TRUWORTHS
INTERNATIONAL

PRELIMINARY REPORT ON THE AUDITED GROUP RESULTS

FOR THE 52 WEEKS ENDED 27 JUNE 2010

SALE OF MERCHANDISE	▲ 11%	HEADLINE EARNINGS PER SHARE	▲ 12%	FINAL DIVIDEND	▲ 18%
TRADING PROFIT	▲ 20%	OPERATING MARGIN AT	34%	NET ASSET VALUE PER SHARE	▲ 23%

GROUP PROFILE

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

FINANCIAL PERFORMANCE

The Group delivered a satisfactory performance for the 52-week period ending 27 June 2010 (the period), despite global economic challenges which impacted on the domestic trading environment. Group sale of merchandise increased by 11% to R6 937 million relative to the 52-week period ended 28 June 2009 (the prior period). Comparable store retail sales grew 4% (2009: 5%) and product inflation averaged approximately 4% (2009: 10%).

Trading space increased by 6% over the prior period-end following the opening of ten Truworths, thirteen Identity, ten Uzzi and two YDE stores and the closure of seven stores. At the end of the period the Group had 523 stores (2009: 495).

The Group continued to record market share gains. Based on figures from the retail liaison committee (RLC) for June 2010, the Group increased its ladieswear RLC market share of clothing to 21.9% (2009: 20.9%) and menswear RLC market share to 21.9% (2009: 20.8%).

Divisional sales	Jun 2010 52 weeks Rm	Jun 2009 52 weeks Rm	% change
Truworths ladieswear	2 727	2 506	9
Truworths menswear	1 372	1 220	12
Identity	966	821	18
Daniel Hechter	871	790	10
Elements	385	367	5
Inwear	355	335	6
LTD	247	204	21
Other*	195	198	(2)
Retail sales	7 118	6 441	11
Franchise sales	30	38	(21)
Accounting reclassifications	(211)	(232)	(9)
Sale of merchandise	6 937	6 247	11
YDE agency sales	238	246	(3)

* Includes cellular, Truworths Jewellery and Truworths Living

The gross margin of 55.3% is slightly higher than the prior period. The operating margin was maintained at 34.0% with operating profit increasing 12% to R2 360 million. The low expense growth of 6% was attributable to an 11% decrease in trade receivable costs.

Headline earnings per share (HEPS) were 377.9 cents, which is an increase of 12% over the prior period's 337.6 cents. This is in line with the forecast range in the Group's trading statement released on SENS on 16 July 2010. Fully diluted HEPS of 370.4 cents were 12% higher (2009: 331.7 cents). A final cash dividend of 98 cents per share has been declared. Total dividends in respect of the period amount to 200 cents, 17% more than the prior period. Dividend cover is 1.9 times headline earnings per share.

CREDIT MANAGEMENT

The debtors' book continued to improve in accordance with management's expectations. The doubtful debt allowance and net bad debts as percentages of gross trade receivables improved to 10.7% (2009: 11.9%) and 9.8% (2009: 11.9%) respectively. The Group maintained a qualifying payment percentage of 90% for customers to avoid delinquency. During the period the Group continued to apply its strict credit-granting criteria, resulting in an active account base growth of 6% to over 1.9 million accounts with a 67% (2009: 61%) rejection rate on new applications. Gross trade receivables grew by 11% from the prior period-end to R2.8 billion. Credit sales comprised 70% (2009: 69%) of retail sales, with 85% (2009: 84%) of active account holders able to purchase at the end of the period.

FINANCIAL POSITION

The Group statements of financial position continued to strengthen, with net asset value per share increasing by 23% to 1 027.7 cents. The return on equity at 40%, return on assets at 44% and asset turnover at 1.3 times, were within management's targeted range as outlined in the 2009 annual report.

The Group's cash position reflects cash and cash equivalents of R1 318 million at the end of the period (2009: R767 million). During the period the Group generated R1 567 million from operating activities and utilised cash primarily for dividend payments (R785 million), store development (R101 million), distribution and warehousing facilities (R67 million) and computer infrastructure and technology (R36 million). The Group repurchased 808 000 shares at an average price of R41.85 per share for a total of R34 million. Capital expenditure of R210 million has been committed for the 2011 financial period.

OUTLOOK

Retail sales for the first seven weeks of the 2011 financial period reflect growth of 12.6% on the corresponding period in 2010.

Higher real wage increases, lower inflation and lower interest rates are positive for consumers. As reported by the National Credit Regulator personal debt levels in the South African economy remain high, although the improved quality of the Group's debtors' book augurs well for the 2011 financial period. Greater economic stability, albeit in a soft business environment, is nevertheless more encouraging than the difficult conditions experienced in the past few years.

Trading conditions are expected to remain challenging, but management will continue to focus on its business philosophy which has served it well over so many years. In essence the supply of internationally inspired, high quality fashionable clothing to youthful South Africans will continue to be the driver of our strategy for the period ahead.

The Group remains committed to investing appropriately for longer-term growth, with trading space planned to increase by approximately 6% on June 2010.

H Saven
Chairman

MS Mark
Chief Executive Officer

19 August 2010

FINAL DIVIDEND

The directors have resolved to declare a final cash dividend from retained earnings in respect of the period ended 27 June 2010 in the amount of 98 cents (2009: 83 cents) per share to holders of the company's shares reflected in the company's register on the record date, being Friday, 10 September 2010. The last day to trade in the company's shares *cum* dividend is Friday, 3 September 2010. Trading in the company's shares *ex* dividend will commence on Monday, 6 September 2010. The dividend will be paid in South African Rand on Monday, 13 September 2010. Consequently no dematerialisation or rematerialisation of the company's shares may take place over the period from Monday, 6 September 2010 to Friday, 10 September 2010, 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
19 August 2010

GROUP STATEMENTS OF FINANCIAL POSITION

		at 27 Jun 2010 Audited Rm	at 28 Jun 2009 Audited Rm
ASSETS			
Non-current assets		997	927
Property, plant and equipment		694	618
Goodwill		90	90
Intangible assets		65	48
Derivative financial assets		20	25
Available-for-sale asset		1	1
Loans and receivables		94	97
Deferred tax		33	48
Current assets		4 412	3 579
Inventories		450	463
Trade and other receivables		2 561	2 281
Derivative financial assets		35	23
Prepayments		48	45
Cash and cash equivalents		1 318	767
Total assets		5 409	4 506
EQUITY AND LIABILITIES			
Equity			
Share capital and premium		79	65
Treasury shares		(797)	(763)
Retained earnings		5 026	4 208
Non-distributable reserves		63	41
Total equity		4 371	3 551
Non-current liabilities		97	94
Post-retirement medical benefit obligation		36	32
Cash-settled compensation obligation		12	14
Straight-line operating lease obligation		49	48
Current liabilities		941	861
Trade and other payables		762	705
Derivative financial liability		–	18
Provisions		59	49
Tax payable		120	89
Total liabilities		1 038	955
Total equity and liabilities		5 409	4 506
Number of shares in issue (net of treasury shares)	(millions)	425.3	424.9
Net asset value per share	(cents)	1 027.7	835.7
Key ratios			
Return on equity	(%)	40	44
Return on capital	(%)	60	65

GROUP STATEMENTS OF COMPREHENSIVE INCOME

	Note	52 weeks to 27 Jun 2010 Audited Rm	% change	52 weeks to 28 Jun 2009 Audited Rm
Revenue	3	7 659	9	7 014
Sale of merchandise		6 937	11	6 247
Cost of sales		(3 098)		(2 817)
Gross profit		3 839	12	3 430
Other income		162		153
Trading expenses		(2 201)	6	(2 083)
Depreciation and amortisation		(121)		(109)
Employment costs		(759)		(672)
Occupancy costs		(582)		(496)
Trade receivable costs		(385)		(432)
Other operating costs		(354)		(374)
Trading profit		1 800	20	1 500
Interest received		560		614
Profit before tax		2 360	12	2 114
Tax expense		(756)		(680)
Profit for the period, fully attributable to owners of the parent		1 604	12	1 434
Other comprehensive income				
Movement in effective portion of cash flow hedge		2		14
Deferred tax on movement in effective portion of cash flow hedge		(1)		(4)
Revaluation of available-for-sale asset		–		1
Other comprehensive income for the period, net of tax		1		11
Total comprehensive income for the period, fully attributable to owners of the parent		1 605	11	1 445
Basic earnings per share	(cents)	377.7	12	337.2
Headline earnings per share	(cents)	377.9	12	337.6
Fully diluted basic earnings per share	(cents)	370.2	12	331.3
Fully diluted headline earnings per share	(cents)	370.4	12	331.7
Weighted average number of shares	(millions)	424.7		425.3
Key ratios				
Gross margin	(%)	55.3		54.9
Trading expenses to sale of merchandise	(%)	31.7		33.3
Trading margin	(%)	25.9		24.0
Operating margin	(%)	34.0		33.8

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§‡, MA Thompson§‡ and AJ Taylor§
* Executive § Non-executive ‡ Independent

GROUP STATEMENTS OF CASH FLOWS

		52 weeks to 27 Jun 2010 Audited Rm	52 weeks to 28 Jun 2009 Audited Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from trading and cash EBITDA*		1 934	1 661
Working capital movements		(216)	(246)
Cash generated from operations		1 718	1 415
Interest received		560	614
Tax paid		(711)	(777)
Cash inflow from operations		1 567	1 252
Dividends paid		(785)	(683)
Net cash from operating activities		782	569
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment to maintain operations		(34)	(31)
Acquisition of property, plant and equipment to expand operations		(158)	(164)
Acquisition of computer software		(24)	(3)
Proceeds on disposal of plant and equipment		1	1
Loans advanced		–	(1)
Loans repaid		4	7
Net cash used in investing activities		(211)	(191)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on shares issued		14	15
Shares repurchased by subsidiaries		(34)	(159)
Net cash used in financing activities		(20)	(144)
Net increase in cash and cash equivalents		551	234
Cash and cash equivalents at the beginning of the period		767	533
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1 318	767
Key ratios			
Cash flow per share	(cents)	369.0	294.4
Cash equivalent earnings per share	(cents)	412.3	377.6
Cash realisation rate	(%)	89	78

* Earnings before interest, tax, depreciation and amortisation

GROUP STATEMENTS OF CHANGES IN EQUITY

	27 Jun 2010 Audited Rm	28 Jun 2009 Audited Rm
Total equity at the beginning of the period	3 551	2 920
Total comprehensive income for the period	1 605	1 445
Profit for the period	1 604	1 434
Other comprehensive income for the period	1	11
Dividends	(786)	(683)
Premium on shares issued	14	15
Shares repurchased	(34)	(159)
Share-based payment	21	13
Total equity at the end of the period	4 371	3 551
Comprising:		
Share capital and premium	79	65
Treasury shares	(797)	(763)
Retained earnings	5 026	4 208
Non-distributable reserves	63	41
Total equity	4 371	3 551
Cents per share:		
Dividends	200	171
Final – payable September	98	83
Interim – paid March	102	88

SELECTED EXPLANATORY NOTES

1 BASIS OF PREPARATION

The information in this preliminary report has been extracted from the Group's 2010 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 2010 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 are available for inspection at the company's registered office.

The Group's 2010 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 28 June 2009, except for the following:

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

- IFRS 2, Share-based Payment: Vesting Conditions and Cancellations
- IFRS 2, Share-based Payment: Group Cash-settled Share-based Payment Transactions (adopted earlier than required)
- IFRS 3, Business Combinations (revised) and IAS 27, Consolidated and Separate Financial Statements (amended) including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IFRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- IAS 39, Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- Annual improvements to IFRS (May 2008 and April 2009) (some improvements have been adopted earlier than required)

Where the adoption of the standard, interpretation or improvement has an impact on the accounting policies, financial position or performance of the Group, this is described below:

IFRS 3, Business Combinations (revised) and IAS 27, Consolidated and Separate Financial Statements (amended)
The changes to IFRS 3 (revised) and IAS 27 (amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy has been adopted and will be applied prospectively and has had no impact on the financial position or performance of the Group in the current or the prior period.

IFRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
The amendments to the standard are intended to improve fair value measurement and liquidity risk disclosures in financial statements. The amendments were applied prospectively and had no significant impact on the Group's disclosures.

Annual improvements to IFRS
In May 2008 and April 2009 the IASB issued an omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. In some instances, the adoption of these amendments resulted in minor changes to accounting policies but did not have any impact on the financial position or performance of the Group.

IFRS, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations not applicable to Group activities
Various other new and amended IFRS 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

	52 weeks to 27 Jun 2010 Audited Rm	52 weeks to 28 Jun 2009 Audited Rm	% change
Sale of merchandise	6 937	6 247	11
Retail sales	7 118	6 441	
Accounting reclassifications	(211)	(232)	
Franchise sales	30	38	
Interest received	560	614	(9)
Trade receivables interest	491	549	
Investment interest	69	65	
Other income	162	153	6
Commission	78	82	
Display fees	34	29	
Financial services income	31	23	
Lease rental income	10	10	
Royalties	3	3	
Other	6	6	
Total	7 659	7 014	9

4 RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS

	2010 Rm	2009 Rm	% change
Profit for the period, fully attributable to owners of the parent	1 604	1 434	
Adjusted for:			
Loss on disposal of fixed assets	1	2	
Headline earnings	1 605	1 436	12

5 SEGMENT REPORTING

The Group's reportable segments have been identified as the Truworths and 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 sales and operating profit or loss.

2010		Truworths Rm	YDE Rm	Corporate[#] Rm	Group Rm
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
2009					
Total revenue*		6 923	88	3	7 014
Third party		6 923	87	4	7 014
Inter-segment		–	1	(1)	–
Depreciation and amortisation		106	3	–	109
Interest received		608	2	4	614
Profit for the period		1 404	27	3	1 434
Profit before tax		2 073	38	3	2 114
Tax expense		(669)	(11)	–	(680)
Segment assets		6 495	101	(2 090)	4 506
Segment liabilities		1 022	12	(79)	955
Capital expenditure		196	2	–	198
Gross margin	(%)	54.9	–	–	54.9
Trading margin	(%)	23.4	41.3	–	24.0
Operating margin	(%)	33.2	43.6	–	33.8
Inventory turn	(times)	6.1	–	–	6.1
Credit:cash sales mix	(%)	69:31	21:79	–	69:31

* Total third party revenue includes sale of merchandise, other income, interest received and management fees. There was no inter-segment revenue in the current period.

[#] 'Corporate' represents unallocated segments and consolidation entries.

Third party revenue	2010 Rm	2010 %	2009 Rm	2009 %
South Africa	7 447	97.2	6 808	97.1
Namibia	127	1.7	121	1.7
Swaziland	55	0.7	47	0.7
Franchise sales	30	0.4	38	0.5
Botswana	15	0.2	15	0.2
Rest of Africa	14	0.2	16	0.2
Middle East	1	0.0	7	0.1
Total third party revenue	7 659	100	7 014	100

6 CAPITAL COMMITMENTS

	2010 Rm	2009 Rm
Capital expenditure authorised but not contracted:		
Store development	150	150
Computer infrastructure	38	27
Distribution facilities	14	126
Motor vehicles	6	–
Head office refurbishment	2	2
Total	210	305

The capital commitments will be financed by cash generated from operations and available cash resources, and are expected to be incurred in the 2011 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.

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

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