PRELIMINARY REPORT ON THE AUDITED GROUP RESULTS for the 53 weeks ended 29 June 2008

TRUWORTHS INTERNATIONAL

- ▲ HEADLINE EARNINGS PER SHARE **UP 19%** (52 weeks up 15%)
- ▲ FULLY DILUTED HEADLINE EARNINGS PER SHARE **UP 19%** (52 weeks up 15%)
- ▲ OPERATING PROFIT **UP 16%** (52 weeks up 12%)
- ▲ OPERATING MARGIN MAINTAINED **AT 33%**
- ▲ MERCHANDISE SALES **UP 16%** (52 weeks up 14%)
- ▲ FINAL DIVIDEND **UP 20%**

COMMENTARY

Truworths International Limited is an investment holding, trading and management company listed on the JSE and the Namibian Stock Exchanges. Its trading subsidiaries are engaged in the retailing of fashion apparel and related merchandise. Truworths International Limited and its subsidiaries ("the Group") operate primarily in southern Africa.

GROUP RESULTS

In a challenging trading environment over 53 weeks, group sale of merchandise increased by 16% to R5 651 million (14% excluding week 53).

Trading conditions became increasingly difficult during the period following five interest rate hikes totalling 250 basis points and a rise in the cost of living mainly as a result of spiralling food price inflation and an increasing fuel price.

Headline and basic earnings per share of 295.6 cents equate to a 19% increase (15% excluding week 53) compared to the prior period's 248.6 cents. This is in line with the forecast in the Group's trading statement released on SENS on 25 July 2008. Fully diluted headline and basic earnings per share of 289.6 cents were 19% higher (15% excluding week 53) than the 242.5 cents achieved in 2007. A final cash dividend of 72 cents a share has been declared. Total dividends for the period amount to 144 cents, 20% more than the prior period. Dividend cover remains at 2.1 times headline earnings per share.

Sales growth includes comparable store sales growth of 8% (6% excluding week 53), with product inflation of approximately 6%. Trading space increased by 9% relative to the position at 24 June 2007 following the opening of 17 Truworths, 13 Identity, 10 Uzzi and 2 YDE stores and the closure of 7 Truworths stores. At the end of the period the Group had 452 stores.

The Group continued to grow market share. Based on figures from the retail liaison committee (RLC) for June 2008, the Group increased its ladieswear RLC market share to 21% (2007: 20%) and menswear RLC market share to 18% (2007: 16%).

Sale of merchandise growth	2008 53 weeks Rm	% change (including week 53) on prior period	% change (excluding week 53) on prior period
Truworths	3 368	11	9
Truworths Man	981	10	7
Daniel Hechter	718	28	26
Identity	685	36	33
Uzzi	111	35	32
Group retail sales	5 863	15	13
Franchise sales	34	48	43
IFRS adjustments	(246)		
Sale of merchandise	5 651	16	14
YDE agency sales	241	20	18

Operating profit increased 16% to R1 880 million, with operating margin being maintained at 33%. The gross margin of 55% remained at a similar level to the prior period. Expenses grew by 21%, primarily as a result of increased trade receivable costs and investment in new stores.

There has been a focus on ensuring the quality of earnings during the period. The success of this strategy is evidenced by an improved cash realisation rate from 70% to 96% with cash inflow from operating activities improving from R357 million in the prior period to R725 million in the reporting period.

CREDIT MANAGEMENT

The Group continued to apply its normal credit granting criteria during the period and the active account base grew by 6% to approximately 1.8 million accounts (20% four year compound growth), with a 60% rejection rate on new account applications. The debtors' book grew by 12% during the period. Group credit sales represented 70% of total Group retail sales while 84% of active account holders were able to purchase at period-end (2007: 85%).

Net bad debt as a percentage of the debtors' book grew to 11.3%. The material increases in the Group's net bad debts and doubtful debt allowances resulted from the strong growth of new accounts over the last few years, as well as the general economic conditions currently affecting the majority of credit-active consumers. The additional interest income earned on the debtors' book during the period offset the increased net bad debts and associated costs. The Group continued to apply a qualifying payment percentage of 90% necessary for customers to avoid delinquency and management remains satisfied with the quality of the debtors' book.

CASH AND FINANCIAL POSITION

The Group remains in a positive cash position with cash and cash equivalents of R533 million at period-end. During the period the Group generated R725 million from operating activities and utilised cash to fund share buy-backs and the Uzzi acquisition and to expand trading space.

SHARE REPURCHASES

During the period 7.3 million shares were repurchased at an average price of R24.96 per share and a total cost of R183 million. Since the inception of the share buy-back programme, 68.1 million shares have been repurchased at an average cost of R15.86 per share and a total cost of R1.1 billion. 43.4 million of these shares (at an average cost of R10.95 per share and a total cost of R475 million) have been cancelled. At the end of the period the balance of 24.7 million shares (5.4% of total shares in issue) were held as treasury shares.

UZZI MINORITY ACQUISITION

As previously advised to shareholders, the Group exercised its option on 1 January 2008 to acquire the 49% minority shareholding in Uzzi and now holds 100%. Shortly before period-end, the Uzzi business was transferred from this stand-alone subsidiary and now functions as a division of Truworths Limited, thus enabling cross-shopping and realising cost savings. Credit was introduced to Uzzi customers in October 2007. At the end of the period Uzzi operated 35 stand-alone stores in the upper-end male fashion market. Trading results to date have exceeded management's expectations.

OUTLOOK

Group sale of merchandise for the first seven weeks of the current financial period reflects growth of 14% on the prior comparable period, partly driven by sales of marked-down winter merchandise. The retail environment will continue in the short-term to be impacted by high interest rates, high inflation and high levels of consumer debt. Nevertheless, the board is committed to investing in the longer term growth of the business and anticipates that trading activity in the 2009 period is likely to yield satisfactory earnings growth.

H Saven
Chairman
20 August 2008

MS Mark
Chief Executive Officer

FINAL DIVIDEND

The directors have resolved to declare a final cash dividend from retained earnings in respect of the period ended 29 June 2008 in the amount of 72 cents (2007: 60.0 cents) per share to holders of the company's shares reflected in the company's register on the record date, being Friday, 12 September 2008.

The last day to trade in the company's shares *cum dividend* is Friday, 5 September 2008. Trading in the company's shares *ex dividend* will commence on Monday, 8 September 2008. The dividend will be paid in South African Rand on Monday, 15 September 2008.

Consequently no dematerialisation or rematerialisation of the company's shares may take place over the period from Monday, 8 September 2008 to Friday, 12 September 2008, 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
20 August 2008

Truworths International Limited: (Registration number 1944/017491/06)
JSE Limited code: TRU **NSX code:** TRW **ISIN:** ZAE000028296
Registered office: No. 1 Mostert Street, Cape Town, 8001. PO Box 600, Cape Town, 8000, South Africa
Sponsor in South Africa: Barnard Jacobs Mellet Corporate Finance (Pty) Limited.
Sponsor in Namibia: Old Mutual Investment Services (Namibia) (Pty) Limited
Auditors: Ernst & Young Inc.
Transfer secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001. PO Box 61051, Marshalltown 2107, South Africa or Transfer Secretaries (Pty) Limited, Shop 12, Kaiserkrone Centre, Post Street Mall, Windhoek. PO Box 2401, Windhoek, Namibia
Company secretary: C Durham
Directors: H Saven (Chairman)§‡, MS Mark (CEO)*, RG Dow§‡, CT Ndlovu§‡, SM Ngebulana§‡, AE Parfett§‡, AJ Taylor*, MA Thompson§‡ and WM van der Merwe*
* Executive § Non-executive ‡ Independent

GROUP BALANCE SHEETS

		at 29 June 2008 Rm	at 24 June 2007 Rm
ASSETS			
Non-current assets		848	755
Property, plant and equipment		527	455
Goodwill		90	72
Intangible assets		53	55
Derivative financial instruments		16	45
Loans and receivables		99	110
Deferred tax		63	18
Current assets		3 055	2 582
Inventories		397	353
Trade and other receivables		2 077	1 962
Derivative financial instruments		5	13
Prepayments		43	38
Cash and cash equivalents		533	216
Total assets		3 903	3 337
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium		50	36
Treasury shares		(604)	(421)
Non-distributable reserves		17	23
Retained earnings		3 457	2 756
Attributable to equity holders of the parent		2 920	2 394
Minority interest		–	10
Total equity		2 920	2 404
Non-current liabilities		85	97
Post-retirement medical benefit obligation		28	25
Cash-settled compensation liability		7	23
Straight-line operating lease obligation		50	49
Current liabilities		898	836
Trade and other payables		658	606
Minority interest loans		–	30
Provisions		43	44
Tax payable		197	156
Total liabilities		983	933
Total equity and liabilities		3 903	3 337
Number of shares in issue (net of treasury shares)	(millions)	428,3	433,5
Net asset value per share	(cents)	682	555

GROUP INCOME STATEMENTS

	Note	% change	53 weeks to 29 June 2008 Rm	52 weeks to 24 June 2007 Rm
Revenue	3	19	6 322	5 326
Sale of merchandise		16	5 651	4 858
Cost of sales			(2 568)	(2 166)
Gross profit		15	3 083	2 692
Other income		19	146	123
Trading expenses		21	(1 874)	(1 543)
Depreciation and amortisation			(96)	(82)
Employment costs			(600)	(539)
Occupancy costs			(415)	(361)
Trade receivable costs			(464)	(280)
Other operating costs			(299)	(281)
Trading profit		7	1 355	1 272
Interest received			525	345
Profit before tax		16	1 880	1 617
Tax expense			(596)	(527)
Profit for the period		18	1 284	1 090
Attributable to:				
Equity holders of the parent		18	1 277	1 080
Minority interest			7	10
			1 284	1 090
Cents per share:				
Dividends		20	144	120
final – payable September			72	60
interim – paid March			72	60
Basic and headline earnings		19	295,6	248,6
Fully diluted basic and headline earnings		19	289,6	242,5
Weighted average number of shares in issue	(millions)		432,0	434,5
Key ratios				
Gross margin	(%)		55	55
Trading expenses to sale of merchandise	(%)		33	32
Trading margin	(%)		24	26
Operating margin	(%)		33	33

GROUP CASH FLOW STATEMENTS

		53 weeks to 29 June 2008 Rm	52 weeks to 24 June 2007 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from trading and cash EBITDA*		1 474	1 389
Working capital movements		(104)	(372)
Cash generated from operations		1 370	1 017
Interest received		525	345
Tax paid		(595)	(549)
Cash inflow from operations		1 300	813
Dividends paid		(575)	(456)
Net cash from operating activities		725	357
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment to maintain operations		(32)	(31)
Acquisition of property, plant and equipment to expand operations		(129)	(117)
Acquisition of computer software		(5)	(8)
Net investment in subsidiary		(35)	(29)
Minority shareholder loans acquired		(30)	(4)
Loans advanced		–	(3)
Loans repaid		10	4
Acquisition of derivative financial instruments		(18)	(22)
Proceeds on disposal of derivative financial instruments		9	4
Settlement of cash-settled compensation liability		(9)	(4)
Net cash used in investing activities		(239)	(210)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on shares issued		14	22
Shares repurchased by subsidiaries		(183)	(167)
Cost incurred in cancelling shares		–	(3)
Funding of post-retirement benefit obligation		–	(2)
Net cash used in financing activities		(169)	(150)
Net increase/(decrease) in cash and cash equivalents		317	(3)
Cash and cash equivalents at the beginning of the period		216	219
Cash and cash equivalents at the end of the period		533	216
Key ratios			
Cash flow per share	(cents)	300,9	187,1
Cash equivalent earnings per share	(cents)	313,9	268,4
Cash realisation rate	(%)	96	70

*Earnings before interest, tax, depreciation and amortisation

GROUP STATEMENTS OF CHANGES IN EQUITY

	29 June 2008 Rm	24 June 2007 Rm
Total equity at the beginning of the period	2 404	1 908
Total recognised income and expense for the period	1 272	1 097
Profit for the period	1 284	1 090
Effective portion of cash flow hedge	(17)	9
Deferred tax on cash flow hedge	5	(2)
Dividends	(576)	(456)
Acquisition of minority interest in subsidiary	(17)	–
Premium on shares issued	14	22
Shares repurchased and cancelled	–	(4)
Shares repurchased	(183)	(167)
Share option expense	6	4
Total equity at the end of the period	2 920	2 404
Comprising:		
Share capital and premium	50	36
Treasury shares	(604)	(421)
Non-distributable reserves	17	23
Retained earnings	3 457	2 756
Attributable to equity holders of the parent	2 920	2 394
Minority interest	–	10
Total equity	2 920	2 404

SELECTED EXPLANATORY NOTES

1 **BASIS OF PREPARATION**

The information in this preliminary report has been extracted from the Group's 2008 audited annual financial statements, which have been prepared in compliance with International Financial Reporting Standards ("IFRS") and the South African Companies Act of 1973. This preliminary report has been prepared in accordance with IFRS and IAS 34: Interim Financial Reporting.

The Group's 2008 annual financial statements have been audited by the Group's external auditors, Ernst & Young Inc., and their unqualified audit opinions on such financial statements and on this preliminary report are available for inspection at the company's registered office.

The 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 consistently throughout the Group and with those applied in the prior period, except as mentioned in note 2. The presentation and functional currency of the financial statements is the South African Rand (ZAR) and all amounts are rounded to the nearest million.

2 **ACCOUNTING POLICIES**

The Group has adopted the following new and amended IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations during the period, and such adoption has not had any material effect on the financial statements of the Group, although in some instances it has given rise to additional disclosures.

- IFRS 7: Financial Instruments: Disclosures
- IAS 1: Amendment – Capital Disclosures
- IFRS 8: Operating Segments
- IFRIC 10: Interim Financial Reporting and Impairment

The Group has adopted IFRS 8 earlier than required by the standard. Its adoption did not have any effect on the financial statement performance or position of the Group. It did, however, give rise to additional disclosures and a revision to the relevant accounting policies.

Various other IFRS, amendments and 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**

	2008 Rm	2007 Rm	% change
Sale of merchandise	5 651	4 858	16
Retail sales	5 617	4 835	
Franchise sales	34	23	
Interest received	525	345	52
Investment interest	37	27	
Trade receivables interest	488	318	
Other income	146	123	19
Commission	86	75	
Royalties	2	2	
Lease rental income	8	7	
Display fees	26	21	
Other	24	18	
	6 322	5 326	19

4 **BUSINESS COMBINATION**

On 1 January 2008, the Group exercised its option to acquire the remaining 49% minority shareholding in Uzzi (Pty) Limited and now holds 100% of the company's issued share capital.

Total consideration paid	65
Less: loan accounts held by minority shareholders acquired	(30)
Net amount paid	35
Net asset value	(17)
Goodwill arising on acquisition of 49%	18
Total goodwill arising on the acquisition of 100%	38

The goodwill is attributable to the Uzzi business' superior store locations, long-term manufacturer and supplier relationships, good profitability and cash flow generation, and loyal customer base. On the original acquisition these intangible assets were not separately recognised as it was not possible to measure their fair values reliably.

On 2 June 2008, the Uzzi business was transferred as a going concern from Uzzi (Pty) Limited to Truworths Limited and is now managed as a department.

5 **SEGMENT REPORTING**

The Group's reportable segments have been identified as the Truworths and YDE business units.

Truworths is a retailer in fashion apparel providing a local blend of clothing and other fashion products to women, men and children. YDE retails, on an agency basis, the clothing and other related products 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 evaluated based on sales and operating profit or loss.

Primary segments

2008		Truworths Rm	YDE Rm	Corporate# Rm	Group Rm
Total revenue*		6 239	84	(1)	6 322
Third party		6 238	82	2	6 322
Inter-segment		1	2	(3)	–
Depreciation and amortisation		93	3	–	96
Interest received		521	2	2	525
Profit for the period		1 255	28	1	1 284
Profit before tax		1 839	39	2	1 880
Tax expense		(584)	(11)	(1)	(596)
Segment assets**		5 760	89	(1 946)	3 903
Segment liabilities		989	28	(34)	983
Capital expenditure		163	3	18	184
Gross margin	%	55	–	–	55
Trading margin	%	23	43	–	24
Operating margin	%	33	46	–	33
Inventory turn	times	6,5	–	–	6,5
Credit: cash sales mix	%	70:30	21:79	–	70:30
2007					
Total third party revenue*		5 232	66	28	5 326
Depreciation and amortisation		80	2	–	82
Interest received		341	3	1	345
Profit/(loss) for the period		1 085	22	(17)	1 090
Profit/(loss) before tax		1 603	31	(17)	1 617
Tax expense		(518)	(9)	–	(527)
Segment assets**		4 862	53	(1 578)	3 337
Segment liabilities		800	40	93	933
Capital expenditure		202	8	–	210
Gross margin	%	55	–	–	55
Trading margin	%	26	41	–	26
Operating margin	%	33	45	–	33
Inventory turn	times	6,1	–	–	6,1
Credit: cash sales mix	%	73:27	20:80	–	73:27

* Segment revenue includes interest on trade receivables and management fees
** Segment assets include trade and other receivables
# "Corporate" represents unallocated segments and consolidation entries.

Third party revenue	2008 Rm	2008 %	2007 Rm	2007 %
South Africa	6 156	97,4	5 204	97,7
Namibia	95	1,5	68	1,3
Swaziland	37	0,6	31	0,6
Franchise sales	34	0,5	23	0,4
Botswana	15	0,2	10	0,2
Middle East	8	0,1	7	0,1
Rest of Africa	11	0,2	6	0,1
Total third party revenue	6 322	100	5 326	100

	2008 Rm	2007 Rm
Non-current assets^		
South Africa	664	577
Namibia	5	4
Swaziland	1	1
Total non-current assets	670	582

^ Non-current assets comprise property, plant and equipment, goodwill and intangible assets.

6 **CAPITAL COMMITMENTS**

	2008 Rm	2007 Rm
Capital expenditure authorised but not contracted:		
Store development	145	154
Head office refurbishments	13	12
Warehousing facilities	69	59
Computer infrastructure	31	45
	258	270
Capital expenditure authorised and contracted:		
Land	11	–

7 **EVENTS SUBSEQUENT TO PERIOD-END**

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