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WOOLWORTHS HOLDINGS LIMITED

ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 26 JUNE 2011 AND CASH DIVIDEND DECLARATION

TURNOVER	PROFIT BEFORE TAX	HEADLINE EARNINGS PER SHARE	ADJUSTED HEADLINE EARNINGS PER SHARE	RETURN ON EQUITY INCREASED FROM 39.4% TO	DIVIDEND PER SHARE	CONTINUED MARKET SHARE GAINS
+ 9.4%	+ 31.1%	+30.6%	+36.7%	44.1%	+36.7%	

GROUP RESULTS

The group had an excellent year with turnover up 9.4% compared to the prior year and profit before tax and adjusted headline earnings per share up 31.1% and 36.7% respectively.

The group's return on equity increased from 39.4% to 44.1%. Shares to the value of R339m were repurchased during the year and since the year end shares to the value of a further R275m have been repurchased.

A final dividend of 93.0 cents per share has been declared taking the total distribution to 143.5 cents, an increase of 36.7% on the prior year.

WOOLWORTHS

During the course of the year sales grew by 10.0% (comparable 7.9%).

Clothing and General merchandise sales grew by 8.6% (comparable 7.3%). Clothing and Footwear sales in South Africa performed particularly well increasing by 11.5% (comparable 9.4%).

On a 12 month moving average basis, Clothing and Footwear sales grew at 10.6% compared to a market growth of 9.5%.

General merchandise sales decreased by 2.7% following our decision to rationalise the unprofitable cellular handset business. Excluding this, sales grew by 5.2%.

Strong margin improvement in the Clothing and General merchandise business (40.0% to 43.7%) resulted in a return on sales of 15.3% against 12.3% last year.

Food also experienced strong growth for the year with sales up 10.7% (8.4% comparable). On average for the 12 month period Woolworths outperformed the market by 4.1%.

The return on sales in the Food business increased from 3.8% to 4.8% primarily due to improved sourcing.

Corporate retail space grew by 7.6%, which included franchise conversions which largely occurred towards the end of the year.

Franchise

During the year the group made an offer to its franchisees to purchase their rights and stores and convert them to company owned and operated stores.

At the year end 23 stores had been acquired at a cost of R250m. Since the year end a further 31 stores have been acquired at a cost of R384m.

COUNTRY ROAD

Sales were a disappointing 1.2% up on the previous year (comparable down 8.6%). Sales in Australia were 2% down (comparable down 10.9%) reflecting the very challenging trading conditions in that country offset by an increase of 24% in South Africa (comparable 7.9%) where the Country Road and Trenery brands continue to perform well.

Costs were well managed and better sourcing and a strong Australian dollar resulted in operating margin improving from 5.2% to 5.6%.

Profit for the year under review was 9.5% up on the previous year.

WOOLWORTHS FINANCIAL SERVICES

The joint venture with ABSA performed well with operating profit up 82.3% compared to the prior year. The quality of the debtors book has improved significantly with the impairment charge expressed as a percentage of gross receivables reducing from 5.1% to 1.4%.

The overall debtors book increased by 4.8% over the prior year and the return on equity increased from 13.9% to 23.5% as a result of the lower impairment charge.

OUTLOOK

The economic challenges facing the United States and the Eurozone are likely to have a negative impact on the rate of growth of the South African economy and in particular consumer confidence. It is expected therefore that trading conditions will be tougher in the second half of the year. The group will however continue to benefit from improved sourcing, tight cost control as well as the full year integration of the franchise stores.

CHANGES TO THE BOARD OF DIRECTORS

Buddy Hawton, having served nine years as Chairman, has indicated his intention to retire from the board after the annual general meeting in November 2011.

The board has elected to appoint Simon Susman, currently Deputy chairman, as Chairman following Mr Hawton's retirement. The role of Deputy chairman will then cease to exist.

As Mr Susman held the role of Chief executive officer within the prior three year period and holds a significant number of shares, he will, in line with the recommendations of King III, be classified as a non-independent Chairman.

The board has consequently appointed a Lead independent director to act in cases where the Chairman is conflicted. Tom Boardman has been appointed to this role.

These appointments will be effective from after the annual general meeting on 17 November 2011.

The board wishes to express its deep thanks to Mr Hawton for the significant contribution that he has made to the company.

DA Hawton — Chairman

I Moir — Group chief executive officer

Cape Town, 24 August 2011

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a final cash dividend of 93.0 cents per ordinary share for the year ended 26 June 2011.

The salient dates for the dividend will be as follows:

Last day to trade to receive a dividend	Friday, 9 September 2011
Shares commence trading "ex" dividend	Monday, 12 September 2011
Record date	Friday, 16 September 2011
Payment date	Monday, 19 September 2011

Share certificates may not be dematerialised or rematerialised between Monday, 12 September 2011 and Friday, 16 September 2011 both days inclusive.

In accordance with the company's articles of association, 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 cash dividend of 44.6 cents per preference share for the year ended 26 June 2011 will be paid to the beneficiaries of the Woolworths Employee Share Ownership Scheme on Monday, 19 September 2011.

CL Lowe

Group secretary — Cape Town, 24 August 2011

DIRECTORATE AND STATUTORY INFORMATION

Non-executive directors:

Buddy Hawton (Chairman), Simon Susman (Deputy chairman), Peter Bacon (British), Tom Boardman, Lindiwe Bakoro, Mike Leeming, Chris Nissen, Sir Stuart Rose (British), Thina Siwendu, Sindi Zilwa

Executive directors: Ian Moir (Group chief executive officer) (Australian), Zyda Rylands, Norman Thomson

Group secretary: Cherrie Lowe

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

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

Transfer secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001

NOTES

1 **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, which have been prepared in compliance with International Financial Reporting Standards (IFRS) and the South African Companies Act (71 of 2008, as amended).

2 **Significant accounting policies**

The accounting policies applied are consistent with those followed in the preparation of the consolidated annual financial statements for the year ended 27 June 2010, except for the adoption of the following IFRS, IFRIC interpretations, amendments and circulars that became effective during the current year. These changes had no significant impact on the reported results other than giving rise to additional disclosures and a revision to the relevant accounting policies:

- IFRS 2 (Revised) – Share-based Payment: Group Cash-settled share-based payment arrangements
- IFRS 3 (Revised) – Business Combinations

3 **Reclassification of comparative figures**

3.1 Marketing expenses of R37m previously disclosed in cost of sales have been included in other operating costs.

3.2 The results, cash flows and net assets of Country Road South Africa, previously recorded in the C&GM segment, have been included in the Country Road segment in line with a change in operational structure.

These reclassifications have had no impact on the group operating profit.

4 **Segmental analysis**

To increase transparency and comparability of revenue, the group has included additional voluntary disclosure of revenue from logistics services.

5 **Earnings per share**

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

6 **Property, plant and equipment and intangible assets**

During the financial year, the group acquired property, plant and equipment with a cost of R527m (2010: R500m) and acquired intangible assets (including goodwill and reacquired rights) with a cost of R377m (2010: R107m).

7 **Acquisition of franchise operations**

On 2 September 2010 the group announced its decision to wind down its South African franchise operations and made offers to purchase all local franchise stores. These offers expired on 26 June 2011. In line with this decision, the group acquired 23 franchise stores for a cash consideration of R250m.

Period	Stores	Cost
27 September 2010 to 26 December 2010	7	50
27 December 2010 to 27 March 2011	6	68
28 March 2011 to 26 June 2011	10	132
	23	250

Fair value of assets acquired at the date of acquisition	Rm
Property, plant and equipment	8
Reacquired rights	138
Deferred tax liability	(39)
	107

Goodwill arising on acquistion	Rm
Consideration	250
Less: Fair value of identifiable net assets	107
	143

From the dates of the acquisitions, the franchise stores have contributed R171m of revenue and R26m to the profit before tax of the group.

Had the acquisition of the acquired franchisees been effected at the beginning of the year, the revenue of the group for the 52 weeks ended 26 June 2011 would have been R345m higher and the profit before tax for the year would have increased by R80m. The directors of the group consider these pro-forma numbers to represent an approximate measure of the performance of the combined group and to provide a reference point for comparison in future periods.

8 **Issue and repurchase of shares**

During the current financial year, 3 945 838 (2010: 6 172 402) ordinary shares amounting to R33m (2010: R47m) were issued in terms of the group's executive share incentive scheme.

1 122 568 (2010: 4 061 222) shares amounting to R28m (2010: R87m) were repurchased from the market by Woolworths (Proprietary) Limited and held as treasury shares by the group. 7 056 052 (2010: nil) shares amounting to R193m (2010: nil) were repurchased from the market and cancelled.

3 998 422 (2010: nil) shares amounting to R118m (2010: nil) were purchased from the market in the current year and allocated to employees on settlement of share-based payments.

In the prior year, 17 378 892 shares amounting to R323m were repurchased from the market by E-Com (Proprietary) Limited and are held as treasury shares by the group.

9 **Contingent liabilities**

There are no contingent liabilities.

10 **Borrowing facilities**

Unutilised banking facilities amount to R2 049m (2010: R2 443m). There is no limit in the articles of association on the group's authority to raise interest-bearing debt.

11 **Related party transactions**

The group entered into related party transactions during the year. Information regarding the related parties is included in the annual financial statements.

12 **Events subsequent to the year end**

An additional 16 stores amounting to R155m have been purchased between the year end and the date of approval of the financial statements. The initial accounting for these acquisitions are incomplete as at the date of this report. Had the acquisition of the acquired franchisees been effected at the beginning of the year, the revenue of the group for the 52 weeks ended 26 June 2011 would have been R123m higher, and the profit before tax for the year would have increased by R49m. The directors of the group consider these pro-forma numbers to represent an approximate measure of the performance of the combined group and to provide a reference point for comparison in future periods. Agreements to purchase a further 15 stores amounting to R229m are effective from dates subsequent to this report.

13 **Approval of annual financial statements**

The annual financial statements were approved by the board of directors on 24 August 2011.

14 **Audit opinion**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks to 26 June 2011 Rm	Restated 52 weeks to 27 June 2010 Rm	% change
Revenue		25 841	23 663	9.2
Turnover		25 582	23 393	9.4
Cost of sales	3.1	16 683	15 619	6.8
Gross profit		8 899	7 774	14.5
Other revenue		127	95	33.7
Expenses		6 904	6 215	11.1
Store costs		4 448	3 988	11.5
Other operating costs	3.1	2 456	2 227	10.3
Operating profit		2 122	1 654	28.3
Investment income		132	175	(24.6)
Finance costs		84	151	(44.4)
Profit before earnings from joint ventures and associate		2 170	1 678	29.3
Earnings from joint ventures		129	75	72.0
Earnings from associate		7	6	16.7
Profit before tax		2 306	1 759	31.1
Tax		659	491	34.2
Profit after tax		1 647	1 268	29.9
Other comprehensive income:				
Net fair value adjustments on financial instruments, after tax		(17)	40	<100
Exchange differences on translation of foreign subsidiaries		37	13	>100
Other comprehensive income for the year, net of tax		20	53	(62.3)
Total comprehensive income for the year		1 667	1 321	26.2
Profit attributable to:		1 647	1 268	29.9
Shareholders of the parent		1 631	1 258	29.7
Non-controlling interest		16	10	60.0
Total comprehensive income attributable to:		1 667	1 321	26.2
Shareholders of the parent		1 651	1 304	26.6
Non-controlling interest		16	17	(5.9)
Reconciliation of headline earnings				
Earnings attributable to shareholders of the parent		1 631	1 258	29.7
BEE preference dividend paid		19	11	72.7
Basic earnings		1 612	1 247	29.3
Loss on disposal of property, plant and equipment		4	24	(83.3)
Impairment of property, plant and equipment		24	–	
Tax impact of adjustments		(8)	(7)	14.3
Headline earnings		1 632	1 264	29.1
Abnormal foreign exchange related gain		–	(57)	(100.0)
Adjusted headline earnings		1 632	1 207	35.2
Headline earnings per share (cents)		214.9	164.6	30.6
Earnings per share (cents)	5	212.2	162.4	30.7
Adjusted headline earnings per share (cents)		214.9	157.2	36.7
Diluted headline earnings per share (cents)		209.8	159.3	31.7
Diluted earnings per share (cents)	5	207.2	157.2	31.8
Adjusted diluted headline earnings per share (cents)		209.8	152.2	37.8
Number of shares in issue (millions)		755.2	759.5	(0.6)
Weighted average number of shares in issue (millions)		759.5	768.0	(1.1)

SEGMENTAL ANALYSIS

	Notes	52 weeks to 26 June 2011 Rm	Restated 52 weeks to 27 June 2010 Rm	% change
Revenue				
Turnover		25 582	23 393	9.4
Woolworths Retail		22 609	20 557	10.0
Clothing and General merchandise	3.2	8 591	7 913	8.6
Food		13 535	12 227	10.7
Logistics		483	417	15.8
Country Road	3.2	2 973	2 836	4.8
Other revenue and investment income		259	270	(4.1)
Woolworths Retail		103	86	19.8
Clothing and General merchandise	3.2	25	21	19.0
Food		78	65	20.0
Country Road	3.2	27	25	8.0
Treasury		129	175	(26.3)
Intra-group revenue		–	(16)	(100.0)
Total group		25 841	23 663	9.2
Gross profit				
Woolworths Retail		7 134	6 192	15.2
Clothing and General merchandise	3.2	3 751	3 164	18.6
Abnormal foreign exchange related gain		–	79	(100.0)
Food		3 298	2 872	14.8
Intra-group		85	77	10.4
Country Road	3.2	1 765	1 582	11.6
Total group		8 899	7 774	14.5
Profit before tax				
Woolworths Retail		1 965	1 514	29.8
Clothing and General merchandise	3.2	1 318	971	35.7
Abnormal foreign exchange related gain		–	79	(100.0)
Food		647	464	39.4
Country Road	3.2	162	142	14.1
Woolworths Financial Services		129	75	72.0
Treasury		50	28	78.6
Total group		2 306	1 759	31.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 26 June 2011 Rm	At 27 June 2010 Rm
ASSETS			
Non-current assets		4 115	3 633
Property, plant and equipment	6	2 046	1 991
Investment properties		121	121
Intangible assets	6	693	392
Investment in associate		46	40
Investment in joint ventures		578	574
Prepaid employment costs		23	29
Participation in export partnerships		59	63
Other loans		84	95
Derivative financial instruments		–	1
Deferred tax		465	327
Current assets		4 950	5 377
Inventories		1 892	1 676
Trade and other receivables		733	759
Derivative financial instruments		10	19
Tax		22	6
Cash		2 293	2 917
Total assets		9 065	9 010
EQUITY AND LIABILITIES			
Capital and reserves		4 093	3 453
Interest of shareholders of the parent		4 008	3 396
Non-controlling interest		85	57
Non-current liabilities		1 460	1 362
Interest-bearing borrowings		514	521
Operating lease accrual		455	447
Derivative financial instruments		–	15
Post-retirement medical benefit liability		315	292
Deferred tax		176	87
Current liabilities		3 512	4 195
Trade and other payables		3 148	2 608
Provisions		269	248
Derivative financial instruments		78	20
Tax		1	285
Interest-bearing borrowings		16	1 034
Total equity and liabilities		9 065	9 010
Net asset book value – per share (cents)		531	447
GROUP ANALYSIS			Restated
Total assets		9 065	9 010
Woolworths Retail		5 719	5 145
Country Road		986	850
Treasury		1 783	2 442
Woolworths Financial Services		577	573
Inventories		1 892	1 676
Woolworths Retail		1 547	1 354
Country Road		345	322
Approved commitment for capital expenditure		934	786
Woolworths Retail		809	652
Country Road		125	134
Approved commitment for franchise acquisitions	12	384	–

CONSOLIDATED STATEMENT OF CASH FLOWS

	52 weeks to 26 June 2011 Rm	52 weeks to 27 June 2010 Rm
Cash flow from operating activities		
Cash inflow from trading	2 848	2 210
Working capital movements	377	215
Cash generated by operating activities	3 225	2 425
Investment income	123	167
Finance costs	(95)	(152)
Tax paid	(985)	(367)
Cash generated by operations	2 268	2 073
Dividends received from associate	1	1
Dividends received from joint venture	125	35
Distributions to shareholders	(923)	(725)
Net cash inflow from operating activities	1 471	1 384
Cash flow from investing activities		
Net investment in PPE and intangible assets	(585)	(543)
Acquisition of franchise operations	(207)	–
Other	21	39
Net cash outflow from investing activities	(771)	(504)
Cash flow from financing activities		
Shares issued	33	47
Shares repurchased	(339)	(410)
Share repurchase costs	(1)	(1)
Finance lease payments	(18)	(20)
Short-term borrowings (repaid)/raised	(1 020)	20
Acquisitions – non-controlling interest contribution	17	–
Net cash outflow from financing activities	(1 328)	(364)
(Decrease)/Increase in cash and cash equivalents	(628)	516
Cash and cash equivalents at the beginning of the year	2 917	2 391
Effect of foreign exchange rate changes	4	10
Cash and cash equivalents at the end of the year	2 293	2 917
GROUP ANALYSIS		Restated
Cash inflow from trading	2 848	2 210
Woolworths Retail	2 586	1 986
Country Road	262	224
Gross capital expenditure	624	607
Woolworths Retail	517	460
Country Road	107	147

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Shareholders of the parent Rm	Non-controlling interest Rm	Total 52 weeks to 26 June 2011 Rm	Total 52 weeks to 27 June 2010 Rm
Interest at the beginning of the year		3 396	57	3 453	3 072
Movements for the year:					
Issue of shares	8	33	–	33	47
Shares repurchased	8	(339)	–	(339)	(410)
Share repurchase costs		(1)	–	(1)	(1)
Distributions to shareholders		(918)	(5)	(923)	(725)
Share-based payments		186	–	186	149
Business acquisitions		–	17	17	–
Total comprehensive income for the year		1 651	16	1 667	1 321
Interest at the end of the year		4 008	85	4 093	3 453
Distribution per ordinary share (cents)				143.5	105.0
Distribution cover (based on headline earnings per share)				1.5	1.5
Distribution per preference share (cents)				61.4	30.8