TRUWORTHS INTERNATIONAL

ABRIDGED PRELIMINARY REPORT ON THE AUDITED GROUP RESULTS

for the 52 weeks ended 26 June 2011

Sale of merchandise	Gross margin at	Trading profit	Operating margin at	Headline earnings per share	Annual dividend per share
▲13%	57%	▲24%	36%	▲21%	▲31%

GROUP PROFILE

Truworths International Ltd is an investment holding and management company listed on the JSE and the Namibian Stock Exchange. Its principal trading subsidiaries, Truworths Ltd and Young Designers Emporium (Pty) Ltd, are engaged in the retailing of fashion apparel and related merchandise. Truworths International Ltd and its subsidiaries (the Group) operate primarily in southern Africa.

FINANCIAL PERFORMANCE

Group retail sales increased by 13.5% to R8.1 billion relative to the 52-week period ended 27 June 2010 (the prior period). Comparable store retail sales increased 8.9% (2010: 3.6%) and product inflation averaged 4% (2010: 4%).

Trading space increased by 5.4% relative to the prior period-end following the opening of 12 Truworths, 12 Identity and 3 Uzzi stores and the closure of 7 stores. At the end of the period the Group had 543 stores (2010: 523).

The Group continued to record market share gains. Based on figures from the retail liaison committee (RLC) for June 2011, the Group increased its ladieswear RLC market share of clothing to 22.3% (2010: 21.9%) and menswear RLC market share to 22.1% (2010: 21.9%).

Divisional sales	Jun 2011 52 weeks Rm	Jun 2010 52 weeks Rm	% change
Truworths ladieswear	3 068	2 727	13
Truworths menswear	1 581	1 372	15
Identity	1 127	966	17
Daniel Hechter	972	871	12
Elements	403	385	5
Inwear	386	355	9
LTD	312	247	26
Other*	231	195	18
Retail sales	8 080	7 118	14
Franchise sales	35	30	17
Accounting reclassifications	(257)	(211)	22
Sale of merchandise	7 858	6 937	13
YDE agency sales	250	238	5

* includes cellular, Truworths Jewellery and Truworths Living divisions

Lower markdowns for the period contributed to the gross margin reaching 56.7%, above the targeted range of 54% to 55%. The operating margin of 36.4% was higher than the targeted range of 32% to 34% primarily as a result of low expense growth, mainly due to a 1% increase in trade receivable costs. Inventory levels increased 18% on the prior period-end resulting in inventory turn decreasing to 6.4 times (2010: 6.9 times), nevertheless within the targeted range of 6.0 to 6.5 times.

Headline earnings per share (HEPS) were 456.0 cents, an increase of 21% over the prior period's 377.9 cents. This performance is in line with the forecast range in the Group's trading statement released on SENS on 15 July 2011. Diluted HEPS of 447.5 cents were 21% higher (2010: 370.4 cents). A final cash dividend of 134 cents per share has been declared, based on a dividend cover of 1.7 times (2010: 1.9 times). Total dividends declared in respect of the period amount to 262 cents, 31% more than the prior period.

CREDIT MANAGEMENT

The debtors' book continued to improve in accordance with management's expectations. The doubtful debt allowance and net bad debt as percentages of gross trade receivables improved to 10.1% (2010: 10.7%) and 6.8% (2010: 9.8%) respectively. By period-end the active account base had grown by 11% to approximately 2.2 million accounts with the acceptance rate on new applications increasing to 38% from 33%. Gross trade receivables grew by 18% to R3.3 billion from the prior period-end. The growth in the debtors' book is attributable to Group credit sales growing 16% over the prior period (14% and 38% higher in Truworths and Identity respectively) and a shift in Truworths' credit sales from shorter dated interest-free to longer-term interest-bearing payment plans. Credit sales comprised 71% (2010: 70%) of retail sales, with 86% (2010: 85%) of active account holders able to purchase at the period-end.

FINANCIAL POSITION

The Group's statement of financial position continued to strengthen, with net asset value per share increasing by 16% to 1 191.8 cents. The return on equity at 41% and return on assets at 46% were higher than management's targeted range of 35% to 40% and 40% to 45% respectively. Asset turnover at 1.3 times was within management's targeted range of 1.2 to 1.5 times and remained unchanged from the prior period.

CAPITAL MANAGEMENT

The Group produced a net increase in cash and cash equivalents at period-end of R171 million (2010: R551 million). During the period the Group generated R1.7 billion in cash from operating activities which was used primarily for dividend payments (R968 million), share buy-backs (R394 million), investment in store development (R120 million), distribution and warehousing facilities (R30 million), and computer infrastructure and technology (R31 million). The Group had cash and cash equivalents of R1.5 billion at the period-end (2010: R1.3 billion).

The Group repurchased 5.8 million shares at an average price of R68.14 per share for a total of R394 million during the period. Since the inception of the share buy-back programme in 2002, 80 million shares have been repurchased at a total cost of R1.7 billion at an average price of R20.84. Since the period-end a further 1.2 million shares were repurchased at R69.03 per share until the date of this announcement for a consideration of R84 million.

The Group continued to evaluate potential acquisitions and implemented its capital management strategy through a combination of capital expenditure, share buy-backs and reducing dividend cover.

Capital expenditure of R218 million has been committed for the 2012 financial period.

KING III

The 2011 reporting period will be the first time that the Group will issue an integrated annual report. An integrated annual report is a King III recommendation and represents a fundamental shift in corporate reporting practice. King III defines integrated reporting as "a holistic and integrated representation of the company's performance in terms of both its finance and its sustainability".

The purpose of an integrated annual report is to communicate to stakeholders the strategy, performance and activities of the organisation in a manner that allows them to assess the ability of the organisation to create and sustain value. The report should allow the users of the report to determine whether the organisation's governing structure has applied its collective mind in identifying the environmental, social, economic and financial issues that impact on the organisation, and to assess the extent to which these issues have been incorporated into the organisation's strategy.

Explanatory information on how the Group has applied other King III principles, in relation to IT governance, assurance on internal controls, assessment of the finance function, stakeholder engagement and shareholder consideration of remuneration policy is incorporated in the integrated annual report and the annual financial statements, which are scheduled to be available during the last week of September 2011.

OUTLOOK

Against a background of uncertain economic growth, retail trading conditions are expected to continue to be challenging in the months ahead as consumers face increasing living costs owing to rising utility, food and transport prices.

Inflationary pressures may lead to an increase in interest rates during the 2012 financial period. As the majority of the Group's credit customers have limited exposure to asset-based finance, higher interest rates are not expected to have a material impact on the trade receivables book. However, increasing interest rates could place further pressure on household disposable income.

Retail sales for the first seven weeks of the 2012 financial period increased by 10.4% over the corresponding period in 2011.

Product inflation is anticipated to be at high single-digit levels in the 2012 financial period and annual growth in trading space is planned at approximately 6%.

The Group will continue to actively manage its capital base to generate competitive returns to shareholders, while evaluating potential investment and acquisition opportunities to complement the current merchandise offering.

H Saven
Chairman

MS Mark
Chief Executive Officer

18 August 2011

FINAL DIVIDEND

The directors have resolved to reduce the dividend cover from 1.9 times to 1.7 times resulting in a final cash dividend from retained earnings in respect of the period ended 26 June 2011 in the amount of 134 cents (2010: 98 cents) per share to holders of the company's shares reflected in the company's register on the record date, being Friday, 9 September 2011. The last day to trade in the company's shares *cum* dividend is Friday, 2 September 2011. Trading in the company's shares *ex* dividend will commence on Monday, 5 September 2011. The dividend will be paid in South African Rand on Monday, 12 September 2011. Consequently no dematerialisation or rematerialisation of the company's shares may take place over the period from Monday, 5 September 2011 to Friday, 9 September 2011, both days inclusive.

In accordance with the company's articles of association, the directors have determined that dividends amounting to less than 1 000 cents due to any one holder of the company's shares held in certificated form will not be paid, unless otherwise requested in writing, but aggregated with other such amounts and donated to a charity to be nominated by the directors.

By order of the board

C Durham
Company Secretary

Cape Town
18 August 2011

GROUP STATEMENTS OF FINANCIAL POSITION

		at 26 June 2011 Audited Rm	at 27 June 2010 Audited Rm
ASSETS			
Non-current assets		1 093	997
Property, plant and equipment		724	694
Goodwill		90	90
Intangible assets		77	65
Derivative financial assets		21	20
Available-for-sale asset		1	1
Loans and receivables		141	94
Deferred tax		39	33
Current assets		5 131	4 412
Inventories		530	450
Trade and other receivables		3 033	2 561
Derivative financial assets		28	35
Prepayments		51	48
Cash and cash equivalents		1 489	1 318
Total assets		6 224	5 409
EQUITY AND LIABILITIES			
Equity			
Share capital and premium		159	79
Treasury shares		(1 191)	(797)
Retained earnings		6 001	5 026
Non-distributable reserves		77	63
Total equity		5 046	4 371
Non-current liabilities		84	97
Post-retirement medical benefit obligation		41	36
Cash-settled compensation obligation		1	12
Straight-line operating lease obligation		42	49
Current liabilities		1 094	941
Trade and other payables		875	762
Derivative financial liability		1	–
Provisions		73	59
Tax payable		145	120
Total liabilities		1 178	1 038
Total equity and liabilities		6 224	5 409
Number of shares in issue (net of treasury shares)	(millions)	423.4	425.3
Net asset value per share	(cents)	1 191.8	1 027.7
Key ratios			
Return on equity	(%)	41	40
Return on capital	(%)	61	60
Return on assets	(%)	46	44
Inventory turn	(times)	6.4	6.9
Asset turnover	(times)	1.3	1.3

GROUP STATEMENTS OF COMPREHENSIVE INCOME

	Note	52 weeks to 26 June 2011 Audited Rm	% change	52 weeks to 27 June 2010 Audited Rm
Revenue	3	8 684	13	7 659
Sale of merchandise		7 858	13	6 937
Cost of sales		(3 403)		(3 098)
Gross profit		4 455	16	3 839
Other income		189		162
Trading expenses		(2 421)	10	(2 201)
Depreciation and amortisation		(129)		(121)
Employment costs		(828)		(759)
Occupancy costs		(652)		(582)
Trade receivable costs		(390)		(385)
Other operating costs		(422)		(354)
Trading profit		2 223	24	1 800
Interest received		637		560
Profit before tax		2 860	21	2 360
Tax expense		(917)		(756)
Profit for the period, fully attributable to owners of the parent		1 943	21	1 604
Other comprehensive (loss)/income				
Movement in effective portion of cash flow hedge		(12)		2
Deferred tax on movement in effective portion of cash flow hedge		3		(1)
Other comprehensive (loss)/income for the period, net of tax		(9)		1
Total comprehensive income for the period, fully attributable to owners of the parent		1 934	20	1 605
Basic earnings per share	(cents)	455.8	21	377.7
Headline earnings per share	(cents)	456.0	21	377.9
Fully diluted basic earnings per share	(cents)	447.3	21	370.2
Fully diluted headline earnings per share	(cents)	447.5	21	370.4
Weighted average number of shares	(millions)	426.3		424.7
Key ratios				
Gross margin	(%)	56.7		55.3
Trading expenses to sale of merchandise	(%)	30.8		31.7
Trading margin	(%)	28.3		25.9
Operating margin	(%)	36.4		34.0

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JSE Limited code: TRU NSX code: TRW ISIN: ZAE000028296
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Sponsor in South Africa: One Capital
Sponsor in Namibia: Old Mutual Investment Services (Namibia) (Pty) Ltd
Auditors: Ernst & Young Inc.
Transfer secretaries: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg 2001
PO Box 61051, Marshalltown 2107, South Africa, or Transfer Secretaries (Pty) Ltd, Shop 8, Kaiserkrone Centre, Post Street Mall, Windhoek. PO Box 2401, Windhoek, Namibia
Company Secretary: C Durham
Directors: H Saven (Chairman)§‡, MS Mark (CEO)*, MJ Sardi (CFO)*, RG Dow§‡, CT Ndlovu§, SM Ngebulana§‡, AE Parfett§‡, MA Thompson§‡ and AJ Taylor§
* Executive § Non-executive ‡ Independent

GROUP STATEMENTS OF CASH FLOWS

		52 weeks to 26 June 2011 Audited Rm	52 weeks to 27 June 2010 Audited Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from trading and cash EBITDA*		2 411	1 934
Working capital movements		(425)	(216)
Cash generated from operations		1 986	1 718
Interest received		637	560
Tax paid		(895)	(711)
Cash inflow from operations		1 728	1 567
Dividends paid		(968)	(785)
Net cash from operating activities		760	782
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment to maintain operations		(30)	(34)
Acquisition of property, plant and equipment to expand operations		(139)	(158)
Acquisition of computer software		(17)	(24)
Proceeds on disposal of plant and equipment		–	1
Acquisition of cash-settled call options		(31)	–
Loans advanced		(63)	–
Loans repaid		5	4
Net cash used in investing activities		(275)	(211)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on shares issued		80	14
Shares repurchased by subsidiaries		(394)	(34)
Net cash used in financing activities		(314)	(20)
Net increase in cash and cash equivalents		171	551
Cash and cash equivalents at the beginning of the period		1 318	767
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1 489	1 318
Key ratios			
Cash flow per share	(cents)	405.3	369.0
Cash equivalent earnings per share	(cents)	498.9	412.3
Cash realisation rate	(%)	81	89

* Earnings before interest received, tax, depreciation and amortisation

GROUP STATEMENTS OF CHANGES IN EQUITY

	26 June 2011 Audited Rm	27 June 2010 Audited Rm
Total equity at the beginning of the period	4 371	3 551
Total comprehensive income for the period	1 934	1 605
Profit for the period	1 943	1 604
Other comprehensive (loss)/income for the period	(9)	1
Dividends paid	(968)	(786)
Premium on shares issued	80	14
Shares repurchased	(394)	(34)
Share-based payment	23	21
Total equity at the end of the period	5 046	4 371
Comprising:		
Share capital and premium	159	79
Treasury shares	(1 191)	(797)
Retained earnings	6 001	5 026
Non-distributable reserves	77	63
Total equity	5 046	4 371
Cents per share:		
Dividends	262	200
Final – payable/paid September	134	98
Interim – paid March	128	102

SELECTED EXPLANATORY NOTES

1 BASIS OF PREPARATION

The information in this preliminary report has been extracted from the Group's 2011 annual financial statements, which have been prepared in compliance with International Financial Reporting Standards (IFRS), the AC 500 Standards as issued by the Accounting Practices Board, or its successor and the South African Companies Act (71 of 2008, as amended). This preliminary report has been prepared in accordance with IAS 34: Interim Financial Reporting.

The Group's 2011 annual financial statements and this preliminary report have been audited by the Group's external auditors, Ernst & Young Inc., and their unqualified audit opinion on such financial statements and on this preliminary report is available for inspection at the company's registered office.

The Group's 2011 annual financial statements have been prepared in accordance with the going concern and historical cost bases except where otherwise indicated in the Group's accounting policies. The accounting policies have been applied uniformly throughout the Group and are consistent with those applied in the prior period, except as mentioned in note 2. The presentation currency of the financial statements is the South African Rand (R) and all amounts are rounded to the nearest million.

2 ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the preparation of this report are consistent with those applied in the preparation of the Group's annual financial statements for the period ended 27 June 2010, except for the following:

During the period, the Group adopted the following amended IFRS to the extent that they are applicable to its activities:

– IAS 24: Related Party Disclosures (Revised)

– Annual improvements to IFRS (May 2010)

The adoption of the revised standard and improvements has had the following consequences for the accounting policies, financial position or performance of the Group:

IAS 24: Related Party Disclosures (Revised)

The revised standard clarifies the definition of a related party in order to simplify the identification of such parties and to eliminate inconsistencies in the application of the standard. Although the revised standard is only effective for annual periods beginning on or after 1 January 2011, the Group has elected to adopt the entire standard in the current period. As required, the revised standard has been applied retrospectively. In some instances, the adoption of the revised standard has resulted in minor revisions to certain disclosures, but has not had any impact on the financial position or performance of the Group.

Annual improvements to IFRS (May 2010)

In May 2010, the International Accounting Standards Board issued an omnibus of amendments to its standards, affecting six standards and one interpretation. The Group has adopted those amendments that are effective for annual periods beginning on or after 1 July 2010. In some instances, the adoption of these amendments has resulted in minor revisions to accounting policies, but has not had any impact on the financial position or performance of the Group.

Various other new and amended IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations that have been issued and are effective, have not been adopted by the Group as they are not applicable to its activities.

3 REVENUE

	52 weeks to 26 June 2011 Audited Rm	% change	52 weeks to 27 June 2010 Audited Rm
Sale of merchandise	7 858	13	6 937
Retail sales	8 080		7 118
Accounting reclassifications	(257)		(211)
Franchise sales	35		30
Interest received	637	14	560
Trade receivables interest	543		491
Investment interest	94		69
Other income	189	17	162
Commission	88		78
Display fees	39		34
Financial services income	38		31
Lease rental income	12		10
Other	9		6
Royalties	3		3
Total	8 684	13	7 659

4 RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS:

	2011 Rm	% change	2010 Rm
Profit for the period, fully attributable to owners of the parent	1 943		1 604
Adjusted for:			
Loss on disposal of fixed assets	1		1
Headline earnings	1 944	21	1 605

5 SEGMENT REPORTING

The Group's reportable segments have been identified as the Truworths and Young Designers Emporium (YDE) business units. The Truworths business unit comprises all the retailing activities conducted by the Group, through which the Group retails fashion apparel comprising clothing, footwear and other fashion products to women, men and children, other than by the YDE business unit. The YDE business unit comprises the agency activities through which the Group retails clothing, footwear and related products on behalf of emerging South African designers.

Management monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is reported on an IFRS basis and evaluated based on revenue and profit before tax.

		Truworths Rm	YDE Rm	Consolidation entries Rm	Group Rm
2011					
Total revenue		8 604	95	(15)	8 684
Third party		8 584	95	5	8 684
Inter-segment		20	–	(20)	–
Depreciation and amortisation		126	3	–	129
Interest received		632	1	4	637
Profit for the period		1 925	27	(9)	1 943
Profit before tax		2 832	37	(9)	2 860
Tax expense		(907)	(10)	–	(917)
Segment assets		8 449	163	(2 388)	6 224
Segment liabilities		1 231	23	(76)	1 178
Capital expenditure		179	7	–	186
Gross margin	(%)	56.7	–	–	56.7
Trading margin	(%)	28.0	38.6	–	28.3
Operating margin	(%)	36.0	39.5	–	36.4
Inventory turn	(times)	6.4	–	–	6.4
Credit:cash sales mix	(%)	71:29	24:76	–	71:29
2010					
Total third party revenue		7 568	89	2	7 659
Depreciation and amortisation		118	3	–	121
Interest received		558	1	1	560
Profit for the period		1 578	24	2	1 604
Profit before tax		2 325	33	2	2 360
Tax expense		(747)	(9)	–	(756)
Segment assets		7 410	139	(2 140)	5 409
Segment liabilities		1 143	26	(131)	1 038
Capital expenditure		211	5	–	216
Gross margin	(%)	55.3	–	–	55.3
Trading margin	(%)	25.4	37.2	–	25.9
Operating margin	(%)	33.5	38.2	–	34.0
Inventory turn	(times)	6.9	–	–	6.9
Credit:cash sales mix	(%)	70:30	23:77	–	70:30

	2011 Rm	Contribution to revenue %	2010 Rm	Contribution to revenue %
Third party revenue				
South Africa	8 448	97.3	7 447	97.2
Namibia	142	1.6	127	1.7
Swaziland	59	0.7	55	0.7
Franchise sales	35	0.4	30	0.4
Botswana	15	0.2	15	0.2
Rest of Africa	20	0.2	14	0.2
Middle East	–	–	1	–
Total third party revenue	8 684	100	7 659	100

6 CAPITAL COMMITMENTS

	2011 Rm	2010 Rm
Capital expenditure authorised but not contracted:		
Store development	154	150
Computer infrastructure	40	38
Distribution facilities	20	14
Head office refurbishments	3	2
Motor vehicles	1	6
Total capital commitments	218	210

The capital commitments will be financed by cash generated from operations and available cash resources and are expected to be incurred in the 2012 reporting period.

7 EVENTS AFTER THE END OF THE REPORTING PERIOD

No event, material to the understanding of this preliminary report, has occurred between the end of the reporting period and the date of approval of the report.

TRUWORTHS | TRUWORTHS MAN | UZZI | DANIEL HECHTER | Inwear | LTD | TRUWORTHS elements | TRUWORTHS JEWELLERY | IDENTITY

RESULTS ARE AVAILABLE ONLINE AT WWW.TRUWORTHS.CO.ZA