



REX TRUEFORM  
CLOTHING COMPANY  
LIMITED

REVIEWED  
CONDENSED  
CONSOLIDATED  
PRELIMINARY  
FINANCIAL  
RESULTS

for the year ended  
30 June 2016

*Rex  
Trueform*

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 30 June 2016 Reviewed R'000	Year ended 30 June 2015 Audited R'000
	%	
	change	
<b>Revenue</b>	4.1	536 626
Turnover	4.2	516 086
Cost of sales		(225 698)
<b>Gross profit</b>	(0.6)	290 388
Other income	(7.7)	17 029
Other operating costs	5.5	(277 483)
<b>Operating profit</b>	(61.5)	29 934
Dividend income		18
Finance income		3 493
Finance costs		(163)
<b>Profit before tax</b>	(49.9)	33 282
Income tax expense		(9 470)
<b>Profit for the period</b>	(50.6)	23 812
<b>Other comprehensive income:</b>		
Actuarial gain/(loss) on post-retirement defined benefit plan		(82)
Fair value adjustment on available-for-sale financial assets		52
<b>Total comprehensive income for the period</b>		23 782
<b>Profit attributable to:</b>		
Ordinary and "N" ordinary shareholders		23 795
Preference shareholders		17
<b>Profit for the period</b>		23 812
<b>Total comprehensive income attributable to:</b>		
Ordinary and "N" ordinary shareholders		23 765
Preference shareholders		17
<b>Total comprehensive income for the period</b>		23 782
<b>Reconciliation of headline earnings</b>		
<b>Profit attributable to equity holders</b>		23 795
Adjusted for:		
Profit from disposal of property, plant and equipment		(3 345)
Impairment (reversal)/loss on equipment and shopfittings		554
<b>Headline earnings</b>		21 004
<b>Basic earnings per ordinary share (cents)</b>	(50.6)	115.6
<b>Headline earnings per ordinary share (cents)</b>	(47.0)	102.0
<b>Diluted earnings per ordinary share (cents)</b>	(50.6)	115.5
<b>Diluted headline earnings per ordinary share (cents)</b>	(47.0)	101.9
Weighted average number of equity shares on which earnings per share is based (000's)		20 582
Weighted average number of equity shares on which diluted earnings per share is based (000's)		20 609

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2016 Reviewed R'000	As at 30 June 2015 Audited R'000
<b>ASSETS</b>		
Non-current assets	155 705	151 146
Property, plant and equipment	53 355	54 467
Investment property	71 849	72 539
Intangible assets	23 432	17 396
Other investments	576	576
Deferred tax asset	6 493	6 168
Current assets	182 984	174 235
Inventories	61 319	70 084
Trade and other receivables	39 097	22 904
Forward exchange contracts	–	883
Income tax receivable	1 112	303
Cash and cash equivalents	81 456	80 061
<b>Total assets</b>	<b>338 689</b>	<b>325 381</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	260 718	261 078
Share capital	1 777	1 777
Share premium	25 836	25 836
Treasury shares	(1 133)	(1 133)
Other reserves	1 502	1 051
Retained earnings	232 736	233 547
Non-current liabilities	21 897	20 916
Post-retirement liability	1 614	2 041
Accrued operating lease liability	18 104	17 084
Deferred tax liability	2 179	1 791
Current liabilities	56 074	43 387
Trade and other payables	53 860	43 368
Forward exchange contracts	2 176	–
Income tax payable	38	19
<b>Total equity and liabilities</b>	<b>338 689</b>	<b>325 381</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June 2016 Reviewed R'000	Year ended 30 June 2015 Audited R'000
Operating profit before working capital changes	38 257	51 620
Working capital changes	3 947	4 855
Interest received	5 292	3 493
Interest paid	(172)	(163)
Dividends paid	(12 571)	(17)
Dividends received	20	18
Income tax paid	(5 630)	(782)
<b>Net cash inflows from operating activities</b>	<b>29 143</b>	<b>59 024</b>
Additions to property, plant, equipment and investment property	(20 288)	(37 070)
Additions to intangible assets	(7 685)	(3 823)
Proceeds from disposal of property, plant, equipment and investment property	225	6 266
<b>Net cash outflows from investing activities</b>	<b>(27 748)</b>	<b>(34 627)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1 395</b>	<b>24 397</b>
Cash and cash equivalents at the beginning of the year	80 061	55 664
<b>Cash and cash equivalents at the end of the year</b>	<b>81 456</b>	<b>80 061</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 30 June 2016 Reviewed R'000	Year ended 30 June 2015 Audited R'000
<b>Share capital</b>	<b>1 777</b>	1 777
<b>Share premium</b>	<b>25 836</b>	25 836
<b>Treasury shares</b>	<b>(1 133)</b>	(1 133)
<b>Other reserves</b>	<b>1 502</b>	1 051
Opening balance	1 051	1 081
Actuarial (loss)/gains on post-retirement defined benefit plans	451	(82)
Gain on available-for-sale instruments	-	52
	<b>232 736</b>	233 547
<b>Retained earnings</b>	<b>233 547</b>	209 752
Opening balance	11 760	23 812
Profit for the year	(17)	(17)
Preference dividends paid	(12 554)	-
Ordinary dividends paid	-	-
<b>Total capital and reserves</b>	<b>260 718</b>	261 078

## GROUP SEGMENTAL REPORTING

	Year ended 30 June 2016 Reviewed R'000	Year ended 30 June 2015 Audited R'000
<b>Revenue</b>	<b>539 129</b>	517 834
Total external retail revenue	542 987	522 342
Retail segment revenue	(3 858)	(4 508)
Intersegment revenue earned	14 185	11 417
Total external property revenue	19 277	15 942
Property segment revenue	(5 092)	(4 525)
Intersegment revenue earned	20	18
Dividends received	5 292	3 493
Interest income	-	3 864
Profit on sale of property	558 626	536 626
Total group revenue	558 626	536 626
<b>Segment operating profit</b>	<b>9 372</b>	26 807
Retail segment profit	8 450	7 825
Property segment profit	(6 299)	(4 698)
Group services operating loss	11 523	29 934
Total group operating profit	11 523	29 934
<b>Depreciation and amortisation</b>	<b>20 118</b>	20 121
Retail	3 466	2 103
Property	23 584	22 224
Total group depreciation and amortisation	23 584	22 224
<b>Segment assets</b>	<b>223 584</b>	216 705
Retail	79 042	79 204
Property	36 063	29 472
Group services*	338 689	325 381
Total group segment assets	338 689	325 381
<b>Segment liabilities</b>	<b>68 856</b>	55 895
Retail	7 485	4 987
Property	1 630	3 421
Group services*	77 971	64 303
Total group segment liabilities	77 971	64 303
<b>Capital expenditure</b>	<b>25 100</b>	21 433
Retail	2 873	19 460
Property	27 973	40 893
Total group capital expenditure	27 973	40 893

\* Group services include corporate costs.

## OTHER INFORMATION

		<b>Year ended 30 June 2016 Reviewed</b>	Year ended 30 June 2015 Audited
Capital commitments			
Authorised – not contracted for	(R'000)	<b>20 786</b>	35 950
Authorised – contracted for	(R'000)	<b>10 655</b>	5 566
Gross profit margin	(%)	<b>53.7</b>	56.3
Operating profit margin	(%)	<b>2.1</b>	5.8
Retail segment operating profit margin	(%)	<b>1.7</b>	5.2
Net asset value per share	(R)	<b>12.65</b>	12.67

## NOTES

### 1 Review of the independent auditor

These condensed consolidated preliminary financial statements of Rex Trueform Clothing Company Limited for the year ended 30 June 2016 have been reviewed by the company's auditors, KPMG Inc., who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial statements from the issuer's registered office.

### 2 Basis of preparation

The condensed consolidated preliminary financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain

the information required by IAS 34: Interim Financial Reporting.

These reviewed financial statements have been prepared under the supervision of the group financial director, Damian Johnson CA(SA).

### 3 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated preliminary financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

### 4 Note to the financial statements

- 4.1 Intangible assets – The balance of intangible assets has increased during the year due to the acquisition and implementation of a new IT ERP system.
- 4.2 Trade and other receivables – The balance of trade and other receivables has increased at 30 June 2016 due to an increase in prepayments made in respect of imported merchandise.
- 4.3 Financial instruments – Financial instruments included in trade and other receivables, trade and other payables and forward exchange contract liabilities are short term in nature, settled within 12 months, and the carrying value substantially approximates the fair value.

# COMMENTARY

## Group results

The group's performance unfortunately did not meet expectations mainly due to the performance of the retail segment, the volatility of the Rand and the unseasonably warm winter. Consumer confidence and spending has been adversely impacted by, amongst other things, the sluggish economy, the increase in living costs, the increase in interest rates and regulatory changes to credit legislation introduced during the year.

Revenue increased by 4.1% to R558.6 million (2015: R536.6 million). The gross profit generated from the retail segment decreased by 0.6% to R288.7 million (2015: R290.4 million). Other income, which includes rental income, decreased by 7.7%. Other income increased by 19.5% if the prior year R3.9 million profit on the sale of the Atlantis property is excluded. Trading expenses were contained and increased by 5.5%.

The above resulted in the operating profit decreasing by 61.5% to R11.5 million (2015: profit of R29.9 million). The prior year operating profit includes an amount of R3.9 million in respect of the profit on sale of the Atlantis property. Excluding the prior year profit on sale of the Atlantis property, the operating profit decreased by 55.8%. Profit after tax decreased by 50.6% to R11.8 million (2015: profit of R23.8 million) resulting in the earnings per share decreasing by 50.6%.

## Retail (Queenspark)

Queenspark, while operating in a challenging market, produced an operating profit of R9.4 million compared to a R26.8 million operating profit in the prior period. Turnover increased by a modest 4.2%, with the regulatory changes to credit legislation mostly impacting the second half of the year.

The gross profit margin decreased to 53.7% (2015: 56.3%) impacted by the weakening of the Rand. A new enterprise resource planning system was implemented during the year. The company will focus on deriving benefits from this.

## Property

The operating profit of this segment amounted to R8.5 million (2015: R7.8 million which included the R3.9 million profit on sale of the non-strategic property located in Atlantis). Excluding the impact of the prior year sale of the Atlantis property, the segment operating profit increased by 113.3%.

## Rex Trueform Clothing Company Limited

(Incorporated in the Republic of South Africa – Registration number 1937/009839/06)  
("the company" or "the group" or "Rex Trueform")

**JSE share codes:** RTO – RTN – RTPOT **ISIN:** ZAE000006144 – ZAE000009700 – ZAE000006151

**Directors:** ML Krawitz<sup>†</sup> (Chairman), CEA Radowsky (Chief Executive Officer), DS Johnson (FD), PM Naylor\*, RV Orlin\*, HJ Borkum\* and MJA Golding<sup>†</sup> <sup>†</sup> Non-executive \* Independent non-executive

PE Shub was a non-executive director of the company until her retirement on 15 August 2016. On 2 September 2016 MJA Golding was appointed as a non-executive director of the company by the board in order to fill the vacancy arising from the retirement of PE Shub.

**Registered office:** Rex Buildings, 263 Victoria Road, Salt River, Cape Town, 7925

**Secretary:** AT Snitcher

**Transfer secretaries:** Computershare Investor Services Proprietary Limited  
70 Marshall Street, Johannesburg, 2001

**Sponsor:** Java Capital

This improvement is driven by the successful development of the Rex Trueform Office Park.

## Group services

Group services costs increased by 34% to R6.3 million (2015: R4.7 million). This increase included the once-off corporate costs relating to the recent comparable offer made by a consortium to the company's ordinary and "N" ordinary shareholders. Excluding the once-off costs, the group services costs increased by 7.9%.

## Prospects

### Retail (Queenspark)

The sale of the current summer season's stock during the first eight weeks of the 2017 financial year has been below expectations due to the difficult trading conditions. During the 2016 financial year the company started selling its products on the Zando website and results so far have been pleasing. This is part of the company's strategy towards servicing a larger client base.

Various other initiatives are to be introduced going forward with a view to improving turnover, however the tough economic trading conditions and regulatory changes to credit legislation will, amongst other things, continue to impact the business in the short term.

## Property

The business has yet to develop two further properties and has been considering various development options during the year. The one property is classified as a Heritage site, which limits the development opportunities and has caused a delay in the development process. The business will continue to consider feasibility studies with a view to developing the properties.

## Dividend

The directors have proposed a distribution of 27 cents per share in respect of the ordinary and "N" ordinary shares. Shareholders will be asked to approve this proposal of the board at the annual general meeting of the company.

Signed on behalf of the board

**ML Krawitz**  
(Chairman)

**CEA Radowsky**  
(Chief Executive Officer)

Cape Town  
8 September 2016

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