# **GROUP RESULTS**

The group had a good year with turnover up 11.8% compared to the prior year and profit before tax and headline earnings per share up 24.5% and 24.4% respectively.

The group's return on equity increased from 44.1% to 47.1%.

A final dividend of 123 cents per share has been declared taking the total distribution to 198 cents: an increase of 38% on the prior year, ensuring that the full STC saving is distributed to shareholders.

# WOOLWORTHS

Woolworths sales grew by 11.6% and by 7.0% in comparable stores.

Clothing and General Merchandise sales grew by 11.6% and by 5.8% in comparable stores. South African clothing and footwear sales grew at 12.6% and by 5.9% in comparable stores and General Merchandise sales increased by 7.0% and by 4.7% in comparable stores.

Clothing and footwear trading performance improved during the year and the second half saw us grow by 1.2% above the market.

Clothing and General Merchandise's gross margin increased 0.8% to 44.5% due to franchise conversions, which together with good cost control saw segmental profit before tax up 25% and return on sales (after excluding unrealised net foreign exchange gains) increased by 1.1% to 16.7%.

Food experienced strong arowth for the year with sales up 11.9% (7.8% comparable) growing 1.3% ahead of the market. Increased margin together with good cost control resulted in segmental profit before tax growth of 35.5% and return on sales increasing 1.0% to 5.8%.

During the year the group acquired a further 34 South African franchise stores at a cost of R405 million. In total, 59 local stores have now been acquired at a cost of R580 million and the remaining 16 will be acquired over the next seven years as the franchise agreements expire. In the rest of Africa we pursued our aim of converting from a franchise model and entered into a range of wholly-owned or joint venture arrangements across eight countries.

Total corporate retail space grew by 3.6%, excluding franchise conversions.

# COUNTRY ROAD

Australian sales contracted 2.6% on the previous year in Australian dollar terms with comparable down 6.6%, reflecting the very challenging trading conditions in that country. Good inventory and cost control ensured that operating margin and profit were maintained broadly in line with the previous year.

On 1st August Country Road announced that it had entered into an agreement to acquire the Australian Witchery Group from Gresham Private Equity for A\$172 million. The acquisition will create one of Australia's largest speciality fashion retailers with complementary brands and a strong position in the mid to upper tier specialist retail sector, which will provide greater scale, a diversified revenue stream and industry leading margins. Australia's apparel market is currently at a cyclical low, providing the opportunity for Country Road to consolidate its position ahead of the expected economic recovery.

The transaction will be funded through a combination of acauisition debt of A\$34 million raised from Australian banks and a A\$92 million rights

issue undertaken by Country Road. As majority shareholder in Country Road we have undertaken to exercise our rights.

# WOOLWORTHS FINANCIAL SERVICES

The joint venture with ABSA performed well with the debtors' book increasing 8.3% from the prior year. The quality of the book remains strong with impairments increasing 0.5% to 1.9% of gross receivables, well below the target range of 3.0% - 3.5%. The increase in the impairment charge resulted in operating profits remaining broadly in line with the prior year with a return on equity of 23.1%, ahead of our 22% target.

# SHARE PURCHASES

Shares to the value of R286 million were repurchased during the year and shares to the value of R358 million were purchased to settle various employee share schemes that became payable during the year.

# OUTLOOK

Trading for the first 8 weeks has been encouraging. We expect the upper end of the market to remain resilient whilst the economy as a whole remains subdued. The Australian economy has shown signs of recovery and we have seen an improvement in trading in recent months.

# Changes to the Board of Directors

After serving nine years as chairman, Buddy Hawton retired from the board at the company's annual general meeting on 17 November 2011. On the same date, Simon Susman was appointed as chairman, Tom Boardman was appointed as the lead independent director and Zarina Bassa was appointed a non-executive director.

The board wishes to thank Buddy for his wisdom and guidance during his years as chairman and wish him a happy and fruitful retirement with his family.

Sindi Zilwa will retire as a non-executive director on 15 November 2012 after having completed eleven years of service on the Woolworths board. Sindi has been a passionate, competent and committed director and the board expresses its gratitude to her and wishes her well in her future endeavours.

Andrew Higginson was appointed as a non-executive director on 1 June 2012.

# Change of Group Secretary

Cherrie Lowe resigned as group secretary on 31 January 2012. Thobeka Sishuba-Mashego was appointed as group secretary effective 1 February 2012.

S N Susman I Moir

Chairman Group chief executive officer

Cape Town, 22 August 2012

# **Cash Dividend Declaration**

Notice is hereby given that the directors have declared a final gross cash dividend of 123.0 cents (104.55 cents net of dividend withholding tax) per ordinary share for the fifty two weeks ended 24 June 2012.

The dividend has been declared from income reserves. The company has no secondary tax on companies credits available. The dividend withholding tax rate is 15%.

The issued share capital at the declaration date is 835 378 333 ordinary shares and 89 400 000 preference shares.

The salient dates for the dividend will be as follows:

Last day to trade to receive a dividend Friday, 7 September 2012

Shares commence trading "ex" dividend Monday, 10 September 2012 Record date Friday, 14 September 2012

Monday, 17 September 2012

Share certificates may not be dematerialised or rematerialised between Monday 10 September 2012 and Friday 14 September 2012 both days inclusive.

In accordance with the company's Memorandum of Incorporation, dividends amounting to less than R5.00 due to any one holder of the company's ordinary shares held in certificated form will not be paid, unless otherwise requested in writing, but will be aggregated with other such amounts and be donated to a charity nominated by the directors.

A final gross cash dividend of 85.0 cents (72.25 cents net of dividend withholding tax) per preference share for the fifty two weeks ended 24 June 2012 will be paid to the beneficiaries of Woolworths Employee Share Ownership Scheme on Monday, 17 September 2012.

T Sishuba-Mashego Group secretary

Payment date

Cape Town, 22 August 2012

# DIRECTORATE AND STATUTORY INFORMATION

# Non-executive Directors:

Simon Susman (Chairman), Peter Bacon (British), Zarina Bassa, Lindiwe Bakoro, Tom Boardman, Andrew Higginson (British), Mike Leemina, Chris Nissen, Sir Stuart Rose (British), Thina Siwendu, Sindi Zilwa

# Executive Directors:

lan Moir (Group chief executive officer) (Australian), Zyda Rylands, Norman Thomson

Group Secretary: Thobeka Sishuba-Mashego

Share Code: WHL ISIN: ZAE000063863

# **Registered Address:**

PO Box 680, Cape Town 8000 Woolworths House, 93 Longmarket Street Cape Town 8001

# **Registration Number:** 1929/001986/06

**Tax number:** 9300/149/71/4

JSE Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

# Transfer Secretaries:

# TURNOVER

PER SHARE



**FINANCIAL HIGHLIGHTS** 

+11.8%

# HEADLINE EARNINGS +24.4%

DIVIDEND PER SHARE +38.0%

www.woolworthsholdings.co.za



# **ABRIDGED AUDITED GROUP RESULTS** FOR THE YEAR ENDED 24 JUNE 2012

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
	52	52				
	weeks to	weeks to				
	24 Jun	26 Jun	0/			
Notes	2012 Rm	2011 Rm	% change			
Revenue	28 813	25 841	11.5			
Turnover	28 604	25 582	11.8			
Cost of sales	18 419	16 683	10.4			
Gross profit	10 185	8 899	14.5			
Other revenue	127	127	-			
Expenses	7 625	6 904	10.4			
Store costs	5 165	4 448	16.1			
Other operating costs	2 460	2 456	0.2			
Operating profit	2 687	2 122	26.6			
Investment income	82	132	(37.9)			
Finance costs	38	84	(54.8)			
Profit before earnings from joint ventures	0.701	0.170				
and associate	2 731	2 170	25.9			
Earnings from joint ventures	133	129	3.1			
Earnings from associate	6	7	(14.3)			
Profit before tax	2 870	2 306	24.5			
Тах	811	659	23.1			
Profit after tax	2 0 5 9	1647	25.0			
Other comprehensive income:						
Net fair value adjustments on financial instruments, after tax	21	(17)	>(100)			
Exchange differences on translation		07	> 100			
of foreign subsidiaries	117	37	>100			
Other comprehensive income for the year	138	20	>100			
Total comprehensive income for the year	2 197	1667	31.8			
Profit attributable to:	2 0 5 9	1647	25.0			
Shareholders of the parent	2 048	1631	25.6			
Non-controlling interest	11	16	(31.3)			
Total comprehensive income attributable to:	2 197	1667	31.8			
Shareholders of the parent	2 167 30	1651	31.3			
Non-controlling interest	30	16	87.5			
Reconciliation of headline earnings						
Earnings attributable to shareholders of the parent	2 048	1 631	25.6			
BEE preference dividend	38	19	100.0			
Basic earnings	2 010	1 612	24.7			
(Profit)/loss on disposal of investment property,						
property, plant and equipment	(15)	4	<(100)			
Impairment of property, plant and equipment	1	24	(95.8)			
Tax impact of adjustments	-	(8)	(100.0)			
Headline earnings	1996	1632	22.3			
Headline earnings per share (cents)	267.3	214.9	24.4			
Earnings per share (cents) 2	269.2	212.2	26.9			
Diluted headline earnings per share (cents)	260.6	209.8	24.2			
Diluted earnings per share (cents) 2		207.2	26.6			
Number of shares in issue (millions)	745.7	755.2	(1.3			
			,			
Weighted average number of shares in issue						

		At	At
		24 Jun	26 Jun
		2012	2011
	Notes	Rm	Rm
ASSETS			4.115
Non-current assets	0	5 011	4 115
Property, plant and equipment	3	2 225	2 046
Investment properties	0	106	121
Intangible assets	3	1 219	693
Investment in associate		51	46
Investment in joint ventures		616	578
Prepaid employment costs		13	23
Participation in export partnerships		49	59
Other loans		89	84
Deferred tax		643	465
Current assets		5 034	4 950
Inventories		2 216	1892
Trade and other receivables		631	733
Derivative financial instruments		41	10
Тах		1	22
Cash		2 145	2 293
Total assets		10 0 4 5	9 065
EQUITY AND LIABILITIES			
Capital and reserves		4 572	4 093
Interest of shareholders of the parent		4 465	4 008
Non-controlling interest		107	85
Non-current liabilities		1 177	1 460
Interest-bearing borrowings		25	514
Operating lease accrual		457	455
Post-retirement medical benefit liability		335	315
Deferred tax		360	176
Current liabilities		4 296	3 512
Trade and other payables		3 172	3 148
Provisions		230	269
Derivative financial instruments		16	78
Tax		368	1
Interest-bearing borrowings		510	16
Total equity and liabilities		10 0 4 5	9 065
Net asset book value – per share (cents)		599	531
GROUP ANALYSIS			
Total assets		10 0 4 5	9 065
Woolworths Retail		6 948	5 719
Country Road		1 156	986
Treasury		1 326	1783
Woolworths Financial Services		615	577
Inventories		2 216	1892
Woolworths Retail		1 835	1547
Country Road		381	345
Approved commitment for capital expenditure		1 216	934
Woolworths Retail		1043	809
Country Road		173	125
Approved commitment for franchise acquisitions		-	384

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SE	G٨	٨E	N	ГA	L

		Share-	Non-	Total 52	Total 52	
		holders	con-	weeks	weeks	
		of the	trolling	to 24	to 26 Jun	
	NISter	parent		Jun 2012	2011	
	Notes	Rm	Rm	Rm	Rm	
Interest at the beginning of the year Movements for the year:		4 008	85	4 093	3 453	Revenue
•	5				00	Turnover
Issue of shares	5	_	-	_	33	Woolworths Retai
Shares repurchased	5	(655)	-	(655)	(339)	Clothing and Gen
Share repurchase costs		(1)	-	(1)	(1)	Food
Dividends to shareholders		(1 299)	(14)	(1 313)	(923)	Logistics
Share-based payments		245	-	245	186	-
Business acquisitions		-	6	6	17	Country Road
Total comprehensive income						Other revenue ar
for the year		2 167	30	2 197	1667	Woolworths Retai
Interest at the end of the year		4 465	107	4 572	4 093	Clothing and Gen
Distribution per ordinary share (cents)				198.0	143.5	Food
Distribution cover (based on headline earn	ings pe	r share)		1.4	1.5	Country Road
Distribution per preference share (cents)				121.0	61.4	
						Treasury
						Total Group
CONSOLIDATED STATEMENT OF CA	SH FL	ows				Gross profit
				52	52	Woolworths Retai
				weeks to	weeks to	
				24 Jun	26 Jun	Clothing and Gen
				2012	2011	Food
Cash flow from operating activities			Notes	Rm	Rm	Intra-group
Cash inflow from trading				3 259	2 848	Country Road
Working capital movements				(131)	377	Total Group
Cash generated by operating activities	5			3 128	3 225	Profit before tax
Interest income				73	123	
Finance costs				(38)	(95)	Woolworths Retai
Tax paid				(356)	(985)	Clothing and Gen
Cash generated by operations Dividends received from associate				2 807	2 268	Food
				1	1 125	Country Road
Dividends received from joint venture				95 (1275)		Woolworths Finan
Dividends received from joint venture Dividends to ordinary shareholders				(1 275)	(904)	
Dividends received from joint venture Dividends to ordinary shareholders Dividends to preference shareholders						Treasury
Dividends received from joint venture Dividends to ordinary shareholders Dividends to preference shareholders Net cash inflow from operating activities				(1 275) (38)	(904) (19)	
Dividends received from joint venture Dividends to ordinary shareholders Dividends to preference shareholders Net cash inflow from operating activities Cash flow from investing activities	ts			(1 275) (38)	(904) (19)	Treasury
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# Basis of preparation

The abridged group financial statements comply with IAS 34 Interim Financial Reporting. These abridged group financial statements do not contain all the information and disclosures required in the annual financial statements.

Accounting policies used in the abridged group financial statements are the same as those used to prepare the group annual financial statements, and consistent with the prior year, which have been prepared in compliance with International Financial Reporting Standards (IFRS) and the South African Companies Act (No. 71 of 2008, as amended). These summary financial statements have been prepared under the supervision of the group finance director, Norman Thomson CA(SA).

# Earnings per share

The difference between earnings per share and diluted earnings per share is due to the impact of unexercised options under the group's share incentive schemes.

# Property, plant and equipment and intangible assets

During the financial year, the group acquired property, plant and equipment at a cost of R652 million (2011: R527 million) and acquired intangible assets (including goodwill and reacquired rights) at a cost of R657 million (2011: R377 million).

# 4 Acquisition of franchise operations

The group continues to wind down its South African franchise operations. acquiring 34 (2011: 22) stores in the current year, as well as 10 (2011: 1) stores in Africa for a cash consideration of R451 million (2011: R250 million).

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Rm         Rm           Fair value of assets acquired at the date of acquisition         18           Property, plant and equipment         18           Reacquired rights         276           Deferred tax liability         (78)           Goodwill arising on acquisition         235           Accrual – prior year         43           Cash outflow         494		2012	2011
Property, plant and equipment         18         8           Reacquired rights         276         138           Deferred tax liability         (78)         (39)           Goodwill arising on acquisition         235         143           Consideration         451         250           Accrual – prior year         43         (43)		Rm	Rm
Reacquired rights         276         138           Deferred tax liability         (78)         (39)           Goodwill arising on acquisition         235         143           Consideration         451         250           Accrual – prior year         43         (43)	Fair value of assets acquired at the date of acquisition		
Deferred tax liability         (78)         (39)           Goodwill arising on acquisition         235         143           Consideration         451         250           Accrual – prior year         43         (43)	Property, plant and equipment	18	8
Goodwill arising on acquisition235143Consideration451250Accrual – prior year43(43)	Reacquired rights	276	138
Consideration451250Accrual – prior year43(43)	Deferred tax liability	(78)	(39)
Accrual – prior year 43 (43)	Goodwill arising on acquisition	235	143
	Consideration	451	250
Cash outflow         494         207	Accrual – prior year	43	(43)
	Cash outflow	494	207

The goodwill of R235 million represents growth and synergies expected to accrue from the acauisitions.

From the dates of acquisition, these acquisitions have contributed an additional revenue of R314 million and profit before tax of R66 million to the group.

The directors consider that, on a pro-forma basis, had the acquisitions been effective from the beginning of the year, group revenue for the year would have been R79 million higher, and profit before tax R28 million higher.

# 5 Issue and repurchase of shares

223 938 (2011: 1 122 568) shares totalling R11 million (2011: R28 million) were repurchased from the market by Woolworths (Proprietary) Limited and held as treasury shares by the group. 9 298 259 (2011: 7 056 052) shares totalling R286 million (2011: R193 million) were repurchased from the market and cancelled.

10 418 262 (2011: 3 998 422) shares totalling R358 million (2011: R118 million) were purchased from the market in the current year and allocated to employees in terms of the group's executive incentive schemes.

In the prior year, 3 945 838 ordinary shares totalling R33 million were issued in terms of the group's executive incentive schemes.

# 6 Contingent liabilities

Group companies are party to legal disputes and investigations that have arisen in the ordinary course of business. Whilst the outcome of these matters cannot readily be foreseen, the directors do not expect them to have any material financial effect. Refer also to note 9.

# 7 Borrowing facilities

Unutilised banking facilities amount to R2 710 million (2011: R2 049 million). There is no limit in the Memorandum of Incorporation on the group's authority to raise interest-bearing debt.

# 8 Related party transactions

The group entered into related party transactions during the year, the substance of which are similar to those explained in the group's annual financial statements.

# 9 Events subsequent to the reporting date

On 1 August 2012, the group's 88% held Australian subsidiary Country Road Limited announced its intention to acquire 100% of the voting shares of unlisted Australian company Witchery Australia (Pty) Limited ("Witchery Group") at an enterprise value of R1 445 million (A\$172 million). The acquisition is on a cashfree, debt-free basis with a normalised level of working capital.

Based on the unaudited net asset values of the Witchery Group as at 31 December 2011, goodwill of approximately R765 million (A\$91 million) is expected to result on acquisition, representing the value of the business in excess of the fair value of its net assets, subject to finalisation at completion.

# 10 Approval of annual financial statements

The annual financial statements were approved by the Board of directors on 22 August 2012.

# 11 Audit opinion

These abridged consolidated group financial statements have been extracted from the audited annual financial statements upon which Ernst & Young Inc. and NEXIA SAB&T have issued an unqualified report. The group annual financial statements is available for inspection at the company's registered office.