TRUWORTHS INTERNATIONAL

UNAUDITED GROUP INTERIM RESULTS

For the 26 weeks ended 26 December 2010

Sale of merchandise	Gross margin at	Operating profit	Operating margin at	Fully diluted headline earnings per share	Dividend per share
▲15%	57%	▲20%	36%	▲19%	▲25%

GROUP PROFILE

Truworths International Limited is an investment holding and management company listed on the JSE 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 in sub-Saharan Africa.

FINANCIAL PERFORMANCE

Group sale of merchandise increased by 15% to R4 232 million relative to the 26-week period ended 27 December 2009 (the prior period). Comparable store retail sales grew 11% (2009: 3%) and product inflation averaged approximately 1% (2009: 10%).

Trading space has increased by 4% to 538 stores since 27 December 2009, following the opening of 7 Truworths, 5 Truworths Man, 10 Identity and 6 Uzzi stores and the closure of 1 Identity and 2 Uzzi stores.

The Group continued to record clothing market share gains. Based on data from the retail liaison committee (RLC) for December 2010, the Group increased its ladieswear RLC market share to 22.2% (2009: 21.7%) and menswear RLC market share to 21.7% (2009: 21.4%).

Divisional sales	26 Dec 2010 Rm	27 Dec 2009 Rm	% change on prior period
Truworths ladieswear	**1 615**	1 415	14
Truworths menswear	**865**	736	18
Identity	**595**	519	15
Daniel Hechter	**542**	478	13
Elements	**223**	207	8
Inwear	**204**	183	11
LTD	**187**	143	31
Other*	**124**	97	28
Retail sales	**4 355**	3 778	15
Franchise sales	**19**	18	6
Accounting reclassifications	**(142)**	(107)	33
Sale of merchandise	**4 232**	3 689	15
YDE agency sales	**133**	123	8

* includes cellular, Truworths Jewellery and Truworths Living

The gross and operating margins increased to 56.6% (2009: 55.8%) and 35.9% (2009: 34.3%) respectively, with operating profit increasing 20% to R1 519 million. Expense growth of 12% was attributable to the net effect of the expansion in trading space and a 3% decrease in trade receivable costs. Trade receivable interest increased 9% on the prior period as a result of growth in gross trade receivables, but was off-set by the improvement in the quality of the debtors' book and decrease in interest rates. Inventory turn at the end of the period was 6.6 times compared to 6.1 times at the prior period-end.

Headline earnings per share (HEPS) were 242.7 cents, an increase of 19% over the prior period's 203.3 cents. This is in line with the forecast range in the Group's trading statement released on SENS on 14 January 2011. Fully diluted HEPS of 238.0 cents were 19% higher (2009: 199.4 cents).

An interim cash dividend of 128 cents per share, 25% more than the prior period, has been declared based on a dividend cover of 1.9 times HEPS.

CREDIT MANAGEMENT

The debtors' book continued to perform satisfactorily as anticipated by management. The doubtful debt allowance and net bad debts to gross trade receivables improved to 10.1% (2009: 11.3%) and 7.5% (2009: 11.3%) 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, with a 65% (2009: 65%) rejection rate on new applications resulting in an active account base growth of 9% to 2.1 million accounts. Gross trade receivables grew by 16% from the prior period-end to R3.3 billion. Credit sales comprised 70% (2009: 69%) of retail sales, with 89% (2009: 88%) of active account holders able to purchase at the period-end.

FINANCIAL POSITION

The Group's financial position continued to strengthen, with net asset value per share increasing by 24% to 1 182.2 cents. The annualised return on equity at 44%, return on assets at 47% and asset turnover at 1.3 times, is marginally lower than in the prior period as a consequence of increased cash levels.

Group cash and cash equivalents totalled R1 790 million at the period-end (2009: R1 072 million). During the period the Group generated R1 006 million from operations and utilised cash primarily for dividend payments (R420 million), store development (R66 million), computer infrastructure and technology (R17 million), and distribution and warehousing facilities (R8 million). Capital expenditure of R210 million has been committed for the 2011 financial period.

DIRECTORATE

Chief Executive Officer's Contract

The board is pleased to announce that it has concluded an agreement with the Chief Executive Officer, Michael Mark, to extend his service contract until 30 June 2013. He has been Chief Executive Officer of the Group since 1991. Salient features of this contract, the material terms of which are substantially in line with those of the existing contract, will be disclosed in the Group's 2011 annual report.

Appointment of Chief Financial Officer

The board is pleased to announce the appointment of Mark Sardi as Chief Financial Officer and an executive director of the Group with effect from 21 February 2011. Mark (41), a chartered accountant, was previously head of investment banking at a leading banking group and has undergone an extended induction since joining the Group as Chief Financial Officer Designate in July 2010. He will assume operational responsibility for the Group's finance, company secretarial, legal, project, operational risk and internal audit departments.

OUTLOOK

Whilst the results for the first half of the financial year reflect the cumulative benefits of low interest rates, low inflation and higher real wage increases, management is cautious to assume that a sustained recovery in South African consumer spending is evident. Clothing inflation from higher cotton prices and China supply constraints are likely to be challenges for the Group for at least the remainder of the financial year.

Relative to the prior corresponding period, retail sales for the first eight weeks of the second half of the 2011 financial year increased by 9.8%. However, markdowns applied over this trading period were at lower levels than the prior corresponding period. Annual growth in trading space is planned to increase by approximately 6% by June 2011.

Management continues to focus on driving sales growth in this environment through innovative merchandising strategies; further enhancing the quality of the debtors' book through prudent credit risk management and containing expense growth. The Group's strong financial position will enable management to consider share buy-backs and potential investment and acquisition opportunities that are complementary to the current merchandise offering.

H Saven
Chairman

MS Mark
Chief Executive Officer

21 February 2011

INTERIM DIVIDEND

The directors have resolved to declare an interim cash dividend from retained earnings in respect of the 26-week period ended 26 December 2010 in the amount of 128 cents (2009: 102 cents) per share to holders of the company's shares reflected in the company's register on the record date, being Friday, 18 March 2011.

The last day to trade in the company's shares *cum* dividend is Friday, 11 March 2011. Trading in the company's shares *ex* dividend will commence on Monday, 14 March 2011. The dividend will be paid in South African Rand on Tuesday, 22 March 2011.

Consequently no dematerialisation or rematerialisation of the company's shares may take place over the period from Monday, 14 March 2011 to Friday, 18 March 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
21 February 2011

GROUP STATEMENTS OF FINANCIAL POSITION

		at 26 Dec 2010 Unaudited Rm	at 27 Dec 2009 Unaudited Rm	at 27 Jun 2010 Audited Rm
ASSETS				
Non-current assets		**1 099**	1 005	997
Property, plant and equipment		**715**	700	694
Goodwill		**90**	90	90
Intangible assets		**71**	45	65
Derivative financial assets		**46**	23	20
Available-for-sale asset		**1**	1	1
Loans and receivables		**140**	95	94
Deferred tax		**36**	51	33
Current assets		**5 409**	4 185	4 412
Inventories		**555**	532	450
Trade and other receivables		**3 006**	2 555	2 561
Derivative financial assets		**40**	20	35
Prepayments		**18**	6	48
Cash and cash equivalents		**1 790**	1 072	1 318
Total assets		**6 508**	5 190	5 409
EQUITY AND LIABILITIES				
Equity				
Share capital and premium		**151**	70	79
Treasury shares		**(797)**	(796)	(797)
Retained earnings		**5 638**	4 719	5 026
Non-distributable reserves		**76**	54	63
Total equity		**5 068**	4 047	4 371
Non-current liabilities		**101**	96	97
Post-retirement medical benefit obligation		**39**	34	36
Cash-settled compensation obligation		**13**	14	12
Straight-line operating lease obligation		**49**	48	49
Current liabilities		**1 339**	1 047	941
Trade and other payables		**1 148**	926	762
Derivative financial liability		**13**	5	–
Provisions		**67**	40	59
Tax payable		**111**	76	120
Total liabilities		**1 440**	1 143	1 038
Total equity and liabilities		**6 508**	5 190	5 409
Number of shares in issue (net of treasury shares)	(million)	**428.7**	424.6	425.3
Net asset value per share	(cents)	**1 182.2**	953.1	1 027.7
Key ratios				
Return on equity	(%)	**44**	45	40
Return on capital	(%)	**64**	67	60
Return on assets	(%)	**47**	49	44
Inventory turn	(times)	**6.6**	6.1	6.9
Asset turnover	(times)	**1.3**	1.4	1.3

GROUP STATEMENTS OF COMPREHENSIVE INCOME

	Note	26 weeks to 26 Dec 2010 Unaudited Rm	26 weeks to 27 Dec 2009 Unaudited Rm	% change	52 weeks to 27 Jun 2010 Audited Rm
Revenue	3	**4 629**	4 036	15	7 659
Sale of merchandise		**4 232**	3 689	15	6 937
Cost of sales		**(1 835)**	(1 631)		(3 098)
Gross profit		**2 397**	2 058	16	3 839
Other income		**92**	80		162
Trading expenses		**(1 275)**	(1 138)	12	(2 201)
Depreciation and amortisation		**(68)**	(59)		(121)
Employment costs		**(445)**	(383)		(759)
Occupancy costs		**(327)**	(283)		(582)
Trade receivable costs		**(222)**	(228)		(385)
Other operating costs		**(213)**	(185)		(354)
Trading profit		**1 214**	1 000	21	1 800
Interest received		**305**	267	14	560
Profit before tax		**1 519**	1 267	20	2 360
Tax expense		**(487)**	(403)		(756)
Profit for the period, fully attributable to owners of the parent		**1 032**	864	19	1 604
Other comprehensive income for the period, net of tax		**(1)**	1		1
Movement in effective portion of cash flow hedge		**(1)**	1		2
Deferred tax on movement in effective portion of cash flow hedge		**–**	–		(1)
Total comprehensive income for the period, fully attributable to owners of the parent		**1 031**	865	19	1 605
Basic earnings per share	(cents)	**242.7**	203.3	19	377.7
Headline earnings per share	(cents)	**242.7**	203.3	19	377.9
Fully diluted basic earnings per share	(cents)	**238.0**	199.4	19	370.2
Fully diluted headline earnings per share	(cents)	**238.0**	199.4	19	370.4
Weighted average number of shares	(million)	**425.3**	424.9		424.7
Key ratios					
Gross margin	(%)	**56.6**	55.8		55.3
Trading expenses to sale of merchandise	(%)	**30.1**	30.8		31.7
Trading margin	(%)	**28.7**	27.1		25.9
Operating margin	(%)	**35.9**	34.3		34.0

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)*, 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

		26 weeks to 26 Dec 2010 Unaudited Rm	26 weeks to 27 Dec 2009 Unaudited Rm	52 weeks to 27 Jun 2010 Audited Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash flow from trading and cash EBITDA*		**1 332**	1 062	1 934
Working capital movements		**(132)**	(87)	(216)
Cash generated from operations		**1 200**	975	1 718
Interest received		**305**	267	560
Tax paid		**(499)**	(419)	(711)
Cash inflow from operations		**1 006**	823	1 567
Dividends paid		**(420)**	(353)	(785)
Net cash from operating activities		**586**	470	782
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of plant and equipment to maintain operations		**(17)**	(28)	(34)
Acquisition of property, plant and equipment to expand operations		**(70)**	(110)	(158)
Acquisition of computer software		**(8)**	–	(24)
Proceeds on disposal of plant and equipment		**–**	–	1
Acquisition of derivative financial instruments		**(31)**	–	–
Loans advanced		**(60)**	–	–
Loans repaid		**–**	1	4
Net cash used in investing activities		**(186)**	(137)	(211)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds on shares issued		**72**	5	14
Shares repurchased by subsidiaries		**–**	(33)	(34)
Net cash from/(used in) financing activities		**72**	(28)	(20)
Net increase in cash and cash equivalents		**472**	305	551
Cash and cash equivalents at the beginning of the period		**1 318**	767	767
Cash and cash equivalents at the end of the period		**1 790**	1 072	1 318
Key ratios				
Cash flow per share	(cents)	**236.5**	193.7	369.0
Cash equivalent earnings per share	(cents)	**269.7**	217.3	412.3
Cash realisation rate	(%)	**88**	89	89

* Earnings before interest received, tax, depreciation and amortisation

GROUP STATEMENTS OF CHANGES IN EQUITY

	26 Dec 2010 Unaudited Rm	27 Dec 2009 Unaudited Rm
Total equity at the beginning of the period	**4 371**	3 551
Total comprehensive income for the period	**1 031**	865
Dividends	**(420)**	(353)
Premium on shares issued	**72**	5
Shares repurchased	**–**	(33)
Share-based payment	**14**	12
Total equity at the end of the period	**5 068**	4 047
Comprising:		
Share capital and premium	**151**	70
Treasury shares	**(797)**	(796)
Retained earnings	**5 638**	4 719
Non-distributable reserves	**76**	54
Total equity	**5 068**	4 047
Cents per share:		
Dividends declared in respect of the period	**128**	102

SELECTED EXPLANATORY NOTES

1 BASIS OF PREPARATION

The Group's interim report has been prepared in accordance with International Financial Reporting Standards (IFRS), and the presentation and disclosure requirements of IAS 34: Interim Financial Reporting, the South African Companies Act (61 of 1973, as amended) and, where applicable, AC 500 Standards as issued by the Accounting Practices Board or its successor and the Listings Requirements of the JSE.

The information contained in the interim report has neither been audited nor reviewed by the Group's external auditors.

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 additional 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 changes 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

	26 weeks to 26 Dec 2010 Unaudited Rm	26 weeks to 27 Dec 2009 Unaudited Rm	% change	52 weeks to 27 Jun 2010 Audited Rm
Sale of merchandise	**4 232**	3 689	15	6 937
Retail sales	**4 355**	3 778		7 118
Accounting reclassifications	**(142)**	(107)		(211)
Franchise sales	**19**	18		30
Interest received	**305**	267	14	560
Trade receivables interest	**259**	237		491
Investment interest	**46**	30		69
Other income	**92**	80	15	162
Commission	**47**	38		78
Display fees	**19**	16		34
Financial services income	**15**	16		31
Lease rental income	**6**	5		10
Other	**3**	3		3
Royalties	**2**	2		6
Total	**4 629**	4 036	15	7 659

4 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 with reference to retail sales and operating profit or loss.

2010		Truworths Rm	YDE Rm	Corporate# Rm	Group Rm
Total third party revenue*		**4 589**	**49**	**(9)**	**4 629**
Depreciation and amortisation		**66**	**2**	–	**68**
Interest received		**305**	–	–	**305**
Profit for the period		**1 031**	**14**	**(13)**	**1 032**
Profit before tax		**1 512**	**20**	**(13)**	**1 519**
Tax expense		**(481)**	**(6)**	–	**(487)**
Capital expenditure		**93**	**2**	–	**95**
Other segment information					
Gross margin	(%)	**57**	–	–	**57**
Trading margin	(%)	**28**	**40**	–	**29**
Operating margin	(%)	**36**	**41**	–	**36**
Inventory turn	(times)	**6.6**	–	–	**6.6**
Credit:cash sales mix	(%)	**70:30**	**23:77**	–	**70:30**
2009					
Total third party revenue*		3 991	45	–	4 036
Depreciation and amortisation		58	1	–	59
Interest received		266	1	–	267
Profit for the period		849	13	2	864
Profit before tax		1 247	18	2	1 267
Tax expense		(398)	(5)	–	(403)
Capital expenditure		133	5	–	138
Other segment information					
Gross margin	(%)	56	–	–	56
Trading margin	(%)	27	39	–	27
Operating margin	(%)	34	41	–	34
Inventory turn	(times)	6.1	–	–	6.1
Credit:cash sales mix	(%)	69:31	23:77	–	69:31

* Total third party revenue includes, where applicable, sale of merchandise, interest received, commission, display fees, financial services income and royalties. No inter-segment revenue has been recognised in the current or prior period.

\# 'Corporate' represents unallocated segments and consolidation entries.

Third party revenue	2010 Rm	2010 %	2009 Rm	2009 %
South Africa	**4 504**	**97.3**	3 923	97.2
Namibia	**74**	**1.6**	67	1.7
Swaziland	**32**	**0.7**	28	0.7
Franchise sales	**19**	**0.4**	18	0.4
Rest of Africa	**11**	**0.2**	9	0.2
Botswana	**8**	**0.2**	8	0.2
Middle East	**–**	**–**	1	–
Total third party revenue	**4 629**	**100**	4 036	100

5 CAPITAL COMMITMENTS

	26 Dec 2010 Rm	27 Dec 2009 Rm	27 Jun 2010 Rm
Capital expenditure authorised but not contracted:			
Store development	**84**	78	150
Computer infrastructure	**21**	73	38
Distribution facilities	**6**	14	14
Motor vehicles	**3**	–	6
Head office refurbishment	**1**	2	2
Total	**115**	167	210

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

6 EVENTS AFTER THE END OF THE REPORTING PERIOD

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

7 SEASONALITY

Historically there has been no material seasonal variation in trading between the first and second halves of the financial period.

8 RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's annual financial statements for the period ended 27 June 2010 took place during the period.

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

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