

Sale of merchandise
(13% excluding week 53 of prior period)

▲ 11%

Operating profit
(17% excluding week 53 of prior period)

▲ 12%

Operating margin reaches

34%

Headline earnings per share
(19% excluding week 53 of prior period)

▲ 14%

Diluted headline earnings per share
(19% excluding week 53 of prior period)

▲ 15%

Dividends for the period

▲ 19%

GROUP PROFILE

Truworths International Limited is an investment holding, trading 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 southern Africa.

FINANCIAL PERFORMANCE

Retail trading conditions remained difficult and notwithstanding declining interest rates, South African consumers remain under pressure. In this challenging environment Group sale of merchandise for the 52 week trading period to 28 June 2009 (the period) increased by 11% to R6 247 million.

After excluding the additional trading week in the prior period, sale of merchandise increased by 13% inclusive of comparable store sales growth of 5%, with product inflation averaging approximately 10%. Trading space increased by 12% over the prior period following the opening of 18 Truworths, 19 Identity, 10 Uzzi and 1 YDE store and the closure of 5 stores. At the end of the period the Group had 495 stores (2008: 452).

The Group continued to record market share gains. Based on figures from the retail liaison committee (RLC) for June 2009, the Group increased its ladieswear RLC market share to 20.9% (2008: 20.6%) and menswear RLC market share to 18.7% (2008: 18.2%).

	2009 52 weeks Rm	2008 53 weeks Rm	% change (including week 53) on prior period	% change (excluding week 53) on prior period
Truworths Ladieswear	3 610	3 368	7	9
Truworths Menswear	1 220	1 092	12	14
Identity	821	685	20	23
Daniel Hechter	790	718	10	12
Retail sales	6 441	5 863	10	12
Franchise sales	38	34	12	15
Accounting reclassifications	(232)	(246)	(6)	(6)
Sale of merchandise	6 247	5 651	11	13
YDE agency sales	246	241	2	4

The operating margin improved to 34% with operating profit increasing 12% to R2 114 million. The gross margin has remained constant at 55%. Expenses grew by 11%, primarily as a result of increased occupancy and employment costs attributable to the expansion in trading space.

Headline earnings per share were 337.6 cents, an increase of 14% (19% excluding week 53 of the prior period) over the prior period's 295.6 cents. This is in line with the forecast range in the Group's trading statement released on SENS on 17 July 2009. Diluted headline earnings per share of 331.7 cents were 15% higher (19% excluding week 53 of the prior period) than the 289.6 cents achieved in 2008. A final cash dividend of 83 cents a share has been declared. Total dividends for the period amount to 171 cents, 19% more than

the prior period. Dividend cover is 2.0 times headline earnings per share.

The Group statements of financial position continued to strengthen, with net asset value per share increasing from 682 cents to 836 cents. The return on equity at 44% was marginally below the targeted range owing to the increased levels of cash being retained by the Group.

CREDIT MANAGEMENT

Net bad debt as a percentage of the debtors' book grew to 11.9% (2008: 11.3%) in line with the interim results. Management remains satisfied with the quality of the book and the level of doubtful debt allowance. The Group maintained a qualifying payment percentage of 90% necessary for customers to avoid delinquency.

During the period the Group continued to apply its normal credit granting criteria resulting in an active account base growth of 3% to approximately 1.8 million accounts (16% five-year compound growth). The debtors' book grew by 11% during the period while Group credit sales represented 69% (2008: 70%) of retail sales with 84% (2008: 84%) of active account holders able to purchase at the end of the period.

CASH AND FINANCIAL POSITION

The Group remains in a healthy cash position, with cash and cash equivalents of R767 million at the end of the period (2008: R533 million). During the period the Group generated R569 million from operating activities and utilised cash to fund share repurchases, expand distribution facilities and increase trading space.

SHARE REPURCHASES

During the period 5 million shares were repurchased at an average price of R29.04 per share for a total of R159 million. Since the inception of the share buy-back programme in 2002, 73 million shares have been repurchased at an average cost of R16.84 per share and a total cost of R1.2 billion. Forty-three 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 30 million shares (7% of total shares in issue) were held as treasury shares.

OUTLOOK

Retail sales for the first seven weeks of the 2010 financial period reflect growth of 14% on the prior period.

The trading environment is expected to remain challenging for the balance of the year and management will continue to focus on expense control, interventions to manage the risk of credit and the consistent application of merchandising strategies to manage the risk of fashion.

The board remains committed to investing appropriately for longer-term growth, with trading space planned to increase by approximately 7% and the new distribution facility being scheduled for completion in the second half of the 2010 financial period.

H Saven
H Saven
Chairman
19 August 2009

MS Mark
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 28 June 2009 in the amount of 83 cents (2008: 72 cents) per share to holders of the company's shares reflected in the company's register on the record date, being Friday, 11 September 2009. The last day to trade in the company's shares cum dividend is Friday, 4 September 2009. Trading in the company's shares ex dividend will commence on Monday, 7 September 2009. The dividend will be paid in South African Rand on Monday, 14 September 2009. Consequently no dematerialisation or rematerialisation of the company's shares may take place over the period from Monday, 7 September 2009 to Friday, 11 September 2009, 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
C Durham
Company Secretary

Cape Town
19 August 2009

GROUP STATEMENTS OF FINANCIAL POSITION

	at 28 June 2009 Rm	at 29 June 2008 Rm
ASSETS		
Non-current assets	927	848
Property, plant and equipment	618	527
Goodwill	90	90
Intangible assets	48	53
Derivative financial asset	25	16
Available-for-sale asset	1	–
Loans and receivables	97	99
Deferred tax	48	63
Current assets	3 579	3 055
Inventories	463	397
Trade and other receivables	2 281	2 077
Derivative financial asset	23	5
Prepayments	45	43
Cash and cash equivalents	767	533
Total assets	4 506	3 903
EQUITY AND LIABILITIES		
Equity		
Share capital and premium	65	50
Treasury shares	(763)	(604)
Retained earnings	4 208	3 457
Non-distributable reserves	41	17
Total equity	3 551	2 920
Non-current liabilities	94	85
Post-retirement medical benefit obligation	32	28
Cash-settled compensation obligation	14	7
Straight-line operating lease obligation	48	50
Current liabilities	861	898
Trade and other payables	705	658
Derivative financial liability	18	–
Provisions	49	43
Tax payable	89	197
Total liabilities	955	983
Total equity and liabilities	4 506	3 903
Number of shares in issue (net of treasury shares)	(millions)	424.9
Net asset value per share	(cents)	835.7
Key ratios		
Return on equity	(%)	44
Return on capital	(%)	65

GROUP STATEMENTS OF CASH FLOWS

	52 weeks to 28 June 2009 Rm	53 weeks to 29 June 2008 Rm
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash flow from trading and cash EBITDA*	1 661	1 474
Working capital movements	(246)	(104)
Cash generated from operations	1 415	1 370
Interest received	614	525
Tax paid	(777)	(595)
Cash inflow from operations	1 252	1 300
Dividends paid	(683)	(575)
Net cash from operating activities	569	725
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment to maintain operations	(31)	(32)
Acquisition of property, plant and equipment to expand operations	(164)	(129)
Acquisition of computer software	(3)	(5)
Proceeds on disposal of plant and equipment	1	–
Net investment in subsidiary	–	(35)
Minority interest loans acquired	–	(30)
Loans advanced	(1)	–
Loans repaid	7	10
Acquisition of cash-settled call options	–	(18)
Proceeds on disposal of cash-settled call options	14	9
Settlement of cash-settled compensation obligation	(14)	(9)
Net cash used in investing activities	(191)	(239)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on shares issued	15	14
Shares repurchased by subsidiaries	(159)	(183)
Net cash used in financing activities	(144)	(169)
Net increase in cash and cash equivalents	234	317
Cash and cash equivalents at the beginning of the period	533	216
Cash and cash equivalents at the end of the period	767	533
Key ratios		
Cash flow per share	(cents)	294.4
Cash equivalent earnings per share	(cents)	377.6
Cash realisation rate	(%)	78

GROUP STATEMENTS OF CHANGES IN EQUITY

	28 June 2009 Rm	29 June 2008 Rm
Total equity at the beginning of the period	2 920	2 404
Total comprehensive income for the period	1 445	1 272
Dividends	(683)	(576)
Acquisition of minority interest in subsidiary	–	(17)
Premium on shares issued	15	14
Shares repurchased	(159)	(183)
Share-based payment	13	6
Total equity at the end of the period	3 551	2 920
Comprising:		
Share capital and premium	65	50
Treasury shares	(763)	(604)
Retained earnings	4 208	3 457
Non-distributable reserves	41	17
Total equity	3 551	2 920
Cents per share:		
Dividends	171	144
Final – payable September	83	72
Interim – paid March	88	72

SELECTED EXPLANATORY NOTES

1 BASIS OF PREPARATION

The information in this preliminary report has been extracted from the Group's 2009 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 2009 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 2009 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 the Group's 2009 annual financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the period ended 29 June 2008, except for the following:

During the period, the Group adopted the following IFRS that is applicable to its activities earlier than required by the standard, and such adoption did not have any material effect on the financial performance or position of the Group: IAS 1 (revised), 'Presentation of Financial Statements'.

The standard affects the presentation of owner changes in equity and comprehensive income. The Group income statement has been replaced by the Group statement of comprehensive income.

In terms of the standard, all owner changes in equity are presented in the Group statement of changes in equity, while all non-owner changes in equity are presented under 'other comprehensive income', a component of the Group statement of comprehensive income. In addition, the titles 'balance sheet' and 'cash flow statement' are replaced by 'statement of financial position' and 'statement of cash flows' respectively.

As a result, the disclosure changes are as follows:

- The movement in the effective portion of the cash flow hedge and the related deferred tax are presented under other comprehensive income in the statement of comprehensive income, whereas previously they were disclosed in the statement of changes in equity.
- Similarly, the items above, together with profit for the period, are replaced by total comprehensive income in the statement of changes in equity.
- Dividends per share amounts are presented in the statement of changes in equity.

Whilst the presentation of certain comparative information has changed, there has been no reclassification or restatement in the statements of financial position. As a result, the Group has not presented an additional comparative statement of financial position, as would be required under such circumstances.

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

	2009 Rm	2008 Rm	% change
3 REVENUE			
Sale of merchandise	6 247	5 651	11
Retail sales	6 209	5 617	
Franchise sales	38	34	
Interest received	614	525	17
Trade receivables	549	488	
Investments	65	37	
Other income	153	146	5
Commission	82	86	
Display fees	29	26	
Financial services income	23	19	
Lease rental income	10	8	
Royalties	3	2	
Other	6	5	
	7 014	6 322	
4 RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS			
Profit for the period attributable to owners of the parent	1 434	1 277	
Loss on disposal of fixed assets	2	–	
Headline earnings	1 436	1 277	12
5 SEGMENT REPORTING			

The Group's reportable segments have been identified as the Truworths and YDE business units. The Truworths business unit comprises the retailing activities conducted by the Truworths ladieswear and menswear divisions, and its Identity, Daniel Hechter and franchise departments, through which the Group retails fashion apparel comprising clothing, footwear and other fashion products to women, men and children. 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.

	Truworths Rm	YDE Rm	Corporate [†] Rm	Group Rm
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	55	–	–	55
Trading margin	23	41	–	24
Operating margin	33	44	–	34
Inventory turn	6.1	–	–	6.1
Credit:cash sales mix	69:31	21:79	–	69:31
2008				
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	6.5	–	–	6.5
Credit:cash sales mix	70:30	21:79	–	70:30

* Segment revenue includes trade receivables