operating profit of R9.4 million compared to a R26.8 million operating profit in the prior period. This reduction in profit was partly due to the lower gross margin, which decreased to 53.7% (2015: 56.3%).

Further details of the Queenspark retail segment trading results, brands, trading footprint and strategy can be found within this integrated annual report.

#### Property

The operating profit of this segment amounted to R8.5 million (2015: R7.8 million). Excluding the impact of the prior year profit on sale of the Atlantis property, the segment operating profit increased by 113.3%. This improvement is largely due to

the successful development of the Rex Trueform Office Park which is almost fully let.

### Financial performance

This review of the group's consolidated financial performance for the year ended 30 June 2016 should be read in conjunction with the annual financial statements, the Five-year Review as well as the Retail Segment Results.

### Group statement of comprehensive income

**Revenue**  
Total revenue comprising turnover, rental income, royalties, interest, dividends, management fees and profit of sale of the property in the prior period increased by 4.1% to R558.6 million (2015: R536.6 million).

#### Turnover

The group's retail operation's turnover increased by 4.2% to R537.6 million (2015: R516.1 million). The turnover in the second half of the year was substantially lower than the first half.

#### Other income

Other income, which includes rental income, decreased by 7.7%. Other income increased by 19.5% if the prior year R3.9 million profit on the sale of the Atlantis property is excluded. This increase is mainly a result of the additional income generated by the Rex Trueform Office Park.

#### Gross profit

Gross profit, which is derived from the retail segment, decreased by 0.6% to R288.7 million (2015:

R290.4 million). The gross margin, being gross profit as a percentage of sales, decreased to 53.7% (2015: 56.3%). The weakening of the Rand negatively influenced the gross margin, as certain products are imported.

#### Trading expenditure

Group trading expenditure amounting to R282.9 million increased by 5.5% as the group continued to focus on tight cost control. Group service costs increased by 34.1% to R6.3 million (2015: R4.7 million). This increase included the once-off corporate costs relating the recent comparable offer made by a consortium to the company's ordinary and "N" ordinary shareholders. Excluding the once-off costs the group service costs increased by 7.9%.

#### Operating profit

The group operating profit decreased by 61.5% to R11.5 million (2015: profit of R29.9 million). The prior year operating profit includes an amount of R3.9 million in respect of the profit on sale of the Atlantis property. Excluding the prior year profit on sale of the Atlantis property, the operating profit decreased by 55.8%.

#### Interest income

Interest received increased during the year to R5.3 million (2015: R3.5 million) mainly due to the increase in interest rates.

#### Profit for the year

Profit after tax decreased by 50.6% to R11.8 million (2015: R23.8 million)

resulting in the earnings per share decreasing by 50.6%.

## Statement of financial position

### Equity and reserves

The group's capital and reserves decreased marginally to R260.7 million (2015: R261.1 million) and was reduced by the dividend paid of R12.6 million.

### Inventory

Inventory levels were 12.5% lower at year-end when compared with the corresponding year-end, contributing to an improved inventory turn of 3.8 (2015: 3.0).

### Cash on hand/cash utilisation

The group generated positive cash flows from operations of R42.2 million compared to R56.5 million in 2015. The cash and cash equivalents increased to R81.5 million at year-end (2015: R80.1 million).

Investment in capital expenditure of R28.0 million was incurred of which R25.1 million related to the retail segment. The retail segment capital expenditure mainly related to the refurbishment of stores, new stores, and new IT hardware and software.

## Shareholder distribution

The directors have proposed a dividend of 27 cents per share in respect of the 2016 financial year based on dividend cover of two times headline earning per share which, if approved at the AGM, will be paid in December 2016.

## Financial risk management

The group is exposed to a range of financial risks through its business activities, including market risk (currency risk, interest rate risk and

price risk), credit risk and liquidity risk. The group's exposure to these risks and the policies managing the risks are detailed in the annual financial statements.

## Looking ahead – 2017

### Retail segment

The group is considering further initiatives, which will mainly focus on improving turnover growth in this challenging market. Refer to the strategic objectives reports for further detail. The group implemented a new enterprise resource planning information technology system ("ERP") during the year. The company is looking forward to receiving the benefits therefrom.

### Property segment

The group holds three investment properties located in Salt River, Cape Town. The development of the Rex Trueform Office Park has been a success and management is now concentrating on the potential development over the medium term of the two remaining investment properties.

## Appreciation

I would like to thank all staff involved in the successful ERP implementation. The process of implementation was very time-consuming but also rewarding.



**Damian Johnson**  
Financial Director

26 September 2016

# HUMAN CAPITAL AND REMUNERATION REPORT

## THE GROUP RECOGNISES THAT EMPLOYEES PLAY AN ESSENTIAL ROLE IN ITS OPERATIONS.

Accordingly the training, development and motivation of staff at all levels, together with management's responsibility for their health and safety in the workplace, continues to receive a high level of attention. The employees employed in the group are employed in the subsidiary companies and therefore this report includes matters relating to the group employees.

### Remuneration policy

The group's policy is to remunerate executives and employees fairly in relation to the market and the nature of the services they provide. The group's intention is to ensure the promotion of a performance-based culture across the business to ensure that the group meets its operational, financial and strategic objectives.

The group looks to attract, motivate and retain talented employees and remuneration therefore needs to be competitive owing to the portability of skills. Market information is sourced from industry-specific and generic remuneration surveys obtained on a regular basis. Remuneration packages are determined by considering market benchmarks, the company's financial performance, the importance of a particular position relative to the

group's business, the required skill set, job-specific experience and the performance and contribution of individual incumbents.

The remuneration of non-executive directors is reviewed on an annual basis.

### Employee remuneration

Group remuneration packages for the majority of permanent employees comprise a mix of the following: a base salary, job-specific allowances, performance-linked incentives, bonuses, retirement funding and health care contributions. Another benefit is a discount on store purchases.

Group remuneration levels are reviewed annually.

Annual increases are implemented in July each year per the annual salary review process.

Retail store operational employees participate in the Queenspark store incentive scheme, which rewards those employees on a quarterly basis for meeting predetermined financial performance criteria, including sales and profitability targets. The group has developed a short-term incentive scheme which will accommodate certain employees who do not participate in the store incentive scheme.

Group employees (in terms of the fund rules) are required to join the Alexander Forbes Retirement Umbrella Fund ("the Fund") in which the group participates. The Fund includes both a pension and a provident scheme. Risk benefits such as death, disability and funeral cover are provided through membership of the Fund.

The group participates in medical aid schemes in which staff are entitled to participate.

Wage and substantive conditions of employment are negotiated with the Southern African Clothing and Textile Workers' Union for employees forming part of the distribution centre bargaining unit.

### Executive remuneration

The remuneration of the group's executive directors is set out in the notes to the annual financial statements. Group executive remuneration packages include a mix of the following: a base salary, incentive, health care contribution and retirement funding.

Executive directors do not receive payments of director's fees in respect of meetings attended. The group has developed an executive short-term incentive scheme. Certain key members of executive management participate in the group share option scheme which is detailed in the notes to the annual financial statements.



## Key management personnel

Key management personnel are those that have authority and responsibility for planning, directing and controlling the activities of the group. Further details can be found in the notes to the annual financial statement. The company has determined that it has no prescribed officers, or key management personnel other than its directors. The remuneration in respect of the current year accordingly only reflects remuneration paid to directors.

The total group remuneration of key management personnel is as follows:

	Basic salary R'000	Bonus and performance-related payments R'000	Value of other benefits R'000	Retirement fund contributions R'000	Directors' fees R'000	Fees for other services R'000	Total 2016 R'000	Total 2015 R'000
Executive directors	4 334	247	110	261	–	–	4 952	4 839
Non-executive directors	–	–	–	–	2 271	515	2 786	2 369
Total	4 334	247	110	261	2 271	515	7 738	7 208

## Non-executive directors' remuneration

Non-executive directors are paid a base fee for their services as directors. Fees are based on an assessment of, amongst other things, the non-executive directors' time commitment and increased regulatory and governance obligations.

Fees paid to the non-executive directors for the 2016 reporting period are outlined in the notes to the annual financial statements.

The remuneration of non-executive directors is reviewed annually by the remuneration committee and recommended to shareholders for approval at the relevant annual general meeting.

The following fees for the period 1 July 2015 to 30 June 2017 were approved by way of a special resolution at the previous annual general meeting. The revised fees for the period 1 July 2016 to 30 June 2017 and a fee for the period 1 July 2017 to 30 June 2018 as set out below have been proposed and will be submitted to shareholders for approval as per the notice of annual general meeting, together with a once-off fee of R100 000 which is proposed to be paid to the independent non-executive directors of the company who were members of the independent board of the company constituted in terms of the Companies Act, as read with the Regulations thereto, for the purposes of, amongst other things, the consideration of the comparable offer made by a consortium for all of the ordinary and "N" ordinary shares in the issued share capital of the company not already owned by such consortium.

Fees for services rendered to Rex Trueform Clothing Company Limited as non-executive directors	Financial years			
	Proposed 2018 R	Revised Proposed 2017 R	Approved 2017 R	Approved 2016 R
Chairman of the board	688 107	688 107	649 158	606 690
Lead independent director	304 612	304 612	287 370	268 570
Director	285 195	285 195	269 052	251 450
Chairman of the audit committee	84 952	84 952	80 143	74 900
Member of the audit committee	64 927	64 927	61 252	57 245
Chairman of the retirement fund	97 087	97 087	91 592	85 600
Member of the risk committee	84 952	84 952	80 143	74 900
Chairman of the social and ethics committee	64 927	64 927	61 252	57 245
Member of the social and ethics committee	52 184	52 184	49 230	46 010

### Employee equity

The group remains fully committed to the implementation of the provisions of the Employment Equity Act and employment equity is accordingly a business priority to ensure an integrated and diverse workplace that is truly representative of the demographics of South Africa. In this regard the group provides equal opportunities and has a strong culture of internal promotion and upliftment for its employees.

### Skills development

Close attention is paid by management and employee representatives to meeting the challenges of accelerated employee growth and development, as set out in the Department of Labour's National Skills Development Strategy. In terms of the Skills Development Act, incentives are offered to group employers who systematically train and develop their personnel, and the group has participated in available skills development programmes.

Employees play a key role in the success of the operations of the group. Accordingly the training, development and motivation of personnel at all levels continue to receive high priority. Training programmes were increased during the year for all levels of employees and the implementation of the ERP system also required substantial training efforts.

### Occupational health and safety

The group is committed to ensuring a safe and healthy working environment for all its employees and the group is regularly assisted by an independent consultant in this respect.



# ENVIRONMENTAL AND SOCIAL SUSTAINABILITY REPORT

## Corporate social responsibility

The group acknowledges its corporate social responsibility, that is, its duty to contribute to both the society and to the community within which it operates. Please refer to the Social and Ethics Committee Report for further details regarding social responsibility.

## Environment

The group acknowledges that its operations have an impact on the natural environment, both directly through electricity, fuel and materials consumed in its operations and indirectly through impacts associated with the production, use and end-of-life disposal of the products it sells.

The impacts of initiatives have not been measured and we therefore provide only a general narrative on some of the key areas in respect of which positive steps have been taken by the group.

### Electricity and water

The group is a user of electricity and water throughout its operations. The group has taken the following steps in an attempt to better manage its electricity and water consumption:

- Rex Trueform Office Park. The development of the Rex Trueform Office Park is complete and various water and energy-

saving measures have been instituted, including:

- movement sensors (where practical) which modify lighting requirements in an endeavour to ensure that electricity is not utilised unnecessarily;
- energy-saving light fittings and bulbs have been installed, where practical; and
- bathroom washbasin sensors have been installed to regulate the water consumption in an endeavour to ensure that water is not utilised unnecessarily.

### “Green” store design initiatives

When designing and building new stores, the group continues to implement a number of “green” environmentally friendly initiatives relating to lighting, paint, shopfitting, flooring and signage. In this respect we take guidance from consultants who consider local and international practices.

### Fuel

The main area of fuel consumption relates to freight services provided by third parties. Fuel management in respect thereof is the responsibility of the service provider.

### Recycling and disposal of waste

The major forms of waste in the business are paper, cardboard and

plastic packing materials. Procedures relating to recycling or disposal have been instituted as follows:

- clothing hangers are sorted and cleaned by an outside agency before being returned to the merchandise distribution centre for reuse;
- cardboard cartons are reused until they are deemed unusable;
- cardboard and paper waste is mostly sold to recycling agencies;
- wastage at retail stores has, where practical, been contained to a minimum and is managed by shopping centre disposal processes;
- plastic bags issued at retail stores are durable and reusable; and
- a waste recycle programme has recently been implemented in respect of the Rex Trueform Office Park.

### Printing of documents

Where practical, the group endeavours to file documents electronically as opposed to retaining printed copies. The group will continue to investigate measures that may result in the reduction of printed documents.

## CORPORATE GOVERNANCE REPORT

### Statement of commitment

The directors subscribe to the principles of corporate governance as set out in King III, as read with the Companies Act and the Listings Requirements of the JSE Limited ("Listings Requirements").

The directors therefore recognise the need to conduct the business of the company with integrity and responsibility and are committed to the application of high ethical standards in the conduct of the business.

The company is, however, continually engaged in reassessing its compliance with the principles of corporate governance contained in King III and working to improve compliance where it is deemed appropriate. The board endeavours to ensure either the application of the King III principles, or explanation, in accordance with the "apply or explain" approach contemplated in King III.

Where, to the extent applicable, the board has elected not to apply

or has yet to apply a particular recommended principle, or where an alternative practice has been applied which achieves a similar result, the board is able to explain the reasons therefor. Where principles which the board considers appropriate and useful have not yet been addressed, action is being taken to ensure future compliance.

### Application of King III

The board is of the opinion that the company is substantially compliant with those aspects of King III that are material to the effective corporate governance of the company.

The company's full King III compliance checklist is available on the company's website at [www.rextrueform.com](http://www.rextrueform.com).

The 27 principles in respect of chapter 2 of King III are noted in the adjacent table. General non-compliance or part-compliance comments are noted following the table.



## Principle and response

Principle	Description	Status
2.1	The board should act as the focal point for and custodian of corporate governance.	Applied
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	Applied
2.3	The board should provide effective leadership based on an ethical foundation.	Applied
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Applied
2.5	The board should ensure that the company's ethics are managed effectively.	Applied
2.6	The board should ensure that the company has an effective and independent audit committee.	Applied
2.7	The board should be responsible for the governance of risk.	Applied
2.8	The board should be responsible for information technology ("IT") governance.	Partly applied
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied
2.10	The board should ensure that there is an effective risk-based internal audit.	Applied
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	Applied
2.12	The board should ensure the integrity of the company's integrated annual report.	Applied
2.13	The board should report on the effectiveness of the company's system of internal controls.	Applied
2.14	The board and its directors should act in the best interests of the company.	Applied
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act.	Applied
2.16	The board should elect a chairman of the board who is an independent non-executive director. The chief executive officer ("CEO") of the company should not also fulfil the role of chairman of the board.	Partly applied
2.17	The board should appoint the CEO and establish a framework for the delegation of authority.	Applied
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	Applied
2.19	Directors should be appointed through a formal process.	Applied
2.20	The induction of, and ongoing training and development of, directors should be conducted through formal processes.	Applied
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	Applied
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	Applied
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	Applied
2.24	A governance framework should be agreed between the group and its subsidiary boards.	Applied
2.25	Companies should remunerate directors and executives fairly and responsibly.	Applied
2.26	Companies should disclose the remuneration of each individual director and persons falling within the definition of prescribed officers of the company.	Applied
2.27	Shareholders should approve the company's remuneration policy.	Applied

### Notes on the aforementioned principles

2.8 In order to manage the group's resources more effectively the company receives certain IT-related services from its subsidiary, Queenspark. The company therefore does not have its own IT infrastructure but rather utilises the services of its subsidiary in this regard. Queenspark owns and manages various IT facilities and resources utilised to provide the services to the company and is responsible for the implementation and maintenance of IT governance. The company (and the board) has access to relevant information regarding matters of IT governance within Queenspark including its policies and procedures relating thereto.

2.16 The chairman, Michael Krawitz, although a non-executive director, is not considered independent in the manner contemplated in King III. Patrick Naylor, an independent non-executive director, has been appointed as lead independent director.

### Integrated reporting

King III recommends that annual reporting to stakeholders be in the form of an integrated annual report, so as to provide a holistic and integrated representation of the performance of the company, in terms of both finances and sustainability.

The board is satisfied that the integrated annual report for the 2016 financial year will enable our stakeholders to obtain insight into the operations of the company's business, business strategy and the financial and sustainability performance of the company.

The board acknowledges its ultimate responsibility for the integrity of the integrated annual report as a whole. In this regard the board has accepted the recommendation of the audit committee regarding the reliability of these documents and has approved the integrated annual report for the year ended 30 June 2016.

### Our board

The company has a unitary board structure which consisted during the year under review of five non-executive directors, three of whom are independent, and two executive directors. During August 2016 Patricia Shub, who was a (non-independent) non-executive director of the company, retired from the board and was replaced by Marcel Golding. The appointment of Marcel Golding in September 2016 as a (non-independent) non-executive director of the board did not affect the board's compliance with principle 2.16 of King III. The CEO and the financial director are included amongst the executive directors.

The board is responsible for setting the direction of the company through the establishment of strategic objectives and policies, and takes overall accountability for the company by taking responsibility for its management. It retains full and effective control over the company.

### Board meetings

The board meets at least quarterly to consider performance, to monitor issues of strategic direction and to consider any other issues having a material effect on the company. Certain executives may attend board meetings by invitation, specifically where their contribution is required in order to assist the board in its deliberations.

A formal agenda is prepared for each board meeting and comprehensive board packs containing the information required in order to

enable directors to make informed decisions are forwarded to directors and invitees prior to board meetings.

### Directorate

The chairman, Michael Krawitz, leads the board and is responsible for its efficient operation and for representing the board to shareholders. The chairman is a non-executive director and is elected by the board.

As noted above, as the non-executive chairman is not independent as defined in King III Patrick Naylor, an independent non-executive director, has been appointed as lead independent director.

Executive directors are involved in the day-to-day management of the company as opposed to the non-executive directors who are chosen for their business acumen, skills and experience and bring an independent view to bear on key issues. They take responsibility for ensuring that the chairman encourages proper deliberation on all matters requiring the board's attention.

The CEO, Catherine Radowsky, is responsible for ensuring that the day-to-day business affairs of the company are properly managed.

The roles of chairman, CEO, financial director and the remaining non-executive directors are separated, with there being a clear division of responsibilities at board level, as informed by the Memorandum of Incorporation of the company, together with the company's board charter.

### Composition and appointment

The composition of the board complied with the requirements of the Companies Act and King III for the financial year ended June 2016, in that the board comprised a majority of non-executive directors who were independent.

The company's non-executive directors are subject to retirement by rotation and re-election in terms of the company's Memorandum of Incorporation. No executive director has a long-term service contract with the company and life directorships are not permitted.

**Remuneration**

Directors' remuneration, directors' interest in shares and directors' share options (to the extent applicable) have been audited by KPMG Inc., and can be found in the notes to the group financial statements. Further information regarding directors' remuneration is provided in the Human Capital and Remuneration Report.

**Independence assessment**

The board annually assesses the independence of the independent non-executive directors and has ascertained that Patrick Naylor, Romain Orlin and Humphrey Borkum all satisfy the criteria for independence as set out in King III.

The non-executive chairman, Michael Krawitz, does not qualify as an independent director and as a consequence and as stated above, Patrick Naylor, an independent non-executive director, has been appointed as lead independent director. The board has determined that Patrick Naylor's independence of character and judgement has not in any way been affected or impaired by the length of his service.

**Company secretary**

The board has appointed a company secretary whose responsibilities include:

- providing the directors of the company with guidance as to their duties, responsibilities and powers; and
- providing a central source of guidance and advice to the

board, and within the company, on matters of good governance and changes in legislation.

All directors have unlimited access to the advice and services of the company secretary.

The board considers on an annual basis the competence, performance, qualifications and experience of the company secretary and is satisfied that during the year under review the company secretary, given his competence, performance, experience and qualifications, discharged his duties effectively and appropriately and maintained an arm's length relationship with the board.

Prior to the appointment of the company secretary the board considered his experience and qualifications and was satisfied that he has the competence to undertake the role. The company secretary is not a director of the company and has no relationship with the board that interferes with his maintenance of an arm's length relationship with the board.

**Directors' interests in contracts/ conflict of interest**

The company has a formal disclosure process in terms of which directors are required to disclose any interests which they may have, either directly or indirectly, in contracts concluded or to be concluded with the company.

All board members are required to report any conflicts of interest that may arise in the course of their duties.

During the year under review it was established that none of the directors had a significant interest in any contract or arrangement entered into by the company, its holding company or its subsidiaries.

**Audit committee**

Name	Qualification	Date of first appointment
PM Naylor	BSc (Eng)	11/02/2006
RV Orlin	BA (Econ)	19/05/2009
HJ Borkum		15/01/2015

The audit committee is chaired by Patrick Naylor, the lead independent non-executive director of the company.

The board is of the view that the current audit committee members possess the skills, knowledge and understanding of the company necessary for them to carry out their duties and responsibilities.

The audit committee meets at least twice a year, specifically prior to the publication of the company's and group's interim and final results. These meetings are attended by the external auditors, the internal auditor, the chairman of the board and, where appropriate, executive directors of the group by invitation.

The audit committee is governed by terms of reference which set out the role of the audit committee, its processes and procedures.

Full details regarding the functioning of the audit committee are set out in the Audit Committee Report, which is included in the annual financial statements.

**Remuneration committee**

Name	Date of first appointment
PM Naylor	01/07/2006
ML Krawitz	04/06/2004
RV Orlin	19/05/2009

The committee comprises Patrick Naylor (chairman) and Romain Orlin, both independent non-executive directors, together with Michael Krawitz, a non-executive director.

The role of the remuneration committee includes assisting the board in:

- ensuring that the company's directors and senior executives are fairly rewarded for their individual contributions to the company's overall performance; and
- demonstrating to all stakeholders that the remuneration of senior executives is recommended by a committee of board members who have no personal interest in the outcome of their decisions and give due regard to the interest of the shareholders of the company, and to the financial and commercial health of the company, in setting such remuneration.

#### Nomination committee

The members of the remuneration committee also constitute the nomination committee.

The chairman of the nomination committee is Michael Krawitz.

The role of the nomination committee is to assist the board to ensure that:

- the board has an appropriate composition for it to execute its duties effectively;
- directors are appointed through a formal process;

- induction and ongoing training and development of directors take place; and
- formal succession plans for the board, the chief executive officer and senior management appointments are in place.

The Memorandum of Incorporation of the company as read with its board charter contain provisions dealing with the composition of the board, appointments to the board (including the qualities required of individuals considered for appointment to the board and additional competencies of non-executive directors) and the induction of new directors, which collectively (and as read with the terms of reference of the nomination committee) constitutes the company's policy on appointments to the board. The policy as aforesaid informs any recommendation made by the nomination committee in relation to an appointment to the board, and any subsequent appointment to the board.

#### Risk committee

The board is responsible for the governance of risk and is assisted by both the audit committee and a risk committee.

The role of the risk committee is to assist the board to ensure that:

- the company has implemented an effective policy and plan for risk management that

will enhance the company's ability to achieve its strategic objectives; and

- the disclosure regarding risk is comprehensive, timely and relevant.

The risk committee for the year under review consisted of the non-executive chairman (Michael Krawitz), the financial director (Damian Johnson), the CEO (Catherine Radowsky) and an independent non-executive director (Humphrey Borkum).

Further details regarding risk management are noted in the Risk Committee Report included in this integrated annual report. The board believes the risk management processes are effective.

#### Social and ethics committee

The social and ethics committee for the year under review consisted of an independent non-executive director (Patrick Naylor) who is the chairman of the committee, the financial director (Damian Johnson) and the CEO (Catherine Radowsky).

Please refer to the Social and Ethics Committee Report which is found in this integrated annual report for further details.



## Attendance at meetings

The attendance of directors at board meetings and at meetings of the risk committee, audit committee, social and ethics committee, remuneration committee, nomination committee and independent board held during the financial year ended June 2016 was as follows:

	Board	Risk committee	Audit committee	Social and ethics committee	Remuneration committee	Nomination committee	Independent board
<b>Number of meetings</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Non-executive directors</b>							
ML Krawitz	6	2	2*	–	2	2	1*
PM Naylor	6	–	2	2	2	2	2
RV Orlin	4	–	2	–	1	1	2
HJ Borkum	6	2	2	–	–	–	2
PE Shub <sup>1</sup>	2	–	–	–	–	–	–
MJA Golding <sup>2</sup>	–	–	–	–	–	–	–
<b>Executive directors</b>							
CEA Radowsky	6	1	2*	2	–	–	1*
DS Johnson	6	2	2*	2	2*	–	1*
Company secretary	6*	2*	2*	2*	2*	2*	2*

Various executives attend meetings by invitation.

\* By invitation.

<sup>1</sup> In August 2016 PE Shub retired as a non-executive director of the company and was replaced by MJA Golding, who was appointed as a non-executive director of the company in September 2016.

<sup>2</sup> MJA Golding was not a director of the company during the financial year ended 30 June 2016 and accordingly did not attend any directors' meetings during such period.

## Accountability and audit

### Going concern

The directors have made an assessment of the company's ability to continue as a going concern. The directors have every reason to believe that the company has adequate resources in place to continue operating for the year ahead and the financial reports have been prepared on the basis of this assumption.

### Internal financial control/internal audit

The company subscribes to a combined assurance model that attempts to limit or control risk in the business by making use of both internal and third party assurance providers. The board of directors is responsible for the company's internal control systems and for reviewing their effectiveness. Appropriate systems of internal control are maintained.

In compliance with the recommendation of King III, the group's internal audit function is considered essential to maintaining the integrity, adequacy, efficiency and effectiveness of the company's financial and non-financial controls.

The year under review has seen the continued entrenchment of the risk assessment process. The risk assessment process, which is reviewed by internal audit, forms part of the combined assurance framework.

The internal audit function examines and evaluates the company's activities and resultant business risks and develops an annual internal audit plan that is approved by the audit committee. The audit committee (with the assistance of the external auditors where required), reviews and approves the internal audit charter and internal audit plans, and evaluates the independence, effectiveness and performance of the internal audit function.

No material loss or misstatement arising from a material breakdown in the functioning of the system of internal controls has been identified by the internal auditor in respect of this financial year. The internal audit department continues to progress towards providing written assessments relating to the effectiveness of the internal control and risk management processes as required by King III.

### IT governance

The role that electronic communication and information technology play in the group is of central importance. In recognition thereof the group has previously adopted, and continues to entrench, applicable strategies, policies and processes.

Responsibility for the implementation of IT governance within the group is assigned to the information technology senior executive employed in the group. The risk committee within the group assists the group in the management of IT risks. The assistance of external experts is obtained to assist the group in the governance of IT.

### Whistle-blowing ethics hotline

Please refer to the Social and Ethics Committee Report.

### Shareholdings and share dealings

Directors and the company secretary are prohibited from trading in the listed shares of the company or its holding company during, amongst other things, "closed periods" as

defined in the Listings Requirements. Prior to the commencement of a "closed period" all relevant parties are informed of their responsibilities with regard to dealing in the shares of the company. Any dealings in the shares of the company by directors or the company secretary would be reported to the company within three business days of the trade having been made and would be published on SENS within 24 hours thereafter. Directors are required to obtain clearance prior to dealing in shares of the company or its holding company.

### Compliance

The board is committed to high standards of integrity and fair dealings in the conduct of the company and also the preservation of the group's integrity and reputation. It thus requires all business units, departments and subsidiaries within the group to have an understanding of and comply with those laws, regulations and standards applicable to the environment within which they operate.

To the best of the company's knowledge and belief, it has complied with all applicable Listings Requirements and every disclosure requirement for continued listing on the JSE Limited ("the JSE") imposed by the JSE for the financial year under review.

The risk committee assists the company in complying with the regulatory requirements and promoting processes and procedures that are risk appropriate, so that the company achieves its goals without fear of penalties or reputational harm.

The group utilises the resources of experts when necessary to assist in the management of compliance. The group has appropriately qualified employees in executive positions (including an in-house legal adviser) to assist with matters of compliance and has appointed a company secretary (who also performs the role of the group's in-house legal adviser) to provide a central source of guidance and advice to the board, and within the company, on matters of good governance and of changes in legislation.



## RISK COMMITTEE REPORT

### Introduction

The risk management process is designed to identify, assess, record and mitigate significant risks to ensure both the short-term and long-term sustainability of the group. The risk management process continues to be embedded within the group.

### Risk committee

The risk committee assists the board in fulfilling its responsibilities by performing the following functions:

- overseeing the development and annual review of a policy and plan in respect of risk management for approval by the board;
- monitoring implementation of the policy and plan;
- making recommendations to the board concerning the levels of tolerance for risk and monitoring same;
- overseeing that the risk management policy is widely disseminated throughout the group and integrated into the day-to-day activities of the group companies;
- ensuring that risk management assessments are performed on a continuous basis;
- ensuring that frameworks and methodologies are implemented to improve the prediction of risk;
- verifying that continuous risk monitoring by management takes place;
- verifying that management considers and implements appropriate risk responses;
- liaising with the audit committee to exchange information relevant to risk; and
- reporting to the board on the effectiveness of the system and process of risk management.

Retail segment – key risks register

RISK	RISK MITIGATION
<b>Fashion trends</b>	
Our ability to anticipate the customer’s fashion requirements and provide high-quality merchandise to our customers at an appropriate margin, failure of which may lead to lower sales, excess inventories and more frequent markdowns as well as having a negative impact on our image, resulting in reduced brand loyalty.	<p>Comprehensive analysis of local and overseas fashion trends with the objective of providing merchandise which is on-trend and satisfies our niche customer demand in a timely manner.</p> <p>Key performance indicators monitored and used to enhance decision-making.</p>
<b>Business continuity</b>	
In the event of a disaster and the resulting loss of the head office IT infrastructure, the organisation’s ability to trade may be negatively impacted.	<p>Business continuity plans have been established in respect of information systems.</p> <p>The maintenance of physical protection measures.</p> <p>Insurance cover is maintained.</p>
In the event of a disaster at the head office the organisation’s ability to operate effectively may be negatively impacted.	<p>A business continuity plan has been developed.</p> <p>The maintenance of physical protection measures.</p> <p>Insurance cover is maintained.</p>
As the business operates one distribution centre a disaster at the distribution centre may severely impact the storage and distribution of product.	<p>Other group premises together with third party service provider’s premises would be utilised to re-establish the storage requirements and distribution of products.</p> <p>The maintenance of physical protection measures.</p> <p>Insurance cover is maintained.</p>
<b>Distribution facility</b>	
With projected growth the distribution centre is likely to reach its maximum capacity in the next few years.	Further operational efficiencies will be likely once additional IT system features are introduced together with a reconfiguration of operations.
<b>Human resources</b>	
Our success and ability to manage our growth depends significantly on our ability to attract, develop and retain a sufficient number of skilled, motivated and experienced staff.	<p>The business offers competitive remuneration.</p> <p>Ongoing staff development is being managed by way of a formalised development process.</p>

RISK	RISK MITIGATION
<b>Information systems</b>	
<p>In order to effectively manage our operations we rely on various IT systems. We regularly maintain and/or upgrade and enhance our information system to support our business objectives and provide business continuity. Replacing legacy systems or acquiring systems with new functionality has inherent risks including disruptions and delays that may impair the effectiveness of our information systems. The inability to access critical data or trade would be detrimental to the business.</p>	<p>Due to rapid technological changes IT system improvements are investigated on an ongoing basis in order to enable the business to remain competitive in the market. All systems are tested before being deployed in the production environment.</p> <p>A new ERP system has been implemented.</p> <p>An IT disaster recovery data centre has been established and a disaster recovery plan has been formulated.</p> <p>Continuous review and improvement of control environment and policies.</p> <p>Power generators have been installed at the group's head office and distribution centre to ensure continuity of power supply.</p>
<b>Legal compliance</b>	
<p>Need to comply with comprehensive legislation and regulations which are continuously changing. Failure to comply with the various laws could have an adverse impact on our reputation and the results of operations.</p>	<p>Our policies, procedures and internal controls are designed to help us comply with applicable regulations.</p> <p>We obtain regular advice from third party consultants and advisers in respect of legislative changes impacting the business.</p> <p>Training of staff takes place where applicable.</p> <p>Appointment of an in-house legal executive assists with the management of legal compliance.</p>
<b>Intellectual property</b>	
<p>The intentional or unintentional infringement of our intellectual property rights by one of our suppliers or any other person or entity, could diminish the uniqueness of our products, tarnish our trademarks, or damage our reputation.</p>	<p>We have taken and continue to take steps to protect our intellectual property rights locally and, where practical, overseas but cannot guarantee that such rights are not infringed.</p>

RISK	RISK MITIGATION
<b>Customer retention/spending</b>	
<p>Retention of existing customers and attraction of new customers is key to the success of the business.</p> <p>Numerous economic conditions, all of which are outside of our control, could negatively affect the level of consumer spending on the merchandise that we offer. If negative economic conditions persist for a sustained period our financial position and results of operations could be materially adversely impacted. These economic conditions include, but are not limited to, the following: power outages, higher unemployment levels, low levels of consumer credit, inflation, interest rates, recessionary pressures, increasing fuel and other energy costs, taxation, volatility in the financial markets, and low consumer confidence in future economic conditions. All of these conditions may lead to declines in consumer spending on our merchandise.</p>	<p>We plan to expand our store base and aim to provide high-quality fashion, excellent customer service and an exciting retail environment.</p> <p>In order to increase demand for our products and mitigate the impact of external factors, efforts are continually made to promote the reputation of the Queenspark brands within the marketplace.</p> <p>We have established an online presence in order to retain existing customers and attract new customers.</p> <p>Improvements to the customer relationship management process are regularly considered and implemented.</p>
<p>A third party company provides credit to a substantial number of customers through a private label card. The group has no control over the management of this credit provider. Turnover may be negatively impacted should the provider cease to provide effective credit services to our customers.</p>	<p>Continuous monitoring of credit provider's financial reporting.</p> <p>Regular operational meetings held with the service provider in order to ensure an effective working relationship is maintained.</p> <p>Comprehensive detailed analyses of the private label card risk and performance indicators.</p> <p>Comprehensive terms and conditions agreed with the credit provider.</p>
<b>Supply chain</b>	
<p>The ability to source appropriately priced merchandise timeously, failure of which negatively impacts on turnover growth and profitability.</p> <p>As the organisation relies significantly on foreign sources of production our business is at risk of various issues relevant to doing business in foreign markets and importing merchandise from abroad.</p> <p>Fluctuations in the price, availability and quality of fabrics and other raw materials used to manufacture our products, as well as the price for labour and transportation have contributed to and may continue to contribute to ongoing pricing pressures throughout our supply chain.</p>	<p>Maintain professional relationships with existing suppliers.</p> <p>Continuously search for potential suppliers locally and abroad.</p> <p>Continuously analyse the supply chain process (including key financial measures) with a view to identifying inefficiencies and thereby implementing improvements.</p>

RISK	RISK MITIGATION
<p><b>Our ability to effectively locate new stores</b></p> <p>We cannot control the availability or cost of appropriate locations within existing or new shopping centres or the success of individual shopping centres. Furthermore, factors beyond our control impact shopping centres, such as general economic conditions, weather conditions, consumer acceptance of new or existing shopping centres, regional demographic shifts, power outages and consumer spending levels. Our store sales are dependent on a certain level of shopping centre traffic and any large-scale decline in shopping centre traffic, whether because of a slowdown in the economy or a fall-off in the popularity of shopping centres among our target customers, could have a material adverse effect on our business.</p>	<p>Regular comprehensive analyses performed on new and existing shopping centres. Expert advice obtained when required.</p> <p>Comprehensive analyses of store-related key performance measures.</p>
<p><b>Competition</b></p>	
<p>We compete with local, national and international stores that market and sell similar lines of merchandise. Many competitors are significantly larger and have greater financial, marketing and other resources and enjoy greater name recognition. In addition to competing for sales, we compete for favourable store locations, lease terms and qualified staff. Increased competition could result in price reductions, increased marketing expenditure and loss of market share. Over the last several years, additional competitors have entered the market. Competitors continue to engage in more promotional activity and enhanced their online presence, which has resulted in heightened competition.</p>	<p>We continuously strive to differentiate our brands by way of offering our unique fashionable and high-quality merchandise to our customers in order to entrench our product position in the minds of our customers.</p> <p>We continuously monitor competitor's marketing, online and other strategies, with a view to better understanding the market and its needs.</p>
<p><b>Property segment – key risks register</b></p>	
<p><b>Property</b></p>	
<p>Property may be materially damaged.</p>	<p>Insurance policies are regularly reviewed and updated.</p> <p>Comprehensive lease agreements implemented.</p> <p>Property house rules implemented.</p>
<p>Company personnel and third parties may be injured due to structural defects during and after property development.</p>	<p>Appointment of professional consultants and building contractors.</p> <p>Insurance policies are regularly reviewed and updated.</p> <p>Comprehensive lease agreements implemented.</p>
<p>Redeveloped property may not be leased timeously thereby negatively impacting the return on investment.</p>	<p>Experienced property agents appointed.</p> <p>Market-related rentals being charged.</p> <p>Feasibilities prepared prior to approval of development.</p>
<p><b>Legal compliance</b></p>	
<p>Need to comply with comprehensive legislation and regulations which are continuously changing.</p>	<p>We obtain regular advice from third party consultants and advisers in respect of legislative changes impacting the business.</p> <p>Appointment of an in-house legal adviser assists with the management of legal compliance.</p>

# SOCIAL AND ETHICS COMMITTEE REPORT

THE SOCIAL AND ETHICS COMMITTEE ("THE COMMITTEE") IS PLEASED TO PRESENT ITS REPORT TO THE SHAREHOLDERS OF REX TRUEFORM, WHICH REPORT IS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016.

## Introduction

This report is made to shareholders in compliance with the requirements of the Companies Act and King III.

## Social and ethics committee mandate

The committee is governed by formal terms of reference which incorporate the requirements of the Companies Act. The committee furthermore performs the functions of a social and ethics committee for each of the subsidiaries of the company, namely Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited, in accordance with the provisions of the Companies Act.

## Role of the committee

The committee is broadly responsible for monitoring the company's activities, having regard to relevant legislation, other legal requirements or prevailing codes of best practice (where practical) in terms of matters relating to:

- social and economic development;
- good corporate citizenship;
- the environment, health and public safety;
- consumer relationships; and
- labour and employment.

The committee is further responsible for:

- assisting in the implementation of an ethics management programme within the company;
- overseeing that the ethics of the company are correctly captured and conveyed;
- assessing ethics-related risks and opportunities;
- undertaking such other social and ethics-related duties delegated to it by the board;
- drawing matters within its mandate to the board as occasions require; and
- reporting to the board and the shareholders.

The committee plays an assessing, initiating, monitoring and reporting role, as opposed to an implementation role within the company and its subsidiaries.

## Composition and attendance at meetings

The committee for the year under review consisted of an independent non-executive director (Patrick Naylor) who is the chairman of the committee and two executive directors (Damian Johnson and Catherine Radowsky).

Meetings of the committee are also attended by the company secretary and by certain other executives and managers by invitation.

Details of fees paid to the social and ethics committee chairman who is an independent non-executive director are disclosed in the Human Capital and Remuneration Report. Executive directors do not receive a fee in respect of committee membership.



## Committee functioning

Feedback in respect of areas of focus in respect of the 2016 financial year and beyond:

AREA OF FOCUS	PROGRESS DURING THE YEAR
Environment	<p>The group continues to consider and, where practical, implement various initiatives that will assist in limiting damage to the environment.</p> <p>Further detail in this regard is provided in the Environmental and Social Sustainability Report contained in this integrated annual report.</p>
Corporate social responsibility and donations	<p>Various initiatives have been implemented during the year which included providing communities with training and donations.</p>
Ethics and anti-corruption	<p>There is an ongoing focus on ethics in line with good practice and employees are encouraged to act in terms of the group's vision and values.</p> <p>Various anti-corruption and fraud prevention measures (including a whistle-blowing facility) are in place.</p>
Labour and employment	<p>The group continues to apply fair labour practices as employees are integral to the success of the business.</p>

## Areas of focus of the next financial year (2017) and beyond

The group is to consider and where practical, implement improved social and ethical business practices.



The summarised consolidated financial statements have been prepared under the supervision of group financial director, DS Johnson CA(SA). Included hereafter are the summarised consolidated financial statements which summarise the audited financial statements as at 30 June 2016.

# DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of Rex Trueform Clothing Company Limited, comprising the statements of financial position at 30 June 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The directors are furthermore responsible for the preparation of the Directors' Report, which forms part of the annual financial statements.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as preparation of the supplementary schedules included in the annual financial statements.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

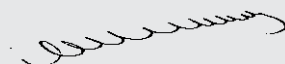
The auditor is responsible for reporting on whether the group and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

## Approval of group and company annual financial statements

The group and company annual financial statements of Rex Trueform Clothing Company Limited, as identified in the first paragraph, were approved by the board of directors on 26 September 2016 and signed by:



**ML Krawitz**  
Chairman  
Authorised director



**CEA Radowsky**  
Chief executive officer  
Authorised director

26 September 2016

# COMPANY SECRETARY'S CERTIFICATE

I certify that Rex Trueform Clothing Company Limited has filed all returns and notices as required by a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.



**AT Snitcher**  
Company secretary

26 September 2016

# REPORT OF THE INDEPENDENT AUDITOR

The report of the independent auditor can be found in the annual financial statements which are located on the company's website, [www.rextrueform.com](http://www.rextrueform.com).

# DIRECTORS' REPORT

## Corporate governance

The directors subscribe to the principles of corporate governance as set out in King III. Specific disclosure requirements are dealt with in this integrated annual report.

## Nature of business

The company is a holding company listed on the JSE Limited under the Sector: Consumer Services – Retail – General Retailers – Apparel Retailers.

The company, through its subsidiaries (collectively, "the group") continued its activity of retailing clothing and fashion accessories in South Africa and the franchising of Queenspark retail stores in Kenya and Namibia.

Retail activities include the sale of ladies' and men's clothing, shoes, costume jewellery, related fashion accessories and cosmetics through branded Queenspark outlets located nationwide, as well as through Queenspark-branded franchised outlets in Namibia and Kenya.

The group continues to develop its property portfolio. The group's approach to development of its properties is a conservative one, having regard to prevailing financial and market conditions.

## Financial results

The financial results of the company and the group for the year are set out in the annual financial statements.

## Share capital

The share capital of the company, both authorised and issued, is set out in the notes to the annual financial statements.

## Dividends

Details of dividends paid during the year are as follows:

	2016 R'000	2015 R'000
<b>Dividends on ordinary and "N" ordinary shares:</b>		
Dividend paid in respect of the ordinary shares	1 771	–
Dividend paid in respect of the "N" ordinary shares	10 819	–
<b>Dividends on 6% cumulative preference shares:</b>		
No. 141 for half-year to 31 December 2015	8	8
No. 142 for half-year to 30 June 2016	9	9
<b>Total</b>	<b>12 607</b>	<b>17</b>

The directors have proposed a distribution of 27 cents per share in respect of the 2016 year (2015: 61 cents) in respect of the ordinary and "N" ordinary shares. Shareholders will be asked to approve this proposal of the board at the annual general meeting of the company to be held on 17 November 2016.

## Holding company

The company's holding company is African and Overseas Enterprises Limited.

## Subsidiaries

The required information relating to subsidiary companies is set out in the notes to the annual financial statements.

## Investments

Full details of the company's investments are set out in the notes to the annual financial statements.

## Directorate

The names of the directors of the company are reflected in this integrated annual report.

The following changes in the composition of the board of directors occurred during the year:

Director	Event	Date
PM Naylor	Retired by rotation	17 November 2015
	Re-appointed	17 November 2015
RV Orlin	Retired by rotation	17 November 2015
	Re-appointed	17 November 2015
HJ Borkum	Retired	17 November 2015
	Re-appointed	17 November 2015
PE Shub	Retired	15 August 2016
MJA Golding*	Appointed by the board	2 September 2016

ML Krawitz and HJ Borkum will retire at the annual general meeting in accordance with the Memorandum of Incorporation but, being eligible, offer themselves for re-election.

\* MJA Golding was appointed as a director of the company by the board of directors in September 2016 in order to fill the vacancy arising from the retirement of PE Shub. MJA Golding will retire as a director and, in accordance with the requirements of the Companies Act, the election by shareholders of MJA Golding as a director of the company will be proposed at the next annual general meeting of the company.

The emoluments of the executive and non-executive directors are set out in the annual financial statements and/or the Human Capital and Remuneration Report in this integrated annual report.

## Directors' interest in shares

The interest of directors in the shares of the company at 30 June 2016, as recorded in the register was:

	<b>30 June 2016</b>	30 June 2015
<b>Ordinary and "N" ordinary shares</b>		
<b>Held directly:</b>		
PE Shub	<b>1 105</b>	1 105
DS Johnson	<b>13 333</b>	13 333
CEA Radowsky	<b>263</b>	263
The Zealot Trust**	<b>77 933</b>	77 933
	<b>92 634</b>	92 634
<b>Held indirectly*:</b>		
The Stewart and Pat Shub Family Trust	<b>1 386 179</b>	1 386 179
CEA Radowsky	<b>261</b>	261
PE Shub	<b>36 075</b>	36 075
	<b>1 422 515</b>	1 422 515

\* The shares held indirectly by the Stewart and Pat Shub Family Trust ("the Trust"), CEA Radowsky and PE Shub represent the interest of such parties in this company by virtue of their investment in this company's holding company, African and Overseas Enterprises Limited. CEA Radowsky is also one of the beneficiaries of the Trust.

\*\* The beneficiaries of the Zealot Trust include CEA Radowsky.

There have been no changes in the directors' interest in shares between 30 June 2016 and the date of approval of the annual financial statements of the company, save that:

- PE Shub retired as a director of the company on 15 August 2016; and
- MJA Golding was appointed as a director of the company by the board of directors on 2 September 2016 to fill the vacancy arising by the retirement of PE Shub. While MJA Golding does not directly hold any shares in the company or its holding company, he is a director of Geomer Investments Proprietary Limited, which company is the holder of 2 209 501 ordinary and "N" ordinary shares in the company and 2 995 112 ordinary and "N" ordinary shares in African and Overseas Enterprises Limited as at 26 August 2016.

## Employee share incentive scheme

The Rex Trueform Share Trust ("the Share trust") was created in 1997 and was issued with 500 000 "N" ordinary shares in the company to facilitate an employee share incentive scheme. Subsequent capitalisation share awards totalling 56 798 "N" ordinary shares were received and placed in reserve in the Share Trust.

The purpose of this scheme is to afford eligible full-time employees, including directors holding full-time salaried employment or office in the company or any of its subsidiaries or its holding company, the opportunity to acquire an interest in the share capital of the company.

Since inception of the Share Trust payment and delivery has been effected in respect of 497 636 "N" ordinary shares which were acquired by the Share Trust.

As at the beginning of the financial year under review, options in respect of 51 018 "N" ordinary shares held by the Share Trust had been granted to employees and exercised on a deferred delivery basis, and the Share Trust held 8 144 shares in reserve for future utilisation.

As at 30 June 2016 options have been exercised in respect of 51 018 "N" ordinary shares by employees of the company.

Full details of options granted and exercised are reflected in the notes to the annual financial statements.

## Secretary

The company secretary's business and postal address is that of the company's registered office.

## Events subsequent to the reporting date

Prior to the financial year-end of the company a consortium consisting of Geomer Investments Proprietary Limited, The Ceejay Trust, Gingko Trading Proprietary Limited and Gingko Investments No. 2 Proprietary Limited made a comparable offer to shareholders to acquire all of the company's ordinary and "N" ordinary shares other than those it already owns ("the comparable offer"). The comparable offer closed on a date that was subsequent to the financial year-end of the company and a SENS announcement detailing the results of the offer was released by the company on 26 July 2016. Other than as aforesaid, no events material to the understanding of this integrated annual report have occurred between the financial year-end and the date hereof.

# AUDIT COMMITTEE REPORT

## THE AUDIT COMMITTEE ("THE COMMITTEE") IS PLEASED TO PRESENT ITS REPORT TO THE SHAREHOLDERS OF REX TRUEFORM CLOTHING COMPANY LIMITED ("REX TRUEFORM" OR "THE COMPANY") FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016.

### Introduction

This report is issued in compliance with the requirements of the Companies Act and King III.

### Audit committee mandate

The committee of Rex Trueform also performs the audit committee functions for its subsidiary companies (the company and its subsidiaries, collectively hereinafter referred to as "the group").

The committee is governed by formal terms of reference, delegated to it by the board of directors, which regulates the committee's functioning, processes and procedures.

### Members of the audit committee and attendance at meetings

Refer to the Corporate Governance Report in this integrated annual report for information about the members' names, qualifications, period of service and attendance at meetings during the 2016 financial year.

The committee meets at least twice annually. A formal agenda is prepared for each meeting and comprehensive committee packs are provided containing information required in order to assist the committee in fulfilling its duties.

The external auditors, in their capacity as auditors to the company, attended and reported to all meetings of the committee. The group risk management and internal audit function are also represented. Executive directors

and relevant senior management employed within the group attended meetings by invitation.

### Role of the committee

Responsibilities include the following:

- overseeing integrated reporting;
- ensuring a combined assurance model is applied to provide a co-ordinated approach to all assurance activities;
- overseeing the internal audit process;
- acting as an integral part of the risk management process;
- nominating the external auditor and overseeing the external audit process; and
- complying with Companies Act regulations if not already addressed in the above responsibilities.

### Internal audit charter and the working relationship with the internal audit manager

A formal internal audit charter governs the internal auditing of the group. The committee has unlimited access to the internal audit manager employed within the group. The formal process of reporting to the committee is managed according to the internal audit charter.

### Expertise and experience of financial director

As required by paragraph 3.84(h) of the JSE Listings Requirements,

as read with King III, the committee has considered the appropriateness of the expertise and experience of the financial director and the finance function. In this regard, the committee is of the view that DS Johnson, the financial director, possesses the appropriate expertise and experience to fulfil his responsibilities in that position.

The committee furthermore considers that the expertise, resources and experience of the finance function are appropriate to the nature, complexity and size of the company's operations.

### External auditor's appointment and independence

The committee confirmed the nomination of KPMG Inc. as the group's external auditor for the past year and approved the terms of engagement and fees to be paid. KPMG Inc. was appointed as group external auditors in respect of the year under review and the designated registered auditor is Mr H du Plessis.

The committee has nominated KPMG Inc. for appointment by shareholders as the company's external auditor at the annual general meeting, the designated registered auditor being Mr H du Plessis for the 2017 financial year.

Due consideration has been given to the independence of the external auditor and in this regard the committee is satisfied that KPMG Inc. is independent of the group and management and is therefore able to express an independent opinion on the group's financial statements.

The external auditor is afforded unrestricted access to the group's

records and to management. Any significant issues arising from the annual audit (if any) are brought to the committee's attention.

The nature and extent of any non-audit services which the external auditor provides to the company and group have been agreed by the committee.

### **Financial statements, accounting practices, internal financial controls**

Following the review by the committee of the annual financial statements for the year ended 30 June 2016, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act and with International Financial Reporting Standards and fairly present the group and company financial

position at that date and the results of operations and cash flows for the year then ended.

On 11 February 2016 the JSE Limited issued a report on the findings of their process of monitoring financial statements for compliance with International Financial Reporting Standards. The report was tabled at a meeting of the audit committee and considered by it.

The committee is of the opinion that the internal financial controls are effective and accounting practices are appropriate, which both form the basis for the preparation of reliable financial statements in respect of the year under review.

### **Integrated annual report**

The committee has also satisfied itself with the integrity of the

remainder of the integrated annual report. Having achieved its objectives, the committee has recommended the annual financial statements and integrated annual report for the year ended 30 June 2016 for approval by the board.

The board has subsequently approved the annual financial statements and integrated annual report, which will be open for discussion at the forthcoming annual general meeting.

On behalf of the committee



**PM Naylor**  
Audit committee chairman

26 September 2016

# SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	GROUP	
	2016 R'000	2015 R'000
<b>ASSETS</b>		
Non-current assets	<b>155 705</b>	151 146
Property, plant and equipment	<b>53 355</b>	54 467
Investment property	<b>71 849</b>	72 539
Intangible assets	<b>23 432</b>	17 396
Other investments	<b>576</b>	576
Deferred tax asset	<b>6 493</b>	6 168
Current assets	<b>182 984</b>	174 235
Inventories	<b>61 319</b>	70 084
Trade and other receivables	<b>35 878</b>	20 978
Accrued operating lease asset	<b>3 219</b>	1 926
Forward exchange contracts	<b>–</b>	883
Income tax receivable	<b>1 112</b>	303
Cash and cash equivalents	<b>81 456</b>	80 061
<b>Total assets</b>	<b>338 689</b>	325 381
<b>Equity and liabilities</b>		
Capital and reserves	<b>260 718</b>	261 078
Share capital	<b>1 777</b>	1 777
Share premium	<b>25 836</b>	25 836
Treasury shares	<b>(1 133)</b>	(1 133)
Other reserves	<b>1 502</b>	1 051
Retained earnings	<b>232 736</b>	233 547
Non-current liabilities	<b>21 897</b>	20 916
Post-retirement liability	<b>1 614</b>	2 041
Accrued operating lease liability	<b>18 104</b>	17 084
Deferred tax liability	<b>2 179</b>	1 791
Current liabilities	<b>56 074</b>	43 387
Trade and other payables	<b>53 860</b>	43 368
Forward exchange contracts	<b>2 176</b>	–
Income tax payable	<b>38</b>	19
<b>Total equity and liabilities</b>	<b>338 689</b>	325 381



# SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	GROUP	
	2016 R'000	2015 R'000
<b>Revenue</b>	<b>558 626</b>	536 626
Turnover	<b>537 588</b>	516 086
Cost of sales	<b>(248 937)</b>	(225 698)
<b>Gross profit</b>	<b>288 651</b>	290 388
Other income	<b>15 726</b>	17 029
Other operating costs	<b>(292 854)</b>	(277 483)
<b>Operating profit</b>	<b>11 523</b>	29 934
Dividend income	<b>20</b>	18
Finance income	<b>5 292</b>	3 493
Finance costs	<b>(172)</b>	(163)
<b>Profit before tax</b>	<b>16 663</b>	33 282
Income tax expense	<b>(4 903)</b>	(9 470)
<b>Profit for the period</b>	<b>11 760</b>	23 812
<b>Other comprehensive income:</b>		
Actuarial gain/(loss) on post-retirement defined benefit plan	<b>451</b>	(82)
Fair value adjustment on available-for-sale financial assets	<b>-</b>	52
<b>Total comprehensive income for the period</b>	<b>12 211</b>	23 782
<b>Profit attributable to:</b>		
Ordinary and "N" ordinary shareholders	<b>11 743</b>	23 795
Preference shareholders	<b>17</b>	17
<b>Profit for the period</b>	<b>11 760</b>	23 812
<b>Total comprehensive income attributable to:</b>		
Ordinary and "N" ordinary shareholders	<b>12 194</b>	23 765
Preference shareholders	<b>17</b>	17
<b>Total comprehensive income for the period</b>	<b>12 211</b>	23 782
<b>Basic earnings per ordinary share (cents)</b>	<b>57.1</b>	115.6
<b>Diluted earnings per ordinary share (cents)</b>	<b>57.0</b>	115.5

# SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Ordinary share capital R'000	Preference share capital R'000
<b>GROUP</b>		
<b>Balance as at 30 June 2014</b>	1 497	280
<b>Total comprehensive income for the year</b>		
Profit for the year	–	–
<b>Other comprehensive income for the year</b>		
Actuarial loss on post-retirement defined benefit plan	–	–
Fair value adjustment of available-for-sale financial assets	–	–
<b>Total comprehensive income for the year</b>	–	–
<b>Contributions by and distributions to owners recognised directly in equity</b>		
Preference dividends paid	–	–
<b>Total contributions by and distributions to owners recognised directly in equity</b>	–	–
<b>Balance as at 30 June 2015</b>	<b>1 497</b>	<b>280</b>
<b>Total comprehensive income for the year</b>		
Profit for the year	–	–
<b>Other comprehensive income for the year</b>		
Actuarial gain on post-retirement defined benefit plan	–	–
<b>Total comprehensive income for the year</b>	–	–
<b>Contributions by and distributions to owners recognised directly in equity</b>		
Preference dividends paid	–	–
Ordinary dividends paid	–	–
<b>Total contributions by and distributions to owners recognised directly in equity</b>	–	–
<b>Balance as at 30 June 2016</b>	<b>1 497</b>	<b>280</b>

Treasury shares R'000	Share premium R'000	Share-based payments reserve R'000	Other reserves R'000	Retained earnings R'000	Total R'000
(1 133)	25 836	568	513	209 752	237 313
-	-	-	-	23 812	23 812
-	-	-	(82)	-	(82)
-	-	-	52	-	52
-	-	-	(30)	23 812	23 782
-	-	-	-	(17)	(17)
-	-	-	-	(17)	(17)
<b>(1 133)</b>	<b>25 836</b>	<b>568</b>	<b>483</b>	<b>233 547</b>	<b>261 078</b>
-	-	-	-	11 760	11 760
-	-	-	451	-	451
-	-	-	451	11 760	12 211
-	-	-	-	(17)	(17)
-	-	-	-	(12 554)	(12 554)
-	-	-	-	(12 571)	(12 571)
<b>(1 133)</b>	<b>25 836</b>	<b>568</b>	<b>934</b>	<b>232 736</b>	<b>260 718</b>

# SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

	GROUP	
	2016 R'000	2015 R'000
<b>Operating profit before working capital changes</b>	<b>38 257</b>	51 620
Working capital changes	<b>3 947</b>	4 855
Interest received	<b>5 292</b>	3 493
Interest paid	<b>(172)</b>	(163)
Dividends paid	<b>(12 571)</b>	(17)
Dividends received	<b>20</b>	18
Income tax paid	<b>(5 630)</b>	(782)
<b>Net cash inflows from operating activities</b>	<b>29 143</b>	59 024
Additions to property, plant, equipment and investment property	<b>(20 288)</b>	(37 070)
Additions to intangible assets	<b>(7 685)</b>	(3 823)
Proceeds from disposal of property, plant, equipment and investment property	<b>225</b>	6 266
<b>Net cash outflows from investing activities</b>	<b>(27 748)</b>	(34 627)
<b>Net increase in cash and cash equivalents</b>	<b>1 395</b>	24 397
Cash and cash equivalents at the beginning of the year	<b>80 061</b>	55 664
<b>Cash and cash equivalents at the end of the year</b>	<b>81 456</b>	80 061

# SHAREHOLDERS' INFORMATION

Analysis of shareholders as at 30 June 2016

	Ordinary		"N" ordinary		Preference	
	Number of share-holders	% of share-holders	Number of share-holders	% of share-holders	Number of share-holders	% of share-holders
<b>Public</b>	138	97.2	225	96.2	27	87.1
Insurance companies, nominees and trusts	13	9.2	16	6.8	2	6.5
Individuals	107	75.4	182	77.8	20	64.5
Companies and close corporations	16	11.3	26	11.1	5	16.1
Mutual funds and pension funds	2	1.4	1	0.4	–	–
<b>Non-public</b>	4	2.8	9	3.8	4	12.9
African and Overseas Enterprise Limited	1	0.7	1	0.4	1	3.2
Geomer Investments Proprietary Limited	1	0.7	1	0.4	–	–
Rex Trueform Share Trust	–	–	1	0.4	–	–
Ceejay Trust	1	0.7	1	0.4	–	–
L Wasserman	–	–	–	–	1	3.2
Old Sillery Proprietary Limited	–	–	–	–	1	3.2
HAM Shotter	–	–	–	–	1	3.2
Directors	1	0.7	5	2.1	–	–
	142	100.0	234	100.0	31	100.0
	<b>Number of shares</b>	<b>% of share capital</b>	<b>Number of shares</b>	<b>% of share capital</b>	<b>Number of shares</b>	<b>% of share capital</b>
<b>Public</b>	371 309	12.8	4 434 508	25.0	50 783	36.3
Insurance companies, nominees and trusts	77 386	2.7	533 536	3.0	1 850	1.3
Individuals	94 986	3.3	463 198	2.6	45 833	32.7
Companies and close corporations	197 168	6.8	2 416 183	13.6	3 100	2.2
Mutual funds and pension funds	1 769	0.1	1 021 591	5.8	–	–
<b>Non-public</b>	2 534 496	87.2	13 300 998	75.0	89 217	63.7
African and Overseas Enterprise Limited	2 110 169	72.6	9 212 565	51.9	825	0.6
Ceejay Trust	254 463	8.8	2 084 610	11.8	–	–
Geomer Investments Proprietary Limited	169 443	5.8	1 852 448	10.4	–	–
Rex Trueform Share Trust	–	–	59 162	0.3	–	–
L Wasserman	–	–	–	–	22 192	15.9
Old Sillery Proprietary Limited	–	–	–	–	27 785	19.8
HAM Shotter	–	–	–	–	38 415	27.4
Directors	421	–	92 213	0.5	–	–
	2 905 805	100.0	17 735 506	100.0	140 000	100.0
<b>Shareholder holding in excess of 4% of share capital at 30 June 2016</b>						
African and Overseas Enterprises Limited	2 110 169	72.6	9 212 565	51.9	825	0.6
Ceejay Trust	254 463	8.8	2 084 610	11.8	–	–
Geomer Investments Proprietary Limited	169 443	5.8	1 852 448	10.4	–	–
Transvaal Clothing Industries 1979 Proprietary Limited	101 446	3.5	1 400 010	7.9	–	–
Sentinel Retirement Fund	–	–	1 021 591	5.8	–	–
Gingko Investments 2 Proprietary Limited	–	–	793 906	4.5	–	–
HAM Shotter	–	–	–	–	38 415	27.4
Old Sillery Proprietary Limited	–	–	–	–	27 785	19.8
L Wasserman	–	–	–	–	22 192	15.9
L Lombard	–	–	–	–	13 870	9.9
MF Foster	–	–	–	–	8 700	6.2
A Bekker	–	–	–	–	5 825	4.2
	2 635 521	90.7	16 365 130	92.3	117 612	84.0

# NOTICE OF ANNUAL GENERAL MEETING

## Rex Trueform Clothing Company Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1937/009839/06)

JSE share codes: RTO – RTN – RTOP

ISIN: ZAE000006144 – ZAE000009700 – ZA000006151

("Rex Trueform" or "the company")

Notice is hereby given that the seventy-ninth annual general meeting of shareholders of Rex Trueform will be held in the boardroom, Rex Buildings, 263 Victoria Road, Salt River, Cape Town, on Thursday, 17 November 2016 at 10:00 for the purpose of considering and adopting the annual financial statements and the directors' report and the audit committee report contained in the integrated annual report; dealing with such business as may be transacted at an annual general meeting and specifically to consider, and if deemed fit, to pass with or without modification, the following ordinary and special resolutions. The record date for determining which shareholders are entitled (i) to receive notice of the annual general meeting is Friday, 23 September 2016 and (ii) to participate in and vote at the annual general meeting is Friday, 11 November 2016 in terms of section 62(3)(a) as read with section 59 of the Companies Act, (Act 71 of 2008) (the "Companies Act").

### Ordinary resolution number 1

#### Approval of annual financial statements

"To consider and adopt the annual financial statements of the company and its subsidiaries, for the year ended 30 June 2016, together with the reports of the directors, audit committee and auditors contained therein and made available for inspection by shareholders with effect from 30 September 2016 at the registered office of the company

and at the following web address – [www.rextrueform.com](http://www.rextrueform.com)."

### Ordinary resolution number 2

#### Approval of dividend

"To approve the declaration of a dividend of 27 cents per share for the year on the ordinary and "N" ordinary shares."

### Ordinary resolution number 3

#### Re-election of directors

"To re-elect individually as directors of the company the following directors, who retire in terms of the company's Memorandum of Incorporation but who are eligible and offer themselves for re-election:

3.1 ML Krawitz; and

3.2 HJ Borkum."

The nomination committee of the company has considered and is satisfied with the past performance of, and contribution made to the company by, ML Krawitz and HJ Borkum and, in the case of HJ Borkum, his continued independence, and has recommended that these directors be re-elected as directors of the company.

Abbreviated curricula vitae in respect of the above directors are provided in section 1 of Annexure A to this notice.

### Ordinary resolution number 4

#### Election of MJA Golding as a director

"To elect MJA Golding as director of the company, who was appointed as a director of the company by the board of directors of the company in order to fill the vacancy arising from the retirement of PE Shub and who retires but is eligible and offers himself for election."

The nomination committee of the company has recommended that MJA Golding be elected as a director of the company.

An abbreviated curriculum vitae in respect of MJA Golding is provided in section 2 of Annexure A to this notice.

### Ordinary resolution number 5

#### Election of audit committee members

"In accordance with section 94(2) of the Companies Act and on the recommendation of the board, to elect individually the following who are independent non-executive directors of the company, as members of the audit committee:

5.1 PM Naylor;

5.2 RV Orlin; and

5.3 HJ Borkum, subject to the passing of resolution 3.2 above."

Abbreviated curricula vitae in respect of the above directors are provided in section 3 of Annexure A to this notice.

### Ordinary resolution number 6

#### Election of social and ethics committee members

"On the recommendation of the board and as required in terms of the company's Memorandum of Incorporation, to elect individually the following who are directors of the company as members of the social and ethics committee:

6.1 PM Naylor;

6.2 CEA Radowsky; and

6.3 DS Johnson."

Abbreviated curricula vitae in respect of the above directors are provided in section 4 of Annexure A to this notice.

## Ordinary resolution number 7

### Re-appointment of auditors

"To re-appoint KPMG Inc. (and Mr H du Plessis as the designated registered auditor) as the auditors of the company for the ensuing year."

The audit committee has nominated KPMG Inc. for appointment as auditors under section 90 of the Companies Act.

## Ordinary resolution number 8

### Non-binding advisory vote on remuneration policy

"That the shareholders endorse, by way of a non-binding advisory vote, the company's remuneration policy as detailed in the Human Capital and Remuneration Report set out in this integrated annual report."

## Ordinary resolution number 9

### Signature of documents

"That any director of the company, or the company secretary of the company, be and is hereby authorised to do all such things and sign all such documents and take all such actions as they consider necessary to implement the resolutions set out in the notice convening the annual general meeting at which this ordinary resolution will be considered."

*In order for the above ordinary resolutions to be adopted the support of more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, is required.*

## Special resolution number 1

### Financial assistance to related and inter-related parties

"To the extent required by the Companies Act, the board of directors of the company may,

subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the Listings Requirements of the JSE Limited, authorise the company to provide direct or indirect financial assistance, as contemplated in section 45 of the Companies Act, including by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure for a period of not more than two years."

### Reasons for and effect of special resolution number 1

This authority is necessary to enable the company to provide financial assistance, in appropriate circumstances and if the need arises, in accordance with section 45 of the Companies Act. It is confirmed that the board of directors of the company may not authorise the provision of any financial assistance pursuant to this special resolution unless they are satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and that, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, inter alia, ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to, inter alia, from banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 1. Therefore the reason for, and effect

of, special resolution number 1 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 1 above.

## Special resolution number 2

### General authority to acquire shares

"To authorise the company and/or any subsidiary of the company by way of a general authority in accordance with the provisions of section 48(8)(a) of the Companies Act to acquire issued ordinary and/or "N" ordinary shares of the company ("the securities") upon such terms and conditions and in such numbers as the directors of the company may from time to time determine, but subject to the Memorandum of Incorporation of the company, the provisions of the Companies Act and the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), where applicable, and provided that:

- (a) the repurchase of securities will be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- (b) this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of this special resolution;
- (c) in determining the price at which the securities are acquired by the company in terms of this general authority, the maximum premium at which such securities may be acquired will be 10% (ten percent) of the weighted average of

the market price at which such securities are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the acquisition of such securities by the company;

- (d) the acquisitions of securities in any one financial year does not exceed 20% (twenty percent), or 10% (ten percent) where the acquisitions are effected by a subsidiary, in the aggregate of the company's combined issued share capital in the securities from the date of the grant of this general authority;
- (e) the directors, after considering the effect of the maximum repurchase, are of the opinion that:
- (i) the company and the group will be in a position to repay their debt in the ordinary course of business for a period of 12 (twelve) months from the company first acquiring securities under this general approval;
- (ii) the consolidated assets of the company, being fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company at the time of the company first acquiring securities under this general approval;
- (iii) the ordinary capital and reserves of the company and the group will be adequate for a period of 12 (twelve) months from the company first acquiring securities under this general approval;

(iv) the available working capital will be adequate to continue the operations of the company and the group for a period of 12 (twelve) months from the company first acquiring securities under this general approval;

- (f) the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless there is a repurchase programme in place, the dates and quantities of securities to be repurchased during the prohibited period are fixed, and details thereof have been submitted to the JSE in writing prior to commencement of the prohibited period;
- (g) where the company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, an announcement will be made containing full details of the acquisition, and announcements shall likewise be made for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter; and
- (h) the company only appoints one agent to effect any repurchase(s) on its behalf."

**Disclosures required in terms of paragraph 11.26 of the JSE Listings Requirements**

- (a) The JSE Listings Requirements require the following disclosures, some of which are disclosed in the integrated annual report of which this notice forms part, as set out below:
- major shareholders of the company – see page 59; and

- share capital of the company – see pages 18 and 59.

- (b) There have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.
- (c) The directors whose names appear on pages 22 and 23 of the integrated annual report of the company collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number 2 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 this resolution contains all such information required by the Companies Act and the JSE Listings Requirements.

**Reason for and effect of special resolution number 2**

The reason and effect of special resolution number 2 is to authorise the company and/or its subsidiaries by way of a general authority to acquire its own issued shares on such terms, conditions and for such amounts as may be determined from time to time by the directors of the company, subject to the limitations set out in this special resolution number 2.

The directors of the company have no specific intention to effect the provisions of special resolution number 2 but will continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 2.



### Special resolution number 3

#### Approval of non-executive directors' fees

"To approve the annual remuneration to be paid to the non-executive directors of the company for the period from 1 July 2016 to 30 June 2018, together with a once-off fee to be paid to the independent non-executive directors of the company who were members of the independent board of the company constituted in terms of the Companies Act, as read with the Regulations thereto, for the purposes of, inter alia, the consideration of the comparable offer made by a consortium for all of the ordinary and "N" ordinary shares in the issued share capital of the company not already owned by such consortium, details of which are as follows:

	R
Chairman of the board	688 107
Lead independent director	304 612
Director	285 195
Chairman of the audit committee	84 952
Member of the audit committee	64 927
Chairman of the retirement fund	97 087
Member of the risk committee	84 952
Chairman of the social and ethics committee	64 927
Member of the social and ethics committee	52 184
Member of the independent board	100 000
	(once-off)"

#### Reason for and effect of special resolution number 3

In terms of section 66(8) of the Companies Act the company may, inter alia, remunerate its directors for their services as directors. Furthermore section 66(9) provides that such remuneration may only be paid by the

company in accordance with a special resolution approved by shareholders within the previous two years.

The effect of this special resolution is that the non-executive directors will be entitled to receive the fees so approved on an annual basis for the period 1 July 2016 to 30 June 2018 and further that a once-off fee will be paid to the independent non-executive directors of the company who were members of the independent board of the company constituted in terms of the Companies Act, as read with the Regulations thereto, for the purposes of, inter alia, the consideration of the comparable offer made by a consortium for all of the ordinary and "N" ordinary shares in the issued share capital of the company not already owned by such consortium.

It is recorded that in terms of the company's remuneration policy, the remuneration of non-executive directors is reviewed on an annual basis.

*In order for the above special resolutions to be adopted the support of at least 75% (seventy-five percent) of the total number of votes exercised by shareholders, present in person or by proxy, is required to pass each resolution.*

#### QUORUM

The quorum for:

- the annual general meeting to begin is sufficient persons present at the annual general meeting to exercise, in aggregate, at least 25% (twenty-five percent) of all of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and
- a matter to begin to be considered at the annual general meeting is sufficient persons present at the annual

general meeting to exercise, in aggregate, at least 25% (twenty-five percent) of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda.

In addition, the annual general meeting may not begin, nor a matter begin to be considered, unless at least 3 (three) shareholders are present at the annual general meeting.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited (Ground Floor, 70 Marshall Street, Johannesburg), for the purposes of being entitled to attend, participate in and vote at the annual general meeting is Friday, 11 November 2016.

#### VOTING AND PROXIES

All shareholders are encouraged to attend, speak and vote at the annual general meeting.

In terms of section 62(3)(e) of the Companies Act, please note that:

- a shareholder who is entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the annual general meeting in the place of the shareholder, by completing the form of proxy in accordance with the instructions set out therein; and
- a proxy need not be a shareholder of the company.

Kindly note that annual general meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend

or participate in the annual general meeting. In this regard, all participants in the annual general meeting (including proxies) will be required to provide identification satisfactory to the chairman of the annual general meeting. Forms of identification include valid identity documents, driver's licences and passports.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have 1 (one) vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have 200 (two hundred) votes for every ordinary share and 1 (one) vote for every "N" ordinary share held in the company by such shareholder.

A form of proxy is attached for the convenience of certificated and "own name" dematerialised shareholders holding shares in the company who cannot attend the annual general meeting but who wish to be represented thereat. Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries at the address below, to be received by no later than 24 (twenty-four) hours before the meeting, excluding Saturdays, Sundays and public holidays. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the shareholder subsequently decide to do so.

Shareholders who have dematerialised their shares through a Central Securities Depository

Participant ("CSDP") or broker, other than "own name" registered dematerialised shareholders, who wish to attend the annual general meeting, must request that their CSDP or broker issue them with a letter of representation.

Should shareholders who have dematerialised their shares wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP or broker.

Dematerialised shareholders who have elected "own name" registration and who are unable to attend but wish to vote at the annual general meeting, should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company.

### Electronic participation

Shareholders or their proxies may participate in the annual general meeting by way of telephone conference call. Shareholders or their proxies who wish to participate in the annual general meeting via the teleconference facility will be required to advise the company thereof by no later than 17:00 on 9 November 2016 by submitting, by e-mail to the company secretary at [legal@retrufirm.com](mailto:legal@retrufirm.com), or by fax to be faxed to +27 21 460 9575, for the attention of the company secretary, relevant contact details including e-mail address, cellular number and landline, as well as full details of the shareholder's title to the shares issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shareholders) and

(in the case of dematerialised shareholders) written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised shares. Upon receipt of the required information the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Any such access will be at the expense of the shareholder or proxy.

Shareholders who wish to participate in the annual general meeting by way of telephone conference call must note that they will not be able to vote during the annual general meeting. Such shareholders, should they wish to have their vote counted at the annual general meeting, must, to the extent applicable, (i) complete the form of proxy; or (ii) contact their CSDP or broker, in both instances, as set out above.

By order of the board.



**AT Snitcher**  
Company secretary

26 September 2016

**Registered Office**  
Rex Buildings, 263 Victoria Road  
Salt River, Cape Town, 7925  
PO Box 1856, Cape Town, 8000  
Fax: 021 460 9575

**Transfer secretaries**  
Computershare Investor Services  
Proprietary Limited  
Ground Floor, 70 Marshall Street  
Johannesburg, 2001  
PO Box 61051, Marshalltown, 2107  
Fax: 011 688 5248

# ANNEXURE A

## 1. Abridged curricula vitae of directors standing for re-election:

### 1.1 **ML Krawitz** (77) Diploma in Law and Higher Diploma in Tax Law

Michael Krawitz was appointed as a non-executive director of the company in December 2003. He has chaired the board since June 2006.

Michael is a highly respected attorney practising in Johannesburg, and is particularly skilled in corporate and commercial litigation.

Michael is a member of the risk committee, remuneration committee and the chairman of the nomination committee. He is also the non-executive chairman of African and Overseas Enterprises Limited, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited.

### 1.2 **HJ Borkum** (71)

Humphrey Borkum has served as an independent non-executive director of the company since January 2015.

Humphrey is an experienced company director and is the immediate past chairman of the JSE Limited, of which he was the chairman and a non-executive director for over twelve years, and the past executive chairman of Merrill Lynch South Africa Proprietary Limited. Humphrey is also a director of a number of small, unlisted family companies.

Humphrey is a member of the audit and risk committees of the company. He also serves as an independent non-executive director on the boards of the company's holding company, African and Overseas Enterprises Limited, and the group's main operating subsidiary, Queenspark Proprietary Limited, and on the board of Queenspark Distribution Centre Proprietary Limited.

## 2. Abridged curriculum vitae of **MJA Golding** (56) BA (Hons) who is standing for election as a director of the company

Marcel Golding is the past deputy general secretary of the National Union of Mineworkers, served as the founding chairman of the Mineworkers Investment Company and was a member of Parliament from 1994 to 1997.

Marcel is an experienced company director and has held various executive and non-executive directorships, including co-founding and serving as the chairman of Hosken Consolidated Investments Limited from 1997 until 2014 and as the chief executive officer of e.tv Proprietary Limited from 1999 until 2014. Marcel presently runs a privately held family investment holding company, Geomer Investments Proprietary Limited.

Marcel was appointed to the board by the directors of the company in September 2016 in order to fill the vacancy arising from the retirement of Patricia Shub, with Marcel becoming a non-executive director of the company.

## 3. Abridged curricula vitae of directors proposed for election to the audit committee:

### 3.1 **PM Naylor** (70) BSc (Eng)

Patrick Naylor has served as an independent non-executive director of the company since 2003.

He is an experienced company director and trustee, having served on the boards of numerous companies and trusts outside of this group.

He is a practising partner in a firm of consulting civil engineers.

Patrick is chairman of the company's audit, social and ethics and remuneration committees and a member of the company's nomination committee.

He also serves as an independent non-executive director on the boards of the company's holding company, African and Overseas Enterprises Limited, and the group's main operating subsidiary, Queenspark Proprietary Limited, and on the board of Queenspark Distribution Centre Proprietary Limited.

### 3.2 **RV Orlin** (74) BA (Econ) Wits

Romain Orlin has served as an independent non-executive director of the company since March 2009.

He is an experienced company director and has been involved in the retail clothing industry in

an executive capacity for many years.

Romain is a member of the audit, remuneration and nomination committees of the company.

He also serves as an independent non-executive director on the boards of the company's holding company, African and Overseas Enterprises Limited, and the group's main operating subsidiary, Queenspark Proprietary Limited, and on the board of Queenspark Distribution Centre Proprietary Limited.

### 3.3 HJ Borkum (71)

Please note the abridged curriculum vitae contained in section 1.2 above in this regard.

## 4. Abridged curricula vitae of directors proposed for election to the social and ethics committee

### 4.1 PM Naylor (70) BSc (Eng)

Please note the abridged curriculum vitae contained in section 3.1 above in this regard.

### 4.2 CEA Radowsky (49) BA

Catherine Radowsky joined the group in January 1991. She was appointed as executive director of the company in March 1999 and as chief executive officer in August 2003.

She has an in-depth knowledge of all aspects of the company's operations and particularly the group's retail business.

Catherine is a member of the risk and social and ethics committees of the company and also serves as the chief executive officer of the

company's holding company, African and Overseas Enterprises Limited, and the group's main operating subsidiary, Queenspark Proprietary Limited, and of Queenspark Distribution Centre Proprietary Limited.

### 4.3 DS Johnson (48) BCompt (Hons), CA (SA)

Damian Johnson joined the group in 2004 and was appointed as the financial director of the company in 2009.

Damian is a member of the risk committee and the social and ethics committee. He also serves as financial director on the board of the company's holding company, African and Overseas Enterprises Limited, and on the boards of Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited.

# FORM OF PROXY



**REX TRUEFORM CLOTHING COMPANY LIMITED**

(Incorporated in the Republic of South Africa) (Registration number: 1937/009839/06)

JSE share codes: RTO – RTN – RTOP

ISIN: ZAE000006144 – ZAE000009700 – ZAE000006151

("Rex Trueform" or "the company")

For use only by ordinary and "N" ordinary certificated shareholders or dematerialised shareholders with "own name" registration, at the seventy-ninth annual general meeting of the company to be held in the boardroom, Rex Buildings, 263 Victoria Road, Salt River, Cape Town, on Thursday, 17 November 2016 commencing at 10:00.

I/We (full name/s in block letters) \_\_\_\_\_

of (address) \_\_\_\_\_

being a shareholder/shareholders of Rex Trueform and holding \_\_\_\_\_ ordinary shares in the company, and/or \_\_\_\_\_ "N" ordinary shares in the company, do hereby appoint:

1. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her
2. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her
3. the chairman of the company or, failing him or her, the chairman of the annual general meeting,

as my/our proxy to participate in, speak for me/us and on my/our behalf and to vote at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the Rex Trueform ordinary shares and/or "N" ordinary shares registered in my/our name/s, in accordance with the following instructions:

	Ordinary shares*			"N" ordinary shares*		
	For	Against	Abstain	For	Against	Abstain
<b>Ordinary resolutions</b>						
1. Approval of annual financial statements						
2. Approval of dividend						
3. Re-election of directors						
3.1 ML Krawitz						
3.2 HJ Borkum						
4. Election of MJA Golding as a director						
5. Election of audit committee members						
5.1 PM Naylor						
5.2 RV Orlin						
5.3 HJ Borkum						
6. Election of social and ethics committee members						
6.1 PM Naylor						
6.2 CEA Radowsky						
6.3 DS Johnson						
7. Re-appointment of auditors						
8. Non-binding advisory vote on remuneration policy						
9. Signature of documents						
<b>Special resolutions</b>						
1. Financial assistance to related and inter-related parties						
2. General authority to acquire shares						
3. Approval of non-executive directors' fees						

\* Please indicate with an "x", or the number of shares applicable, in the appropriate spaces above how you wish your votes to be cast.

Unless otherwise instructed, my/our proxy may vote as he/she sees fit.

Signed at (place) \_\_\_\_\_ on (date) \_\_\_\_\_ 2016.

Shareholder's signature \_\_\_\_\_

Please read the notes on the reverse side hereof

# NOTES TO THE FORM OF PROXY

1. This form of proxy must only be used by certificated ordinary and "N" ordinary shareholders or dematerialised ordinary and "N" ordinary shareholders who hold dematerialised ordinary or "N" ordinary shares with "own name" registration.
2. Dematerialised shareholders holding ordinary or "N" ordinary shares other than with "own name" registration must:
  - 2.1 inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request that their CSDP or broker issue them with the necessary letter of representation to attend the annual general meeting in person and vote; or
  - 2.2 provide their CSDP or broker with their voting instructions, should they not wish to attend the annual general meeting in person, but wish to be represented thereat.

**These shareholders must not use this form of proxy.**

3. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of the company) to attend, participate and, on a poll, vote in place of that shareholder at the annual general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the company or, failing him or her, the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "x" or, alternatively, the number of shares such shareholder wishes to vote, in the appropriate spaces provided overleaf. Failure to comply with the above will be deemed to authorise the chairman of the company or, failing him or her, the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting, as he/she deems fit, in respect of all the shareholder's votes exercisable thereat.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer office or waived by the chairman of the annual general meeting.
7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
8. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and participating and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
10. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company.
11. Where there are joint holders of any shares:
  - 11.1 any one holder may sign this form of proxy; and
  - 11.2 the vote/s of the senior shareholder (for that purpose seniority will be determined by the order in which the names of the shareholders appear in the company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote/s of the other joint shareholder/s.

Forms of proxy must be lodged with the transfer secretaries at the address given below not later than 24 hours before the meeting, excluding Saturdays, Sundays and public holidays.

**Registered office:**

Rex Buildings, 263 Victoria Road  
Salt River, Cape Town, 7925  
PO Box 1856, Cape Town, 8000  
Fax No. 021 460 9575

**Transfer secretaries:**

Computershare Investor Services Proprietary Limited  
Ground Floor, 70 Marshall Street, Johannesburg, 2001  
PO Box 61051, Marshalltown, 2107  
Fax: 011 688 5248

## SHAREHOLDERS' CALENDAR

<b>Financial year-end</b>	30 June
<b>Preliminary results announcement 2016</b>	8 September 2016
<b>Integrated annual report 2016</b>	30 September 2016
<b>Annual general meeting</b>	17 November 2016
<b>Interim report (December 2016)</b>	March 2017

### Dividends

#### Ordinary and "N" ordinary shares

Declaration date (on or before)	Thursday, 17 November 2016
Last day to trade cum dividend	Tuesday, 6 December 2016
Trade ex-dividend	Wednesday, 7 December 2016
Record date	Friday, 9 December 2016
Payment date	Monday, 12 December 2016

#### 6% Cumulative preference shares

Declared	Half-year to December 2016 – December 2016
	Half-year to June 2017 – June 2017
Payable	Half-year to December 2016 – January 2017
	Half-year to June 2017 – July 2017

## ADMINISTRATION

### Registered office

Rex Buildings  
263 Victoria Road, Salt River  
Cape Town, 7925  
PO Box 1856, Cape Town, 8000  
Tel: 021 460 9400  
Fax: 021 460 9575

### Company secretary

AT Snitcher (LLB)  
Rex Buildings  
263 Victoria Road, Salt River  
Cape Town, 7925  
PO Box 1856, Cape Town, 8000

### Transfer secretaries

Computershare Investor Services  
Proprietary Limited  
70 Marshall Street Johannesburg,  
2001  
PO Box 61051  
Marshalltown, 2107  
Tel: 011 370 5000  
Fax: 011 688 5248

### Sponsors

Java Capital Trustees and  
Sponsors Proprietary Limited  
2nd Floor 6A,  
Sandown Valley Crescent,  
Sandton  
Johannesburg, 2031  
PO Box 2087, Parklands, 2121

### Auditors

KPMG Inc.  
MSC House  
1 Mediterranean Street  
Foreshore, Cape Town, 8001

### Principal banker

The Standard Bank of  
South Africa Limited

### Attorneys

Michael Krawitz & Co.  
25 Bompas Road  
Dunkeld West, 2196

### Website addresses

<http://www.rextrueform.com>  
<http://www.queenspark.com>

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