
WHL
WOOLWORTHS HOLDINGS LIMITED 2013 ANNUAL FINANCIAL STATEMENTS

CONTENTS

FINANCE DIRECTOR'S REPORT

OUR FINANCE DIRECTOR'S REPORT

The strong sales growth experienced in the first half of the year continued through into the second half despite the pressure on the SA consumer. The inclusion in the second quarter of the Group's Australian acquisition, Witchery, further boosted sales for the 53 weeks to 30 June 2013, which increased by 23.2% over the 52-week period in 2012.

Sales growth was leveraged by improved gross margins in both the South African and Australian clothing businesses, delivering group profit before tax growth of 27.1%.

Included in earnings and headline earnings are transaction and integration costs of R77 million (June 2012: R27 million) relating to the acquisition of the Witchery Group, one-off store employee restructuring costs of R43 million and net unrealised foreign exchange gains of R67 million (June 2012: R43 million), all stated before tax.

Return on equity (adjusted for unrealised foreign exchange gains and losses) increased from 46.4% at 24 June 2012 to 49.7% at 30 June 2013.

The total dividend for the year increased by 18.2% to 234.0 cents per share. This is lower than the increase in earnings due to the fact that the STC saving was accrued and paid out in last year's enhanced dividend. This year's dividend is based on the group's stated dividend cover of 1.45 times earnings.

SALES GROWTH WAS LEVERAGED BY IMPROVED GROSS MARGINS

53 WEEK COMPARISON

Headline earnings per share (HEPS) and earnings per share (EPS) for the 53-week period to 30 June 2013 were 27.3% and 25.5% higher than the corresponding 52-week reporting period. HEPS is 2.7% higher when adjusted for these non-core items.

Earnings per share

Earnings per share	53 weeks to 30 June 2013 cents	52 weeks to 24 June 2012 cents	Change %
HEPS	340.4	267.3	27.3
EPS	337.9	269.2	25.5
Adjusted HEPS	345.5	265.7	30.0
Diluted HEPS	333.8	260.6	28.1
Diluted EPS	331.3	262.4	26.3
Adjusted diluted HEPS	338.7	259.0	30.8

52 WEEK COMPARISON

The group manages its retail operations on a 52-week basis and, as a result, a 53rd week is required approximately every six years for realignment. The group's earnings are approximately 2% higher this year as a result of this additional week.

To facilitate comparison against the 52-week prior year, the remainder of this report is based on pro forma 52-week financial information.

On this basis, and as shown in the following table, HEPS and EPS for the pro forma 52-week period were 25.3% and 23.5% higher than the corresponding 52-week prior year and diluted HEPS and diluted EPS were 26.0% and 24.2% higher respectively. Dilution arises from share options granted in terms of employee share option schemes.

Earnings per share

Earnings per share 52:52 weeks	53 weeks to 30 June 2013 cents	52 weeks to 24 June 2012 cents	Change %
HEPS	334.9	267.3	25.3
EPS	332.4	269.2	23.5
Adjusted HEPS	340.0	265.7	28.0
Diluted HEPS	328.4	260.6	26.0
Diluted EPS	325.9	262.4	24.2
Adjusted diluted HEPS	333.4	259.0	28.7

Segmental Performance

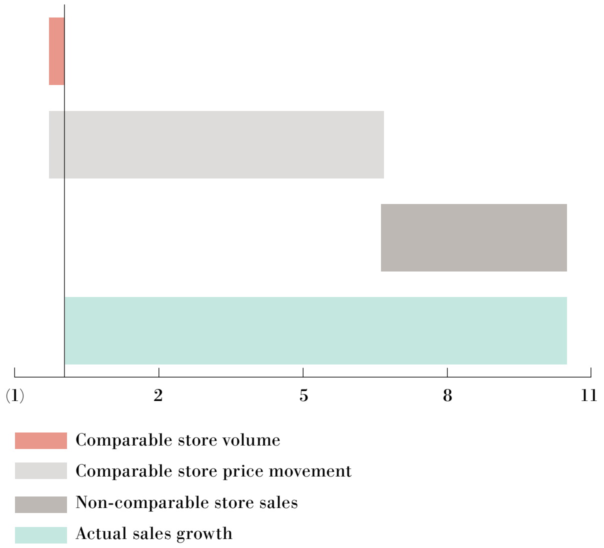
Group results Divisional contribution 52:52 weeks	2013 Rm	2012 Rm	Change %
Woolworths Clothing and General merchandise	1 816	1 611	12.7
Woolworths Food	1 043	884	19.9
Country Road Group	588	185	>100
WFS JV	180	133	35.3
Woolworths Treasury	16	41	(61.0)
Adjusted profit before tax	3 643	2 854	27.6
Adjustments	(53)	16	
Profit before tax	3 590	2 870	25.1

WOOLWORTHS CLOTHING AND GENERAL MERCHANDISE

Clothing and General merchandise Income Statement

52:52 weeks	2013 Rm	2012 Rm	Change %
Sales	10 552	9 585	10.1
Cost of sales	5 659	5 321	6.4
Gross profit	4 893	4 264	14.8
Other revenue	14	21	(33.3)
Expenses	3 096	2 677	15.7
Store costs	1 890	1 674	12.9
Other operating costs	1 206	1 003	20.2
Operating profit	1 811	1 608	12.6
Earnings from associate and joint venture	5	3	66.7
Adjusted profit before tax	1 816	1 611	12.7
Adjustments	43	36	
Profit before tax	1 859	1 647	12.9

Clothing and General merchandise sales growth 52:52 weeks (% on last year)



Woolworths Clothing and General merchandise sales grew by 10.1% on a 52-week basis.

Clothing sales grew by 13.7% with price movement of 7.1% (comparable store sales increased by 9.3%) with market share unchanged from last year at 15.4%. General merchandise grew by 7.2% and by 3.0% in comparable stores.

Gross profit margins improved from 44.5% to 46.4% as we continued to generate benefits from improved sourcing and inventory management.

Total expenses (excluding store employee restructuring costs and unrealised foreign exchange movements) increased 15.7%, impacted only by new stores and non-comparable costs with comparable store cost growth of 5.8%. Adjusted profit before tax grew by 12.7% and operating profit margin increased to 17.2% from 16.8% last year.

Net new store footage of 9,943m[2] (2.6%) was added during the year.

We have reset our medium-term operating profit margin target from 18% (which we intended to reach by 2014) to 19% to achieve by 2016. We aim to establish this level as a sustainable floor to profitability, investing further increases in efficiencies in ensuring powerful opening price points to ensure great value for our customers in a competitive marketplace.

We plan to add 18% new space to Clothing and General merchandise over the next three years.

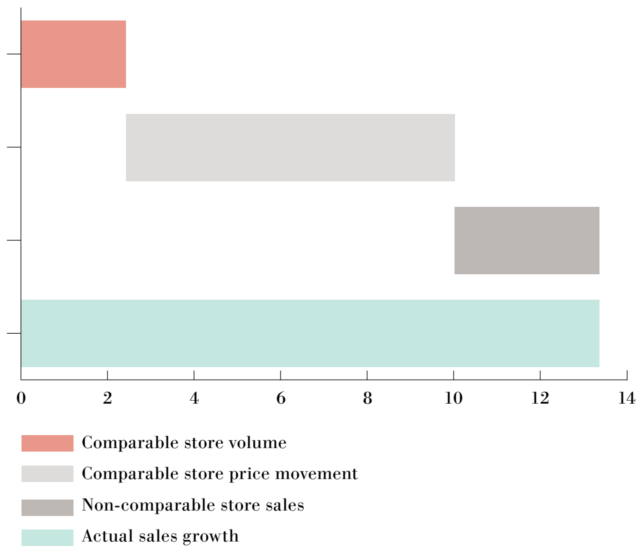
Sales up **10.1%**

WOOLWORTHS FOOD

Food Income Statement

52:52 weeks	2013 Rm	2012 Rm	Change %
Sales	17 149	15 140	13.3
Cost of sales	12 758	11 323	12.7
Gross profit	4 391	3 817	15.0
Other revenue	74	84	(11.9)
Expenses	3 426	3 020	13.4
Store costs	2 269	2 056	10.4
Other operating costs	1 157	964	20.0
Operating profit	1 039	881	17.9
Earnings from associate and joint venture	4	3	33.3
Adjusted profit before tax	1 043	884	18.0
Adjustments	(23)	(7)	
Profit before tax	1 020	877	16.3

Food Sales Growth 52:52 weeks (% on last year)



Our supermarket strategy, which is aimed at capturing a greater share of our loyal customers' food shop, continued to show success, while our core produce and protein departments also performed well.

Food sales grew by 13.3% on a 52-week basis, well ahead of market growth of 7.1% growing at an annualised 15.3% in the second half compared to first-half growth of 11.1%. Price movement was 7.6%.

Sales in comparable stores grew by 10.0%.

Gross profit margins improved from 25.2% to 25.6% as a result of ongoing value chain optimisation.

Expenses (excluding the impact of store employee restructuring costs) increased 13.4% with core expense growth impacted only by new stores and non-comparable costs. Comparable store costs increasing by 5.4%. Adjusted profit before tax grew by 18.0% and operating profit margin increased to 6.1% from 5.8% last year.

Net new store footage of 7 775 m[2] (4.7%) was added during the year.

We have reset our medium-term operating profit margin target from 6% (which we intended to reach by 2014) to 7% to achieve by 2016.

We plan to add 24% new space to Food over the next three years.

Sales up **13.3%**

COUNTRY ROAD GROUP

Country Road Group Income Statement

52:52 weeks	2013 A$m	2012 A$m	Change %
Sales	706	419	68.5
Cost of sales	269	169	59.2
Gross profit	437	250	74.8
Other revenue	3	3	–
Expenses	373	231	61.5
Store costs	284	179	58.7
Other operating costs	89	52	71.2
Adjusted operating costs	67	22	>100
Investment income	2	1	100.0
Finance costs	5	1	>100
Adjusted profit before tax	64	22	>100
Adjustments	(8)	(1)	
Profit before tax	56	21	>100

Adjusted profit before tax

A$64 million

On 2 October 2012, Country Road acquired all the ordinary shares of Witchery Australia Holdings Proprietary Limited (The Witchery Group) from Gresham Private Equity for a total value of R1 555 million (A$180.9 million). The Witchery Group operates under both the Witchery and Mimco brands.

The acquisition transforms the Country Road Group into one of Australia's largest speciality fashion retailers with complementary brands and a market-leading position in the mid to upper tier of the market. In addition, Country Road's scalable information systems and business process infrastructure are planned to deliver significant operating cost synergies to the enlarged group.

Reflecting the acquisition of the Witchery Group and improved trading conditions, Australasian sales were up 77.7% (in Australian dollar terms) with comparable store sales up 12.0%. South African (rand denominated) sales were up 29.1% (with comparable store sales up 13.8%) where the Country Road and Trenery brands continue to perform very well. Overall, the segment's sales increased 68.5% in Australian dollar terms.

Ongoing focus on cost and inventory management ensured that operating profit margin was leveraged to 9.5%, with adjusted profit before tax increasing to A$64 million.

Return on equity increased from 18.5% to 30.2% in Australian dollar terms due to the improved operating performance. Country Road's balance sheet includes goodwill, trademarks and brands of A$148 million.

The business continues to be run in a highly efficient manner, with operating profit margin targeted at 12% in the medium term.

We plan to add 20% new space over the next three years which includes the introduction of the Witchery and Mimco brands to South Africa in the form of stand-alone and Woolworths concession stores.

FINANCE DIRECTOR'S REPORT

WOOLWORTHS FINANCIAL SERVICES (WFS)

The joint venture with Barclays Africa Group showed consistent growth throughout the year. The average book was 13.0% higher, and ended the year 15.8% ahead of the previous year. New point-of-sale and in-store kiosks came on-stream in July 2012 and have enhanced our capacity to process credit applications and credit limit increases.

The business operates three key products – the In-Store Card that can be used only for purchases in Woolworths stores, Woolworths' Visa Credit Cards, and Personal Loans. In addition to the yield on these assets, the business generates insurance and other non-interest revenues in line with the regulations of the National Credit Act, 34 of 2005.

Interest income increased 9.6% to R1 250 million although the gross yield on assets contracted from 17.6% to 17.0% due to the reduction in interest rates governed by the National Credit Regulator. However, borrowing costs also declined and, with funding levels well managed, the net interest margin declined by just 0.2% to 12.2% yielding R898 million, an increase of 12.0% on last year.

The impairment charge (comprising bad debts written off during the year as well as the movement in the provision for doubtful debts) remained unchanged at 1.9%. We expect impairments to increase to between 4% and 5% as the book grows.

The yield on the book after the impairment charge is taken into account is the "risk-adjusted yield". The yield decreased from 10.5% to 10.4%, while still increasing the risk-adjusted margin by 11.9% to R760 million.

Non-interest revenue grew by 20.1% as a result of increased revenues from the growing credit card portfolio.

Woolworths Financial Services Income Statement

	2013 Rm	% to book	2012 Rm	% to book	Change %
Interest income	1 250	17.0	1 140	17.6	9.6
Interest paid	352	4.8	338	5.2	4.1
Net interest income	898	12.2	802	12.4	12.0
Impairment charge	138	1.9	123	1.9	12.2
Risk-adjusted margin	760	10.4	679	10.5	11.9
Non-interest revenue	555	7.6	462	7.1	20.1
Operating costs	816	11.1	757	11.7	7.8
Profit before tax	499	6.8	384	5.9	29.9
Financial Services assets (average)	7 332		6 490		
Return on equity	27.6%		23.1%		
Joint venture profit before tax	499		384		
Taxation	139		118		
Profit after tax	360		266		
Less 50%	180		133		
Equity accounted	180		133		

Expenses grew 7.8% as a result of further investment in collection effectiveness and book growth initiatives.

Profit before tax grew by 29.9%, with the profit to book ratio increasing to 6.8%, from 5.9% a year earlier.

The book has a gearing ratio of 84.0% funded by ABSA at a three month JIBAR-linked rate. This gearing leveraged the operating ratio to generate a return on equity of 27.6%, ahead of the joint venture's 2016 medium-term target of 22%.

Book growth

15.8%

TREASURY OPERATIONS AND CASH POSITION

The business remains extremely cash generative, with cash generated by operating and joint venture activities of R4 581 million.

Tax paid amounted to R1 140 million.

The net cash outflow on capital expenditure, which is explained in more detail below, amounted to R781 million.

The Group's R1.5 billion acquisition of the Australian Witchery Group was funded by a rights issue by the Country Road Group that raised R96 million (A$11 million) from minorities of the group and by a five-year amortising term loan of R791 million (A$92.0 million) through a Senior Syndicated Facility Agreement.

The Group's dividend policy of an annualised coverage ratio of 1.45 times headline earnings per share is designed such that the Group operates on a broadly "cash-neutral" basis.

The Board also considers the appropriateness of special dividends or share repurchases if no other opportunities present themselves for the utilisation of excess cash.

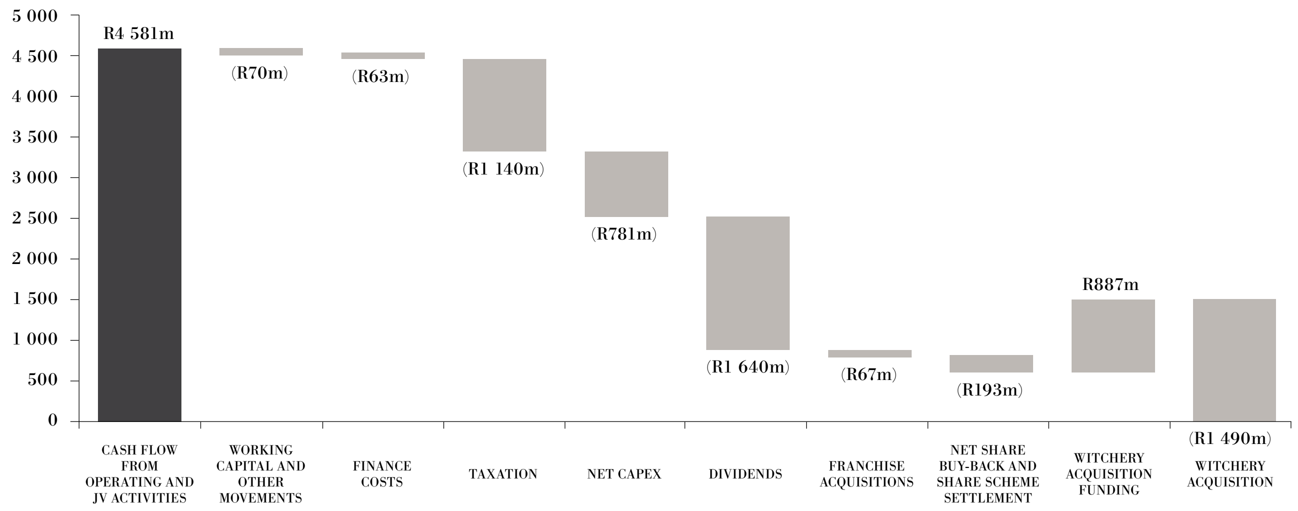
TAXATION

The Group's effective tax rate decreased from 28.3% to 27.7%, mainly due to the cessation of Secondary Tax on Companies.

CAPITAL EXPENDITURE

The Group invested R862 million (including accruals) in property, plant and equipment, R362 million on the Woolworths store development programme, R141 million on the Country Road Group's store development and integration projects (excluding the Witchery acquisition itself), R230 million on Woolworths IT projects and R129 million on other Woolworths infrastructure projects.

Cash generation (R million)



FINANCE DIRECTOR'S REPORT

FINANCIAL RISK MANAGEMENT

Financial risks related to funding (liquidity and counterparty risks), interest rate risk and foreign exchange risk are managed by treasury committees both in South Africa and in Australia. The committees meet on a regular basis. Short and long-term funding requirements are assessed in order to optimise funding structures.

Liquidity risk associated with borrowings is managed by staggering the timing of maturities of borrowings and maintaining appropriate short-term committed and uncommitted banking facilities.

Unutilised banking facilities total R3 025 million at June 2013 (2012: R2 710 million).

Interest-bearing borrowings carry interest rate risk. As part of the process of managing the group's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and refinancing of existing borrowings are positioned according to expected movements in interest rates.

It is the group's policy to cover all foreign currency exposures arising from the acquisition of goods and services with forward exchange contracts.

Both Woolworths and Country Road manage their foreign exchange exposures using aggregate pools to provide effective economic hedges for foreign currency exposures. However, due to the complexity in documenting the relationship between hedging instruments and hedged items required in terms of IAS 39, hedge accounting is not applied to the South African operations.

ACCOUNTING STANDARDS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards.

Various IFRS, IFRIC interpretations and amendments were adopted during the current year. These standards and amendments had no impact on the group's reported results. Details can be found in note 1 on page 34 of the annual financial statements. All additional disclosures required by these standards have been provided for both the current and comparative period.

PROSPECTS AND FINANCIAL TARGETS

We believe that economic conditions in South Africa will remain constrained, especially in the lower and middle-income segments of the market where consumer debt levels remain under pressure.

Trading for the first eight weeks of the new financial year has been positive both in South Africa and Australia.

Attention will also continue to be given to improving underperforming stores by a critical analysis of costs and operational activities (especially those that impact availability and food waste). During the year, underperforming stores reduced from 6.6% to 3.7% of space. In Head Office, detailed cost-to-sell ratios continue to be set for all departments.

The group's effective tax rate in 2014 is expected to be 28%.

Capital expenditure is expected to be approximately R1.4 billion per year for the next years, which takes into account the rollover of unspent capital expenditure during 2013.

The capital expenditure programme, together with the group's revised dividend cover of 1.45 times HEPS is expected to result in the maintenance of a broadly neutral cash position.

SHAREHOLDING DISCLOSURES

Public and non-public shareholders	Number of share-holders	Percentage of total	Number of shares	Percentage of total
Public shareholders	22 150	99.9	741 677 412	88.0
Non-public shareholders				
Directors and their associates	8	0.1	15 084 403	1.8
E-Com Investments 16 (Proprietary) Limited	1	–	43 763 861	5.2
Woolworths (Proprietary) Limited	1	–	40 497 604	4.8
Woolworths Holdings Share Trust*	1	–	1 620 245	0.2
Total shareholders	22 161	100.0	842 643 525	100.0

* Excludes shares held by directors in share trusts.

According to the company's register of shareholders, read in conjunction with the company's register of disclosure of beneficial interests made by registered shareholders acting in a nominee capacity, the following shareholders held, directly and indirectly, beneficially in excess of 5% of any class of the issued share capital at 30 June 2013.

Major beneficial shareholders	Number of shares	2013 Percentage of shares	2012 Percentage of total
Government Employees Pension Fund	134 531 384	16.0	17.2
E-Com Investments 16 (Proprietary) Limited	43 763 861	5.2	5.2

Directors of the company hold direct and indirect beneficial interests of 15 084 403 ordinary shares (2012: 19 187 234) and 1 250 000 preference shares (2012: 1 250 000), in the company.

SHARE CAPITAL

AUTHORISED

Ordinary shares	– 1 410 600 000 of 0.15 cents
Unlisted, convertible, redeemable, non-cumulative participating preference shares	– 89 400 000 of 0.15 cents

ISSUED

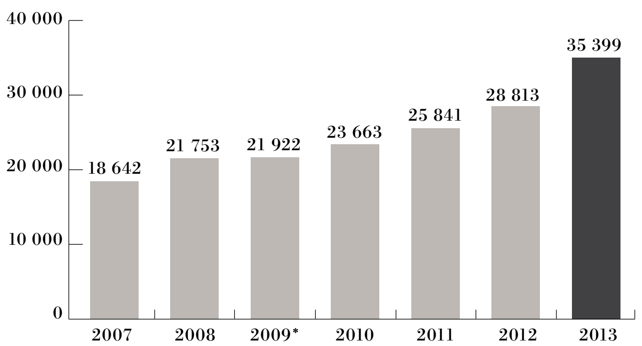
Ordinary shares	–842 643 525 of 0.15 cents
Unlisted, convertible, redeemable, non-cumulative participating preference shares	–89 164 010 of 0.15 cents

Further details of the share capital and the movements for the period under review are disclosed in note 11 of the Company Annual Financial Statements.

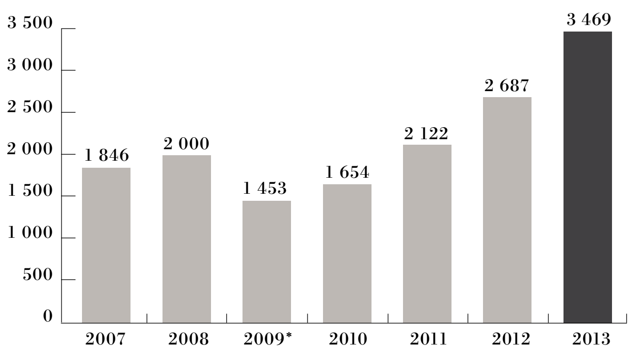
studio.w, Winter 2013

Year Number of Weeks	2013 53 Rm	2012 52 Rm	2011 52 Rm	2010 52 Rm	2009 52 Rm	2008 53 Rm	2007 52 Rm
GROUP STATEMENTS OF COMPREHENSIVE INCOME							
Revenue	35 399	28 813	25 841	23 663	21 922	21 753	18 642
Turnover	35 227	28 604	25 582	23 393	21 175	20 065	17 377
Cost of sales	(21 674)	(18 419)	(16 683)	(15 619)	(14 501)	(13 798)	(12 032)
Gross profit	13 553	10 185	8 899	7 774	6 674	6 267	5 345
Other revenue	115	127	127	95	563	1 688	1 265
Expenses	(10 199)	(7 625)	(6 904)	(6 215)	(5 784)	(5 955)	(4 764)
Operating profit	3 469	2 687	2 122	1 654	1 453	2 000	1 846
Investment income	57	82	132	175	184	–	–
Finance costs	(68)	(38)	(84)	(151)	(281)	(503)	(379)
Earnings from joint ventures	180	133	129	75	58	–	–
Earnings from associate	9	6	7	6	12	1	–
Profit before exceptional items	3 647	2 870	2 306	1 759	1 426	1 498	1 467
Exceptional items	–	–	–	–	380	–	55
Profit before tax	3 647	2 870	2 306	1 759	1 806	1 498	1 522
Tax	(1 009)	(811)	(659)	(491)	(546)	(553)	(435)
Profit for the year	2 638	2 059	1 647	1 268	1 260	945	1 087
Attributable to:							
Shareholders of the parent	2 597	2 048	1 631	1 258	1 248	937	1 075
Non-controlling interests	41	11	16	10	12	8	12

Revenue (R million)



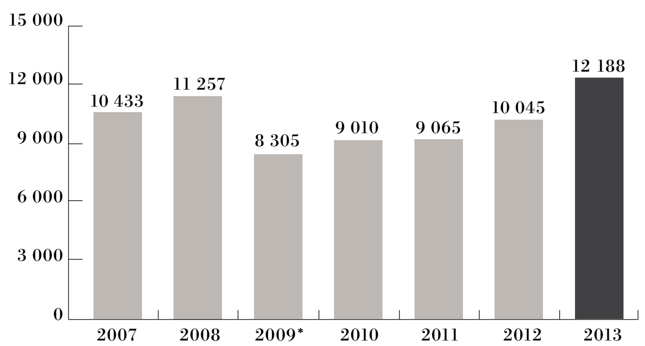
Operating profit (R million)



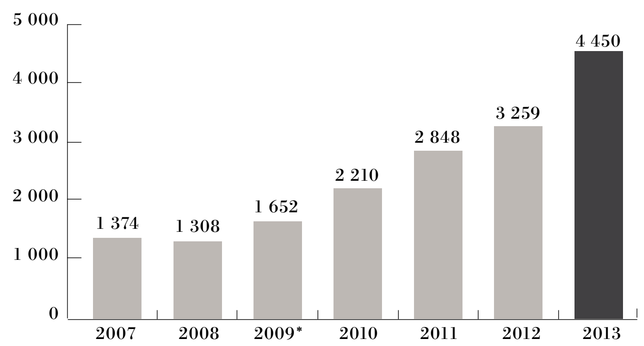
* Woolworths Financial Services was a wholly-owned subsidiary prior to 2009.

Year Number of Weeks	2013 53 Rm	2012 52 Rm	2011 52 Rm	2010 52 Rm	2009 52 Rm	2008 53 Rm	2007 52 Rm
GROUP STATEMENTS OF FINANCIAL POSITION							
Non-current assets	6 841	5 011	4 115	3 633	3 436	2 793	2 977
Current assets	5 347	5 034	4 950	5 377	4 869	8 464	7 466
Total assets	12 188	10 045	9 065	9 010	8 305	11 257	10 443
Equity attributable to shareholders of the parent	5 619	4 465	4 008	3 396	3 025	3 526	3 247
Non-controlling interests	285	107	85	57	47	52	43
Non-current liabilities	1 908	1 177	1 460	1 362	2 342	2 272	2 918
Current liabilities	4 376	4 296	3 512	4 195	2 891	5 407	4 235
Total equity and liabilities	12 188	10 045	9 065	9 010	8 305	11 257	10 443
GROUP STATEMENTS OF CASH FLOWS							
Cash inflow from trading	4 450	3 259	2 848	2 210	1 652	1 308	1 374
Working capital movements	(196)	(131)	377	215	67	(330)	184
Cash applied to financial services assets	–	–	–	–	21	(24)	(1 183)
Cash generated by operating activities	4 254	3 128	3 225	2 425	1 740	954	375
Net interest (paid)/income	(15)	35	28	15	236	861	652
Tax paid	(1 140)	(356)	(985)	(367)	(370)	(747)	(565)
Cash generated by operations	3 099	2 807	2 268	2 073	1 606	1 068	462
Dividends received from associate	–	1	1	1	1	1	–
Dividends received from joint venture	83	95	125	35	–	–	–
Dividends to shareholders	(1 640)	(1 313)	(923)	(725)	(655)	(636)	(551)
Net cash inflow/(outflow) from operating activities	1 542	1 590	1 471	1 384	952	433	(89)
Net cash (outflow)/inflow from investing activities	(2 312)	(1 101)	(771)	(504)	2 625	(504)	(527)
Net cash inflow/(outflow) from financing activities	165	(675)	(1 328)	(364)	(1 055)	374	794
(Decrease)/increase in cash and cash equivalents	(605)	(186)	(628)	516	2 522	303	178
Net cash and cash equivalents at beginning of year	2 145	2 293	2 917	2 391	(91)	(423)	(623)
Effect of foreign exchange rates	22	38	4	10	(40)	29	22
Net cash and cash equivalents at end of year	1 562	2 145	2 293	2 917	2 391	(91)	(423)

Total assets (R million)



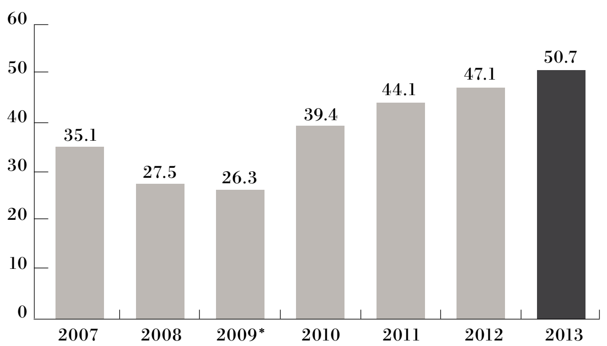
Cash inflow from trading (R million)



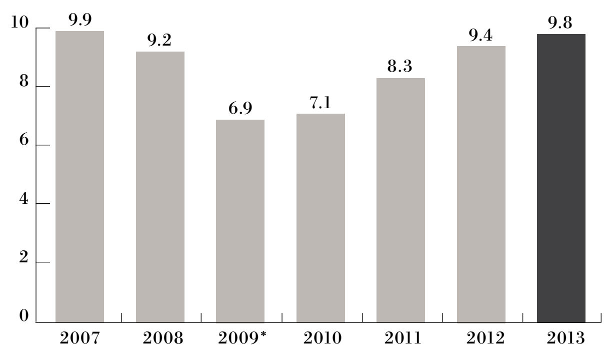
* Woolworths Financial Services was a wholly-owned subsidiary prior to 2009.

Year Number of Weeks	2013 53 %	2012 52 %	2011 52 %	2010 52 %	2009 52 %	2008 53 %	2007 52 %
RETURNS							
Return on ordinary shareholders' equity	50.7	47.1	44.1	39.4	26.3	27.5	35.1
– headline earnings as a percentage of the average of ordinary shareholders' interest at the beginning and end of the year							
Return on assets	32.3	28.9	23.8	19.3	16.9	18.8	19.4
– operating profit as a percentage of the average of total assets less deferred tax liability at the beginning and end of the year							
MARGINS							
Gross margin	38.5	35.6	34.8	33.2	31.5	31.2	30.8
– gross profit as a percentage of turnover							
Operating margin	9.8	9.4	8.3	7.1	6.9	9.2	9.9
– operating profit as a percentage of turnover (revenue in 2008 and prior periods)							
SOLVENCY AND LIQUIDITY							
Debt ratio	6.8	5.3	5.8	17.3	18.1	40.8	37.9
– interest-bearing debt as a percentage of total assets							
Current ratio (times)	1.2	1.2	1.4	1.3	1.7	0.9	1.8
– current assets divided by current liabilities							
Total liabilities to shareholders' equity	106.4	119.7	121.5	160.9	170.4	214.6	217.5
– non-current liabilities, including deferred tax and current liabilities as a percentage of total shareholders' interest							

Return on equity (%)



Operating margin (%)



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SEVEN-YEAR REVIEW

Year Number of Weeks	2013 53 Rm	2012 52 Rm	2011 52 Rm	2010 52 Rm	2009 52 Rm	2008 53 Rm	2007 52 Rm
DIVISIONAL ANALYSIS							
REVENUE							
Woolworths Clothing and General Merchandise	10 778	9 606	8 616	7 918	7 441	7 394	6 968
Woolworths Food	17 543	15 224	13 613	12 292	11 184	10 360	8 718
Woolworths Logistics	561	506	483	417	387	376	320
Woolworths Financial Services*	–	–	–	–	474	1 663	1 274
Country Road Group	6 478	3 402	3 000	2 861	2 252	1 939	1 362
Woolworths Treasury	39	75	129	175	184	21	–
	35 399	28 813	25 841	23 663	21 922	21 753	18 642
TURNOVER							
Woolworths Clothing and General Merchandise	10 764	9 585	8 591	7 913	7 323	7 410	6 985
Woolworths Food	17 469	15 140	13 535	12 227	11 126	10 360	8 718
Woolworths Logistics	561	506	483	417	391	376	320
Country Road Group	6 433	3 373	2 973	2 836	2 335	1 919	1 354
	35 227	28 604	25 582	23 393	21 175	20 065	17 377
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX							
Woolworths**						1 377	1 412
Woolworths Clothing and General Merchandise	1 894	1 644	1 314	1 047	694		
Woolworths Food	1 033	874	644	461	401		
Country Road Group	515	172	162	142	139	101	55
Woolworths Treasury	16	41	50	28	50		
Woolworths Financial Services (subsidiary to 30 September 2008)	–	–	–	–	72		
Woolworths Financial Services (joint venture from 1 October 2008)	180	133	129	75	57		
Earnings from associate and property joint venture	9	6	7	6	13		
	3 647	2 870	2 306	1 759	1 426	1 478	1 467
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS							
Woolworths**	2 264	1 929	1 516	1 185	1 159	875	985
Country Road Group	333	119	115	73	89	62	89
	2 597	2 048	1 631	1 258	1 248	937	1 074
NET ASSETS							
Woolworths**	4 120	3 958	3 516	2 966	2 663	3 130	2 936
Country Road Group	1 784	614	492	430	362	396	311
	5 904	4 572	4 008	3 396	3 025	3 526	3 247

* Woolworths Financial Services was a wholly-owned subsidiary prior to 2009.
** Includes Woolworths Clothing and General Merchandise, Woolworths Food, Woolworths Logistics, Woolworths Treasury, Woolworths Financial Services, and earnings from associate and property joint venture.

Year Number of Weeks	2013 53	2012 52	2011 52	2010 52	2009 52	2008 53	2007 52
OTHER STATISTICAL DATA							
WOOLWORTHS*							
Woolworths Clothing and General Merchandise – gross margin (%)	46.4	44.5	43.7	40.0	36.8	35.9	34.6
Woolworths Food – gross margin (%)	25.6	25.2	24.4	23.5	22.6	24.9	23.9
Number of employees (average weekly full-time equivalent)	25 989	25 693	23 304	22 325	20 873	21 374	19 344
Number of stores – owned (local)	330	330	293	259	250	228	200
– franchised and international	131	118	145	160	160	157	149
Closing trading area (m^2) – owned (local)	512 252	498 626	449 297	411 132	406 784	381 639	347 647
– franchised and international	56 900	52 808	82 990	100 524	100 493	96 712	98 225
Turnover ratios – turnover per employee (R'000)	1 107.9	982.0	970.2	920.8	902.6	849.0	828.3
– turnover per m^2 (owned) (R'000)	56.2	50.6	50.3	50.0	46.3	47.5	46.1
Asset turn (times)	4.3	4.3	4.4	4.3	4.1	4.7	4.9
– revenue divided by average total assets less deferred tax at the beginning and end of the year							
Inventory turn (times)	9.5	10.1	10.7	10.2	10.4	12.0	12.5
– cost of sales divided by average inventory at the beginning and end of the year							
Profit before exceptional items and tax to turnover (%)	10.2	10.0	8.7	7.3	6.3	7.6	8.8
COUNTRY ROAD (IN A$ TERMS)							
Gross margin (%)	61.9	59.6	59.3	55.8	59.5	61.0	58.1
Number of employees (full-time equivalent)	3 370	1 360	1 345	1 331	1 206	1 133	1 093
Number of stores – owned	307	88	99	96	67	61	57
– concession	172	99	100	81	82	78	74
Trading area (m^2)	99 392	56 285	55 105	48 588	36 849	33 974	31 548
Turnover ratios – turnover per employee (A$'000)	209.5	308.1	318.2	317.8	284.5	255.7	217.4
– turnover per m^2 (A$'000)	7.1	7.4	7.8	8.7	9.3	8.5	7.5
Asset turn (times)	2.5	3.1	3.3	3.0	3.0	3.0	2.5
Inventory turn (times)	4.4	3.6	4.0	4.1	4.1	3.9	3.7
Profit before tax to turnover (%)	7.9	5.0	5.3	5.0	6.4	4.8	3.9

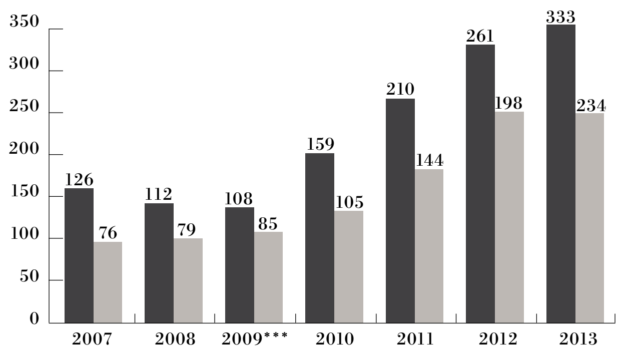
* Woolworths Financial Services was a wholly-owned subsidiary prior to 2009.

SEVEN-YEAR REVIEW

Year Number of Weeks	2013 53	2012 52	2011 52	2010 52	2009 52	2008 53	2007 52
ORDINARY SHARE PERFORMANCE (CENTS PER SHARE)							
Earnings	337.9	269.2	212.2	162.4	157.2	114.8	133.9
Headline earnings	340.4	267.3	214.9	164.6	109.3	114.9	127.8
Dividends declared for the financial year*	234.0	198.0	143.5	105.0	179.0	79.0	76.0
Net asset book value	745.8	598.8	530.7	447.2	390.4	443.2	401.2
Share price: Highest	7 931	5 039	2 982	2 580	1 358	2 302	2 510
Lowest	5 024	2 989	2 299	1 297	923	988	1 230
Average	6 542	4 097	2 606	1 898	1 177	1 550	1 779
Closing	6 441	5 039	2 910	2 520	1 295	1 020	2 140
Indexed closing share price (June 2000 = 100)	2 221	1 738	1 003	869	447	352	738
JSE indexed: retail (June 2000 = 100)	746	707	495	414	275	234	407
all share (June 2000 = 100)	513	443	398	354	289	359	377
Market capitalisation at June (Rm)	54 275	42 095	24 580	21 365	10 374	9 000	19 179
Number of shares in issue (millions)**	753	746	755	760	775	796	809
Number of shares traded (millions)	876	870	781	1 209	1 182	1 164	738
Percentage of shares traded	116.3	116.6	103.4	159.1	152.6	146.3	82.4
Value of shares traded (Rm)	57 308	35 644	20 353	22 947	13 912	18 037	13 131
Price: earnings ratio	19.1	18.7	13.7	15.5	8.2	8.9	18.2
Dividend yield (%)	3.6	3.9	4.9	4.2	6.6	7.7	3.6
FOREIGN CURRENCY EXCHANGE RATES							
US$ – average	8.83	7.73	6.99	7.61	9.05	7.33	7.22
US$ – closing	9.87	8.35	6.82	7.60	7.94	7.88	7.15
A$ – closing	9.01	8.40	7.17	6.63	6.42	7.62	6.11
KEY INFORMATION US$ MILLION							
Revenue	4 009	3 727	3 697	3 109	2 422	2 966	2 581
Headline earnings per share (cents)	38.6	34.6	30.7	21.6	12.1	15.8	17.7
Net profit attributable to ordinary shareholders	294	265	233	165	138	128	149
Total assets	1 235	1 203	1 329	1 186	1 046	1 428	1 461
Market capitalisation	5 499	5 041	3 604	2 812	1 306	1 142	2 683

* Includes special dividend of 94 cents paid in 2009.
** Net of treasury shares held by subsidiaries, E-Com Investments 16 (Proprietary) Limited and Woolworths (Proprietary) Limited.

Diluted HEPS and dividends declared (cents per share)



*** Woolworths Financial Services was a wholly-owned subsidiary prior to 2009.

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In terms of Section 88(2)(e) of the Companies Act of South Africa, as amended, I certify that to the best of my knowledge and belief the company has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act of South Africa, in respect of the financial year ended 30 June 2013 and that all such returns and notices are true, correct and up to date.

T Sishuba–Mashego
Group secretary

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements have been compiled under the supervision of Norman Thomson CA(SA), the group finance director.

The financial statements were approved by the Board on Wednesday, 28 August 2013 and signed on its behalf by:

SN Susman
Chairman

I Moir
Group chief executive officer

1. AUDIT COMMITTEE MANDATE AND TERMS OF REFERENCE

The committee has formal terms of reference that are reviewed and approved by the board on an annual basis. The committee's roles and responsibilities include the statutory duties as per the Companies Act of South Africa and the responsibilities assigned to it by the board. The committee accepted and has performed the functions required under the Companies Act of South Africa on behalf of the subsidiaries of the company.

During the year, the committee has conducted its affairs in compliance with its terms of reference. It has complied with its roles and responsibilities as stated in the terms of reference, a copy of which may be found at the website: www.woolworthsholdings.co.za.

2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The committee consists of five independent non-executive directors. Member's fees are included in the table of director's remuneration on page 50. The group chief executive officer, the group finance director, the head of corporate governance, the head of internal audit and the external auditors attend the meetings by invitation.

Four committee meetings were held during the year.

Name of member	20 August 2012	12 November 2012	11 February 2013	13 May 2013
Lindiwe Bakoro MCom (UCT), Higher Diploma in Tax Law (WITS), CA(SA). Appointed to committee: 2009	Present	Present	Present	Present
Peter Bacon (British) Fellow of the Institute of Hospitality (FIH). Appointed to committee: 2011	Present	Present	Present	Present
Zarina Bassa BAcc, CA(SA). Appointed to committee: 2011	Present	Present	Present	Present
Andrew Higginson BSc (Hons) Town and Country Planning 2.1, Honorary Doctorate, Fellow Chartered Institute of Management Accountants. Appointed to committee: 2012	Present	Present	Present	Present
Mike Leeming (Committee chairman) BCom, MCom, FCMA, FIBSA, AMP (Harvard). Appointed to committee: 2004	Present	Present	Present	Present
Sindi Zilwa* BCompt (Hons), CA(SA), Advanced Taxation Certificate. Appointed to committee: 2002 Retired from committee: 2012	Present	Apologies	N/A	N/A

Notes:
* Sindi Zilwa retired as a director on 15 November 2012.

3. KEY FUNCTIONS

The committee performed the following duties during the period:

- considered and nominated the external auditors for appointment at the annual general meeting;
- determined the fees to be paid to the auditors and the auditors' terms of engagement;
- determined the nature and extent of any non-audit services;
- pre-approved any proposed agreement with the auditors for the provision of non-audit services;
- prepared a report, to be included in the Annual Financial Statements for the financial year;
- considered and dealt with any concerns or complaints;
- made submissions to the board on any matter concerning the company's accounting policies, financial controls, records and reporting; and
- performed other functions determined by the board.

4. EXTERNAL AUDIT

The committee meets independently with the external auditors to discuss matters relating to the year-end audit and prior to the finalisation of the interim financial results.

The committee is satisfied that the joint external auditors, EY and Nexia SAB&T are independent of the group. The external auditors confirmed that they had complied with the ethical requirements regarding independence and were considered independent with respect to the group as required by the Codes endorsed and administered by the Independent Regulatory Board for Auditors, the South African Institute of Chartered Accountants and the International Federation of Accountants.

The committee, in consultation with the board, agreed their letter of engagement, the audit coverage plan and the audit fees for the 2013 financial year. Fees paid to the joint auditors can be found in note 3 on page 44. The committee determines the nature and extent of non-audit services provided to the group. Non-audit services performed during the year amounted to 4% of the previous year's audit fee. This is within the 20% limit as required by the external auditor independence policy.

The committee has nominated, for approval at the annual general meeting, EY as the external auditors for the 2014 financial year. The committee is satisfied that the audit firm is accredited to appear on the JSE List of Accredited Auditors.

5. INTERNAL AUDIT

The audit committee is responsible for ensuring that the Woolworths internal audit function is independent and has the necessary resources and authority to enable it to discharge its duties.

The committee annually reviews and has approved the internal audit coverage plan and the internal audit department's budget and resources. The head of internal audit reports to the audit committee and meets with the chairman of the committee independently of management.

Internal audit reviews and provides assurance on the adequacy of internal controls through annual assessments. The scope of these assessments includes the frequency of internal audits on the audit coverage plan and discussions of any serious control issues raised and their impact.

6. INTERNAL FINANCIAL CONTROLS

The committee has reviewed the written assessment performed by internal audit on the design, implementation and effectiveness of the internal financial controls of the company. Based on the results of this review, the committee is of the opinion that the internal financial controls form a sound basis for the preparation of reliable financial statements.

7. INFORMATION TECHNOLOGY (IT) CONTROLS

The committee reviewed the external auditors' findings on the IT control environment and processes.

8. ANNUAL FINANCIAL STATEMENTS

The committee has reviewed the Annual Financial Statements of the group and is satisfied that they comply with International Financial Reporting Standards. It recommended the Annual Financial Statements for approval by the board.

9. GOING CONCERN

The committee reviewed the assessment of the going concern premise of the group and recommended to the board that the group will be a going concern for the foreseeable future.

10. EXPERTISE AND EXPERIENCE OF THE GROUP FINANCE DIRECTOR AND FINANCE FUNCTION

In line with the JSE Listings Requirements, the committee examines and reviews the competence of the finance director and the finance management team annually. It is satisfied that the group finance director and the finance management team have the appropriate expertise and experience. It further considered and satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the group's finance function.

The Annual Financial Statements were compiled under the supervision of Norman Thomson, CA(SA), the group finance director.

Norman Thomson will be retiring as group finance director at the conclusion of the annual general meeting on 26 November 2013.

11. INTEGRATED REPORTING

The committee recommends the Integrated Report for approval by the board.

Signed this 28th day of August 2013.

Mike Leeming
Audit committee chairman

NATURE OF BUSINESS

Woolworths Holdings Limited is a retail investment company listed on the JSE Limited securities exchange. The operations of the group are conducted through two subsidiaries, Woolworths (Proprietary) Limited and Country Road Limited and a joint venture, Woolworths Financial Services (Proprietary) Limited.

Woolworths (Proprietary) Limited, registered in South Africa is a retail chain of stores offering carefully chosen ranges of clothing, food and general merchandise, mainly under its own brand name. It has 330 corporate stores, 17 franchise stores in South Africa, 49 stores operated on Engen forecourts, 65 stores in Africa and the Middle East, 28 of which are corporate or joint venture.

Country Road Limited, listed on the Australian Securities Exchange, is a retail chain of stores in Australia and New Zealand offering a range of clothing and homeware. Country Road Limited has 163 retail stores and concession retail outlets under the Country Road and Trenery brands across Australia and New Zealand. It is also represented in 25 selected Woolworths outlets and standalone stores throughout South Africa. There are 291 retail stores and concession retail outlets under the Witchery and Mimco brands across Australia and New Zealand.

Woolworths Financial Services (Proprietary) Limited is operated jointly with ABSA and provides Woolworths customers with a credit offering to assist them to purchase merchandise in our Woolworths stores. It also offers a credit card, personal loans and insurance products.

The nature of the business of the subsidiaries held directly and indirectly is set out on page 122.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The review of operations and financial results of the group are contained in the 2013 Integrated Report and the 2013 Annual Financial Statements report.

SHARE CAPITAL

AUTHORISED

Ordinary shares	– 1 410 600 000 of 0.15 cents
Unlisted, convertible, redeemable, non-cumulative participating preference shares	– 89 400 000 of 0.15 cents

ISSUED

Ordinary shares	–842 643 525 of 0.15 cents
Unlisted, convertible, redeemable, non-cumulative participating preference shares	–89 164 010 of 0.15 cents

Further details of the share capital and the movements for the period under review are disclosed in note 11 of the company Annual Financial Statements.

DIRECTORATE AND GROUP SECRETARY

Non-independent chairman:	1
Independent non-executive directors:	9
Executive directors:	3

The composition of the board and the details of the directors and the Group secretary are shown in the 2013 Integrated Report on pages 46 to 49.

CHANGES TO DIRECTORATE

Norman Thomson will retire as group finance director of Woolworths at the annual general meeting on 26 November 2013.

Reeza Isaacs was appointed as the deputy chief finance officer and finance director-elect with effect from 1 June 2013. His appointment as a director will be tabled for approval at the November 2013 annual general meeting.

RE-ELECTION OF DIRECTORS RETIRING BY ROTATION

In accordance with the Memorandum of Incorporation of the company, recent appointments to the board and at least one-third of the board are required to retire by rotation at each annual general meeting. Retiring directors are those who have been appointed between annual general meetings and those who have been in office the longest since their re-election. No director can serve more than three years without being re-elected.

In terms of the Memorandum of Incorporation of the company, Peter Bacon, Ian Moir and Zyda Rylands are due to retire at the next annual general meeting and being eligible, offer themselves for re-election. Norman Thomson who is also retiring at the annual general meeting will not be offering himself for re-election.

DIRECTORS' INTERESTS IN SHARES

As at the date of this report, the directors and their associates held directly and indirectly, the following interests in the company's ordinary issued share capital:

	2013 Beneficial		2012 Beneficial	
	Direct	Indirect	Direct	Indirect
NON-EXECUTIVE DIRECTORS				
Simon Susman	49 513	7 167 723	49 513	10 247 143
Peter Bacon	25 000	–	25 000	–
Lindiwe Bakoro	–	–	–	–
Zarina Bassa	–	–	–	–
Tom Boardman	–	4 200	–	–
Andrew Higginson	–	–	–	–
Mike Leeming	–	20 000	–	20 000
Chris Nissen	–	–	–	–
Sir Stuart Rose	11 525	–	3 072	–
Thina Siwendu	–	–	–	–
Sindi Zilwa#	–	–	–	–
EXECUTIVE DIRECTORS				
Ian Moir	864 497	729 844	1 255 217	554 287
Zyda Rylands	803 310	2 068 084	788 828	2 268 673
Norman Thomson	1 676 511	1 664 196	1 676 511	2 298 990
Total	3 430 356	11 654 047	3 798 141	15 389 093

Retired from the board on 15 November 2012.

As at the date of this report, the directors held indirectly, the following interest in the company's preference issued share capital for the Woolworths Employee Share Ownership Trust:

	2013 Beneficial		2012 Beneficial	
	Direct	Indirect	Direct	Indirect
EXECUTIVE DIRECTORS				
Zyda Rylands	–	1 250 000	–	1 250 000
Total	–	1 250 000	–	1 250 000

There have been no changes to the directors' interests between the end of the reporting period and the date of the directors' report.

DIRECTOR'S EMOLUMENTS
The emoluments of directors of the company are set out on pages 50 to 59.

RELATED PARTY CONTRACTS
During the course of the year, no director had a material interest in any contract of significance with the company or any of its subsidiaries that could have given rise to a conflict of interest.

Transactions defined as related party transactions in terms of the International Financial Reporting Standards between the company or its subsidiaries and the directors or their associates are disclosed in note 7 on page 47 of the Group Annual Financial Statements.

DISTRIBUTIONS TO ORDINARY SHAREHOLDERS
Distributions to shareholders have been passed by way of board resolutions after taking into account the solvency and liquidity test, as required by the Companies Act of South Africa.

INTERIM
On 13 February 2013, a cash dividend of 86.0 cents (73.10 cents net of dividend withholding tax) (2012: 75.0 cents) was declared to shareholders recorded at the close of business on Friday, 8 March 2013 and paid on Monday, 11 March 2013.

FINAL
On 28 August 2013, a cash dividend of 148.0 cents (125.80 cents net of dividend withholding tax) (2012: 123.0 cents) was declared to shareholders recorded at close of business on Friday, 20 September 2013, to be paid on Monday, 23 September 2013.

DISTRIBUTIONS TO CONVERTIBLE, REDEEMABLE, NON-CUMULATIVE PARTICIPATING PREFERENCE SHAREHOLDERS (THE WOOLWORTHS EMPLOYEE SHARE OWNERSHIP TRUST).

INTERIM
On 13 February 2013, a cash dividend of 59.0 cents (50.15 cents net of dividend withholding tax) (2012: 36.0 cents) was declared to shareholders recorded at close of business on Friday, 8 March 2013 and paid on Monday, 11 March 2013.

FINAL
On 28 August 2013, a cash dividend of 148.0 cents (125.80 cents net of dividend withholding tax) (2012: 85.0 cents) was declared to shareholders recorded at close of business on Friday, 20 September 2013, to be paid on Monday, 23 September 2013.

DIRECTORS' RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS
The directors are responsible for preparing the Annual Financial Statements and other information presented in the integrated report in a manner that fairly presents the financial position and the results of the operations of the company and the group for the year ended 30 June 2013.

The external auditors are responsible for carrying out an independent examination of the Annual Financial Statements in accordance with International Standards on Auditing in the manner required by the Companies Act of South Africa and for reporting their findings thereon. The auditors' report is set out on page 27.

The Annual Financial Statements set out on pages 28 to 123 have been prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies which have been consistently applied in all material respects, and are supported by reasonable and prudent estimates where appropriate. Adequate accounting records have been maintained throughout the period under review.

INTERNAL CONTROL
The board is accountable for the system of internal controls for the group. The output of the risk management process, in conjunction with the work of the independent assurance providers, indicates to the directors that the controls, including financial controls in place are adequate and effective. Furthermore, no material losses, exposures or financial misstatements, compliance breaches have been reported to the directors for the financial year. This opinion recognises that the business is becoming more complex and dynamic and that at any point in time there are new areas of risk exposure which may require management attention. As such, there is a continual focus on ensuring that the control environment within each business area is understood and maintained at the required level.

GOING CONCERN
The directors have reviewed the group's budget and cash flow forecast for the year to 29 June 2014 and details of the group insurance arrangements. On the basis of this review and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

BORROWING POWERS
In terms of the Memorandum of Incorporation, the borrowing powers of the company are unlimited. However, all borrowings by the group are subject to board approval as required by the board delegation of authority. The details of borrowings appear in note 22 on page 79.

SUBSIDIARY COMPANIES
An annexure containing full particulars of the subsidiary companies appears on page 122.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE
No event material to the understanding of these group financial statements has occured between the end of the financial year and the date of approval.

SPECIAL RESOLUTIONS
The following special resolutions were passed during the course of the year, for both Woolworths Holdings Limited and Woolworths (Proprietary) Limited:

WOOLWORTHS HOLDINGS LIMITED
- Remuneration for the non-executive directors;
- General authority to repurchase shares;
- Financial assistance to related or inter-related companies or corporations; and
- Issue of shares or options and granting of financial assistance in terms of the company's share-based incentive scheme.

WOOLWORTHS (PROPRIETARY) LIMITED
- Financial assistance to related or inter–related companies or corporations.

The special resolutions were not required to be lodged with the Companies and Intellectual Property Commission.

AUDIT OPINION TO THE SHAREHOLDERS OF WOOLWORTHS HOLDINGS LIMITED

REPORT ON THE FINANCIAL STATEMENTS
We have audited the consolidated and separate financial statements of Woolworths Holdings Limited set out on pages 28 to 123, which comprise the statements of financial position as at 30 June 2013, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the 53 week period then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY
Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION
In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Woolworths Holdings Limited as at 30 June 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the 53 week period then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT
As part of our audit of the consolidated and separate financial statements for the 53 week period ended 30 June 2013, we have read the report of the group secretary, the report of the audit committee and directors' report for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc. Nexia SAB&T

Ernst & Young Inc.
Director – A Cadman
Registered Auditor
Chartered Accountant
Ernst & Young House
35 Lower Long Street
Cape Town
28 August 2013

NEXIA SAB&T
Director – A Darmalingam
Registered Auditor
Chartered Accountant (SA)
SAB&T House
Cnr Birmingham & Canterbury Roads
N1 City, Goodwood
28 August 2013

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	53 weeks to 30 June 2013 Rm	52 weeks to June 24 2012 Rm
Revenue	2	35 399	28 813
Turnover	2	35 227	28 604
Cost of sales		21 674	18 419
Gross profit		13 553	10 185
Other revenue	2	115	127
Expenses		10 199	7 625
Store costs		6 828	5 165
Other operating costs		3 371	2 460
Operating profit		3 469	2 687
Investment income	2	57	82
Finance costs	3.6	68	38
Profit before earnings from joint ventures and associate		3 458	2 731
Earnings from joint ventures	35	180	133
Earnings from associate	11	9	6
Profit before tax	3	3 647	2 870
Tax	4	1 009	811
Profit for the year		2 638	2 059
Other comprehensive income:			
Amounts that may be reclassified to profit or loss			
Fair-value adjustments on financial instruments		128	38
Deferred tax on fair-value adjustments on financial instruments		(40)	(17)
Exchange differences on translation of foreign subsidiaries		92	117
Other comprehensive income for the year		180	138
Total comprehensive income for the year		2 818	2 197
Profit attributable to:		2 638	2 059
Shareholders of the parent		2 597	2 048
Non-controlling interests		41	11
Total comprehensive income attributable to:		2 818	2 197
Shareholders of the parent		2 748	2 167
Non-controlling interests		70	30
Headline earnings per share (cents)	5	340.4	267.3
Earnings per share (cents)	5	337.9	269.2
Diluted headline earnings per share (cents)	6	333.8	260.6
Diluted earnings per share (cents)	6	331.3	262.4

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2013 Rm	At June 24 2012 Rm
ASSETS			
Non-current assets		6 778	5 011
Property, plant and equipment	8	2 683	2 225
Investment properties	9	43	106
Intangible assets	10	2 440	1 219
Investment in associate	11	60	51
Investment in joint ventures	35	713	616
Prepaid employment costs	12	–	13
Participation in export partnerships	13	38	49
Other loans	14	83	89
Deferred tax	15	718	643
Current assets		5 347	5 034
Inventories	16	2 901	2 216
Trade and other receivables	17	668	631
Derivative financial instruments	18	211	41
Tax	31.3	5	1
Cash and cash equivalents	31.4	1 562	2 145
Non-current assets held for sale	37	63	–
TOTAL ASSETS		12 188	10 045
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent		5 619	4 465
Share capital	19	1	1
Share premium	20	431	94
Treasury shares		(1 357)	(1 344)
Non–distributable reserve	21	429	351
Distributable reserves	21	6 115	5 363
Non-controlling interests		285	107
TOTAL EQUITY		5 904	4 572
Non-current liabilities		1 908	1 177
Interest-bearing borrowings	22	705	25
Operating lease accrual	23	487	457
Post-retirement medical benefit liability	24	356	335
Deferred tax	15	360	360
Current liabilities		4 376	4 296
Trade and other payables	23	3 837	3 172
Provisions	25	297	230
Derivative financial instruments	18	8	16
Tax	31.3	107	368
Interest-bearing borrowings	22	127	510
TOTAL LIABILITIES		6 284	5 473
TOTAL EQUITY AND LIABILITIES		12 188	10 045

GROUP ANNUAL FINANCIAL STATEMENTS

GROUP STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the parent									
					Non-distributable reserve	Distributable reserves					
	Notes	Share capital Rm	Share premium Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Share-based payments reserve Rm	Financial instrument revaluation reserve Rm	Retained profit Rm	Shareholders' interest before non-controlling interest Rm	Non-controlling interest Rm	Total Rm
Shareholders' interest at 26 June 2011		1	94	(1 333)	251	525	(23)	4 493	4 008	85	4 093
Profit for the year		–	–	–	–	–	–	2 048	2 048	11	2 059
Other comprehensive income		–	–	–	100	–	19	–	119	19	138
Total comprehensive income for the year		–	–	–	100	–	19	2 048	2 167	30	2 197
Shares repurchased and cancelled	19	–	–	–	–	–	–	(286)	(286)	–	(286)
Shares repurchased	19	–	–	(369)	–	–	–	–	(369)	–	(369)
Share repurchase costs	19	–	–	–	–	–	–	(1)	(1)	–	(1)
Dividends to shareholders	30	–	–	–	–	–	–	(1 299)	(1 299)	(14)	(1 313)
Share-based payments		–	–	–	–	245	–	–	245	–	245
Settlement of share-based payments		–	–	358	–	(35)	–	(323)	–	–	–
Non-controlling interest arising on business acquisitions		–	–	–	–	–	–	–	–	6	6
Shareholders' interest at 24 June 2012		1	94	(1 344)	351	735	(4)	4 632	4 465	107	4 572
Profit for the year		–	–	–	–	–	–	2 597	2 597	41	2 638
Other comprehensive income		–	–	–	78	–	73	–	151	29	180
Total comprehensive income for the year		–	–	–	78	–	73	2 597	2 748	70	2 818
Shares issued	19 and 20	–	337	(337)	–	–	–	–	–	–	–
Shares repurchased	19	–	–	(192)	–	–	–	–	(192)	–	(192)
Share repurchase costs		–	–	–	–	–	–	(1)	(1)	–	(1)
Dividends to shareholders	30	–	–	–	–	–	–	(1 640)	(1 640)	–	(1 640)
Share-based payments		–	–	–	–	239	–	–	239	–	239
Settlement of share-based payments		–	–	516	–	(69)	–	(447)	–	–	–
Non-controlling interest arising on business acquisitions		–	–	–	–	–	–	–	–	108	108
Shareholders' interest at 30 June 2013		1	431	(1 357)	429	905	69	5 141	5 619	285	5 904

	Notes	2013	2012
Dividend per share declared for the financial year (cents)	30		
Ordinary shares		234.0	198.0
Interim		86.0	75.0
Final		148.0	123.0
Preference shares		207.0	121.0
Interim		59.0	36.0
Final		148.0	85.0

GROUP STATEMENT OF CASH FLOWS

	Notes	53 weeks to 30 June 2013 Rm	52 weeks to 24 June 2012 Rm
Cash flow from operating activities			
Cash inflow from trading	31.1	4 450	3 259
Working capital movements	31.2	(196)	(131)
Cash generated by operating activities		4 254	3 128
Interest income		48	73
Finance costs paid		(63)	(38)
Tax paid	31.3	(1 140)	(356)
Cash generated by operations		3 099	2 807
Dividends received from joint ventures		83	95
Dividends received from associate		–	1
Dividends to ordinary shareholders		(1 578)	(1 275)
Dividends to preference shareholders		(62)	(38)
Net cash inflow from operating activities		1 542	1 590
Cash flow from investing activities			
Investment in property, plant and equipment and intangible assets		(810)	(708)
Proceeds on disposal of property, plant and equipment, intangible assets and investment property		29	93
Acquisition of subsidiary, net of cash acquired	36	(1 490)	–
Acquisition of franchise operations	34	(67)	(494)
Participation in export partnerships		11	4
Loans and advances repaid by employees and share scheme participants		15	4
Net cash outflow from investing activities		(2 312)	(1 101)
Cash flow from financing activities			
Shares repurchased	19	(192)	(655)
Share repurchase costs		(1)	(1)
Finance lease payments		(15)	(25)
Borrowings raised		872	–
Borrowings repaid		(607)	–
Acquisitions – non-controlling interest contribution		108	6
Net cash inflow/(outflow) from financing activities		165	(675)
Decrease in cash and cash equivalents		(605)	(186)
Net cash and cash equivalents at the beginning of the year		2 145	2 293
Effect of foreign exchange rate changes		22	38
Net cash and cash equivalents at the end of the year	31.4	1 562	2 145

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated and separate Annual Financial Statements of Woolworths Holdings Limited ("the company") for the 53 weeks ended 30 June 2013 (2012: 52 weeks ended 24 June 2012) comprise the company, its subsidiaries, joint ventures and associate (together referred to as "the group").

STATEMENT OF COMPLIANCE

The consolidated and separate Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), and the Companies Act of South Africa.

BASIS OF PREPARATION

The consolidated and separate Annual Financial Statements are prepared on the historical cost basis, except where otherwise indicated.

The accounting policies set out below have been consistently applied to all years presented in these consolidated financial statements, except where the group has adopted the IFRS and IFRIC interpretations and amendments listed below that became effective during the year. These interpretations and amendments had no material impact on the reported results. Where applicable, additional disclosures for the current and comparative years were provided.

- IAS 1 Financial Statement Presentation – Presentation of items of Other Comprehensive Income ("OCI") (effective 1 July 2012):
  The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects the presentation only and has no impact on the group's financial position or performance.
- IAS 12 Deferred taxes: Recovery of underlying assets – Amendment to IAS 12:
  The amendment introduces a rebuttable presumption that deferred tax on investment properties measured at fair value be recognised on a sale basis. This has not had an impact on the group as investment properties are carried at cost.

  Various other new and amended IFRS and IFRIC interpretations that have been issued and are effective, have not been adopted by the group as they are not applicable to its activities.

BASIS OF CONSOLIDATION

The group consolidates all of its subsidiaries. Accounting policies are applied consistently in all group companies. The results of subsidiaries are included from the effective date of acquisition up to the effective date of disposal. All subsidiaries with the exception of the Woolworths Holdings Share Trust and the Woolworths Employee Share Ownership Trust have the same financial year ends and are consolidated to that date. The results of subsidiaries with year ends differing from that of the group are compiled for a rolling twelve-month year ending June and consolidated to that date.

The group's interests in joint ventures and associate are accounted for by using the equity method of accounting.

All intragroup balances, transactions, income and expenses and profit or losses resulting from intragroup transactions between subsidiaries or the parent and subsidiaries are eliminated in full.

A change in the ownership interest of a subsidiary, without leading to control being obtained or given up, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

The company carries its investments in subsidiaries at cost less accumulated impairment losses.

FOREIGN CURRENCY TRANSLATIONS

The presentation and functional currency of the group and parent company financial statements is the South African Rand. Certain individual companies in the group have different functional currencies, and are translated upon consolidation.

Foreign currency transactions are recorded at the exchange rates ruling on the transaction dates. Monetary assets and liabilities designated in foreign currencies are subsequently translated at rates of exchange ruling at the reporting date, gains and losses thereon are recognised in profit or loss. Upon settlement, foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the settlement date and resulting gains and losses are recognised in profit or loss. Non-monetary assets and liabilities are consistently translated at rates of exchange ruling at acquisition date.

Foreign operations are translated from their functional currency into rand at the rates of exchange ruling at the reporting date in respect of statement of financial position items and at an average rate per month in respect of statement of comprehensive income items. Gains and losses on the translation of foreign operations are recognised in other comprehensive income.

Translation gains and losses arising on loans which form part of the net investment in the foreign operations are reported in profit or loss in the company extending or receiving the loan. In the consolidated financial statements they are carried in equity until realised, and thereafter are recognised in profit or loss.

USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and subsequent years if the revision affects both.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. Assessments of useful lives and residual values are performed annually after considering factors such as technological innovation, maintenance programmes, relevant market information, manner of recovery and management consideration.

In assessing residual values, the group considers the remaining life of the asset, its projected disposal value and future market conditions. Refer to note 8.

PROVISION FOR NET REALISABLE VALUE OF INVENTORY

The provision for net realisable value of inventory represents management's estimate, based on historic sales trends and its assessment of quality and volume, of the extent to which merchandise on hand at the reporting date will be sold below cost. Refer to note 16.

FAIR VALUE OF RIGHTS TO ACQUIRE EQUITY INSTRUMENTS GRANTED

The fair value of rights to acquire shares granted in terms of share-based payment transactions is obtained using option pricing models and, in the case of options, assuming an option life of between 7 and 10 years, while convertible preference shares issued in terms of the broad-based black economic empowerment scheme have a life of 8 years terminating in 2015. Other valuation assumptions include estimates of the volatility of the shares, dividend yield and the risk-free interest rate. Refer to note 19 for additional information regarding the fair value of such instruments at grant date.

REACQUIRED RIGHTS

The fair value attached to the reacquired rights is determined with the use of a discounted cash flow which takes into account the remaining term of the franchise agreement. The group determines whether these assets are impaired at each reporting date. Key assumptions applied to the earnings portion of a discounted cash flow calculation include the projected sales growth rate, which varies from 2% – 10%, operating margin, a return on investment required of 15% – 25%, reinvestment of profits, working capital requirements and capital expenditure. The growth rate used to extrapolate cash flows beyond the most recent budget year is also estimated, as above. In determining the discount rate applied to calculate the present value of future earnings, the group estimates the market risk return and uses a weighted average cost of capital of 12.4%. Refer to note 34.

IMPAIRMENT OF FINANCIAL ASSETS

LOANS AND RECEIVABLES

When evidence of impairment of loans and receivables exists, the present value of the future cash flows of the asset discounted at the asset's original effective interest rate is determined and compared to the carrying value of the asset. Management judgement is required in the estimation of future cash flows.

PROVISION FOR EMPLOYEE BENEFITS

Post-retirement defined benefits are provided to certain existing and former employees. Actuarial valuations are performed to assess the financial position of relevant funds and are based on assumptions which include mortality rates, healthcare inflation, the expected long-term rate of return on investments, the discount rate and current market conditions. Refer to note 24.

SIGNIFICANT JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The following areas require significant judgements to be made by management in the application of the group's accounting policies.

PROBABILITY OF VESTING OF RIGHTS TO EQUITY INSTRUMENTS GRANTED IN TERMS OF SHARE-BASED PAYMENT SCHEMES

The cumulative expense recognised in terms of the group's share-based payment schemes reflects, in the opinion of the directors, the number of rights to equity instruments granted that will ultimately vest. At each reporting date, the unvested rights are adjusted by the number forfeited during the year to reflect the actual number of instruments outstanding. Management is of the opinion that this number, adjusted for future attrition rates, represents the most accurate estimate of the number of instruments that will ultimately vest.

INCOME TAXES

The group is subject to income tax in more than one jurisdiction. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE

IFRIC 4 identifies situations where an arrangement entered into may have to be accounted for as a lease. The interpretation concludes that an arrangement is a lease when fulfilment thereof is dependent on the use of specific assets, and when the arrangement conveys the right to use those assets. Judgement is exercised in assessing whether existing supplier agreements may contain a lease. In the opinion of management, the requirements of IFRIC 4 were not met during the current year as suppliers do not have to use specific assets to fulfil their supply obligation and, although the group enforces stringent quality standards on goods sourced, it has no control over how assets are used. In addition, purchases are priced per individual order and the group does not control physical access to suppliers' assets.

CONSOLIDATION OF THE GROUP'S SHARE TRUSTS

The group operates a share incentive scheme and a broad-based black economic empowerment scheme through separate share trusts. These trusts are operated for the purposes of incentivising staff to promote the continued growth of the group, and to promote black economic empowerment. The trusts are funded by loan accounts from companies within the group and by dividends received from Woolworths Holdings Limited. The group retains the residual risks associated with the trusts. In the judgement of management, the appropriate accounting treatment for these entities is to consolidate their results.

PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recognised at cost which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Subsequent to initial recognition, buildings and leasehold improvements are shown at cost less accumulated depreciation and any impairment in value. Land is measured at cost, less any impairment in value and is not depreciated, since the useful life is considered to be indefinite. The property portfolio is valued internally on an annual basis and every three years by independent valuers for additional disclosure purposes. Furniture, fittings, motor vehicles and computers are shown at cost less accumulated depreciation and any impairment in value.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

Subsequent expenditure including the cost of replacing parts of the asset, other than day-to-day servicing costs, are included in the cost of the asset when incurred if it is probable that such expenditure will result in future economic benefits associated with the item flowing to the company, and the cost can be measured reliably.

An asset is depreciated from the time that it is available for use. Depreciation of an asset ceases at the earlier of the date the asset (or disposal group into which the asset falls) is classified as held-for-sale or included in a discontinued operation in accordance with IFRS 5 and the date that the asset is derecognised. The depreciable amount of an asset, being the cost of the asset less the residual value, is allocated on a straight-line basis over the estimated useful life of the asset. Residual value is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. Whilst residual value is equal to or exceeds the carrying value, depreciation is discontinued.

Each part of an item of property, plant and equipment with a cost which is significant in relation to the total cost of the item is depreciated separately.

The residual values, useful lives and depreciation methods applied to assets are reviewed at each financial year end based on relevant market information and management consideration, and are adjusted prospectively, if applicable.

Useful lives per asset category:

Buildings	15 to 40 years
Leasehold improvements	Write off over the lease period or shorter period if appropriate
Furniture, fittings and equipment	2 to 15 years
Computers	3 to 7 years
Motor vehicles	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in other operating costs in the year the asset is derecognised.

Items of property, plant and equipment are assessed for impairment as detailed in the accounting policy note on impairment.

INTANGIBLE ASSETS

Intangible assets are initially recognised at cost, if acquired separately, or at fair value if acquired as part of a business combination. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised, but expensed in profit or loss in the year during which the expenses are incurred.

Other than brand names and goodwill, all of the group's intangible assets are assessed as having finite useful lives. The group's intangible assets are amortised over their useful lives using a straight-line basis. Computer software is amortised between 5 to 10 years. Reacquired rights are amortised over the remaining contractual term of the franchise contracts acquired, which varies between 2 and 10 years per store. Customer databases are amortised over 7 years.

Amortisation commences when the intangible assets are available for their intended use. The amortisation period and method for intangible assets with finite useful lives are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The residual value of an intangible asset may increase to an amount equal to or greater than the asset's carrying amount. Amortisation of intangible assets cease when the residual value is equal to or exceeds the carrying value.

The residual value of an intangible asset shall be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life or if the residual value can be determined by reference to an active market and it is probable that the market will still exist at the end of the asset's useful life.

Amortisation shall cease at the earlier of the date that the asset is classified as held-for-sale (or is included in a disposal group that is classified as held-for-sale), or the date that the asset is derecognised.

Subsequent expenditure on intangible assets is capitalised if it is probable that future economic benefits attributable to the asset will flow to the group and the expenditure can be measured reliably.

Intangible assets are derecognised upon disposal or where no future economic benefits are expected. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. These gains and losses are recognised in profit or loss when the asset is derecognised.

Intangible assets are tested for impairment if indications of impairment exists. For impairment of intangible assets, refer to the policy on impairment of non-financial assets.

COMPUTER SOFTWARE

Computer software acquired from external suppliers is initially recognised at cost. Computer software development costs are capitalised if the recognition criteria outlined below under "Research and development" are met.

RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred.

Development costs are recognised as an expense in the period in which they are incurred unless the technical feasibility of the asset has been demonstrated and the intention to complete and utilise the asset is confirmed. Capitalisation commences when it can be demonstrated how the intangible asset will generate probable future economic benefits, that it is technically feasible to complete the asset, that the intention and ability to complete and use the asset exists, that adequate financial, technical and other resources to complete the development are available and the costs attributable to the process or product can be separately identified and measured reliably.

GOODWILL

Goodwill on acquisitions of subsidiaries is recognised as an asset and initially measured at cost.

After initial recognition, goodwill on acquisitions of subsidiaries is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation can be made to a single cash-generating unit or a group of cash-generating units.

Goodwill is tested for impairment at every financial year end or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill is allocated. Where the cash-generating unit's recoverable amount is less than its carrying value, an impairment loss is recognised. It is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill cannot be reversed in future periods. The group performs its annual impairment test of goodwill at year end.

Goodwill on acquisitions of equity-accounted associate and joint ventures is included in the investments in associate or joint ventures and tested for impairment as part of the carrying value of the investment. Goodwill recognised on the acquisition of the associate or joint ventures (equity-accounted) is calculated as the difference between the cost of the investment and the fair value of the proportionate net assets obtained. Any excess of the fair value of the proportionate net assets acquired over the cost of the investment is included in profit or loss of the investor, in the year when acquired, as part of the proportionate share in the associate's profit after tax.

When part of a cash-generating unit that contains goodwill is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation in determining the gain or loss on disposal. Goodwill disposed of in this manner is measured on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

BUSINESS COMBINATIONS

All business combinations are accounted for by applying the acquisition method. Goodwill can arise on the acquisition of businesses and subsidiaries. For each business combination, the group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Any gain from a bargain purchase is recognised in profit or loss immediately. The fair value of the consideration paid is the fair value at the date of exchange of the assets given, liabilities incurred or assumed, and equity instruments issued by the group, in exchange for control of the acquiree. Acquisition costs incurred are expensed.

INVESTMENT PROPERTIES

Investment properties are land and buildings which are held either to earn rental income or for capital appreciation, or both. Investment properties are accounted for under the cost model and the accounting treatment after initial recognition follows that applied to property, plant and equipment.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in other operating costs in the year of retirement or disposal. Transfers are made from investment properties when there is a change in use or when the carrying amount will be recovered principally through a sale transaction.

PREPAID EMPLOYMENT COSTS

Prepaid employment costs are recognised when loans are granted to employees in terms of the group's share purchase scheme. The favourable terms on which the loans are granted create an enduring benefit to the group in the form of incentivised staff.

Prepaid employment costs are initially recognised at an amount equal to the fair value adjustment on initial recognition of the share loans that give rise to the prepayment.

These costs are amortised in profit or loss over the period in which services are rendered by employees.

TAXES

CURRENT TAX

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered or paid to the tax authorities. The tax rates and laws used to compute the amount are those enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset if the company has a legally enforceable right to offset the recognised amounts and it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

DEFERRED TAX

Deferred tax is provided on the statement of financial position liability basis on the temporary differences at the reporting date between the carrying values, for financial reporting purposes, and tax bases of assets and liabilities.

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that future taxable profit will allow the deferred tax asset to be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that taxable profit will be available against which the temporary differences will be utilised.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available for utilisation of the asset.

Deferred tax liabilities are recognised for taxable temporary differences except where the deferred tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax liabilities are not recognised when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax assets and liabilities reflect the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying values of its assets and liabilities.

Current and deferred tax is credited or charged directly to equity or other comprehensive income if it relates to items credited or charged directly to equity or other comprehensive income.

Deferred tax assets and liabilities are offset if the company has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, or different taxable entities that intend to settle current tax assets and liabilities on a net basis, or realise the asset and settle the liability simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

DIVIDEND WITHHOLDING TAX ("DWT")
DWT replaced STC effective 1 April 2012. It is a tax levied on the beneficial owner of the shares instead of the company. The tax is withheld by the company and paid over to the South African Revenue Service (SARS) on the beneficiaries' behalf. The resultant tax expense and liability has been transferred to the shareholder and is no longer accounted for as part of the tax charge for the company. Amounts not yet paid over to SARS are included in trade and other payables and the measurement of the dividend amount is not impacted by the withholding tax.

CURRENT ASSETS AND LIABILITIES
Current assets and liabilities have maturity terms of less than 12 months or are expected to be settled in the group's normal operating cycle.

INVENTORIES
Merchandise, raw materials and consumables are initially recognised at cost, determined using the weighted average cost formula.

Subsequent to initial recognition, inventories are measured at the lower of cost and net realisable value. Net realisable value of merchandise is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Management estimate, based on their assessment of quality and volume, the extent to which merchandise on hand at the reporting date will be sold below cost.

Raw materials and consumables held for packaging of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

The carrying amount of inventories sold is recognised as an expense in the period in which the related revenue is recognised.

LEASES
Finance leases are leases whereby substantially all the risks and rewards of ownership are transferred to the lessee. Assets acquired in terms of finance leases are capitalised and depreciated over the shorter of the useful life of the asset and the lease term, with a corresponding liability raised on the statement of financial position. The asset and liability are recognised at the commencement date at the lower of the fair value of the leased asset or the present value of the minimum lease payments calculated using the interest rate implicit in the lease at the inception of the lease. Any initial direct costs incurred are added to the amount recognised as an asset. Related finance costs are charged to profit or loss over the period of the lease using the effective interest rate method.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease expenses and income with fixed escalation clauses (net of any incentives received from the lessor or incentives given to the lessee) are recognised in profit or loss on a straight-line basis over the lease term. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset. Contingent rental escalations, such as those relating to turnover, are expensed in the period in which the escalations are determined.

SHORT-TERM EMPLOYEE BENEFITS
Short-term employee benefits include salaries, bonuses, allowances and other fringe benefits. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay the amount and the obligation can be estimated reliably.

RETIREMENT BENEFITS
Current contributions to defined contribution retirement funds are based on a percentage of the pensionable payroll and are recognised as an employee benefit expense when they are due. The group has no further payment obligations once the contributions are paid.

The group has an obligation to provide certain post-employment medical aid benefits to certain employees and pensioners. The calculated cost arising in respect of post-retirement medical aid benefits is charged to profit or loss as services are rendered by employees. The present value of future medical aid subsidies for past and current service is determined in accordance with IAS 19 Employee Benefits using actuarial valuation models.

The cost of providing benefits under the plan is determined using the projected unit credit valuation method. Plan assets are assets which can only be used to satisfy the obligations of the fund and are measured at fair value. Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceed 10% of the greater of the defined obligation and the fair value of the plan assets. The gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan. Any curtailment benefits or settlement amounts are recognised in profit or loss as incurred.

SHARE-BASED PAYMENT TRANSACTIONS
Shares and rights to acquire shares granted to employees in terms of the group's share incentive and black economic empowerment schemes, meet the definition of share-based payment transactions. Refer to note 19 for a detailed description of each of the schemes.

In its separate financial statements, the company accounts for the share-based payment transaction as an equity-settled share-based payment arrangement with a corresponding increase in its investment in subsidiaries.

The equity-settled share-based payment programmes allow group employees to acquire shares in the company. The fair value of rights to acquire shares granted in the form of share options and convertible preference shares is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period in which the employees become unconditionally entitled to these rights. The fair value of the grants is measured using option pricing models, taking into account the terms and conditions under which the rights to acquire the shares were granted. In valuing the grants, market conditions imposed, where applicable, on the vesting or exercisability of the share rights are taken into account. No adjustments to the cost of share-based payment schemes are made if a market condition is not satisfied.

Non-vesting conditions are treated similarly to market conditions and are only taken into account to determine the fair value at grant date of the equity instruments granted. Where an award does not vest as the result of a failure to meet a non-vesting condition within the control of either the entity or the counterparty, it is accounted for as a cancellation. However, failure to satisfy a non-vesting condition that is beyond the control of either party does not give rise to a cancellation. In such cases, the expense based on grant date fair value is still recognised over the vesting period unless a vesting condition is not met (whereby the award is forfeited).

Where shares were granted at a discount to the ruling market price, the intrinsic value was expensed over the vesting period of the grant. Changes in estimates of the number of shares or rights to acquire shares that will ultimately vest are included in the charge for the year. No subsequent adjustments are made to total equity after the vesting date.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the amount measured at the grant date at the fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, the group recognises, over the remainder of the vesting period, the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee as measured at the date of the modification.

Where an equity-settled award is cancelled by the group, it is accounted for as an acceleration of the vesting of the awards. It is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

Outstanding rights to acquire shares could result in share dilution in the computation of earnings per share (refer to note 6).

PROVISIONS
Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

FINANCIAL INSTRUMENTS
RECOGNITION AND MEASUREMENT
Financial instruments are initially recognised on the statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, which includes directly attributable transaction costs in the case of financial assets and liabilities not at fair value through profit or loss. Subsequent measurement for each category is specified in the sections below.

DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES
A financial asset is derecognised where the right to receive cash from the asset has expired, or the group has transferred the asset and the transfer qualifies for derecognition. A transfer qualifying for derecognition occurs when the group transfers the contractual rights to receive the cash flows of the financial asset, or retains the rights but assumes a contractual obligation to pay those cash flows in full without material delay to a third party under a "pass-through" arrangement, or where the group has transferred control or substantially all the risks and rewards of the asset. Where the group has transferred its rights to the cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired. An exchange between the group and an existing lender of debt instruments with substantially different terms or a substantial modification to an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The resulting difference between the carrying value on derecognition of the financial instrument and the amount received or paid is taken to profit or loss.

FAIR VALUE
The fair value of instruments traded in an active market is determined with reference to quoted market bid and ask prices at close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. Such valuation techniques include using recent arm's length market transactions, reference to current market value of other similar instruments, discounted cash flow analysis and option pricing models. The fair value of short-term receivables and payables with no stated interest rate may be measured at original invoice amount unless the effect of imputing interest is significant.

OFFSET
Where a currently legally enforceable right to offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, such related financial assets and financial liabilities are offset.

FINANCIAL ASSETS
The trade date method of accounting has been adopted for "regular-way" purchases or sales of financial assets. The group categorises its financial assets in the following categories: loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

LOANS RECEIVABLE
After initial recognition, such assets are carried at amortised cost, using the effective interest rate method, less accumulated impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

The group has classified the following financial assets as loans and receivables:

PARTICIPATION IN EXPORT PARTNERSHIPS
Amortised cost is the group's cost of original participation less principal subsequent repayments received, plus the cumulative amortisation of the difference between the initial amount and the maturity amount, less any write down for impairment or uncollectability. A corresponding deferred tax liability is recorded, equal to the cost of original participation together with the group's share of the partnership gross profit less the group's share of subsequent amounts received by the partnership.

OTHER LOANS
Other loans comprise housing and other employee loans as well as loans to participants in the group share purchase schemes.

TRADE AND OTHER RECEIVABLES
Trade and other receivables comprise all trade and non-trade debtors other than financial services debtors. Short-duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash at banks and on hand as well as short-term deposits held at call with banks.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
Financial assets at fair value through profit or loss are financial assets held for trading or designated as at fair value through profit or loss. All derivative financial instruments are classified as financial assets or financial liabilities at fair value through profit or loss unless they are designated as a hedging instrument in an effective hedge.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into. After initial recognition, derivative financial instruments are measured at their fair values. Gains and losses arising on the change in the fair value of financial assets or liabilities at fair value through profit or loss are recognised under other operating expenses.

To the extent that a derivative instrument has a maturity period of longer than 12 months, the fair value of these instruments will be reflected as a non-current asset or liability.

FINANCIAL LIABILITIES
Financial liabilities consist of interest-bearing borrowings, trade and other payables, bank overdrafts and interest-bearing money-market borrowings, liabilities categorised at fair value through profit or loss and derivatives held for hedging (refer to accounting policy on hedge accounting).

After initial recognition, financial liabilities are recognised at amortised cost, using the effective interest rate method, except for financial liabilities at fair value through profit or loss which are measured at fair value.

Finance costs on financial liabilities at amortised cost are expensed in profit or loss in the period in which they are incurred using the effective interest rate method. In addition, gains and losses on these financial liabilities are recognised in profit or loss when the liability is derecognised.

Gains and losses on financial liabilities at fair value through profit or loss arise from fair value movements and related transaction costs on these liabilities. These gains and losses are recognised in profit or loss in the period in which they are incurred.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS
Financial liabilities at fair value through profit or loss include financial liabilities held for trading or designated as at fair value through profit or loss. All derivative financial instruments are classified as financial assets or financial liabilities at fair value through profit or loss unless they are designated as a hedging instrument in an effective hedge.

FINANCIAL GUARANTEE CONTRACTS
Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when it becomes due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially at fair value. Subsequently, the contract is measured at the higher of the amount determined in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18, unless it was designated as at fair value through profit or loss at inception and measured as such.

Financial guarantees are derecognised when the obligation is extinguished, expires or transferred.

The group currently does not recognise any financial guarantee contracts as, in the opinion of the directors, the possibility of losses arising from these guarantees is remote.

HEDGE ACCOUNTING
Gains or losses on the effective portion of cash flow hedges in respect of a risk associated with a recognised asset or liability, or highly probable forecast transaction or firm commitment are recognised in other comprehensive income and are recycled to profit or loss when the hedged cash flows impact profit or loss. The gain or loss on the ineffective portion is recognised in profit or loss in the period in which it arises. When a hedged forecast transaction is recognised as a non-financial asset or a non-financial liability, the cumulative gains and losses associated with the forecast transaction are removed from equity and included in the initial measurement of the non-financial asset or non-financial liability. When cash flow hedges result in the recognition of a financial asset or a financial liability, the cumulative gains or losses reflected in other comprehensive income are included in profit or loss in the same period in which the related asset or liability affects profit or loss. If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to profit or loss. If the hedging instrument expires or is sold, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment occurs.

Derivative instruments not designated as hedging instruments or subsequently not expected to be effective hedges are classified as "held for trading" and recognised at fair value with the resulting gains or losses being recognised in profit or loss in the period in which they arise.

IMPAIRMENT

NON-FINANCIAL ASSETS
The carrying amount of the group's assets, other than goodwill, inventories, associates, joint ventures and deferred tax assets (see accounting policy note on each asset mentioned respectively), is reviewed at each statement of financial position date for any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of an asset's or the cash-generating unit's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

The excess of an asset's or cash-generating unit's carrying amount over its recoverable amount is recognised as an impairment loss in profit or loss.

An impairment recognised previously may be reversed when estimates change as a result of an event occurring after the impairment was initially recognised. When an impairment loss is reversed the carrying value cannot exceed what the carrying value would have been (at the date of the reversal) had no impairment losses been recognised in the past on the particular asset. A reversal of an impairment loss is recognised in profit or loss.

FINANCIAL ASSETS
The group assesses at each statement of financial position date whether objective evidence exists that a financial asset or a group of financial assets is impaired.

ASSETS CARRIED AT AMORTISED COST
If there is objective evidence that assets carried at amortised cost are impaired, the loss is measured as the difference between the asset's carrying amount and the present value of future cash flows discounted at its original effective interest rate. When impaired, the carrying amount of the asset is reduced through the use of a provision for impairment account, and the amount of the loss is recognised in profit or loss. Assets together with the associated provision for impairment are written off when there is no realistic prospect of future recovery.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed and, for which an impairment loss is, or continues to be recognised, are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of an impairment loss decreases due to an event occurring after recognition of the impairment, the previously recognised impairment loss is reversed. Such a reversal is recognised in profit or loss to the extent that the carrying value of the asset does not exceed its amortised cost as if the asset has never been impaired at the reversal date.

For certain categories of loans and receivables, provisions for impairment are recognised based on the following considerations:

TRADE AND OTHER RECEIVABLES
For trade and other receivables, a provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Indicators of impairment include long overdue accounts, significant financial difficulties of the debtors and defaults in payments.

TREASURY SHARES
Shares in Woolworths Holdings Limited held by wholly-owned group companies are classified as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares and the cost price of the shares is deducted from group equity. Dividends received on treasury shares are eliminated on consolidation. No gains or losses are recognised in the group statement of comprehensive income on the purchase, sale, issue or cancellation of treasury shares.

INVESTMENT IN JOINT VENTURES AND ASSOCIATES
A joint venture is an entity which the group jointly controls and an associate is an entity in which the group has significant influence. The group's interests in joint ventures and associates are accounted for by using the equity method of accounting, and the investments are accounted for at cost less accumulated impairment in the separate financial statements of the venturer companies.

Under the equity method, an investment is carried in the statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the joint venture and associate. The statement of comprehensive income reflects the share of the results of operations of the company. Where there has been a change recognised directly in the equity of the joint venture or associate, the group recognises its share of any changes and discloses this, where applicable, in the group statement of changes in equity. Unrealised gains and losses resulting from transactions between the group, the joint venture and associate are eliminated to the extent of their interests. The share of the profit of a joint venture and associate is shown on the face of the statement of comprehensive income. This is the profit attributable to the equity holding and therefore is profit after tax and non-controlling interests of the joint venture and associate. Any dividend received by the group is credited against the investment in the joint venture and associate.

Financial results of the joint venture and associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the group determines whether it is necessary to recognise an additional impairment loss on the group's investment in a joint venture and associate. The group determines at each statement of financial position date whether there is any objective evidence that the investment in the joint venture and associate is impaired. If this is the case, the group calculates the amount of impairment as being the difference between the recoverable amount of the joint venture or associate and the carrying value and recognises the amount in profit or loss.

REVENUE
Revenue of the group comprises:

– Turnover: net merchandise sales, sales to franchisees and logistics services.

– Other revenue: interest, royalties, dividends, rentals and franchise and other commissions.

Value added tax is excluded.

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the group and the amount can be measured reliably.

Revenue is recognised on the following basis:

- sale of merchandise is recognised when the group has transferred to the buyer the significant risks and rewards of ownership of the merchandise, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the group;
- logistics services relate to the transport of goods on behalf of third parties and is recognised when the service has been provided;
- interest income is recognised as interest accrues using the effective interest rate method;
- royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement;
- dividends are recognised when the shareholder's right to receive payment is established;
- commissions are recognised on an accrual basis in accordance with the substance of the relevant agreement when the sale which gives rise to the commission has occurred; and
- rental income for fixed escalation leases is recognised on a straight-line basis.

Contingent rentals are recognised in the period in which they arise.

Revenue is measured at the fair value of the consideration received or receivable and is stated net of related rebates and discounts granted.

BORROWING COSTS
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset, provided it is probable that it will result in future economic benefits to the entity and the costs can be measured reliably. All other borrowing costs are recognised as an expense when incurred.

EXPENSES
Expenses, other than those specifically dealt with in another accounting policy, are recognised in profit or loss when it is probable that an outflow of economic benefits associated with a transaction will occur and that outflow can be measured reliably. Expenditure on advertising and promotional activities is recognised as an expense when the group either has the right to access the goods or has received the service.

EXCEPTIONAL ITEMS
Exceptional items are significant items, of an unusual nature, identified by management as warranting separate disclosure.

SEGMENTAL INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reporting about components of the group that are regularly reviewed by the chief operating decision makers ("CODM") to allocate resources to the segments and to assess their performance. The CODM has been identified as the group's executives. Management has determined the operating segments based on the main internal reporting segments. The group has identified five reportable segments:

- Woolworths Clothing and General Merchandise (C&GM) (Clothing, homeware, beauty and other lifestyle products)
- Woolworths Food
- Country Road (Clothing retailer which includes the Witchery Group)
- Woolworths Financial Services (WFS) (Financial products and services)
- Woolworths Treasury (Cash management activities)

The executive directors evaluate the segmental performance based on profit or loss before tax and exceptional items. Transactions between reportable segments are done on an arm's-length basis. To increase transparency and comparability of revenue, the group has included additional voluntary disclosure of revenue from logistics services.

EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the period attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period. Headline earnings per share is calculated in accordance with Circular 3/2012 issued by the South African Institute of Chartered Accountants.

DIVIDENDS TO SHAREHOLDERS

Dividends are recorded in the period in which the dividend is declared and charged directly to equity.

IFRS AMENDMENTS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

The following IFRS amendments and IFRIC interpretations, that are relevant to the group, have been issued but are not yet effective for the period under review. The group will adopt these no later than their effective dates.

- Annual Improvements to IFRS – 2009 – 2011 cycle (effective 1 January 2013): The International Accounting Standards Board's (IASB) annual improvement cycle deals with non-urgent but necessary clarifications and amendments to IFRS. An amendment to IAS 16 clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The group complies with this requirement. There are separate transitional provisions for other standards. In some instances, the adoption of these amendments resulted in minor changes to accounting policies but did not have any impact on the financial position or performance of the group. In some instances the improvements could lead to changes in disclosures.
- IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013): These amendments require an entity to disclose information about rights of set-off and related arrangements. This disclosure requirement is to cater for the amendment to IAS 32 as listed below.
- IFRS 9 Financial Instruments (effective date to be confirmed): Amendments to IFRS 9 moved the mandatory effective dates of the initial versions from 1 January 2013 to 1 January 2015.

  IFRS 9 is being developed in stages, with phase 1 addressing the classification and measurement of financial instruments. Further work includes impairment of financial instruments and hedge accounting, with a view to replace IAS 39 in its entirety. Phase 1 of IFRS 9 applies to all financial instruments within the scope of IAS 39.

  The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the group's financial assets, but will potentially only impact financial liabilities measured using the fair value option. The group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.
- IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements (effective 1 January 2013): IFRS 10 replaces the portions of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation – Special Purpose Entities, which resulted in SIC-12 being withdrawn. IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures, and associates in separate financial statements.

  IFRS 10 does not change consolidation procedures, it changes whether an entity is consolidated by revising the definition of control. The implementation of IFRS 10 is not expected to result in a change of entities being consolidated into the group.
- IFRS 11 Joint Arrangements (effective 1 January 2013): IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. Joint control under IFRS 11 is defined as the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. "Control" in "joint control" refers to the new definition of "control" in IFRS 10.

  IFRS 11 also changes the accounting for joint arrangements by moving from three categories under IAS 31 to the following two categories:
  - Joint operation: An arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. In respect of its interest in a joint operation, a joint operator must recognise all of its assets, liabilities, revenues and expenses, including its relative share of jointly controlled assets, liabilities, revenue and expenses.
  - Joint venture: An arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. The option in IAS 31 to account for joint ventures as defined in IFRS 11 using proportionate consolidation has been removed.

  The implementation of IFRS 11 is not expected to be material for the group.
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013): IFRS 12 includes many of the disclosures that were previously in IAS 27, IAS 28 and IAS 31 as well as new requirements. IFRS 12 disclosures relate to an entity's interests in subsidiaries, joint ventures, joint operations, associates and unconsolidated structured entities. The new standard requires information to assist users in evaluating the nature and risks associated with interests in other entities and the effects of these interests on the financial position, performance and cash flows. The application of the standard could result in significant changes in the disclosure of interests in other entities.
- IFRS 13 Fair Value Measurement (effective 1 January 2013): IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. Fair value under IFRS 13 is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (i.e., an 'exit price'). 'Fair value' as used in IFRS 2 Share-based Payments and IAS 17 Leases is excluded from the scope of IFRS 13. New disclosures related to fair value measurements will be required to help users understand the valuation techniques and inputs used to develop fair value measurements and the effect of fair value measurements on profit or loss.
- IAS 19 Employee Benefits (revised) (effective 1 January 2013): The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording.

  For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability), including actuarial gains and losses are recognised in OCI with no subsequent recycling to profit or loss. This is not expected to materially impact the post retirement medical obligation of the group.

  Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new and revised disclosure requirements. These new disclosures include quantitative information about the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

  Short and long-term benefits will now also be distinguished based on the expected timing of settlement, rather than employee entitlement. A change in classification of the leave pay provision could lead to a measurement change in that the leave pay provision must be discounted to reflect the time value of money. The impact of this change is not expected to be material for the group.
- IAS 32 Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014): The amendment to IAS 32 clarifies the meaning of "currently has a legally enforceable right to set-off" and the application of the offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. The right to set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default, bankruptcy and insolvency. The offsetting criteria require the group to intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The impact of this change is not expected to be material for the group.

  The group expects that adoption of the pronouncements listed above with the exception of IFRS 9 will have no material financial impact on the reported results in the period of initial application. However, the group will comply with the additional disclosure requirements resulting from such initial application. Various other new and amended IFRS and IFRIC interpretations which have been issued and are effective, have not been adopted by the group as they are not applicable to its activities.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

	2013 Rm	2012 Rm
2. REVENUE		
Turnover	35 227	28 604
Clothing and General Merchandise	17 197	12 958
Food	17 469	15 140
Logistics services and other	561	506
Other revenue	115	127
Rentals	30	23
Royalties and commission	58	44
Other	27	60
Investment income	57	82
Interest earned from cash and investments	48	73
Other	9	9
	35 399	28 813
3. PROFIT BEFORE TAX INCLUDES:		
3.1 OPERATING LEASE EXPENSES		
Land and buildings – rentals	1 880	1 279
Plant and equipment	33	27
Movement on provision for onerous lease commitments	4	(11)
3.2 AUDITORS' REMUNERATION		
Audit fee – current year	17	11
Tax advisory and other services	1	1
3.3 NET FOREIGN EXCHANGE PROFIT	(65)	(108)
3.4 OTHER EXPENSES		
Technical and consulting service fees	112	82
Depreciation and amortisation (refer to notes 8 and 10)	755	605
Impairment of property, plant and equipment, and intangible assets (refer to notes 8 and 10)	12	1
Loss/(profit) on disposal of property, plant and equipment, intangible assets and investment property	15	(15)
Unwinding of discount of provisions	8	5
Profit on fair value movements arising from derivative instruments (refer to note 28.6)	(103)	(34)
Transaction and integration costs on business combinations	77	27
3.5 EMPLOYMENT COSTS	4 636	3 478
Short-term employment benefits	4 136	3 102
Share-based payments expense	136	104
Pension costs (refer to note 24)	318	236
Post-retirement medical benefit (refer to note 24)	36	33
Termination and other benefits	10	3
3.6 FINANCE COSTS		
Bank borrowings and overdrafts	68	38

	2013 Rm	2012 Rm
4. TAX		
Current year		
Normal tax		
South Africa	924	712
Foreign	74	50
Secondary tax on companies	–	68
Deferred tax		
South Africa	(53)	(9)
Foreign	60	(13)
	1 005	808
Prior year		
Normal tax		
South Africa	1	5
Foreign	3	(17)
Deferred tax		
South Africa	–	(2)
Foreign	–	17
	1 009	811

	2013 %	2012 %
The rate of tax on profit is reconciled as follows:		
Standard rate	28.0	28.0
Disallowable expenditure	0.8	0.4
Share-based payments	0.3	(0.5)
Exempt income	(0.5)	(0.5)
Prior years	0.1	0.1
Secondary tax on companies	–	2.2
Foreign tax	0.3	0.1
Woolworths Financial Services	(1.4)	(1.2)
Other	0.1	(0.3)
Effective tax rate	27.7	28.3

5. EARNINGS PER SHARE

BASIC AND HEADLINE EARNINGS

	Profit before tax Rm	Tax Rm	Non-controlling interest Rm	Attributable profit Rm
2013				
Per the financial statements	3 647	(1 009)	(41)	2 597
BEE preference dividend paid	(62)	–	–	(62)
Basic earnings	3 585	(1 009)	(41)	2 535
Adjustments:				
Loss on disposal of property, plant and equipment and intangible assets	15	(5)	–	10
Impairment of property, plant and equipment and intangible assets	12	(3)	–	9
Headline earnings	3 612	(1 017)	(41)	2 554
2012				
Per the financial statements	2 870	(811)	(11)	2 048
BEE preference dividend paid	(38)	–	–	(38)
Basic earnings	2 832	(811)	(11)	2 010
Adjustments:				
Profit on disposal of investment property	(30)	4	–	(26)
Loss on disposal of property, plant and equipment and intangible assets	15	(4)	–	11
Impairment of property, plant and equipment and intangible assets	1	–	–	1
Headline earnings	2 818	(811)	(11)	1 996

WEIGHTED AVERAGE NUMBER OF SHARES

	Number of shares 2013	Number of shares 2012
Weighted average number of shares	750 273 585	746 628 104
Number of issued shares at the beginning of the year	745 709 140	755 231 337
Weighted average number of shares issued during the year	4 545 406	–
Weighted average number of shares repurchased during the year	(316 062)	(8 603 233)
Weighted average number of shares released in terms of the Restricted Share Plan	335 101	–

EARNINGS PER SHARE (CENTS)

	2013	2012
Basic	337.9	269.2
Headline	340.4	267.3

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

6. DILUTED EARNINGS PER SHARE

DILUTED EARNINGS

	2013 Rm	2012 Rm
Diluted earnings	2 535	2 010
Headline adjustment (net of taxation)	19	(14)
Diluted headline earnings	2 554	1 996

DILUTED WEIGHTED AVERAGE NUMBER OF SHARES

	Number of shares 2013	Number of shares 2012
Weighted average number of shares	750 273 585	746 628 104
Potential dilutive effect of outstanding number of share options	14 892 946	19 275 016
Diluted weighted average number of shares	765 166 531	765 903 120

The dilution arises from the outstanding in-the-money share incentive scheme options that will be issued to employees at a value lower than the weighted average traded price during the past financial year.

DILUTED EARNINGS PER SHARE (CENTS)

	2013	2012
Basic	331.3	262.4
% dilution	2.0%	2.5%
Headline	333.8	260.6
% dilution	1.9%	2.5%

The group's BEE scheme is anti-dilutive in the current and prior year.

7. RELATED PARTY TRANSACTIONS

RELATED PARTIES

The related party relationships, transactions and balances as listed below exist within the group.

HOLDING COMPANY

Refer to note 6 of the company Annual Financial Statements for the transactions between the holding company and its subsidiaries.

SUBSIDIARIES

During the year, group companies entered into various transactions. These transactions were entered into in the ordinary course of business. All such intragroup related party transactions and outstanding balances are eliminated in preparation of the consolidated Annual Financial Statements of the group.

7. RELATED PARTY TRANSACTIONS (CONTINUED)

JOINT VENTURES

The following related party transactions and balances occurred between the group and the joint ventures:

	2013 Rm	2012 Rm
WOOLWORTHS FINANCIAL SERVICES (PROPRIETARY) LIMITED		
Service costs received by Woolworths (Proprietary) Limited	(118)	(100)
Merchant fee income paid by Woolworths (Proprietary) Limited	112	104
Accounts receivable by Woolworths (Proprietary) Limited	90	33
Accounts payable by Woolworths (Proprietary) Limited	(57)	(15)
NEDGLEN PROPERTIES (PROPRIETARY) LIMITED		
Rental paid by Woolworths (Proprietary) Limited	3	2

ASSOCIATE

The following related party transactions and balances occurred between the group and the associate:

	2013 Rm	2012 Rm
RETAIL RISK MANAGEMENT ALLIANCE TRUST		
Insurance premium paid by Woolworths (Proprietary) Limited	50	41
Dividend received by Woolworths (Proprietary) Limited	–	(2)

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including all directors, executive and non-executive, of Woolworths Holdings Limited and Woolworths (Proprietary) Limited. Key management personnel have been defined as the board of directors, the prescribed officers of the holding company and the major operating subsidiary Woolworths (Proprietary) Limited, and the chief executive officer of Country Road Limited.
The definition of related parties includes close family members of key management personnel.
All transactions with key management personnel have been at arms length during the financial year.

KEY MANAGEMENT COMPENSATION

	2013 Rm	2012 Rm
Short-term employee benefits	85	53
Woolworths Holdings Limited directors	42	34
Other key management personnel	43	19
Post-employment benefits	3	3
Woolworths Holdings Limited directors	1	1
Other key management personnel	2	2
IFRS 2 value of share-based payments expense	25	24
Woolworths Holdings Limited directors	15	16
Other key management personnel	10	8
	113	80

Short-term employee benefits comprise salaries, directors' fees and bonuses payable within 12 months of the end of the year.

Post-employment benefits comprise of expenses determined in terms of IAS 19: Employee Benefits in respect of the group's retirement and healthcare funds.

	2013 Rm	2012 Rm
SHARE PURCHASE SCHEME LOANS AND INVESTMENTS		
Loans and investments at the beginning of the year	55	56
Loans repaid during the year	(4)	(1)
Loans and investments at the end of the year	51	55

Details of the terms and conditions relating to these loans are disclosed in note 14.

No bad or doubtful debts have been recognised in respect of loans granted to key management personnel (2012: nil).

	2013 Rm	2012 Rm
WOOLWORTHS CARD AND WOOLWORTHS VISA CREDIT CARD ACCOUNTS		
Balance outstanding at the beginning of the year	2	2
Annual spend	4	4
Annual repayments	(3)	(4)
Balance outstanding at the end of the year	3	2

Purchases made by key management personnel are at standard discounts granted to all employees of the company. Interest is charged on outstanding balances on the same terms and conditions applicable to all other card holders.

No bad or doubtful debts have been recognised in respect of the Woolworths card and Woolworths Visa credit card accounts of key management personnel (2012: nil).

POST-EMPLOYMENT BENEFIT PLAN

Details of the Woolworths Group Retirement Fund, the Wooltru Healthcare Fund and funds for the benefit of Country Road Limited employees are disclosed in note 24 to the Annual Financial Statements.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

7. RELATED PARTY TRANSACTIONS (CONTINUED)

DIRECTORS' AND PRESCRIBED OFFICERS' FEES AND EMOLUMENTS

Emoluments paid to directors and prescribed officers of Woolworths Holdings Limited in connection with the affairs of the company and its subsidiaries during the year ended 30 June 2013 and comparatives for 24 June 2012 are set out below:

2013		Guaranteed pay				Short-term performance bonus	Long-term benefits		Retention	
Executive directors	Notes	Remuneration (1) R000 's	Retirement, healthcare and related benefits R000 's	Other benefits (2) R000 's	Total guaranteed pay R000 's	Performance bonus R000 's	Interest-free loan benefit (3) R000 's	Fair value of shares, options, SARS, LTIP and DBP granted (4) R000's	Fair value of restricted shares (5) R000 's	Total remuneration R000 's
Ian Moir		7 401	28	26	7 455	10 308	–	5 221	4 110	27 094
Norman Thomson	(6)	2 999	294	42	3 335	5 345	762	702	825	10 969
Zyda Rylands		3 338	652	15	4 005	4 130	854	2 807	1 252	13 048
		13 738	**974**	**83**	**14 795**	**19 783**	**1 616**	**8 730**	**6 187**	**51 111**
Prescribed officers										
Paula Disberry	(7)	2 787	456	526	3 769	2 510	–	1 632	1 621	9 532
Brett Kaplan		2 610	294	23	2 927	2 297	119	1 550	1 632	8 525
Sam Ngumeni		2 327	494	22	2 843	2 863	262	1 230	1 919	9 117
		7 724	**1 244**	**571**	**9 539**	**7 670**	**381**	**4 412**	**5 172**	**27 174**
		21 462	**2 218**	**654**	**24 334**	**27 453**	**1 997**	**13 142**	**11 359**	**78 285**

Non-executive directors	Notes	Directors' fees R000's	Audit committee member R000's	Remuneration committee member R000's	Risk committee member R000's	Nominations committee member R000's	Sustainability committee member R000's	Social and ethics committee member R000's	Other benefits R000's	Total non-executive directors' benefits R000's
Simon Susman	(8)	893		86	67	83	134	67	2 068	3 398
Peter Bacon		206	100	86					13	405
Lindiwe Bakoro		206	100	86	67				10	469
Zarina Bassa		206	100		67				9	382
Tom Boardman		261		172		50	67	67	10	627
Andrew Higginson	(9)	549	100	44	67					760
Mike Leeming		206	199		134	50			15	604
Chris Nissen		206				50	67	134	24	481
Stuart Rose	(10)	549		86	67	38	67			807
Thina Siwendu		206			67			67	14	354
Sindi Zilwa	(11)	96	49		33			33	19	230
		3 584	**648**	**560**	**569**	**271**	**335**	**368**	**2 182**	**8 517**

NOTES

1. Remuneration includes fees paid by Country Road as follows: Ian Moir A$97 500, Norman Thomson A$40 000 and Paula Disberry A$40 000. Zyda Rylands was appointed as a non-executive director of Country Road from 1 October 2012 and earned pro-rata directors fees of A$30 000.
2. Other benefits are discounts received on purchases made in our stores.
3. The interest-free loan relates to the purchases of shares under the Woolworths Holdings Share Trust. The benefit has been calculated at 6.125% (average) on the value of the outstanding loan.
4. IFRS 2 Share-based payments has been used to equate the annual expense value of shares, options, SARS, LTIP and DBP held at the end of the year. It also includes the allocation of BEESOS scheme shares granted to Zyda Rylands and Sam Ngumeni.
5. IFRS 2 Share-based payments has been used to equate the annual expense value of restricted shares used as a retention scheme.
6. The board has approved a special bonus of R2.5 million in an attempt to improve Norman Thomson's total reward package relative to his peers, as long-term incentives (shares) were not allocated to him for the past 3 years.
7. Other benefits include a once off payment made of R500 000 for additional responsibilities assumed over and above her current role for a limited period during the year.
8. Simon Susman retired as group chief executive officer (in November 2010) and was appointed as chairman of the Woolworths Holdings Board on 17 November 2011. On his retirement as group chief executive officer and in terms of the rules of the scheme, the directors approved that he had the balance of 10 years (of which the last allocation was October 2006) to settle the interest-free share loan benefit relating to the purchases of shares under the Woolworths Holdings Share Trust whilst he was an employee of Woolworths. The benefit has been calculated at 6.125% (average) on the value of the outstanding loan.

   Other benefits of R2 067 847 (2012: R3 897 505) include the following:
   - post-retirement healthcare benefit of R28 800;
   - discounts received on purchases made in our stores of R45 272;
   - interest-free share loan benefit relating to the purchases of shares under Woolworths Holdings Share Trust whilst he was an employee of Woolworths of R1 799 532. The benefit has been calculated at 6.125% (average) on the value of the outstanding loan;
   - IFRS 2 charge for his shares and other share scheme instruments awarded during his tenure as chief executive officer of R194 243.
9. Andrew Higginson was appointed to the remuneration committee from 1 January 2013. His fees as a director are paid in Sterling as a British resident.
10. Stuart Rose was appointed to the nominations committee from 1 November 2012. His fees as a director are paid in Sterling as a British resident. However, there is an agreement in place to purchase Woolworths shares with his net fee payment, on instruction from Stuart Rose.
11. Sindi Zilwa retired from the board 17 November 2012.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

7. RELATED PARTY TRANSACTIONS (CONTINUED)

DIRECTORS' AND PRESCRIBED OFFICERS' FEES AND EMOLUMENTS (CONTINUED)

2012		Guaranteed pay				Short-term performance bonus	Long-term benefits		Retention	
Executive directors	Notes	Remuneration (1) R000's	Retirement, healthcare and related benefits R000's	Other benefits (2) R000's	Total guaranteed pay R000's	Performance bonus R000's	Interest-free loan benefit (3) R000's	Fair value of shares, options, SARS, LTIP and DBP granted (4) R000's	Fair value of restricted shares (5) R000's	Total remuneration R000's
Ian Moir	(6)	5 761	25	17	5 803	5 346	–	3 183	5 210	19 542
Norman Thomson		2 817	276	47	3 140	2 462	877	1 209	703	8 391
Zyda Rylands		2 894	613	26	3 533	3 262	913	2 604	1 208	11 520
		11 472	**914**	**90**	**12 476**	**11 070**	**1 790**	**6 996**	**7 121**	**39 453**
Prescribed officers										
Paula Disberry	(7)	2 389	439	29	2 857	1 696	–	1 288	1 787	7 628
Brett Kaplan		2 444	272	26	2 742	1 552	310	1 227	1 710	7 541
Sam Ngumeni		1 989	414	19	2 422	2 135	337	561	1 535	6 990
		6 822	**1 125**	**74**	**8 021**	**5 383**	**647**	**3 076**	**5 032**	**22 159**
		18 294	**2 039**	**164**	**20 497**	**16 453**	**2 437**	**10 072**	**12 153**	**61 612**

Non-executive directors	Notes	Directors' fees R000's	Audit committee member R000's	Remuneration committee member R000's	Risk committee member R000's	Nominations committee member R000's	Sustainability committee member R000's	Social and ethics committee member R000's	Other benefits R000's	Total non-executive directors' benefits R000's
Simon Susman	(8)	596		82	64	64	128	64	3 898	4 896
Buddy Hawton	(9)	296		82		40			1	419
Peter Bacon	(10)	185	95	82	32				14	408
Lindiwe Bakoro	(11)	185	95	41	64				12	397
Zarina Bassa	(12)	114	48		32				5	199
Tom Boardman	(13)	219		123		24	64	64	11	505
Andrew Higginson	(14)	42								42
Mike Leeming		185	190		128	48			14	565
Chris Nissen		185				48	64	128	22	447
Stuart Rose	(15)	473		82	64		64			683
Thina Siwendu		185			64			64	11	324
Sindi Zilwa		185	95		64			64	32	440
		2 850	**523**	**492**	**512**	**224**	**320**	**384**	**4 020**	**9 325**

NOTES

1. Remuneration includes fees paid by Country Road as follows: Ian Moir A$44 658, Norman Thomson A$40 000 and Paula Disberry A$13 651.
2. Other benefits are discounts received on purchases made in our stores.
3. The interest-free loan relates to the purchases of shares under the Woolworths Holdings Share Trust. The benefit has been calculated at 6.5% (average) on the value of the outstanding loan.
4. IFRS 2 Share-based payments has been used to equate the annual expense value of shares, options, SARS, LTIP and DBP held at the end of the year. It also includes the allocation of BEESOS scheme shares granted to Zyda Rylands and Sam Ngumeni.
5. IFRS 2 Share-based payments has been used to equate the annual expense value of restricted shares used as a retention scheme.
6. Ian Moir was appointed as the chairman of Woolworths Financial Services and Country Road Limited on 18 November 2011 when Simon Susman was appointed as chairman of the Woolworths Holdings Board. He had a fixed-term contract with the company.
7. Paula Disberry had a fixed-term contract with the company. She was appointed as a non-executive director of Country Road Limited in February 2012.
8. Simon Susman was appointed as chairman of the Woolworths Holdings Board on 17 November 2011 and his fees were adjusted accordingly. On his appointment as chairman of the board, he retired as chairman of Woolworths Financial Services, Country Road Limited and the Woolworths Trust. On his retirement as group chief executive officer (in 2010) and in terms of the rules of the scheme, the directors approved that he had the balance of 10 years (of which the last allocation was October 2006) to settle the interest-free share loan relating to the purchases of shares under the Woolworths Holdings Share Trust whilst he was an employee of Woolworths. The benefit has been calculated at 6.5% (average) on the value of the outstanding loan.

   Other benefits of R3 897 505 (2011: R3 806 223) include the following:

   – reimbursement for services rendered as chairman of Woolworths Financial Services of R211 200 for the period to 17 November 2011;

   – reimbursement for services rendered as chairman of Country Road Limited of A$37 500 for the period to 17 November 2011;

   – reimbursement for services rendered as chairman of the Woolworths Trust of R19 200 for the period to 17 November 2011;

   – post-retirement healthcare benefit of R26 220;

   – discounts received on purchases made in our stores of R47 515;

   – interest-free share loan benefit relating to the purchases of shares under the Woolworths Holdings Share Trust whilst he was an employee of Woolworths of R1 914 619. The benefit has been calculated at 6.5% (average) on the value of the outstanding loan.

   – IFRS 2 charge for his shares and other share scheme instruments awarded during his tenure as chief executive officer of R1 386 291.
9. Buddy Hawton retired as chairman of the board on 17 November 2011.
10. Peter Bacon resigned from the risk committee on 17 November 2011.
11. Lindiwe Bakoro was appointed to the remuneration committee from 17 November 2011.
12. Zarina Bassa was appointed as a non-executive director on 17 November 2011 and was appointed to the risk and audit committees with effect from that date.
13. Tom Boardman was appointed as lead independent director on 17 November 2011 and his fees were adjusted from that date. He was appointed to the nominations committee from 17 November 2011.
14. Andrew Higginson was appointed as a non-executive director from 1 June 2012 and was appointed to the risk and audit committees from that date. His fees as a director are paid in Sterling as a British resident.
15. Stuart Rose's fees as a director are paid in Sterling as a British resident.
16. The social and ethics committee assumed the responsibilities of the transformation committee from 1 May 2012.

7. RELATED PARTY TRANSACTIONS (CONTINUED)

DIRECTORS' AND PRESCRIBED OFFICERS' PARTICIPATION IN SHARE SCHEMES

Details of directors' interests in shares of the company are disclosed in the directors' report on page 25. Shares purchased and options granted to Simon Susman relate to his tenure as the chief executive officer.

Shares purchased and options granted to executive directors and prescribed officers in terms of the Woolworths Holdings Share Trust which had not been exercised at 30 June 2013, are set out below:

SHARE PURCHASE SCHEME

	Shares as at 24 June 2012		Shares sold or transferred		Shares as at 30 June 2013		
Name and offer date	Number	Price	Number	Price	Vested	Unvested	Total
Simon Susman							
December 2004	440 755	R10.59			440 755		440 755
August 2005	412 697	R11.31			412 697		412 697
August 2006	378 947	R13.30			378 947		378 947
October 2006	1 094 092	R13.71			1 094 092		1 094 092
Total	2 326 491				2 326 491		2 326 491
Norman Thomson							
August 2003	290 698	R5.16	290 698	R66.00	–		–
December 2004	152 597	R10.59			152 597		152 597
August 2005	142 882	R11.31			142 882		142 882
August 2006	130 075	R13.30			130 075		130 075
October 2006	510 576	R13.71			510 576		510 576
Total	1 226 828		290 698		936 130		936 130
Zyda Rylands							
August 2002	14 738	R3.98	14 738	R4.65	–		–
August 2003	12 125	R5.16			12 125		12 125
September 2003	180 510	R5.76			180 510		180 510
December 2004	221 839	R10.59			221 839		221 839
December 2004	37 734	R10.59			37 734		37 734
March 2005	120 000	R10.18			120 000		120 000
August 2005	132 626	R11.31			132 626		132 626
August 2005	144 923	R11.31			144 923		144 923
August 2006	129 699	R13.30			129 699		129 699
October 2006	291 758	R13.71			291 758		291 758
Total	1 285 952		14 738		1 271 214		1 271 214
Brett Kaplan							
August 2002	50 000	R3.98	50 000	R56.65	–		–
August 2003	34 410	R5.16	34 410	R70.00	–		–
December 2004	94 023	R10.59	94 023	R70.00	–		–
August 2005	99 027	R11.31	99 027	R71.00	–		–
August 2006	116 541	R13.30	116 541	R71.00	–		–
November 2006	43 380	R15.74	43 380	R71.00	–		–
Total	437 381		437 381		–		–
Sam Ngumeni							
August 2002	21 754	R3.98	21 754	R4.35	–		–
August 2003	29 816	R5.16			29 816		29 816
December 2004	26 036	R10.59			26 036		26 036
August 2005	35 332	R11.31			35 332		35 332
August 2006	33 050	R13.30			33 050		33 050
November 2006	190 216	R15.74			190 216		190 216
Total	336 204		21 754		314 450		314 450

SHARE OPTION SCHEME

	Options as at 24 June 2012		Options sold or transferred		Options as at 30 June 2013		
Name and offer date	Number	Price	Number	Price	Vested	Unvested	Total
Zyda Rylands							
October 2008	130 558	R8.81	65 279	R69.58		65 279	65 279
Total	130 558		65 279			65 279	65 279
Brett Kaplan							
November 2006	28 920	R13.61	28 920	R60.68	–		–
Total	28 920		28 920		–		–

7. RELATED PARTY TRANSACTIONS (CONTINUED)

DIRECTORS' AND PRESCRIBED OFFICERS' PARTICIPATION IN SHARE SCHEMES (CONTINUED)

SHARE APPRECIATION RIGHTS (SARS) SCHEME

	Rights as at 24 June 2012		SARS rights awarded		SARS rights sold		Rights as at 30 June 2013		
Name and offer date	Number	Price	Number	Price	Number	Price	Vested	Unvested	Total
Ian Moir									
August 2010	117 823	R23.34						117 823	117 823
August 2011	87 468	R31.44						87 468	87 468
August 2012			72 288	R55.68				72 288	72 288
Total	205 291		72 288					277 579	277 579
Simon Susman									
August 2009	140 526	R15.00			140 526	R60.68	–		–
Total	140 526				140 526		–		–
Norman Thomson									
April 2008	87 904	R10.26			87 904	R60.28			–
August 2008	171 525	R10.24			171 525	R60.28			–
August 2009	84 667	R15.00					84 667		84 667
August 2010	62 635	R23.34						62 635	62 635
Total	406 731				259 429		84 667	62 635	147 302
Zyda Rylands									
April 2008	261 223	R10.26			93 372	R69.58	167 851		167 851
August 2008	125 628	R10.24					125 628		125 628
August 2009	107 000	R15.00					107 000		107 000
August 2010	72 118	R23.34						72 118	72 118
August 2011	53 538	R31.44						53 538	53 538
August 2012			38 304	R55.68				38 304	38 304
Total	619 507		38 304		93 372		400 479	163 960	564 439
Paula Disberry									
April 2008	287 197	R10.26			287 197	R56.65	–		–
August 2008	92 127	R10.24			92 127	R56.65	–		–
August 2009	77 000	R15.00			77 000	R70.17	–		–
August 2010	55 654	R23.34						55 654	55 654
August 2011	41 316	R31.44						41 316	41 316
August 2012			32 726	R55.68				32 726	32 726
Total	553 294		32 726		456 324		–	129 696	129 696
Brett Kaplan									
August 2009	66 532	R15.00			66 532	R60.28	–		–
August 2010	54 242	R23.34						54 242	54 242
August 2011	40 267	R31.44						40 267	40 267
August 2012			29 946	R55.68				29 946	29 946
Total	161 041		29 946		66 532		–	124 455	124 455
Sam Ngumeni									
August 2011	34 987	R31.44						34 987	34 987
August 2012			29 095	R55.68				29 095	29 095
Total	34 987		29 095					64 082	64 082

LONG-TERM INCENTIVE PLAN (LTIP) SCHEME

	Grants as at 24 June 2012		LTIP grants awarded		LTIP grants sold or transferred		Grants as at 30 June 2013		
Name and offer date	Number	Price	Number	Price	Number	Price	Vested	Unvested	Total
Ian Moir									
August 2010	200 300	R23.34						200 300	200 300
August 2011	148 696	R31.44						148 696	148 696
August 2012			103 269	R55.68				103 269	103 269
Total	348 996		103 269					452 265	452 265
Simon Susman									
August 2009*	238 894	R15.00	15 857	R56.80	254 751	R60.00	–		–
Total	238 894		15 857		254 751		–		–
Norman Thomson									
August 2009*	84 667	R15.00	5 620	R56.80	90 287	R60.00	–		–
August 2010	62 635	R23.34						62 635	62 635
Total	147 302		5 620		90 287		–	62 635	62 635
Zyda Rylands									
August 2009*	107 000	R15.00	7 102	R56.80	114 102	R56.80	–		–
August 2010	72 118	R23.34						72 118	72 118
August 2011	53 538	R31.44						53 538	53 538
August 2012			41 496	R55.68				41 496	41 496
Total	232 656		48 598		114 102		–	167 152	167 152
Paula Disberry									
August 2009*	46 200	R15.00	3 067	R56.80	49 267	R59.31	–		–
August 2010	55 654	R23.34						55 654	55 654
August 2011	41 316	R31.44						41 316	41 316
August 2012			35 453	R55.68				35 453	35 453
Total	143 170		38 520		49 267		–	132 423	132 423
Brett Kaplan									
August 2009*	39 919	R15.00	2 650	R56.80	42 569	R56.80	–		–
August 2010	54 242	R23.34						54 242	54 242
August 2011	40 267	R31.44						40 267	40 267
August 2012			32 442	R55.68				32 442	32 442
Total	134 428		35 092		42 569		–	126 951	126 951
Sam Ngumeni									
August 2011	34 987	R31.44						34 987	34 987
August 2012			31 519	R55.68				31 519	31 519
Total	34 987		31 519					66 506	66 506

* Participants received a payment settled in equity on vesting equal to the value of dividends paid on the vested shares during the vesting period.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

7. RELATED PARTY TRANSACTIONS (CONTINUED)

DIRECTORS' AND PRESCRIBED OFFICERS' PARTICIPATION IN SHARE SCHEMES (CONTINUED)

DEFERRED BONUS PLAN (DBP) SCHEME

	Shares as at 24 June 2012		Shared purchased		Shares sold or transferred		Shares as at 30 June 2013
Name and offer date	Number	Price	Number	Price	Number	Price	Number
Ian Moir							
August 2010	41 617	R24.33					41 617
August 2011	29 600	R34.19					29 600
Total	71 217						71 217
Simon Susman							
August 2009*	49 498	R15.67	52 784	R56.80	102 282	R60.00	–
Total	49 498		52 784		102 282		–
Norman Thomson							
August 2009*	21 198	R15.67	22 605	R56.80	43 803	R60.00	–
August 2010	17 938	R24.33					17 938
Total	39 136		22 605		43 803		17 938
Zyda Rylands							
August 2009*	27 645	R15.67	29 480	R56.80	57 125	R56.80	–
August 2010	20 654	R24.33					20 654
August 2011	14 700	R34.19					14 700
Total	62 999		29 480		57 125		35 354
Paula Disberry							
August 2010	15 896	R24.40					15 896
August 2011	11 300	R34.19					11 300
Total	27 196						27 196
Brett Kaplan							
August 2010	15 574	R24.40					15 574
August 2011	11 000	R34.19					11 000
Total	26 574						26 574
Sam Ngumeni							
August 2011	9 600	R34.19					9 600
Total	9 600						9 600

* Participants received a payment settled in equity on vesting equal to the value of dividends paid on the vested shares during the vesting period.

RESTRICTED SHARE PLAN (RSP) SCHEME

	Shares as at 24 June 2012		Shared purchased		Shares sold or transferred		Shares as at 30 June 2013
Name and offer date	Number	Price	Number	Price	Number	Price	Number
Ian Moir							
January 2010	1 184 000	R16.89			390 720	R65.42	793 280
Total	1 184 000				390 720		793 280
Norman Thomson							
May 2010	119 938	R23.34					119 938
Total	119 938						119 938
Zyda Rylands							
May 2010	206 250	R23.34					206 250
Total	206 250						206 250
Paula Disberry							
May 2010	275 425	R22.65					275 425
Total	275 425						275 425
Brett Kaplan							
May 2010	263 610	R22.76					263 610
Total	263 610						263 610
Sam Ngumeni							
February 2011	215 174	R25.56					215 174
August 2012			27 812	R59.25			27 812
Total	215 174		27 812				242 986

BEE SHARES

	Shares as at 24 June 2012		Shares sold or transferred		Shares as at 30 June 2013		
Name and offer date	Number	Price	Number	Price	Vested	Unvested	Total
Zyda Rylands							
June 2007	1 250 000	R20.75				1 250 000	1 250 000
Total	1 250 000					1 250 000	1 250 000
Sam Ngumeni							
June 2007	475 000	R20.75				475 000	475 000
Total	475 000					475 000	475 000

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Rm	Leasehold improve-ments Rm	Furniture, fittings, equipment and motor vehicles Rm	Computer equipment Rm	Total Rm
2012					
Cost	583	310	2 459	498	3 850
Accumulated depreciation	–	(98)	(1 289)	(393)	(1 780)
Accumulated impairment	–	(10)	(13)	(1)	(24)
Net book value at June 2011	583	202	1 157	104	2 046
Current year movements:					
Additions	–	8	513	113	634
Additions – acquisition of franchise operations (note 34)	–	3	11	4	18
Disposals/scrappings – cost	(1)	(13)	(110)	(34)	(158)
Disposals/scrappings – accumulated depreciation	–	10	58	27	95
Depreciation	–	(28)	(349)	(86)	(463)
Foreign exchange rate differences – cost	–	42	66	13	121
Foreign exchange rate differences – accumulated depreciation	–	(19)	(37)	(11)	(67)
Impairment	–	–	(1)	–	(1)
Balance at June 2012	582	205	1 308	130	2 225
Made up as follows:					
Cost	582	350	2 939	594	4 465
Accumulated depreciation	–	(135)	(1 617)	(463)	(2 215)
Accumulated impairment	–	(10)	(14)	(1)	(25)
Net book value at June 2012	582	205	1 308	130	2 225
2013					
Current year movements:					
Additions	5	37	580	127	749
Additions – acquisition of franchise operations (note 34)	–	–	13	–	13
Additions – acquisition of subsidiary (note 36)	–	–	161	14	175
Disposals/scrappings – cost	–	(20)	(203)	(12)	(235)
Disposals/scrappings – accumulated depreciation	–	14	167	10	191
Depreciation	–	(19)	(430)	(85)	(534)
Foreign exchange rate differences – cost	–	23	135	11	169
Foreign exchange rate differences – accumulated depreciation	–	(13)	(48)	(8)	(69)
Impairment	–	–	(1)	–	(1)
Balance at June 2013	587	227	1 682	187	2 683
Made up as follows:					
Cost	587	390	3 625	734	5 336
Accumulated depreciation	–	(153)	(1 928)	(546)	(2 627)
Accumulated impairment	–	(10)	(15)	(1)	(26)
Net book value at June 2013	587	227	1 682	187	2 683

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2013 Rm	2012 Rm
The net carrying amounts of assets held under finance leases were as follows:		
Motor vehicles	19	15
Computer equipment	14	19

Additions during the year include R14 million (2012: R30 million) of assets held under finance leases.

The group's land and buildings consist of retail stores, distribution centres and corporate owner-occupied properties.

At 30 June 2013, land and buildings were valued taking account of similar recent market transactions on arm's length terms. The fair values were as follows:

	Carrying value Rm	Fair value Rm
2013		
Retail stores	117	225
Distribution centres	393	794
Corporate owner-occupied properties	77	163
2012		
Retail stores	112	230
Distribution centres	393	837
Corporate owner-occupied properties	77	167

Land and buildings are valued externally every three years and annually by internal valuers. The most recent external valuation was performed for the period ended 24 June 2012.

No depreciation on buildings was recognised during the current or prior year as residual values exceed carrying values. Land is not depreciated.

9. INVESTMENT PROPERTIES

	2013 Rm	2012 Rm
Balance at the beginning of the year	106	106
Transfer to non-current assets held for sale (refer to note 37)	(63)	–
Balance at the end of the year	43	106

No depreciation was recognised on investment properties in the current or prior year as the residual values exceed the carrying values of all properties classified as investment properties.

Investment properties were valued at R71 million (2012: R167 million) for the period ended 30 June 2013. Investment properties with a market value of R110 million (2012: R97 million) were transferred to non-current assets held for sale during the year (refer to note 37).

The market value was determined internally using the calculated purchase price method, whilst the 2012 valuation was completed by external valuers.

RENTAL INCOME AND EXPENSE FROM INVESTMENT PROPERTIES

	2013 Rm	2012 Rm
Rental income from investment properties	11	11
Direct operating expenses from investment properties that earned rental income during the year	3	8

No restrictions exist on the sale of investment properties.

Refer to note 32 for disclosure on operating leases.

10. INTANGIBLE ASSETS

	Brands and customer database Rm	Computer software Rm	Goodwill Rm	Reacquired rights Rm	Total Rm
2012					
Balance at the beginning of the year					
Cost	–	786	166	138	1 090
Accumulated amortisation	–	(391)	–	(6)	(397)
Net book value at June 2011	–	395	166	132	693
Current year movements:					
Additions	–	146	–	–	146
Additions – acquisition of franchise operations (note 34)	–	–	235	276	511
Disposals/scrappings – cost	–	(9)	–	–	(9)
Disposals/scrappings – accumulated amortisation	–	9	–	–	9
Amortisation	–	(86)	–	(56)	(142)
Foreign exchange rate differences – cost	–	28	–	–	28
Foreign exchange rate differences – accumulated amortisation	–	(17)	–	–	(17)
Balance at June 2012	–	466	401	352	1 219
Made up as follows:					
Cost	–	951	401	414	1 766
Accumulated amortisation	–	(485)	–	(62)	(547)
Net book value at June 2012	–	466	401	352	1 219
2013					
Current year movements:					
Additions	1	111	1	–	113
Additions – acquisition of franchise operations (note 34)	–	–	54	–	54
Additions – acquisition of subsidiary (note 36)	563	30	616	–	1 209
Disposals/scrappings – cost	–	(4)	–	–	(4)
Disposals/scrappings – accumulated amortisation	–	4	–	–	4
Amortisation	(6)	(140)	–	(75)	(221)
Foreign exchange rate differences – cost	28	16	38	–	82
Foreign exchange rate differences – accumulated amortisation	–	(5)	–	–	(5)
Impairment	–	(8)	(2)	(1)	(11)
Balance at June 2013	586	470	1 108	276	2 440
Made up as follows:					
Cost	592	1 104	1 110	414	3 220
Accumulated amortisation	(6)	(626)	–	(137)	(769)
Accumulated impairment	–	(8)	(2)	(1)	(11)
Net book value at June 2013	586	470	1 108	276	2 440

Brands and customer databases include costs of R60 million and accumulated depreciation of R6 million in respect of customer databases.

10. INTANGIBLE ASSETS (CONTINUED)

GOODWILL

The carrying value of goodwill comprises of:

Goodwill arising on acquisition of Virtual Market Place (Proprietary) Limited	13
Acquisition of franchise operations	443
Goodwill arising on acquisition of Witchery Group (2 October 2012)	654
Impairment	(2)
Balance at June 2013	1 108

Goodwill is tested for impairment by calculating the value in use of the cash generating unit or units to which the goodwill is allocated.

The cash flows generated by Virtual Market Place (Proprietary) Limited are based on the customer loyalty created by participation in the MySchool programme and the brand awareness that the programme generates.

Each franchise business acquired has the ability to generate cash inflows that are largely independent from the cash inflows of other assets and each franchise business is a separate cash generating unit.

The recoverable amounts of the repurchased franchise businesses are based on value-in-use calculations. These calculations use cash flow projections based on historical information and financial budgets approved by management.

Cash flows are extrapolated using estimated growth in sales and costs based on historical performance.

The projected cash flows are discounted to their present value using risk adjusted rates ranging from 18% – 20% (2012: 18% – 20%) based on the group's weighted average cost of capital. The group's weighted average cost of capital is 12.4% in the current year (2012: 13.2%). This is driven by the cost of equity as the group is partially geared.

11. INVESTMENT IN ASSOCIATE

Woolworths Holdings Limited is a beneficiary of Retail Risk Management Alliance Trust and, in terms of the trust deed, companies can appoint trustees and are entitled to vote according to the three-year average percentage of premium contribution per beneficiary. During 2013, the group contributed 28% (2012: 28%) of total premium.

Retail Risk Management Alliance Trust also holds an investment in Unison Risk Management Alliance (Proprietary) Limited that provides insurance broking services.

The following amounts represent the group's share of the assets and liabilities, and income and profit of the associate:

	2013 Rm	2012 Rm
Total assets	76	73
Total liabilities	(16)	(22)
Net assets	60	51
Total revenue	28	21
Net profit for the year	9	6

R11 million (2012: R10 million) of the reserves in Retail Risk Management Alliance Trust and Unison Risk Management Alliance (Proprietary) Limited combined, are non-distributable in terms of the Short-Term Insurance Act, and protocols governing the trust. This amount is revised on an annual basis.

There are no contingent liabilities relating to the group's interest in the associate, and no contingent liabilities of the associate itself.

	2013 Rm	2012 Rm
12. PREPAID EMPLOYMENT COSTS		
Balance at the beginning of the year	13	23
Unwinding of prepayment on loans repaid during the year	(5)	(2)
Current employment costs released to profit or loss (included in short-term employee benefits in note 3.5)	(8)	(8)
Balance at the end of the year	–	13

Details of loans granted in terms of the share purchase scheme participants' loans are included in note 14.

	2013 Rm	2012 Rm
13. PARTICIPATION IN EXPORT PARTNERSHIPS		
Balance at the beginning of the year	49	59
Payments received relating to the current year	(11)	(4)
Current portion included in trade and other receivables	–	(6)
Balance at the end of the year	38	49

The group participates as a partner in a number of container export partnerships. The partnerships sold containers in terms of long-term suspensive purchase and credit sale agreements.

Participation in export partnerships is measured at amortised cost using the effective interest method. Amortised cost is the group's cost of original participation less principal subsequent repayments received, plus the cumulative amortisation of the difference between the initial amount and the maturity amount, less any write down for impairment or uncollectability. Any impairment to the participation in export partnerships would result in a corresponding reduction in the related deferred taxation liability and thus there would be no impact on the statement of cash flows or the net profit of the group.

Due to the terms and conditions attaching to the participation in export partnerships it is not practicable within constraints of timeliness or cost to determine their fair values.

The amount outstanding is considered to be neither past due nor impaired. Refer to note 28.3 for details of the group's credit risk management policies.

	2013 Rm	2012 Rm
14. OTHER LOANS		
Housing and other employee loans	11	10
Balance at the beginning of the year	10	11
Loans repaid during the year	–	(2)
Interest accrued for the year (included in note 2)	1	1
Share purchase scheme participant loans and investments	72	79
Balance at the beginning of the year	79	73
Loans repaid during the year	(15)	(2)
Notional interest accrued for the year (included in note 2)	8	8
	83	89

Housing loans bear interest at prime less 2% (2012: prime less 2%). Housing loans are required to be repaid on termination of employment. The carrying value of housing loans approximates their fair value.

Loans to directors and other employees participating in the share purchase scheme are interest-free and are secured by shares in Woolworths Holdings Limited. The loans are repaid when participants take delivery of shares, over a period not exceeding ten years. The shares held in terms of the share option and purchase scheme as disclosed in the Remuneration Report are held as collateral for the loan. The value of the shares held as collateral is significantly higher than the outstanding loans, ensuring the group exposure to credit risk is limited.

Other loans are not considered to be past due nor impaired. Refer to note 28.3 for details of the group's credit risk management policies.

15. DEFERRED TAX

	2013 Rm	2012 Rm
The movement in the deferred tax account is as follows:		
Balance at the beginning of the year	283	289
Amounts (debited)/credited to profit or loss	(7)	7
Property, plant and equipment	(2)	1
Prepayments	7	(7)
Working capital and other provisions	(32)	6
Participation in export partnerships	11	10
Post-retirement medical benefit liability	6	5
Share-based payments	6	13
Intangible assets	22	(17)
Financial instruments	(10)	(16)
Other	(15)	12
Amounts credited/(debited) directly to other comprehensive income		
Foreign currency translation reserve adjustment	14	13
Financial instrument revaluation reserve adjustment	(40)	(17)
Amounts (debited)/credited directly to equity		
Share-based payment reserve	(21)	68
Deferred tax arising from business combinations	129	(77)
Balance at the end of the year	358	283
Deferred tax liability	(360)	(360)
Deferred tax asset	718	643
Net deferred tax asset	358	283
Comprising:		
Property, plant and equipment	(98)	(98)
Prepayments	(32)	(37)
Working capital and other provisions	393	298
Participation in export partnerships	(38)	(49)
Post-retirement medical benefit liability	100	94
Share-based payments	188	202
Intangible assets	(95)	(133)
Financial instruments	(58)	(13)
Other	(2)	19
	358	283

Deferred tax has been calculated at the standard corporate tax rate as at the reporting date, as management expect to recover the carrying value of assets and settle the carrying value of liabilities through use.

Deferred tax assets are raised after due consideration of future taxable income.

16. INVENTORIES

	2013 Rm	2012 Rm
Merchandise	2 965	2 270
Provision for shrinkage, obsolescence and mark-down of inventory	(93)	(70)
Consumables	7	5
Raw materials	22	11
	2 901	2 216

17. TRADE AND OTHER RECEIVABLES

	2013 Rm	2012 Rm
Trade and other receivables	687	660
Provision for impairment	(19)	(29)
Trade and other receivables – net	668	631
Movements in the provision for impairment of trade and other receivables were as follows:		
Balance at the beginning of the year	29	29
Charge for the year	2	8
Amounts written off	(10)	–
Unused amounts reversed	(2)	(8)
Balance at the end of the year	19	29

Trade and other receivables are interest-free unless overdue, and have payment terms ranging from seven days to sixty days. The provision for impairment of trade and other receivables is recognised when there is objective evidence obtained during the collection process such as inability to recover long overdue accounts and liquidity problems experienced by the debtors that indicate that the receivables might not be recoverable.

The carrying value of trade and other receivables is considered to approximate their fair value.

The creation and release of provisions for impaired receivables have been included in other operating costs in the statement of comprehensive income.

At 30 June, the aging analysis of receivables was as follows:

			Past due but not impaired		
	Total Rm	Neither past due nor impaired Rm	<60 – 90 days delinquent Rm	90 – 120 days delinquent Rm	>120 days delinquent Rm
2013					
Trade and other receivables	498	462	5	12	19
2012					
Trade and other receivables	501	468	32	1	–

The aging analysis above does not include the aging of non-financial assets included in trade and other receivables. Refer to note 28.5 for the analysis of trade and other receivables.

The group does not hold any collateral as security.

For detailed information regarding the credit quality of financial assets which are neither past due nor impaired, refer to note 28.3.

	2013		2012	
	Assets Rm	Liabilities Rm	Assets Rm	Liabilities Rm
18. DERIVATIVE FINANCIAL INSTRUMENTS				
Forward exchange contracts held as hedging instruments – cash flow hedges	142	–	7	15
Forward exchange contracts – not hedge accounted for	69	–	34	1
Interest rate swaps and collars held as hedging instruments – cash flow hedges	–	8	–	–
	211	8	41	16
Derivatives mature as follows:				
Within 12 months	211	8	41	16
	211	8	41	16

FORWARD EXCHANGE CONTRACTS

The notional principal amount of the outstanding contracts at 30 June 2013 amounts to R2 042 million (2012: R1 633 million). These contracts are to hedge the foreign currency exposure of the anticipated purchase of goods. The related cash flows are expected to occur on the maturity dates of these contracts between 1 and 12 months. Refer to note 28.4. Gains and losses on forward exchange contracts held as hedging instruments in designated and effective hedging relationships are recognised in other comprehensive income. Gains and losses on remaining contracts not hedge accounted are recognised directly in profit or loss. Forward contracts are measured at their fair value which is calculated by reference to forward exchange rates for contracts with similar maturity profiles at year end. The contracts are settled on a gross basis.

INTEREST RATE SWAPS

The notional principal amount of the interest rate swaps at 30 June 2013 amounts to R8 million (2012: nil). These swaps are to hedge the interest that is payable under the Syndicated debt facility (refer to note 22). Gains and losses on interest rate swaps held as hedging instruments in designated and effective hedging relationships are recognised in other comprehensive income.

The maximum exposure to credit risk at the reporting date is the fair value of the above mentioned derivative instrument assets.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

	2013 R'000	2012 R'000
19. ORDINARY SHARE CAPITAL		
AUTHORISED		
1 410 600 000 (2012: 1 410 600 000) ordinary shares of 0.15 cents each	2 116	2 116
89 400 000 (2012: 89 400 000) convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each	134	134
	2 250	2 250
ISSUED		
753 417 723 (2012: 745 709 140) ordinary shares of 0.15 cents each	1 132	1 121
89 164 010 (2012: 89 400 000) preference shares of 0.15 cents each	134	134
	1 266	1 255
RECONCILIATION OF VALUE OF ORDINARY SHARES IN ISSUE:		
Balance at the beginning of the year	1 121	1 135
7 265 192 (2012: nil) ordinary shares were issued in terms of share incentive schemes	11	–
Nil (2012: 9 298 259) ordinary shares were purchased from the market and cancelled	–	(14)
Balance at the end of the year	1 132	1 121

RECONCILIATION OF NUMBER OF ORDINARY SHARES IN ISSUE:

	Number of shares	
	2013	2012
Balance at the beginning of the year	745 709 140	755 231 337
Shares issued	7 265 192	–
Shares allocated in terms of the Restricted Share Plan	1 066 402	–
Shares repurchased and cancelled	–	(9 298 259)
Shares purchased from the market and held as treasury shares in terms of the Restricted Share plan	(623 011)	(223 938)
Balance at the end of the year	753 417 723	745 709 140

During the year 7 265 192 (2012: nil) ordinary shares totalling R337 million (2012: nil) were issued to employees and 2 710 328 (2012: 10 418 262) ordinary shares totalling R151 million (net of exercise price) (2012: R358 million) were purchased from the market and transferred to employees for settlement in terms of the group's share incentive schemes. 623 011 (2012: 223 938) ordinary shares totalling R41 million (2012: R11 million) were purchased from the market by Woolworths (Proprietary) Limited and are held as treasury shares by the group. In the prior year 9 298 259 ordinary shares totalling R286 million were purchased from the market and cancelled. 1 066 402 (2012: nil) ordinary shares totalling R23 million (2012: nil) were allocated to employees in terms of the group's Restricted Share Plan.

Closing balances are stated net of the effect of treasury shares.

For more information on the group's capital management policy, refer to note 29.

19. ORDINARY SHARE CAPITAL (CONTINUED)

SHARE INCENTIVE SCHEMES

EXECUTIVE INCENTIVE SCHEME

The group operates a share purchase scheme as well as a share option scheme, details of which are given in the Remuneration Report contained in the 2013 Integrated Report.

Shares and share options granted in terms of the executive incentive scheme meet the definition of equity-settled share-based payments. The terms and conditions of the schemes are detailed in the Remuneration Report contained in the 2013 Integrated Report. The options vest in tranches of 20% per annum and expire 10 years after grant date. The options were valued using a binomial model and assume an option life of 10 years. Other valuation assumptions include volatility set at historic trend levels, a dividend yield of 5% and a risk-free interest rate based on the zero-coupon yield of SA government bonds with a term consistent with the option life.

This scheme has been replaced by the Share Appreciation Rights scheme ("SARS"), Long-term Incentive Plan ("LTIP"), Deferred Bonus Plan ("DBP") and Restricted Share Plan ("RSP").

	Number of shares	
	2013	2012
Shares held by participants		
Balance at the beginning of the year	7 919 807	9 868 997
Sold	(1 500 841)	(829 981)
Transferred to trust stock and shares released from the scheme	(633 730)	(1 119 209)
Balance at the end of the year	5 785 236	7 919 807
Market value at the end of the year (rands)	372 627 051	399 079 075
Percentage of shares vested at the end of the year	100%	100%
Weighted average issue price (rands)	12.11	10.31
Weighted average market price per share traded (rands)	60.70	36.06
Number of participants on management share scheme	18	34
Options granted to participants		
Balance at the beginning of the year	2 610 205	5 238 221
Exercised	(1 878 732)	(2 622 931)
Forfeited and expired	–	(5 085)
Balance at the end of the year	731 473	2 610 205
Percentage of options vested at the end of the year	99%	95%
Weighted average exercise price of options outstanding at the end of the year (rands)	13.18	11.22
Weighted average exercise price of options exercised (rands)	10.36	10.90
Weighted average exercise price of options forfeited and expired (rands)	–	11.42
Weighted average market price per share traded (rands)	67.27	39.18
Number of participants on management option scheme	32	73

EXECUTIVE INCENTIVE SCHEME (CONTINUED)

	Number of share options		Original exercise	Current exercise	Fair value at grant
Period of offer*	2013	2012	price	price**	date***
1 August 2002 and 26 August 2012	–	83 500	3.98	2.98	–
1 January 2003 and 1 January 2013	–	87 459	4.42	3.39	2.14
1 February 2003 and 1 February 2013	–	32 657	4.49	3.46	1.84
12 August 2003 and 22 August 2013	–	147 115	5.16	4.10	2.88
1 February 2004 and 1 February 2014	–	159 310	7.25	6.03	2.67
1 April 2004 and 1 April 2014	1 826	1 826	7.33	6.10	2.63
1 December 2004 and 1 December 2014	56 128	253 011	10.59	9.06	3.55
1 July 2005 and 1 July 2015	7 996	134 878	10.33	8.80	3.30
1 August 2005 and 1 August 2015	–	43 167	11.58	9.92	3.73
24 August 2005 and 24 August 2015	77 135	205 155	11.31	9.66	3.66
1 November 2005 and 1 November 2015	–	119 167	12.45	10.68	4.11
3 January 2006 and 3 January 2016	–	52 805	14.11	12.16	4.43
1 April 2006 and 1 April 2016	57 547	116 242	16.33	14.15	5.16
23 August 2006 and 23 August 2016	256 210	366 456	13.30	11.42	4.25
1 November 2006 and 1 November 2016	–	55 431	15.56	13.46	5.21
14 November 2006 and 14 November 2016	23 120	71 737	15.74	13.61	5.06
15 February 2007 and 15 February 2017	37 469	102 227	20.35	17.75	6.57
1 March 2007 and 1 March 2017	36 645	160 399	20.35	17.75	6.47
1 April 2007 and 1 April 2017	–	31 390	21.53	18.78	7.07
15 May 2007 and 15 May 2017	106 299	160 647	24.13	21.11	7.08
1 June 2007 and 1 June 2017	5 819	95 068	22.92	20.00	7.17
17 October 2008 and 17 October 2018	65 279	130 558	10.57	8.81	1.59
Balance at the end of the year	731 473	2 610 205			

* The period of offer refers to the total life of the options. Options not exercised at the end of the period of offer expire.
** The original exercise price was adjusted to take into account the effect of the special dividend paid to ordinary shareholders in December 2008.
*** Fair value of options prior to the introduction of IFRS 2 on 7 November 2002 has not been determined.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

19. ORDINARY SHARE CAPITAL (CONTINUED)

WOOLWORTHS SHARE APPRECIATION RIGHTS SCHEME (SARS)

The share appreciation rights scheme provides executives and employees with the opportunity to receive shares of Woolworths Holdings Limited through the grant of conditional share appreciation rights. These constitute rights to receive shares equal in value to the increase in the Woolworths Holdings Limited share price between the price on the grant date of the instruments and the price on the date on which they are exercised. No cash payment is required to be made by the participants.

Participants are able to exercise the vested SARS for up to four years after vesting. Vesting of the share appreciation rights is subject to performance conditions as determined by the board of directors on an annual basis in respect of each new grant. The performance condition applied to each grant is that the group's headline earnings per share should increase by a cumulative 6.0% above inflation over a three-year period. If the performance condition is not met at the end of three years, for SARS issued prior to 25 June 2012, retesting of the condition is performed in year four and five against targets of growth in headline earnings per share exceeding cumulative inflation by 8.0% and 10.0% respectively. If it is still not met, the SARS do not vest.

The share appreciation rights offered in terms of the scheme have the substance of an option and meet the definition of an equity-settled share-based payment.

The share appreciation rights are valued using a binomial option pricing model, assuming a life of seven years. Other valuation assumptions include volatility set at historic trend levels, a continuous dividend yield of between 4.7% and 8.0% and a risk-free interest rate based on the zero-coupon yield of SA government bonds with a term consistent with the life of the rights.

	Number of rights	
	2013	2012
Rights granted to participants		
Balance at the beginning of the year	22 907 537	27 630 606
Granted	2 814 388	4 539 121
Exercised	(8 662 679)	(8 258 798)
Forfeited	(709 631)	(1 003 392)
Balance at the end of the year	16 349 615	22 907 537
Weighted average exercise price per right outstanding at year end (rands)	28.46	19.73
Weighted average exercise price per right granted (rands)	56.94	31.90
Weighted average exercise price per right exercised (rands)	14.43	10.46
Weighted average exercise price per right forfeited (rands)	30.24	21.53
Weighted average market price per right exercised (rands)	61.84	26.10
Number of participants on share appreciation rights scheme	458	350

Period of offer	Number of rights 2013	Number of rights 2012	Original exercise price	Current exercise price*	Fair value at grant date
16 April 2008 and 16 April 2015	799 903	1 941 239	11.95	10.26	2.78
21 August 2008 and 21 August 2015	1 039 251	2 450 528	11.94	10.24	2.42
19 February 2009 and 19 February 2016	159 104	382 383	12.95	12.95	2.54
21 August 2009 and 27 August 2016	1 731 437	6 602 660	15.00	15.00	3.42
18 February 2010 and 18 February 2017	400 825	1 144 070	19.74	19.74	5.21
26 August 2010 and 26 August 2017	4 790 153	5 254 214	23.34	23.34	6.27
17 February 2011 and 17 February 2018	671 079	700 026	23.49	23.49	7.81
25 August 2011 and 25 August 2018	3 881 388	4 238 163	31.44	31.44	8.76
16 February 2012 and 16 February 2019	194 254	194 254	41.90	41.90	19.79
23 August 2012 and 23 August 2019	2 384 926	–	55.68	55.68	17.55
14 February 2013 and 14 February 2020	297 295	–	67.08	67.08	20.81
Balance at the end of the year	16 349 615	22 907 537			

* The original exercise price was adjusted to take into account the effect of a special dividend paid to ordinary shareholders in December 2008.

WOOLWORTHS LONG-TERM INCENTIVE PLAN (LTIP)

The long-term incentive plan provides executives with the opportunity to receive Woolworths Holdings Limited shares by way of conditional awards of shares, which are subject to the fulfilment of predetermined performance conditions covering a three-year period, at a grant price of the volume weighted average price of a share as quoted on the JSE for the five business days immediately preceding the date of grant. The performance conditions applicable to this scheme are equally weighted between HEPS growth and total shareholder return (TSR) of the company relative to the TSR of a selected peer group index for the same period. The HEPS performance condition has a minimum threshold for 30% vesting and a target for 100% vesting. If the TSR performance of Woolworths falls below the lower quartile (i.e. if 75% of our peers perform better than Woolworths), then this portion of the LTIP does not vest. However, if the TSR performance of Woolworths exceeds the upper quartile (or 75% of our peers) performance, then 100% of the award vests. Vesting occurs on a linear scale in accordance with an agreed threshold and target.

The long-term incentive plan constitutes an equity-settled share-based payment.

The conditional awards are valued using a Monte Carlo simulation model, assuming a life of three years. Other valuation assumptions include volatility set at historic trend levels, a dividend yield of 4.6% to 7.0% and a risk-free interest rate based on the zero-coupon yield of SA government bonds with a term consistent with the life of the awards.

	Number of awards	
	2013	2012
Awards granted to participants		
Balance at the beginning of the year	2 572 107	3 882 251
Granted	401 452	513 603
Exercised	(1 141 222)	(1 751 707)
Forfeited	(95 333)	(72 040)
Balance at the end of the year	1 737 004	2 572 107
Weighted average exercise price per award outstanding at year end (rands)	33.07	21.30
Weighted average exercise price per award granted (rands)	55.68	31.44
Weighted average market price per award exercised (rands)	58.44	35.84
Number of participants on long-term incentive plan	16	19

Period of offer	Number of awards 2013	Number of awards 2012	Exercise price	Fair value at grant date
27 August 2009 and 27 August 2012	–	1 127 303	15.00	19.37
26 August 2010 and 26 August 2013	851 310	931 201	23.34	17.71
25 August 2011 and 25 August 2014	484 242	513 603	31.44	18.60
23 August 2012 and 23 August 2015	401 452	–	55.68	43.76
Balance at the end of the year	1 737 004	2 572 107		

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

19. ORDINARY SHARE CAPITAL (CONTINUED)

WOOLWORTHS DEFERRED BONUS PLAN

The deferred bonus plan allows selected executives to acquire Woolworths Holdings Limited shares at the ruling market price out of a portion of their declared annual bonus. A matching award (consisting of an equal number of Woolworths Holdings Limited shares) will be made to the participant after a three-year period on the condition that the participant remains in the employment of the group and retains the bonus shares over the period. The matching award is one Woolworths' share for each share held plus an additional number of shares equal in value to distributions that a participant would have earned if he had been the owner of the matching shares from grant date to vesting date.

The bonus shares meet the definition of an equity-settled share-based payment.

	Number of shares	
	2013	2012
Bonus shares granted to participants		
Balance at the beginning of the year	391 373	289 004
Granted	–	102 369
Exercised	(157 079)	–
Forfeited	(3 520)	–
Balance at the end of the year	230 774	391 373
Weighted average fair value per award outstanding at year end (rands)	11.99	14.27
Weighted average fair value per award granted (rands)	–	27.02
Weighted average market price per award exercised (rands)	58.39	–
Number of participants on deferred bonus plan	9	12

The fair value is measured at the closing share price of Woolworths Holdings Limited at date of acquisition of the shares by the participants of the scheme.

WOOLWORTHS RESTRICTED SHARE PLAN

The group operates a restricted share plan, details of which are given in the Remuneration Report in the 2013 Integrated Report. The ownership of these shares vests with Woolworths (Proprietary) Limited until service conditions are met by the employees.

Shares granted in terms of the restricted share plan meet the definition of an equity-settled share-based payment. The terms and conditions of the schemes are detailed in the remuneration committee section of the Integrated Report. In terms of the plan, the group purchased equity instruments to the value of R41 million in the current year (2012: R11 million) for the benefit of the participants. The participants will be entitled to the dividends and voting rights on the shares from grant date and the vesting will be staggered over a three to five-year period.

Vesting in respect of the grants issued occurs as follows:

Period of offer	Year 0 – 2	Year 3	Year 4	Year 5
1 January 2010 and 1 January 2015	–	33%	33%	34%
19 May 2010 and 19 May 2013	–	100%	–	–
19 May 2010 and 19 May 2014	–	50%	50%	–
19 May 2010 and 19 May 2015	–	50%	25%	25%
26 August 2010 and 26 August 2013	–	100%	–	–
26 August 2010 and 26 August 2015	–	50%	25%	25%
17 February 2011 and 17 February 2016	–	50%	25%	25%
17 May 2011 and 17 May 2016	–	50%	25%	25%
25 August 2011 and 25 August 2016	–	50%	25%	25%
15 May 2012 and 15 May 2017	–	50%	25%	25%
21 May 2012 and 21 May 2017	–	50%	25%	25%
1 June 2012 and 1 June 2017	–	50%	25%	25%
23 August 2012 and 23 August 2017	–	50%	25%	25%
3 October 2012 and 3 October 2017	–	50%	25%	25%
13 November 2012 and 13 November 2017	–	50%	25%	25%
14 February 2013 and 14 February 2018	–	50%	25%	25%
14 May 2013 and 14 May 2018	–	50%	25%	25%
1 June 2013 and 1 June 2018	–	50%	25%	25%
3 June 2013 and 3 June 2018	–	50%	25%	25%

19. ORDINARY SHARE CAPITAL (CONTINUED)

WOOLWORTHS RESTRICTED SHARE PLAN (CONTINUED)

	Number of shares 2013	2012
Shares granted in terms of the restricted share plan		
Balance at the beginning of the year*	5 255 678	5 173 702
Purchased	623 011	223 938
Vested	(971 310)	–
Cancelled	(95 092)	(141 962)
Balance at the end of the year	4 812 287	5 255 678
Market value at year end (rands)	64.41	50.39
Percentage of shares vested at year end	18%	0%
Weighted average price per share purchased (rands)	66.36	23.25
Number of participants	66	48

	Number of shares 2013	2012	Exercise price	Fair value at grant date
1 January 2010 and 1 January 2015	793 280	1 184 000	–	16.89
19 May 2010 and 19 May 2013*	493 605	555 455	–	23.34
19 May 2010 and 19 May 2014*	263 610	263 610	–	22.76
19 May 2010 and 19 May 2015*	1 294 275	1 908 107	–	23.34
26 August 2010 and 26 August 2013*	55 038	55 038	–	25.16
26 August 2010 and 26 August 2015*	796 789	796 789	–	24.93
17 February 2011 and 17 February 2016	215 174	215 174	–	25.56
17 May 2011 and 17 May 2016	55 567	55 567	–	28.74
25 August 2011 and 25 August 2016	43 515	43 515	–	34.59
15 May 2012 and 15 May 2017	44 356	44 356	–	48.86
21 May 2012 and 21 May 2017	60 147	60 147	–	49.88
1 June 2012 and 1 June 2017	73 920	73 920	–	50.73
23 August 2012 and 23 August 2017	223 703	–	–	60.32
3 October 2012 and 3 October 2017	53 052	–	–	62.20
13 November 2012 and 13 November 2017	114 757	–	–	69.63
14 February 2013 and 14 February 2018	28 184	–	–	69.19
14 May 2013 and 14 May 2018	60 509	–	–	71.25
1 June 2013 and 1 June 2018	104 840	–	–	73.92
3 June 2013 and 3 June 2018	37 966	–	–	67.17
Balance at the end of the year	4 812 287	5 255 678		

* The comparative share balances have been amended by increasing the number of shares by 5 001 to reflect actual shares awarded.

BLACK ECONOMIC EMPOWERMENT SCHEME

In 2008, the group's black economic empowerment scheme, in terms of which convertible, redeemable non-cumulative participating preference shares were issued to qualifying employees of the group, became effective.

The beneficial ownership of the shares, including the voting and distribution rights, resides with the participants of the share scheme from the date of inception.

The preference shares offered in terms of the scheme have the substance of an option and meet the definition of an equity-settled share-based payment.

The preference shares are convertible into ordinary shares to the extent that the growth in the Woolworths Holdings Limited share price exceeds a predetermined hurdle rate at the end of the scheme. If this hurdle rate is not met, a fixed minimum amount will be due to eligible participants.

The preference shares are valued using a Black-Scholes model, assuming a life of eight years. In performing the valuation, the cost of the distribution stream attached to the scheme is added to the option costs, as a traditional share option does not receive distributions. Other valuation assumptions include volatility set at historic trend levels, a dividend yield of 4.2% and a risk-free interest rate based on the zero-coupon yield of SA government bonds with a term consistent with the life of the instrument. Staff retention rates are a key assumption and have been modelled, based on historical experience, per category of employees participating in the scheme, namely executive, management and broad-based employees.

	Number of shares 2013	2012
Shares in issue at the beginning of the year	89 400 000	88 267 306
Shares issued	–	1 132 694
Shares redeemed*	(235 990)	–
Shares in issue at the end of the year	89 164 010	89 400 000
Percentage of shares vested at year end	48%	23%
Weighted average fair value per instrument at grant date (rands)	2.76	2.76
Number of participants on share scheme	6 284	7 157

* Preference shares were partially redeemed in the current year due to the death of beneficiaries.

Vesting occurs over an eight-year period as follows:

Completed years of service subsequent to the effective date	Adjustment percentage
0 – 2	0
3	16
4	23
5	33
6	48
7	69
8	100

DIRECTORS' INTEREST IN SHARES

Details of directors beneficial and non-beneficial interests in the shares of the company are disclosed in the Directors' Report. Shares and share options granted to executive directors are set out in note 7.

	2013 Rm	2012 Rm
20. SHARE PREMIUM		
Balance at the beginning of the year	94	94
Share issues in terms of the share incentive scheme	337	–
Balance at the end of the year	431	94

	2013 Rm	2012 Rm
21. RESERVES		
NON-DISTRIBUTABLE RESERVE		
Foreign currency translation reserve	429	351
DISTRIBUTABLE RESERVES		
Share-based payment reserve		
Balance at the beginning of the year	735	525
Share-based payments arising from the group's share incentive schemes	170	210
Shares	39	31
Share options and other	64	43
Black economic empowerment preference shares	33	30
Tax on share-based payments credited directly to equity	103	141
Settlement of share-based payments	(69)	(35)
Balance at the end of the year	905	735
Financial instrument revaluation reserve		
Interest rate and foreign exchange derivative instruments	69	(4)
Retained profit	5 141	4 632
Company	49	(16)
Arising on consolidation of subsidiaries	5 092	4 648
	6 115	5 363

NATURE AND PURPOSE OF RESERVES

FOREIGN CURRENCY TRANSLATION RESERVE

This reserve is used to record exchange differences arising from the translation of the results of foreign subsidiaries.

SHARE-BASED PAYMENT RESERVE

This reserve records the fair value of the vested portion of shares or share options (determined at grant date) granted in terms of the group's share-based payment schemes.

Refer to note 19 for further details of the relevant schemes.

FINANCIAL INSTRUMENT REVALUATION RESERVE

This reserve records the effective portion of the fair value movement on hedging instruments which are part of effective cash flow hedges.

RETAINED PROFIT

Retained profit records the cumulative net profit or loss made by the group after deducting dividends to shareholders and other utilisations of the reserve.

	2013 Rm	2012 Rm
22. INTEREST-BEARING BORROWINGS		
NON-CURRENT – UNSECURED		
Finance lease liabilities (refer to note 33)	22	25
Long-term loan	594	–
Other loans	89	–
	705	25
CURRENT – UNSECURED		
Finance lease liabilities (refer to note 33)	12	10
Long-term loan	115	–
Floating rate loan bearing interest at 5.75%, matured on 6 December 2012	–	500
	127	510

Interest-bearing borrowings bear interest at variable, market-determined rates. These borrowings are measured at amortised cost which approximates their fair value. Refer to note 28.2.

The long-term loan was raised to partially fund the Witchery Group acquisition and comprises a five-year term amortising debt facility through a Senior Syndicated Facility Agreement. Principal repayment terms are bi-annual and interest is payable quarterly over the five-year period. The facility bears interest at the Australian Bank Bill Swap Bid Rate, which averaged 5.80% during the year.

The finance lease liabilities are measured at amortised cost at an average effective rate of 11.8% (2012: 13.8%). Maturity periods vary between one and five years (refer to note 33). The fair value of the finance lease liabilities is estimated by discounting future cash flows using a market-related interest rate applicable to the group. The fair value of the finance lease liabilities amounted to R34 million (2012: R35 million) at the end of the year. The assets have been pledged as collateral for the respective lease liabilities.

Refer to the group's liquidity risk management policies in note 28.4.

	2013 Rm	2012 Rm
23. TRADE AND OTHER PAYABLES		
NON-CURRENT		
Operating lease accrual	487	457
	487	457
CURRENT		
Trade payables	2 052	1 460
Other payables	1 758	1 690
Operating lease accrual	27	22
	3 837	3 172

Trade and other payables are interest-free and have payment terms of up to 30 days.

The carrying value of trade and other payables approximates their fair value.

24. RETIREMENT BENEFIT INFORMATION

Woolworths permanent employees under the age of 60 are contributory members of the Woolworths Group Retirement Fund. Certain employees, in addition to belonging to the Woolworths Group Retirement Fund, are contributory members of other retirement funds. All funds are defined contribution funds and are registered under the Pensions Fund Act of 1956, as amended. The Woolworths Group Retirement Fund is exempt from valuation. The Woolworths Group Retirement Fund's actuary undertakes annual financial reviews, of which the latest review, as at 29 February 2012, confirmed the fund's financial soundness. The annual review was performed as at 28 February 2013 and will be available in September 2013.

Country Road Limited provides superannuation benefits for various categories of employees in Australia. All funds are defined contribution funds which are administered externally and provide for benefits for death, total disability, retirement and resignation. All benefits are provided on an accumulation of contributions basis and accordingly no actuarial assessment is required. Contributions vary from employee to employee as determined by various awards and negotiated conditions of employment. Future company contributions required to meet the superannuation guarantee charge are legally enforceable.

Total group contributions are charged to profit or loss as incurred and amounted to R318 million (2012: R236 million).

Woolworths subsidises a portion of the medical aid contributions of retired employees who joined the healthcare fund before 1 November 2000. The group values its accrued and future liability in respect of post-retirement medical aid contributions annually in June. The liability was actuarially valued based on the healthcare benefits currently provided to staff using appropriate mortality and withdrawal assumptions. For the purposes of the valuation it was assumed that investment returns would be nil (2012: nil). The discount rate used to value the liability at 30 June 2013 is 8.4% (2012: 8.5%) per annum.

At 30 June 2013, the accrued liability amounted to R338 million (2012: R349 million) in respect of those current and retired members of staff who participate in the Wooltru Healthcare Fund, the group's in-house medical aid scheme. At that date, Woolworths had not funded the liability.

The funding status of the Wooltru Healthcare Fund determined in terms of IAS 19 is as follows:

	2013 Rm	2012 Rm
Funding liability	338	349
Funding deficit	338	349
Unrecognised actuarial gain/(loss)	18	(14)
Net obligation	356	335
Reconciliation:		
Net obligation at the beginning of the year	335	315
Net movement charged to employment cost in profit or loss (refer to note 3.5)	36	33
Current service cost	7	6
Interest on obligation	29	27
Contribution paid	(15)	(13)
Net obligation at the end of the year	356	335

24. RETIREMENT BENEFIT INFORMATION (CONTINUED)

	2013 Rm	2012 Rm
Funding liability at the beginning of the year	349	308
Interest cost	29	27
Current service cost	7	6
Contributions	(15)	(13)
Actuarial (gain)/loss	(32)	21
Funding liability at the end of the year	338	349

	2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm
Funding liability	338	349	308	294	262
Funding deficit	338	349	308	294	262
Actuarial (gain)/loss on funding liability	(32)	21	(9)	13	(5)

A one percentage point increase or decrease in the assumed medical inflation rate of 7.6% would have the following effect:

2013

Medical inflation assumption	7.6%	6.6%	8.6%
Service cost for the year ended June 2013	7	6	8
Interest cost for the year ended June 2013	29	26	34
Medical inflation assumption	7.6%	6.6%	8.6%
Accrued liability at June 2013	338	299	384

2012

Medical inflation assumption	7.6%	6.6%	8.6%
Service cost for the year ended June 2012	6	5	8
Interest cost for the year ended June 2012	27	24	31
Medical inflation assumption	7.6%	6.6%	8.6%
Accrued liability at June 2012	349	306	401

The group anticipates making contributions amounting to R17 million in the next financial year.

25. PROVISIONS

	Leave Pay Rm	Provision for onerous lease commitments Rm	Employee benefit Rm	Other Rm	Total 2013 Rm	Total 2012 Rm
Balance at the beginning of the year	198	–	16	16	230	269
Raised/transferred	228	4	29	–	261	89
Released	(153)	–	–	(5)	(158)	(11)
Utilised	(33)	–	(3)	–	(36)	(117)
Balance at the end of the year	240	4	42	11	297	230

LEAVE PAY

The leave pay provision is calculated using the estimated number of leave days due to the employees as at the end of the financial year. The leave pay provision will unwind as employees utilise their leave entitlement.

PROVISION FOR ONEROUS LEASE COMMITMENTS

The provision for onerous lease commitments is calculated based on the present value of the unavoidable costs in fulfilling lease commitments, net of income receivable from the lease.

The onerous lease commitments provision reverses as the lease term runs down or if conditions change to the extent that the lease is no longer onerous.

EMPLOYEE BENEFITS

The employee benefits provision consists primarily of Country Road Limited's employee long-service leave entitlements. This provision is calculated based on the service period worked by each employee and probability assumptions are applied to determine the likelihood that an employee will eventually qualify for the entitlement. The provision unwinds as eligible employees redeem their entitlement or when the balance owing to an employee is paid out on termination of employment.

OTHER

The other provision consists of provisions for sales returns and other items.

26. CAPITAL COMMITMENTS

	2013 Rm	2012 Rm
Commitments in respect of capital expenditure not accrued at the reporting date:		
Contracted for	158	80
Not contracted for	1 905	1 136
	2 063	1 216
Acquisition of Witchery Group	–	1 445
	2 063	2 661

This expenditure on items of a capital nature will be financed by cash generated from the group's activities and available cash.

27. 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT

Exposure to credit, interest rate, currency and liquidity risks arises in the normal course of business. It is the group's objective to minimise its exposure to the various financial risks through its risk management policies and procedures.

The group attempts to manage financial risk where this involves activities in which it has appropriate competencies. To achieve this, the group's treasury function is responsible for managing funding and the group's financial risks within predetermined parameters.

The group's overall treasury policy is reviewed and approved by the Woolworths Holdings Limited Board. The policy specifies the hedging level parameters, dealing limits (in terms of size and duration), the types of instruments that may be used, authorised counterparties and procedures for settling and recording transactions.

In addition, a treasury committee reports regularly to the Board on the implementation of treasury policies, focusing in particular on the amount of exposure to financial risk; the extent to which this risk is covered; the implications of expected future movement in market interest rates; as well as whether there are any deviations from treasury policy and the performance against budgets.

Woolworths Financial Services' credit risk is managed by a credit risk committee attended by two directors of the Woolworths Holdings Limited Board. Country Road Limited's credit risk is managed by an audit and risk committee attended by three directors of the Woolworths Holdings Limited Board.

28.1 FOREIGN CURRENCY MANAGEMENT

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Australian Dollar. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations. It is the group's policy to fully cover all committed exposures except net investments in foreign operations.

TRANSACTIONAL FOREIGN EXCHANGE RISK

The group has transactional currency exposures arising from the acquisition of goods and services in currencies other than the functional currency. It is the group's policy that business units entering into such transactions must cover all such exposures with forward exchange contracts to hedge the risk of fluctuation in the foreign currency exchange rate (refer to the accounting policy note on hedge accounting).

Forward exchange contracts as well as trade payables at 30 June 2013 are summarised below. These amounts represent the net rand equivalent of group commitments to purchase and sell foreign currencies.

	Contract foreign currency amount	Rand equivalent Rm	Average rate R	Fair value adjustment Rm
2013				
FORWARD EXCHANGE CONTRACTS				
US Dollar	220	1 981	9.01	207
British Pound	2	31	14.59	2
Euro	2	30	12.27	2
		2 042		211
TRADE PAYABLES				
US Dollar (closing rate)	27	254	9.35	(14)
2012				
FORWARD EXCHANGE CONTRACTS				
US Dollar	192	1 593	8.30	22
British Pound	3	32	12.25	3
Euro	1	16	10.82	–
		1 641		25
TRADE PAYABLES				
US Dollar (closing rate)	20	163	8.15	(7)

At 30 June 2013, the group held 468 (2012: 314) forward exchange contracts designated as hedges of expected future purchases from suppliers outside South Africa for which the group has firm commitments. Of these, 184 (2012: 135) are designated cash flow hedges in an effective hedging relationship.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.1 FOREIGN CURRENCY MANAGEMENT (CONTINUED)

The cash flow hedges resulted in a net unrealised gain of R134 million (2012: R8 million loss) with a related deferred tax liability of R43 million (2012: R3 million asset) which was included in the financial instrument revaluation reserve in respect of these contracts.

The remaining 284 (2012: 179) forward exchange contracts are not designated as cash flow hedges. During the year, a gain of R69 million (2012: R34 million) was recognised in profit or loss in respect of these forward exchange contracts.

The following exchange rates applied during the year:

	Average rate		Closing rate	
	2013	2012	2013	2012
US Dollar/Rand	8.83	7.73	9.87	8.35
Australian Dollar/Rand	9.05	8.01	9.01	8.40

In the table below, the sensitivity of the group's exposure to US Dollar and Australian Dollar foreign currency transactional risk is estimated by assessing the impact that a reasonably possible movement over the next 12 months in foreign exchange rates would have had on the profits and equity of the group at the reporting date. The group's exposure to other currencies is not considered to be material (refer below to translational foreign exchange risk). An increase in the movement in foreign exchange rate is indicative of the functional currency weakening against the foreign currency.

	Movement in foreign exchange rate %	Decrease/ (increase) in profit before tax Rm	Decrease/ (increase) in other comprehensive income Rm
US DOLLAR			
2013			
Foreign creditors	+5	15	–
	-5	(15)	–
Forward exchange contracts	+5	(33)	(66)
	-5	33	66
2012			
Foreign creditors	+5	6	–
	-5	(6)	–
Forward exchange contracts	+5	(43)	(22)
	-5	43	22

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.1 FOREIGN CURRENCY MANAGEMENT (CONTINUED)

TRANSLATIONAL FOREIGN EXCHANGE RISK

Net investments in foreign subsidiaries

The group has investments in foreign subsidiaries whose net assets (including cash) are exposed to foreign currency translation risk. This risk is not hedged. Exposure to its African subsidiaries is not considered material.

	2013 Rm	2012 Rm
The group has unhedged interests in foreign subsidiaries of:		
US Dollar	1 135	592
Euro	(435)	(298)
Australian Dollar	2 816	1 052

A reasonably possible change in the group's material translational foreign currencies, with all other variables being equal, will increase or decrease the profits or equity of the group.

The sensitivity of the group to such changes is presented in the table below. Reasonably possible changes over the next 12 months in the group's material translational foreign currencies will result in movements in other comprehensive income observed in the foreign currency translation reserve.

	Movement in foreign exchange rate %	Decrease/ (increase) in other comprehensive income Rm
2013		
US Dollar	+5	(57)
	-5	57
Euro	+5	22
	-5	(22)
Australian Dollar	+5	(141)
	-5	141
2012		
US Dollar	+5	(30)
	-5	30
Euro	+5	15
	-5	(15)
Australian Dollar	+5	(53)
	-5	53

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.1 FOREIGN CURRENCY MANAGEMENT (CONTINUED)

Foreign cash

The group has exposure to foreign currency translation risk through cash balances included in the net assets of foreign subsidiaries, in currencies other than the South African rand. This risk is not hedged.

	2013 Rm	2012 Rm
Foreign cash balances are concentrated in the following major currencies:		
US Dollar	12	11
Australian Dollar	860	437
	872	448

The sensitivity of the group's equity to changes in foreign cash balances resulting from a reasonably possible change in material foreign currencies in which the group transacts is presented below.

The group's sensitivity to the US Dollar is considered low.

	Movement in foreign exchange rate %	Decrease/ (increase) in other comprehensive income Rm
2013		
Australian Dollar	+5	(43)
	-5	43
2012		
Australian Dollar	+5	(22)
	-5	22

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.2 INTEREST RATE MANAGEMENT

The group's interest rate risk arises from interest-bearing borrowings, derivatives, other loans and cash and cash equivalents.

Borrowings issued at floating rates expose the group to cash flow interest rate risk, while fixed rate borrowings expose the group to fair value interest rate risk. As part of the process of managing the group's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and refinancing of existing borrowings are positioned according to expected movements in interest rates.

In order to hedge the group's exposure to the cash flow interest rate risk, the group uses derivative instruments such as interest rate swaps and collars.

The group is also exposed to the cash flow interest rate risk from its floating rate cash and cash equivalents. The cash flow interest rate sensitivity of the cash and cash equivalents is based on year-end cash balances.

The sensitivity of the group's profits and equity to its exposure to interest rate risk from borrowings is presented below. Reasonably possible changes in the country specific lending rate will impact the group's profits and equity.

	Movement in basis points	Decrease/ (increase) in profit before tax Rm	Decrease/ (increase) in equity Rm
2013			
Interest-bearing borrowings	+50	4	3
	-50	(4)	(3)
Cash and cash equivalents	+50	(8)	(6)
	-50	8	6
2012			
Interest-bearing borrowings	+50	3	2
	-50	(3)	(2)
Cash and cash equivalents	+50	(11)	(8)
	-50	11	8

As at the reporting date, the South African prime interest rate is 8.5% (2012: 9%). Jibar is 5.05% (2012: 5.5%). The Australian prime interest rate is 2.75% (2012: 3.5%).

The variable interest rate pricing profile at 30 June 2013 is summarised as follows:

	2013		2012	
	Rm	Effective interest rate %	Rm	Effective interest rate %
INTEREST-BEARING BORROWINGS				
Long-term loan	709	5.80	–	–
Other loans	89	5.80 – 10.00	–	–
Floating rate	–	–	500	6.25
% of total borrowings	100%		100%	

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.2 INTEREST RATE MANAGEMENT (CONTINUED)

The carrying amounts of the group's financial liabilities that are exposed to interest rate risk are as follows:

	On demand Rm	Less than 3 months Rm	3 – 12 months Rm	1 – 5 years Rm	> 5 years Rm
2013					
Long-term loan	–	–	115	594	–
Other loans	–	–	–	89	–
2012					
Floating rate	–	–	500	–	–

28.3 CREDIT RISK MANAGEMENT

Credit risk arises from cash and cash equivalents, trade and other receivables and derivative financial instruments, as well as credit exposure to the group's participation in export partnerships and other loans. The group's maximum exposure to credit risk is equal to the carrying amount of these classes of assets. Refer to note 28.5.

The group only deposits short-term cash surpluses and enters into derivative contracts with major banks and financial institutions of high quality credit standing.

Trencor Limited has materially warranted certain important cash flow aspects of the group's participation in export partnerships, thus the credit quality of this receivable is considered to be high.

Trade and other receivables consist mainly of franchise and property-related debtors. Rigorous credit granting procedures are applied to assess the credit quality of the customer, taking into account its financial position, credit rating and other factors.

Other loans include housing loans to employees and share purchase loans to employees of the group. Security for housing loans is required, while share purchase loans are secured by shares in Woolworths Holdings Limited.

The holding company is exposed to credit risk mainly through amounts owing by subsidiaries and by its participation in export partnerships.

CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2013		2012	
	Rating	Rm	Rating	Rm
FINANCIAL ASSETS				
Participation in export partnerships	High grade	38	High grade	49
Other loans	High grade	83	High grade	89
Cash and cash equivalents	High grade	1 562	High grade	2 145
Derivative financial instruments	High grade	211	High grade	41
Trade and other receivables	High grade	498	High grade	501

Ratings

High grade – debtors are considered to have low credit risk when they have high quality credit standing or a guarantee on the amount owing is provided.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.4 LIQUIDITY MANAGEMENT

Liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from adequate banking facilities ranging from overnight to 364 day facilities and the ability to close out market positions. Derivative liabilities are measured at fair value and included in the analysis on the basis of management's expectation of settlement. The fair values indicate the net settlement amounts due.

The group has minimised its liquidity risk as shown by its substantial undrawn banking facilities.

	2013 Rm	2012 Rm
BANKING FACILITIES:		
Total banking facilities	3 041	2 710
Less: Drawn down portion	(16)	–
Total undrawn banking facilities	3 025	2 710

All facilities and any security provided must be approved by the board.

The group's policy is to maintain appropriate committed and uncommitted banking facilities.

The undiscounted cash flows of the group's borrowings and payables fall into the following maturity profiles:

	On demand Rm	Less than 3 months Rm	3 – 12 months Rm	1 – 5 years Rm	> 5 years Rm
2013					
Interest-bearing borrowings	–	14	118	964	–
Forward exchange contracts	–	–	–	–	–
Interest rate swaps	–	8	–	–	–
Trade and other payables	–	3 690	–	–	–
2012					
Interest-bearing borrowings	–	8	508	–	–
Forward exchange contracts	–	7	9	–	–
Interest rate swaps	–	–	–	–	–
Trade and other payables	–	2 957	–	–	–

BORROWING CAPACITY

In terms of the company's Memorandum of Incorporation, there is no limit on the group's authority to raise interest-bearing debt.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.5 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

		Loans and receivables Rm	Financial assets at fair value through profit or loss Rm	Derivatives used as hedging instruments Rm	Non–financial assets Rm	Total Rm
30 JUNE 2013						
Assets as per statement of financial position						
Participation in export partnerships	(note 13)	38	–	–	–	38
Other loans	(note 14)	83	–	–	–	83
Trade and other receivables	(note 17)	498	–	–	170	668
Derivative financial instruments	(note 18)	–	69	142	–	211
Cash	(note 31.4)	1 562	–	–	–	1 562
Total		2 181	69	142	170	2 562

		Financial liabilities at amortised cost Rm	Financial liabilities at fair value through profit or loss Rm	Derivatives used as hedging instruments Rm	Non–financial liabilities Rm	Total Rm
Liabilities as per statement of financial position						
Interest-bearing borrowings	(note 22)	798	–	–	34	832
Trade and other payables	(note 23)	3 690	–	–	634	4 324
Derivative financial instruments	(note 18)	–	–	8	–	8
Total		4 488	–	8	668	5 164

		Loans and receivables Rm	Financial assets at fair value through profit or loss Rm	Derivatives used as hedging instruments Rm	Non–financial assets Rm	Total Rm
24 JUNE 2012						
Assets as per statement of financial position						
Participation in export partnerships	(note 13)	49	–	–	–	49
Other loans	(note 14)	89	–	–	–	89
Trade and other receivables	(note 17)	501	–	–	130	631
Derivative financial instruments	(note 18)	–	34	7	–	41
Cash	(note 31.4)	2 145	–	–	–	2 145
Total		2 784	34	7	130	2 955

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.5 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

		Financial liabilities at amortised cost Rm	Financial liabilities at fair value through profit or loss Rm	Derivatives used as hedging instruments Rm	Non–financial liabilities Rm	Total Rm
Liabilities as per statement of financial position						
Interest-bearing borrowings	(note 22)	500	–	–	35	535
Trade and other payables	(note 23)	2 957	–	–	672	3 629
Derivative financial instruments	(note 18)	–	1	15	–	16
Total		3 457	1	15	707	4 180

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

28.6 GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The table below summarises the gains/(losses) on financial instruments:

	Fair value movement Rm	Investment income Rm	Interest expense Rm	Impairment loss Rm	Total Rm
2013					
Loans and receivables	–	57	–	–	57
Financial liabilities at amortised cost	–	–	68	–	68
Financial instruments at fair value through profit or loss	103	–	–	–	103
Derivatives used as hedging instruments	128	–	–	–	128
Total	231	57	68	–	356
2012					
Loans and receivables	–	82	–	(1)	81
Financial liabilities at amortised cost	–	–	38	–	38
Financial instruments at fair value through profit or loss	34	–	–	–	34
Derivatives used as hedging instruments	(8)	–	–	–	(8)
Total	26	82	38	(1)	145

All financial instruments at fair value through profit or loss of the group are classified as held for trading.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The group uses a three-level hierarchy to prioritise the inputs used in measuring fair value. The levels within the hierarchy are described below with level 1 having the highest priority and level 3 having the lowest.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments:

		Carrying amount		Fair value	
	Fair value measurement using	2013 Rm	2012 Rm	2013 Rm	2012 Rm
FINANCIAL ASSETS					
Trade and other receivables		498	501	498	501
Derivative financial instruments					
Forward exchange contracts	Level 2	211	41	211	41
Participation in export partnerships		38	49	38	49
Other loans		83	89	83	89
Cash		1 562	2 145	1 562	2 145
FINANCIAL LIABILITIES					
Interest-bearing borrowings		798	535	798	530
Trade and other payables		3 690	2 957	3 690	2 957
Derivative financial instruments		8	16	8	16
Forward exchange contracts	Level 2	–	16	–	16
Interest rate swaps and collars	Level 2	8	–	8	–

29. MANAGEMENT OF CAPITAL

The group considers share capital (note 19), share premium (note 20), non-distributable and distributable reserves (note 21) as capital. Management has made progress in meeting the following objectives:

- to provide an adequate return to shareholders,
- to safeguard Woolworths' ability to continue as a going concern,
- to be flexible and take advantage of opportunities that are expected to provide an adequate return to shareholders, and
- to use excess cash to buy back shares when the opportunity arises in order to maximise shareholder value by enhancing both earnings per share and return on equity.

The group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the needs of the group. The group monitors capital using return on equity (ROE).

The group's policy is to keep ratios in line with annual targets.

	2013	2012
Return on equity	50.7%	47.1%

The group ensures that it complies with the liquidity and solvency requirements for any share repurchase or dividend payment per the Companies Act of South Africa. Debt covenants, which exist on long-term borrowings, are monitored by management on an ongoing basis. There has been no breach of any covenants during the year.

30. DIVIDENDS TO SHAREHOLDERS

	2013 Rm	2012 Rm
ORDINARY SHAREHOLDERS:		
Dividend no. 29 of 93.0 cents per share was declared on 24 August 2011 and paid on 19 September 2011	–	777
Less: Dividend received on treasury shares	–	(79)
Dividend no. 30 of 75.0 cents per share was declared on 2 April 2012 and paid on 30 April 2012	–	626
Less: Dividend received on treasury shares	–	(63)
Dividend no. 31 of 123.0 cents per share was declared on 22 August 2012 and paid on 14 September 2012	1 031	–
Less: Dividend received on treasury shares	(104)	–
Dividend no. 32 of 86.0 cents per share was declared on 13 February 2013 and paid on 11 March 2013	723	–
Less: Dividend received on treasury shares	(72)	–
PREFERENCE SHAREHOLDERS:		
Dividend no. 9 of 44.6 cents per share was declared on 24 August 2011 and paid on 19 September 2011	–	40
Less: Dividend accruing to the holding company	–	(18)
Dividend no. 10 of 36.0 cents per share was declared on 2 April 2012 and paid on 30 April 2012	–	32
Less: Dividend accruing to the holding company	–	(16)
Dividend no. 11 of 85.0 cents per share was declared on 22 August 2012 and paid on 14 September 2012	75	–
Less: Dividend accruing to the holding company	(38)	–
Dividend no. 12 of 59.0 cents per share was declared on 13 February 2013 and paid on 11 March 2013	52	–
Less: Dividend accruing to the holding company	(27)	–
Total net dividends paid	1 640	1 299

Dividend no. 33 of 148.0 cents per share was declared to ordinary shareholders on 28 August 2013.

Dividend no. 13 of 148.0 cents per share was declared to preference shareholders on 28 August 2013.

31. CASH FLOW INFORMATION

31.1 CASH INFLOW FROM TRADING

	2013 Rm	2012 Rm
Profit before tax	3 647	2 870
Earnings from associate	(9)	(6)
Earnings from joint ventures	(180)	(133)
Depreciation and amortisation	755	605
Impairment	12	1
Finance costs	68	38
Investment income	(57)	(82)
Loss/(profit) on disposal of property, plant and equipment, intangible assets and investment property	15	(15)
Movement in other provisions	85	(20)
Prepaid employment cost	8	8
Share-based payments	136	104
Operating lease accrual	35	(3)
Foreign exchange profit	(65)	(108)
Net inflow from trading	4 450	3 259

31.2 WORKING CAPITAL MOVEMENTS

	2013 Rm	2012 Rm
Increase in inventories	(651)	(273)
(Increase)/decrease in trade and other receivables	(75)	123
Increase in trade and other payables	530	19
Net outflow	(196)	(131)

31.3 TAX PAID

	2013 Rm	2012 Rm
NORMAL AND FOREIGN TAX		
Amounts (owing)/receivable at the beginning of the year	(367)	21
Amounts charged to profit or loss	(1 002)	(750)
Amounts credited to share-based payment reserve	124	75
Foreign currency translation reserve	3	(1)
Amounts receivable at the end of the year	(5)	(1)
Amounts owing at the end of the year	107	368
Cash amounts paid	(1 140)	(288)
SECONDARY TAX ON COMPANIES		
Amounts charged to profit or loss	–	(68)
Total tax paid	(1 140)	(356)

31.4 CASH AND CASH EQUIVALENTS

	2013 Rm	2012 Rm
Cash – interest-earning		
Local – variable at interest rates of 0% to 2.5% (2012: 2.1% to 3.0%)	485	271
Local – dividend account at an interest rate of 0% to 2.5% (2012: 2.1% to 3.0%)	3	78
Foreign – variable at interest rates of 3.0% to 4.2% (2012: 3.0% to 3.6%) Refer to note 28.1.	987	470
Short-term interest-bearing deposits – variable at interest rates of 4.75% to 5.28% (2012: 5.50% to 5.74%) maturing between 1 to 3 months	87	1 326
Cash and cash equivalents	1 562	2 145

The carrying value of cash and cash equivalents is considered to approximate their fair value.

32. OPERATING LEASES

The group has entered into various operating lease agreements on premises. Leased premises are contracted for remaining periods of between one and twelve years with further renewal options thereafter. The commitments disclosed below comprise the minimum payments as well as additional contingent payments based on expected turnover levels.

32.1 OPERATING LEASE COMMITMENTS

	2013 Rm	2012 Rm
Land and buildings:		
Within one year	1 797	1 361
Within two to five years	4 726	3 798
Thereafter	2 038	2 161
	8 561	7 320

32.2 FUTURE MINIMUM SUB-LEASE PAYMENTS EXPECTED TO BE RECEIVED FROM FRANCHISEES AND OTHER TENANTS UNDER NON-CANCELLABLE OPERATING LEASES AS PRINCIPAL LESSOR AT 30 JUNE

	2013 Rm	2012 Rm
Land and buildings:		
Within one year	8	8
Within two to five years	16	23
Thereafter	–	1
	24	32

32.3 FUTURE MINIMUM SUB-LEASE PAYMENTS EXPECTED TO BE RECEIVED FROM FRANCHISEES AND OTHER TENANTS UNDER NON-CANCELLABLE OPERATING LEASES AS LESSOR AT 30 JUNE

	2013 Rm	2012 Rm
Land and buildings:		
Within one year	7	9
Within two to five years	12	16
Thereafter	–	1
	19	26

The operating lease accrual of R514 million (2012: R479 million) represents the difference between the cash flow impact and profit or loss impact of the above leases (refer to note 23).

Contingent rent payable is calculated based on turnover level. The amount recognised in profit or loss was R125 million (2012: R86 million).

The total minimum lease payments during the year amount to R1 711 million (2012: R1 139 million).

The total minimum lease payments received during the year amounts to R28 million (2012: R33 million).

33. FINANCE LEASES

The group has entered into finance leases for various items of vehicles and computer equipment. These leases have terms of renewal between three and five years. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2013		2012	
	Minimum payments Rm	Present value of payments Rm	Minimum payments Rm	Present value of payments Rm
Within one year	13	12	12	10
Between one and five years	25	22	28	25
Total minimum lease payments	38	34	40	35
Less amounts representing finance charges	(4)	–	(5)	–
Present value of minimum lease payments	34	34	35	35

34. ACQUISITION OF FRANCHISE OPERATIONS

During the year, the group acquired 8 previously franchised stores in Lesotho and Kenya for cash consideration totalling R67 million. In the prior year 34 South African and 10 previously franchised stores in the rest of Africa were acquired for cash consideration totalling R451 million.

	2013		2012	
Period	Number of stores	Cost	Number of stores	Cost
24 December 2012 to 30 June 2013	7	61	–	–
25 June 2012 to 23 December 2012	1	6	–	–
26 December 2011 to 24 June 2012	–	–	19	176
27 June 2011 to 25 December 2011	–	–	25	275
	8	67	44	451

	2013 Rm	2012 Rm
Fair value of assets acquired at the date of acquisition		
Property, plant and equipment	13	18
Reacquired rights	–	276
Deferred tax liability	–	(78)
	13	216
Goodwill arising on acquisition		
Consideration	67	451
Less: fair value of identifiable net assets acquired	(13)	(216)
	54	235
The goodwill of R54 million (2012: R235 million) comprises the fair value of intangible assets that do not qualify for separate recognition.		
Purchase consideration		
Net cash paid	67	451
	67	451

Goodwill of R54 million represents growth and synergies expected to accrue from the acquisitions.

From the dates of acquisitions, R19 million of additional revenue has accrued. The impact on profit before tax is nil. Had the acquisitions been effective from the beginning of the year, the directors consider that, on a pro-forma basis, the contribution to revenue for the 53 weeks ended 30 June 2013 would have been R29 million, and to profit before tax R6 million.

35. INVESTMENT IN JOINT VENTURES

The group has the following interests in joint ventures:

Name of the joint venture	% interest held	Nature of business
Woolworths Financial Services (Proprietary) Limited	50	The company provides financial services to Woolworths customers.
Nedglen Property Development (Proprietary) Limited	30	The company is involved in property development and investment.

The following amounts represent the group's share of the aggregate amount of the assets and liabilities, and income and expenses of the joint ventures:

	2013 Rm	2012 Rm
Assets:		
Current assets	3 869	3 397
Non-current assets	155	76
	4 024	3 473
Liabilities:		
Current liabilities	(135)	(142)
Non-current liabilities	(3 176)	(2 715)
	(3 311)	(2 857)
Net asset value	713	616
Income	729	804
Expenses	(549)	(671)
Profit after tax	180	133
Share of the capital commitment of the joint ventures are as follows:		
Woolworths Financial Services (Proprietary) Limited	–	–
Nedglen Property Development (Proprietary) Limited	–	–

The increase in net assets is after dividends earned. There are no contingent liabilities relating to the group's interest in the joint ventures, and no contingent liabilities of the venture itself.

36. ACQUISITION OF WITCHERY GROUP

On 2 October 2012 Country Road Limited ("Country Road Group") acquired all of the ordinary shares of Witchery Australia Holdings (Proprietary) Ltd and its subsidiaries ("Witchery") for a total value of R1 555 million (A$180.9 million).

The acquisition was funded by a rights issue by the Country Road Group, which raised R96 million (A$11 million) from minorities of the group and partly by a five-year term amortising loan of R791 million (A$92.0 million).

Assets Acquired and Liabilities Assumed

Country Road has measured Witchery's identifiable assets and liabilities at their acquisition-date fair value. The consolidated provisional fair values are presented below:

	Rm	A$m
Assets	1 289	150
Cash and cash equivalents	65	8
Trade and other receivables	41	5
Inventories	286	33
Other assets	8	1
Plant and equipment	197	23
Intangibles	563	65
Deferred tax assets	129	15
Liabilities	(350)	(41)
Trade and other payables	(251)	(29)
Provisions	(99)	(12)
Total identifiable net assets at fair value	939	109
Goodwill arising from acquisition	616	72
Purchase consideration transferred	1 555	181
Cash and cash equivalents acquired	(65)	(8)
Cash outflow on acquisition	1 490	173

Goodwill arising on acquisition of R616 million (A$71.7 million) represents the value paid in excess of the provisional fair value of net assets. Goodwill consists largely of the synergies and economies of scale expected from combining the operations of Witchery into the Country Road Group.

The fair values currently presented are subject to further review until 31 December 2013 as prescribed by International Financial Reporting Standards.

Were the Country Road Group to dispose of the Mimco business included in the Witchery acquisition before 2 April 2014, contingent consideration would be payable. The directors have no intention to dispose of the Mimco business and hence no value has been ascribed to this.

From the date of acquisition Witchery has contributed revenue of R2 111 million (A$231.8 million). The net profit before tax of Witchery from the date of acquisition is R211 million (A$22.9 million), after allocating overheads and interest incurred of R44 million (A$4.8 million). If the acquisition had occurred at the beginning of the year, Witchery would have contributed approximately R2 669 million (A$293.0 million) to revenue. It is not practicable to reliably determine the net profit contribution of Witchery from the beginning of the financial year due to the differences in accounting policies applied by Witchery before the acquisition date.

Witchery transaction and integration costs of R77 million (A$8.6 million) (2012: R27 million (A$3.1 million) have been expensed.

37. NON-CURRENT ASSETS HELD FOR SALE

Two fixed properties, previously disclosed as investment properties within the Woolworths segment, remain subject to suspensive conditions under a sale agreement. The directors consider the conclusion of the sale to be highly probable.

At 30 June 2013 these assets are recognised at the lower of their carrying amounts and fair value less costs to sell. No depreciation has been recognised.

	2013 Rm	2012 Rm
Investment properties	63	–
Non-current assets held for sale	63	–

38. EVENTS SUBSEQUENT TO THE REPORTING DATE

No event material to the understanding of these group financial statements has occurred between the end of the financial year and the date of approval.

Woolworths, Winter 2013

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

39. SEGMENTAL INFORMATION

39.1 PRIMARY SEGMENTATION BASED ON NATURE OF BUSINESS AND RETAIL CHAIN

	2013								2012							
			Woolworths								Woolworths					
	Total Rm	Intragroup Rm	Clothing and General Merchandise Rm	Food Rm	Logistics Rm	Country Road Rm	Woolworths Treasury Rm	Woolworths Financial Services Rm	Total Rm	Intragroup Rm	Clothing and General Merchandise Rm	Food Rm	Logistics Rm	Country Road Rm	Woolworths Treasury Rm	Woolworths Financial Services Rm
OPERATING RESULTS																
Revenue	35 399	–	10 778	17 543	561	6 478	39	–	28 813	–	9 606	15 224	506	3 402	75	–
Turnover	35 227	–	10 764	17 469	561	6 433	–	–	28 604	–	9 585	15 140	506	3 373	–	–
Cost of sales	21 674	(100)	5 770	12 994	561	2 449	–	–	18 419	(93)	5 321	11 323	506	1 362	–	–
Gross profit	13 553	100	4 994	4 475	–	3 984	–	–	10 185	93	4 264	3 817	–	2 011	–	–
Other revenue	115	–	14	74	–	27	–	–	127	–	21	84	–	22	–	–
Expenses	10 199	100	3 114	3 516	–	3 469	–	–	7 625	93	2 641	3 027	–	1 864	–	–
Segmental operating profit	3 469	–	1 894	1 033	–	542	–	–	2 687	–	1 644	874	–	169	–	–
Investment income	57	–	–	–	–	18	39	–	82	–	–	–	–	7	75	–
Finance costs	(68)	–	–	–	–	(45)	(23)	–	(38)	–	–	–	–	(4)	(34)	–
Earnings from Woolworths Financial Services joint venture	180	–	–	–	–	–	–	180	133	–	–	–	–	–	–	133
Earnings from associate and property joint venture	9	–	5	4	–	–	–	–	6	–	3	3	–	–	–	–
Profit before tax	3 647	–	1 899	1 037	–	515	16	180	2 870	–	1 647	877	–	172	41	133
Return on equity	50.7%								47.1%							

The group's revenues from external customers for each key group of product and service are disclosed in note 2.
The cost to provide information for each product and service of the group is excessive and is therefore not disclosed.

Revenues arise from direct sales to a broad base of public customers. There are no customers that individually contribute 10% or more to revenue of the group.

Country Road represents the group's results of its Australian subsidiary, which include the Witchery Group.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

39. SEGMENTAL INFORMATION (CONTINUED)

39.1 PRIMARY SEGMENTATION BASED ON NATURE OF BUSINESS AND RETAIL CHAIN (CONTINUED)

	2013						2012					
	Total Rm	Intragroup Rm	Woolworths Rm	Country Road Rm	Woolworths Treasury Rm	Woolworths Financial Services Rm	Total Rm	Intragroup Rm	Woolworths Rm	Country Road Rm	Woolworths Treasury Rm	Woolworths Financial Services Rm
STATEMENTS OF FINANCIAL POSITION												
Property, plant and equipment, investment properties, intangible assets, loans and non-current assets held for sale	5 350	–	3 446	1 904	–	–	3 701	–	3 270	431	–	–
Inventories	2 901	–	2 200	701	–	–	2 216	–	1 835	381	–	–
Trade and other receivables and derivative financial assets	879	–	631	248	–	–	672	–	622	50	–	–
Cash	1 562	–	616	859	87	–	2 145	–	614	205	1 326	–
Segment assets	10 692	–	6 893	3 712	87	–	8 734	–	6 341	1 067	1 326	–
Investment in joint ventures	713	–	5	–	–	708	616	–	1	–	–	615
Investment in associate	60	–	60	–	–	–	51	–	51	–	–	–
Tax and deferred tax assets	723	–	534	189	–	–	644	–	555	89	–	–
Total assets	12 188	–	7 492	3 901	87	708	10 045	–	6 948	1 156	1 326	615
Trade and other payables and provisions	4 985	–	3 917	1 068	–	–	4 210	–	3 753	457	–	–
Borrowings	832	–	124	708	–	–	535	–	35	–	500	–
Segment liabilities	5 817	–	4 041	1 776	–	–	4 745	–	3 788	457	500	–
Tax and deferred tax liabilities	467	–	372	95	–	–	728	–	728	–	–	–
Total liabilities	6 284	–	4 413	1 871	–	–	5 473	–	4 516	457	500	–
Debt ratio	6.8%						5.3%					
Depreciation and amortisation	755	–	566	189	–	–	605	–	498	107	–	–
Impairment	12	–	12	–	–	–	1	–	1	–	–	–
Share-based payment expense	136	–	136	–	–	–	104	–	104	–	–	–
Capital expenditure – gross additions	2 313	–	788	1 525	–	–	798	–	697	101	–	–
Capital commitments	2 063	–	1 703	360	–	–	1 216	–	1 043	173	–	–
Shareholding			100.0%	87.9%	100.0%	50.0%			100.0%	87.9%	100.0%	50.0%

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

39. SEGMENTAL INFORMATION (CONTINUED)

39.2 SECONDARY SEGMENTATION BASED ON GEOGRAPHIC LOCATION OF CUSTOMERS AND ASSETS

	2013								2012							
			Woolworths								Woolworths					
	Total Rm	Intragroup Rm	Clothing and General Mer-chandise Rm	Food Rm	Logistics Rm	Country Road Rm	Woolworths Treasury Rm	Woolworths Financial Services Rm	Total Rm	Intragroup Rm	Clothing and General Mer-chandise Rm	Food Rm	Logistics Rm	Country Road Rm	Woolworths Treasury Rm	Woolworths Financial Services Rm
Revenue																
South Africa	28 980	–	10 293	17 420	561	667	39	–	25 501	–	9 281	15 122	506	517	75	–
BNS***	258	–	168	90	–	–	–	–	249	–	162	87	–	–	–	–
Rest of Africa and Middle East	350	–	317	33	–	–	–	–	178	–	163	15	–	–	–	–
Australasia	5 811	–	–	–	–	5 811	–	–	2 885	–	–	–	–	2 885	–	–
	35 399	–	10 778	17 543	561	6 478	39	–	28 813	–	9 606	15 224	506	3 402	75	–
Turnover																
South Africa	28 853	–	10 279	17 346	561	667	–	–	25 321	–	9 260	15 038	506	517	–	–
BNS***	258	–	168	90	–	–	–	–	249	–	162	87	–	–	–	–
Rest of Africa and Middle East	350	–	317	33	–	–	–	–	178	–	163	15	–	–	–	–
Australasia	5 766	–	–	–	–	5 766	–	–	2 856	–	–	–	–	2 856	–	–
	35 227	–	10 764	17 469	561	6 433	–	–	28 604	–	9 585	15 140	506	3 373	–	–

	2013						2012					
	Total Rm	Intragroup Rm	Woolworths Rm	Country Road Rm	Woolworths Treasury Rm	Woolworths Financial Services Rm	Total Rm	Intragroup Rm	Woolworths Rm	Country Road Rm	Woolworths Treasury Rm	Woolworths Financial Services Rm
Total assets												
South Africa	7 983	–	6 958	230	87	708	8 500	–	6 393	166	1 326	615
Australasia	3 482	–	–	3 482	–	–	901	–	–	901	–	–
	11 465	–	6 958	3 712	87	708	9 401	–	6 393	1 067	1 326	615
Tax and deferred tax assets	723						644					
	12 188						10 045					
Capital expenditure (gross)												
South Africa	808	–	788	20	–	–	720	–	697	23	–	–
Australasia	1 505	–	–	1 505	–	–	78	–	–	78	–	–
	2 313	–	788	1 525	–	–	798	–	697	101	–	–

*** Botswana, Namibia and Swaziland (2012: includes Lesotho)

COMPANY ANNUAL FINANCIAL STATEMENTS

Notes to the Company Annual Financial Statements

Trenery, Summer 2013

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Notes	53 weeks to 30 June 2013 Rm	52 weeks to 24 June 2012 Rm
Revenue	2	1 972	1 610
Expenses		22	18
Other operating costs		22	18
Profit before tax	3	1 950	1 592
Tax	4	1	71
Profit and total comprehensive income for the year		1 949	1 521
Profit and total comprehensive income attributable to:			
Shareholders		1 949	1 521

COMPANY ANNUAL FINANCIAL STATEMENTS

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2013 Rm	At 24 June 2012 Rm
ASSETS			
Non-current assets		2 051	1 404
Interest in subsidiaries	7	2 035	1 384
Participation in export partnerships	8	16	20
Current assets		5	80
Trade and other receivables	10	–	2
Tax	19.3	3	–
Cash and cash equivalents	19.4	2	78
TOTAL ASSETS		2 056	1 484
EQUITY AND LIABILITIES			
Equity attributable to shareholders		1 213	676
Share capital	11	1	1
Share premium	12	431	94
Preference share capital	11	–	–
Distributable reserves	13	781	581
TOTAL EQUITY		1 213	676
Non-current liabilities		17	21
Deferred tax	9	17	21
Current liabilities		826	787
Trade and other payables	14	8	7
Tax	19.3	–	5
Amounts owing to subsidiaries	7	818	775
TOTAL LIABILITIES		843	808
TOTAL EQUITY AND LIABILITIES		2 056	1 484

COMPANY STATEMENT OF CASH FLOWS

	Notes	53 weeks to 30 June 2013 Rm	52 weeks to 24 June 2012 Rm
Cash flow from operating activities			
Cash outflow from trading	19.1	(17)	(18)
Working capital movements	19.2	3	(8)
Cash utilised by operating activities		(14)	(26)
Interest income		1	5
Tax paid	19.3	(12)	(69)
Cash utilised in operations		(25)	(90)
Dividends received		1 948	1 588
Dividends to ordinary shareholders		(1 754)	(1 404)
Dividends to preference shareholders		(129)	(72)
Net cash inflow from operating activities		40	22
Cash flow from investing activities			
Repayment of loans by subsidiaries		–	150
Participation in export partnerships		4	4
Net cash inflow from investing activities		4	154
Cash flow from financing activities			
Shares issued		337	–
Loans (repaid to)/received from subsidiaries		(457)	146
Shares repurchased		–	(287)
Net cash outflow from financing activities		(120)	(141)
(Decrease)/increase in cash and cash equivalents		(76)	35
Net cash and cash equivalents at the beginning of the year		78	43
Net cash and cash equivalents at the end of the year	19.4	2	78

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital Rm	Share premium Rm	Preference share capital Rm	Share-based payment reserve Rm	Retained profit Rm	Total Rm
Shareholders' interest at 26 June 2011		1	94	–	494	225	814
Total comprehensive income for the year		–	–	–	–	1 521	1 521
Shares repurchased and cancelled	11	–	–	–	–	(286)	(286)
Share repurchase cost	11	–	–	–	–	(1)	(1)
Share-based payments	13	–	–	–	104	–	104
Dividends to shareholders	18	–	–	–	–	(1 476)	(1 476)
Shareholders' interest at 24 June 2012		1	94	–	598	(17)	676
Total comprehensive income for the year		–	–	–	–	1 949	1 949
Shares issued	11	–	337	–	–	–	337
Share-based payments	13	–	–	–	134	–	134
Dividends to shareholders	18	–	–	–	–	(1 883)	(1 883)
Shareholders' interest at 30 June 2013		1	431	–	732	49	1 213

	2013 Rm	2012 Rm
2. REVENUE		
Interest income	19	22
Dividends received	1 948	1 588
Management fee	5	–
	1 972	1 610
3. PROFIT BEFORE TAX INCLUDES:		
AUDITORS' REMUNERATION		
Audit fee – current year	4	3
4. TAX		
Current year		
South Africa		
Normal tax	4	6
Deferred tax relating to the origination and reversal of temporary differences (note 9)	(4)	(3)
Secondary tax on companies	–	68
Prior year		
Normal tax	1	–
	1	71
The rate of tax on profit is reconciled as follows:	%	%
Standard rate	28.0	28.0
Exempt income	(28.0)	(28.0)
Secondary tax on companies	–	4.0
	–	4.0
5. DIRECTORS' EMOLUMENTS		
Emoluments paid to directors of Woolworths Holdings Limited in connection with the carrying on of the affairs of the company and its subsidiaries:		
Executive directors		
Fees	1	1
Remuneration	17	11
Retirement, medical, accident and death benefits	1	1
Performance bonus	17	11
Share-based payments	15	16
Interest-free loan benefit	2	2
	53	42
Non-executive directors		
Fees	8	9
	8	9
Total directors' emoluments	61	51

Executive directors' emoluments are paid by Woolworths (Proprietary) Limited and Country Road Limited. Details of the directors' and prescribed officers' fees and emoluments are provided in note 7 of the group Annual Financial Statements on page 47.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

	2013 Rm	2012 Rm
6. RELATED PARTY TRANSACTIONS		
The nature of transactions between the company and subsidiaries of the group comprise mainly of dividends received.		
The following related party transactions occurred during the year:		
WOOLWORTHS HOLDINGS LIMITED		
DIVIDEND RECEIVED FROM SUBSIDIARY COMPANIES		
Woolworths (Proprietary) Limited	1 883	1 513
Woolworths Employee Share Ownership Trust	65	34
E-Com Investments 16 (Proprietary) Limited	–	41
	1 948	1 588
INTEREST RECEIVED FROM SUBSIDIARY COMPANY		
E-Com Investments 16 (Proprietary) Limited	18	16
Dividends paid to subsidiary companies on treasury shares held by the subsidiaries	176	142
Management fee charged to Woolworths (Proprietary) Limited	5	–

INVESTMENT IN SUBSIDIARY
A loan amounting to R500 million (2012: nil) was ceded to the company from Woolworths Proprietary Limited. This loan was ceded to Woolworths International Holdings Limited and utilised to increase its interest in this subsidiary as part of the aquisition of the Witchery Group.

SHARE-BASED PAYMENTS TRANSACTIONS

The company accounts for the group share-based payments transactions settled in its equity instruments, as an equity-settled share-based payment arrangement with a corresponding increase in its investment in Woolworths (Proprietary) Limited. Refer to note 7.

KEY MANAGEMENT PERSONNEL
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including all directors, executive and non-executive of the company. Key management personnel have been defined as the board of directors and the prescribed officers of the company. The definition of related parties includes close family members of key management personnel. All transactions with key management personnel have been at arms length during the financial year.

	2013 Rm	2012 Rm
KEY MANAGEMENT COMPENSATION		
Short-term employee benefits	59	46
Post-employment benefits	2	2
IFRS 2 value of share-based payments expense	24	24
	85	72

Short-term employee benefits comprise salaries, directors' fees and bonuses payable within twelve months of the end of the year. Post-employment benefits comprise of expenses determined in terms of IAS 19: Employee Benefits in respect of the group's retirement and healthcare funds.

	2013 Rm	2012 Rm
SHARE PURCHASE SCHEME LOANS AND INVESTMENTS (AT COST)		
Loans and investments at the beginning of the year	43	52
Loans repaid during the year	(2)	(9)
Loans and investments at the end of the year	41	43

	2013 Rm	2012 Rm

6. RELATED PARTY TRANSACTIONS (CONTINUED)

Details of the terms and conditions relating to these loans are disclosed in note 14 of the group Annual Financial Statements. No bad or doubtful debts have been recognised in respect of loans granted to key management personnel (2012: nil).

WOOLWORTHS CARD AND WOOLWORTHS VISA CREDIT CARD ACCOUNTS

	2013 Rm	2012 Rm
Balance outstanding at the beginning of the year	2	2
Annual spend	4	4
Annual repayments	(3)	(4)
Balance outstanding at the end of the year	3	2

Purchases made by key management personnel are at standard discounts granted to all employees of the company. Interest is charged on outstanding balances on the same terms and conditions applicable to all other card holders. No bad or doubtful debts have been recognised in respect of the Woolworths card and Woolworths Visa credit card accounts of key management personnel (2012: nil).

POST-EMPLOYMENT BENEFIT PLAN

Details of the Woolworths Group Retirement Fund, the Wooltru Healthcare Fund and funds for the benefit of Country Road Limited employees are disclosed in note 24 of the group Annual Financial Statements.

7. INTEREST IN SUBSIDIARIES

	2013 Rm	2012 Rm
Ordinary shares	1 633	1 000
Cost	901	402
Share-based payments arising from the group's share incentive schemes	732	598
Preference shares – investment in E-Com Investments 16 (Proprietary) Limited		
Cost	402	384
Investment in equity	230	230
Loan receivable	172	154
Interest in subsidiaries	2 035	1 384
Amounts owing to subsidiaries	(818)	(775)
Woolworths (Proprietary) Limited	(504)	(157)
E-Com Investments 16 (Proprietary) Limited	(313)	(617)
Woolworths Employee Share Ownership Trust	(1)	(1)
Total net interest in subsidiaries	1 217	609

Equity investments in subsidiaries are stated at cost less provision for impairment, if any.

The increase in cost of investment in subsidiaries relates to funding for the aquisition of the Witchery Group.

The investment in preference shares of E-Com Investments 16 (Proprietary) Limited ("E-Com") entitles the company to a cumulative dividend equal to 50% of the dividend declared and paid by E-Com on the ordinary shares from time to time. In addition, the preference shares are redeemable in full by E-Com ten years after the issue date.

The investment in preference shares of E-Com is a compound financial instrument in terms of IAS 32, and the cost is therefore split between equity and loan receivable. The loan receivable component is determined as the net present value of the investment discounted using an interest rate of 12%. The carrying value of the loan component approximates its fair value.

Investments in and loans to subsidiaries are considered to be impaired when it is unlikely that the initial investment cost will be recovered or that the loan granted will be repaid.

The loans to and from the other subsidiaries are unsecured, interest-free and are repayable on demand. The carrying values of loans to and from subsidiaries approximate their fair values.

The company's maximum exposure to the credit risk of the loans to subsidiaries are their carrying values. The amount owing by subsidiaries in 2013 is considered to be neither past due nor impaired. All subsidiaries are in a financially sound position. Refer to note 16.1 for details of the company's credit risk management policies. Refer to Annexure 1 for details of the company's interest in subsidiaries.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

8. PARTICIPATION IN EXPORT PARTNERSHIPS

	2013 Rm	2012 Rm
Balance at the beginning of the year	20	24
Current year payments received	(4)	(2)
Current portion included in trade and other receivables (refer note 10)	–	(2)
Balance at the end of the year	16	20

The group participates as a partner in a number of container export partnerships. The partnerships sold containers in terms of long-term suspensive purchase and credit sale agreements.

Participation in export partnerships is measured at amortised cost using the effective interest rate method. Amortised cost is the company's cost of original participation less principal subsequent repayments received, plus the cumulative amortisation of the difference between the initial amount and the maturity amount, less any write down for impairment or uncollectability. Any impairment to the participation in export partnerships would result in a corresponding reduction in the related deferred taxation liability (see note 9) and thus there would be no impact on the cash flow statement or the net profit of the company.

Due to the terms and conditions attaching to the participation in export partnerships it is not practicable within constraints of timeliness or cost to determine their fair values.

The amount outstanding is considered to be neither past due nor impaired. Refer to note 16.1 for details of the company's credit risk management policies.

9. DEFERRED TAX

The movement in the deferred tax account is as follows:

	2013 Rm	2012 Rm
Balance at the beginning of the year	(21)	(24)
Amount credited to profit or loss:		
Export partnerships	4	3
Balance at the end of the year	(17)	(21)
Comprising:		
Export partnerships	(17)	(21)
	(17)	(21)

Deferred tax has been calculated at the standard corporate tax rate as at the reporting date as management expects to recover the carrying value of assets and settle the carrying value of liabilities through use.

10. TRADE AND OTHER RECEIVABLES

	2013 Rm	2012 Rm
Trade and other receivables	–	2
	–	2

Trade and other receivables consist of the current portion of participation in export partnerships. The balance is neither past due nor impaired.

The carrying value of trade and other receivables is considered to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The company does not hold any collateral as security. For detailed information regarding the credit quality of financial assets which are neither past due nor impaired, refer to note 16.1.

	2013 R'000	2012 R'000
11. ORDINARY AND PREFERENCE SHARE CAPITAL		
AUTHORISED		
1 410 600 000 (2012: 1 410 600 000) ordinary shares of 0.15 cents each	2 116	2 116
89 400 000 (2012: 89 400 000) convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each	134	134
	2 250	2 250
ISSUED		
842 643 525 (2012: 835 378 333) ordinary shares of 0.15 cents each*	1 266	1 255
89 164 010 (2012: 89 400 000) preference shares of 0.15 cents each	134	134
	1 400	1 389

* The comparative value has been amended to increase by R2 000 to adjust for cumulative rounding differences.

	2013 R'000	2012 R'000
RECONCILIATION OF VALUE OF ORDINARY SHARES IN ISSUE:		
Balance at the beginning of the year	1 255	1 269
7 265 192 (2012: nil) ordinary shares were issued in terms of share incentive schemes	11	–
Nil (2012: 9 298 259) ordinary shares were purchased from the market and cancelled	–	(14)
	1 266	1 255

RECONCILIATION OF NUMBER OF ORDINARY SHARES IN ISSUE:	Number of shares	
Balance at the beginning of the year	835 378 333	844 676 592
Shares issued	7 265 192	–
Shares repurchased and cancelled	–	(9 298 259)
	842 643 525	835 378 333

During the year 7 265 192 (2012: nil) shares were issued in terms of share incentive schemes.

RECONCILIATION OF VALUE OF PREFERENCE SHARES IN ISSUE:	R'000	R'000
Balance at the beginning of the year	134	132
Shares issued	–	2
Shares redeemed**	–	–
	134	134

RECONCILIATION OF NUMBER OF PREFERENCE SHARES IN ISSUE:	Number of shares	
Balance at the beginning of the year	89 400 000	88 267 306
Shares issued	–	1 132 694
Shares redeemed**	(235 990)	–
	89 164 010	89 400 000

** Preference shares were partially redeemed in the current year due to the death of beneficiaries.

For more information on the company's capital management policy, refer to note 17. Refer to note 19 of the group Annual Financial Statements for the terms and conditions of the preference shares.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

	2013 Rm	2012 Rm
12. SHARE PREMIUM		
Balance at the beginning of the year	94	94
Share issues in terms of share incentive schemes	337	–
Balance at the end of the year	431	94
13. DISTRIBUTABLE RESERVES		
Share-based payment reserve		
Balance at the beginning of the year	598	494
Share-based payments arising from share incentive schemes	134	104
Balance at the end of the year	732	598
Retained profit	49	(17)
	781	581

NATURE AND PURPOSE OF RESERVES

Share-based payment reserve

This reserve records the fair value of the vested portion of shares or share options (determined at grant date) granted in terms of the group's share-based payment schemes.
Refer to note 19 of the group Annual Financial Statements for further details of the relevant schemes.

Retained profit

Retained profit records the cumulative net profit or loss made by the company after deducting dividends to shareholders and other utilisations of the reserve.

	2013 Rm	2012 Rm
14. TRADE AND OTHER PAYABLES		
Other payables	8	7
	8	7

Trade and other payables mainly includes audit fee accrual and dividends payable to shareholders. The carrying value of trade and other payables approximates their fair value.

These balances are payable on demand.

15. CONTINGENT LIABILITIES

The company provides sureties for the banking facilities amounting to R2 500 million (2012: R2 500 million) and lease obligations of certain subsidiaries. The sureties can be called on immediately in the event of the subsidiaries not honouring their obligations. There are no other contingent liabilities.

16. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity and interest rate risks arises in the normal course of business. It is the company's objective to minimise its exposure to the various financial risks through its risk management policies and procedures.

The company attempts to manage financial risk where this involves activities in which it has appropriate competencies. To achieve this, the company's treasury function is responsible for managing funding and the company's financial risks within predetermined parameters.

The company's overall treasury policy is reviewed and approved by the Woolworths Holdings Limited Board. The policy specifies the dealing limits (in terms of size and duration), the types of instruments that may be used, authorised counterparties and procedures for settling and recording transactions.

In addition, a treasury committee reports regularly to the Board on the implementation of treasury policies, focusing in particular on the amount of exposure to financial risk; the extent to which this risk is covered; the implications of expected future movement in market interest rates; as well as whether there are any deviations from treasury policy and performance against budgets.

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

16.1 CREDIT RISK MANAGEMENT

Credit risk arises from cash and cash equivalents, participation in export partnerships, amounts owing by subsidiaries, financial guarantee contracts and trade and other receivables. The company's maximum exposure to credit risk is equal to the carrying amount of these classes of assets.

The company only deposits short-term cash surpluses with major banks of high quality credit standing. Trencor Limited has materially warranted certain important cash flow aspects of the company's participation in export partnerships, thus the credit quality of this receivable is considered to be high. Trade and other receivables consist mainly of interest receivable from Trencor Limited. Refer to note 7 for details of amounts owing by subsidiaries.

CREDIT QUALITY OF FINANCIAL ASSETS
The credit quality of financial assets that are neither past due nor impaired are assessed to be of high grade.

	2013 Rm	2012 Rm
FINANCIAL ASSETS		
Participation in export partnerships	16	20
Cash and cash equivalents	2	78
Trade and other receivables	–	2
Preference share loan in E-Com Investments 16 (Proprietary) Limited (included in interest in subsidiaries)	172	154

16.2 LIQUIDITY MANAGEMENT

Liquidity risk management includes maintaining sufficient cash and cash equivalents. In terms of the company's Memorandum of Incorporation, there is no limit on the company's authority to raise interest-bearing debt.

The undiscounted cash flows of the company's borrowings and payables fall into the following maturity profiles:

	Maturity	2013 Rm	2012 Rm
Amounts owing to subsidiaries	on demand	818	775
Trade and other payables	on demand	8	4

16.3 INTEREST RATE MANAGEMENT

The company's interest rate risk arises from interest-bearing cash balances. Interest rates applicable to cash and cash equivalents are at variable interest rates.

The company manages its exposure to interest rate risk by ensuring that it invests its cash in the banks which offer the most favourable interest rate.

The sensitivity of the company's profits and equity to its exposure to interest rate risk is presented below. The analysis considers the impact of a reasonably possible change over the next 12 months in the prime rate, with all other variables held constant.

	Movement in basis points	Decrease/ (increase) in profit before tax R'000	Decrease/ (increase) in equity R'000
2013			
Cash	+50	(10)	(7)
	-50	10	7
2012			
Cash	+50	(390)	(281)
	-50	390	281

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

16.4 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2013 Rm	2012 Rm
LOANS AND RECEIVABLES		
Participation in export partnerships	16	20
Trade and other receivables	–	2
Cash	2	78
Preference share loan in E-Com Investments 16 (Proprietary) Limited	172	154
Total	190	254
FINANCIAL LIABILITIES AT AMORTISED COST		
Amounts owing to subsidiaries	818	775
Trade and other payables	8	7
Total	826	782

16.5 GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The table below summarises the gains and losses on financial instruments.

	Interest income Rm	Impairment loss Rm	Reversal of impairment loss Rm	Total Rm
2013				
Loans and receivables	1	–	–	1
Loan receivable element of preference share in E-Com Investments 16 (Proprietary) Limited	18	–	–	18
2012				
Loans and receivables	6	–	–	6
Loan receivable element of preference share in E-Com Investments 16 (Proprietary) Limited	16	–	–	16

17. MANAGEMENT OF CAPITAL

The company considers the management of capital with reference to the group policy. Refer to note 29 of the group Annual Financial Statements.

	2013 Rm	2012 Rm
18. DIVIDENDS TO SHAREHOLDERS		
Ordinary shareholders:		
Dividend no. 29 of 93.0 cents per share was declared on 24 August 2011 and paid on 19 September 2011	–	777
Dividend no. 30 of 75.0 cents per share was declared on 2 April 2012 and paid on 30 April 2012	–	627
Dividend no. 31 of 123.0 cents per share was declared on 22 August 2012 and paid on 14 September 2012	1 031	–
Dividend no. 32 of 86.0 cents per share was declared on 13 February 2013 and paid on 11 March 2013	723	–
Preference shareholders:		
Dividend no. 9 of 44.6 cents per share was declared on 24 August 2011 and paid on 19 September 2011	–	40
Dividend no. 10 of 36.0 cents per share was declared on 2 April 2012 and paid on 30 April 2012	–	32
Dividend no. 11 of 85.0 cents per share was declared on 22 August 2012 and paid on 14 September 2012	76	–
Dividend no. 12 of 59.0 cents per share was declared on 13 February 2013 and paid on 11 March 2013	53	–
Total dividends paid	1 883	1 476

Dividend no. 33 of 148.0 cents per share was declared to ordinary shareholders on 28 August 2013.

Dividend no. 13 of 148.0 cents per share was declared to preference shareholders on 28 August 2013.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

	2013 Rm	2012 Rm
19. CASH FLOW INFORMATION		
19.1 CASH OUTFLOW FROM TRADING		
Profit before tax	1 950	1 592
Interest income	(19)	(22)
Dividends received	(1 948)	(1 588)
Net outflow from trading	(17)	(18)
19.2 WORKING CAPITAL MOVEMENTS		
Trade and other receivables	2	(1)
Trade and other payables	1	(7)
Net inflow/(outflow)	3	(8)
19.3 TAX PAID		
NORMAL AND FOREIGN TAX		
Amounts (owing)/receivable at the beginning of the year	(5)	–
Amounts charged to profit or loss	(4)	(6)
Amounts (receivable)/owing at the end of the year	(3)	5
Cash amounts paid	(12)	(1)
SECONDARY TAX ON COMPANIES		
Amounts charged to profit or loss	–	(68)
Total tax paid	(12)	(69)
19.4 CASH AND CASH EQUIVALENTS		
Cash – interest-earning		
Local – dividend account at an interest rate of 4.0% to 5.0% (2012: 4.0% to 5.0%)	2	78
Cash and cash equivalents	2	78

The carrying value of cash and cash equivalents is considered to approximate their fair value.

20. EVENTS AFTER THE REPORTING DATE

No event material to the understanding of these financial statements has occurred between the end of the financial year and the date of approval.

			Company			
			2013		2012	
			Carrying value of shares Rm	% Holding	Carrying value of shares Rm	% Holding
Interest in subsidiaries						
Directly held			1 131		632	
Woolworths (Proprietary) Limited	R	1	–	100	–	100
Woolworths Developments (Proprietary) Limited	P	1	–	100	–	100
Woolworths International Holdings Limited	H	3	901	100	402	100
E-Com Investments 16 (Proprietary) Limited	H	1	230	100	230	100
Woolworths Holdings Share Trust*			–	–	–	–
The Woolworths Employee Share Ownership Trust*			–	–	–	–
Indirectly held						
Woolworths International (SA) (Proprietary) Limited	D	1		100		100
Universal Product Networks (Proprietary) Limited	L	1		100		100
inthebag (Proprietary) Limited	D	1		100		100
The Woolworths Trust (Charitable Trust)*		1		–		–
Virtual Market Place (Proprietary) Limited***	R	1		100		100
Woolworths (Lesotho) (Proprietary) Limited	R	15		99		99
Woolworths (Namibia) (Proprietary) Limited	D	2		100		100
Woolworths Holding (Mauritius) Limited	H	9		100		100
Woolworths (Mauritius) Limited****	R	9		100		100
Woolies (Zambia) Limited****	R	10		51		51
W-Stores Company (Tanzania) Limited****	R	11		51		51
W-Stores Company (Uganda) Limited****	R	12		89		51
Woolworths Retail Stores Limited****	R	13		50		50
Woolworths (Mozambique) Limitada****	R	14		99		99
Woolworths (Kenya) (Proprietary) Limited ****	R	16		51		–
Highway Holdings N.V.	H	4		100		100
Woolworths Worldwide Limited	H	3		100		100
Woolworths Trust**	H	3		–		–
Woolworths International (Australia) Proprietary Limited	H	5		100		100
Woolworths International Limited	I	3		100		100
WSM Operations Holding Company Limited	D	3		100		100
Country Road Limited	R	5		87.9		87.9
Country Road Clothing Proprietary Limited	R	5		87.9		87.9
Country Road Ventures Proprietary Limited	R	5		87.9		87.9
Country Road Clothing (N.Z.) Limited	R	6		87.9		87.9
Country Road Properties Proprietary Limited	P	5		87.9		87.9
Country Road Limited (UK)	R	8		87.9		87.9
Country Road International Proprietary Limited	H	5		87.9		87.9
Country Road (Hong Kong) Limited	R	7		87.9		87.9
Witchery Australia Holdings Proprietary Limited	H	5		87.9		–
Witchery Holdings Proprietary Limited	H	5		87.9		–
Witchery Fashions Proprietary Limited	R	5		87.9		–
Witchery Fashions (NZ) Limited	R	6		87.9		–
Witchery Singapore Pte Limited	R	17		87.9		–
Witchery Fashions SA (Proprietary) Limited	R	1		87.9		–
Mimco Proprietary Limited	R	5		87.9		–
Mimco (UK) Limited	R	8		87.9		–
Mimco Design Singapore Pte Limited	R	17		87.9		–
Mimco (NZ) Limited	R	6		87.9		–

			Company			
			2013		2012	
			Carrying value of shares Rm	% Holding	Carrying value of shares Rm	% Holding
Interest in joint ventures						
Woolworths Financial Services (Proprietary) Limited	F	1		50% – 1 share		50% – 1 share
Nedglen Property Developments (Proprietary) Limited	P	1		30		30
Amounts owing to subsidiaries			(646)		(621)	
Woolworths (Proprietary) Limited			(504)		(157)	
E-Com Investments 16 (Proprietary) Limited			(141)		(463)	
Woolworths Employee Share Ownership Trust			(1)		(1)	
Total interest			485		11	

Nature of business

R: Retailing P: Property development F: Financial services I: Import/export D: Dormant L: Logistics H: Holding

Country of incorporation

1: South Africa 2: Namibia 3: Guernsey 4: Belgium 5: Australia 6: New Zealand 7: Hong Kong 8: United Kingdom 9: Mauritius 10: Zambia 11: Tanzania 12: Uganda 13: Nigeria 14: Mozambique 15: Lesotho 16: Kenya 17: Singapore

* Woolworths Holdings Share Trust, The Woolworths Employee Share Ownership Trust and The Woolworths Trust are included as subsidiaries based on the interpretation guidance IFRS 10.

** Woolworths Trust is an intermediate holding entity for Woolworths Worldwide Limited (Guernsey). Woolworths Holdings Limited is a beneficiary of the trust.

*** Virtual Market Place (Proprietary) Limited is a virtual community development company that creates partnerships between businesses and supporters for the benefit of broad-based educational institutions.

**** Woolworths (Mauritius) Limited, Woolies (Zambia) Limited, W-Stores Company (Tanzania) Limited, W-Stores Company (Uganda) Limited, Woolworths Retail Stores Limited, Woolworths (Mozambique) Limitada and Woolworths (Kenya) (Proprietary) Limited are subsidiaries of Woolworths Holding (Mauritius) Limited.

The aggregate profits/(losses) after tax of subsidiaries attributable to the company are:

	Company	
	2013 Rm	2012 Rm
Profits	2 538	1 904
Losses	(25)	(17)
	2 513	1 887

SHAREHOLDER CALENDAR

Financial year end:	June
Reporting:	
Annual results announcement	August
Integrated report	September
Annual general meeting	November
Interim results and report	February

Dividend declared:	
Final for the period ended June 2013	August
Interim for the period ended December 2013	February
Dividend payable:	
Final for the period ended June 2013	September
Interim for the period ended December 2013	March

ADMINISTRATION

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Thobeka Sishuba-Mashego

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Company tax number: 9300/149/71/4
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Registered name: Woolworths Holdings Limited
JSE share code: WHL
ISIN: ZAE000063863

JOINT AUDITORS: EY and NEXIA SAB&T

BANKERS: The Standard Bank of South Africa Limited

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GLOSSARY OF FINANCIAL TERMS

AMORTISED COST
The amount used to measure the balance of certain financial instruments at year-end.

The amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

ACTUARIAL GAINS OR LOSSES
Actuarial gains or losses comprise:

1. experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
2. the effects of changes in actuarial assumptions.

BLACK-SCHOLES MODEL
A valuation equation model that assumes the price of the underlying asset changes continuously through to the option's expiration date by a statistical process known as geometric Brownian motion.

BINOMIAL OPTION PRICING MODEL
A valuation equation model that assumes the price of the underlying asset changes through a series of discrete upward or downward movements.

BUSINESS SEGMENT
An operating segment of an entity that is engaged in providing an individual product or service or a group of related products or services that is subject to risks and returns that are different from those of other business segments.

CASH AND CASH EQUIVALENTS
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

CASH FLOW HEDGE
A hedge of the exposure to variability in cash flows that:

1. is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; and
2. could affect profit or loss.

CASH-GENERATING UNIT
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

COMPANY
Woolworths Holdings Limited – a legally incorporated business entity registered in terms of the Companies Act of South Africa.

CONSOLIDATED FINANCIAL STATEMENTS
The financial results of the group presented as those of a single economic entity.

CONTINGENT LIABILITY
1. A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of an entity.
2. A present obligation that arises from past events but is not recognised because:

   2.1 it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   2.2 the amount of the obligation cannot be measured with sufficient reliability.

CONTROL
Control exists when an investor can show:

1. Power over the investee through having existing rights that give it the current ability to direct relevant activities.
2. Exposure, or rights to variable returns from its involvement with the investee.
3. The ability to use its power over the investee to affect the amount of the investor's returns.

CREDIT RISK
The risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

CURRENCY RISK
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

DEFERRED BONUS PLAN
The deferred bonus plan allows eligible employees to acquire Woolworths Holdings shares at the ruling market price out of a portion of their declared short-term performance bonus. A matching award of Woolworths' shares will be made to the participant after a period of three years on condition that the participant remains in the employ of the employer company and retains the bonus shares over the period.

DEFINED-BENEFIT PLAN
Post-employment benefit plans other than defined-contribution plans.

DEFINED-CONTRIBUTION PLAN
Post-employment benefit plans under which an entity pays fixed contributions into a separate fund, and in respect of which the entity will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

GLOSSARY OF FINANCIAL TERMS

DEFERRED TAX ASSETS
The amount of income taxes recoverable in future periods in respect of:

1. deductible temporary differences;
2. the carry forward of unused tax losses; and
3. the carry forward of unused tax credits.

DEFERRED TAX LIABILITIES
The amounts of income tax payable in future periods in respect of taxable temporary differences.

DERIVATIVE
A financial instrument or other contract with all three of the following characteristics:

1. its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
2. it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
3. it is settled at a future date.

DILUTION
A reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

DISPOSAL GROUP
A group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTION
A share-based payment transaction in which the entity:

1. receives goods or services as consideration for its own equity instruments (including shares or share options); or
2. receives goods or services but has no obligation to settle the transaction with the supplier.

FAIR VALUE
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FINANCIAL ASSETS
Any asset that exhibits one or more of the following characteristics:

1. cash;
2. an equity instrument of another entity;
3. a contractual right:
   3.1 to receive cash or another financial asset from another entity; or
   3.2 to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
4. a contract that will or may be settled in the entity's own equity instruments and is:
   4.1 a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
   4.2 a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

FINANCIAL LIABILITIES
Any liability that exhibits one or more of the following characteristics:

1. a contractual obligation:
   1.1 to deliver cash or another financial asset to another entity; or
   1.2 to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
2. a contract that will or may be settled in the entity's own equity instruments and is:
   2.1 a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
   2.2 a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

FINANCIAL ASSET OR FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS
A financial asset or financial liability that meets either of the following conditions:

1. it is classified as held for trading. A financial asset or financial liability is classified as held for trading if it is:
   1.1 acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
   1.2 that forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
   1.3 that is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
2. Upon initial recognition it is designated by the entity as at fair value through profit or loss. An entity may use this designation only when permitted or when doing so results in more relevant information, because either:
   2.1 it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
   2.2 a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

FINANCIAL INSTRUMENT
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FIRM COMMITMENT
A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

FORECAST TRANSACTION
An uncommitted but anticipated future transaction.

FUNCTIONAL CURRENCY
The currency of the primary economic environment in which the entity operates.

GEOGRAPHICAL SEGMENT
An operating segment of an entity that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

GOOD BUSINESS JOURNEY
The Woolworths Good Business Journey (GBJ) is a comprehensive plan announced in April 2007. Incorporating a series of challenging targets and commitments centred on four key priorities – accelerating transformation, driving social development, enhancing Woolworths' environmental focus and addressing climate change.

GRANT DATE
The date at which the entity and another party (including an employee) agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement. At grant date the entity confers on the counterparty the right to cash, other assets, or equity instruments of the entity, provided the specified vesting conditions, if any, are met. If that agreement is subject to an approval process, the grant date is the date when that approval is obtained.

GROUP
The group comprises Woolworths Holdings Limited and all its subsidiaries, joint ventures and associates.

HEDGING INSTRUMENT
A designated derivative or, for a hedge of the risk of changes in foreign currency exchange rates only, a designated non-derivative financial asset or non-derivative financial liability, whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

HEDGED ITEM
An asset, liability, firm commitment or highly probable forecast transaction that exposes the entity to risk of changes in fair value or future cash flows and is designated as being hedged.

HEDGE EFFECTIVENESS
The degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

HELD FOR TRADING FINANCIAL INSTRUMENT
See financial asset or financial liability at fair value through profit or loss.

INTANGIBLE ASSET
An identifiable non-monetary asset without physical substance.

INTEREST RATE RISK
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

INTRINSIC VALUE
The difference between the fair value of the shares to which the counterparty has the (conditional or unconditional) right to subscribe or which it has the right to receive, and the price (if any) the counterparty is (or will be) required to pay for those shares.

JOINT ARRANGEMENT
An arrangement of which two or more parties have joint control.

JOINT CONTROL
The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

JOINT OPERATION
An arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

JOINT VENTURE
An arrangement in which the parties with joint control have rights to the net assets of the arrangement.

LIQUIDITY RISK
The risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities.

LOANS AND RECEIVABLES
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

1. those that the entity intends to sell immediately or in the near term, which shall be classified as held-for-trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
2. those that the entity upon initial recognition designates as available-for-sale; or
3. those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, and which shall be classified as available-for-sale.

LONG-TERM INCENTIVE PLAN
The long-term incentive plan provides eligible employees with the opportunity to acquire Woolworths Holdings Limited shares by way of conditional awards of shares which are subject to the fulfilment of predetermined performance conditions covering a three-year period.

MONETARY ITEMS
Units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

MONTE CARLO SIMULATION METHOD
A method that is used to evaluate the probabilities of different gains or losses being realised over a future period. It is based on the generation of multiple trials to determine the expected value of a random variable.

NON-CONTROLLING INTEREST
The equity in a subsidiary not attributable, directly or indirectly, to a parent.

ONEROUS CONTRACT
A contract in which the unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected to be received under it.

OPERATING LEASE ACCRUAL
Represents the difference between the cash flow impact and the amount charged to the statement of comprehensive income in respect of operating leases.

PAST DUE
A financial asset is past due when a counterparty has failed to make a payment when contractually due.

PRESENT VALUE
A current estimate of the present discounted value of the future net cash flows in the normal course of business.

REASONABLY POSSIBLE CHANGE IN RISK VARIABLE
Reasonably possible change in risk variable refers to the most likely change in the risk variable, during the next annual period, which is judged relative to the economic environments in which the entity operates, and does not include 'worst-case' scenarios.

RELATED PARTY
1. A person or a close member of that person's family is related to a reporting entity if that person:
   - 1.1. has control or joint control over the reporting entity; or
   - 1.2. has significant influence over the reporting entity; or
   - 1.3. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
2. An entity is related to a reporting entity if any of the following conditions apply:
   - 2.1 the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   - 2.2 one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   - 2.3 both entities are joint ventures of the same third party;
   - 2.4 one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   - 2.5 the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
   - 2.6 the entity is controlled or jointly controlled by a person identified in 1;
   - 2.7 a person identified in 1.1 has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

REPORTING DATE
The last day of the financial period.

RESTRICTED SHARE PLAN
The restricted share plan gives eligible employees the rights to receive Woolworths Holdings Limited shares, subject to the satisfaction of certain service conditions within a specific time period.

SEGMENT ASSETS
Those operating assets that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets exclude income tax assets, as well as investments, where the resulting income arising from the investments is excluded from segment results.

GLOSSARY OF FINANCIAL TERMS

SEGMENT EXPENSE
Expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis to the segment. Segment expense does not include:

1. interest, including interest incurred on advances or loans from other segments;
2. losses on sales of investments;
3. an entity's share of losses of associates, joint ventures, or other investments accounted for under the equity method;
4. income tax expense; and
5. general administrative expenses, head office expenses, and other expenses that arise at the entity level and relate to the entity as a whole.

SEGMENT RESULT
Segment revenue less segment expense before any adjustments for minority interest.

SEGMENT REVENUE
Revenue reported in the entity's statement of comprehensive income that is directly attributable to a segment and the relevant portion of entity revenue that can be allocated on a reasonable basis to a segment.

Segment revenue does not include:

1. interest or dividend income unless the segment's operations are primarily of a financial nature; or
2. gains on sales of investments or gains on extinguishment of debt unless the segment's operations are primarily of a financial nature.

SHARE APPRECIATION RIGHTS SCHEME
This scheme gives eligible employees the rights to receive Woolworths Holdings Limited shares equal to the value of the difference between the exercise price and the grant price, subject to the satisfaction of certain performance conditions within a specified period.

SHARE-BASED PAYMENT TRANSACTION
1. A transaction in which the entity:
   - 1.1 receives goods or services from the supplier of those goods or services (including an employee) in a share-based payment arrangement; or
   - 1.2 incurs an obligation to settle the transaction with the supplier in a share-based payment arrangement when another group entity receives those goods or services.
2. An agreement between the entity (or another group entity or any shareholder of any group entity) and another party (including an employee) that entitles the other party to receive:
   - 2.1 cash or other assets of the entity for amounts that are based on the price (or value) of equity instruments (including shares or share options) of the entity or another group entity; or
   - 2.2 equity instruments (including shares or share options) of the entity or another group entity, provided the specified vesting conditions, if any, are met.

SHARE OPTION
A contract that gives the holder the right, but not the obligation, to subscribe to the entity's shares at a fixed or determinable price for a specific period of time.

SUBSIDIARY
An entity that is controlled by another entity.

TREASURY SHARES
An entity's own equity instruments, held by the entity or other members of the consolidated group.

VEST
To become an entitlement. Under a share-based payment arrangement, a counterparty's right to receive cash, or other assets, or equity instruments of the entity vests upon satisfaction of any specified vesting conditions.


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