TRUWORTHS INTERNATIONAL

UNAUDITED GROUP INTERIM RESULTS
for the 26 weeks ended 25 December 2011

Sale of merchandise	Gross margin at	Trading profit	Operating margin at	Headline earnings per share
▲11%	56.9%	▲15%	36.8%	▲14%

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, either directly or through agencies and franchises, in the retailing of fashion apparel and related merchandise. Truworths International Ltd and its subsidiaries (the Group) operate primarily in southern Africa.

TRADING AND FINANCIAL PERFORMANCE

Group retail sales increased by 10.7% to R4.8 billion for the 26-week period ended 25 December 2011 (the period) compared to the prior 26-week period ended 26 December 2010. Comparable store retail sales grew by 6.2% (2010: 10.6%) while product inflation averaged 8% (2010: 1%) for the period. Group sale of merchandise, which comprises Group retail sales plus franchise sales less accounting reclassifications, grew 10.8% to R4.7 billion (2010: R4.2 billion).

Trading space increased by 4.5% over the prior period-end following the opening of net 1 Truworths, 10 Identity and 3 Uzzi stores. At the end of the period the Group had 552 stores (2010: 538), including 21 stores in the rest of Africa (2010: 17) following the opening of 2 stores in Botswana and 2 stores in Mauritius.

The Group continued to record market share gains. Based on figures from the retail liaison committee (RLC) for December 2011, the Group increased its ladieswear RLC market share of clothing to 22.6% (2010: 22.2%), while menswear market share grew to 22.0% (2010: 21.7%).

Divisional sales	25 Dec 2011 Rm	26 Dec 2010 Rm	% change on prior period
Truworths ladieswear	1 741	1 615	8
Truworths menswear	935	865	8
Identity	743	595	25
Daniel Hechter	593	542	9
Elements	240	223	8
Inwear	216	204	6
LTD	214	187	14
Other*	138	124	11
Retail sales	4 820	4 355	11
Franchise sales	19	19	–
Accounting reclassifications	(150)	(142)	6
Sale of merchandise	4 689	4 232	11
YDE agency sales	149	133	12

* includes cellular, Truworths Jewellery and Truworths Living divisions

Lower inventory markdowns at the period-end contributed to the gross margin increasing to 56.9% (2010: 56.6%) while the operating margin grew to 36.8% (2010: 35.9%). Both of these margins are at an all time high for the Group.

Trading profit increased 15% to R1.4 billion (2010: R1.2 billion) as trading expenses increased 8% to R1.4 billion (2010: R1.3 billion). Trading expenses as a percentage of the sale of merchandise decreased to 29.5% (2010: 30.1%). Interest received increased 10% to R334 million (2010: R305 million). Operating profit increased 14% to R1.7 billion (2010: R1.5 billion).

Inventory levels were higher at period-end as the Group imported merchandise earlier for the upcoming season to avoid potential supply disruptions resulting from the Chinese New Year holiday period commencing in January 2012, two weeks earlier than the prior period. This resulted in the inventory turn decreasing to 6.2 times (2010: 6.6 times).

Headline earnings per share (HEPS) were 277.6 cents, an increase of 14% over the prior period's 242.7 cents. This performance is in line with the earnings range in the Group's trading statement released on SENS on 18 January 2012. Diluted HEPS of 272.3 cents were 14% higher (2010: 238.0 cents).

The Group's financial position continued to strengthen, with net asset value per share increasing by 12% to 1 326.2 cents (2010: 1 182.2 cents). The annualised returns on equity and assets were 45% (2010: 44%) and 49% (2010: 47%) respectively. Asset turnover at 1.3 times remained unchanged from the prior period.

CREDIT MANAGEMENT

Gross trade receivables grew by 17% to R3.9 billion, with the Group's active account base growing by 14% to approximately 2.4 million accounts.

The growth in the trade receivables book is attributable to Group credit sales growing 15% over the prior period (11% and 57% higher respectively in Truworths and Identity) and a continuing shift from shorter-term interest-free to longer-term interest-bearing payment plans.The Group's acceptance rate on new account applications increased to 39% from 35% with the Identity acceptance rate increasing from 28% to 35%. Account origination and management strategies in Identity were designed on parameters similar to those of Truworths and are expected to deliver incremental profitability. At period-end 88% (2010: 89%) of the Group's active account holders were able to purchase.

The doubtful debt allowance as a percentage of gross trade receivables remained unchanged at 10.1% (2010: 10.1%) and net bad debt as a percentage of gross trade receivables increased to 8.0% (2010: 7.5%). The combination of the above resulted in trade receivable costs increasing 28% to R284 million (2010: R222 million). The trade receivables book continued to perform in line with management's expectations.

CAPITAL MANAGEMENT

The Group continues to manage its capital through a combination of capital expenditure to sustain the organic growth of the business, share buy-backs and dividends.

During the period the Group generated R1.0 billion in cash from operating activities and this funded dividend payments (R565 million), share buy-backs (R83 million), store development (R69 million) and computer infrastructure and technology (R12 million). Since the June 2011 financial year-end cash and cash equivalents have increased by R304 million (2010: R472 million) to R1.8 billion at the period-end (2010: R1.8 billion).

The Group repurchased 1.2 million shares at an average price of R69.03 per share for a total of R83 million during the period. Since the inception of the share buy-back programme in 2002, 81 million shares have been repurchased at a total cost of R1.7 billion at an average price of R21.51.

Capital expenditure of R132 million has been committed for the remainder of the 2012 financial period.

DIVIDEND

Having considered the transitional arrangements relating to the phasing out of Secondary Tax on Companies (STC) and its replacement with Dividends Tax, the board has decided to defer the declaration of an interim dividend until after 1 April 2012, but as soon as practicable thereafter. It is anticipated that the Group's full year dividend cover will be adjusted accordingly.

OUTLOOK

Management remains committed to the Group's business philosophy which has guided operating activities ably over many years. The supply of internationally inspired, high quality fashionable clothing to youthful South Africans continues to drive the Group's strategy and will remain the focus for the period ahead.

Retail sales for the first eight weeks of the second half of the 2012 financial period increased by 11.1% over the corresponding period in 2011 compared to 9.8% for the first eight weeks of the second half of the 2011 financial period.

Generally subdued economic growth is expected for the remainder of the 2012 financial period. Product inflation is anticipated to remain between 6% and 8% for the balance of the 2012 financial period. Annual growth in trading space is planned at approximately 6%, with 13 stores expected to open in South Africa and 6 in the rest of Africa in the second half of the 2012 financial period.

The Group continues to seek opportunities to utilise cash resources to generate competitive returns for shareholders.

H Saven
Chairman

MS Mark
Chief Executive Officer

CONDENSED GROUP STATEMENTS OF FINANCIAL POSITION

		at 25 Dec 2011 Unaudited Rm	at 26 Dec 2010 Unaudited Rm	at 26 June 2011 Audited Rm
ASSETS				
Non-current assets		1 115	1 099	1 093
Property, plant and equipment		733	715	724
Goodwill		90	90	90
Intangible assets		77	71	77
Derivative financial assets		24	46	21
Available-for-sale asset		1	1	1
Loans and receivables		148	140	141
Deferred tax		42	36	39
Current assets		6 009	5 409	5 131
Inventories		666	555	530
Trade and other receivables		3 514	3 006	3 033
Derivative financial assets		34	40	28
Prepayments		2	18	51
Cash and cash equivalents		1 793	1 790	1 489
Total assets		7 124	6 508	6 224
EQUITY AND LIABILITIES				
Total equity		5 610	5 068	5 046
Share capital and premium		183	151	159
Treasury shares		(1 274)	(797)	(1 191)
Retained earnings		6 608	5 638	6 001
Non-distributable reserves		93	76	77
Non-current liabilities		91	101	84
Post-retirement medical benefit obligation		44	39	41
Cash-settled compensation obligation		5	13	1
Straight-line operating lease obligation		42	49	42
Current liabilities		1 423	1 339	1 094
Trade and other payables		1 221	1 148	875
Derivative financial liability		–	13	1
Provisions		57	67	73
Tax payable		145	111	145
Total liabilities		1 514	1 440	1 178
Total equity and liabilities		7 124	6 508	6 224
Number of shares in issue (net of treasury shares)	(millions)	423.0	428.7	423.4
Net asset value per share	(cents)	1 326.2	1 182.2	1 191.8
Key ratios*				
Return on equity	(%)	45	44	41
Return on capital	(%)	66	64	61
Return on assets	(%)	49	47	46
Inventory turn	(times)	6.2	6.6	6.4
Asset turnover	(times)	1.3	1.3	1.3

* Ratios for December have been annualised

CONDENSED GROUP STATEMENTS OF COMPREHENSIVE INCOME

	Note	26 weeks to 25 Dec 2011 Unaudited Rm	26 weeks to 26 Dec 2010 Unaudited Rm	% change	52 weeks to 26 June 2011 Audited Rm
Revenue	3	5 130	4 629	11	8 684
Sale of merchandise		4 689	4 232	11	7 858
Cost of sales		(2 021)	(1 835)		(3 403)
Gross profit		2 668	2 397	11	4 455
Other income		107	92		189
Trading expenses		(1 383)	(1 275)	8	(2 421)
Depreciation and amortisation		(68)	(68)		(129)
Employment costs		(449)	(445)		(828)
Occupancy costs		(369)	(327)		(652)
Trade receivable costs		(284)	(222)		(390)
Other operating costs		(213)	(213)		(422)
Trading profit		1 392	1 214	15	2 223
Interest received		334	305		637
Profit before tax		1 726	1 519	14	2 860
Tax expense		(553)	(487)		(917)
Profit for the period, fully attributable to owners of the parent		1 173	1 032	14	1 943
Other comprehensive income/(loss) for the period, net of tax		2	(1)		(9)
Movement in effective portion of cash flow hedge		3	(1)		(12)
Deferred tax on movement in effective portion of cash flow hedge		(1)	–		3
Total comprehensive income for the period, fully attributable to owners of the parent		1 175	1 031	14	1 934
Basic earnings per share	(cents)	277.6	242.7	14	455.8
Headline earnings per share	(cents)	277.6	242.7	14	456.0
Fully diluted basic earnings per share	(cents)	272.3	238.0	14	447.3
Fully diluted headline earnings per share	(cents)	272.3	238.0	14	447.5
Weighted average number of shares	(millions)	422.5	425.3		426.3
Key ratios					
Gross margin	(%)	56.9	56.6		56.7
Trading expenses to sale of merchandise	(%)	29.5	30.1		30.8
Trading margin	(%)	29.7	28.7		28.3
Operating margin	(%)	36.8	35.9		36.4

Truworths International Ltd: 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: 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§‡, AJ Taylor§ and RJA Sparks§‡
* Executive § Non-executive ‡ Independent

CONDENSED GROUP STATEMENTS OF CASH FLOWS

		26 weeks to 25 Dec 2011 Unaudited Rm	26 weeks to 26 Dec 2010 Unaudited Rm	52 weeks to 26 June 2011 Audited Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash flow from trading and cash EBITDA*		1 483	1 332	2 411
Working capital movements		(236)	(132)	(425)
Cash generated from operations		1 247	1 200	1 986
Interest received		334	305	637
Tax paid		(557)	(499)	(895)
Cash inflow from operations		1 024	1 006	1 728
Dividends paid		(565)	(420)	(968)
Net cash from operating activities		459	586	760
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of plant and equipment to maintain operations		(17)	(17)	(30)
Acquisition of property, plant and equipment to expand operations		(66)	(70)	(139)
Acquisition of computer software		(3)	(8)	(17)
Loans advanced		(10)	(60)	(63)
Loans repaid		–	–	5
Acquisition of cash-settled call options		–	(31)	(31)
Net cash used in investing activities		(96)	(186)	(275)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds on shares issued		24	72	80
Shares repurchased by subsidiaries		(83)	–	(394)
Net cash (used in)/from financing activities		(59)	72	(314)
Net increase in cash and cash equivalents		304	472	171
Cash and cash equivalents at the beginning of the period		1 489	1 318	1 318
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1 793	1 790	1 489
Key ratios				
Cash flow per share	(cents)	242.4	236.5	405.3
Cash equivalent earnings per share	(cents)	296.6	269.7	498.9
Cash realisation rate	(%)	82	88	81

* Earnings before interest received, tax, depreciation and amortisation

CONDENSED GROUP STATEMENTS OF CHANGES IN EQUITY

	25 Dec 2011 Unaudited Rm	26 Dec 2010 Unaudited Rm
Total equity at the beginning of the period	5 046	4 371
Total comprehensive income for the period	1 175	1 031
Profit for the period	1 173	1 032
Other comprehensive income/(loss) for the period	2	(1)
Dividends	(566)	(420)
Premium on shares issued	24	72
Shares repurchased	(83)	–
Share-based payment	14	14
Total equity at the end of the period	5 610	5 068
Comprising:		
Share capital and premium	183	151
Treasury shares	(1 274)	(797)
Retained earnings	6 608	5 638
Non-distributable reserves	93	76
Total equity	5 610	5 068
Cents per share:		
Dividends declared in respect of the period	–	128

SELECTED EXPLANATORY NOTES

1 BASIS OF PREPARATION

The Group's interim report has been prepared in compliance with International Financial Reporting Standards (IFRS), the AC 500 Standards as issued by the Accounting Practices Board, or its successor, IAS 34: Interim Financial Reporting, the South African Companies Act (71 of 2008, as amended) and the Listings Requirements of the JSE.

The interim condensed Group financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 26 June 2011.

The information contained in the interim report has neither been audited nor reviewed by the Group's external auditors. These condensed financial statements have been prepared under the supervision of MJV Sardi CA(SA), the Chief Financial Officer of the Group.

2 ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the preparation of the interim condensed Group financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the period ended 26 June 2011, except for the adoption of the improvements to IFRS issued in May 2010.

Improvements to IFRS (issued May 2010)

In May 2010, the International Accounting Standards Board issued an omnibus of amendments to its standards, affecting six standards and one interpretation. During the prior reporting period, the Group adopted those amendments that became effective for annual periods beginning on or after 1 July 2010. The remaining amendments that are effective for periods beginning on or after 1 January 2011 have been adopted by the Group in the current reporting period, to the extent that they are applicable to its activities.

In some instances, the adoption of these amendments has resulted in minor revisions to accounting policies and disclosures, but has not had any impact on the financial position or performance of the Group.

3 REVENUE

	26 weeks to 25 Dec 2011 Unaudited Rm	26 weeks to 26 Dec 2010 Unaudited Rm	% change	52 weeks to 26 June 2011 Audited Rm
Sale of merchandise	4 689	4 232	11	7 858
Retail sales	4 820	4 355		8 080
Accounting reclassifications	(150)	(142)		(257)
Franchise sales	19	19		35
Other income	107	92	16	189
Commission	54	47		88
Display fees	21	19		39
Financial services income	21	15		38
Lease rental income	6	6		12
Other	3	3		9
Royalties	2	2		3
Interest received	334	305	10	637
Trade receivables interest	290	259		543
Investment interest	44	46		94
Total revenue	5 130	4 629	11	8 684

4 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 third party revenue		5 083	55	(8)	5 130
Third party		5 072	55	3	5 130
Inter-segment		11	–	(11)	–
Depreciation and amortisation		66	2	–	68
Interest received		331	3	–	334
Profit for the period		1 157	16	–	1 173
Profit before tax		1 704	22	–	1 726
Tax expense		(547)	(6)	–	(553)
Capital expenditure		78	8	–	86
Gross margin	(%)	56.9	–	–	56.9
Trading margin	(%)	29.3	40.8	–	29.7
Operating margin	(%)	36.3	41.5	–	36.8
Inventory turn	(times)	6.2	–	–	6.2
Credit:cash sales mix	(%)	73:27	24:76	–	73:27
2010					
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
Gross margin	(%)	56.6	–	–	56.6
Trading margin	(%)	28.5	40.1	–	28.7
Operating margin	(%)	35.7	40.9	–	35.9
Inventory turn	(times)	6.6	–	–	6.6
Credit:cash sales mix	(%)	70:30	23:77	–	70:30

Third party revenue	2011 Rm	Contribution to revenue %	2010 Rm	Contribution to revenue %
South Africa	4 991	97.3	4 504	97.3
Namibia	83	1.6	74	1.6
Swaziland	29	0.6	32	0.7
Botswana	5	0.1	–	–
Mauritius	3	0.1	–	–
Franchise sales	19	0.3	19	0.4
Total third party revenue	5 130	100	4 629	100

5 CAPITAL COMMITMENTS

	25 Dec 2011 Unaudited Rm	26 Dec 2010 Unaudited Rm	26 June 2011 Audited Rm
Capital expenditure authorised but not contracted:			
Store development	85	84	154
Computer infrastructure	28	21	40
Distribution facilities	17	6	20
Head office refurbishment	2	1	3
Motor vehicles	–	3	1
Total capital commitments	132	115	218

The capital commitments will be financed from cash generated from operations and available cash resources and are expected to be incurred in the remainder of the 2012 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 26 June 2011 took place during the period.