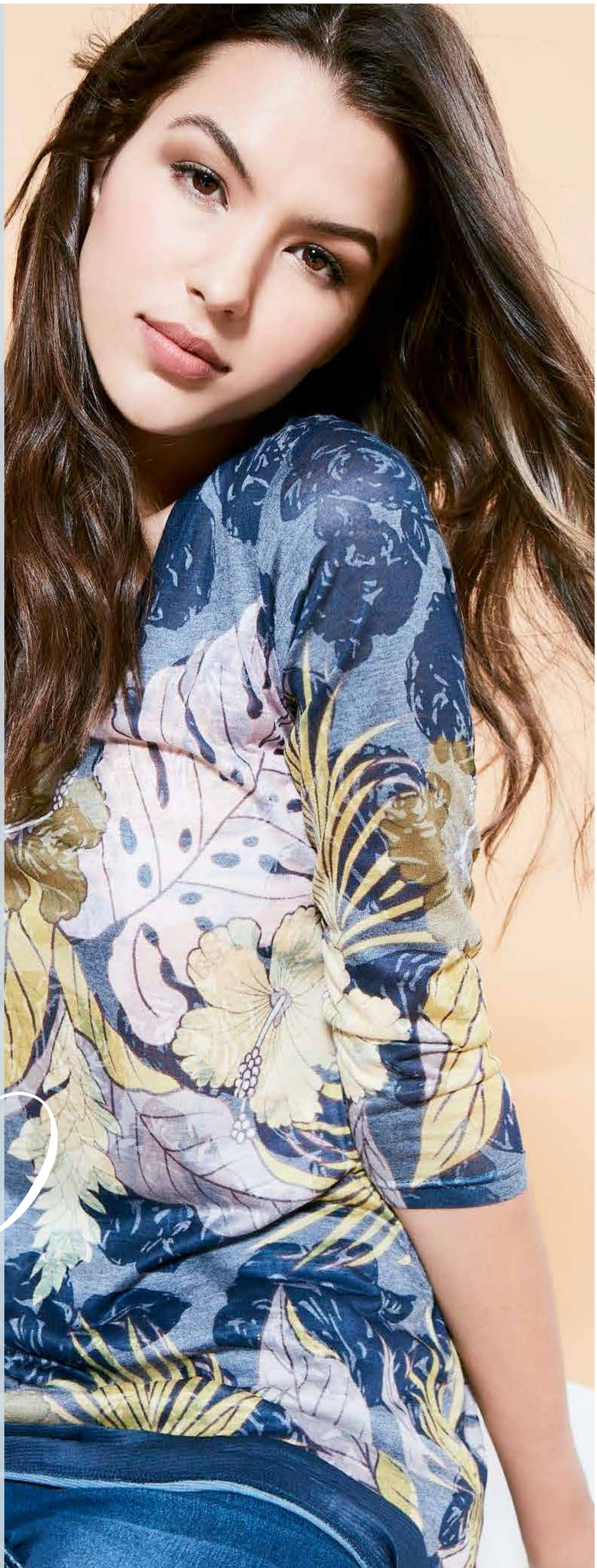
REX TRUEFORM
CLOTHING COMPANY
LIMITED

ANNUAL FINANCIAL STATEMENTS

2017



These statements were authorised by the board of directors on 26 September 2017 and published on 29 September 2017.

COMPANIES ACT NOTICE

These financial statements of Rex Trueform Clothing Company Limited (registration number: 1937/009839/06) have been audited in terms of the Companies Act 71 of 2008 (as amended) ("the Companies Act") and have been prepared under the supervision of the group financial director, DS Johnson CA (SA).

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 2017 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 2017 and signed by:

ML Krawitz
Chairman
Authorised director

CEA Radowsky
Chief executive officer
Authorised director

26 September 2017

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 2017

DIRECTORS' REPORT

Corporate governance
During the financial year under review, the directors subscribed to the principles of corporate governance as set out in King III. Specific disclosure requirements are dealt with in Rex Trueform Clothing Company Limited's ("the company" or "Rex Trueform") integrated annual report. Please note the Corporate Governance Report, in particular, in this regard.

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 Namibia, and the franchising of a Queenspark retail store in Kenya.

Retail activities include the sale of ladies and mens clothing, shoes, costume jewellery, related fashion accessories and cosmetics through branded Queenspark outlets located in South Africa and Namibia, as well as through the Queenspark-branded franchised outlet in Kenya.

The group will continue 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 financial statements.

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

Dividends
Details of dividends paid during the year are as follows:

	2017 R'000	2016 R'000
Dividends on ordinary and "N" ordinary shares:		
Dividend paid in respect of the ordinary shares	785	1 771
Dividend paid in respect of the "N" ordinary shares	4 789	10 819
Dividends on 6% cumulative preference shares:		
No. 143 for half-year to 31 December 2016	8	8
No. 144 for half-year to 30 June 2017	9	9
Total	5 591	12 607

The directors have not proposed a distribution per share (2016: 27 cents) in respect of the ordinary and "N" ordinary shares.

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 financial statements.

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

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

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

Director	Event	Date
ML Krawitz	Retired by rotation	17 November 2016
	Re-appointed	17 November 2016
HJ Borkum	Retired by rotation	17 November 2016
	Re-appointed	17 November 2016
PE Shub	Retired	15 August 2016
MA Golding	Appointed by the board	2 September 2016
	Retired	17 November 2016
	Re-appointed	17 November 2016

PM Naylor will retire at the annual general meeting in accordance with the Memorandum of Incorporation but, being eligible, will offer himself for re-election. ML Krawitz, RV Orlin and HJ Borkum will retire with effect from 30 September 2017 and will not be offering themselves for re-election. Details of the persons who have been recommended by the nomination committee for election as directors of the company in place of the retiring directors are included in the notice of the annual general meeting.

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

Directors' interest in shares
The interest of directors in the shares of the company at 30 June 2017 was:

	30 June 2017	30 June 2016
Ordinary and "N" ordinary shares		
Held directly:		
PE Shub***	1 105	1 105
DS Johnson	52 216	13 333
CEA Radowsky	263	263
The Zealot Trust**	77 933	77 933
	131 517	92 634
Effective interest held indirectly via the holding company*:		
The Stewart and Pat Shub Family Trust	1 386 179	1 386 179
CEA Radowsky	261	261
PE Shub	36 075	36 075
Geomer Investments Proprietary Limited	2 978 093	2 741 272
	4 400 608	4 163 787
Held indirectly in the company*:		
Geomer Investments Proprietary Limited	2 209 501	2 021 891

* The shares held indirectly by:

1. The Stewart and Pat Shub Family Trust ("the Trust") and CEA Radowsky represented the interest of such parties in this company by virtue of their investment in this company's holding company, African and Overseas Enterprises Limited. PE Shub and CEA Radowsky are also trustees and beneficiaries of the Trust. Please note our further comments below in this regard.
2. Geomer Investments Proprietary Limited represents its interest in this company and in the company's holding company, African and Overseas Enterprises Limited. MA Golding, who was appointed as a director on 2 September 2016, is the majority shareholder and a director of Geomer Investments Proprietary Limited.

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

*** PE Shub retired as a non-executive director of the company on 15 August 2016.

Change in shareholding

On or about 27 June 2017, a consortium consisting of Geomer Investments Proprietary Limited and Gingko Investments No. 2 Proprietary Limited (acting in concert with the Ceejay Trust and Gingko Trading Proprietary Limited) entered into an agreement to purchase, in aggregate, 726 600 African and Overseas Enterprises Limited ("AOE") ordinary shares, 604 045 AOE "N" ordinary shares, 1 241 Rex Trueform ordinary shares and 4 058 Rex Trueform "N" ordinary shares from the Trust, CEA Radowsky, A Shub and PE Shub which agreement came into full force and effect after the reporting date.

Other than the aforesaid, there have been no changes in the directors' interest in shares between 30 June 2017 and the date of approval of the annual financial statements of the company.

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 536 519 "N" ordinary shares which were acquired by the Share Trust.

As at the beginning of the financial period 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.

CEA Radowsky was granted options in respect of 34 850 "N" ordinary shares on 27 June 2007 and duly exercised such options. The purchase price in respect of the balance remaining of such option shares, being 12 135 "N" ordinary shares was due and payable on or before 27 June 2017. Payment was not received and the transaction was accordingly cancelled by the trustees of the Share Trust. This resulted in the Trust holding an additional 12 135 "N" ordinary shares in reserve for future utilisation.

As at 30 June 2017 no undelivered options have been exercised in respect of "N" ordinary shares by directors of the company, and the Share Trust holds 20 279 shares in reserve for future utilisation.

Full details of options granted and exercised are reflected in the notes to the 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

No events material to the understanding of these financial statements 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 for the financial year ended 30 June 2017.

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 the integrated annual report for information about the members' names, qualifications, period of service and attendance at meetings during the 2017 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(g)(i) 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 group'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 was appointed as group external auditor in respect of the year under review and the designated registered auditor is HV 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 I Jeewa for the 2018 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 2017, 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 13 February 2017 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; and
- the company has established appropriate financial reporting procedures and that those procedures are operating.

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 2017 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 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rex Trueform Clothing Company Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Rex Trueform Clothing Company Limited (the group and company) set out on pages 10 to 50, which comprise the statements of financial position as at 30 June 2017, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Rex Trueform Clothing Company Limited as at 30 June 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for *Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. No key audit matters were identified in respect of our audit of the separate financial statements. The key audit matter on page 7 relates to our audit of the consolidated financial statements.

Valuation of inventory (R77.8 million)

Refer to note 1 and note 8 to the financial statements.

The key audit matter	How the matter was addressed in our audit
Inventory on hand at year-end is one of the group's most significant assets, amounting to R77.8 million. There is a risk that inventory may be overstated due to inadequate allowance being made for mark-down, slow moving or obsolete inventory due to the retail business being exposed to seasonal changes and changes over time in customer tastes. The group carries inventory at the lower of cost and net realisable value ("NRV"), which is calculated as the estimated selling price in the ordinary course of business, less estimated costs of completion (where applicable) and selling expenses. Determining NRV therefore requires significant judgement to be made by management. We identified this matter as a key audit matter in the audit of the consolidated financial statements due to the significance of the inventories balance and the level of judgement applied by management in determining the allowance needed to record inventories at the lower of cost and NRV.	The key procedures performed to address the valuation of inventory included: • Challenging the underlying assumptions applied by management to assess the appropriateness of the inventory allowance by: – analysing the current allowance in relation to the inventory on hand, aged according to the respective seasons, and comparing the current allowance to the prior year level of write-downs for similar aged inventory; and – evaluating the accuracy of historic information related to sales trends used by management to support the allowance raised in respect of mark-down and obsolete inventory. • Considering management's bias in relation to the inventory allowance by assessing the consistency of the calculation performed and assumptions applied in the current year with the prior year and current trends observed based on our industry knowledge.

Other information

The directors are responsible for the other information. The other information comprises the Company Secretary's Certificate, the Directors' Report and the Audit Committee Report as required by the Companies Act of South Africa, all other information included in the Annual Financial Statements and the Integrated Annual Report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Rex Trueform Clothing Company Limited for 21 years.

KPMG Inc.
Registered Auditor

Per HV du Plessis
Chartered Accountant (SA)
Registered Auditor
Director

26 September 2017

8th Floor
MSC House
Mediterranean Street
Cape Town
8001

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2017

	Note	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	2	57 150	53 355	232	251
Investment property	3	71 032	71 849	71 032	71 849
Intangible assets	4	24 773	23 432	–	–
Investment in subsidiary companies	5	–	–	440	440
Other investments	6	524	576	524	576
Deferred tax asset	7	6 149	6 493	–	–
		159 628	155 705	72 228	73 116
Current assets					
Inventories	8	77 842	61 319	–	–
Trade and other receivables	9	28 292	35 878	2 201	2 041
Forward exchange contracts		38	–	–	–
Income tax receivable		1 301	1 112	57	57
Accrued operating lease asset		3 558	3 219	3 558	3 219
Cash and cash equivalents	10	58 089	81 456	27 837	31 823
		169 120	182 984	33 653	37 140
Total assets		328 748	338 689	105 881	110 256
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	11	1 497	1 497	1 497	1 497
Preference share capital	11	280	280	280	280
Treasury shares	11	(117)	(1 133)	–	–
Share premium		25 836	25 836	25 836	25 836
Share-based payments reserve		(214)	568	568	568
Other reserves	12	1 846	934	1 846	934
Retained earnings		230 336	232 736	68 597	72 589
Total equity		259 464	260 718	98 624	101 704
Non-current liabilities					
Post-retirement liability	13	650	1 614	650	1 614
Accrued operating lease liability	16	18 537	18 104	–	–
Deferred tax liability	7	3 114	2 179	3 108	2 179
		22 301	21 897	3 758	3 793
Current liabilities					
Trade and other payables	14	46 959	53 860	3 499	4 759
Forward exchange contracts		–	2 176	–	–
Income tax payable		24	38	–	–
		46 983	56 074	3 499	4 759
Total equity and liabilities		328 748	338 689	105 881	110 256

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

		GROUP		COMPANY	
	Note	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Revenue	18	**549 046**	558 626	**18 834**	29 973
Turnover		**528 759**	537 588	**–**	12 288
Cost of sales		**(237 200)**	(248 937)	**–**	(12 288)
Gross profit		**291 559**	288 651	**–**	–
Other income	18	**15 826**	15 726	**16 743**	15 890
Other operating costs		**(306 630)**	(292 854)	**(16 180)**	(15 633)
Operating profit	19	**755**	11 523	**563**	257
Dividend income	21	**21**	20	**21**	20
Finance income		**4 440**	5 292	**2 070**	1 775
Finance costs		**(133)**	(172)	**(126)**	(165)
Profit before tax		**5 083**	16 663	**2 528**	1 887
Income tax expense	22	**(1 908)**	(4 903)	**(929)**	(388)
Profit for the year		**3 175**	11 760	**1 599**	1 499
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Actuarial gain on post-retirement defined benefit plan		**964**	451	**964**	451
Items that are or may be reclassified subsequently to profit or loss					
Fair value adjustment on available-for-sale financial assets		**(52)**	–	**(52)**	–
Other comprehensive income for the year, net of taxation		**912**	451	**912**	451
Total comprehensive income for the year		**4 087**	12 211	**2 511**	1 950
Profit attributable to:					
Ordinary and "N" ordinary shareholders		**3 158**	11 743	**1 582**	1 482
Preference shareholders		**17**	17	**17**	17
Profit for the year		**3 175**	11 760	**1 599**	1 499
Total comprehensive income attributable to:					
Ordinary and "N" ordinary shareholders		**4 070**	12 194	**2 494**	1 933
Preference shareholders		**17**	17	**17**	17
Profit attributable to equity holders of the parent		**4 087**	12 211	**2 511**	1 950
Total comprehensive income for the year		**4 087**	12 211	**2 511**	1 950
Basic earnings per ordinary share (cents)	23.1	**15.3**	57.1		
Diluted earnings per ordinary share (cents)	23.2	**15.3**	57.0		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Ordinary share capital R'000	Preference share capital R'000
GROUP		
Balance as at 30 June 2015	1 497	280
Total comprehensive income for the year		
Profit for the year	–	–
Other comprehensive income for the year		
Actuarial gain on post-retirement defined benefit plan	–	–
Total comprehensive income for the year	–	–
Contributions by and distributions to owners recognised directly in equity		
Preference dividends paid	–	–
Ordinary dividends paid	–	–
Total contributions by and distributions to owners recognised directly in equity	–	–
Balance as at 30 June 2016	**1 497**	**280**
Total comprehensive income for the year		
Profit for the year	–	–
Other comprehensive income for the year		
Actuarial gain on post-retirement defined benefit plan	–	–
Fair value adjustment of available-for-sale financial assets	–	–
Total comprehensive income for the year	–	–
Contributions by and distributions to owners recognised directly in equity		
Preference dividends paid	–	–
Ordinary dividends paid	–	–
Delivery of treasury shares	–	–
Proceeds from delivery of employee share options	–	–
Total contributions by and distributions to owners recognised directly in equity	–	–
Balance as at 30 June 2017	**1 497**	**280**
COMPANY		
Balance as at 30 June 2015	1 497	280
Total comprehensive income for the year		
Profit for the year	–	–
Other comprehensive income for the year		
Actuarial gains on post-retirement defined benefit plan	–	–
Total comprehensive income for the year	–	–
Contributions by and distributions to owners recognised directly in equity		
Preference dividends paid	–	–
Ordinary dividends paid	–	–
Total contributions by and distributions to owners recognised directly in equity	–	–
Balance as at 30 June 2016	**1 497**	**280**
Total comprehensive income for the year		
Profit for the year	–	–
Other comprehensive income for the year		
Actuarial gain on post-retirement defined benefit plan	–	–
Fair value adjustment of available-for-sale financial assets	–	–
Total comprehensive income for the year	–	–
Contributions by and distributions to owners recognised directly in equity		
Preference dividends paid	–	–
Ordinary dividends paid	–	–
Total contributions by and distributions to owners recognised directly in equity	–	–
Balance as at 30 June 2017	**1 497**	**280**

	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	483	233 547	261 078
	–	–	–	–	11 760	11 760
	–	–	–	451	–	451
	–	–	–	451	11 760	12 211
	–	–	–	–	(17)	(17)
	–	–	–	–	(12 554)	(12 554)
	–	–	–	–	(12 571)	(12 571)
	(1 133)	25 836	568	934	232 736	260 718
	–	–	–	–	3 175	3 175
	–	–	–	964	–	964
	–	–	–	(52)	–	(52)
	–	–	–	912	3 175	4 087
	–	–	–	–	(17)	(17)
	–	–	–	–	(5 558)	(5 558)
	782	–	(782)	–	–	–
	234	–	–	–	–	234
	1 016	–	(782)	–	(5 575)	(5 341)
	(117)	25 836	(214)	1 846	230 336	259 464
	–	25 836	568	483	83 697	112 361
	–	–	–	–	1 499	1 499
	–	–	–	451	–	451
	–	–	–	451	1 499	1 950
	–	–	–	–	(17)	(17)
	–	–	–	–	(12 590)	(12 590)
	–	–	–	–	(12 607)	(12 607)
	–	25 836	568	934	72 589	101 704
	–	–	–	–	1 599	1 599
	–	–	–	964	–	964
	–	–	–	(52)	–	(52)
	–	–	–	912	1 599	2 511
	–	–	–	–	(17)	(17)
	–	–	–	–	(5 574)	(5 574)
	–	–	–	–	(5 591)	(5 591)
	–	25 836	568	1 846	68 597	98 624

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2017

	Note	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Cash flows from operating activities					
Operating profit before working capital changes	25.1	**27 197**	38 257	**4 209**	3 743
Working capital changes	25.2	**(17 014)**	3 947	**(1 759)**	20 196
Cash generated by operating activities		**10 183**	42 204	**2 450**	23 939
Interest received		**4 440**	5 292	**2 070**	1 775
Interest paid		**(133)**	(172)	**(126)**	(165)
Dividends paid	25.3	**(5 575)**	(12 571)	**(5 591)**	(12 607)
Dividends received		**21**	20	**21**	20
Taxation paid	25.4	**(832)**	(5 630)	**–**	–
Net cash inflows/(outflows) from operating activities		**8 104**	29 143	**(1 176)**	12 962
Cash flows from investing activities					
Additions to property, plant and equipment		**(22 745)**	(17 539)	**–**	–
Additions to investment properties		**(2 810)**	(2 749)	**(2 810)**	(2 749)
Additions to intangible assets		**(3 410)**	(7 685)	**–**	–
Proceeds from disposal of property, plant and equipment		**199**	225	**–**	–
Acquisition of business	28	**(2 939)**	–	**–**	–
Net cash outflows from investing activities		**(31 705)**	(27 748)	**(2 810)**	(2 749)
Cash flows from financing activities					
Proceeds from delivery of employee share options		**234**	–	**–**	–
Net cash inflows from financing activities		**234**	–	**–**	–
Net (decrease)/increase in cash and cash equivalents		**(23 367)**	1 395	**(3 986)**	10 213
Cash and cash equivalents at the beginning of the year		**81 456**	80 061	**31 823**	21 610
Cash and cash equivalents at the end of the year	10	**58 089**	81 456	**27 837**	31 823

1 Accounting policies

REPORTING ENTITY

Rex Trueform Clothing Company Limited (the "company") is a company domiciled in South Africa (company registration number: 1937/009839/06). The group financial statements of the company for the year ended 30 June 2017 comprise the company and its subsidiaries (together referred to as the "group").

Where reference is made to the "group" in the accounting policies, it should be interpreted as referring to the company where the context requires, and unless otherwise noted.

The company's registered office is at Rex Buildings, 263 Victoria Road, Salt River, 7925.

The financial statements were authorised for issue by the directors on 26 September 2017.

STATEMENT OF COMPLIANCE

These financial statements comprise the financial statements of the company and the group financial statements of the company and its subsidiaries and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

BASIS OF PREPARATION

The group financial statements are presented in South African Rands, which is the company's functional currency, rounded to the nearest thousand, unless otherwise stated. They are prepared on the going concern and historical cost bases, unless otherwise stated.

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise stated.

USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements made in applying the group's accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Inventory valuation

Inventory is valued at the lower of cost and net realisable value. The allowances for mark-down and obsolescence of inventory take into account historic information related to sales trends and represent the expected mark-down between the original cost and the estimated net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion (where applicable) and selling expenses.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Interests in consolidated structured entities

Rex Trueform Share Trust

The Rex Trueform Share Trust is a consolidated structured entity of the group. The Rex Trueform Share Trust purchased shares in Rex Trueform and holds them for the purpose of the share-based payment. The group is not required to provide any financial assistance. There are no amounts owing by the trust to the group at year-end. Furthermore, the group has no intention to provide financial or other support to this consolidated structured entity.

The company measured its investments in subsidiaries in its separate financial statements at cost less accumulated impairment losses.

Transactions eliminated on consolidation
Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

BUSINESS COMBINATIONS
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value.

When the company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss.

FINANCIAL INSTRUMENTS
A financial instrument is recognised when the group becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised on the trade date, which is the date the group becomes party to the transactions.

Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, being the date that the group commits itself to purchase or sell the asset.

Financial liabilities are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments
Non-derivative financial instruments recognised on the statement of financial position include cash and cash equivalents, trade and other receivables, amounts receivable from the holding company, amounts receivable from subsidiary companies, investments, and trade and other payables.

Initial measurement
Financial instruments are initially recognised at fair value. For those instruments not measured at fair value through profit and loss, directly attributable transaction costs are included on initial measurement. Subsequent to initial recognition financial instruments are measured as described below.

Other investments
Investments are classified as available-for-sale assets and are measured at fair value. Changes in fair value, other than impairment losses, are recognised in other comprehensive income and presented within equity in other reserves. When an investment is derecognised the cumulative gain or loss is transferred to profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and amounts held on deposit at financial institutions. Cash and cash equivalents are measured at amortised cost using the effective interest method.

Trade and other receivables
Trade and other receivables are measured initially at fair value and subsequently at amortised cost using the effective interest method, less impairment losses.

Trade and other payables
Trade and other payables are measured initially at fair value and subsequently at amortised cost using the effective interest method.

Derivative financial instruments

The group uses derivative financial instruments to economically hedge its exposure to foreign exchange arising from operational activities. In accordance with its treasury policy the group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are subsequently measured at fair value, with the gain or loss on remeasurement being recognised immediately in profit or loss.

Offset

Financial assets and financial liabilities are off-set and the net amount reported in the statement of financial position when the group and company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

Impairment

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the group on terms that the group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payments status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities the reversal is recognised directly in other comprehensive income or in profit or loss to the extent an impairment was recognised previously.

FOREIGN CURRENCY

Foreign currency transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to South African Rands at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are measured at cost or deemed cost, less accumulated depreciation (see below) and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When there is a change in intended use the group transfers assets to or from property, plant and equipment to or from investment property. Where investment property is carried at cost, transfers do not change the carrying amount of the asset transferred and they do not change the cost of that asset for measurement and disclosure purposes.

Gains or losses on the disposal of property, plant and equipment are recognised in profit or loss. The gain or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

Where significant components of an item of property, plant and equipment have different useful lives they are accounted for as separate items of property, plant and equipment.

Subsequent costs
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

All other costs are recognised in profit or loss as an expense as incurred.

Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each significant component of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows for the current and comparative periods:

- buildings 30 to 50 years
- plant 5 to 10 years
- equipment and shopfittings 3 to 10 years
- vehicles 3 to 5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

INVESTMENT PROPERTY
Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. Buildings are depreciated to their residual values on a straight-line basis over their expected useful lives. The estimated useful lives of buildings are 30 to 50 years for the current and comparative periods.

When there is a change in intended use the group transfers assets to or from property, plant and equipment to or from investment property. Where investment property is carried at cost, transfers do not change the carrying amount of the asset transferred and they do not change the cost of that asset for measurement and disclosure purposes.

For disclosure purposes an external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio regularly. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Rental income from investment property is accounted for as described in the rental income accounting policy. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) is recognised in profit or loss.

INTANGIBLE ASSETS
Computer software
Computer software that is acquired or developed by the group and have finite useful lives are measured at cost, less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation
Amortisation is calculated over the useful life of the asset as based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer software 3 to 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. In the absence of an active market the residual value is presumed to be nil.

Reacquired rights from a franchisee
Intangible assets include reacquired rights from a franchisee. It has a finite useful life and is measured at cost, less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets, less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

Reacquired rights	2 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

IMPAIRMENT OF NON-FINANCIAL ASSETS
The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less costs of disposal. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"("CGU")).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the assets in the unit (group of units) on a *pro rata* basis.

In respect of assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

INVENTORIES
Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

SHARE CAPITAL
Ordinary share capital
Ordinary and "N" ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect. On a poll, ordinary shares have 200 votes per share and "N" ordinary shares have 1 vote per share.

Preference share capital
Preference share capital is classified as equity as it is non-redeemable. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Treasury shares
Shares in the company held by group entities are classified as treasury shares. These shares are treated as a deduction from the weighted average number of shares in issue and the cost price of the shares is deducted from equity in the statement of changes in equity. The company's shares held by the Rex Trueform Share Trust have been treated as treasury shares. Dividends received on treasury shares are eliminated on consolidation.

Dividends
Dividends are recognised as a liability in the period in which they are declared to the extent it remains unpaid at the end of the reporting period.

EMPLOYEE BENEFITS

Short-term employee benefits
The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to wages and salaries represent the amount which the group has a present obligation to pay as a result of employees' services provided to the reporting date. The accruals for short-term employee benefits have been calculated at undiscounted amounts based on current wage and salary rates.

Post-employment benefits
The company and its subsidiaries contribute to several defined benefit and defined contribution plans.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution retirement fund is recognised as an employee benefit expense in profit or loss when it is due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans
A defined benefit plan is a post-employment plan other than a defined contribution plan. The group's net obligation in respect of a defined benefit plan is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The projected unit credit method is used to determine the present value of the defined benefit post-retirement medical aid and pension obligations and the related current service cost and, where applicable, past service cost. This calculation is performed by a qualified actuary. When the calculation results in a benefit to the group the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the group if it is realisable during the life of the plan or on settlement of the plan liabilities.

Current service cost and interest cost in respect of defined benefit plans are recognised immediately in profit or loss. Actuarial gains and losses are recognised in the year in which they arise in other comprehensive income.

Share-based payment transactions
The group grants equity-settled share instruments to certain employees under an employee share plan. These share options will be settled in shares. The grant date fair value of forfeitable shares granted to employees is recognised as an expense with a corresponding increase in equity in a separate reserve over the period that the employees become unconditionally entitled to the instruments. The fair value is measured at the grant date using a Black-Schöles option pricing model and is spread over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of share instruments for which the related service and non-market vesting conditions are met, such that the amount ultimately recognised as an expense is based on the number of share instruments that meet the related service and non-market performance conditions at delivery date. Costs incurred in administering the schemes are expensed as incurred.

REVENUE

Turnover
Revenue from the sale of goods (mens and ladies clothing and accessories) is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. All turnover is measured at the fair value of the consideration received or receivable and is exclusive of value added tax and net of returns, discounts and rebates.

Rental income
Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

Finance income
Finance income is recognised in profit or loss as it accrues, using the effective interest method.

Royalties
Royalties, based on the sale of merchandise by franchisees, are recognised in profit or loss in the period in which they are earned, according to the applicable contractual arrangements.

Dividend income
Dividend income is recognised in profit or loss on the date the entity's right to receive payments is established.

Management fee income
Revenue from services provided by the group to the holding company is recognised in the month in which the service is performed. Management fee income is derived from the provision of management and administration services.

Operating profit/(loss) is the profit or loss incurred or earned from normal business operations.

EXPENSES
Operating lease payments
Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Contingent rent is excluded from the straight line lease payments and expensed as incurred.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Cost of sales
Cost of sales comprises the direct cost of merchandise sold and includes stock losses and allowances for mark-downs.

Finance costs
Finance costs comprise interest payable on borrowings calculated using the effective interest method and unwinding of the discount on provisions and long-term employee benefits.

INCOME TAX
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in other comprehensive income.

Current tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the consequences that would follow the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividends withholding tax
Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The company withholds dividends tax on behalf of its shareholders at a rate of 15% (20% from 22 February 2017) on dividends declared. Amounts withheld are not recognised as part of the company's tax charge but rather as part of the dividend paid recognised directly in equity.

Where tax is withheld on dividends received the dividend is recognised at the gross amount with the related withholding tax recognised as part of tax expense, unless it is otherwise reimbursable in which case it is recognised as an asset.

SEGMENT REPORTING
An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the executive members of the board, identified as the chief operating decision-maker, to make decisions about resources to be allocated to the segment and assess its performance and for which internal financial information is available.

Segment results that are reported to the board include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

The group is organised into three reportable operating divisions:

- Retail trading division – comprising the Queenspark South African, Namibian and franchise stores.
- Property division – comprises the Rex Trueform group property portfolio, which includes both its investment properties and the properties used in operations.
- Group services – manages the Group's corporate responsibility and includes corporate costs.

EARNINGS PER SHARE
The group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Headline earnings per share ("HEPS") are calculated per the requirements of Circular 2/2015, issued by SAICA as required by the JSE Listings Requirements, using the same number of shares as the EPS and diluted EPS calculations.

EVENTS SUBSEQUENT TO THE REPORTING DATE
No events material to the understanding of these financial statements have occurred between the financial year-end and the date hereof.

COMPARATIVE FIGURES
Where applicable, the disclosure of comparative figures has been updated in order to align those figures with current period disclosures.

2 Property, plant and equipment

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Land and buildings				
Cost at the beginning of the year	**1 520**	1 396	**–**	–
Additions	**2 251**	124	**–**	–
Cost at the end of the year	**3 771**	1 520	**–**	–
Accumulated depreciation at the beginning of the year	**64**	37	**–**	–
Depreciation charge for the year	**93**	27	**–**	–
Accumulated depreciation at the end of the year	**157**	64	**–**	–
Carrying value at the beginning of the year	**1 456**	1 359	**–**	–
Carrying value at the end of the year	**3 614**	1 456	**–**	–
Open market value of freehold land and buildings	**23 000**	21 200	**–**	–
Plant				
Cost at the beginning of the year	**287**	287	**287**	287
Cost at the end of the year	**287**	287	**287**	287
Accumulated depreciation at the beginning of the year	**36**	17	**36**	17
Depreciation charge for the year	**19**	19	**19**	19
Accumulated depreciation at the end of the year	**55**	36	**55**	36
Carrying value at the beginning of the year	**251**	270	**251**	270
Carrying value at the end of the year	**232**	251	**232**	251
Vehicles				
Cost at the beginning of the year	**1 423**	1 954	**125**	125
Disposals	**–**	(531)	**–**	–
Cost at the end of the year	**1 423**	1 423	**125**	125
Accumulated depreciation at the beginning of the year	**1 262**	1 447	**125**	125
Depreciation charge for the year	**100**	191	**–**	–
Depreciation on disposals	**–**	(376)	**–**	–
Accumulated depreciation at the end of the year	**1 362**	1 262	**125**	125
Carrying value at the beginning of the year	**161**	507	**–**	–
Carrying value at the end of the year	**61**	161	**–**	–

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
2 Property, plant and equipment (continued)				
Equipment and shopfittings				
Cost at the beginning of the year	162 069	144 654	11	11
Additions	20 494	17 415	–	–
Acquisition through business combination (note 28)	500	–	–	–
Disposals	(3 056)	–	–	–
Cost at the end of the year	180 007	162 069	11	11
Accumulated depreciation at the beginning of the year	110 582	92 323	11	7
Depreciation charge for the year	18 454	19 028	–	4
Impairment reversal for the year	–	(769)	–	–
Depreciation on disposals	(2 272)	–	–	–
Accumulated depreciation at the end of the year	126 764	110 582	11	11
Carrying value at the beginning of the year	51 487	52 331	–	4
Carrying value at the end of the year	53 243	51 487	–	–
Total carrying value at the beginning of the year	53 355	54 467	251	274
Total carrying value at the end of the year	57 150	53 355	232	251

Impairment tests for plant and equipment

The group reviews the carrying value of assets when events or changes in circumstances suggest that the carrying value may not be recoverable. Carrying values of assets were assessed against the recoverable amounts, being the higher of the value in use and an indicative selling price. Impairment reversals of Rnil (2016: R0.8 million) were recognised during the current year.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
3 Investment property				
Cost at the beginning of the year	**78 794**	76 045	**78 794**	76 045
Additions	**2 810**	2 749	**2 810**	2 749
Cost at the end of the year	**81 604**	78 794	**81 604**	78 794
Accumulated depreciation at the beginning of the year	**6 945**	3 506	**6 945**	3 506
Depreciation charge for the year	**3 627**	3 439	**3 627**	3 439
Accumulated depreciation at the end of the year	**10 572**	6 945	**10 572**	6 945
Carrying value at the beginning of the year	**71 849**	72 539	**71 849**	72 539
Carrying value at the end of the year	**71 032**	71 849	**71 032**	71 849
Fair value	**188 900**	177 900	**188 900**	177 900
Included in profit and loss are the following items:				
Rental income from investment property	**15 030**	14 185	**16 743**	15 890
Direct operating expenses (including repairs and maintenance) relating to rental-generating investment properties	**8 608**	6 728	**8 332**	6 490
Direct operating expenses (including repairs and maintenance) relating to investment properties which did not generate income	**503**	424	**503**	424
The group leases out certain of its investment properties. The future minimum lease payments under non-cancellable leases are as follows:				
Less than one year	**15 350**	13 683	**17 200**	15 396
Between one and five years	**18 285**	31 117	**21 321**	36 004
Later than five years	**456**	455	**456**	455
Total	**34 091**	45 255	**38 977**	51 855

Group level
The company owns property included in investment property of the company that is partly leased to, and occupied by, its subsidiary, Queenspark Proprietary Limited. The portion relating to the office space which is occupied by the group was considered insignificant and as a result the entire building and equipment integral to the building is classified as investment property.

Management has considered the following when assessing the owner-occupied portion as insignificant:

- Queenspark Proprietary Limited occupies approximately 10% (2016: 10%) of the Rex Trueform Office Park ("RTOP") building and in relation to gross lettable area, this is regarded as insignificant.

3 Investment property (continued)

The group's investment properties include commercial properties that are leased out to third parties. Rental increases vary between 7% and 9% (2016: 7% and 8%). Subsequent renewals may be negotiated with the lessee and the average renewal periods are from two to five years. No contingent rentals are charged.

There are commitments to further develop our investment properties by R1.5 million (2016: R2.1 million).

Fair value for financial reporting purposes
The fair value of investment property has been determined on a capitalisation of income basis or applicable bulk rate as at 30 June 2017 by independent valuers, Sterling Valuation Specialists. In applying this method the professional associated valuers has given consideration to the rental-producing capacity of the properties taking into account their location, structure and the rental-producing capacity of similar buildings.

The fair values of investment properties were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs of the valuation technique.

Significant unobservable inputs:

Capitalisation rate	8.75% – 10.5% (2016: 9% – 11%)
Discount rate	14.75% (2016: 15%)

4 Intangible assets

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Computer software and other intangible assets				
Cost at the beginning of the year	**33 148**	25 463	**–**	–
Additions (computer software)	**3 410**	7 685	**–**	–
Acquisition through business combination (refer to note 28)	**1 100**	–	**–**	–
Cost at the end of the year	**37 658**	33 148	**–**	–
Accumulated amortisation at the beginning of the year	**9 716**	8 067	**–**	–
Amortisation charge for the year*	**3 169**	1 649	**–**	–
Accumulated amortisation at the end of the year	**12 885**	9 716	**–**	–
Carrying value at the beginning of the year	**23 432**	17 396	**–**	–
Carrying value at the end of the year	**24 773**	23 432	**–**	–

* In respect of both software and the reacquired right, the amortisation is included under other operating costs in the statement of comprehensive income.

5 Investment in subsidiary companies

	Issued capital R	Share-holding %	Shares at cost 2017 R	Shares at cost 2016 R	Indebtedness 2017 R'000	Indebtedness 2016 R'000
Operating						
Queenspark Proprietary Limited	100	100%	100	100		
– share-based payments capitalised			439 627	439 627	–	–
Queenspark Distribution Centre Proprietary Limited	2	100%	2	2		
Dormant						
Anglo-American Export and Import Co. Limited	200	100%	200	200		
			439 929	439 929	–	–

	COMPANY 2017 R'000	COMPANY 2016 R'000
Summary		
Shares at cost	–	–
Share-based payments capitalised	440	440
Investment in subsidiary companies	440	440
Net interest in subsidiary companies	440	440

6 Other investments

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Unlisted shares in:				
Business Partners Limited				
– 104 800 shares at fair value	524	576	524	576
Total available-for-sale investments	524	576	524	576

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
7 Deferred tax				
Balance at the beginning of the year	4 314	4 377	(2 179)	(1 791)
– Deferred tax assets	6 493	6 168	–	–
– Deferred tax liabilities	(2 179)	(1 791)	(2 179)	(1 791)
Charge to profit or loss	(1 279)	(63)	(929)	(388)
– Current year	(1 279)	(510)	(929)	(835)
– Prior year under provision	–	447	–	447
Current year movement in temporary differences recognised in profit or loss	(1 279)	(63)	(929)	(388)
– Accruals	(53)	1 163	(229)	263
– Property, plant and equipment, intangibles and investment property	(4 252)	(1 104)	(2 090)	(915)
– Forward exchange contracts	(598)	856	–	–
– Lease asset	(96)	(362)	(96)	(362)
– Prepaid expense	55	(49)	–	–
– Assessed loss	3 665	(567)	1 486	626
Balance at the end of the year	3 035	4 314	(3 108)	(2 179)
– Deferred tax assets	6 149	6 493	–	–
– Deferred tax liabilities	(3 114)	(2 179)	(3 108)	(2 179)
Comprising:				
Deferred tax assets	17 664	14 732	6 034	4 777
– Assessed losses	7 982	4 317	5 803	4 317
– Accruals	9 244	9 297	231	460
– Forward exchange contracts	11	609	–	–
– Property, plant and equipment, intangible assets and investment property	427	509	–	–
Deferred tax liabilities	(14 629)	(10 418)	(9 142)	(6 956)
– Property, plant and equipment, intangible assets and investment property	(10 976)	(6 806)	(8 145)	(6 055)
– Lease asset	(997)	(901)	(997)	(901)
– Prepaid expense	(2 656)	(2 711)	–	–

The directors have considered the future profitability and on the basis that taxable income and capital gains are probable in the foreseeable future, deferred tax assets have been recognised.

Deferred tax assets and liabilities are recognised on the assumption that the assets and liabilities will either be recovered through use in the future or will be realised through sale. A capital gains tax rate of 22.4% (2016: 22.4%) was used to compute deferred tax for assets and liabilities which will be realised through sale, and a rate of 28% (2016: 28%) was used for deferred tax balances to be recovered through use.

The subsidiary company operating in Namibia has a tax rate of 32% (2016: not applicable).

The net deferred tax asset relating to the retail companies has been recognised, because it is considered probable that future taxable profits will be available against which the company can utilise the benefits therefrom.

In respect of the retail segment, the following will positively impact profits in the future:

1) the introduction of new categories and brands; and
2) the opening of new stores.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
8 Inventories				
Merchandise purchased for resale	**77 842**	61 319	**–**	–
Inventories at the end of the year	**77 842**	61 319	**–**	–
Provision for write-down included in the value above	**10 534**	9 998	**–**	–
Inventories carried at net realisable value	**107**	229	**–**	–
Inventory write-down included in profit or loss	**536**	1 601	**–**	–
Inventory write-down are due to the seasonal nature of product.				
9 Trade and other receivables				
Trade receivables	**3 891**	2 688	**37**	113
Prepayments	**21 924**	31 258	**–**	–
VAT receivable	**158**	–	**–**	–
Other receivables	**2 319**	1 932	**2 164**	1 928
At the end of the year	**28 292**	35 878	**2 201**	2 041
10 Cash and cash equivalents				
Bank balances	**10 578**	8 442	**2 428**	1 338
Call deposits	**47 511**	73 014	**25 409**	30 485
At the end of the year	**58 089**	81 456	**27 837**	31 823
11 Share capital				
Authorised share capital				
Ordinary shares				
3 250 000 ordinary shares of 50 cents each	**1 625**	1 625	**1 625**	1 625
40 000 000 "N" ordinary shares of 0.25 cent each	**100**	100	**100**	100
	1 725	1 725	**1 725**	1 725
Preference shares				
140 000 6% cumulative preference shares of R2 each	**280**	280	**280**	280
	2 005	2 005	**2 005**	2 005
Issued share capital				
Ordinary shares				
2 905 805 ordinary shares of 50 cents each	**1 453**	1 453	**1 453**	1 453
17 735 506 "N" ordinary shares of 0.25 cent each	**44**	44	**44**	44
	1 497	1 497	**1 497**	1 497
Preference shares				
140 000 6% cumulative preference shares of R2 each	**280**	280	**280**	280
	1 777	1 777	**1 777**	1 777
Treasury shares				
20 279 "N" ordinary shares held by the Rex Trueform Share Trust (2016: 59 162)	**(117)**	(1 133)	**–**	–

The unissued shares are under the control of the directors until the annual general meeting.

The following dividends were declared and paid by the company during the year.

Dividends per ordinary and "N" ordinary shares (cents)	**2017**	2016
Final	**27**	61
Total	**27**	61

The directors have not proposed a distribution per share in respect of the 2017 year on ordinary and "N" ordinary shares.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
12 Other reserves				
Revaluation of available-for-sale financial asset	420	472	420	472
Actuarial gain on post-retirement defined benefit plan	1 426	462	1 426	462
At the end of the year	1 846	934	1 846	934

The revaluation of share investment relates to the investment in Business Partners Limited. Refer to note 6.

13 Post-retirement liability

At 30 June 2017 the group had an obligation to provide post-retirement health care to six members (2016: seven). These members belong to the Discovery Medical Aid Scheme, registered in terms of the Medical Schemes Act No. 131 of 1998, as amended. The obligation is unfunded and any benefits paid are through the company's cash resources.

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Reconciliation of liability				
At the beginning of the year	1 614	2 041	1 614	2 041
Interest cost included in profit or loss	126	165	126	165
Actuarial gain included in other comprehensive income	(964)	(451)	(964)	(451)
Benefits paid	(126)	(141)	(126)	(141)
Amount included in statement of financial position	650	1 614	650	1 614
Amount included in profit or loss				
Interest cost	126	165	126	165
	126	165	126	165
Amount included in other comprehensive income				
Actuarial gain	(964)	(451)	(964)	(451)
	(964)	(451)	(964)	(451)
The following assumptions have been used in the valuation of the obligation:				
Discount rate	7.9%	9.0%	7.9%	9.0%
Medical aid contribution inflation	6.2%	8.3%	6.2%	8.3%
Salary and related benefit inflation	0.0%	7.3%	0.0%	7.3%
Post-retirement mortality	PA(90)	PA(90)	PA(90)	PA(90)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the post-retirement obligation by the amounts shown below.

	GROUP			
	2017		2016	
	Amount R	% change	Amount R	% change
Central assumption	650 259	–	1 614 470	–
Inflation items increase by 1%	671 136	3.2%	1 787 430	9.6%
Inflation items decrease by 1%	630 217	(3.0%)	1 468 286	(8.2%)
10% improvement in mortality	669 480	3.0%	1 691 013	4.7%

Historical information	GROUP AND COMPANY					
	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
Present value of obligation	650	1 614	2 041	1 988	2 161	2 381

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
14 Trade and other payables				
Trade payables	22 898	24 112	486	1 941
VAT payable	72	400	72	252
Employee benefit accruals	6 750	9 288	73	148
Other payables and accruals	17 239	20 060	2 868	2 418
At the end of the year	46 959	53 860	3 499	4 759
15 Capital commitments				
Capital commitments include all projects for which specific board approval has been obtained.				
Authorised but not yet contracted for				
Store development	11 740	7 894	–	–
Head office refurbishments	40	100	–	–
Rex Trueform Office Park	1 510	1 810	1 510	1 810
Distribution warehouse	1 365	3 764	–	–
Computer infrastructure and software	6 898	6 968	–	–
Motor vehicles	–	250	–	–
Total	21 553	20 786	1 510	1 810
Authorised and contracted for (less amounts already incurred)				
Rex Trueform Office Park	–	319	–	319
Store development	6 370	9 246	–	–
Computer software	1 262	1 090	–	–
Total	7 632	10 655	–	319

The capital commitments will be financed by cash resources and cash generated from operations and are expected to be incurred in the following year.

16 Leases

The group leases its store trading premises under operating leases. Leases are mostly contracted for periods of between one and eight years, with certain lease agreements providing for renewal options for similar periods. The lease agreements for certain stores provide for a minimum annual rental payment and additional payments determined on the basis of turnover achieved. Rental escalations vary between 6% and 10% (2016: 7% and 11%) per annum.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Lessee				
At 30 June 2017 future non-cancellable minimum lease rentals were payable during the following financial years:				
Minimum lease payments				
Cash flows year one	**87 890**	85 158	**–**	–
Cash flows years two to five	**204 289**	209 070	**–**	–
Cash flows > year five	**8 210**	7 810	**–**	–
Total future cash flows	**300 389**	302 038	**–**	–
Accrued operating lease liability	**(18 537)**	(18 104)	**–**	–
Future expenses	**281 852**	283 934	**–**	–

Lessor – refer to note 3.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000

17 Financial instruments

17.1 Fair values

The carrying values of financial assets and financial liabilities, which also approximate their fair values, are as follows:

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Available-for-sale financial assets	**524**	576	**524**	576
Receivables	**6 210**	4 620	**2 201**	2 041
Cash and cash equivalents	**58 089**	81 456	**27 837**	31 823
Trade and other payables	**(40 137)**	(44 172)	**(3 354)**	(4 359)
Forward exchange contracts	**38**	(2 176)	**–**	–
	24 724	40 304	**27 208**	30 081

Valuation of financial instruments

The group measures fair values using the following fair value hierarchy that reflects the significance of each input used in making these measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument. The group is not exposed to level 1 instruments.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs.

This category includes all instruments where the valuation technique includes inputs not based on observable data and the observable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	2017			2016		
	Level 2 R'000	**Level 3 R'000**	**Total R'000**	Level 2 R'000	Level 3 R'000	Total R'000
Available-for-sale financial assets	**–**	**524**	**524**	–	576	576
Forward exchange contracts	**38**	**–**	**38**	(2 176)	–	(2 176)
	38	**524**	**562**	(2 176)	576	(1 600)

The fair value of available-for-sale financial assets was based on the latest market price of the invested shares.

Fair values of the forward exchange contracts were determined by comparing the contracted forward rate to the present value of the current forward rate of an equivalent contract with the same maturity date.

Level 3 reconciliation

	Other investments	
	2017 R'000	2016 R'000
Opening balance	**576**	576
Fair value adjustments on available-for-sale financial assets included in other comprehensive income	**(52)**	–
Closing balance	**524**	576

17 Financial instruments (continued)

17.2 Credit risk

Credit risk is the risk of financial loss to the group or company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises on trade and other receivables, cash and intercompany receivables.

The risk arising on accounts receivables is managed through a group policy on the granting of credit, continual review and monitoring of all receivables balances and includes applying payment terms and monitoring of any overdue amounts.

Credit risk is minimised through an initial new client acceptance procedure whereby potential customers are individually assessed.

Listings of overdue customer balances are reviewed monthly. Any customer exceeding their credit terms must settle their overdue balances before any further credit is extended. Appropriate action is taken to recover long overdue debts. An impairment provision is raised if there is objective evidence that the outstanding debt may not be collectible.

The material recurring trade debtors relate to receivables due from franchise stores, online retailers and rentals due from third-party tenants as detailed below.

There are securities in place where required for each third-party franchisee in the form of personal suretyships signed by the individual franchisees.

Tenants are required to provide deposits or guarantees and other security where necessary. The tenant credit rating process includes obtaining references, obtaining copies of tax compliance certificates (or other related documents), assessment of financial results to establish its financial standing and reviewing credit reports.

The credit risk on cash and cash equivalents is managed through dealing with well-established financial institutions with high credit standings.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Exposure to credit risk				
The carrying amount of financial assets represents the maximum credit exposure.				
The maximum exposure to credit risk at the reporting date was:				
Trade receivables	**3 891**	2 688	**37**	113
Other receivables	**2 319**	1 932	**2 164**	1 928
Cash and cash equivalents	**58 089**	81 456	**27 837**	31 823
	64 299	86 076	**30 038**	33 864
The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:				
Rentals to be received from tenants	**37**	113	**37**	113
Amounts receivable from franchisees	**7**	599	**–**	–
Online retailers	**3 047**	1 662	**–**	–
Other	**800**	314	**–**	–
	3 891	2 688	**37**	113

Impairment losses

The ageing of trade receivables at the reporting date was:

	GROUP				COMPANY			
	Gross 2017 R'000	**Impairment 2017 R'000**	Gross 2016 R'000	Impairment 2016 R'000	**Gross 2017 R'000**	**Impairment 2017 R'000**	Gross 2016 R'000	Impairment 2016 R'000
Not past due	**1 600**	**–**	1 404	–	**1**	**–**	82	–
Past due 0 – 30 days	**2 267**	**–**	1 026	(19)	**12**	**–**	50	(19)
Past due 31 – 60 days	**–**	**–**	192	(15)	**–**	**–**	15	(15)
Past due > 61 days	**24**	**–**	116	(16)	**24**	**–**	16	(16)
	3 891	**–**	2 738	(50)	**37**	**–**	163	(50)

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
17 Financial instruments (continued)				
17.2 Credit risk (continued)				
An analysis of the credit quality of trade and other receivables that are neither past due nor impaired is as follows:				
Tenants				
Tenants with greater than two years' trading history with the group	1	82	1	82
Franchise stores				
Franchise stores with greater than two years' trading history with the group	7	147	–	–
Online retailers	1 429	870	–	–
Other customers	163	305	–	–
	1 600	1 404	1	82
Impairment allowance in respect of trade receivables during the year				
Balance at the beginning of the year	50	50	50	50
Impairment loss reversed	(50)	–	(50)	–
Balance at the end of the year	–	50	–	50

Trade and other receivables in total are considered recoverable. Certain customers have a long-standing credit history with the group and/or have provided the group with guarantees, or other security where necessary.

17.3 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses to the group.

The risk is managed through cash flow forecasts and the optimisation of daily cash management.

Note 16 discloses cash flows relating to non-cancellable minimum lease rentals.

The expected cash flow related to trade payables and other payables and accruals will occur as follows:

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Trade payables	22 898	24 112	486	1 941
Other payables and accruals	17 239	20 060	2 868	2 418
Contractual cash flows	40 137	44 172	3 354	4 359
Less than one year	40 137	44 172	3 354	4 359

The expected cash flows related to forward exchange contracts will occur as follows:

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Carrying amount	(38)	2 176	–	–
Contractual cash flows	29 890	53 617	–	–
Less than one year	29 890	53 617	–	–

17 Financial instruments (continued)

17.4 Interest rate risk

The group and company are exposed to interest rate risk as they invest funds.

The financial assets that are sensitive to interest rate risk are cash and cash equivalents. The risk is managed by maintaining an appropriate mix of fixed and daily call placements with reputable financial institutions.

The interest rates applicable to these financial instruments are keenly negotiated and generally vary in response to the prime overdraft rate. The current effective interest rate varies between 6.25% and 7.9% (2016: 6.9%). Floating rate financial assets include cash at bank and cash equivalents. The group has no fixed rate financial assets or liabilities.

Sensitivity analysis
A 1% movement in the effective interest rate would have increased or decreased profit or loss before taxation by the amounts shown below. This analysis assumes all other variables remain constant.

The analysis is performed on the same basis as for 2016.

	GROUP	
	2017 R'000	2016 R'000
Profit or loss before taxation	**581**	815

17.5 Currency risk

The group incurs currency risk as a result of transactions which are denominated in a currency other than the group entity's functional currency.

The settlement of these transactions takes place within a normal business cycle. The group has policies for the management of foreign currency risks. No uncovered foreign exchange commitments exist at the reporting date.

This risk is managed by entering into forward foreign exchange contracts. These contracts are matched with anticipated future cash outflows in foreign currencies. The group does not use forward foreign exchange contracts for speculative purposes. No hedge accounting is applied. The currency in which the group primarily deals is the US Dollar.

The forward cover obtained relates to orders/planned orders which are to be delivered at a future date in the normal course of the retail business.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Included in trade payables:				
Foreign suppliers – US Dollar	**102**	1 096	**–**	–
	102	1 096	**–**	–

The principal or contract amounts of foreign exchange contracts outstanding at the reporting date relating to foreign purchases are reflected below:

	Currency	Foreign amount '000	Average forward cover rate	Rand amount '000
2017				
Imports	US Dollar	**2 244**	**R13.32**	**29 890**
2016				
Imports	US Dollar	3 370	R15.91	53 617

17 Financial instruments (continued)

17.5 Currency risk (continued)

The following significant exchange rates applied during the year:

	Average rate		Spot rate	
	2017	2016	**2017**	2016
US Dollar	**R13.60**	R14.49	**R13.08**	R14.76

The group is primarily exposed to the US Dollar currency. The following analysis indicates the group's sensitivity at year-end to the indicated movements in this currency on financial instruments, assuming all variables, in particular interest rates, remain constant.

Sensitivity analysis

A 10% strengthening/weakening in the Rand against the US Dollar at 30 June would have increased/(decreased) profit or loss before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2016.

	Profit or loss R'000
2017	
US Dollar	**2 989**
2016	
US Dollar	5 362

17.6 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure the group may adjust the amount of dividends paid to shareholders or return capital. At 30 June 2017 the ordinary shareholders' interest (total equity less preference share capital) to total assets was 78.8% (2016: 76.9%).

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
18 Revenue				
Turnover	**528 759**	537 588	**–**	12 288
Rental income	**15 030**	14 185	**16 743**	15 890
Interest income	**4 440**	5 292	**2 070**	1 775
Dividends received	**21**	20	**21**	20
Royalties	**213**	991	**–**	–
Management fee income	**583**	550	**–**	–
	549 046	558 626	**18 834**	29 973

The company ceased to sell goods to its subsidiary during the 2016 financial year.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
19 Operating profit is stated after the following:				
Net loss/(profit) on disposal of property, plant and equipment, intangible assets and investment property	585	(70)	–	–
– vehicles	585	(70)	–	–
Net foreign exchange loss/(gain)	4 974	(6 520)	–	–
– realised loss/(gain)	5 012	(8 696)	–	–
– unrealised (gain)/loss	(38)	2 176	–	–
Amortisation	3 169	1 649	–	–
Depreciation	22 293	22 704	3 646	3 462
– land and buildings and investment property	3 720	3 466	3 627	3 439
– plant	19	19	19	19
– vehicles	100	191	–	–
– equipment and shopfittings	18 454	19 028	–	4
Impairment reversal on equipment and shopfittings	–	(769)	–	–
Leasing charges	101 595	92 979	–	–
– operating leases – properties	101 595	92 979	–	–
Lease amortisation	433	1 020	–	–
Managerial, technical, administrative and secretarial fees	3 982	5 134	3 622	4 193
Employment costs				
Directors' emoluments	8 419	7 738	3 822	3 321
– non-executive – for services as directors	2 407	2 271	1 848	1 743
– for consultancy services	847	515	847	515
– executive – paid for managerial services	4 594	4 334	–	–
– retirement fund contributions	271	261	–	–
– management fees	–	–	1 127	1 063
– other benefits	119	110	–	–
– bonuses and performance-related payments	181	247	–	–
Employment costs – other	95 421	92 250	–	–
Employee costs	91 108	88 060	–	–
Retirement funding costs	4 313	4 190	–	–
Total employment costs	103 840	99 988	3 822	3 321

20 Directors' emoluments

20.1 Directors' remuneration

	Directors' fees R'000	Fees for other services[4] R'000	Basic salary R'000	Performance-related payments R'000	Value of other benefits[3] R'000	Retirement fund contributions R'000	Total 2017 R'000
Executive directors							
DS Johnson[5]	–	–	1 782	70	46	105	2 003
CEA Radowsky[5]	–	–	2 812	111	73	166	3 162
	–	–	4 594	181	119	271	5 165
Non-executive directors							
ML Krawitz[1]	1 019	182	–	–	–	–	1 201
PM Naylor[1]	377	250	–	–	–	–	627
RV Orlin[1]	337	165	–	–	–	–	502
HJ Borkum[1]	337	250	–	–	–	–	587
MA Golding[2]	337	–	–	–	–	–	337
	2 407	847	–	–	–	–	3 254
Total	2 407	847	4 594	181	119	271	8 419
Paid by company	1 848	847	1 039	–	27	61	3 822
Paid by subsidiary company	559	–	3 297	181	85	195	4 317
Paid by holding company	–	–	258	–	7	15	280
	2 407	847	4 594	181	119	271	8 419

1 Director on the board of Rex Trueform Clothing Company Limited, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited.
2 Appointed 2 September 2016.
3 Other benefits include insurance policies paid on behalf of the directors.
4 These are fees rendered in respect of the audit, risk, social and ethics, and retirement fund committees.
5 Director on the board of Rex Trueform Clothing Company Limited, Queenspark Proprietary Limited, Queenspark (Proprietary) Limited (in Namibia) and Queenspark Distribution Centre Proprietary Limited.

PE Shub retired as a non-executive director on 15 August 2016 and received no remuneration from group companies.

No financial assistance was provided to any current, past or future director during the current financial year.

20 Directors' emoluments (continued)

20.1 Directors' remuneration (continued)

	Directors' fees R'000	Fees for other services[4] R'000	Basic salary R'000	Per-formance-related payments R'000	Value of other benefits[3] R'000	Retire-ment fund contri-butions R'000	Total 2016 R'000)
Executive directors							
DS Johnson[1]	–	–	1 681	97	42	101	1 921
CEA Radowsky[1]	–	–	2 653	150	68	160	3 031
	–	–	4 334	247	110	261	4 952
Non-executive directors							
ML Krawitz[1]	962	172	–	–	–	–	1 134
PM Naylor[1]	355	141	–	–	–	–	496
RV Orlin[1]	318	61	–	–	–	–	379
HJ Borkum[1]	318	141	–	–	–	–	459
PE Shub[2]	318	–	–	–	–	–	318
	2 271	515	–	–	–	–	2 786
Total	2 271	515	4 334	247	110	261	7 738
Paid by company	1 743	515	980	–	24	59	3 321
Paid by subsidiary company	528	–	3 111	247	80	187	4 153
Paid by holding company	–	–	243	–	6	15	264
	2 271	515	4 334	247	110	261	7 738

1 Director on the board of Rex Trueform Clothing Company Limited, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited.
2 PE Shub retired as a non-executive director on 15 August 2016.
3 Other benefits include insurance policies paid on behalf of the directors.
4 These are fees rendered in respect of the audit, risk, social and ethics, and retirement fund committees.

No financial assistance was provided to any current, past or future director during the current financial year.

20 Directors' emoluments (continued)

20.2 Directors' interests in shares

	2017	2016
Ordinary and "N" ordinary shares		
Held directly:		
PE Shub[4]	1 105	1 105
DS Johnson	52 216	13 333
CEA Radowsky	263	263
The Zealot Trust[3]	77 933	77 933
	131 517	92 634
Effective interest held indirectly in the holding company:		
Geomer Investments Proprietary Limited[2]	2 978 093	2 741 272
The Stewart and Pat Shub Family Trust[1]	1 386 179	1 386 179
CEA Radowsky[1]	261	261
PE Shub	36 075	36 075
	4 400 608	4 163 787
Held indirectly in the company:		
Geomer Investments Proprietary Limited[2]	2 209 501	2 021 891

[1] 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 the company by virtue of their investment in this company's holding company, African and Overseas Enterprises Limited. PE Shub and CEA Radowsky are also beneficiaries of the Trust.

[2] The shares held indirectly by Geomer Investments Proprietary Limited represent its interest in this company and in the company's holding company, African and Overseas Enterprises Limited. MA Golding is the majority shareholder and a director of Geomer Investments Proprietary Limited.

[3] The beneficiaries of the Zealot Trust include CEA Radowsky.

[4] PE Shub retired as a non-executive director of the company on 15 August 2016.

On or about 27 June 2017, a consortium consisting of Geomer Investments Proprietary Limited and Gingko Investments No. 2 Proprietary Limited (acting in concert with the Ceejay Trust and Gingko Trading Proprietary Limited) entered into an agreement to purchase, in aggregate, 726 600 African and Overseas Enterprises Limited ("AOE") ordinary shares, 604 045 AOE "N" ordinary shares, 1 241 Rex Trueform ordinary shares and 4 058 Rex Trueform "N" ordinary shares from the Trust, CEA Radowsky, A Shub and PE Shub which agreement came into full force and effect after the reporting date.

Other than the aforesaid, there have been no changes in the directors' interest in shares between 30 June 2017 and the date of approval of the annual financial statements of the company.

20 Directors' emoluments (continued)

20.2 Directors' interests in shares (continued)

	Number of share options as at 30 June 2016	Option price (c)	Shares transferred to grantee during the year	Shares lapsed during the year	Date option granted	Date option exercised, subject to future delivery	**Number of share options as at 30 June 2017**	Share option gains* R'000
Executive directors								
CEA Radowsky	12 135	575	–	12 135	27/06/2007	28/06/2007	**–**	–
DS Johnson	26 667	575	26 667	–	27/06/2007	28/06/2007	**–**	153
DS Johnson	12 216	700	12 216	–	05/06/2009	08/06/2009	**–**	55
Total	51 018		38 883	12 135			**–**	208
Average price of option (R)	6.05						**–**	

* Share option gain is the difference between the subscription price and the company share price on the date of ownership of the share passing to the director or executive.

All of the option shares are held in the Rex Trueform Share Trust which retains ownership of the shares until payment of the full purchase price is effected. Payment of the purchase price against delivery of the shares may take place in respect of not more than one-third of the shares only after the expiry of three years from the option date; not more than two-thirds of the shares after the expiry of four years from the option date; and any balance only after the expiry of five years from the option date. The total purchase price shall be paid not later than ten years after the option date.

As at 30 June 2017 the share trust held 20 279 (2016: 8 144) shares in reserve for future utilisation.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
21 Dividends received				
Dividends from investments	**21**	20	**21**	20
Total	**21**	20	**21**	20

22 Income tax expense

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Income tax	629	4 840	–	–
– current year	625	4 595	–	–
– prior year	4	245	–	–
Deferred tax (refer to note 7)	1 279	63	929	388
– current year	1 279	510	929	835
– prior year	–	(447)	–	(447)
Total income tax	1 908	4 903	929	388

Reconciliation of income tax rate	%	%	%	%
Statutory tax rate	28.0	28.0	28.0	28.0
Expenses disallowed – non-deductible expenses	10.7	2.2	8.9	13.1
Change in capital gains tax rate	–	0.4	–	3.5
Exempt income	(0.1)	–	(0.2)	(0.3)
Namibia differential in tax rate	(1.2)	–	–	–
Prior year adjustments	0.1	(1.2)	–	(23.7)
Effective tax rate	37.5	29.4	36.7	20.6

23 Earnings per share

Basic earnings per share is derived by dividing profit for the year attributable to ordinary and "N" ordinary shareholders of the parent by the weighted average number of ordinary shares.

	2017 Gross R'000	2017 Net of taxation R'000	2016 Gross R'000	2016 Net of taxation R'000
23.1 Basic and headline earnings per ordinary share				
Profit attributable to ordinary and "N" ordinary shareholders		3 158		11 743
Adjusted for:				
Loss/(profit) from disposal of property, plant and equipment	585	421	(70)	(50)
Impairment reversal on equipment and shopfittings	–	–	(769)	(554)
Headline earnings	585	3 579	(839)	11 139

	Number of shares 2017	Number of shares 2016
Weighted average number of ordinary and "N" ordinary shares in issue	20 583 747	20 582 149
Basic earnings per ordinary share (cents)	15.3	57.1
Headline earnings per ordinary share (cents)	17.4	54.1

	Number of shares 2017	2016
23 Earnings per share (continued)		
23.2 Diluted basic and headline earnings per ordinary share		
Weighted average number of ordinary and "N" ordinary shares in issue	**20 583 747**	20 582 149
Dilutive effect of share options	**5 751**	30 528
Weighted average number of diluted ordinary and "N" ordinary shares	**20 589 498**	20 612 677
Diluted earnings per ordinary share (cents)	**15.3**	57.0
Diluted headline earnings per ordinary share (cents)	**17.4**	54.0

24 Related party transactions

The group has disclosed all significant related party transactions in terms of IAS 24 Related Party Disclosure.

Shareholders
The group holding company is African and Overseas Enterprises Limited, registered in South Africa. An analysis of the principal shareholders of the company is provided in the shareholders' information section on page 51. Directors' shareholding is disclosed in the directors' report and in note 20.2.

Subsidiaries
These intragroup transactions have been eliminated on consolidation for subsidiary companies. Subsidiaries are listed in note 5.

	2017 R'000	2016 R'000
COMPANY		
Merchandise sold to subsidiary company	**–**	12 288
Management and administration fees paid to subsidiary company	**3 192**	3 216
Rentals received from subsidiary company	**1 713**	1 750
Amounts payable to holding company	**–**	317
GROUP		
Merchandise sold to subsidiary company	**5 964**	–
Amounts receivable from subsidiary companies	**–**	990
Amounts payable to controlled entity	**581**	328
Amounts receivable from ultimate holding company	**–**	233
Management and administration fees paid to subsidiary and fellow subsidiary companies	**943**	643
Management and administration fees received from ultimate holding company	**583**	550
Distribution fee paid to fellow subsidiary	**2 993**	5 609
Royalties and service fees paid to fellow subsidiary company	**748**	–
Rentals paid to fellow subsidiary company	**3 616**	3 387
Interest paid to fellow subsidiary company	**178**	–

There are contingent liabilities in respect of guarantees furnished by the company for leases and normal business commitments of Queenspark Proprietary Limited approximating R31.5 million (2016: R30.1 million).

Directors
Details relating to executive and non-executive directors' remuneration is disclosed in note 20.1 and directors' shares and share options in note 20.2.

No loans have been made to directors.

24 Related party transactions (continued)

Key management personnel
Key management personnel are those having authority and responsibility for planning, directing and controlling activities of the group, directly or indirectly, being the non-executive and executive directors of the company and its subsidiary companies as listed in note 20.

No key management personnel other than already disclosed had a material interest in any contract of significance with any group company during the year under review.

	GROUP		COMPANY	
Transactions with related parties	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
Legal and consultancy fees paid	**90**	70	**58**	50
These are legal fees paid to the chairman in his capacity as legal adviser.				
Spouse of executive director for services rendered	**923**	884	–	–

25 Notes to the statements of cash flows

25.1 Operating profit before working capital changes

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Profit before taxation	**5 083**	16 663	**2 528**	1 887
Adjusted for:				
Amortisation	**3 169**	1 649	–	–
Depreciation	**22 293**	22 704	**3 646**	3 462
Impairment reversal	–	(769)	–	–
Dividends received	**(21)**	(20)	**(21)**	(20)
Interest income	**(4 440)**	(5 292)	**(2 070)**	(1 775)
Interest expense	**133**	172	**126**	165
Loss/(profit) on disposal of property, plant and equipment	**585**	(70)	–	–
Accrued operating lease liability movement	**433**	1 020	–	–
Unrealised foreign exchange (gain)/loss	**(38)**	2 176	–	–
Movement in post-retirement liability	–	24	–	24
	27 197	38 257	**4 209**	3 743

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
25 Notes to the statements of cash flows (continued)				
25.2 Working capital changes				
(Increase)/decrease in inventories (refer to note 28)	(15 184)	8 765	–	7 486
Decrease/(increase) in trade and other receivables	7 247	(16 193)	(499)	5 024
Movement in forward exchange contracts	(2 176)	883	–	–
Decrease in amounts receivable by subsidiary companies	–	–	–	13 470
(Decrease)/increase in trade and other payables	(6 901)	10 492	(1 260)	(5 784)
	(17 014)	3 947	(1 759)	20 196
25.3 Dividends paid				
Dividend on ordinary and "N" ordinary shares	(5 558)	(12 554)	(5 574)	(12 590)
Dividend on 6% cumulative preference shares	(17)	(17)	(17)	(17)
	(5 575)	(12 571)	(5 591)	(12 607)
25.4 Taxation paid				
Amounts unpaid at the beginning of the year	(38)	(19)	–	–
Amounts overpaid at the beginning of the year	1 112	303	57	57
Amounts charged to profit or loss	(629)	(4 840)	–	–
Amounts unpaid at the end of the year	24	38	–	–
Amounts overpaid at the end of the year	(1 301)	(1 112)	(57)	(57)
	(832)	(5 630)	–	–
Comprising:				
Income tax paid	(832)	(5 630)	–	–

26 Segmental analysis

	GROUP 2017 R'000	GROUP 2016 R'000
Revenue		
Total external retail revenue	529 555	539 129
Retail segment revenue	533 329	542 987
Intersegment revenue earned	(3 774)	(3 858)
Total external property revenue	15 030	14 185
Property segment revenue	20 359	19 277
Intersegment revenue earned	(5 329)	(5 092)
Dividends received	21	20
Interest income	4 440	5 292
Total group revenue	549 046	558 626
Segment operating profit		
Retail segment (loss)/profit	(1 923)	9 372
Property segment profit	7 951	8 450
Group services operating loss	(5 273)	(6 299)
Total group operating profit	755	11 523
Depreciation and amortisation		
Retail	21 742	20 118
Property	3 720	3 466
Total group depreciation and amortisation	25 462	23 584
Segment assets		
Retail	216 059	223 584
Property	80 797	79 042
Group services	31 892	36 063
Total group assets	328 748	338 689
Segment liabilities		
Retail	61 737	68 856
Property	5 884	7 485
Group services	1 663	1 630
Total group liabilities	69 284	77 971
Capital expenditure		
Retail	23 904	25 100
Property	5 061	2 873
Total group capital expenditure	28 965	27 973

Finance income and expenses are not attributable to operating segments.

The group has identified the following divisions as the group's reportable segments:

- **Retail trading division** – comprises the Queenspark South African, Namibian and franchise stores
- **Property division** – comprises the Rex Trueform group property portfolio, which includes both its investment properties and the properties used in operations
- **Group services** – manages the group's corporate responsibilities and includes corporate costs

The executive members of the board, identified as the chief operating decision-maker, review the results of these business divisions on a monthly basis for the purpose of allocating resources and evaluating performance.

Performance is measured based on segmental operating profit, as included in the monthly management reports reviewed by the chief operating decision-maker.

27 Adoption of accounting standards and interpretations

27.1 Accounting standards and interpretations to be adopted in future years

A number of new standards, amendments to standards and interpretations that are applicable to the group and company with an effective date after the date of these financial statements, have not been applied in preparing these group and company financial statements. These include:

IFRS 9 Financial Instruments (effective for the group for the financial year ending June 2019)
IFRS 9 replaces existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment losses on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The group continues to assess the potential impact on its group financial statements regarding the application of IFRS 9.

IFRS 15 Revenue from Contracts with Customers (effective for the group for the financial year ending June 2019)
IFRS 15 establishes a comprehensive framework detailing the principles an entity must apply when measuring and recognising revenue. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The group is in the process of assessing the potential impact on its group financial statements regarding the application of IFRS 15. It is anticipated that a possible change in the classification of statement of comprehensive income disclosure line items, such as revenue, turnover and other trading income, may occur.

IFRS 16 Leases (effective for the group for the financial year ending June 2020)
The objective of the project was to develop a new leases standard that sets out the principles that both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar manner to finance leases under IAS 17. The group has an extensive operating lease portfolio, acting as both lessor and lessee. The application of IFRS 16 will result in changes to both the statement of financial position and statement of comprehensive income line items, including but not limited to, property, plant and equipment; operating lease assets; operating lease liabilities; occupancy costs; operational costs; and finance costs. More specifically, items such as depreciation and operating lease payments will be impacted. Key balance sheet metrics such as leverage and finance ratios, debt covenants (if applicable) and income statement metrics, such as earnings before interest, taxes, depreciation and amortisation ("EBITDA"), will be impacted. The group continues to assess the potential impact on its group financial statements regarding the application of IFRS 16.

28 Business combination

The group acquired the Queenspark Namibian franchise business, previously operated by a third party, during the year under review, for a cash consideration of R2 939 000. The rationale for the acquisition was to implement an expansion strategy in Namibia.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value.

When the company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Identifiable assets acquired

The following summarises the recognised amounts of assets acquired at the acquisition date:

Plant and equipment	500
Inventory	1 339
Intangible asset – reacquired distribution right	1 100
Total identifiable net assets acquired	2 939

Consideration transferred

The following summarises the acquisition date fair value of each major class of consideration transferred:

Cash	2 939
Total consideration transferred	2 939

No liabilities or contingent liabilities were acquired or assumed.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Plant and equipment
Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Inventory
Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Intangible asset
The fair value of the reacquired distribution rights was determined based on market-related values.

UNAUDITED SHAREHOLDERS' INFORMATION

Analysis of shareholders as at 30 June 2017

	Ordinary		"N" ordinary		Preference	
	Number of share-holdings	% of share-holdings	Number of share-holdings	% of share-holdings	Number of share-holdings	% of share-holdings
Public shareholders	135	97.9	203	96.1	23	85.2
Companies and close corporations	14	10.1	14	6.6	2	7.4
Individuals	103	74.7	167	79.1	16	59.3
Insurance companies, nominees and trusts	16	11.6	21	9.9	5	18.5
Mutual funds and pension funds	2	1.5	1	0.5	–	–
Non-public shareholders	3	2.1	8	3.9	4	14.8
African and Overseas Enterprises Limited	1	0.7	1	0.5	1	3.7
Rex Trueform Share Trust	–	–	1	0.5	–	–
Geomer Investments Proprietary Limited	1	0.7	1	0.5	–	–
Ceejay Trust	1	0.7	1	0.5	–	–
L Wasserman	–	–	–	–	1	3.7
Old Sillery Proprietary Limited	–	–	–	–	1	3.7
HAM Shotter	–	–	–	–	1	3.7
Directors	–	–	4	1.9	–	–
	138	100.0	211	100.0	27	100.0

	Number of shares	% of share capital	Number of shares	% of share capital	Number of shares	% of share capital
Public shareholders	367 458	12.6	4 251 854	24.0	22 238	15.9
Companies and close corporations	169 505	5.8	1 626 968	9.2	3 100	2.2
Individuals	65 416	2.2	403 602	2.3	17 288	12.4
Insurance companies, nominees and trusts	58 106	2.0	403 935	2.3	1 850	1.3
Mutual funds and pension funds	74 431	2.6	1 817 349	10.2	–	–
Non-public shareholders	2 538 347	87.4	13 483 652	76.0	117 762	84.1
African and Overseas Enterprises Limited	2 110 169	72.6	9 212 565	51.9	825	0.6
Rex Trueform Share Trust	–	–	20 279	0.1	–	–
Geomer Investments Proprietary Limited	173 715	6.0	2 035 786	11.5	–	–
Ceejay Trust	254 463	8.8	2 084 610	11.8	–	–
L Lombard	–	–	–	–	28 545	20.4
L Wasserman	–	–	–	–	22 192	15.9
Old Sillery Proprietary Limited	–	–	–	–	27 785	19.8
HAM Shotter	–	–	–	–	38 415	27.4
Directors	–	–	130 412	0.7	–	–
	2 905 805	100.0	17 735 506	100.0	140 000	100.0
Beneficial shareholders holding 5% or more						
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	173 715	6.0	2 035 786	11.5	–	–
Traclo Proprietary Limited	144 398	5.0	1 462 864	8.2	–	–
Sentinel Retirement Fund	74 331	2.6	1 817 349	10.2	–	–
HAM Shotter	–	–	–	–	38 415	27.4
Old Sillery Proprietary Limited	–	–	–	–	27 785	19.8
L Wasserman	–	–	–	–	22 192	15.9
L Lombard	–	–	–	–	28 545	20.4
	2 757 076	95.0	16 613 174	93.6	117 762	84.1

Rex Trueform