



# WOOLWORTHS

audited group results  
for the year ended  
30 June 2007

Analyst presentation – August 2007

# woolworths holdings limited

## highlights

- Revenue up 23.1% to R18.6 bn
- Operating profit up 23.8% to R1.8 bn
- Operating margin increased slightly from 9.8% to 9.9%
- Profit before tax and exceptional items up 17.7% to R1.5bn
- Diluted headline earnings per share up 21.8% to 125.5cps
- BEE employee share scheme launched
- Dividend to shareholders up 20.6% to 76.0 cps for the year
- ROE of 35.1%





# woolworths holdings limited

## trading environment

- Consumer confidence high but weakening towards the end
- Further hikes in interest rates (3 x 50bp)
- Rising inflation, particularly food
- Evidence of slowing consumer spend
  - Car sales
  - Slowing retail market growth rates
- Despite this, our trading performance remained robust

# woolworths holdings limited

## trading performance

- Robust trading across all divisions
  - Clothing and home turnover  +16.2%
  - Food turnover  +25.6%
  - Financial Services revenue  +35.4%
  - Country Road turnover (A\$)  +15.8%
- But challenges:
  - Impact of credit environment – usury rate freeze and increased bad debts
  - Investment costs - systems transitioning costs

# woolworths holdings limited

## market share gains

- Clothing 12mma market share growth from 15.1% to 15.5%
  - Stronger second half performance
  - 3mma market share increased from 16.0% to 16.6%
- Food 12mma market share growth from 8.5% to 9.2%
  - Momentum maintained despite rising inflation
  - 3mma market share increased from 8.7% to 9.3%
- Country Road strategy delivers



# woolworths retail

## clothing and general merchandise

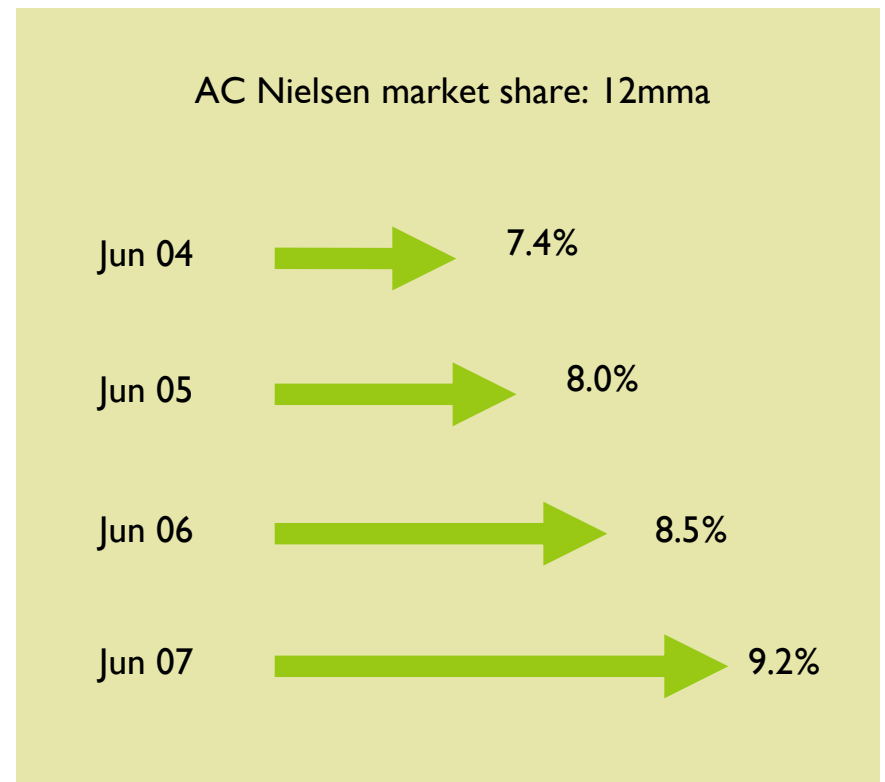
- Good performances from menswear, childrenswear and footwear
  - Embedded taste-level in menswear
  - Outstanding value in childrenswear
  - Cross-shop strategy delivering in W-Collection
- Home continues to lag expectation
  - Lacking authority and 'destination' range
- Launch of beauty
  - Successful launch, still much to learn

Market share performance (12mma)		
	Jun 06	Jun 07
womenswear	→	→
lingerie	↓	→
menswear	↓	↑
childrenswear	→	↑
footwear	↑	↑
home	↓	↓

# woolworths retail

## food

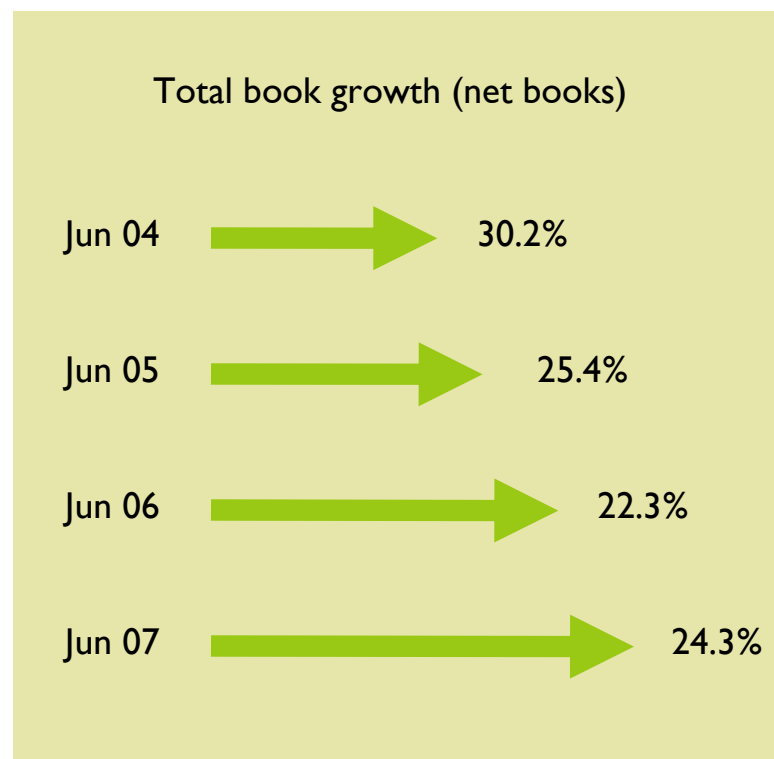
- Good food journey continues
  - Growth across all categories
  - Strong investment plans agreed with supplier base
  - Inflation a concerning issue
- Convenience reinforcing the main shop concept
  - Branded products 7.0% (Jun 06: 6.6%)
  - 12% additional food space
- Availability
  - Long-life improving
  - Focus on perishable planning



# woolworths financial services

## financial services

- Demand for credit continued
  - Good growth across the board – both in customer numbers and book growth
  - Solid growth in non-interest income
- Evidence of tightening environment
  - Less aggressive growth in second half
  - Deterioration in bad debts last few months
  - Provisions increased
- NCA dispensation smoothly implemented by 1 June 07
  - Fully compliant
  - Credit granting has become more difficult





# country road

## country road

- Good retail growth
- Brand re-positioned
- Pricing now more competitive (-10% on -11%)
- Exit of wholesale complete
- 74 concession stores rolled out
  - Control of brand
  - Reduction in complexity





# financials: woolworths holdings

Norman Thomson

# woolworths holdings

## income statement

	June 2007 Rm	June 2006 Rm	% Chg
<b>Revenue</b>	<b>18 641.9</b>	<b>15,144.8</b>	<b>23.1%</b>
Turnover	17,376.9	14,208.0	22.3%
Cost of sales	11,399.9	9,340.4	22.0%
<b>Gross profit</b>	<b>5,977.0</b>	<b>4,867.6</b>	<b>22.8%</b>
Other revenue	1,265.0	936.8	35.0%
Expenses	5,396.5	4,314.1	25.1%
<b>Operating profit</b>	<b>1,845.5</b>	<b>1,490.3</b>	<b>23.8%</b>
Finance costs	378.7	243.9	55.3%
<b>Profit before exceptional item</b>	<b>1,466.8</b>	<b>1,246.4</b>	<b>17.7%</b>
Exceptional item	54.6	-	
<b>Profit before tax</b>	<b>1,521.4</b>	<b>1,246.4</b>	<b>22.1%</b>
Tax	434.7	409.0	6.3%
<b>Profit after tax</b>	<b>1,086.7</b>	<b>837.4</b>	<b>29.8%</b>
Gross margin - on turnover	34.4%	34.3%	
Operating margin - on revenue	9.9%	9.8%	
Effective tax rate	28.6%	32.8%	

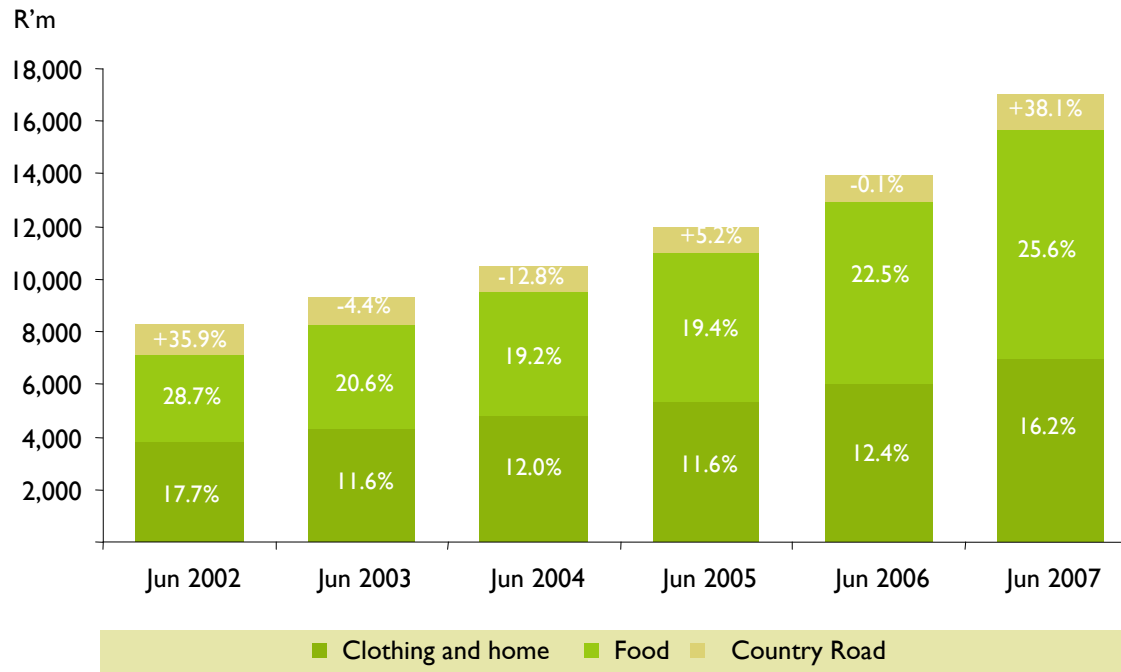
# woolworths holdings

## a robust performance despite once-off transition costs and tightening credit environment

- Good turnover growth in all segments – all delivering market share gains.
- Gross profit margins have been maintained despite once-off transition costs and changes in the business mix.
- Revenue growth was driven by improved yields, book growth and by increased non-interest income. The usury freeze prevented further yield improvements worth R60m.
- The growth in operating expenses was driven by:
  - higher bad debts
  - more new stores
  - volume-related store and distribution costs
  - exchange rate effect on Country Road expenses
- Operating profits grew slightly faster than revenue, increasing the operating margins slightly.
- The increase in finance costs was driven by rate hikes and the growth in financial assets. Rate increases amounting to R31m could not be passed on to customers due to the usury freeze.
- The effective tax rate was reduced due to the recognition of the deferred tax assets in Country Road

# woolworths retail

turnover growth was robust across all divisions and grew faster than the market



- Food contributes over 50% of group turnover – accelerated its sales performance to 25.6% for the year ahead of its 21% compound average growth rate over the past 5 years
- Clothing and Home accelerated its sales performance to 16.2% ahead of its 13% compound average growth rate over the past 5 years
- Country Road's improved performance is reflected in the 15.8% turnover growth (A\$) achieved with 12.6% comparable sales growth (A\$).

# woolworths retail

gross margins were maintained despite being impacted by one-off transition costs

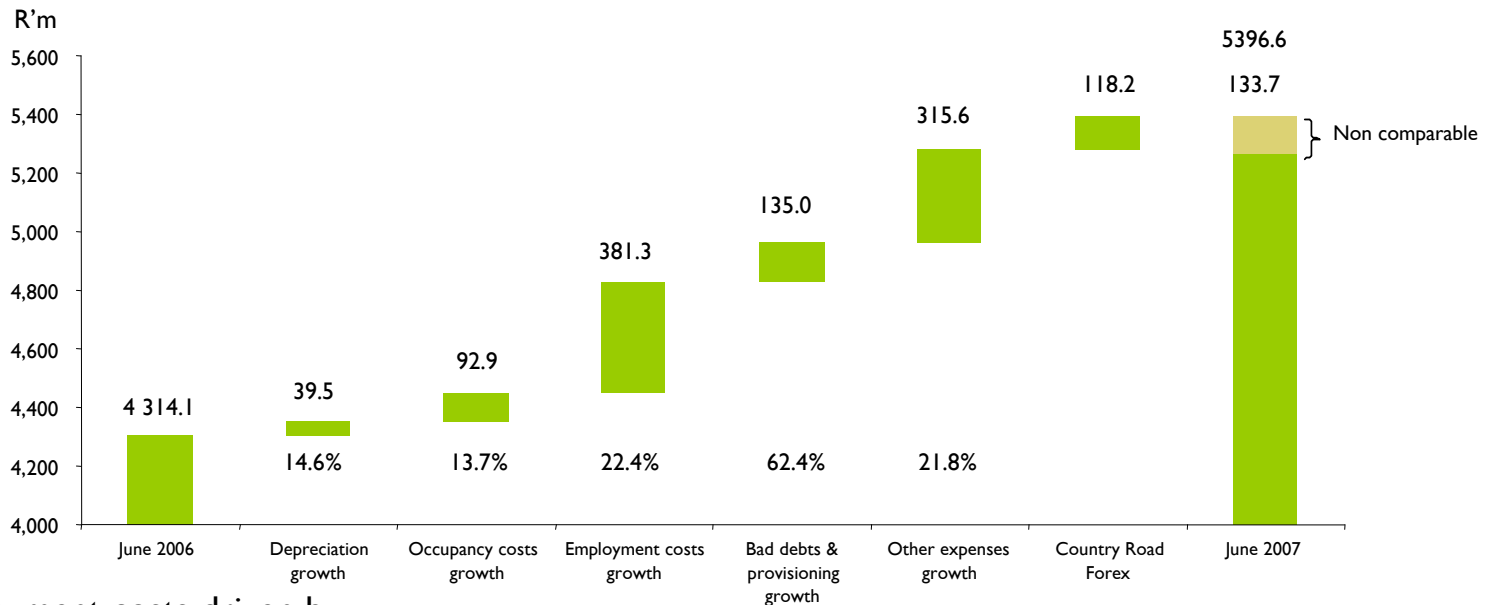
## Segmental Gross Margins

Woolworths Holdings	34.4%	34.3%	▲
Woolworths retail	32.3%	32.8%	▼
Country Road (A\$)	58.1%	53.7%	▲

- Group gross margin improvement due to Country Road:
  - Growing its contribution to the group
  - Achieving lower mark-downs, less wholesale sales and better primary margins
- Decline in Woolworths retail gross margin due to transition costs
  - Increased cost of sales associated with systems implementation of R45m
  - Blended margin was maintained before this one-off cost

# woolworths holdings

operating expenses impacted by investment, tighter credit environment  
and rand/A\$ exchange rate



- Employment costs driven by
  - Acceleration of new store openings (incl move to Country Road concession)
  - Volume-related increases in stores and distribution
  - Investment in store service levels
- Other expenses driven by
  - Volume-related increases in distribution (transport)
  - NCA-related costs in financial services
  - Increased collection and admin costs in financial services

# woolworths retail

operating margin buoyed by excellent performance from country road and was maintained despite investment in operations

## Segmental retail operating margins

	Jun 07	Jun 06	
Woolworths Holdings	9.9%	9.8%	▲
Woolworths retail	7.9%	8.0%	▼
Country Road	4.0%	2.0%	▲

## Segmental retail ROE

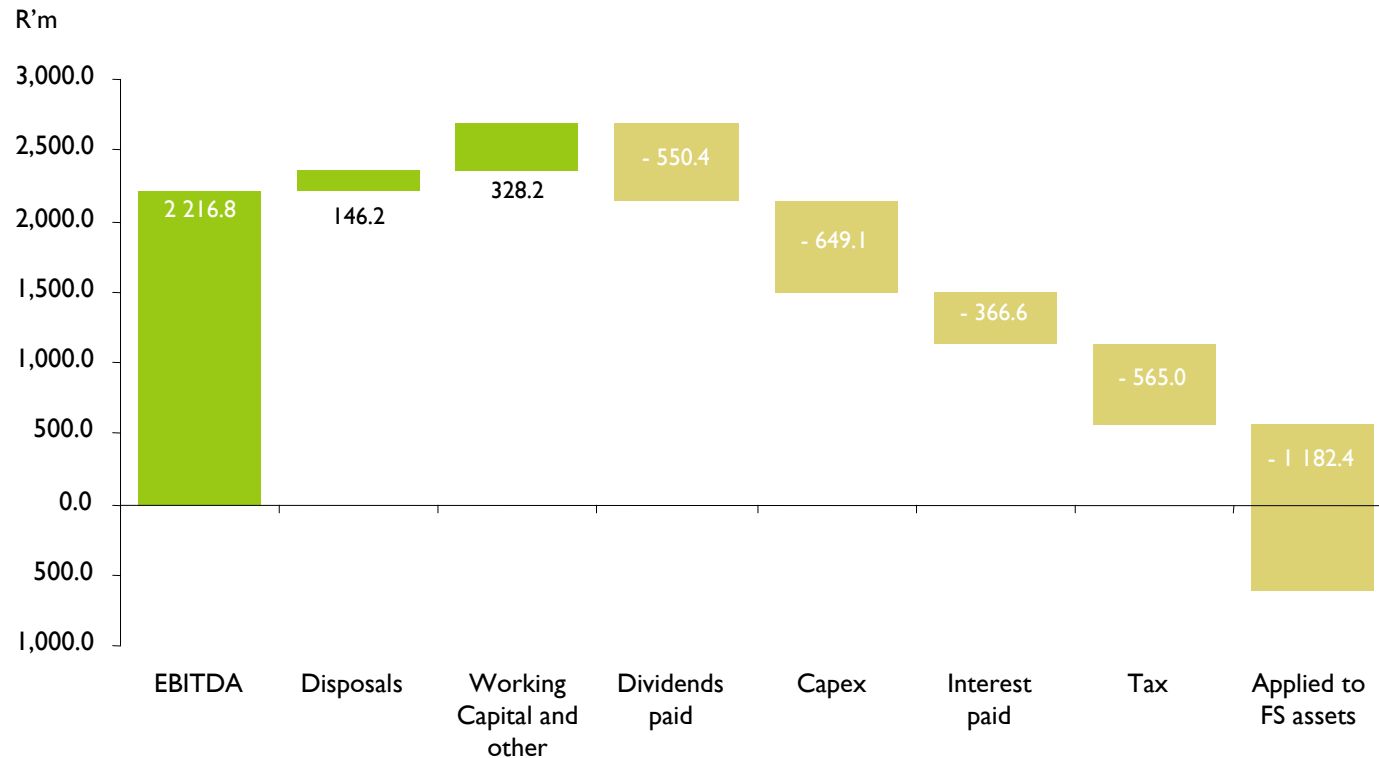
	Jun 07	Jun 06	
Woolworths Holdings	35.1%	34.8%	▲
Woolworths retail	65.4%	58.6%	▲
Country Road	34.6%	6.2%	▲

- Group operating margin boosted by excellent performance from Country Road and revenue in financial services
- Woolworths retail margin impacted by transitioning costs
- Operating leverage has been affected by investment in store operations, accelerated store development and volume-related costs in stores and distribution
- ROE improved across all retail segments



# woolworths holdings

strong cash generation allows for capex investment as well as high dividend payout

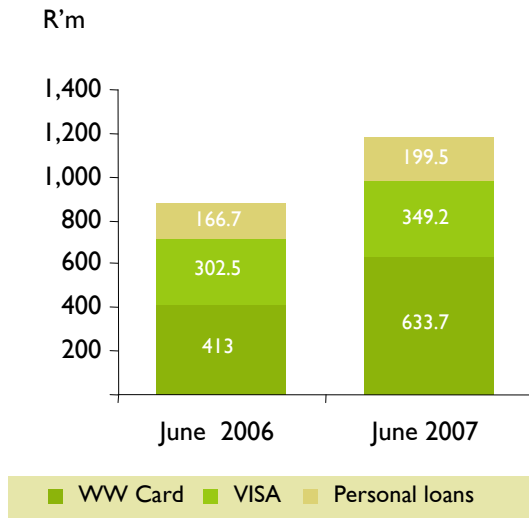


- Treasury policy maintains appropriate gearing of our business

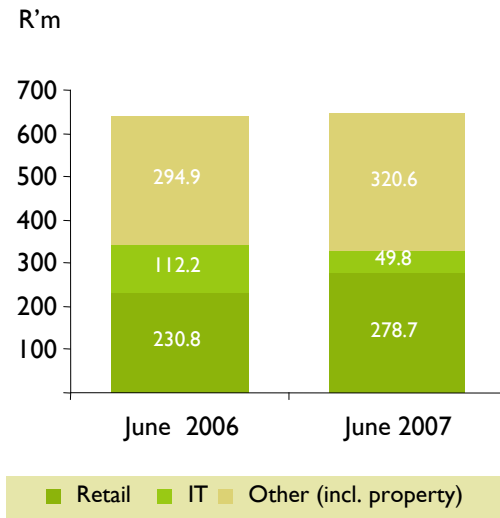
# woolworths holdings

our investment in the business is focused on improving capacity and store expansion programme

Financial services assets:  
R1 182.4m (Jun 06: R882.2m)



Capex spend:  
R649.1m (Jun 06: R637.9m)



- Book growth continues to be strong across all products

- Retail: stores development and refurbishment programme
- Other: distribution, properties and head office expenditure

# woolworths financial services

financial services performance was impacted by the tighter credit environment and increased costs associated with the NCA

	June 2007 Rm	% to Book	June 2006 Rm	% to Book	% Chg
<b>Income</b>					
Interest received	1,008.5	19.9%	754.5	19.0%	33.7%
Other income - external	172.2	3.4%	108.0	2.7%	59.4%
Other income - internal	93.8	1.9%	78.9	2.0%	18.9%
	<u>1,274.5</u>	25.2%	<u>941.4</u>	23.7%	35.4%
<b>Expenses</b>	(751.0)	-14.8%	(539.3)	-13.6%	39.3%
Net bad debts	(250.1)	-4.9%	(145.5)	-3.7%	71.9%
Movement in provisions	(101.4)	-2.0%	(71.0)	-1.8%	42.8%
Operating costs	(399.5)	-7.9%	(322.8)	-8.1%	23.8%
	<u>523.5</u>	10.3%	<u>402.1</u>	10.1%	30.2%
<b>Operating profit</b>					
Interest	(364.4)	-7.2%	(239.7)	-6.0%	52.0%
	<u>159.1</u>	3.1%	<u>162.4</u>	4.1%	-2.0%
<b>Profit before tax</b>					
Tax	(46.1)	-0.9%	(47.1)	-1.2%	-2.0%
<b>Profit after tax</b>	<u>113.0</u>	2.2%	<u>115.3</u>	2.9%	-2.0%
	<u>5,063.8</u>		<u>3,968.8</u>		27.6%
Average gross financial services assets					
ROE	11.9%		14.7%		

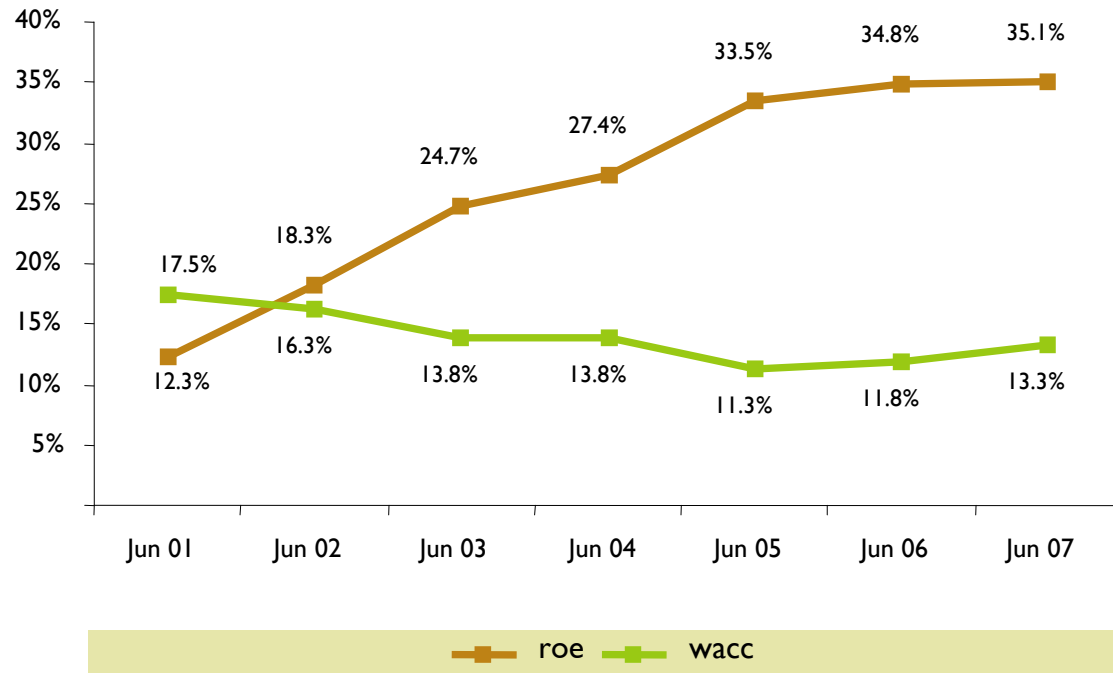
# woolworths holdings

financial services performance was impacted by the tighter credit environment and increased costs associated with the NCA

- Growth in average gross books was driven by new customer acquisition and increased sales.
- The good growth in interest income was driven by a combination of the book growth and higher yields. Higher yields were due to post usury freeze rate increases (3%), annualisation of the 55 day adjustment on the store card and changes in the product mix.
- The strong growth in non-interest income was driven by increased penetration of the customer base by actively selling our insurance products, notably card balance protection.
- There was a major deterioration in both bad debts and provisions for bad debts. Provisions on the combined books increased from 4.6% to 5.4%. These increases were driven by a combination of the tighter credit environment and the aggressive acquisition of new customers.
- The increase in operating costs was driven by costs associated with the implementation of the NCA requirements and operational costs arising from the tighter collection environment and increased volume of new customers.
- Interest paid increased due to the book growth and interest rate hikes. This includes rate increases that could not be passed on to customers totalling R31m.
- Profit before tax and ROE declined due to the impact of increased bad debts and the usury freeze.

# woolworths holdings

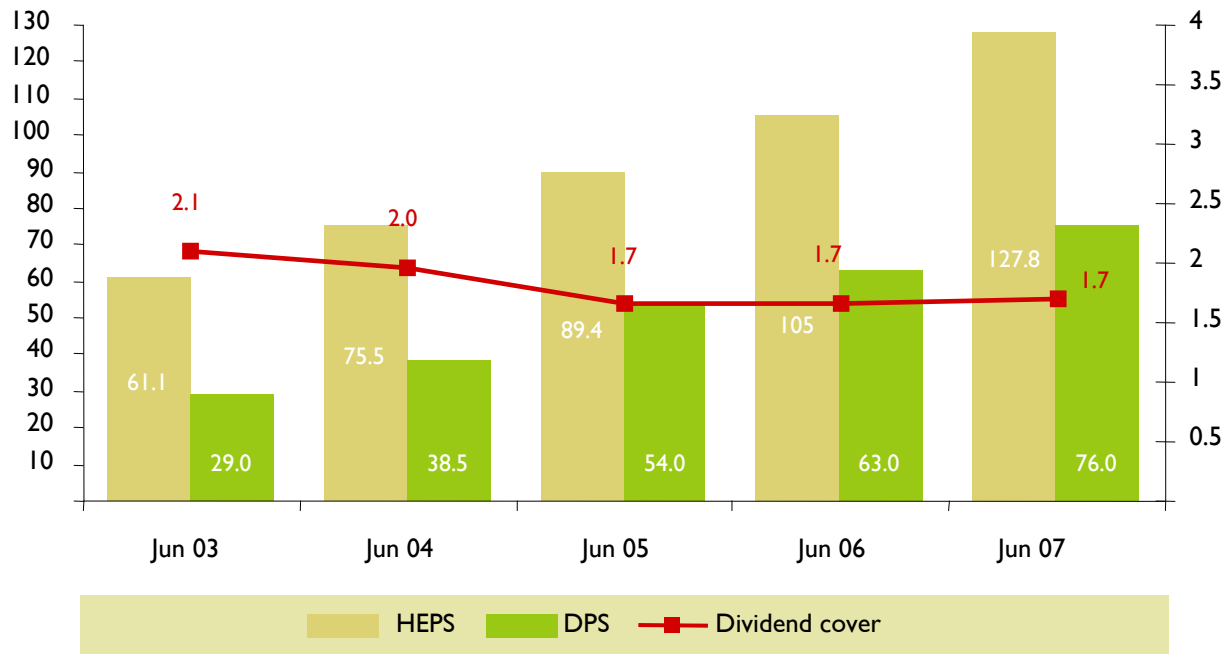
our ROE continues to add significant value



- Interest rate increases have increased our WACC

# woolworths holdings

consistently delivering sustainable earnings growth



- 5 year compound HEPS growth of 24.8%

# woolworths holdings

## guidance and expectations

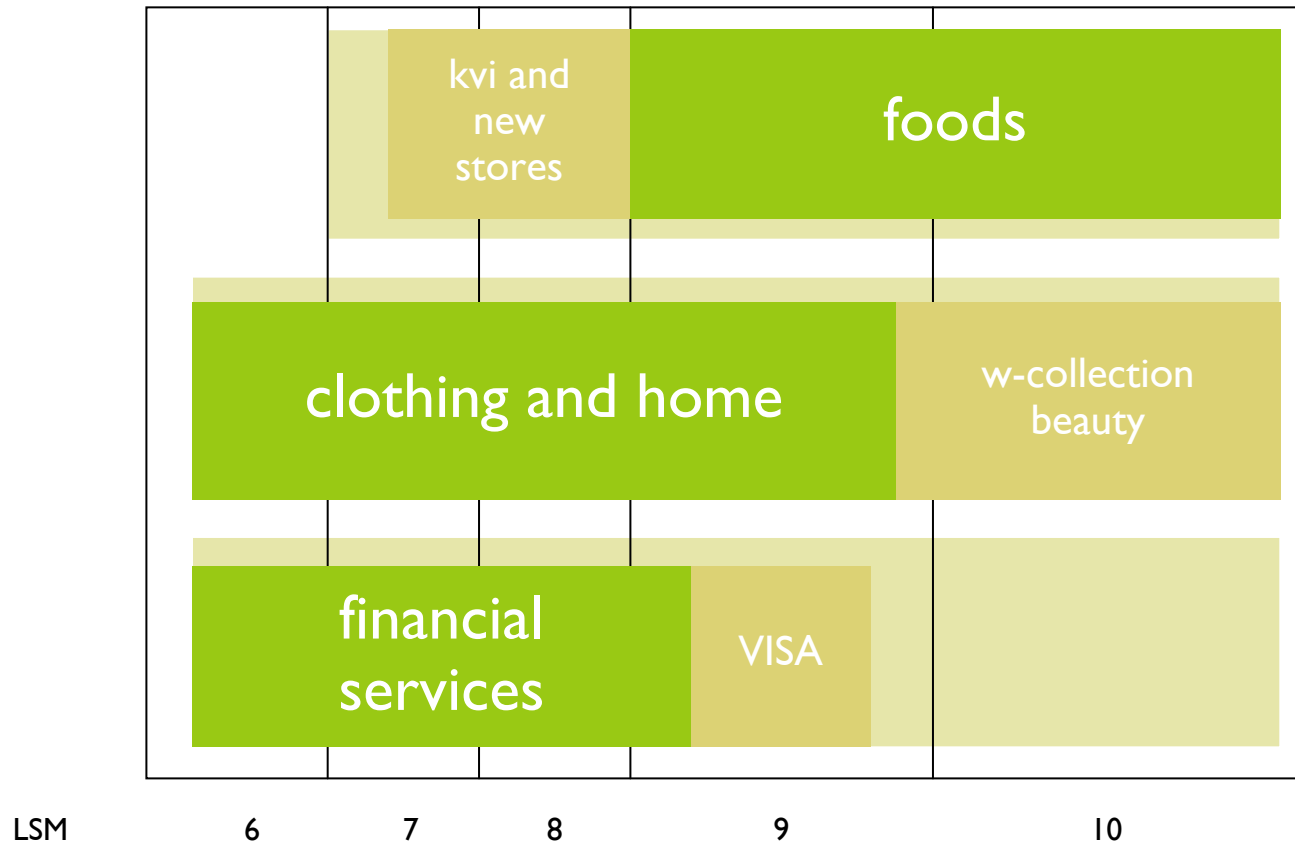
- Retail gross margin to be maintained despite increasing food contribution
- Operating costs to reflect an increased level of investment
- Bad debts to remain under pressure
- Upward inflation pressure will continue particularly in foods
  
- Capex of R625m in 07/08
- Foods footage (corporate) grows by 23.3% in 2008 adding 22 948m<sup>2</sup> and 43 stores (11 full line)
- Clothing, home and beauty footage (corporate) grows by 8.5% in 2008 adding 21 086m<sup>2</sup> and 11 stores
- IFRS costs of R60m in 07/08 and R271m over next 8 years
- BEE dilution expected to be 2.3%
- Effective tax rate of 32.5% - normal 29%, STC 3.5%
- 53 week trading year in 07/08



strategy and  
prospects



# woolworths retail – clothing, food and general merchandise



- Integrating strategy into common view of the customer
- Evolution of our business model



# woolworths retail

Andrew Jennings

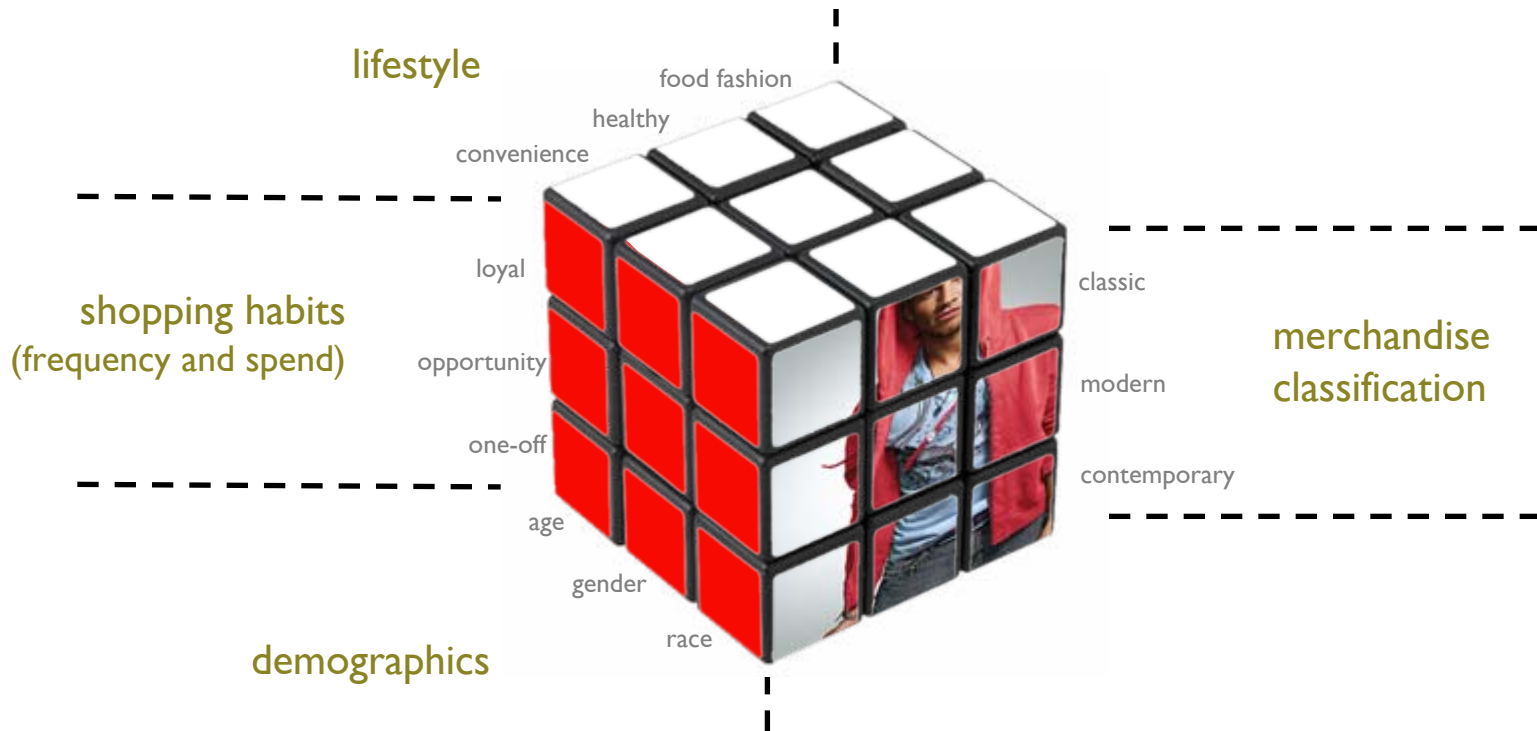
# woolworths retail – clothing, food and general merchandise

## building on a solid foundation

- Observations, thoughts and opportunities
  - Respected brand with talented and passionate people
  - Product focused organisation
    - Lots of work to be done in clothing and home over next 3 years
    - World class food concept
  - Implementation not yet “consistently consistent”
    - Availability of product
    - Store experience
    - Authoritative merchandise statements
  - Opportunity to create a clear point of view
    - Deep understanding of customer – multi-dimensional

# woolworths retail – clothing, food and general merchandise

refining with a customer focus



# woolworths retail – clothing, food and general merchandise

our classic customer



timeless  
subtle  
refined  
quality  
authentic





# woolworths retail – clothing, food and general merchandise

our modern customer



trend right  
versatility  
time-strapped



# woolworths retail – clothing, food and general merchandise

## our contemporary customer



fashionable

connected

social

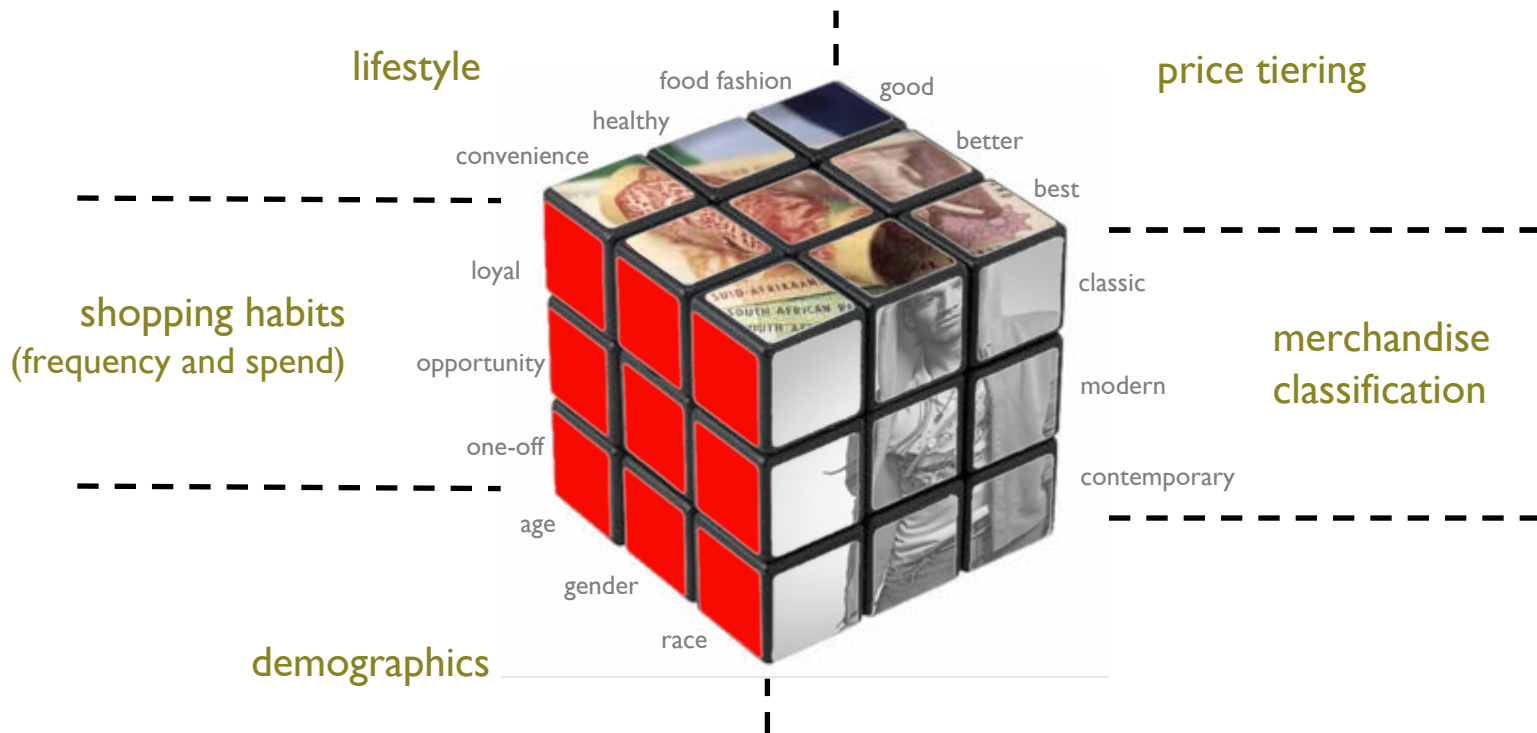
outspoken

design-led



# woolworths retail – clothing, food and general merchandise

refining with a customer focus



- Price tiering + merchandise classification = 9 box grid



# woolworths retail – clothing, food and general merchandise

merchandising to meet needs – initially in clothing and home only

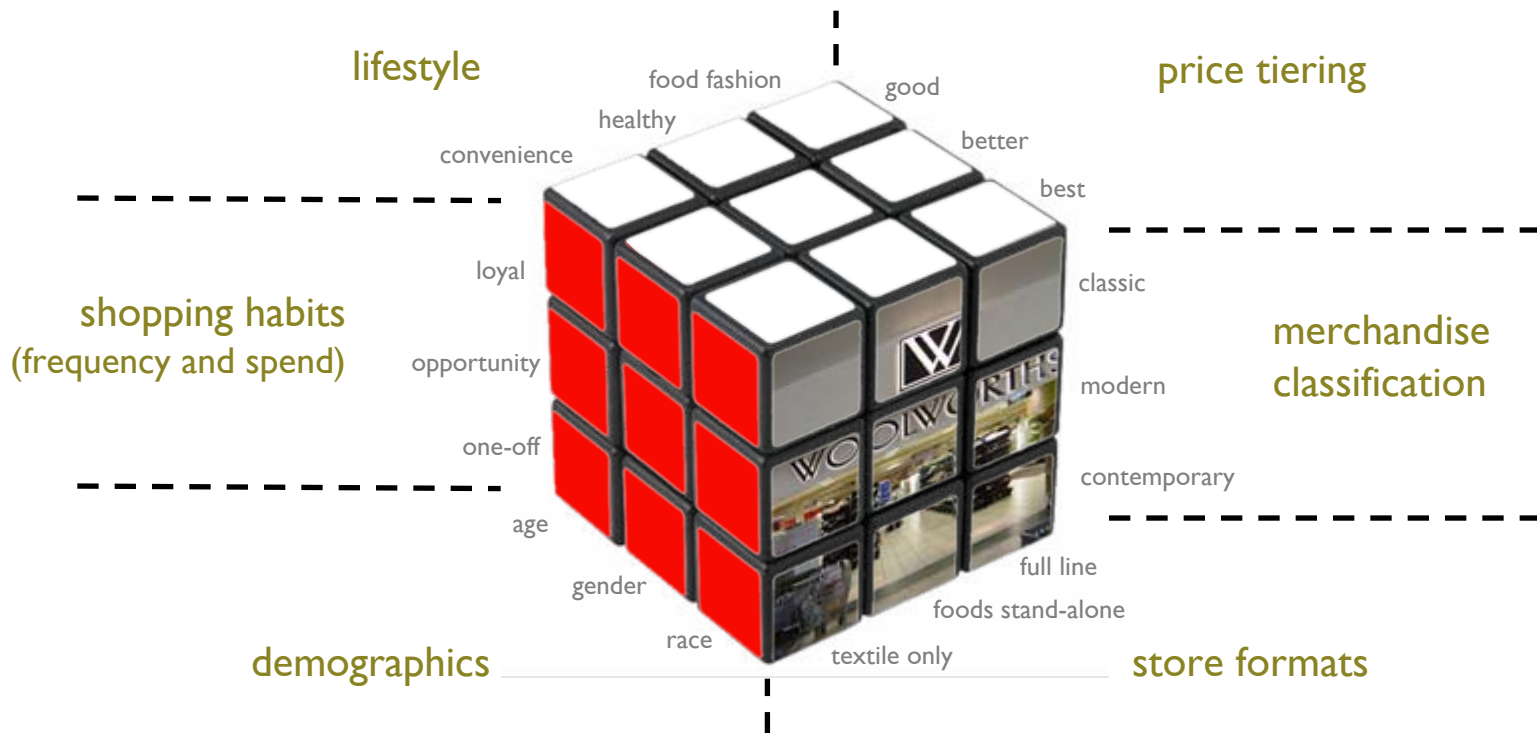
	Classic 50%	Modern 30%	Contemporary 20%
Best 20%	<p>w collection</p> <p>AEROSOLES.</p>		<p>South African Designers at Woolworths Stephen Quatember</p>
Better 40%	<p>AEROSOLES.</p> <p>Main range</p>	<p>studio.w</p> <p>activ.</p> <p>Main range</p>	<p>re</p> <p>jt one</p>
Good 40%	<p>Main range</p>	<p>studio.w</p> <p>activ.</p> <p>Main range</p>	<p>re</p> <p>jt one</p>

womenswear

- Brands
- Exclusive
  - Consistent handwriting offers lifestyle solution
  - Prominent, iconic “shops” supported by strong marketing

# woolworths retail – clothing, food and general merchandise

refining with a customer focus



# woolworths retail – clothing, food and general merchandise

## delivering to the customer

- Format strategy
  - Space, range, catalogue and layout suited to customer profile
  - Authoritative offerings
  - Driving improved trading densities
  - Pharmacy trial
- Modernisations
  - Store of the future – Sandton
- Delivering service through investment in people
  - STEP programme
  - BEE employee share offer
  - Assisted self selection
  - Specialist service areas in store

# woolworths retail – clothing, food and general merchandise

## looking forward – clothing and general merchandise

- Consolidate our successes
  - Large market share ranges – headquarters assortments
  - The heart of our business
  - Should grow, at least, in line with market growth
  - Make impregnable to competition
- Grow our opportunities
  - eg Accessories, knitwear
  - Potential for real growth
  - Opportunity to take market share from our competition
- Expand our horizons
  - Low market share ranges - beauty
  - New or emerging markets with significant potential
  - Organics

# woolworths retail – clothing, food and general merchandise

## looking forward - food

- Consolidate our successes
  - Dominate key categories and plan to maintain dominance eg fresh produce
  - Focus on convenience
  - Manage inflationary pressures – value for money
  - Good food journey
- Grow our opportunities
  - Improve availability
  - Reinforce main shop
  - Potential for real growth – organics, increased “edited choice”
- Expand our horizons
  - Low market share ranges
  - New or emerging markets with significant potential eg launch “W Collection” food
  - New concepts for growth

# woolworths retail – clothing, food and general merchandise

## looking forward - selling

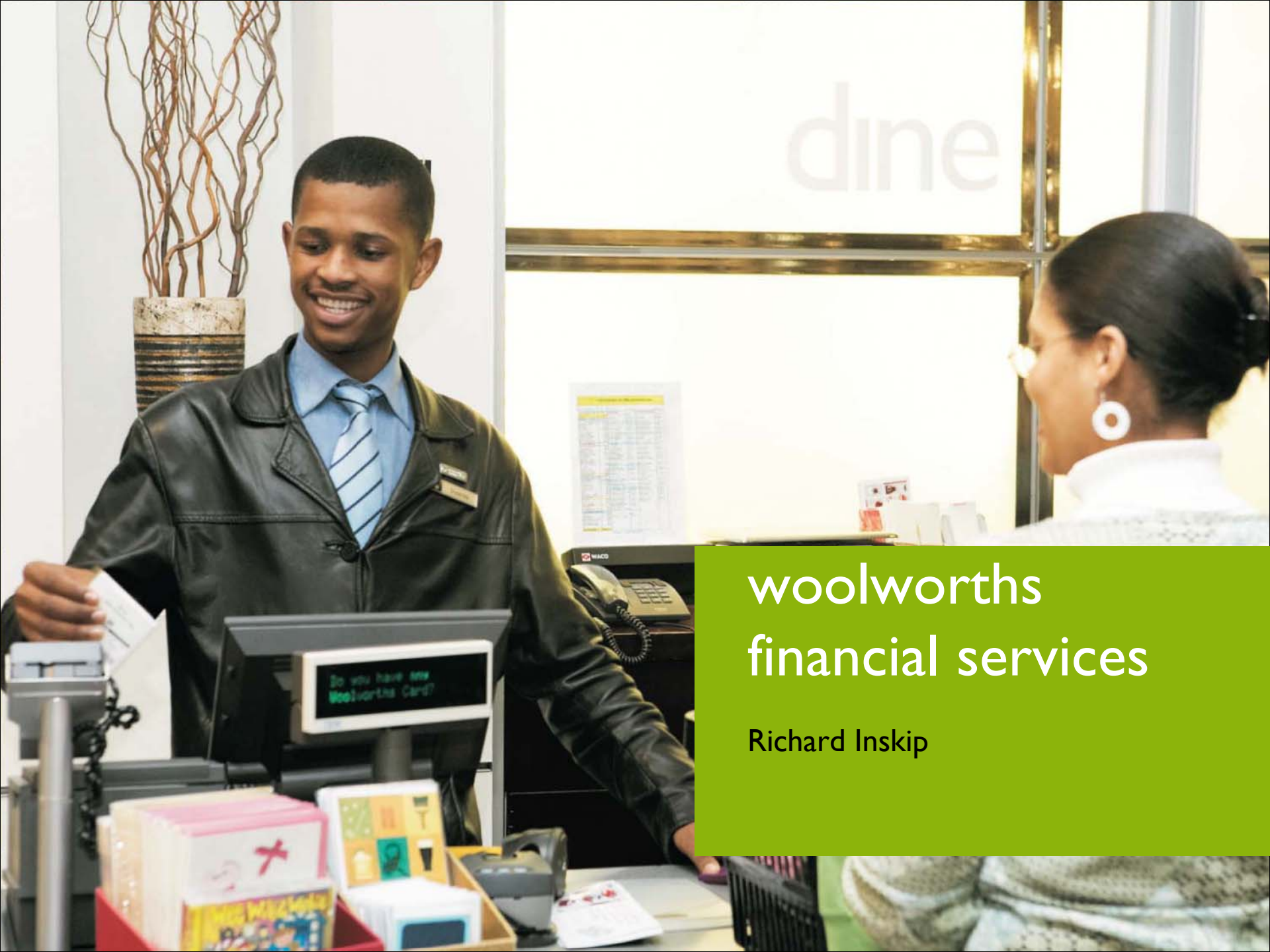
- Consolidate our successes
  - Format suited to customer profile
- Grow our opportunities
  - Store modernisations
  - Improve availability of all product
  - Delivering consistent service
- Expand our horizons
  - 10% space growth planned
  - 54 new stores of which 32 are food stand-alone

# woolworths retail – clothing, food and general merchandise

## looking forward – in summary

### deliver the woolworths difference

- Build customer loyalty and grow the cross-shop
  - Understanding the customer
  - Using customer insight to drive the cross-shop
  - Deliver consistent shopping experience
- Product differentiation
  - Develop the right product assortment using the 9 box grid (initially in clothing and home only)
- Operational excellence
  - Improve availability
  - Building and planning with business partners
  - Realising benefits from investment in systems



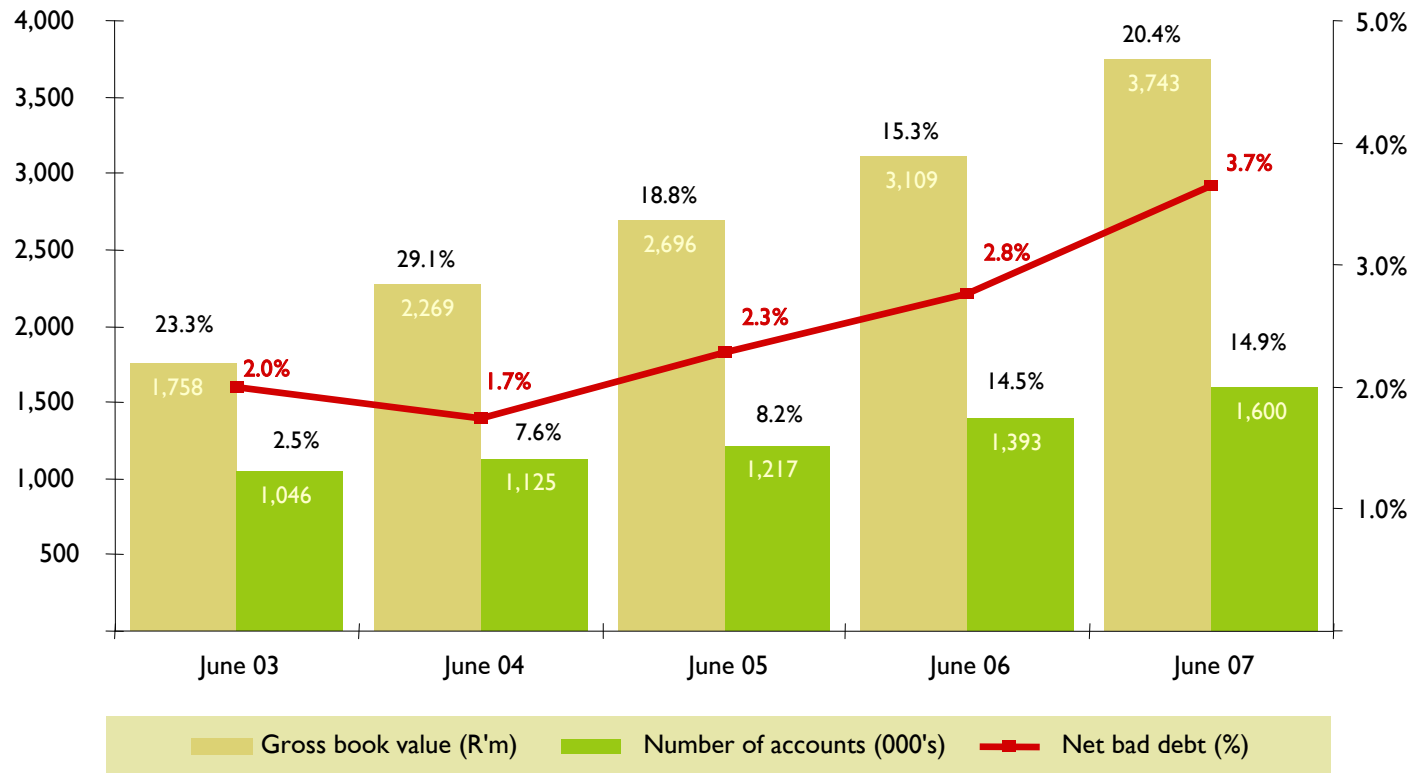
# woolworths financial services

Richard Inskip



# woolworths financial services

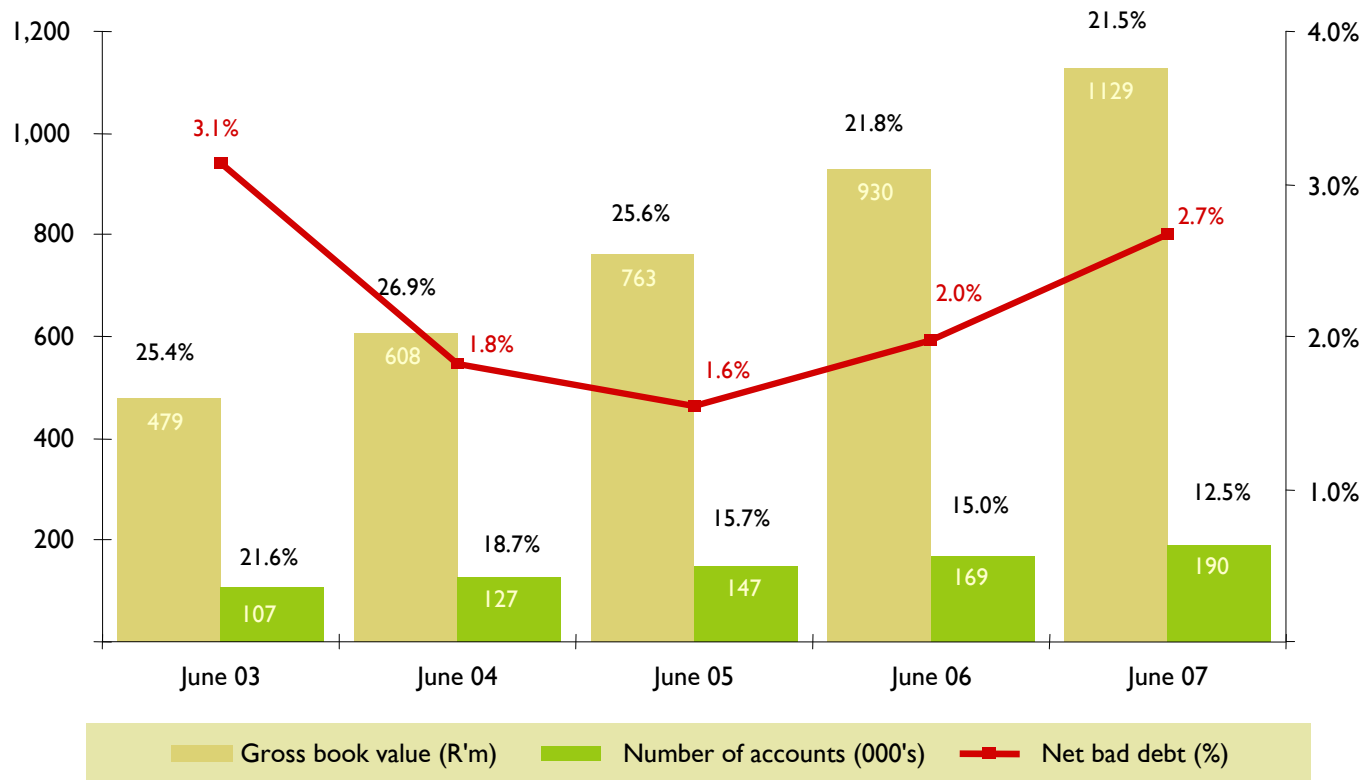
## store card growth



- Consistent growth – front loaded to first 6 months of year

# woolworths financial services

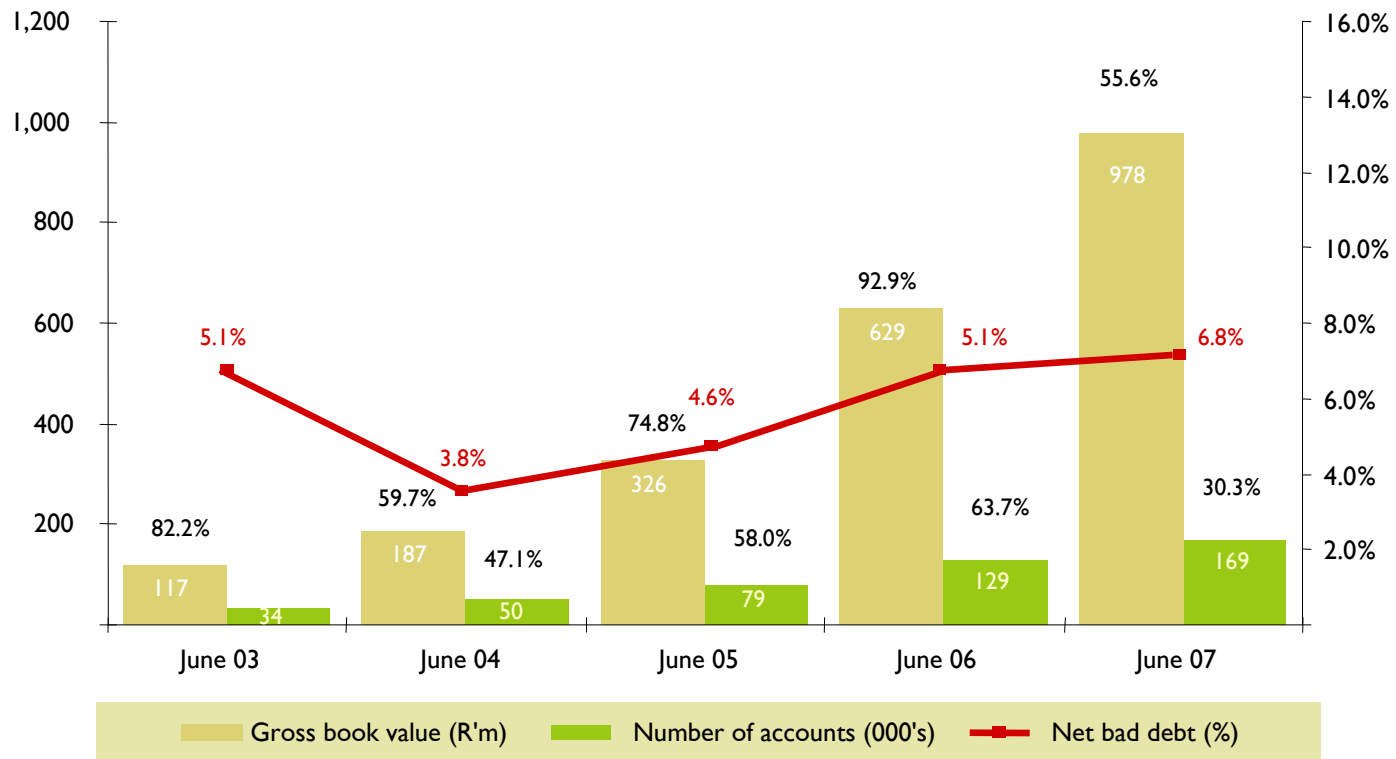
## personal loans growth



- Continued good growth

# woolworths financial services

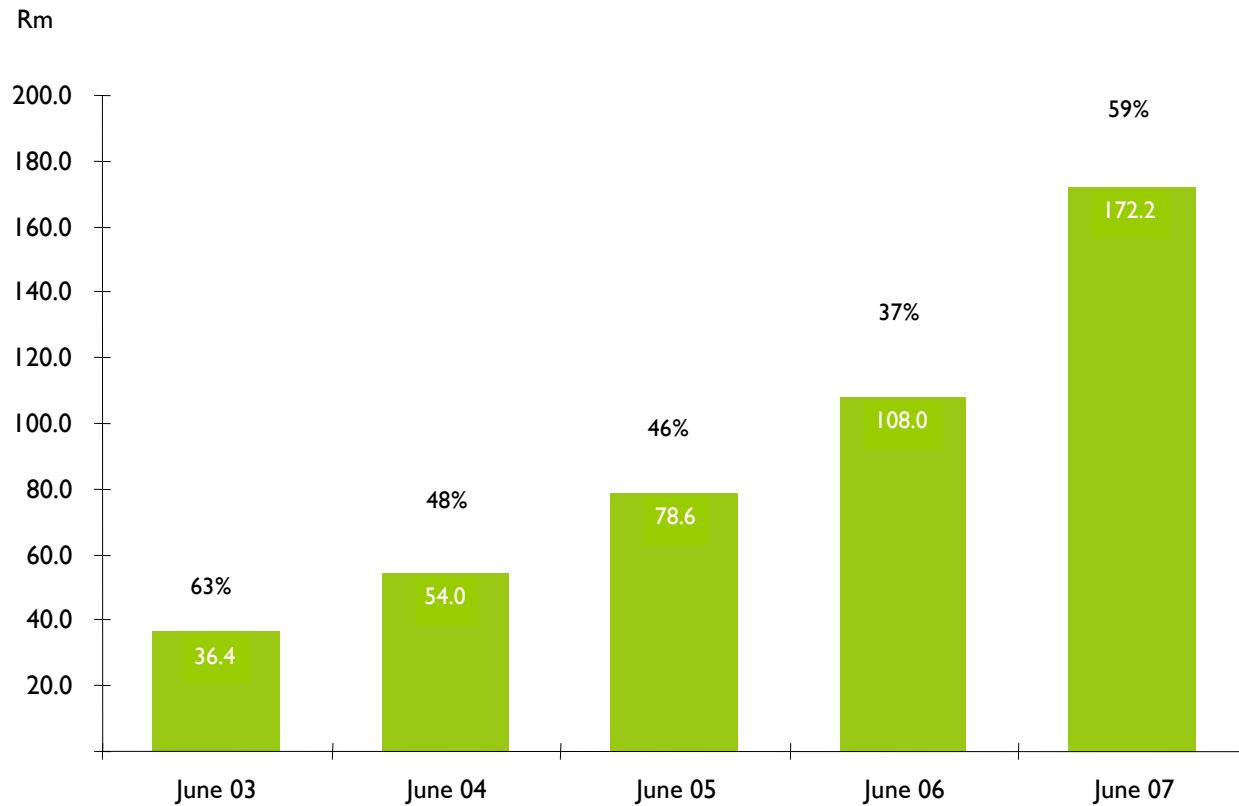
## VISA card growth



- Excellent book growth – bad debts above desired level

# woolworths financial services

## non-interest revenue



# woolworths financial services



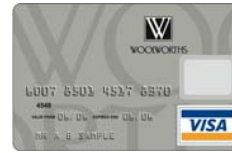
swipe card  
314 000



my school card  
394 000



in store card  
1 600 000



classic VISA card  
140 000



gold VISA card  
29 000



premium  
credit card

## 4.5 million customers: a card for all

personal loans

non-interest revenue products eg. insurances

MySchool, loyalty programme and direct marketing

LSM 6-8  
retail acquisition strategy:  
basic credit needs,  
aspirational value = service + benefits

LSM 9-10+  
retail retention strategy:  
loyalty = quality + benefits

# woolworths financial services

## a new credit environment

- National Credit Act
  - Successful implementation and compliant from 1 June 07
  - Systems fully operational
- Expected impact on credit granting
  - Customer acquisition to slow
  - Credit increases limited
  - Increased operational costs and turnaround times
  - Negative impact on collections performance
- Key next steps
  - Enhance process efficiency and fine-tune customer experience
  - Ongoing staff training and customer education
  - Debt counselling processes?

# woolworths financial services

## looking forward

- Consolidate our successes
  - Recover lost margin - usury
  - Drive cross-sell across all products
- Grow our opportunities
  - Increased customer information to drive retail sales via direct marketing
  - Grow non-interest revenue - specific focus on increased penetration of balance protection products as well as short-term insurance
  - Trial of risk-based pricing for personal loans
- Expand our horizons
  - Premium credit card offer



# country road

Simon Susman



# country road strategy

## looking forward

- Consolidate our successes
  - Continued focus on accessibility of brand – quality, style and value
- Grow our opportunities
  - Spread existing catalogue into chain – intensification
  - Build the concession business
- Expand our horizons
  - Expand ranges to include sleepwear, swimwear and sweats
  - Continue successful store opening programme

# WOOLWORTHS



outlook  
and strategy

# outlook and strategy

## trading environment – tougher year ahead

### Tougher year ahead for South Africa

- Rising interest rates
- Food inflation growth
- Pace of credit growth to slow

### Group longer term

- Economies fundamentally sound
- Consumer market still growing

# outlook and strategy

## prospects

- Woolworths evolution
  - Better integration of strategies and customer understanding
  - Extract efficiencies
  - Continue to reinvest in real estate
  - Good business journey
- Country Road well on track



additional  
information

# woolworths holdings

## balance sheet

	June 2007 Rm	June 2006 Rm	% Chg
<b>Assets</b>			
Property, plant and equipment	1,867.1	1,597.7	16.9%
Investment property	105.9	109.0	-2.8%
Goodwill	23.0	23.0	0.0%
Export partnerships	70.4	71.6	-1.7%
Inventory	1,202.6	841.4	42.9%
Financial services assets	5,536.0	4,455.0	24.3%
Accounts receivable and deferred tax	1,213.2	1,260.4	-3.7%
Cash	424.3	410.2	3.4%
	<b>10,442.5</b>	<b>8,768.3</b>	<b>19.1%</b>
<b>Equity and liabilities</b>			
Shareholders' funds	3,289.4	2,634.2	24.9%
Accounts payable and tax	3,191.2	2,700.5	18.2%
Borrowings	3,961.9	3,433.6	15.4%
	<b>10,442.5</b>	<b>8,768.3</b>	<b>19.1%</b>
<b>Debt ratio (debt/ (debt + equity))</b>	<b>54.6%</b>	<b>56.6%</b>	



# woolworths retail

## income statement

	June 2007 Rm	June 2006 Rm	% Chg
<b>Revenue</b>	16,099.5	13,288.7	<b>21.2%</b>
Turnover	16,005.0	13,213.8	21.1%
Cost of sales	10,832.7	8,885.8	21.9%
<b>Gross profit</b>	<b>5,172.3</b>	<b>4,328.0</b>	<b>19.5%</b>
Other revenue	94.5	74.9	26.2%
Expenses	4,001.5	3,333.7	20.0%
<b>Operating profit</b>	<b>1,265.3</b>	<b>1,069.2</b>	<b>18.3%</b>
Finance costs	12.5	-	
<b>Profit before exceptional item</b>	<b>1,252.8</b>	<b>1,069.2</b>	
Exceptional item	54.6	-	
<b>Profit before tax</b>	<b>1,307.4</b>	<b>1,069.2</b>	<b>22.3%</b>
Tax	435.3	361.9	20.3%
<b>Profit after tax</b>	<b>872.1</b>	<b>707.3</b>	<b>23.3%</b>
Gross margin - on turnover	<b>32.3%</b>	32.8%	
Operating margin - on revenue	<b>7.9%</b>	8.0%	
ROE	<b>65.4%</b>	58.6%	

# woolworths retail

## balance sheet

	June 2007 Rm	June 2006 Rm	% Chg
<b>Assets</b>			
Property, plant and equipment, investments deferred tax, loans and goodwill	2,379.6	2,127.5	11.9%
Inventory	1,023.1	707.9	44.5%
Accounts receivable	485.7	618.9	-21.5%
Cash	98.4	332.2	-70.4%
	<u>3,986.8</u>	<u>3,786.5</u>	5.3%
<b>Equity and liabilities</b>			
Shareholders' funds	1,088.7	1,426.3	-23.7%
Accounts payable, provisions and tax	2,898.1	2,360.2	22.8%
	<u>3,986.8</u>	<u>3,786.5</u>	5.3%



# woolworths retail

## retail revenue analysis

	June 2007 Rm	June 2006 Rm	% Chg
<b>Clothing &amp; home</b>	<b>6,985.0</b>	<b>6,012.2</b>	<b>16.2%</b>
Corporate (retail)	6,136.2	5,255.3	16.8%
Franchise (wholesale) - local	667.0	567.6	17.5%
Franchise (wholesale) - international	181.8	189.3	-4.0%
<b>Food</b>	<b>8,718.1</b>	<b>6,941.5</b>	<b>25.6%</b>
Corporate (retail)	8,122.9	6,544.3	24.1%
Franchise (wholesale) - local	428.3	362.6	18.1%
Franchise (wholesale) - international	166.9	34.6	>100%
<b>Logistics &amp; other</b>	<b>301.9</b>	<b>260.1</b>	<b>16.1%</b>
Interest income	13.9	15.0	-7.3%
Other revenue	80.6	59.9	34.6%
	<b>16,099.5</b>	<b>13,288.7</b>	<b>21.2%</b>

# woolworths financial services

## income statement

	June 2007 Rm	% to Book	June 2006 Rm	% to Book	% Chg
<b>Income</b>					
Interest received	1,008.5	19.9%	754.5	19.0%	33.7%
Other income - external	172.2	3.4%	108.0	2.7%	59.4%
Other income - internal	93.8	1.9%	78.9	2.0%	18.9%
	<u>1,274.5</u>	25.2%	<u>941.4</u>	23.7%	35.4%
<b>Expenses</b>	(751.0)	-14.8%	(539.3)	-13.6%	39.3%
Net bad debts	(250.1)	-4.9%	(145.5)	-3.7%	71.9%
Movement in provisions	(101.4)	-2.0%	(71.0)	-1.8%	42.8%
Operating costs	(399.5)	-7.9%	(322.8)	-8.1%	23.8%
	<u>523.5</u>	10.3%	<u>402.1</u>	10.1%	30.2%
<b>Operating profit</b>					
Interest	(364.4)	-7.2%	(239.7)	-6.0%	52.0%
	<u>159.1</u>	3.1%	<u>162.4</u>	4.1%	-2.0%
<b>Profit before tax</b>					
Tax	(46.1)	-0.9%	(47.1)	-1.2%	-2.0%
<b>Profit after tax</b>	<u>113.0</u>	2.2%	<u>115.3</u>	2.9%	-2.0%
Average gross financial services assets	<u>5,063.8</u>		<u>3,968.8</u>		27.6%
ROE	11.9%		14.7%		

# woolworths financial services

## balance sheet

	June 2007 Rm	June 2006 Rm	% Chg
<b>Assets</b>			
Plant and equipment, deferred tax, loans and accounts receivable	162.0	189.1	-14.3%
Financial services assets	5,536.0	4,455.0	24.3%
Cash	208.3	-	
	<u>5,906.3</u>	<u>4,644.1</u>	27.2%
<b>Equity and liabilities</b>			
Shareholders' funds	1,847.6	975.1	89.5%
Accounts payable, provisions and tax	96.8	235.4	-58.9%
Borrowings	3,961.9	3,433.6	15.4%
	<u>5,906.3</u>	<u>4,644.1</u>	27.2%
<b>Gearing ratio</b>	<b>79.8%</b>	<b>81.3%</b>	
<b>ROE</b>	<b>14.7%</b>	<b>11.9%</b>	
<b>Provisions on combined books</b>	<b>5.4%</b>	<b>4.6%</b>	

# country road

## income statement

	June 2007 A\$m	June 2006 A\$m	% Chg
Revenue	240.4	207.7	15.7%
Turnover	237.6	205.1	15.8%
- Retail	218.6	164.0	33.3%
- Wholesale & franchise	19.0	41.1	-53.8%
Cost of sales	99.5	94.9	4.8%
Gross profit	138.1	110.2	25.3%
Other revenue	2.8	2.6	7.7%
Expenses	131.3	108.7	20.8%
Operating profit	9.6	4.1	>100%
Finance costs	0.3	0.8	-62.5%
Net profit before tax	9.3	3.3	>100%
Average exchange rate (R/A\$)	5.7	4.8	
Gross margin - on turnover	58.1%	53.7%	
Operating margin - on revenue	4.0%	2.0%	
ROE (A\$)	15.1%	6.3%	

# country road

## income statements (in rands)

	June 2007 Rm	June 2006 Rm	% Chg
<b>Revenue</b>	<b>1,361.8</b>	<b>993.6</b>	<b>37.1%</b>
Turnover	1,354.0	980.7	38.1%
Cost of sales	567.2	454.6	24.8%
<b>Gross profit</b>	<b>786.8</b>	<b>526.1</b>	<b>49.6%</b>
Other revenue	7.8	12.9	-39.5%
Expenses	737.9	520.0	41.9%
<b>Operating profit</b>	<b>56.7</b>	<b>19.0</b>	<b>&gt;100%</b>
Finance costs	1.8	4.1	-56.1%
<b>Profit before tax</b>	<b>54.9</b>	<b>14.9</b>	<b>&gt;100%</b>

# country road

## balance sheet

	June 2007 A\$m	June 2006 A\$m	% Chg
<b>Assets</b>			
Property, plant and equipment	30.1	27.8	8.3%
Trademarks*	11.2	11.2	0.0%
Inventory	29.4	24.5	20.0%
Accounts receivable	13.7	14.4	-4.9%
Cash	19.3	6.8	>100%
	<u>103.7</u>	<u>84.7</u>	
<b>Equity and liabilities</b>			
Shareholders funds	69.0	54.0	27.8%
Accounts payable and provisions	34.7	30.7	13.0%
	<u>103.7</u>	<u>84.7</u>	
<b>Period-end exchange rate (R/A\$)</b>	6.1	5.4	

\* Eliminates on consolidation

# selling

## trading space as at Jun 06

	Jun-06 m2	Jun-07 m2	% Chg	Projected Jun-08 m2	% Chg
<b>Total footage</b>	<b>422,367</b>	<b>445,872</b>	<b>5.6%</b>	<b>496,146</b>	<b>11.3%</b>
Clothing and Home	325,302	337,027	3.6%	363,066	7.7%
Corporate	239,008	249,365	4.3%	270,451	8.5%
Franchise SA	53,125	57,276	7.8%	60,736	6.0%
Franchise International	33,169	30,386	-8.4%	31,879	4.9%
Foods	97,065	108,845	12.1%	133,080	22.3%
Corporate	87,192	98,282	12.7%	121,230	23.3%
Franchise SA	6,805	7,827	15.0%	8,784	12.2%
Franchise International	3,068	2,736	-10.8%	3,066	12.1%

# selling

## number of stores

	Jun-06	Jun-07	% Chg	Projected Jun-08	Store growth
<b>Stores</b>	<b>310</b>	<b>349</b>	<b>12,6%</b>	<b>403</b>	<b>54</b>
Corporate	174	200	14,9%	243	43
Full line	94	98	4,3%	109	11
Clothing & Home	6	5	-16,7%	5	0
Food	74	97	31,1%	129	32
Franchise - SA	71	78	9,9%	81	3
Franchise - Engen	13	24	84,6%	29	5
Franchise - International	52	47	-9,6%	50	3