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RESULTS

The group’s management effort to reduce all cost and expenditure categories, combined with a fully operational Project Redgold and increased productivity due to initiatives undertaken to improve performance as well as the recovery prospects of the local economy, resulted in the group maintaining its leading position with regard to the credit granting philosophy.

The group’s gross profit percentage increased from 39.0% to 39.9%. Selling expenses were well controlled, up 9.9% as a consequence of inflation and weighted average space growth of 4.5%. Administrative expenses, prior to the effect of mark-to-market adjustments relating to forward exchange contracts, were up 31.6%. Operating profit increased by 18.3% to R980.3 million. The operating margin increased from 14.0% to 14.6%.

The group’s share of associates and associates’ share of associates’ results improved by 87.0%.

The core headline earnings per share increased by 21.4% to 135.0 cts.

The group’s dividend has increased by 36.6% to 9.7 cts.

The company’s management does not estimate that any significant inflationary increase will have any material effect on future operations.

DIVIDEND POLICY

The board of directors of the group has the discretion to allocate resources to distribute dividends in all the circumstances. The group’s limited financial resources were directed towards business expansion and improvements in business operations, which were considered more critical at that time. The board of directors of the group therefore decided to distribute dividends in the form of shares only.

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FINANCIAL POSITION

The cash flows associated with being a predominantly cash-generating entity (90% of sales were for cash) have resulted in the financial position strengthening, and the group ended the year with an increase of R333.1 million in working capital and an increase of R714.9 million in stock turn. As at 30 March 2010, the group had net cash inflows to 30 March 2010 of R893.4 million.

Net cash inflows from operating activities were R1 921 824 million.

Cash flows from operating activities were R1 921 824 million.

The working capital requirements of the group have been met by the group’s ability to fund such requirements from cash generated from its core business operations. The group’s investment in non-current assets is considered to be within the normal range for a business of this size and nature.

The group ended the year with cash and cash equivalents at end of the year of R1 479 331 million.

The group has declared a dividend of 9.7 cts. The dividend has been recommended for approval by the shareholders of the company.

The dividend has increased by 36.6% to 9.7 cts.

The company’s management does not estimate that any significant inflationary increase will have any material effect on future operations.

CORPORATE GOVERNANCE

The group has a strong corporate governance framework. The board of directors of the group has the responsibility to ensure that the group operates in accordance with the highest standards of good corporate governance.

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