

Directors' Responsibility

The company's directors are responsible for the preparation and fair presentation of the Group's financial statements, of which this press release represents an extract. These financial statements have been prepared in accordance with International Financial Reporting Standards with the exception of IAS 21 The Effect of changes in Foreign Exchange Rates and in the manner required by the Companies' Act (Chapter 24:03).

The Group's results are denominated in Zimbabwe Dollars (ZWL\$) following the change in functional reporting currency on 22 February 2019. As a consequence of Statutory Instruments 33 and 142 of 2019, comparative figures which were previously denominated in United States Dollars have been reckoned at par with the ZWL\$ in terms of the legal position existent thereof.

Audit Statement

The Group's external auditors Ernst & Young have issued an adverse opinion on the financial statements of the Group for the period ended 07 July 2019 for non-compliance with International Accounting Standard 21, The Effects of Changes in Foreign Exchange Rates. The signed audit opinion is available for inspection at the Company's registered office.

Trading Performance

Group merchandise sales for the 52 weeks to 07 July 2019 were ZWL\$17,653,040.

There was marginal trade in the Home and Living product range.

Individual chain sales performance was as follows;

		2nd Half to 07/07/19	1st Half to 06/01/19	FULL YEAR
		%	%	%
Truworths	- Apparel	+49.0	+28.2	+38.4
Topics	- Apparel	+58.1	+24.2	+40.4
Number 1	- Apparel	+72.1	+30.1	+48.7

Units sold out-turn was as follows:

Truworths -31.0%, Topics -28.2% and Number 1 -30.4%.

Due to the change in the sales mix and increased sales at full margins (no markdowns in the reporting period), gross profit margins improved to 64.5% compared to 50.9% in the prior period. Trading expenses increased by 30.7% from the prior period.

Operating profit of ZWL\$4,717,793 was achieved and a profit before tax of ZWL\$3,800,684 was achieved.

Merchandise

Product volumes and availability were constrained due to a shortage of foreign exchange and local liquidity which adversely affected the local supplier base.

Credit Management

The number of accounts increased by 0.5% over the prior period to 92,207. 12,870 (2018: 13,744) of these had signed up for the Instore Credit Card at period end.

Trade receivables increased by 11.9% in line with increased credit sales. IFRS 9 was adopted retrospectively on 09 July 2018 with an adjustment to the Group's opening retained earnings. Comparative financial statements were not restated as permitted by IFRS 9. The adoption of IFRS 9 increased the allowances for impairment as a percentage of the debtors' book to 15.2% (2018: 9.4% per IAS 39).

A significant component of the increase in the doubtful debt allowance is due to the consideration of macro-economic and forward looking information which was neither required nor allowed under the previous accounting standard IAS 39.

Capital Expenditure

Capital expenditure was limited to essential expenditure during the period and was as follows;

	This year ZWL\$	Prior year ZWL\$
Computer technology & infrastructure	63,454	33,065
Factory and appliances	-	33,430
Head office	8,428	6,434
Store development	-	11,542
	71,882	84,471

Cash Flow and Funding

The business generated a CASH EBITDA of ZWL\$6,452,519 after net working capital funding of ZWL\$2,504,376, interest payments of ZWL\$917,109 and capital expenditure of ZWL\$71,882. A positive cash generation of ZWL\$2,561,949 was achieved and this was applied to reduce borrowings by ZWL\$1,890,042.

During the reporting period the business did not access any foreign supplier credit and had to make upfront payments for all foreign purchases.

Local supplier credit terms were reduced and in most instances with payments being made upfront.

Directorate

Mrs Fatima Khan was appointed as a non-executive director with effect from 26 September 2019.

Dividend

The Board deemed it prudent not to declare a dividend due to the need to finance increased working capital requirements in an inflationary environment with limited/reduced supplier credit terms.

Outlook

We expect the pressure on discretionary consumer spending and foreign exchange shortages to persist in the short to medium term.

This will negatively affect volumes sold and affordability. Post year-end to improve on product availability and affordability, our in-house factory commenced manufacture of men's trousers and shirts for Topics and Number 1 utilising cotton fabrics from local mills.

In February 2020 we will be launching our Own Branded fragrances and beauty range.

Management will remain focused on productively managing costs and effective credit management.



C.P.M. Peech
Chairman



B. Ndebele
Chief Executive Officer

25 September 2019

Registered Office

Stand 808
Seke Road
Prospect Park
Harare

GROUP STATEMENTS OF FINANCIAL POSITION

Note	at 07 July 2019 ZWL\$	at 08 July 2018 ZWL\$
ASSETS		
Non-current assets		
Property, plant and equipment	7,458,164	1,094,389
Intangible assets	279,987	161,940
Deferred tax	119,772	169,020
	7,857,923	1,425,349
Current assets		
Inventories	5,415,861	4,705,332
Receivables - trade	9,440,046	8,979,919
- other	1,832,831	724,688
Cash and cash equivalents	1,128,088	456,163
	17,816,826	14,866,102
	25,674,749	16,291,451
EQUITY & LIABILITIES		
Equity		
	11,251,655	3,881,442
Non-current liabilities		
Deferred tax	2,543,694	439,707
	2,543,694	439,707
Current liabilities		
Payables - trade	3,784,880	2,792,332
- other	2,257,480	1,488,182
Short term borrowings	5,643,244	7,533,268
Tax payable	193,796	156,520
	11,879,400	11,970,302
	25,674,749	16,291,451
Number of shares in issue (net of treasury shares)	380,901,152	380,901,152
Net asset value per share (cents)	2.95	1.02

GROUP STATEMENT OF CHANGES IN EQUITY

Note	Share capital ZWL\$	Non-distributable reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$
	38,090	1,856,611	1,179,825	3,074,526
Total comprehensive income for the period	-	-	806,916	806,916
	38,090	1,856,611	1,986,741	3,881,442
Effect of adoption of IFRS 9 (Financial Instruments)	2.1	-	(604,553)	(604,553)
	38,090	1,856,611	1,382,188	3,276,889
Profit for the period	-	-	2,798,461	2,798,461
Change in functional currency reserve	2.3	4,908,830	267,475	5,176,305
	38,090	6,765,441	4,448,124	11,251,655

GROUP STATEMENTS OF COMPREHENSIVE INCOME

Note	52 weeks to 07 July 2019 ZWL\$	52 weeks to 08 July 2018 ZWL\$
	21,233,343	16,891,475
Revenue	4	
Revenue from Contracts with Customers	17,653,040	13,458,048
Cost of sales	(6,261,766)	(6,607,776)
	11,391,274	6,850,272
Gross profit		
Other income	892,980	646,303
Manufacturing profit / (loss)	209,474	(10,376)
	12,493,728	7,486,199
Trading expenses	(10,564,865)	(8,080,545)
Depreciation and amortisation	(444,166)	(366,365)
Employment costs	(4,431,759)	(3,302,898)
Occupancy costs	(2,310,724)	(2,151,037)
Trade receivable costs	(409,644)	(291,260)
Other operating costs	(2,968,572)	(1,968,985)
	1,928,863	(594,346)
Trading Profit / (loss)		
Finance income	2,788,930	2,620,465
Operating Profit	4,717,793	2,026,119
Finance cost	(917,109)	(911,228)
Profit before tax	3,800,684	1,114,891
Tax expense	(1,002,223)	(307,975)
	2,798,461	806,916
Profit for the period		
Other comprehensive income		
Change in functional Currency	5,176,305	-
	7,974,766	806,916
Total comprehensive income for the period		
	7,974,766	806,916
Earnings per share	7	
Basic earnings per share	(cents) 0.73	0.21
Headline earnings per share	(cents) 0.73	0.21
Diluted basic earnings per share	(cents) 0.73	0.21
Key ratios		
Gross margin	(%) 64.5	50.9
Trading expenses to turnover	(%) 59.8	60.0
Trading margin	(%) 10.9	(4.4)
Operating margin	(%) 26.7	15.1

GROUP STATEMENTS OF CASH FLOWS

	52 weeks to 07 July 2019 ZWL\$	52 weeks to 08 July 2018 ZWL\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from trading	3,663,607	289,285
Working capital movements	(2,504,376)	(326,005)
Net cash generated from / (utilised in) operations	1,159,231	(36,720)
Net interest received	1,871,821	1,709,237
Tax paid	(397,203)	(3)
Net cash generated from operating activities	2,633,849	1,672,514
Cash utilised in investing activities		
Acquisition of property, plant and equipment	(71,882)	(70,553)
Net cash utilised in financing activities	(1,890,042)	(1,583,332)
Net increase in cash and cash equivalents	671,925	18,629
Cash and cash equivalents at beginning of period	456,163	437,534
Cash and cash equivalents at end of period	1,128,088	456,163

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