Directors' approval

The directors are responsible for both the preparation and integrity of the financial statements and related financial information contained in the Integrated Annual Report. In their opinion, the financial statements fairly represent the Group's financial position and results of operations. It is the responsibility of the independent auditors to report on the financial statements. Their report to the members of the Company is set out on page 71.

In order for the directors to discharge their responsibility, the Group maintains adequate accounting systems, risk control procedures and accounting records. A system of internal control, focused on critical risk areas and designed to provide reasonable assurance that assets are safeguarded, and that the risk of error, fraud or loss is reduced in a cost-effective manner, has been implemented. All controls are frequently monitored and subject to review and audit. There was no material breakdown in the system of internal control during the year under review.

The Group adopts appropriate accounting policies and the annual financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The financial statements incorporate full and meaningful disclosure, and have been prepared using reasonable and proven judgements and estimates.

The financial statements have been prepared under the supervision of the Chief Financial Officer, Mr B G Wood CA(SA), and have been audited in terms of the Companies Act of South Africa.

GOING CONCERN

The directors are of the opinion that the business will continue as a going concern in the year ahead. The annual financial statements have accordingly been prepared on a going-concern basis.

CODE OF ETHICS

The directors have complied with the Group's code of ethics.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group set out in pages 74 to 116 were approved by the Board on 22 September 2014 and signed on its behalf by:



G A M Ravazzotti

Chairman



B G Wood

Chief Financial Officer

COMPANY SECRETARY'S APPROVAL

In terms of the Companies Act, No 71 of 2008, I certify that the Company has lodged, with the Registrar of Companies, all such returns as are required of a public company in terms of the Act, and that all such returns are true, correct and up to date.



E J Willis

Company Secretary

22 September 2014

Independent auditors' report to the shareholders of Italtile Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Italtile Limited set out on pages 80 to 116 which comprise the statements of financial position as at 30 June 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Italtile Limited as at 30 June 2014, 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.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2014, we have read the Directors' report, the Audit Committee's report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc.

Ernst & Young Inc.

Director: **Sarel Jacobus Johannes Strydom**

Registered Auditor (RA)

Chartered Accountant (SA)

102 Rivonia Road, Sandton, Johannesburg

23 September 2014

Audit and Risk Committee report

The Audit and Risk Committee ("Committee") submits this report in terms of the Companies Act, No 71 of 2008 ("Companies Act").

A formal Audit and Risk Committee Charter ("Charter"), approved by the Board, guides the Committee in terms of its objectives, authority and responsibilities. The Charter is reviewed annually and, if necessary, amended to meet market, regulatory and statutory requirements.

The Committee consists of three independent non-executive directors, namely Ms S M du Toit (Chairman), Mr S I Gama and Mr S G Pretorius. Mr P D Swatton stepped down from the Committee with effect from 1 November 2013.

The Committee meets at least three times a year. The Chief Financial Officer, external audit partner, internal audit representative and the Head of Information Technology attend meetings by invitation. The Company Secretary, Ms E J Willis attends and minutes all meetings of the Audit and Risk Committee.

Name	12 Aug 2013	18 Sept 2013	16 Oct 2013	10 Feb 2014	14 May 2014
Ms S M du Toit	✓	✓	✓	✓	✓
Mr S I Gama	✓	Ap	✓	✓	✓
Mr S G Pretorius	✓	✓	✓	✓	✓
Mr P D Swatton*	✓	✓	*	*	*

✓Present
ApApologies
**Not a member at the time of the meeting*

The role of the Committee is *inter alia* to:

- review the effectiveness of the Group's systems of internal control, including internal financial control and risk management, and to ensure that effective internal control systems are maintained;
- oversee the risk management process;
- review financial statements for proper and complete disclosure of timely, reliable and consistent information and to confirm that the accounting policies used are appropriate;
- deal with concerns and complaints relating to accounting policies, internal audit, the audit or content of the Integrated Annual Report and internal financial controls;
- nominate the appointment of the external auditors as the registered independent auditor after satisfying itself through enquiry that the auditors are independent as defined in terms of the Companies Act;
- determine the fees to be paid to the external auditors and their terms of engagement;
- ensure that the appointment of the external auditor complies with the Companies Act and any other legislation relating to the appointment of auditors; and
- approve the scope of non-audit services which the external auditor may provide to the Group and pre-approve any non-audit services to be provided by the external auditors.

RISK MANAGEMENT AND COORDINATION OF ASSURANCE ACTIVITIES

The Committee oversees the risk management process. At least one Committee meeting a year is dedicated to the detailed review of the Group Risk Assessment including information technology risks. The Committee coordinates all assurance activities by means of the Group's combined assurance model. The internal audit function is an integral part of the Group finance function. The Committee approves the internal audit plan and focus areas. Internal audit reports on findings of work performed to the Committee on a regular basis.

EXTERNAL AUDITORS

During the year under review, the Committee, in consultation with executive management, approved the External Audit Plan and fee proposal and considered reports from the external auditors on the annual and interim financial statements. The Committee satisfied itself that EY and Mr S Strydom, the designated auditor, are independent of the Company. The Chairman of the Committee has regular discussions and meetings with the external auditors, independently of management.

WHISTLE-BLOWING

The independent external whistle-blowing line operated effectively for the year under review. Instances of whistle-blowing are reported to the Chairman of the Committee.

FINANCIAL FUNCTION

In accordance with the JSE Listings Requirements, the Committee must consider the appropriateness of the expertise and experience of the Chief Financial Officer of the Company on an annual basis. The Committee believes that Mr Wood, the Chief Financial Officer, possesses the appropriate expertise and experience to meet his responsibilities in that position.

The Committee is satisfied that the financial function of the Group incorporates the necessary expertise, resources and experience to adequately carry out its obligations.

INTERNAL FINANCIAL CONTROLS

Based on the results of work done by the internal audit function and external auditors on Italtile Group's system of internal financial controls, and considering feedback and information from management, the Committee is of the opinion that the Italtile Group's system of internal financial control was effective for the year under review and that it formed a reliable basis for the preparation of the Group financial statements.

FINANCIAL STATEMENTS

The Committee reviewed the financial statements of the Company and the Italtile Group and is satisfied that they comply with International Financial Reporting Standards and that the accounting policies applied are appropriate.

SUSTAINABILITY REPORTING

The Committee reviewed and considered the Group's sustainability information as disclosed in the Integrated Annual Report. The Committee discussed the sustainability information with management and is satisfied, based on information and explanations from management, that the sustainability information is reliable.

RECOMMENDATION OF THE INTEGRATED ANNUAL REPORT

The Committee has noted the external auditors' opinion and findings on the Integrated Annual Report and has recommended the approval of the Integrated Annual Report to the Board.

The Committee reports that it has discharged its responsibilities and duties in compliance with its charter.



S M du Toit
Audit and Risk Committee Chairman

22 September 2014

PRINCIPAL ACTIVITIES OF THE COMPANY

Retail

Italtile Limited ("Italtile" or "the Company" or "the Group"), headquartered in Bryanston, Johannesburg, is a leading retailer of tiles, bathroomware and related products in South Africa.

Franchising

The Group operates as a national franchisor, featuring a streamlined parent operation focused on growing market share and fostering entrepreneurial opportunities through its franchise programme.

The Group is represented via its high profile branded retail outlets, Italtile Retail, CTM and TopT, which cater to homeowners across the income spectrum, holding appeal for market segments ranging from the premium upper end to entry level consumers. These stores are situated on high visibility sites and/or close to previously under-serviced markets, and their comprehensive offerings position them as one-stop solution destinations. Ranges include ceramic and porcelain wall and floor tiles, sanitaryware, bathroom furniture, brassware, fittings, accessories, laminated wooden flooring, home-finishing products, décor and tools.

The store network comprises 115 stores, situated in Southern and East Africa.

Property investment

Underpinning the retail network is an extensive property portfolio. The Group derives important strategic advantage by supporting its brands with high profile prime sites that enhance Italtile's positioning as a destination retailer.

Support services

The Group's vertically integrated supply chain comprises International Tap Distributors (ITD), an importer and distributor of brassware and accessories, and Cedar Point, an importer and distributor of tiling tools, laminated boards, cabinets and décor. The Group holds a controlling interest in both of these businesses. ITD and Cedar Point service the Italtile Retail, CTM and TopT retail network.

The Group's Distribution Centre, which has facilities in KwaZulu-Natal and the Western Cape, sources imported products and provides warehousing and distribution facilities to CTM, Italtile Retail and TopT. It is also responsible for arranging logistics and foreign exchange for the Group's retail brands as well as ITD and Cedar Point.

INVESTMENT IN ASSOCIATES

Ceramic Industries Ltd (Ceramic)

The 20% strategic investment in its largest supplier of tiles, sanitaryware and baths once again delivered tactical advantages in supporting the Group's growth programme. In the context of the weaker Rand, this relationship with Ceramic served to enable consistent supply of local high quality, affordable products. The all-round improved performance reported across this business resulted in a 70% growth in profitability and an increase in contribution to Group profit of R24 million for the full year (2013: R9 million).

Ezeetile

The Group holds an effective 46% strategic stake in this business, a national manufacturer of grout, adhesive and related products. Wide-ranging enhanced business processes and systems were implemented in the operation over the past year, and whilst improved efficiencies have resulted, the restructuring remains to be completely bedded down before the full benefits of the programme will be realised. The business reported growth for the period, contributing R5 million (2013: R3 million) to Group profits.

STATEMENTS OF RESPONSIBILITY

The responsibilities of the Group's directors are detailed on page 56 of this report.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee report is on page 72. Page 58 of the Corporate Governance report also discusses the responsibilities of this committee and how these were discharged during the year.

FINANCIAL REVIEW

System-wide turnover

Like-on-like system-wide turnover across the Group from continuing operations increased 17% to R4,46 billion (2013: R3,82 billion). Growth was recorded by all three retail brands. With only six new stores opened in the period, growth was largely organic and attributable to enhanced efficiencies in the business and supply chain, as well as a gain in market share.

Normalised profit and trading operations

Reported trading profit from continuing operations grew 23% to R751 million (2013: R611 million). Gross margins declined slightly as a function of the Group's decision to absorb increased costs and currency fluctuations to support franchisees and customers and demonstrate Italtile's everyday value positioning.

Property, plant and equipment

The estimated current market value of this portfolio increased to R1,9 billion. Capital expenditure of R96 million was incurred on new and refurbished properties. An impairment of R20 million (2013: R5 million) has been recorded on property in Australia, reflecting adverse economic conditions in that country.

Cash and cash equivalents

Capital expenditure of R166 million (2013: R168 million) was incurred primarily to enhance the Group's property investment

portfolio through the acquisition of new properties and an ongoing store upgrade programme across the network. This investment, together with the net special dividend of R467 million paid during the period, resulted in net cash reserves of R249 million (2013: R303 million) at the end of the period.

Interest-bearing loans and borrowings

In terms of interest-bearing debt, the Group's exposure includes R40 million (2013: R44 million) loan finance utilised in the acquisition of fixed property in Australia.

Prospects

In the absence of a strong economic recovery in the short term, consumers will remain cost-conscious, with higher expectations of value-for-money offerings. In addition to price, there will be growing demand for good service, quality and style.

In this environment, the Group's key differentiator, its unique business model, will stand it in good stead. Our high-profile brands have appeal across the income and fashion spectrum, whilst the established supply chain supports our year-round value offering.

A range of opportunities has been identified which will advance our ambitious growth plans. Amongst those is to grow market share in existing and new markets, including developing new store formats to provide expansion flexibility. Intensified implementation of our best practice benchmarks and controls across all major disciplines of the business and supply chain should also deliver an enhanced performance.

DISCONTINUED OPERATIONS

The Group disposed of the following non-core businesses (date of disposal disclosed in brackets):

- Cladding Finance Proprietary Limited – the entity used to extend and manage credit to the contractors market (30 September 2013);
- The seven store CTM retail operation in Australia (31 October 2013); and
- Allmuss Properties Zambia Limited – a property holding company (31 December 2013).

The results of these businesses have thus been recorded as discontinued operations in these results.

Cladding Finance Proprietary Limited and Allmuss Properties Zambia Limited's contribution to Group earnings is immaterial, although R4 million profit was realised on the sale of the latter. The sale of the Australian retail operations was concluded *via* a management buyout, and was preceded by fixed asset impairment and other rationalisation costs totalling R9 million. A further consequence of the sale of the Australia retail operations was the derecognition of deferred assets totalling R8 million, also included in the discontinued operations results.

STAFF SHARE SCHEME

During the year, the Group implemented a share incentive scheme for all employees of the Group and its franchisees in South Africa that had been in the employ of the Group and/or franchise network for a period of three uninterrupted years as at 31 August 2013. As a result, 13 million of the Group's shares were held by qualifying staff members at 30 June 2014 (the shares were previously held by the Italtile Empowerment Trust). The allotment is funded by the Group and the shares are restricted instruments which will vest with employees following a further three years of employment. Until vesting, the shares will continue to be accounted for as treasury shares, although they do have an impact on the diluted weighted average number of shares.

The scheme is classified as an equity settled scheme in terms of IFRS 2, Share-based Payment, and has resulted in a charge of R17 million to the Group's income (R11 million thereof being a once-off charge for franchisee staff).

TOPT CERAMICS PROPRIETARY LIMITED

Subsequent to the financial year end, the Group acquired the 20% non-controlling stake held by the previous business partner of TopT Ceramics Proprietary Limited at a cost of R11 million. The Group is currently in the process of identifying new business partners for this business.

STATED CAPITAL

The authorised and issued share capital remains unchanged at 3 300 000 000 shares of no par value. Issued share capital is 1 033 332 822 (2013: 1 033 332 822) shares of no par value.

ORDINARY DIVIDEND

The Board has declared a final dividend (no 96) for the year ended 30 June 2014 of 10 cents per Italtile ordinary share (share) (2013: 8,0 cents per share), which together with the interim dividend of 9 cents per share (2013: 8,0 cents per share), produces a total dividend declared for the year of 19 cents per share (2013: 16,0 cents per share), an increase of 19%, to all shareholders recorded in the books of Italtile at the close of business on Friday, 5 September 2014. The Group has maintained its dividend cover of three times.

CASH DIVIDEND TIMETABLE

The cash dividend timetable for the dividend was structured as follows: the last day to trade *cum* dividend in order to participate in the dividend was Friday, 5 September 2014. The shares commenced trading *ex* dividend from the commencement of business on Monday, 8 September 2014 and the record date was Friday, 12 September 2014. The dividend was paid on Monday, 15 September 2014. Share certificates were not able to be rematerialised or dematerialised between Monday, 8 September 2014 and Friday, 12 September 2014, both days inclusive.

DIRECTORS AND OFFICERS

The details of the directors of the Company are set out on page 69.

With effect from 1 July 2014, Mr Nick Booth assumed the position of Chief Executive Officer (CEO) of the Group. Mr Giovanni Ravazzotti, who served as interim CEO pending Mr Booth's appointment, resumed his role as Chairman, while Mr Brand Pretorius, who served as interim Chairman in Mr Ravazzotti's stead, resumed his position as independent non-executive director. With effect from 1 August 2014, Mr Jan Potgieter was appointed Chief Operating Officer and executive director to the Board. With effect from 20 August 2014, Ms Ndumi Medupe has been appointed to the Board as a non-executive director. Ms Medupe, CA(SA) is a founder and director of Indyebo Consulting (Pty) Limited.

In accordance with the Company's Memorandum of Incorporation, Ms S M du Toit and Ms A Zannoni retire by rotation, and being eligible, offer themselves for re-election at the forthcoming annual general meeting (AGM). Furthermore, the appointments of Messrs N Booth and J N Potgieter as executive directors and G A M Ravazzotti as non-executive Chairman are to be confirmed at this AGM.

DIRECTORS' SHAREHOLDING AND OTHER INTERESTS

Except for the long-term incentive schemes detailed below, the Company was not party to any arrangement during the year or at year end, which would enable the directors or officers, or their families, to acquire benefits by means of acquisition of shares in the Company.

Other than disclosed in note 32, none of the directors or officers of the Company had any interest in any contracts which significantly affected the affairs or business of the Company or its subsidiaries during the year.

It is Company policy that all directors and employees who have access to price-sensitive information may not deal directly or indirectly in the shares of the Company from the end of a reporting period until publication of the interim results or annual profit announcement.

The directors' beneficial and non-beneficial interest in the stated share capital of the Company at the reporting date is set out in the table below. There has been no change of interests between 30 June 2014 and the date of this Integrated Annual Report.

At 30 June 2014 Director	Direct	Beneficial indirect	Total	% held	Direct	Non-beneficial indirect	Total	% held
G A M Ravazzotti	**14 637 088**	**345 980 215**	**360 617 303**	**34,90**	**–**	**–**	**–**	**–**
P D Swatton	**13 037 168**	**–**	**13 037 168**	**1,26**	**–**	**–**	**–**	**–**
S I Gama#	**200 000**	**–**	**200 000**	**0,02**	**–**	**–**	**–**	**–**
At 30 June 2013 Director	Direct	Beneficial indirect	Total	% held	Direct	Non-beneficial indirect	Total	% held
G A M Ravazzotti	14 637 088	345 980 215	360 617 303	34,90	–	–	–	–
P D Swatton	13 037 168	–	13 037 168	1,26	–	–	–	–
S I Gama#	200 000	–	200 000	0,02	–	–	–	–

#Beneficial indirect interest in BEE Special Purpose Entities.

DIRECTORS' PARTICIPATION IN THE LONG-TERM INCENTIVE PLAN AND SHARE APPRECIATION RIGHTS SCHEME

Directors' holdings under the Long-Term Incentive Plan and Share Appreciation Rights Scheme are set out in the table below:

Director	Awards held at 1 July 2013	Awarded during the year	Exercised during the year	Forfeited during the year	Awards held at 30 June 2014
B G Wood	1 150 000	**250 000**	**–**	**–**	**1 400 000**

Refer to note 6 for further details pertaining to these schemes.

DIRECTORS' EMOLUMENTS

The emoluments paid to each director during the year ended 30 June 2014 by a subsidiary company are set out in the table below.

All emoluments paid to directors are short term in nature, other than gains on exercise of share options, and contributions to medical aid and provident fund.

The remuneration of both executive and non-executive directors is determined by the Remuneration Committee. Other benefits include the fringe benefit value of Company cars for executive directors and fees for services rendered by non-executive directors.

All figures in R000's	Salary	Bonus performance-related payments	Provident fund and medical contributions	Gain on exercised share awards	Other benefits	**Total 2014**	Total 2013
Executive directors							
G A M Ravazzotti*	696	215	—	—	128	**1 039**	1 058
P D Swatton°	—	—	—	—	—	**—**	4 715
P Langenhoven#	514	—	122	—	62	**698**	1 760
B G Wood	1 106	190	194	—	131	**1 621**	239
2014	2 316	405	316	—	321	**3 358**	
2013	4 264	692	538	1 470	808		7 772

**Paid to Rallen (Pty) Ltd, the company that this director represents for his services as director of Italtile Limited. Refer to note 34.*
#Paid by Italtile (Australia) Pty Ltd.
°Non-executive director from 1 May 2013.

All figures in R000's	Board fees	Other	**Total 2014**	Total 2013
Non-executive directors				
S I Gama	166	—	**166**	221
S M du Toit	407	—	**407**	593
A Zannoni	118	—	**118**	114
S G Pretorius□	612	—	**612**	256
P D Swatton	229	—	**229**	57
2014	1 532	—	**1 532**	
2013	1 094	147		1 241
Aggregate emoluments of directors who served during the year			**4 890**	9 013

□Served as Chairman during the period.

SUBSIDIARY COMPANIES

Details of the Company's interest in its subsidiaries are set out on page 116.

The Company's interest in the profits and losses after taxation and the non-controlling shareholders' interest of its subsidiaries (direct and indirect) is:

	2014 Rm's	2013 Rm's
Profits	**515**	448

CORPORATE GOVERNANCE

The Corporate Governance report is set out on pages 52 to 68.

SHAREHOLDERS

An analysis of the shareholdings of the Company appears on page 117 of this report.

EMPLOYEES

The Group employs 922 employees (2013: 765).

SPECIAL RESOLUTION

At the annual general meeting of shareholders held on Friday, 20 November 2013, four special resolutions were approved by the requisite majority of votes, namely: authorising the Company to repurchase its own shares; authorising the Company to provide financial assistance to related and inter-related entities; approving the Company's non-executive directors' fees; and approving amendment to the Company's Employee Share Incentive Scheme.

Full details of the special resolutions passed will be made available to shareholders on request.

THE ITALTILE SHARE INCENTIVE TRUST

In terms of the resolution passed at the shareholders' meeting on 12 January 1993 as amended and approved at the shareholders' meeting on 15 April 2013, the directors are authorised to make available for the purposes of the scheme a maximum aggregate number of 136 470 068 ordinary shares (2013: 136 470 068), representing 13% of the issued share capital.

The scheme exists for the directors and senior management of the Company with a limit of 15 400 000 shares which any one participant may acquire.

The Trust holds sufficient shares to meet its commitments. Shares will be bought in the open market by the scheme to meet any future allocations.

No share option expense was recognised for this scheme in the current year (2013: nil).

LONG-TERM INCENTIVE PLAN AND SHARE APPRECIATION RIGHTS SCHEME

The Company adopted a Long-Term Incentive Plan (LTIP) and a Share Appreciation Rights Scheme (SARS) in the 2008 financial year (amended in the 2013 financial year), in accordance with which selected directors and employees of the Group will receive a conditional right to receive a cash award as determined by the rules of the plan and scheme. This award is to be applied towards the obligatory subscription and/or purchase of Company ordinary shares.

Directors and employees of the Company, as well as directors and employees of any subsidiary within the Group which is designated by directors of the Company as being a participating company, are eligible to participate in the LTIP and SARS. In addition, the directors of the Company may select certain franchisees of the Group to participate in the LTIP and SARS, in which event directors and employees of such franchisees will also be eligible.

The movement in the number of notional shares available to eligible participants is as follows:

	Number of awards 2014	2013
At 1 July	**13 731 250**	8 050 000
Awarded during the year	**1 050 000**	9 050 000
Vested during the year	**(325 000)**	(687 500)
Cancelled during the year	**–**	(2 681 250)
At 30 June	**14 456 250**	13 731 250

Refer to note 6 for further disclosure related to the LTIP and SARS.

BORROWING POWERS

In terms of the Memorandum of Incorporation, the Company has unlimited borrowing powers.

LITIGATION

As previously disclosed, legal proceedings have been instituted against Majuba Aviation (Pty) Ltd, a subsidiary company of the Group providing aircraft charter services, for which there is insurance cover.

AUDITORS

EY continued in office as auditors of Italtile Limited. At the annual general meeting of 28 November 2014, shareholders will be requested to appoint EY as auditors for the 2015 financial year and it will be noted that Mr S Strydom will be the individual registered auditor who will undertake the audit.

SECRETARY

The Company Secretary is Ms E J Willis, whose business and postal address is:

Registered office:	The Italtile Building Cnr William Nicol Drive and Peter Place Bryanston 2021
Postal address:	PO Box 1689 Randburg 2125
Telephone number:	+27 (0) 11 510 9050
Fax number:	+27 (0) 11 510 9061

Statements of comprehensive income

for the year ended 30 June 2014

COMPANY				GROUP	
2014 Rm's	2013 Rm's		Note	**2014 Rm's**	2013 Rm's
		Continuing operations			
724	165	**Revenue**	3	**2 961**	2 307
		Turnover	3	**2 714**	2 047
		Cost of sales	4	**(1 657)**	(1 241)
		Gross profit		**1 057**	806
		Other operating income		**245**	241
700	155	Dividend income from subsidiaries			
4	4	Management fees			
		Expenses			
(3)	(3)	Operating expenses		**(560)**	(451)
—	27	Impairment reversal of investments and loans	14.1		
		Profit on sale of property, plant and equipment		**9**	15
701	183	**Trading profit**	5	**751**	611
20	6	Finance revenue	7	**11**	26
(1)	—	Finance cost	8	**(20)**	(17)
		Income from associates – after tax	14.2	**29**	11
720	189	**Profit before taxation from continuing operations**		**771**	631
(2)	(1)	Taxation	9	**(227)**	(168)
718	188	**Profit for the year from continuing operations**		**544**	463
		Discontinued operations			
		(Loss)/profit after taxation for the year from discontinued operations	35	**(20)**	1
718	188	**Profit for the year**		**524**	464
		Other comprehensive income, net of taxation:			
		Items that will be reclassified subsequently to profit or loss:			
		Currency translation		**12**	13
718	188	**Total comprehensive income for the year, net of taxation**		**536**	477
		Profit attributable to:			
		Equity holders of the parent		**509**	444
		Non-controlling interests		**15**	20
718	188			**524**	464
		Total comprehensive income attributable to:			
		Equity holders of the parent		**521**	457
		Non-controlling interests		**15**	20
718	188			**536**	477
		Earnings per share: (all figures in cents)			
		Earnings per share	10	**55,3**	48,3
		Headline earnings per share	11	**57,6**	47,4
		Diluted earnings per share	10	**54,7**	48,2
		Diluted headline earnings per share	11	**57,1**	47,3
		Earnings per share from continuing operations: (all figures in cents)			
		Earnings per share	10	**57,4**	48,2
		Headline earnings per share	11	**58,7**	47,3
		Diluted earnings per share	10	**56,9**	48,1
		Diluted headline earnings per share	11	**58,1**	47,2

Statements of financial position

at 30 June 2014

COMPANY 2014 Rm's	COMPANY 2013 Rm's		Note	GROUP 2014 Rm's	GROUP 2013 Rm's
		Assets			
287	330	**Non-current assets**		1 856	1 850
		Property, plant and equipment	13	1 296	1 246
166	146	Investments	14.1	–	4
		Investment in associates	14.2	522	553
121	184	Long-term assets	15	14	24
		Goodwill	16	6	6
		Deferred taxation	17	18	17
555	467	**Current assets**		857	777
		Inventories	18	408	335
555	467	Trade and other receivables	19	169	121
#	#	Cash and cash equivalents	20	249	303
#	#	Taxation	27	31	18
		Assets classified as held for sale	35	–	26
842	797	**Total assets**		2 713	2 653
		Equity and liabilities			
840	795	**Equity attributable to equity holders of the parent**		2 179	2 247
818	818	Stated capital	21	818	818
		Non-distributable reserve	22	102	93
		Treasury shares	21	(472)	(474)
56	40	Share schemes reserve	6	55	36
(34)	(63)	Retained earnings		1 676	1 774
		Non-controlling interest		51	54
		Reserves related to discontinued operations	35	–	2
840	795	**Total equity**		2 230	2 303
2	2	**Total liabilities**		483	350
		Non-current liabilities		12	53
		Interest-bearing loans and borrowings	23	–	44
		Deferred taxation	17	12	9
2	2	**Current liabilities**		471	297
2	2	Trade and other payables	24	261	252
		Provisions	25	43	43
		Interest-bearing loans and borrowings	23	165	–
		Taxation	27	2	2
842	797	**Total equity and liabilities**		2 713	2 653

#Less than R1 million.

Statements of changes in equity

for the year ended 30 June 2014

Rm's	Stated capital	Non-distributable reserve	Treasury shares	Share schemes reserve	Retained earnings	Discontinued operations	Total	Non-controlling interests	Total equity
Group									
Balance at 1 July 2012	818	82	(478)	9	1 500		1 931	77	2 008
Profit for the year					444		444	20	464
Other comprehensive income for the year		13					13		13
Total comprehensive income for the year, net of taxation	—	13	—	—	444		457	20	477
Dividends paid					(141)		(141)	(4)	(145)
Discontinued operations		(2)				2	—		
Transactions with non-controlling interests#							—	(39)	(39)
Reinstatement of BEE share incentive reserve				30	(30)		—		
Share-based payment (including vesting settlement)			4	(3)	1		2		2
Balance at 30 June 2013	818	93	(474)	36	1 774	2	2 249	54	2 303
Profit for the year					**509**		**509**	**15**	**524**
Other comprehensive income for the year		**12**					**12**		**12**
Total comprehensive income for the year, net of taxation	**—**	**12**	**—**	**—**	**509**	**—**	**521**	**15**	**536**
Transfer of reserves		**(9)**			**9**		**—**	**—**	**—**
Dividends paid					**(618)**		**(618)**	**(13)**	**(631)**
Discontinued operations		**6**				**(2)**	**4**	**5**	**9**
Transactions with non-controlling interests#							**—**	**(10)**	**(10)**
Share-based payment (including vesting settlement)			**2**	**19**	**2**		**23**		**23**
Balance at 30 June 2014	**818**	**102**	**(472)**	**55**	**1 676**	**—**	**2 179**	**51**	**2 230**
Note	21	22		6					

#Relates to transactions with non-controlling interests in Italtile Australia Pty Ltd and Cedar Point Trading 326 (Pty) Ltd.

Rm's	Stated capital	Share schemes reserve	Retained earnings	Total equity
Company				
Balance at 1 July 2012	818	9	(67)	760
Profit for the year/comprehensive income			188	188
Dividends paid			(155)	(155)
Reinstatement of BEE share incentive reserve		30	(30)	—
Share-based payment (including vesting settlement)		1	1	2
Balance at 30 June 2013	818	40	(63)	795
Profit for the year/comprehensive income			**718**	**718**
Dividends paid			**(692)**	**(692)**
Share-based payment (including vesting settlement)		**16**	**3**	**19**
Balance at 30 June 2014	**818**	**56**	**(34)**	**840**
Note	21			

Statements of cash flows

for the year ended 30 June 2014

COMPANY				GROUP	
2014 Rm's	2013 Rm's		Note	**2014 Rm's**	2013 Rm's
		Cash flows from operating activities			
		Cash receipts from customers		**2 714**	2 047
		Cash paid to suppliers and employees		**(1 956)**	(1 362)
#	29	Cash generated by operations	26	**758**	685
20	6	Finance revenue	7	**11**	26
700		Dividends received from subsidiary			
(2)	(1)	Taxation paid	27	**(245)**	(173)
(1)	—	Finance cost	8	**(20)**	(17)
(692)	(155)	Dividends paid	28	**(631)**	(145)
25	(121)	Net cash flows from/(utilised by) operating activities		**(127)**	376
		Cash flows from investing activities			
		Additions to property, plant and equipment	13	**(166)**	(168)
		Proceeds on disposal of plant and equipment		**42**	42
—	93	Decrease/(increase) in investments	14.2	**64**	(529)
		Net disposal/(acquisition) of interest in subsidiary*		**10**	(39)
—	(121)	Advance of loan to Foundation Trust	15		
63	3	Repayments of BEE share trust loan	15		
63	(25)	Net cash flows from/(utilised by) investing activities		**(50)**	(694)
		Cash flows from financing activities			
		Increase in interest-bearing loans and borrowings		**400**	—
		Repayment of interest-bearing loans and borrowings		**(279)**	(300)
		Treasury share movements		**2**	4
(88)	142	(Increase)/decrease in amounts owing by subsidiaries			
(88)	142	Net cash flows (utilised by)/from financing activities		**123**	(296)
#	(4)	**Movement in cash and cash equivalents for the year**		**(54)**	(614)
#	4	**Cash and cash equivalents at beginning of year**		**303**	917
#	#	**Cash and cash equivalents at end of year**	20	**249**	303

#Less than R1 million.

**Net cash flows related to the disposals of Cladding Finance (Pty) Ltd and Allmuss Properties Zambia Ltd (as per note 35), and transactions with non-controlling interests of Cedar Point Trading 326 (Pty) Ltd.*

1. ACCOUNTING POLICIES

1.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

1.2 Basis of preparation

The consolidated and separate financial statements are prepared on the historical-cost basis, except for certain assets and liabilities that have been measured at fair value. The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements.

The following standard amendments are effective for the current financial year and resulted in additional disclosures for the Group (which includes the consolidated and separate financial statements) for the year ended 30 June 2014:

- IAS 27 – *Amendment to IAS 27 – Separate financial statements.*
- IAS 28 – *Amendment to IAS 28 – Investments in associates and joint ventures.*
- IFRS 7 – *Amendment to IFRS 7 – Financial instruments: Disclosures.*
- IFRS 10 – *Replaces part of IAS 27 – Consolidated financial statements.*
- IFRS 12 – *Amendment to IFRS 12 – Disclosures of interests in other entities.*
- IFRS 13 – *Fair value measurements.*

The financial statements are presented in South African Rands and all values are rounded to the nearest million (R'000 000), except where otherwise indicated, and have been prepared on a going concern basis.

1.3 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 policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key assumptions concerning the future and key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, relates to the following:

Inventory obsolescence provision

The Group determines whether there is obsolete inventory on an annual basis. This requires an estimation of the expected future saleability of inventory items based on historical experience, an analysis of market and fashion trends and a review of the ageing of the inventory items. Details pertaining to carrying values and write-offs are provided in note 18.

Classification of leased land and buildings

The Group leases certain properties it owns to its franchisees. The leased properties do not generate cashflows largely independently of other assets of the Group, as rental income is directly linked to the franchise agreement and does not account for the significant portion of income generated from the franchise agreement. The leased property has thus been classified as owner occupied, and not investment property.

Residual values and useful lives of buildings

The Group depreciates its buildings to estimated residual values over an assumed useful life. These estimates are reviewed annually by the Group at each reporting period with reference to expected usage of the buildings, expected physical wear and tear, and current market values. Details of residual values and useful lives are disclosed in note 1.9.

Impairment of tangible assets

The Group determines whether any of the tangible assets are impaired at each reporting date. This requires consideration of the current and future economic and trading environment; available valuation information and the physical state of the tangible assets, to ascertain if there are indications of impairment to those owned by the Group. Details of impairments recorded during the current financial year, and carrying values are disclosed in note 13.

Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in note 6.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to notes 9 and 17.

1. ACCOUNTING POLICIES *(continued)*

1.3 Judgements and estimates *(continued)*

Materiality of non-controlling interests

The Group considers non-controlling interests related to subsidiaries which contribute less than 10% of Group turnover and profit prior to intergroup eliminations as immaterial. In the current and prior year, no individual non-controlling interests exceeded this threshold.

1.4 Basis of consolidation

The consolidated financial statements incorporate the results and financial position of the Company, its subsidiaries, its associates, the Share Incentive Trust, the BEE Trust and the Foundation Trust.

Subsidiaries are those companies in which the Group has the power to exercise control over. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power of the investee. The results of subsidiaries are included from the effective dates of acquisition, being the dates on which the Group obtains control, until the dates that control ceases. The identifiable assets and liabilities of companies acquired are assessed and included in the statement of financial position at their fair values as at the effective dates of acquisition.

All intragroup balances, transactions, unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

All companies in the Group maintain consistent accounting policies and have the same year ends.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the parent. Non-controlling interests are not fair valued post acquisition.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences, recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retaining earnings, as appropriate.

1.5 Business combinations and goodwill

New acquisitions are included in the Group's financial statements using the acquisition method whereby the assets, liabilities and contingent liabilities are measured at their fair value. The purchase consideration is allocated on the basis of fair values at the date of acquisition.

Goodwill is initially measured at cost and represents the excess of the purchase consideration over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses. Goodwill carried in the statement of financial position is not amortised. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the acquisition. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of the cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of, is included in the carrying amount of the operation when determining the gain or loss on disposal of that operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

1.6 Investment in subsidiaries *(as accounted for on an entity level within the Group)*

Investment in subsidiaries are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Investments are carried at cost, less impairment.

The carrying value of the subsidiaries is reviewed for impairment at every reporting date. Where necessary, the value of the investment is impaired to the greater of the fair value less costs of disposal or the value in use.

The difference between the net proceeds on disposal and the carrying amount of investments is charged to profit or loss in the statement of comprehensive income.

1.7 Treasury shares

Shares in Italtile Limited held by the Group are classified in equity attributable to equity holders of the parent as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. Dividends received on treasury shares are eliminated on consolidation. No gain or loss on the purchase, sale, issue or cancellation of the Group's listed shares is recognised in the statement of comprehensive income. Consideration received or paid with regards to treasury shares is recognised in equity.

1. ACCOUNTING POLICIES *(continued)*

1.8 Foreign currencies

The consolidated and separate financial statements are presented in Rands, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences, including tax effects, are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The Group has investments in foreign subsidiary companies which are classified as foreign operations with functional currencies that are different to that of the Group. The financial statements of these subsidiaries are translated for incorporation into the Group financial statements as follows:

- Assets and liabilities at the rates ruling at the reporting date.
- Statement of comprehensive income items at a weighted average rate for the period.
- Cash flow items at a weighted average rate for the period.
- Equity items at the appropriate historical rate.

Exchange differences are taken directly to a foreign currency translation reserve which is disclosed in other comprehensive income in the statement of comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income, relating to that particular foreign entity, is recognised in profit or loss.

1.9 Property, plant and equipment

All buildings are carried at cost less accumulated depreciation and accumulated impairment.

A valuation to open market value for existing use is done every three years for impairment assessment purposes.

All plant and equipment, is stated at cost less accumulated depreciation and accumulated impairment.

Depreciation is calculated on the straight-line basis estimated to write each asset down to estimated residual value over the term of its useful life at the following annual rates:

	Useful life	Residual value
• Buildings	2% to 5%	zero to 80%
• Plant and machinery	20% to 25%	zero
• Vehicles	20% to 25%	zero
• Computer equipment	20% to 33,3%	zero
• Furniture and fittings	16,6% to 33,3%	zero

Depreciation commences when the asset is available and in condition for use as intended by management. The useful lives, methods of depreciation and residual values are reviewed, and adjusted if appropriate, at each financial year end. Land is not depreciated.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs of disposal, an appropriate valuation model is used. All repairs and maintenance are recognised in profit and loss as incurred.

1. ACCOUNTING POLICIES *(continued)*

1.9 Property, plant and equipment *(continued)*

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset. In addition, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on derecognition of assets are determined by reference to their carrying amount and the net disposal proceeds and are taken to the statement of comprehensive income in the year the asset is derecognised.

1.10 Inventory

Inventory is valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to make the sale. Cost is determined on a weighted average cost method and excludes cash discounts, rebates and relevant indirect taxes.

1.11 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Current tax items relating to other comprehensive income are recognised in other comprehensive income or directly in equity.

Deferred income tax

Deferred income tax is provided on the liability method, on recognised temporary differences at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, other than in the circumstances described below. Deferred tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward or unused tax assets and unused tax losses can be utilised, other than in the circumstances described below. Furthermore, deferred tax assets are reviewed at each reporting date.

The carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are not recognised where they arise from goodwill arising on acquisition or from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Offset of tax assets and liabilities

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Value added tax (VAT)

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

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense items, as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statement of financial position.

Dividends withholding tax

Dividends withholding tax is imposed on shareholders at a rate of 15% on the receipt of dividends, and is withheld and paid to taxation authorities by the company paying the dividend. By election, the Group is exempt from dividends withholding tax on its dividend receipts, except for certain consolidated entities which hold treasury shares. The dividends withholding tax for such entities is included in the Group's taxation expense.

1. ACCOUNTING POLICIES *(continued)*

1.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.13 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable and is recognised when the significant risks and rewards of ownership are transferred to the buyer. It excludes cash discounts, rebates and relevant indirect taxes.

Revenue from fixed property rental is turnover-related and recognised when the underlying sale of goods, takes place.

Interest is recognised on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

Dividends are recognised when the right to receive payment is established.

Revenue from franchise income and royalties is recognised on the accrual basis in accordance with the substance of the agreement.

1.14 Employee benefits

Retirement benefits

Defined-contribution plan

Current contributions to the retirement benefit plan are charged against profit and loss as services are rendered by the employee.

1.15 Equity participation plan

Selected employees, including directors, of the Group receive remuneration in the form of share options, whereby they render services in exchange for rights over shares. The cost of share options is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black-Schöles option-pricing model, further details of which are given in note 6. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Italtile Limited.

The cost of the share options is recognised, together with a corresponding increase in shareholders' equity, over the vesting period ending on the date on which the service conditions are fulfilled and the employees become fully entitled to take up the share options. The cumulative expense recognised for share options granted at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the number of share option grants that will ultimately vest in the opinion of the directors of the Group, at that date. This is based on the best available estimate of the number of share options that will ultimately vest. No expense is recognised for share options that do not ultimately vest.

Where the terms of the share options are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transactions, as a result of the modification, as measured at the date of modification.

Where a share option is forfeited prior to vesting, any expense previously recognised for the award is reversed immediately. Where an award is cancelled, other than an award cancelled by forfeiture when the vesting conditions are not satisfied, it is treated as if it vested on the date of cancellation, and any expense not yet recognised, is recognised immediately. If a new share option is substituted for the cancelled share option, and designated as a replacement share option on the date that it is granted, the cancelled and new share option grant are treated as if they were a modification of the original grant, as described above.

The dilutive effect of outstanding options is reflected as a share dilution in the computation of diluted earnings per share (refer to note 10).

1. ACCOUNTING POLICIES *(continued)*

1.16 Financial instruments

Financial instruments carried on the statement of financial position comprise cash and cash equivalents, trade and other receivables, trade and other payables, and interest-bearing loans and borrowings.

Classification

The Group's financial assets and financial liabilities are classified as follows:

Description of asset/liability	Classification
Investments	At cost
Loan to BEE Trust	Loans and receivables
Trade and other receivables	Loans and receivables
Cash and cash equivalents	Loans and receivables
Interest-bearing loans and borrowings	Financial liability carried at amortised cost
Trade and other payables	Financial liability carried at amortised cost

Measurement

All financial instruments are recognised at the time the Group becomes party to the contractual provisions of the instruments. Financial instruments are initially measured at fair values. Directly attributable transaction costs are included in the fair value, unless it is classified as fair value through profit or loss. The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Investments are carried at cost as a reliable measure of fair value cannot be determined.

Cash and cash equivalents that have a fixed maturity date are subsequently measured at amortised cost using effective interest rates. Generally, cash and cash equivalents have a maturity of three months or less.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, trade and other receivables are subsequently carried at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the statement of comprehensive income when trade and other receivables are derecognised or impaired, as well as through the amortisation process. In relation to trade receivables, a provision for impairment is made where there is objective evidence (such as probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable. If there is objective evidence that an impairment loss on other receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the receivable is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

Trade and other payables are subsequently measured at amortised cost.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Fair value

The Group measures the fair value of financial instruments at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1. ACCOUNTING POLICIES *(continued)*

1.16 Financial instruments *(continued)*

Derivative financial instruments

The Group uses foreign exchange contracts to manage its risks associated with foreign currency fluctuations. It is the Group's policy not to trade in derivative financial instruments. Details of the Group's financial risk management objectives and policies are set out in note 31.

All derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Any gain or loss from remeasuring the derivative financial instrument to fair value is recognised immediately in profit or loss.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

When the Group has transferred its rights to receive cash flow from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender of substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offset of financial instruments

Financial assets and liabilities are set off against each other where there is an intention to settle the amounts simultaneously, and a currently enforceable legal right of set-off exists.

1.17 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

Group as a lessee

All leases are treated as operating leases and the relevant rentals are charged to profit or loss on a straight-line basis.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1. ACCOUNTING POLICIES *(continued)*

1.18 Dividends paid

Dividends paid are recognised as appropriations of reserves in the statement of changes in equity at the dates of declaration.

1.19 Investment in associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the share of the results of operations of the associate in profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of an associate is included in profit or loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

1.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

1.21 Standards issued but not yet effective

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

IAS 16 and IAS 38 – Property, Plant and Equipment and Intangible assets (Amendment)

The amendment clarifies the acceptable methods of depreciation and amortisation, prohibiting the use of revenue-based depreciation methods for fixed assets and limiting the use of revenue-based amortisation methods for intangible assets. The amendments are effective for annual periods beginning on or after 1 January 2016, and will have no impact on the Group.

IAS 32 – Financial Instruments: Presentation (Amendment)

The amendment clarifies the meaning of the entity currently having a legally enforceable right to set off financial assets and financial liabilities as well as the application of IAS 32 offsetting criteria to settlement systems (such as clearing houses). The amendment is effective for annual periods beginning on or after 1 January 2014.

IAS 36 – Financial Instruments: Disclosure (Amendment)

The amendment clarifies the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is effective for annual periods beginning on or after 1 January 2014, and is not anticipated to have an impact on the Group.

1. ACCOUNTING POLICIES *(continued)*

1.21 Standards issued but not yet effective *(continued)*

IFRS 9 – Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities, as well as hedge accounting..

The standard does not yet have a mandatory effective date, but early adoption is allowed. A mandatory effective date will be set when the IASB completes the impairment phase of the project. At its February 2014 meeting, the IASB tentatively decided that the mandatory effective date of IFRS 9 will be for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact of adopting IFRS 9; however, the impact of adoption depends on the assets and liabilities held by the Group at the date of adoption, it is not practical to quantify the effect.

IFRS 10 – Consolidated Financial Statements (Amendment)

The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment provides an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates. The standard is effective for annual periods beginning on or after 1 January 2017.

IFRIC 21 – Levies

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Asset and those where the timing and amount of the levy is certain.

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached.

2. DEFINITIONS

2.1 Cost of sales

Cost of sales is calculated as the weighted average cost of inventory, including distribution costs incurred in bringing the inventory to the retail locations, net of rebate income and settlement discounts.

2.2 Cash and cash equivalents

The cash and cash equivalent amounts comprise cash in hand, deposits held on call with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value.

2.3 Treasury shares

Shares in Italtile Limited held by the entities in the Group.

2.4 Cash-generating unit

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

COMPANY			GROUP	
2014 Rm's	2013 Rm's		**2014 Rm's**	2013 Rm's
		3. REVENUE		
		Total revenue comprises:		
		Turnover	**2 714**	2 047
		Rental income, including sub-leases	**111**	107
20	6	Finance revenue	**11**	26
700	155	Dividend income from subsidiaries		
		Royalty income from franchising	**93**	95
		Other franchise income	**32**	32
4	4	Management fee		
724	165		**2 961**	2 307
		Turnover represents net sales, excluding value added tax and intercompany sales.		
		All the rental income pertains to properties that are leased to franchised stores. These rentals are turnover related and can therefore not be predetermined.		
		4. COST OF SALES		
		Cost of sales consists largely of the cost of inventories recognised as an expense	**1 657**	1 241

COMPANY 2014 Rm's	COMPANY 2013 Rm's		GROUP 2014 Rm's	GROUP 2013 Rm's
		5. TRADING PROFIT		
		Trading profit is stated after taking into account the following items:		
		Auditors' remuneration		
#	#	– Audit fee	3	3
#	#	– Expenses	#	#
#	#		3	3
		Depreciation		
		Owned and leased		
		– Buildings	16	15
		– Plant and machinery	6	6
		– Vehicles	6	4
		– Computer equipment	9	6
		– Furniture and fittings	31	22
			68	53
		Operating lease payments		
		– Properties	19	16
		All the operating leases pertain to properties that are rented and then sublet to Group-owned and franchised stores. The subrentals are based on a percentage of turnover and can therefore not be predetermined. At current levels they exceed abovementioned obligations.		
		Contingent lease payments were determined, based on escalated contractual rentals charged by third parties. Certain leases have renewal terms. There are no trading restrictions on any of the leases.		
		Total of future minimum contracted operating lease payments:		
		Within 1 year	15	16
		Within 2 – 5 years	17	17
		Later than 5 years	6	6
			38	39
		Employee remuneration		
		– Salaries and wages	142	127
		– Profit share	22	15
		– Contributions to retirement benefits	14	13
			178	155
		Other		
		Profit on sale of property, plant and equipment	9	15
		Share-based payment expense	24	7

#Less than R1 million.

6. SHARE-BASED PAYMENTS

Share Incentive Trust

In terms of the Share Incentive Trust, shares are offered on a combined option and deferred sale basis. Options vest over a period of five years. An agreement of deferred sale is automatically constituted on acceptance of the offer. All shares must be taken up by way of a purchase and delivery by no later than five years after the grant date. The exercise price of the option is not less than the market value of the ordinary shares on the day prior to the date of grant and the option is exercisable provided that the participant has remained in the Group's employ until the option vests. Should the participant resign before these vesting dates, the options will be forfeited. An exception may be made in the case of termination of employment as a result of death or retirement. Options are settled in equity once exercised and subsequently taken up.

6. SHARE-BASED PAYMENTS *(continued)*

In terms of a resolution passed at a shareholders' meeting on 12 January 1993, the directors are authorised to make available for the purposes of the scheme a maximum aggregate number of 136 470 068 ordinary shares, representing 13% of the issued share capital. The scheme exists for the directors and senior management of the Company with a limit of 15 400 000 shares which any one participant may acquire.

The following assumptions were used in valuing the various option grants on grant date:

Expected volatility	18% to 24%
Risk-free interest rate	8,19% to 8,54%
Expected dividend yield	1,90% to 2,07%
Expected life (years)	5,5

The expected life of the options is based on historical data and expected future trends and is not necessarily indicative of exercise patterns that may occur. The expected volatility of 18% to 24% reflects the assumption that the historical volatilities of 18% to 24% are indicative of future trends.

No share options were granted over the year to 30 June 2014 (2013: nil). Included in the expenses in the profit and loss for the year is Rnil (2013: Rnil) relating to the current year share option expense for the Share Incentive Trust.

All outstanding allocations were fully redeemed in 2010, with the redemption of 2 310 000 share allocations at an average subscription price of R2,39 per share. There were no further movements in 2014 or 2013.

Black Economic Empowerment transaction

The Company issued 88 000 000 shares in terms of a Black Economic Empowerment, or BEE, transaction on 11 February 2008. The shares were issued at R4,57 per share, which represented a discount of 17% to the volume weighted average price of the Company's shares over the month of March 2007. The transaction was funded by way of the Company subscribing to preference shares in the empowerment vehicles, Four Arrows Investments 256 (Pty) Ltd (Four Arrows) and Arrow Creek Investments 74 (Pty) Ltd (Arrow Creek). These preference shares attracted dividends at a rate of 70% of the prevailing prime interest rate. Any dividends paid on the Company's shares to the empowerment vehicles are firstly used to fund the preference share dividends payable to the Company, and then to redeem a portion of the outstanding preference shares.

The BEE partners may not sell or otherwise encumber the shares for a period of seven years, after which the Company will have the pre-emptive right to reacquire the shares at 83% of the trade weighted average price at which the Company's shares traded on the JSE during the 10-trading days immediately preceding the date of purchase. The Company may force a repurchase of the shares after eight years have elapsed, again at 83% of the trade weighted average price at which its shares traded on the JSE during the 10-trading days immediately preceding the date of purchase. The cash proceeds from this sale will be used to settle any remaining obligations in terms of the preference shares.

The economic substance of this transaction is that the BEE partners have received an equity-settled call option over the Italtile Limited shares, which were to mature in eight years' time. The cost of the transaction was valued accordingly by using a Monte Carlo simulation model and using the following inputs:

Share price	R3,03
Exercise price	R4,57
Volatility	28%
Time to maturity	8 years
Risk-free interest rate	9,89%
Prime interest rate	13,21%
Dividend yield	2%

The model is not particularly sensitive to the risk-free and prime interest rate assumptions, as any change in the one would generally be offset by a change in the other. The predicted volatility is based on an analysis of the historic Italtile Limited share price volatility, over the last seven years.

The total cost of the transaction was determined as R25 million, which was recognised in the 2008 financial year (no additional costs have subsequently been recognised).

During July 2012, the Italtile shareholders were advised of the exit of Aka Capital and the Trust, of which their investments are held through Arrow Creek. Arrow Creek owned 26,4 million shares in Italtile Limited which were purchased during 2007 for a total price of R120,6 million.

As the Company required these shares to be continued to be owned by a BEE shareholder, The Italtile Foundation Trust was created and acquired these shares from Arrow Creek for a purchase consideration of R120,6 million which was facilitated by an interest free loan of the same amount, from the Company. The loan shall become due and payable in full on the 10th anniversary of the advance date.

The objective of The Italtile Foundation Trust is to carry on one or more public benefit activities as determined by its trustees from time to time for the benefit of the Foundation Trust beneficiaries. At least 85% of all distributions made by the Foundation Trust will be for the benefit of black people.

Amendments to the Four Arrows preference shares subscription agreement, were also concluded. The existing variable rate, equal to 70% of prime, at which dividends are calculated, are now to be calculated at a fixed rate of 5% of subscription price. The redemption of the Four Arrows preference shares has also been extended to 15 years of the date upon which they were subscribed by Italtile.

For further details on this transaction, refer to the circulars dated 20 June 2007 and 13 July 2012.

6. SHARE-BASED PAYMENTS *(continued)*

Long-term incentive plan

During the 2010 financial year, a long-term incentive plan was adopted by the Company, in accordance with which selected directors and employees of the Group are entitled to receive notional share awards. These awards vest as follows: 25% after three years, and 75% after five years. The exercise price is determined in accordance with the rules of the scheme.

The plan has been classified as an equity-settled share-based payment scheme and has been fair valued using a modified Black-Schöles model. The following assumptions and inputs were used in valuing the notional awards on grant dates:

Grant date	14 August 2009	1 October 2010
Notional share award	4 850 000	2 200 000
Share price on grant date	R3,35	R3,70
Interest rate (source: Standard Bank)	Zero yield curve (7,06% – 8,36%)	Zero yield curve (5,98% – 7,28%)
Dividend	R0,11 per share per annum	R0,11 per share per annum

The movement in the number of awards during the year is as follows:

	Number of awards	
	2014	2013
At 1 July	**1 981 250**	4 500 000
Awarded during the year	**–**	–
Vested and exercised during the year	**(200 000)**	(687 500)
Forfeited during the year	**–**	(1 831 250)
At 30 June	**1 781 250**	1 981 250

The exercise price of awards exercised during the year was R7,09 (2013: R6,25) per award.

The weighted average vesting period of awards outstanding at year end is 0,53 years (2013: 1,38 years).

The fair value of the awards granted over the previous year to 30 June 2014 was Rnil (2013: Rnil). Included in the expenses in the profit and loss for the year is R1 million (2013: R2 million) relating to the current year share-based payment expense for this scheme.

Share appreciation rights scheme

During the 2011 financial year, a share appreciation rights scheme was adopted by the Company, in accordance with which selected directors and employees of the Group are entitled to receive notional share awards. These awards vest as follows: 25% after three years, and 75% after five years. The exercise price is determined in accordance with the rules of the scheme.

The plan has been classified as an equity-settled share-based payment scheme and has been fair valued using a modified Black-Schöles model. The following assumptions and inputs were used in valuing the notional awards on grant dates:

Grant date	1 October 2010	1 September 2011	26 June 2012	15 August 2013
Notional share award	500 000	3 050 000	9 050 000	1 050 000
Grant price	R3,56	R4,21	R5,55	R6,30
Interest rate – zero yield curve*	6,57% – 7,11%	5,71% – 6,39%	5,72% – 6,34%	6,59% –7,40%
Dividend yield	2,66%	2,66%	2,51%	2,37%

**Source: Standard Bank*

6. SHARE-BASED PAYMENTS *(continued)*

The movement in the number of awards during the year is as follows:

	Number of awards	
	2014	2013
At 1 July	**11 750 000**	3 550 000
Awarded during the year	**1 050 000**	9 050 000
Vested and exercised during the year	**(125 000)**	—
Forfeited during the year	**—**	(850 000)
At 30 June	**12 675 000**	11 750 000

The weighted average vesting period of awards outstanding at year end is 2,42 years (2013: 3,27 years).

The fair value of the awards granted over the year to 30 June 2014 was R2,5 million (2013: R18,5 million). Included in the expenses in the profit and loss for the year is R5,7 million (2013: R5,2 million) relating to the current year share-based payment expense for this scheme.

Staff share scheme

During the year, the Group implemented a share incentive scheme for all employees of the Group and its franchisees in South Africa that had been in the employ of the Group and/or franchise network for a period of three uninterrupted years as at 31 August 2013. As a result, 13 million of the Group's shares were held by qualifying staff members at 30 June 2014 (the shares were previously held by the Italtile Empowerment Trust). The allotment is funded by the Group and the shares are restricted instruments which will vest with employees following a further three years of employment. Until vesting, the shares will continue to be accounted for as treasury shares.

The scheme is classified as an equity-settled share-based payment scheme and has been fair valued using a modified Black-Schöles model. The following assumptions and inputs were used in valuing the awards:

Grant date: 1 August 2013
Vesting date: 1 August 2016
Share awards: 14 970 000
Grant price per share: R4,57
Share price on grant date: R6,00
Interest rate (source: Standard Bank): Zero yield curve 5,01% – 8,77%
Dividend yield: 2,40%
The movement in the number of awards during the year is as follows:

	Number of awards 2014
At 1 July	**—**
Awarded during the year	**14 970 000**
Forfeited during the year	**(2 370 000)**
At 30 June	**12 600 000**

The weighted average vesting period of awards outstanding at year end is 2,17 years.

The fair value of the awards granted over the previous year to 30 June 2014 was R1,86 per award.

Included in the expenses in the profit and loss for the year is R17 million relating to the current year share-based payment expense for this scheme (R11 million is a once-off charge related to employees of the Group's franchisees).

Share Schemes Reserve

The composition of the Share schemes reserve is as follows:

	2014 Rm's	2013 Rm's
Black Economic Empowerment transaction	**30**	30
Long-term incentive plan and share appreciation rights scheme	**11**	6
Staff share scheme	**14**	—
	55	36

COMPANY 2014 Rm's	COMPANY 2013 Rm's		GROUP 2014 Rm's	GROUP 2013 Rm's
		7. FINANCE REVENUE		
#	#	Bank interest received	9	11
		Dividends from cash equivalents	2	15
20	6	Dividend income from special purpose entities		
20	6	Total finance revenue	11	26
		8. FINANCE COST		
1	—	Bank loans and overdraft	20	17
1	—	Total finance cost	20	17
		9. TAXATION		
		Current taxation		
1	1	– Normal tax (including foreign taxes) – current year	231	174
		– Normal tax (including foreign taxes) – prior year adjustments	1	(2)
1	—	– Deferred tax – current year	(1)	(1)
		– Deferred tax – prior year adjustments	(4)	(3)
2	1		227	168
	%	Reconciliation of tax rate		%
28,0	28,0	Standard tax rate – South Africa	28,0	28,0
		Adjusted for:		
(28,0)	(23,9)	Exempt income	(0,1)	(0,7)
		Tax effect from income from associates	(1,2)	(0,4)
		Other differences, including effect of foreign tax rates, prior period over/under provisions and		
0,3	(3,6)	dividend withholding tax paid by SPEs	2,7	(0,3)
0,3	0,5	Effective tax rate	29,4	26,6
		10. EARNINGS PER SHARE		
		Earnings per share and diluted earnings per share is based on the income attributable to ordinary shareholders of R509 million (2013: R444 million).		
		Earnings per share and diluted earnings per share from continuing operations is based on the income attributable to ordinary shareholders of R529 million (2013: R443 million).		
		The earnings per share calculations are based on 920 804 270 (2013: 919 448 864) weighted average number of shares in issue during the period, excluding weighted average treasury shares.		
		The calculation of diluted earnings per share is based on:		
		Weighted average number of shares in issue for basic earnings per share	920 804 270	919 448 864
		Potentially dilutive ordinary shares resulting from outstanding share-based payment awards per note 6	8 569 822	1 697 718
		Weighted average number of shares for diluted earnings per share	929 374 092	921 146 582

#*Less than R1 million.*

COMPANY 2014 Rm's	COMPANY 2013 Rm's		GROUP 2014 Rm's	GROUP 2013 Rm's
		11. HEADLINE EARNINGS PER SHARE		
		The calculation of headline and diluted headline earnings per share is based on the income attributable to ordinary shareholders – as used in the calculation for basic earnings, adjusted in terms of Circular 3/2012, *Headline Earnings*.		
		Reconciliation of headline and diluted headline earnings		
		Basic earnings	**509**	444
		Profit on sale of property, plant and equipment	**(8)**	(13)
		Gross amount	**(9)**	(15)
		Taxation	**1**	2
		Impairment of Australian property, plant and equipment	**29**	5
		Headline and diluted headline earnings	**530**	436
		Headline earnings adjustments after taxation for the year for discontinued operations	**11**	(1)
		Headline and diluted headline earnings from continuing operations	**541**	435
		Refer to note 10 for further details and calculations related to weighted average number of shares and diluted weighted average number of shares used for the headline and diluted headline earnings per share calculations.		
		12a. DIVIDENDS PAID IN THE CURRENT YEAR		
		Final 2013 – No 94		
83	72	Paid 2014: 8 cents per share (2013: 7 cents per share)	**74**	65
		Special dividend – No 4		
516	—	Paid 2014: 50 cents per share (2013: Nil)	**461**	—
		Interim 2014 – No 95		
93	83	Paid 2014: 9 cents per share (2013: 8 cents per share)	**83**	76
692	155	Total – 67 cents per share (2013:15 cents per share)	**618**	141
		12b. DIVIDENDS DECLARED IN RELATION TO CURRENT YEAR PROFIT		
		Interim – No 95		
93	83	9 cents per share (2013: 8 cents per share)	**83**	76
		Final – No 96		
103	83	10 cents per share (2013: 8 cents per share)	**92**	74
196	166	Total – 19 cents per share (2013: 16 cents per share)	**175**	150

#Less than R1 million.

	Land and buildings Rm's	Plant and machinery Rm's	Vehicles Rm's	Computer equipment Rm's	Furniture and fittings Rm's	Total Rm's
13. PROPERTY, PLANT AND EQUIPMENT						
2014						
Owned and leased						
Beginning of year						
– assets at cost	1 203	43	22	45	225	1 538
– accumulated depreciation	(53)	(33)	(9)	(30)	(167)	(292)
– discontinued operations (note 35)		4	1		3	8
– net book value	1 150	14	14	15	61	1 254
Current year movements						
– additions	96	10	7	7	46	166
– disposals	(34)	(1)	(1)	#	(1)	(37)
– depreciation	(16)	(6)	(6)	(9)	(31)	(68)
– translation	10	1	#	#	#	11
– impairment	(20)	(5)	(1)	(1)	(3)	(30)
Balance at end of year	1 186	13	13	12	72	1 296
Made up as follows:						
– assets at cost	1 282	51	25	48	266	1 672
– accumulated depreciation and impairments	(96)	(38)	(12)	(36)	(194)	(376)
Net book value	1 186	13	13	12	72	1 296

An impairment of R20 million (2013: R5 million) has been recorded on property in Australia, a reflection of adverse economic conditions in that country. A further R10 million (2013: nil) impairment was recorded on discontinued operations' assets prior to their disposal.

A register of the Group's land and buildings is available for inspection at the Company's registered office.

	Land and buildings Rm's	Plant and machinery Rm's	Vehicles Rm's	Computer equipment Rm's	Furniture and fittings Rm's	Total Rm's
2013						
Owned and leased						
Beginning of year						
– assets at cost	1 102	54	18	40	203	1 417
– accumulated depreciation	(40)	(39)	(6)	(24)	(154)	(263)
– net book value	1 062	15	12	16	49	1 154
Current year movements						
– additions	114	6	8	6	34	168
– disposals	(19)	(2)	(2)	(2)	(2)	(27)
– depreciation	(15)	(6)	(4)	(6)	(22)	(53)
– translation	13	1	#	1	2	17
– impairment	(5)	—	—	—	—	(5)
– discontinued operations (note 35)	—	(4)	(1)	#	(3)	(8)
Balance at end of year	1 150	10	13	15	58	1 246
Made up as follows:						
– assets at cost	1 203	43	22	45	225	1 538
– accumulated depreciation and impairments	(53)	(33)	(9)	(30)	(167)	(292)
Net book value	1 150	10	13	15	58	1 246

#Less than R1 million.

COMPANY			GROUP	
2014 Rm's	2013 Rm's		**2014 Rm's**	2013 Rm's
		14.1 INVESTMENTS		
		Unlisted		
8	8	Investment in subsidiaries		
34	14	Equity instruments – at cost	**–**	4
124	124	Preference shares		
166	146	Directors' valuation of unlisted investments	**–**	4
		Investments in subsidiaries are carried at cost less accumulated impairment. A list of subsidiaries appears in note 36.		
		Equity instruments in the Company's records relates to the notional investment cost as a result of the Group share-based payments schemes as disclosed in note 6.		
		Unlisted equity instruments have no reliable measure of fair value as there is no active trading market for these instruments, therefore these investments are carried at cost less accumulated impairment.		
		R27 million of impairment was reversed in the prior year as a result of the restructuring of the BEE deal as disclosed in note 6.		
		14.2 INVESTMENT IN ASSOCIATES		
		Ezeetile		
		During the 2011 financial year, the Group began accounting for an existing investment in Ezeetile, a national manufacturer of adhesive, grout and related products, in accordance with the equity accounting requirements of IAS 28 – *Investments in associates*. The Group holds an effective 46% stake in the Ezeetile group.		
		Carrying value of investment in the Ezeetile group		
		Cost	**6**	6
		Share of profit and reserve movements post commencement of equity accounting (net of dividends)	**24**	21
			30	27
		Ceramic Industries Ltd		
		During the 2013 financial year, the Group acquired a 20% stake in Ceramic Industries Ltd, a national manufacturer of tiles and sanitaryware, at a cost of R529 million. This investment is accounted for as an associate in terms of IAS 28, as management is of the opinion that by virtue of the supply relationship, significant influence exists.		
		Carrying value of Investment in Ceramic Industries Ltd:		
		Cost	**529**	529
		Share of profit and reserve movements post commencement of equity accounting (net of dividends)	**(37)**	(3)
			492	526
		Total carrying amount of investments in associates	**522**	553
		The following tables illustrate the summarised financial information of the Group's investment in the Ezeetile group and Ceramic Industries Ltd:		
		Statement of financial position:		
		Non-current assets	**798**	861
		Current assets	**789**	833
		Non-current liabilities	**(87)**	(78)
		Current liabilities	**(267)**	(243)
		Equity	**1 233**	1 373
		Statement of comprehensive income:		
		Turnover	**2 329**	1 291
		Profit for the year	**130**	55
		Profit and reserve movements attributable to ordinary shareholders of Italtile Limited	**33**	11
		Less: Dividends	**(64)**	(11)
		Share of associated companies' income	**(31)**	–

COMPANY 2014 Rm's	COMPANY 2013 Rm's		GROUP 2014 Rm's	GROUP 2013 Rm's
		15. LONG-TERM ASSETS		
–	63	Loan to BEE Trust		
121	121	Loan to Foundation Trust		
		Lease premiums	14	24
121	184		14	24
		In order to raise funds necessary to purchase BEE shares (refer to note 6), the Company has funded the BEE Trust and Foundation Trust by way of loans. The BEE Trust loan was to accrue interest at the prime lending rate once it started issuing shares to employees. The loan was however settled in full following the initial allotment of shares in accordance with the staff share scheme as disclosed in note 6. The loan to the Foundation Trust is interest free and the fair value approximates the carrying value given the Corporate Social Investment nature of the loan (these loans are commonly interest free). Lease premiums are paid in advance on land leases that have a duration of between 35 and 50 years.		
		16. GOODWILL		
		Made up as follows:		
		– cost	6	6
		Net book value	6	6
		There has been no movement in the balance in the current and previous financial year.		
		17. DEFERRED TAXATION		
		Deferred tax assets	18	17
		Deferred tax liabilities	(12)	(9)
			6	8

The deferred tax balance is made up as follows:

	Opening balance Rm's	Charged through statement of comprehensive income Rm's	Closing balance Rm's
Deferred tax asset:			
Accruals	12	7	19
Property, plant and equipment	1	#	1
Assessed loss*	7	(7)	–
Deferred tax liability:			
Property, plant and equipment	(12)	(1)	(13)
Prepayments	#	(1)	(1)
Net deferred tax asset	8	(2)	6

Deferred tax assets and liabilities are only offset when the income tax relates to the same legal entity and fiscal authority.
The tax rate applied to South African entities is 28% (2013: 28%) for normal taxation.

#Less than R1 million.
**Relates to discontinued operations.*

COMPANY 2014 Rm's	COMPANY 2013 Rm's		GROUP 2014 Rm's	GROUP 2013 Rm's
		18. INVENTORIES		
		Finished goods and merchandise		
		– continuing operations	**408**	335
		– discontinued operations (note 35)	**–**	18
			408	353
		Inventory losses recognised as an expense totalled R11 million for the year (2013: R9 million). This expense is included in the operating expense line item on the face of the statement of comprehensive income.		
		19. TRADE AND OTHER RECEIVABLES		
		Trade receivables – net of impairment	**102**	108
		Prepayments	**6**	3
		Sundry debtors*	**61**	10
555	467	Amounts owing by subsidiary		
555	467		**169**	121

**Includes deposits and rebates receivable.*

For terms and conditions relating to Group related-party receivables, refer to note 32.

Trade receivables are non-interest-bearing and are generally on 30-day terms.

The fair value approximates the carrying value due to the short-term nature of these balances.

The amounts owing by subsidiary represent amounts owing by Italtile Ceramics Limited. These amounts are unsecured, carry no interest and are payable on demand. Outstanding balances are settled from time to time based on the cash flow requirements of the various entities.

As at 30 June 2014, trade receivables at nominal value of R9 million (2013: R5 million) were impaired and fully provided for. Movements in the provision for impairment of trade receivables were as follows:

	Total Rm's
At 1 July 2012	3
Utilised during the year	(2)
Raised during the year	4
At 30 June 2013	5
Utilised during the year	#
Raised during the year	**4**
At 30 June 2014	**9**

#Less than R1 million.

As at 30 June 2014, the ageing analysis of trade receivables is as follows:

			Past due, not impaired		
	Total Rm's	Current (not impaired) Rm's	30 – 60 days Rm's	60 – 90 days Rm's	> 90 days Rm's
2014	**102**	**97**	**2**	**1**	**2**
2013	108	75	27	2	4

COMPANY 2014 Rm's	COMPANY 2013 Rm's		GROUP 2014 Rm's	GROUP 2013 Rm's
		20. CASH AND CASH EQUIVALENTS		
#	#	Cash at banks and on hand	**171**	222
		Cash equivalents	**78**	81
#	#		**249**	303
		Cash at banks earns interest at floating rates based on daily bank deposit rates. Cash equivalents are made for varying periods of between one day and three months, depending on immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value approximates the carrying value due to the short-term nature of these balances.		
		21. STATED CAPITAL		
		Authorised		
		3 300 000 000 ordinary shares of no par value		
		Issued		
818	818	1 033 332 822 (2013: 1 033 332 822) ordinary shares of no par value	**818**	818
		Aggregated treasury shares in issue	**(472)**	(474)
		Number of shares in issue to external parties:		
1 033 332 822	1 033 332 822	Total shares in issue	**1 033 332 822**	1 033 332 822
		Treasury shares: Share incentive trust and other BEE transaction	**(24 386 096)**	(24 702 909)
			(88 000 000)	(88 000 000)
1 033 332 822	1 033 332 822	In issue to external parties	**920 946 726**	920 629 913
		All unissued shares are under the control of the directors until the next annual general meeting.		

#Less than R1 million.

	Capital Redemption Reserve Fund Rm's	Foreign currency translation reserve Rm's	Total Rm's
22. NON-DISTRIBUTABLE RESERVE			
Balance as at 30 June 2012	9	73	82
Translation of foreign entities		13	13
Related to discontinued operations		(2)	(2)
Balance as at 30 June 2013	9	84	93
Translation of foreign entities		**12**	**12**
Related to discontinued operations		**6**	**6**
Realisation of reserves	**(9)**		**(9)**
Balance as at 30 June 2014	**–**	**102**	**102**

COMPANY 2014 Rm's	COMPANY 2013 Rm's		GROUP 2014 Rm's	GROUP 2013 Rm's
		23. INTEREST-BEARING LOANS AND BORROWINGS		
		Loans		
		Rand		
		Loan bears interest at a fixed rate of 7,49%. The loan is secured by a cession of all shares and claims in Allmuss Properties (Pty) Ltd, and is repayable by 1 March 2015.	**125**	—
		Australian dollars		
		Loans secured by a first mortgage over property that has a carrying value of R74 million (2013: R84 million).	**40**	44
		The first loan of R30 million bears interest at 5,91% per annum, and matures on 5 October 2014. The second loan of R10 million bears interest of 6,12% per annum, and matures on 2 December 2014.		
			165	44
		Current portion of interest-bearing debt	**165**	—
		Non-current portion of interest-bearing debt	**—**	44
		The fair value of the long-term borrowings approximates the carrying value, as the current market rates of interest (fixed and variable) do not differ materially from those specified in the loan agreements.		
		24. TRADE AND OTHER PAYABLES		
		Trade payables	**196**	198
2	2	Accruals/other payables	**65**	54
2	2		**261**	252
		For terms and conditions relating to related parties, refer to note 32.		
		Trade payables are non-interest-bearing and are normally settled on 30-day terms.		
		Accruals/other payables are mostly non-interest-bearing and have an average term of three months.		
		The fair value of all trade and other payables approximates the carrying value, due to the short-term nature of these balances.		

	Leave pay Rm's	Incentive bonus Rm's	Total Rm's
25. PROVISIONS			
Balance as at 30 June 2012	13	26	39
Provision utilised	(1)	(15)	(16)
Provision raised	1	19	20
Balance as at 30 June 2013	13	30	43
Provision utilised	**(6)**	**(22)**	**(28)**
Provision raised	**1**	**27**	**28**
Balance as at 30 June 2014	**8**	**35**	**43**

Leave pay is provided on accumulated leave balances at year end based on employees' cost to Company.

Provision for incentive bonus is expected to be realised when bonuses are paid in the 2015 financial year, and is based on terms as dictated in employment contracts (subject to the final approval from management).

COMPANY 2014 Rm's	COMPANY 2013 Rm's		GROUP 2014 Rm's	GROUP 2013 Rm's
		26. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS		
720	189	Profit before taxation	771	631
		Adjusted for:		
		Pretax (loss)/profit for discontinued operations	(12)	1
		Income from associates	(29)	(11)
		Depreciation	68	53
		Profit on sale of property, plant and equipment	(5)	(15)
(20)	(6)	Finance revenue	(11)	(26)
(700)	(155)	Dividends received from subsidiary		
1	—	Finance cost	20	17
		Share-based payment expense	24	4
		Impairments	30	5
(1)	2	Other non-cash movements	(4)	3
		Working capital changes		
		Increase in inventories	(55)	(14)
—	—	(Increase)/decrease in trade and other receivables	(48)	5
#	(1)	Increase/(decrease) in trade and other payables, including provisions	9	32
#	29	Cash generated by operations	758	685
		27. TAXATION PAID		
#	#	Net amount prepaid at beginning of year	16	15
(2)	(1)	Charged per statement of comprehensive income	(232)	(172)
#	#	Net amount prepaid at end of year	(29)	(16)
(2)	(1)	Amounts paid	(245)	(173)
		28. DIVIDENDS PAID		
(692)	(155)	Charged per statement of changes in equity	(618)	(141)
		Dividends paid to non-controlling interests	(13)	(4)
(692)	(155)	Amounts paid	(631)	(145)

#*Less than R1 million.*

COMPANY 2014 Rm's	COMPANY 2013 Rm's		GROUP 2014 Rm's	GROUP 2013 Rm's
		29. COMMITMENTS AND CONTINGENCIES		
		Capital commitments		
		Capital expenditure for land and buildings, computer equipment and other fixed assets:		
		Contracted	**68**	34
		Authorised but not contracted for	**107**	92
			175	126
		Capital expenditure will be financed from own resources.		

Operating lease commitments

Refer to note 5 for details of lease commitments.

Litigation

As previously disclosed, legal proceedings have been instituted against Majuba Aviation (Pty) Ltd, a subsidiary company of the Group providing aircraft charter services, for which there is insurance cover.

30. EMPLOYEE BENEFITS

The Group participates in the Alexander Forbes Retirement Fund. This is an umbrella fund arrangement created for the provision of retirement benefits. The Fund is a defined-contribution plan and is governed by the Pension Fund Act, No 24 of 1956.

The financial position of the Alexander Forbes Retirement Fund (Provident Section): Italtile Limited is currently reviewed on a monthly basis. As at 30 June 2014, the Fund was found to be in a sound financial position.

At 30 June 2014, 1 182 (2013: 1 039) employees of the Group and Franchisees were members of the Fund, to which the Group and Franchisees contributed R19 million (2013: R17 million) and the employees Rnil (2013: Rnil).

The Fund is open to all permanent staff with their participation thereof being a condition of employment. Their dependants are eligible for death benefits accruing from the Fund in the event of the member's death. All permanent full-time employees of franchise stores are required to participate in the Fund.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Group

The Group's principal financial liabilities, other than derivatives, comprise bank loans and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets, such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risk arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below. The Group's primary objective of risk management is to reduce the uncertainty over future cash flows.

Company

The Company's principal financial assets, comprise loans given to subsidiary companies and the BEE and Foundation Trusts and cash and short-term deposits, which arise directly from its investments.

The main risk arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk, and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

The Company's primary objective of risk management is to reduce the uncertainty over future cash flows.

Fair values

The Company and Group's assessment of fair values in terms of IFRS 13 are reflected in each relevant note. The fair values of foreign exchange contracts have not been disclosed as it is deemed immaterial. Fair values are all based on Level 3 input, except cash which is Level 2.

Interest rate risk

The Company's and Group's exposure to the risk of changes in market interest rates relates primarily to the finance revenue generating ability of cash surpluses and preference shares held by the Company. To manage this risk, management constantly review cash placements and contract in financial expertise to ensure preferential interest rates are obtained for surplus funding.

As part of the process of managing the Group's interest rate risk, interest rate characteristics of new borrowings are positioned according to expected movements in interest rates.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

The loans (refer to note 23) attract a fixed rate of interest. The following table demonstrates the Group's profit before tax sensitivity to a change in interest rates with all other variables held constant (through the impact of floating rate borrowings):

Group	2014 Rm's	2013 Rm's
+1%	2	4
–1%	(2)	(4)

The impact on equity, originating from foreign operations, is less than R1 million.

Full details of interest rates relating to borrowings are detailed in note 23.

The Company is not sensitive to fluctuations in interest rates.

Foreign currency risk

As the Group operates in various countries and undertakes transactions denominated in foreign currencies, exposures to foreign currency fluctuations arise.

Approximately 14% (2013: 15%) of cost of sales are denominated in the currencies other than the Group's functional currency. The Group requires all of its operating units to use forward currency contracts to eliminate the currency exposures on any individual transaction for which payment is anticipated on terms after the Group has entered into a firm commitment for a purchase, for which no letter of credit has been issued. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

It is the Group's policy not to apply hedge accounting, or to trade in derivatives.

Forward exchange contracts outstanding at the reporting date all fall due within six months (2013: four months), have a settlement value of R6 million (2013: R13 million) and are denominated in euros and US dollars with average exchange rates of R14,66: €1 and R10,60: US$1 (2013: R1,65: CNY1, R10,00: US$1 and R12,58: €1).

Exchange rates utilised to convert financial information are as follows:

	2014		2013	
	Weighted average rate for the year	Closing rate	Weighted average rate for the year	Closing rate
ZAR: Australian $	9,52:1	9,96:1	9,06:1	9,01:1
ZAR: Botswana pula	1,17:1	1,18:1	1,09:1	1,13:1
ZAR: Euro	14,07:1	14,45:1	11,42:1	12,85:1
ZAR: Kenyan shilling	0,12:1	0,12:1	0,10:1	0,11:1
ZAR: US$	10,37:1	10,58:1	8,83:1	9,87:1

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk *(continued)*

The exposure and concentration of the Group's foreign currency risk is included in the table below.

	South African Rand Rm's	Australian Dollar Rm's	Euro Rm's	US Dollar Rm's	Other* Rm's	Total Rm's
2014						
Financial assets						
Investments	—	—	—	—	—	—
Trade and other receivables	142	2	20	2	3	169
Cash and cash equivalents	150	1	16	27	55	249
Financial liabilities						
Interest-bearing loans and borrowings	(125)	(40)	—	—	–	(165)
Trade and other payables	(215)	(1)	(26)	(3)	(16)	(261)
2013						
Financial assets						
Investments	—	—	4	—	—	4
Trade and other receivables	91	2	18	6	4	121
Cash and cash equivalents	157	18	15	43	70	303
Financial liabilities						
Interest-bearing loans and borrowings	—	(44)	—	—	—	(44)
Trade and other payables	(200)	(12)	(25)	(3)	(12)	(252)

**Other includes the Botswana Pula, Kenyan Shilling, Namibian Dollar, Zambian Kwacha and the Lesotho Loti.*

The following table illustrates the Group's sensitivity to a change in exchange rates with all other variables held constant:

Group	2014 Rm's	2013 Rm's
Net profit before tax		
+10%	(1)	2
–10%	1	(2)
Foreign currency translation reserve		
+10%	(1)	(1)
–10%	1	1

The Company has no exposure to foreign currency risk.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously.

Group

The Group trades only with recognised, creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, and, where appropriate, credit guarantee insurance is purchased. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is contained. The maximum exposure is the carrying amount as disclosed in note 19. There is no significant concentration of credit risk within the Group.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, as disclosed in note 20. In terms of the Group's Treasury policy, surplus cash balances may only be invested in liquid money market instruments managed by predefined reputable counterparties.

Company

With respect to credit risk arising from the cash and cash equivalents trade and other receivables, BEE loans and preference shares, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments, as disclosed in notes 6, 14.1, 15, 19 and 20. There is no provision for bad debts against this balance and no impairments recorded, other than those disclosed.

Liquidity risk

Group

The Group monitors its risk to a shortage of funds arising by using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

In terms of the Group's Treasury policy, surplus cash balances may only be invested in liquid money market instruments managed by predefined reputable counterparties.

Adequate cash reserves are invested in a dividend income fund in order to match the repayment profile of the secured Rand loan.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

In terms of the Memorandum of Incorporation, the Company's borrowing powers are unlimited.

The table below summarises the maturity profile of the Group's financial liabilities at year end based on contractual undiscounted payments.

Year ended 30 June 2014	On demand Rm's	Less than 3 months Rm's	3 to 12 months Rm's	1 to 5 years Rm's	> 5 years Rm's	Total Rm's
Interest-bearing loans and borrowings	–	53	118	–	–	171
Trade and other payables	–	261	–	–	–	261
	–	314	118	–	–	432

Year ended 30 June 2013	On demand Rm's	Less than 3 months Rm's	3 to 12 months Rm's	1 to 5 years Rm's	> 5 years Rm's	Total Rm's
Interest-bearing loans and borrowings	–	#	3	46	–	49
Trade and other payables	–	253	–	–	–	253
	–	253	3	46	–	302

#Less than R1 million.

The Group has cash and cash equivalents of R249 million (2013: R303 million), and unutilised credit facilities of R55 million (2013: R45 million) in respect of which all conditions precedent had been met.

Company

The Company monitors its risk to a shortage of funds arising by using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets and projected cash flows from investments.

In terms of the Memorandum of Incorporation the Company's borrowing powers are unlimited.

The Company has cash and cash equivalents of R0,2 million (2013: R0,2 million), and no credit facilities. All liabilities are current.

Capital management

Group

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure (equity attributable to the equity holders) and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 30 June 2014 and 2013.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

The Group monitors capital using a gearing ratio which is defined as interest-bearing debt and borrowings as a percentage of equity attributable to the equity holders of the parent.

	2014 Rm's	2013 Rm's
Interest-bearing debt and borrowings	**165**	44
Equity attributable to the equity holders of the parent	**2 179**	2 247
Gearing ratio (%)	**7,6**	2

In addition, consideration is given to Black Economic Empowerment, or BEE. The Group finalised a BEE transaction to sell 10,7% of the Group's ordinary share capital to a BEE consortium which includes Italtile's black staff. All conditions precedent were met on 22 February 2008 and 88 000 000 ordinary shares were issued. The BEE transaction fulfils an important component of Italtile's BEE strategy which was initiated with enterprise development and the introduction of black-owned franchisees, following which the Group met all its employment equity targets. With the achievement of these key elements of broad-based BEE, the Group is now well positioned to access segments of the market from which it was previously precluded.

Refer to note 6 for disclosure relating to the modification of the BEE transaction.

Company

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure (equity attributable to the equity holders) and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 30 June 2014 and 2013.

The Company monitors capital using liquidity ratio analysis:

	2014 Rm's	2013 Rm's
Current assets (excluding loans to subsidiaries)	**#**	#
Current liabilities (excluding loans from subsidiaries)	**2**	2
Current ratio (times)	**0,1**	0,1

#Less than R1 million.

In addition, consideration is given to Black Economic Empowerment, or BEE, as disclosed above.

32. RELATED PARTY TRANSACTIONS

Group

The Group is controlled by Rallen (Pty) Ltd which owns 54,0% (2013: 53,9%) of its issued share capital. The Group purchases product from its associates, Ceramic Industries Limited and the Ezeetile group. In addition, the Company pays Rallen (Pty) Ltd for directors' remuneration.

Other related parties listed are related due to the sharing of key management personnel.

Outstanding balances at year end are unsecured, interest-free and settlement occurs in cash on 30-day terms. There have been no guarantees provided or received for any related-party receivables or payables. For the year ended 30 June 2014, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2013: Rnil) nor incurred any bad debt expense in the current year (2013: Rnil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Details of related-party transactions are as follows:

		Aggregate value of transactions		Balances owing at year end	
Related party	Nature of transactions	**2014 Rm's**	2013 Rm's	**2014 Rm's**	2013 Rm's
Ceramic Industries Limited	Inventory purchases	**506**	420	**24**	25
Ezeetile group	Inventory purchases	**173**	130	**14**	8
Rallen (Pty) Ltd	Management fees	**1**	1	**–**	–

32. RELATED PARTY TRANSACTIONS *(continued)*

Key management personnel comprise only the Board of Directors. Remuneration paid to key management personnel of the Group is provided below. Nil balances were owing at year end (2013: nil).

All figures in R000's	Salary	Bonus performance-related payments	Provident fund and medical contributions	Gain on exercised share awards	Other	**Total 2014**	Total 2013
Executive directors							
G A M Ravazzotti*	696	215	—	—	128	**1 039**	1 058
P D Swatton°	—	—	—	—	—	**—**	4 715
P Langenhoven#	514	—	122	—	62	**698**	1 760
B G Wood	1 106	190	194	—	131	**1 621**	239
2014	2 316	405	316	—	321	**3 358**	
2013	4 264	692	538	1 470	808		7 772

**Paid to Rallen (Pty) Ltd, the company that this director represents for his services as director of Italtile Limited.*
#Paid by Italtile (Australia) Pty Ltd.
°Non-executive director from 1 May 2013.

All figures in R000's	Board fees	Other	**Total 2014**	Total 2013
Non-executive directors				
S I Gama	166	—	**166**	221
S M du Toit	407	—	**407**	593
A Zannoni	118	—	**118**	114
S G Pretorius□	612	—	**612**	256
P D Swatton	229	—	**229**	57
2014	1 532	—	**1 532**	
2013	1 094	147		1 241
Aggregate emoluments of directors who served during the year			**4 890**	9 013

□Served as Chairman during the period.

Company

The Company owns 100% of the issued share capital of Italtile Ceramics (Proprietary) Limited and receives dividends and management fees from its subsidiary.

The Company receives preference share dividends from Four Arrow Investments 256 (Pty) Limited. This is a special purpose entity set up as part of the BEE transaction. During the year, the Italtile Foundation Trust acquired the Italtile Limited shares which were held by Arrow Creek Investments 74 (Pty) Limited – the transaction was funded by an interest free loan from Italtile Limited (refer to note 6 for further details).

The Company receives interest from the loan to the Italtile Empowerment Trust. This entity was set up by the Company's Board of Directors as part of the BEE transaction. No interest has been received or accrued as no shares have been issued by the Italtile Empowerment Trust as yet.

All related-party transactions are concluded at arm's length. There have been no guarantees provided or received for any related-party receivables or payables. For the year ended 30 June 2014, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2013: Rnil) nor incurred any bad debt expense in the current year (2013: Rnil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

32. RELATED PARTY TRANSACTIONS *(continued)*

Details of related-party transactions are as follows:

Related party	Nature of transactions	Aggregate value of transactions 2014 Rm's	Aggregate value of transactions 2013 Rm's	Balance owing at year end 2014 Rm's	Balance owing at year end 2013 Rm's
Arrow Creek Investments 74 (Pty) Limited	Preference share dividends	—	2	—	—
Four Arrows Investments 256 (Pty) Limited	Preference share dividends	20	5	124	124
Italtile Empowerment Trust	Interest	—	—	—	63
Italtile Ceramics (Proprietary) Limited	Dividends and management fees	704	159	555	467
Italtile Foundation Trust	Interest free loan	—	—	121	121

Refer to notes 6, 14, 15 and 19 for further disclosure relating to terms of balances owing at year end.

Key management personnel comprise only the Board of Directors. Remuneration paid to key management personnel of the Company is provided above. No balances were owing at year end (2013: nil).

33. SEGMENT REPORT

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. The chief operating decision-maker has been identified as the executive directors of the Group.

On this basis, the Group has four operating segments:

Segment	Nature of business
Retail	– Retailers of tiles, brassware, laminated flooring, sanitaryware and accessories.
Franchising	– Bearer of South African and non-South African trademarks.
Properties	– Property investments.
Supply and support services	– Distributor of brassware, laminated flooring, accessories, and tiling tools.
	– Group administration and management services.
	– Outsourced debtor solutions.
	– Procurement.

All intersegmental transactions are concluded at arm's length.

The following measures, as included in the quarterly management report reviewed by the chief operating decision-makers, are used to assess performance:

Income measures (Rm's)	Retail	Franchising	Properties	Supply and support services	Inter-group eliminations	Group	Discontinued# operations
2014							
Turnover	2 249	—	—	1 337	(872)	2 714	31
Gross margin	812			127	(20)	919	11
Other income*	35	250	255	178	(326)	392	
Overheads	(648)	(102)	(76)	(60)	326	(560)	(23)
Trading profit	199	148	179	245	(20)	751	(12)

Geographical analysis	South Africa	Rest of Africa	Other•	Inter-group entities	Group	Dis-continued operations
Revenue	3 994	233	78	(1 198)	3 106	31
Non-current assets	2 303	87	143	(694)	1 838	—

**Other income includes franchise fees, rentals, royalties and rebates received, as well as profit or loss on disposal of property, plant and equipment.*

#The Australian discontinued operations were previously included in the Retail segment.

•Australia and Italy.

33. SEGMENT REPORT *(continued)*

Income measures (Rm's)	Retail	Franchising	Properties	Supply and support services	Inter-group eliminations	Group	Discontinued# operations
2013							
Turnover	1 597	—	—	1 072	(622)	2 047	94
Gross margin	585	—	—	116	—	701	36
Other income*	29	211	231	135	(245)	361	—
Overheads	(485)	(92)	(61)	(58)	245	(451)	(35)
Trading profit	129	119	170	193	—	611	1

Geographical analysis	South Africa	Rest of Africa	Other•	Inter-group entities	Group	Dis-continued operations
Revenue	3 042	174	59	(867)	2 408	94
Non-current assets	2 313	95	172	(747)	1 833	8

**Other income includes franchise fees, rentals, royalties and rebates received, as well as profit or loss on disposal of property, plant and equipment.*

#The Australian discontinued operations were previously included in the Retail segment.

•Australia and Italy.

Asset measures (Rm's)	Retail	Franchising	Properties	Supply and support services	Provisions and inter-group eliminations	Group
2014						
Inventory	**292**	**—**	**—**	**197**	**(81)**	**408**
Trade receivables	**1**	**18**	**27**	**131**	**(75)**	**102**
2013						
Inventory	219	—	—	178	(62)	335
Trade receivables	5	18	19	115	(49)	108

#Less than R1 million.

Segmental liabilities have not been disclosed, as these measures do not form part of the key performance indicators reviewed by chief operating decision makers.

Given the nature of the Group's operations, there are no significant concentrations of large or major customers, thus this information has not been disclosed.

34. SUBSEQUENT EVENTS

Purchase of non-controlling interests in TopT Ceramics Proprietary Limited

Subsequent to the financial year end, the Group acquired the 20% non-controlling stake held by the previous business partner of TopT Ceramics Proprietary Limited at a cost of R11 million. The Group is currently in the process of identifying new business partners for this business.

35. DISCONTINUED OPERATIONS

The Group disposed of the following non-core businesses (date of disposal in brackets):

- Cladding Finance Proprietary Limited – the entity used to extend and manage credit to the contractors market (30 September 2013);
- The seven store CTM retail operation in Australia (31 October 2013); and
- Allmuss Properties Zambia Limited – a property holding company (31 December 2013).

The results of these businesses have thus been recorded as discontinued operations in these financial statements and disclosed voluntarily. Cladding Finance Proprietary Limited and Allmuss Properties Zambia Limited's contribution to Group earnings is immaterial, although R4 million profit was realised on the sale of the latter. The sale of the Australian retail operations was concluded via a management buyout, and was preceded by fixed asset impairment and other rationalisation costs totalling R9 million. A further consequence of the sale of the Australian retail operations was the derecognition of deferred assets totalling R8 million, also included in the discontinued operations results.

The results of the discontinued operations for the year are presented below:

	2014 Rm's	2013 Rm's
Turnover	**31**	94
Cost of sales	**(21)**	(58)
Gross profit	**10**	36
Other operating income	**–**	–
Operating expenses	**(22)**	(34)
Profit on sale of property, plant and equipment	**–**	#
Trading profit	**(12)**	1
Financial revenue	**#**	–
Financial cost	**#**	#
(Loss)/profit before taxation	**(12)**	1
Taxation	**(8)**	–
(Loss)/profit for the period	**(20)**	1
No assets are classified as held for sale on the balance sheet as all sales transactions were concluded by 30 June 2014.		
Assets		
Property, plant and equipment	**–**	8
Inventory	**–**	18
Assets classified as held for sale	**–**	26
Included in other comprehensive income:		
Foreign currency translation reserve	**–**	2
The net cash flows incurred by the discontinued operations are as follows:		
Operating	**(13)**	(5)
Investing	**–**	–
Financing	**–**	–
	(13)	(5)
The earnings per share attributable to the discontinued operations for the period are as follows:		
Basic earnings per share (cents)	**(2,1)**	0,1
Headline earnings per share (cents)	**(1,1)**	0,1

#Less than R1 million.

36. GROUP ENTITIES

	Issued share capital R	% held 2014	% held 2013	Book value of interest: Shares 2014 Rm's	Book value of interest: Shares 2013 Rm's	Amounts owing to 2014 Rm's	Amounts owing to 2013 Rm's
Held by Italtile Limited							
RETAILING							
Italtile Ceramics (Pty) Ltd	36 383 670	**100**	100	**1**	1	**555**	467

	Issued share capital 2014 R	Issued share capital 2013 R	Effective % shareholding 2014	Effective % shareholding 2013
Held by subsidiaries				
FRANCHISING				
Italtile Franchising (Pty) Ltd	**1 000**	1 000	**100**	100
Italtile (Franchising) Pty Ltd[8]	**4**	4	**75**	66
Italtile Mauritius (Pty) Ltd[1]	**1 589**	1 589	**100**	100
PROPERTY INVESTMENT				
Allmuss Properties (Pty) Ltd	**1 500**	1 500	**100**	100
Allmuss (Botswana) (Pty) Ltd[2]	**4 651**	4 651	**100**	100
Allmuss Properties Namibia (Pty) Ltd[3]	**1 100**	1 100	**100**	100
Allmuss Lesotho (Pty) Ltd[4]	**1 000**	1 000	**100**	100
Allmuss Properties Kenya Ltd[5]	**12 446 865**	12 446 865	**100**	100
Allmuss Properties (Uganda) Ltd[6]	**5 825 590**	5 825 590	**100**	55
Emerald Sky Trading 736 (Pty) Ltd	**100**	100	**100**	100
F. B. Ashman (Pty) Ltd	**100**	100	**100**	100
Penates Logistics (Pty) Ltd	**100**	100	**100**	100
Magnolia Ridge Properties 291 (Pty) Ltd	**15 000 000**	15 000 000	**50**	50
Melkbos Pty Ltd[8]	**7 346 541**	7 346 541	**86**	83
Norstrom Pty Ltd[8]	**9 149 000**	9 149 000	**75**	66
SUPPORT SERVICES				
International Tap Distributors (Pty) Ltd	**210**	210	**71**	71
Majuba Aviation (Pty) Ltd	**12 339 876**	12 339 876	**100**	100
Ser Export s.p.a.[7]	**37 546**	37 546	**53,5**	53,5
Cedar Point Trading 326 (Pty) Ltd	**1 000**	1 000	**100**	100
RETAILING				
Ceramic Tile Projects (Pty) Ltd	**100**	100	**40**	40
CTM Kenya Ltd[5]	**4 307 429**	8 422 623	**100**	100
Italtile Australia Pty Ltd[8]	**57 849 956**	57 849 956	**75**	66
Italtile Floorings Pty Ltd[8]	**80 591**	80 591	**75**	66
Italtile Retail (Pty) Ltd	**1 000**	1 000	**55**	55
Joxisec (Pty) Ltd	**120**	—	**40**	—
Orban Investments 375 (Pty) Ltd[3]	**175**	175	**100**	100
TopT Ceramics (Pty) Ltd	**1 000**	1 000	**100**	80
Braintree (Pty) Ltd[2]	**1 000**	1 000	**100**	100
Special purpose entities				
Italtile Foundation Trust				
Italtile Share Incentive Trust				
Italtile Empowerment Trust				

[1] Incorporated in Mauritius.
[2] Incorporated in Botswana.
[3] Incorporated in Namibia.
[4] Incorporated in Lesotho.
[5] Incorporated in Kenya.
[6] Incorporated in Uganda.
[7] Incorporated in Italy.
[8] Incorporated in Australia.

Analysis of shareholders

Category of shareholder	Number of shareholders	Number of shares held	Shares held %
The Italtile Foundation Trust	1	26 400 000	2,6
The Italtile Empowerment Trust	1	26 400 000	2,6
The Italtile Share Incentive Trust	1	24 386 095	2,4
Empowerment company	1	35 200 000	3,4
Individuals	589	58 525 216	5,6
Nominee shareholders	18	30 939 452	3,0
Companies and other corporate bodies	152	163 082 116	15,7
Trusts	130	62 266 502	6,0
Directors	3	27 874 256	2,7
Associates to directors	2	578 259 185	56,0
Total	898	1 033 332 822	100,0

Concentration of holdings – number of shares	Number of shareholders	Number of shares held	Shares held %
1 – 5 000	186	64 648	0,01
5 001 – 20 000	352	1 632 768	0,16
20 001 – 100 000	226	7 080 790	0,69
100 001 – 1 000 000	89	38 053 151	3,68
Over 1 000 000	45	986 501 465	95,46
Total	898	1 033 332 822	100,0

Shareholders' spread

Category of shareholder	Number of shareholders	Number of shares held	Shares held %
Directors	3	27 874 256	2,7
Associates to directors	2	578 259 185	56,0
The Italtile Share Incentive Trust	1	24 386 095	2,4
The Italtile Empowerment Trust	1	26 400 000	2,6
Empowerment company	1	35 200 000	3,4
The Italtile Foundation Trust	1	26 400 000	2,6
Total non-public shareholders	9	718 519 536	69,5
Public shareholders	873	314 813 286	30,5
Total	882	1 033 332 822	100,0

Major shareholders	Number of shares held	% interest in the issued share capital
Rallen (Pty) Limited	558 161 523	54,02
Old Mutual Group*	97 432 415	9,43
The Tommaso Altini Trust	42 042 904	4,07
Four Arrows Investments 256 (Pty) Limited#	35 200 000	3,41

*Includes third party funds under management.

#BEE Special Purpose Entities.