WHL '15

WOOLWORTHS HOLDINGS LIMITED / 2015 ANNUAL FINANCIAL STATEMENTS

THE ACQUISITIONS HAVE ENABLED US TO STEP CHANGE THE GROUP'S OPERATIONS INTO A RETAILER WITH SIGNIFICANT SCALE ACROSS SUB-SAHARAN AFRICA AND AUSTRALASIA.

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OUR FINANCE DIRECTOR'S REPORT

A STRONG RESULT WITH GOOD MARKET SHARE GAINS IN BOTH SOUTH AFRICA AND AUSTRALIA.

During the year, the Group acquired David Jones Limited, the listed Australian department store business, as well as the remaining 12.12% non-controlling interests in Country Road Group. The David Jones acquisition on 1 August 2014 was funded by R10 billion cash raised from the refinancing of working capital facilities, A$264 million (R2.5 billion) Australian senior debt and a R9.9 billion equity bridge loan, which was repaid from the proceeds of a rights offer on 2 October 2014. The acquisition of the non-controlling interests in Country Road Group for a cash consideration of A$213 million (R2.1 billion) was funded by new Australian debt facilities. The full ownership was a logical step to unlocking the regional synergy opportunities between David Jones and Country Road Group, transforming the Group into a leading southern hemisphere retailer. The acquisitions have enabled us to step change the Group's operations into a retailer with significant scale across sub-Saharan Africa and Australasia.

PERFORMANCE FOR THE YEAR

Group sales, including concession sales, increased by 54.9% for the 52 weeks ended 28 June 2015. Excluding the impact of David Jones, Group sales grew 12.0%. This was a strong result with good market share gains in both South Africa and Australia.

Adjusted profit before interest and tax grew by 47.4% and basic earnings grew by 8.3%, with the Australian businesses now contributing 40% of Group earnings.

Headline earnings, which excludes the impairment of property, plant and equipment and other capital items, increased by 19.4%. Adjusted headline earnings grew by 24.3%. Adjustments include acquisition-related costs of R489 million (June 2014: R182 million) and unrealised foreign exchange gains of R29 million (June 2014: R139 million losses) relating to inventory hedging.

EARNINGS PER SHARE	52 weeks to 28 June 2015 cents	Restated 52 weeks to 29 June 2014 cents	% change
EPS	337.3	350.6	(3.8)
HEPS	369.7	348.6	6.1
Adjusted HEPS	419.4	379.9	10.4
Diluted EPS	334.9	346.2	(3.3)
Diluted HEPS	367.1	344.2	6.7
Adjusted diluted HEPS	416.4	375.1	11.0

Headline earnings per share (HEPS) increased by 6.1%, and adjusted HEPS grew by 10.4%. For comparative purposes, Weighted Average Number Of Shares (WANOS) for the prior year has been adjusted by the bonus element of the rights offer, as required by IAS 33: Earnings per share.

Return on equity (ROE) (based on adjusted headline earnings and closing equity) was 26.3% at the end of the year. The decline in ROE results from the recognition of purchased goodwill and other intangible assets on the acquisition of David Jones and is therefore not comparable with the prior year.

The total dividend for the year of 247.0 cents per share increased by 2.9% on the 2014 dividend restated for the bonus element of the rights offer. The dividend is covered 1.45 times by headline earnings, in line with the Group's stated dividend policy.

20.5%

▲ ADJUSTED PROFIT BEFORE TAX

PROFIT BEFORE TAX SEGMENTAL PERFORMANCE	2015 Rm	2014 Rm	% change
Woolworths Clothing and General Merchandise	2 095	2 029	3.3
Woolworths Food	1 580	1 259	25.5
Woolworths Financial Services	221	181	22.1
Woolworths	3 896	3 469	12.3
David Jones	1 532	–	–
Country Road Group	1 058	930	13.8
Profit before interest and tax	6 486	4 399	47.4
Treasury	(1 216)	(24)	>100
Adjusted profit before tax	5 270	4 375	20.5
Adjustments	(838)	(271)	
Transaction costs	(258)	(182)	
Integration and restructuring costs	(67)	–	
Non-recurring finance costs	(164)	–	
Impairment of property, plant and equipment	(378)	–	
Unrealised foreign exchange gains/(losses)	29	(139)	
Profit on sale of investment properties	–	50	
Profit before tax	4 432	4 104	8.0

WOOLWORTHS CLOTHING AND GENERAL MERCHANDISE

The late winter impacted sales, but sales still grew by 9.6% and by 4.0% in comparable stores (including Country Road Group sales in South Africa). Importantly, we saw an improvement in our kidswear and women's footwear and accessories divisions that had underperformed earlier in the year. Total Clothing and General Merchandise sales grew 8.6%.

General merchandise sales increased by 7.7% and by 5.6% in comparable stores.

Gross profit margin improved from 46.7% to 47.4% as a result of the conversion of previously franchised stores, where we now earn the full retail margin and incur the full retail costs.

Store costs were impacted by extensive modernisations and 6.3% new space. Comparable costs – attributable to stores operating in the prior year – were well controlled, growing by 6.2%. Other operating costs were well managed and grew by 5.7%.

Adjusted profit before tax grew by 3.3% with return on sales declining by 0.8% to 16.8%.

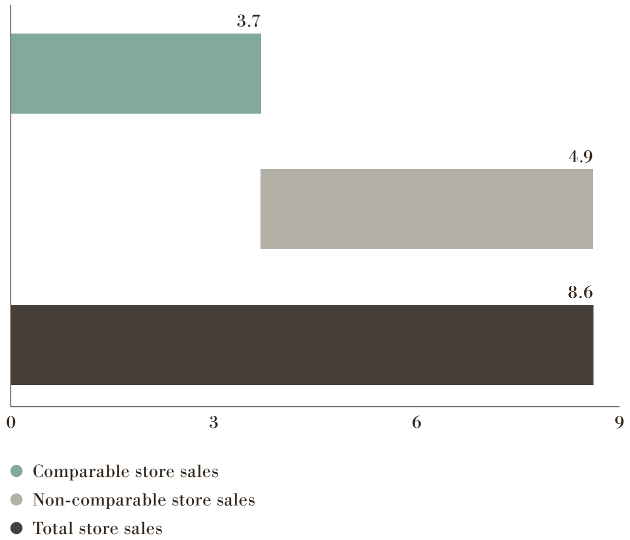
We plan to add 16% net new space to Woolworths Clothing and General Merchandise over the next three years.

8.6%

▲ TURNOVER

INCOME STATEMENT	2015 Rm	2014 Rm	% change
Turnover	12 499	11 505	8.6
Cost of sales	6 574	6 132	7.2
Gross profit	5 925	5 373	10.3
Other revenue	19	18	5.6
Expenses	3 850	3 364	14.4
Store costs	2 544	2 128	19.5
Other operating costs	1 306	1 236	5.7
Adjusted operating profit	2 094	2 027	3.3
Earnings from joint venture and associate	1	2	
Adjusted profit before tax	2 095	2 029	3.3

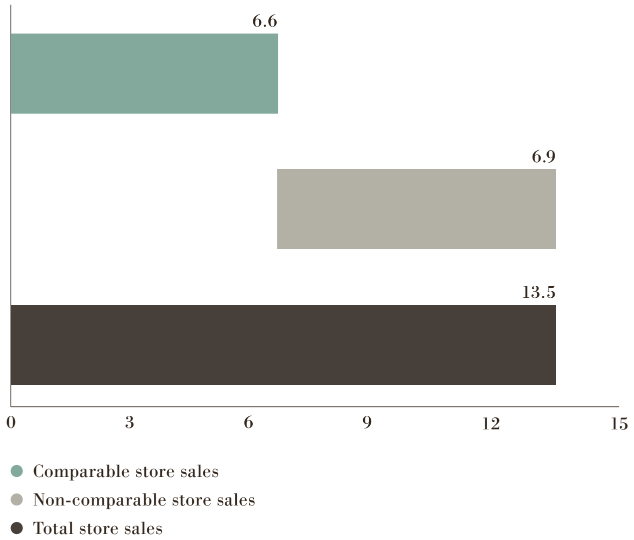
SALES GROWTH (% ON LAST YEAR)



WOOLWORTHS FOOD

INCOME STATEMENT	2015 Rm	2014 Rm	% change
Turnover	22 352	19 694	13.5
Cost of sales	16 598	14 711	12.8
Gross profit	5 754	4 983	15.5
Other revenue	93	73	27.4
Expenses	4 268	3 799	12.3
Store costs	2 898	2 555	13.4
Other operating costs	1 370	1 244	10.1
Adjusted operating profit	1 579	1 257	25.6
Earnings from joint venture and associate	1	2	
Adjusted profit before tax	1 580	1 259	25.5

SALES GROWTH (% ON LAST YEAR)



A strong performance, with growth well ahead of the market, saw Food sales grow by 13.5%, with price movement of 7.7%. Sales in comparable stores grew by 6.6%.

Investment in price competitiveness and range ensured that our core produce, protein and groceries departments performed strongly.

Gross profit margin increased by 0.4% to 25.7%, despite a slightly higher mix of branded products.

Store costs were impacted by extensive modernisations and 10.2% new space. Comparable costs – attributable to stores operating in the prior year – were well controlled, growing by 5.2%. Other operating costs were well controlled, increasing by 10.1%.

Adjusted profit before tax grew 25.5% and return on sales improved 0.7% to 7.1%, ahead of the 2016 7.0% medium-term target.

We plan to add 26% new space to Food over the next three years.

25.5%

▲ ADJUSTED PROFIT BEFORE TAX

Classic, Summer 2015

WOOLWORTHS FINANCIAL SERVICES (WFS)

INCOME STATEMENT	2015 Rm	% to book	2014 Rm	% to book	% change
Interest income	1 718	18.6	1 473	17.7	16.6
Interest paid	497	5.4	416	5.0	19.5
Net interest income	1 221	13.2	1 057	12.7	15.5
Impairment charge	503	5.4	396	4.8	27.0
Risk-adjusted margin	718	7.8	661	7.9	8.6
Non-interest revenue	672	7.3	628	7.5	7.0
Operating costs	777	8.4	786	9.4	(1.1)
Profit before tax	613	6.6	503	6.0	21.9
Average financial services assets	9 232		8 339		10.7
Return on equity	26.6%		24.3%		
Joint venture profit before tax	613		503		
Taxation	171		141		
Profit after tax	442		362		
Less 50%	221		181		
Equity accounted	221		181		

26.6%

RETURN ON EQUITY

The joint venture with Barclays Africa Group operates three products: the Woolworths in-store card, Visa credit cards and personal loans. In addition to the interest yield on these assets, the business generates insurance and other non-interest revenue.

Interest income increased by 16.6% to R1 718 million due to strong portfolio growth, with the yield on average assets increasing by 0.9% due to the increases in the repo rate that is the basis upon which rates are set by the National Credit Act.

Borrowing costs also increased by 19.5% as a result of higher base rates. Net interest income rose 15.5% to R1 221 million.

The impairment charge (comprising bad debts written off during the year, collection costs and the movement in provision for doubtful debts) increased from 4.8% to 5.4%.

The risk-adjusted margin – the yield on the book after the impairment charge – grew by 8.6% to R718 million.

Non-interest revenue grew by 7.0% as a result of increased revenues from the growing mix of credit cards and insurance products.

Operating costs reduced by 1.1% as a result of investment in collection effectiveness and a focus on operational efficiencies with some good progress in converting customers to electronic statements.

Profit before tax increased by 21.9%, with the profit to book ratio increasing from 6.0% to 6.6%.

The business experienced growth in the average debtors' book of 10.7%, with the closing book ending 10.5% ahead of the previous year.

The book has a gearing ratio of 84% funded by Barclays Africa Group at a three-month JIBAR-linked rate. This gearing leveraged the operating ratio to generate a return on equity of 26.6%, above the medium-term target of 22.0%.

FINANCE DIRECTOR'S REPORT

DAVID JONES

INCOME STATEMENT	2015 A$m	Comparative 11 months 2014 A$m	% change
Turnover and concession sales	1 885	1 772	6.4
Concession sales	(609)	(536)	13.6
Turnover - own buy	1 276	1 236	3.2
Cost of sales	670	679	(1.3)
Gross profit - own buy	606	557	8.8
Concession and other revenue	141	120	17.5
Gross profit	747	677	10.3
Expenses	603	574	5.1
Store costs	506	493	2.6
Other operating costs	97	81	19.8
Department store operating profit	144	103	39.8
Financial services operating profit	17	22	(22.7)
Adjusted operating profit	161	125	28.8
Investment income	1	–	–
Finance costs	5	6	(16.7)
Adjusted profit before tax	157	119	31.9

31.9%

▲ ADJUSTED PROFIT BEFORE TAX

The results of David Jones for the 11 months from acquisition on 1 August 2014 are included for the first time, with comparative figures presented to aid comparison.

A strong second half performance across most categories led to full-year sales (including concession sales) increasing by 6.4% in Australian dollar terms. Sales in comparable stores grew by 3.7% and net space grew by 1.3%. The higher growth in concession sales results from mix and conversions from own-buy arrangements including the outsourcing of the electronics category to Dick Smith in the prior year, as well as the significant increase in space reallocated to Country Road Group during the final quarter of the year.

Gross profit from own-buy increased by 8.8% or A$49 million. The fair value of inventory upon acquisition was determined using the Comparable Sales Method by taking into account historical sales data of the age of inventory on hand and expected markdowns typically achieved, as well as costs of disposal and holding costs. Purchase price adjustments recognised on acquisition relating to inventory sold during the year have been unwound.

Financial services operating profit declined by 22.7% due to the annualisation of the termination of the American Express profit guarantee in the prior year.

Adjusted profit before tax of A$157 million was 31.9% higher than the comparative prior period.

We plan to add 12% net new space over the next three years.

COUNTRY ROAD GROUP

INCOME STATEMENT	2015 A$m	2014 A$m	% change
Turnover	952	849	12.1
Cost of sales	372	323	15.2
Gross profit	580	526	10.3
Other revenue	4	4	–
Expenses	473	432	9.5
Store costs	340	308	10.4
Other operating costs	133	124	7.3
Adjusted operating profit	111	98	13.3
Investment income	1	2	(50.0)
Finance costs	2	6	(66.7)
Adjusted profit before tax	110	94	17.0

Country Road, Summer 2015

Sales increased by 12.1% in Australian dollar terms. In Australasia, sales grew by 11.5% and 4.7% in comparable stores, impacted by a poor season in Country Road's womenswear category in the first half and delayed store openings. Net new space of 23.1% was added, 17.0% within David Jones during the last quarter. This does not constitute additional space from a Group perspective.

South African (rand-denominated) sales were up by 19.2%.

Gross profit margin declined by 1.1% to 60.9% due to higher markdowns, particularly in Country Road womenswear.

Store costs growth of 10.4% was below sales growth, with other operating costs well controlled at 7.3% up on last year, as the business continues to be run in a highly efficient manner.

Adjusted profit before tax increased by 17.0%, and is in line with the return on sales targeted in the medium-term.

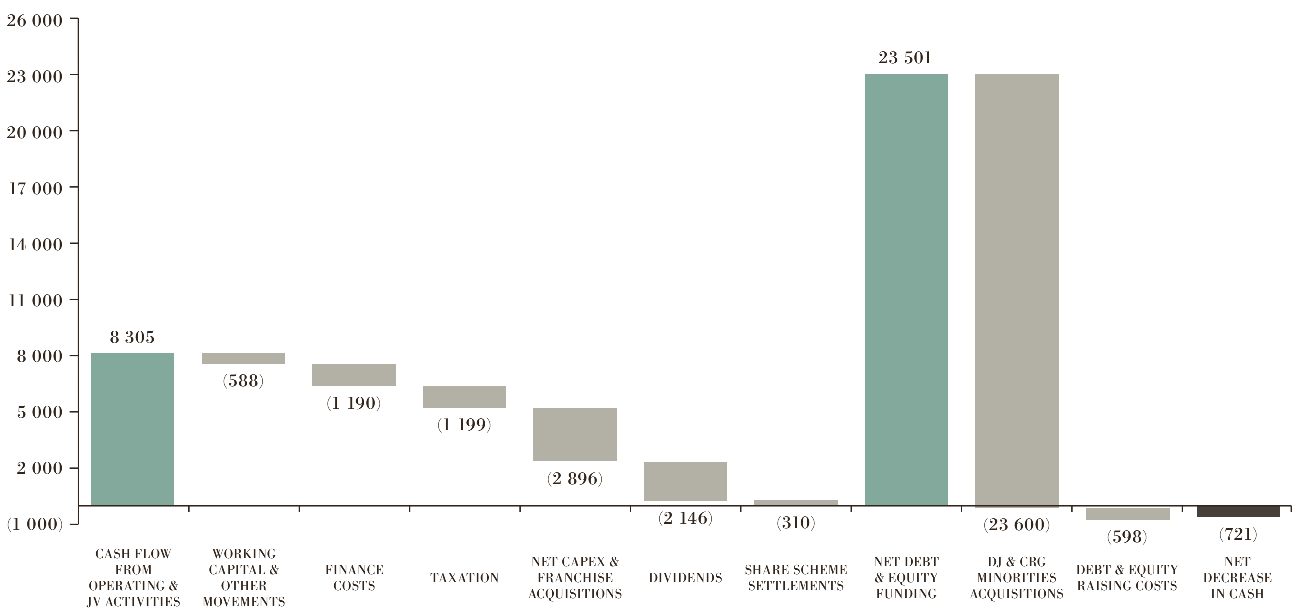
Net new space of 10% is planned over the next three years.

11.7%

OPERATING PROFIT MARGIN

TREASURY OPERATIONS AND CASH POSITION

CASH GENERATION (R MILLION)



The business generated cash from operating and joint venture activities of R8 305 million.

Tax paid amounted to R1 199 million.

The net cash outflow on capital expenditure (net of R103 million proceeds from disposals), amounted to R2 896 million, and is explained in more detail below.

The Group's dividend is covered 1.45 times by headline earnings.

BEEESOS UNWIND

The Group's Black Economic Empowerment Employee Share Ownership Scheme (BEEESOS) matured subsequent to the year end on 30 June. The scheme was launched in 2007 as part of the company's Good Business Journey commitment to socio-economic transformation. We were the first retailer to launch an empowerment scheme with BEEESOS shares allocated to previously disadvantaged employees on the basis of both length of service and seniority. The scheme represented approximately 10% of the ordinary share capital of Woolworths at the time. The strong performance of the business since 2007 created R2.4 billion for the participants, who also enjoyed dividends of R332 million during the scheme.

In terms of the unwind, the accelerated book build was successfully completed with 21 million shares placed with institutional investors at R97 – a premium of 1.3% to the 30 day VWAP and a 2.3% premium to the closing price of the previous day. The unwind of the BEEESOS is marginally accretive.

CAPITAL EXPENDITURE

The Group invested R2.9 billion in property, plant and equipment, of which R1.4 billion was spent on Woolworths store development, supply chain property and equipment, IT and other infrastructure projects.

David Jones invested R496 million in store development and other infrastructure projects, while Country Road Group's R936 million investment related to store development and a new distribution centre in Melbourne.

We acquired five previously franchised stores in South Africa for a total purchase consideration of R39 million and the remaining 49% non-controlling interest in our Zambian operations for R29 million.

FINANCIAL RISK MANAGEMENT

Financial risks related to funding (liquidity and counterparty risks), interest rate risk and foreign exchange risk are managed by the Group treasury function.

The Group Treasury Committee is an executive function that reports its findings to the Audit Committee on a quarterly basis. Short- and long-term funding requirements are assessed to optimise funding structures and liquidity risk associated with borrowings. These are managed by staggering the timing of maturities of borrowings and maintaining appropriate short-term committed and uncommitted banking and debt facilities. The committee is currently engaged in the re-profiling and extension of the Group's long-term funding to provide for improved liquidity and refinancing risk profiles.

Unutilised banking and debt facilities totalled R7 102 million at June 2015 (2014: R3 181 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 Group has swapped approximately 60% of its floating rate interest for fixed rate interest.

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

ACCOUNTING STANDARDS

The Group and Company Annual Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), South African Institute of Chartered Accountants (SAICA), the Financial Reporting Standards Committee (FRSC) and the Companies Act of South Africa.

Various IFRS and IFRIC interpretations and amendments were adopted during the current year, which had no impact on the Group's reported results. Details can be found in note 1 on page 38 of the Annual Financial Statements which can be downloaded from our corporate website www.woolworthsholdings.co.za. All additional disclosure required by these standards have been provided for both the current and comparative periods.

PROSPECTS AND FINANCIAL TARGETS

We believe that economic conditions in South Africa and Australia will remain constrained, especially in the lower and middle-income segments of the market. The upper-income segment in which we operate continues to show some resilience.

We will continue investing in competitive price points and are committed to maintaining gross margins from continued improvements in sourcing and efficiencies. Inflationary pressures emanating from a weaker rand will remain a key risk.

We continue to trade ahead of the market and trading for the first eight weeks of the new financial year has been positive.

Attention will remain on improving underperforming stores by a critical analysis of costs and operational activities (especially those that impact availability and food waste). Detailed cost-to-sell ratios continue to be set for all departments.

M R ISAACS
Finance Director

SHAREHOLDING DISCLOSURES

Public and non-public shareholders	Number of share-holders	Percentage of total	Number of shares	Percentage of total
Public shareholders	38 099	100.0	919 618 791	90.4
Non-public shareholders				
Directors and their associates	12	–	11 979 101	1.2
E-Com Investments 16 Proprietary Limited	1	–	43 763 861	4.3
Woolworths Proprietary Limited	1	–	40 497 604	4.0
Woolworths Holdings Share Trust*	1	–	564 390	0.1
Woolworths Employee Share Ownership Trust	1	–	153 111	–
Total shareholders	38 115	100.0	1 016 576 858	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 stated capital at 28 June 2015:

Major beneficial shareholders	Number of shares	2015 Percentage of shares	2014 Percentage of shares
Government Employees Pension Fund	166 538 707	16.4	16.3
GIC Private Limited	52 574 195	5.2	5.1

Directors of the company hold direct and indirect beneficial interests of 11 979 101 ordinary shares (2014: 11 390 366) and 1 725 000 unlisted, convertible, redeemable, non-cumulative participating preference shares (2014: 1 725 000), in the company.

STATED CAPITAL

AUTHORISED

Ordinary shares	– 2 410 600 000 of no par value
Unlisted, convertible, redeemable, non-cumulative participating preference shares	– 89 400 000 of 0.15 cents each

ISSUED

Ordinary shares	– 1 016 576 858 of no par value
Unlisted, convertible, redeemable, non-cumulative participating preference shares	– 89 117 253 of 0.15 cents each

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

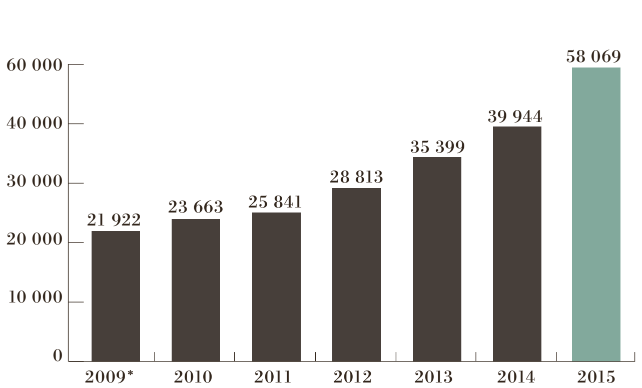
Studio.W home, 2015

SEVEN-YEAR REVIEW

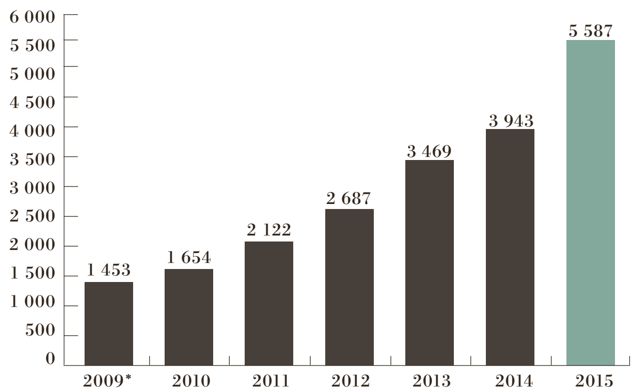
SEVEN YEAR REVIEW

Year Number of Weeks	2015 52 Rm	2014 52 Rm	2013 53 Rm	2012 52 Rm	2011 52 Rm	2010 52 Rm	2009 52 Rm
GROUP STATEMENTS OF PROFIT OR LOSS							
Revenue	58 069	39 944	35 399	28 813	25 841	23 663	21 922
Turnover and concession sales	61 970	40 012	35 227	28 604	25 582	23 393	21 175
Concession sales**	(5 464)	(305)	–	–	–	–	–
Turnover	56 506	39 707	35 227	28 604	25 582	23 393	21 175
Cost of sales	(33 356)	(24 209)	(21 674)	(18 419)	(16 683)	(15 619)	(14 501)
Gross profit	23 150	15 498	13 553	10 185	8 899	7 774	6 674
Other revenue	1 447	125	115	127	127	95	563
Expenses	(19 010)	(11 680)	(10 199)	(7 625)	(6 904)	(6 215)	(5 784)
Operating profit	5 587	3 943	3 469	2 687	2 122	1 654	1 453
Investment income	116	112	57	82	132	175	184
Finance costs	(1 494)	(136)	(68)	(38)	(84)	(151)	(281)
Earnings from joint ventures	221	181	180	133	129	75	58
Earnings from associate	2	4	9	6	7	6	12
Profit before exceptional items	4 432	4 104	3 647	2 870	2 306	1 759	1 426
Exceptional items	–	–	–	–	–	–	380
Profit before tax	4 432	4 104	3 647	2 870	2 306	1 759	1 806
Tax	(1 312)	(1 114)	(1 009)	(811)	(659)	(491)	(546)
Profit for the year	3 120	2 990	2 638	2 059	1 647	1 268	1 260
Profit attributable to:							
Shareholders of the parent	3 116	2 888	2 597	2 048	1 631	1 258	1 248
Non-controlling interests	4	102	41	11	16	10	12

Revenue (R million)



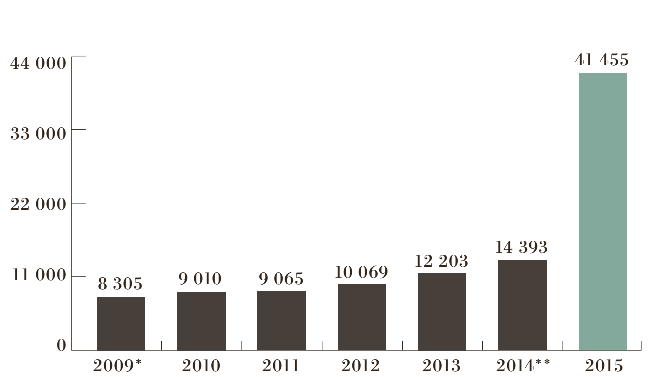
Operating profit (R million)



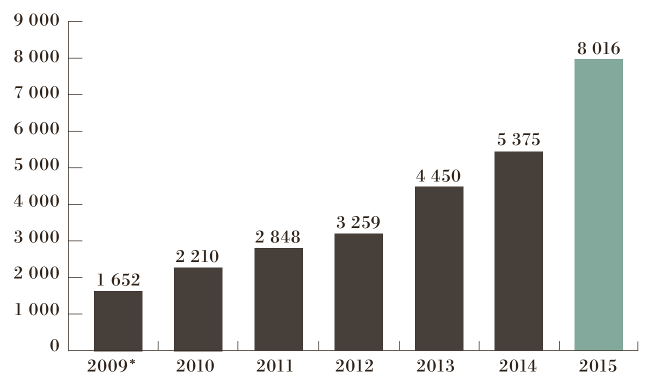
* Woolworths Financial Services was a wholly-owned subsidiary prior to 2009.
** Concession sales information prior to 2014 is not available.

Year Number of Weeks	2015 52 Rm	2014 52 Rm	2013 53 Rm	2012 52 Rm	2011 52 Rm	2010 52 Rm	2009 52 Rm
GROUP STATEMENTS OF FINANCIAL POSITION							
Non-current assets	33 204	8 192	6 836	5 015	4 115	3 633	3 436
Current assets**	8 251	6 201	5 367	5 054	4 950	5 377	4 869
Total assets	41 455	14 393	12 203	10 069	9 065	9 010	8 305
Equity attributable to shareholders of the parent	14 251	6 629	5 652	4 476	4 008	3 396	3 025
Non-controlling interests	46	323	285	107	85	57	47
Non-current liabilities	18 072	1 918	1 890	1 190	1 460	1 362	2 342
Current liabilities**	9 086	5 523	4 376	4 296	3 512	4 195	2 891
Total equity and liabilities	41 455	14 393	12 203	10 069	9 065	9 010	8 305
GROUP STATEMENTS OF CASH FLOWS							
Cash inflow from trading	8 016	5 375	4 450	3 259	2 848	2 210	1 652
Working capital movements	(657)	(407)	(196)	(131)	377	215	67
Cash applied to financial services assets	–	–	–	–	–	–	21
Cash generated by operating activities	7 359	4 968	4 254	3 128	3 225	2 425	1 740
Net interest (paid)/income	(1 030)	(2)	(15)	35	28	15	236
Tax paid	(1 199)	(1 047)	(1 140)	(356)	(985)	(367)	(370)
Cash generated by operations	5 130	3 919	3 099	2 807	2 268	2 073	1 606
Dividends received from joint ventures	129	95	83	95	125	35	–
Dividends received from associate	–	62	-	1	1	1	1
Dividends to shareholders	(2 146)	(2 072)	(1 640)	(1 313)	(923)	(725)	(655)
Net cash inflow from operating activities	3 113	2 004	1 542	1 590	1 471	1 384	952
Net cash (outflow)/inflow from investing activities	(26 427)	(1 692)	(2 312)	(1 101)	(771)	(504)	2 625
Net cash inflow/(outflow) from financing activities	22 593	(326)	165	(675)	(1 328)	(364)	(1 055)
(Decrease)/increase in cash and cash equivalents	(721)	(14)	(605)	(186)	(628)	516	2 522
Net cash and cash equivalents at the beginning of the year	1 666	1 582	2 165	2 313	2 917	2 391	(91)
Effect of foreign exchange rate changes	(54)	98	22	38	4	10	(40)
Net cash and cash equivalents at the end of the year	891	1 666	1 582	2 165	2 293	2 917	2 391

Total assets (R million)



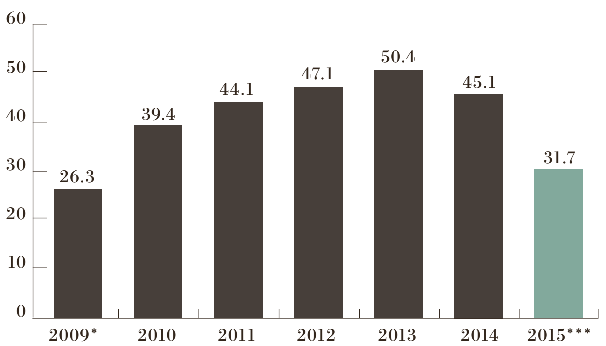
Cash inflow from trading (R million)



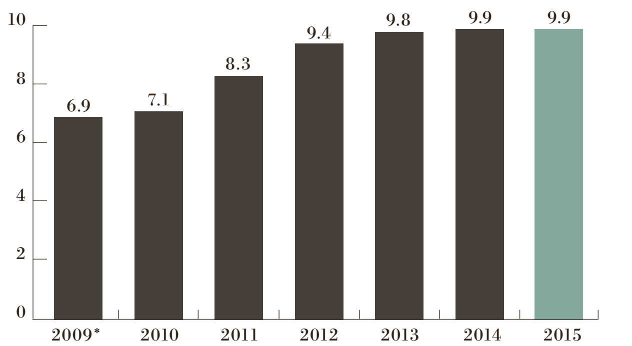
* Woolworths Financial Services was a wholly-owned subsidiary prior to 2009.
** 2014 based on net cash and cash equivalents.

Year Number of Weeks	2015 52 %	2014 52 %	2013 53 %	2012 52 %	2011 52 %	2010 52 %	2009 52 %
RETURNS							
Return on ordinary shareholders' equity	31.7	45.1	50.4	47.1	44.1	39.4	26.3
– *headline earnings as a percentage of the average of ordinary shareholders' interest at the beginning and end of the year*							
Return on assets**	20.3	30.4	32.2	28.9	23.8	19.3	16.9
– *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	41.0	39.0	38.5	35.6	34.8	33.2	31.5
– *gross profit as a percentage of turnover*							
Operating margin	9.9	9.9	9.8	9.4	8.3	7.1	6.9
– *operating profit as a percentage of turnover*							
SOLVENCY AND LIQUIDITY							
Debt ratio**	36.5	5.5	6.8	5.3	5.8	17.3	18.1
– *interest-bearing debt as a percentage of total assets*							
Current ratio (times)**	0.9	1.1	1.2	1.2	1.4	1.3	1.7
– *current assets divided by current liabilities*							
Total liabilities to shareholders' equity**	190.0	107.0	105.5	119.7	121.5	160.9	170.4
– *non-current liabilities (including deferred tax) and current liabilities, as a percentage of total shareholders' interest*							

Return on equity (%)



Operating margin (%)



* Woolworths Financial Services was a wholly owned subsidiary prior to 2009.
** 2014 based on net cash and cash equivalents.
*** 2015 return on equity decrease due to David Jones acquisition.

Year Number of Weeks	2015 52 Rm	2014 52 Rm	2013 53 Rm	2012 52 Rm	2011 52 Rm	2010 52 Rm	2009 52 Rm
DIVISIONAL ANALYSIS							
REVENUE							
Woolworths Clothing and General Merchandise	12 518	11 523	10 778	9 606	8 616	7 918	7 441
Woolworths Food	22 445	19 767	17 543	15 224	13 613	12 292	11 184
Woolworths Logistics	444	418	561	506	483	417	387
David Jones	13 642	–	–	–	–	–	–
Country Road Group	9 120	8 145	6 478	3 402	3 000	2 861	2 252
Woolworths Financial Services*	–	–	–	–	–	–	474
Treasury	100	91	39	75	129	175	184
Intragroup	(200)	–	–	–	–	–	–
	58 069	39 944	35 399	28 813	25 841	23 663	21 922
TURNOVER							
Woolworths Clothing and General Merchandise	12 499	11 505	10 764	9 585	8 591	7 913	7 323
Woolworths Food	22 352	19 694	17 469	15 140	13 535	12 227	11 126
Woolworths Logistics	444	418	561	506	483	417	391
David Jones	12 130	–	–	–	–	–	–
Country Road Group	9 081	8 090	6 433	3 373	2 973	2 836	2 335
	56 506	39 707	35 227	28 604	25 582	23 393	21 175
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX							
Woolworths Clothing and General Merchandise	2 124	1 909	1 899	1 647	1 318	1 050	701
Woolworths Food	1 580	1 290	1 037	877	647	464	407
Woolworths Financial Services (subsidiary to 30 September 2008)	–	–	–	–	–	–	72
Woolworths Financial Services (joint venture from 1 October 2008)	221	181	180	133	129	75	57
David Jones	1 049	–	–	–	–	–	–
Country Road Group	1 011	891	515	172	162	142	139
Treasury	(1 553)	(167)	16	41	50	28	50
	4 432	4 104	3 647	2 870	2 306	1 759	1 426
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS							
Woolworths**	1 654	2 312	2 264	1 929	1 516	1 185	1 159
David Jones	733	–	–	–	–	–	–
Country Road Group	729	576	333	119	115	73	89
	3 116	2 888	2 597	2 048	1 631	1 258	1 248
EQUITY ATTRIBUTABLE TO ORDINARY SHAREHOLDERS							
Woolworths**	3 108	4 743	3 868	3 862	3 516	2 966	2 663
David Jones	8 370	–	–	–	–	–	–
Country Road Group	2 773	1 886	1 784	614	492	430	362
	14 251	6 629	5 652	4 476	4 008	3 396	3 025

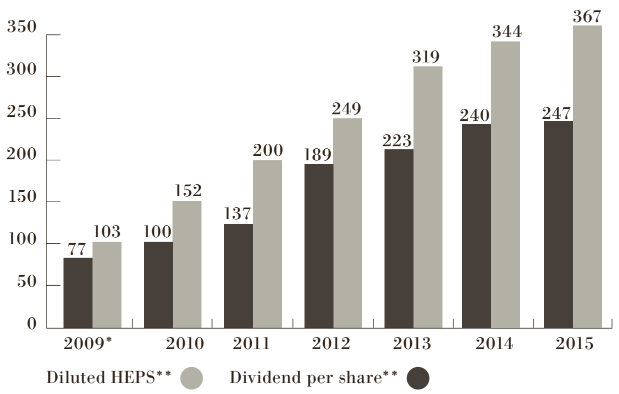
* Woolworths Financial Services was a wholly owned subsidiary prior to 2009.
** Includes Woolworths Clothing and General Merchandise, Woolworths Food, Woolworths Logistics, Woolworths Financial Services, Woolworths Treasury and earnings from associate and property joint venture.

Year	2015	2014	2013	2012	2011	2010	2009
Number of Weeks	52	52	53	52	52	52	52
OTHER STATISTICAL DATA							
WOOLWORTHS*							
Woolworths Clothing and General Merchandise							
– gross margin (%)	47.4	46.7	46.4	44.5	43.7	40.0	36.8
Woolworths Food							
– gross margin (%)	25.7	25.3	25.6	25.2	24.4	23.5	22.6
Number of employees (average weekly full-time equivalent)	31 196	28 368	25 989	25 693	23 304	22 325	20 873
Number of stores – owned (local)	372	344	330	330	293	259	250
– Africa, Engen and franchise	134	126	131	118	145	160	160
Closing trading area (m^2)							
– owned (local)	593 407	549 008	512 252	498 626	449 297	411 132	406 784
– Africa, Engen and franchise	51 417	50 427	56 900	52 808	82 990	100 524	100 493
Turnover ratios							
– turnover per employee (R'000)	1 131.4	1 114.5	1 107.9	982.0	970.2	920.8	902.6
– turnover per m^2 (owned) (R'000)	59.5	57.6	56.2	50.6	50.3	50.0	46.3
Asset turn (times)**	3.8	4.1	4.3	4.3	4.4	4.3	4.1
– revenue divided by average total assets less deferred tax at the beginning and end of the year							
Inventory turn (times)	8.8	9.1	9.5	10.1	10.7	10.2	10.4
– cost of sales divided by average inventory at the beginning and end of the year							
Profit before exceptional items and tax to turnover (%)	10.5	10.1	10.2	10.0	8.7	7.3	6.3
DAVID JONES (IN A$ TERMS)							
Gross margin (%)	39.6	–	–	–	–	–	–
Number of employees (full-time equivalent)	4 175	–	–	–	–	–	–
Number of stores – owned	38	–	–	–	–	–	–
Trading area (m^2)	455 430	–	–	–	–	–	–
Turnover (including concession sales) ratios							
– turnover per employee (A$'000)	451.5	–	–	–	–	–	–
– turnover per m^2 (A$'000)	4.1	–	–	–	–	–	–
Asset turn (times)	1.6	–	–	–	–	–	–
Inventory turn (times)	3.1	–	–	–	–	–	–
Profit before tax to turnover (%)	5.8	–	–	–	–	–	–
COUNTRY ROAD GROUP (IN A$ TERMS)							
Gross margin (%)	60.9	62.0	61.9	59.6	59.3	55.8	59.5
Number of employees (full-time equivalent)	3 223	3 287	3 370	1 360	1 345	1 331	1 206
Number of store locations							
– owned	347	322	307	88	99	96	67
– concession	262	207	172	99	100	81	82
Trading area (m^2)	111 249	92 825	89 563	56 285	55 105	48 588	36 849
Turnover ratios							
– turnover per employee (A$'000)	295.4	258.3	209.5	308.1	318.2	317.8	284.5
– turnover per m^2 (A$'000)	8.6	9.1	7.9	7.4	7.8	8.7	9.3
Asset turn (times)	2.1	2.0	2.5	3.1	3.3	3.0	3.0
Inventory turn (times)	3.4	3.6	4.4	3.6	4.0	4.1	4.1
Profit before tax to turnover (%)	11.2	11.1	7.9	5.0	5.3	5.0	6.4

* Woolworths Financial Services was a wholly owned subsidiary prior to 2009.
** 2014 based on net cash and cash equivalents.

Year	2015	2014	2013	2012	2011	2010	2009
Number of Weeks	52	52	53	52	52	52	52
ORDINARY SHARE PERFORMANCE							
Earnings per share (cents)**	337.3	350.6	322.5	256.9	202.5	155.0	150.0
Headline earnings per share (cents)**	369.7	348.6	324.9	255.1	205.1	157.1	104.3
Adjusted headline earnings per share (cents)**	419.4	379.9	329.8	253.6	205.1	150.0	120.3
Dividends per share (cents)* & **	247.0	240.0	223.3	189.0	137.0	100.2	170.9
Net asset book value per share (cents)	1 531.9	872.8	745.8	598.8	530.7	447.2	390.4
Share price (cents): Highest	9 886	7 789	7 931	5 039	2 982	2 580	1 358
Lowest	6 848	6 030	5 024	2 989	2 299	1 297	923
Average	8 291	7 068	6 542	4 097	2 606	1 898	1 177
Closing	9 886	7 739	6 441	5 039	2 910	2 520	1 295
Indexed closing share price (June 2000 = 100)	3 409	2 669	2 221	1 738	1 003	869	447
JSE indexed:							
– retail (June 2000 = 100)	1 072	800	746	707	495	414	275
– all share (June 2000 = 100)	683	657	513	443	398	354	289
Market capitalisation at June (Rmillions)	100 499	65 550	54 275	42 095	24 580	21 365	10 374
Number of shares in issue (millions)***	930	760	753	746	755	760	775
Number of shares traded (millions)	868	980	876	870	781	1 209	1 182
Percentage of shares traded	93.3	129.0	116.3	116.6	103.4	159.1	152.6
Value of shares traded (Rmillions)	71 966	69 266	57 308	35 644	20 353	22 947	13 912
Price: earnings ratio**	29.3	22.1	20.0	19.6	14.4	16.3	8.6
Dividend yield (%)**	2.5	3.1	3.5	3.8	4.7	4.0	13.2
FOREIGN CURRENCY EXCHANGE RATES							
US$ – average	11.45	10.37	8.83	7.73	6.99	7.61	9.05
US$ – closing	12.21	10.58	9.87	8.35	6.82	7.60	7.94
A$ – average	9.53	9.51	9.05	7.97	6.89	6.67	6.64
A$ – closing	9.35	9.96	9.01	8.40	7.17	6.63	6.42
KEY INFORMATION US$ MILLION							
Revenue	5 072	3 852	4 009	3 727	3 697	3 109	2 422
Headline earnings per share (cents)**	32.3	33.6	36.8	33.0	29.3	20.6	11.5
Net profit attributable to ordinary shareholders	272	279	294	265	233	165	138
Total assets****	3 395	1 360	1 236	1 203	1 329	1 186	1 046
Market capitalisation	8 231	6 196	5 499	5 041	3 604	2 812	1 306

Diluted HEPS and dividend declared (cents per share)



* Includes special dividend of 94.0 cents paid in 2009.
** Prior years restated for bonus element of rights offer.
*** Net of treasury shares held by subsidiaries, E-Com Investments 16 Proprietary Limited and Woolworths Proprietary Limited.
**** 2014 based on net cash and cash equivalents.

Modern, Summer 2015

REPORT OF THE GROUP SECRETARY

In terms of Section 88(2)(e) of the Companies Act of South Africa, 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 28 June 2015 and that all such returns and notices are true, correct and up to date.

T Sishuba
Group Secretary

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements have been compiled under the supervision of Reeza Isaacs CA(SA), the Group Finance Director.

The Annual Financial Statements were approved by the Board on Wednesday, 26 August 2015 and signed on its behalf by:

S N Susman
Chairman

I Moir
Group Chief Executive Officer

REPORT OF THE AUDIT COMMITTEE

REPORT OF THE AUDIT COMMITTEE

The Audit Committee provides oversight duties on behalf of the Board and in terms of the Companies Act of South Africa, which primarily relate to the external auditors, internal controls and financial statements. This report sets out how it has fulfilled these duties during the year and, in relation to the financial statements, the significant issues it addressed. Detail is provided in the rest of this report, but it is worth highlighting the following:

The acquisitions which took place in the first quarter of the year added a new dimension to the Group and, consequently, the committee's duties. The committee had oversight of management's work to correctly account for the acquisitions in the financial statements as well as align accounting policies and internal control processes to ensure consistency across the Group.

In respect of the acquisitions, a rigorous purchase price allocation exercise was completed in time for the interim results and reviewed by the committee, with finalisation thereof by year end. Particular attention was given to the impairment of goodwill and intangible assets as well as the impact of the acquisitions on the quality of earnings. In addition, the treasury function had risen in importance due to the finance transactions related to the acquisitions. This led to the appointment of a Group Treasurer and the formation of an executive Treasury committee which reports into the Audit Committee.

Audit Committees were constituted in Australia for David Jones and Country Road Group respectively and provided feedback to the Group at the quarterly Audit Committee meetings.

The Group Audit Committee was strengthened with the appointment of two new members with extensive business experience. Hubert Brody was appointed with effect from 1 July 2014 and Patrick Allaway was appointed with effect from 1 December 2014. Hubert will replace me as Chairman after the 2015 Annual General Meeting. Patrick is an Australian national and brings knowledge and experience of the Australian environment to the Committee.

It has been my privilege to act as Chairman of the Audit Committee for the past 11 years and I am confident that the committee will continue to perform effectively under Hubert's guidance.

1. AUDIT COMMITTEE MANDATE AND TERMS OF REFERENCE

The committee regulated its affairs as set out in the terms of reference that are reviewed and approved by the Board on an annual basis. As this is a statutory committee in terms of the Companies Act of South Africa, the roles and responsibilities of the committee include both the statutory duties and the additional responsibilities assigned to it by the Board. The committee acts as an Audit Committee for the South African subsidiaries of the company and has performed the functions required under the Companies Act of South Africa on behalf of these subsidiaries. Audit committees chaired by Patrick Allaway have been constituted in Australia for each of David Jones and Country Road Group. These committees report into the Group Audit Committee. The committee has assessed compliance with its terms of reference and is satisfied that it has discharged its responsibilities as stated in the terms of reference, a copy of which may be found on the website: www.woolworthsholdings.co.za.

2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

At the date of the report, the committee consisted of six independent non-executive directors. Members' fees are included in the table of directors' remuneration on page 56. The Group Chief Executive Officer, the Group Finance Director, the head of corporate governance, the head of enterprise risk management and 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	25 August 2014	13 November 2014	9 February 2015	13 May 2015
Patrick Allaway (Australian) BA/LLB Appointed to committee: 2014	Appointed 1 December	Appointed 1 December	Present	Present
Peter Bacon (British) FIH Appointed to committee: 2011	Present	Present	Present	Present
Zarina Bassa BAcc, CA(SA) Appointed to committee: 2011	Present	Present	Present	Present
Andrew Higginson (British) BSc (Hons), FCMA Appointed to committee: 2012	Present	Apology	Apology	Present
Hubert Brody BAcc (Hons), CA(SA) Appointed to committee: 2014	Present	Present	Present	Present
Mike Leeming (Committee chairman) BCom, MCom, FCMA, FIBSA, AMP (Harvard) Appointed to committee: 2004	Present	Present	Present	Present

3. KEY FUNCTIONS

The committee performed the following duties during the period:

- reviewed and recommended the half-year results, Annual Financial Statements and Integrated Report to the Board for approval;
- satisfied itself with the Group's internal controls and reviewed the combined assurance model;
- reviewed expertise and experience of the Group Finance Director and the finance function;
- approved a revised treasury policy for the Group;
- reviewed reports presented by the Treasury committee;
- approved the insider trading policy, price sensitive information, complaints and external auditor's independence policies;
- considered the internal audit plan and ensured integration with the combined assurance model;
- considered and nominated the external auditors EY 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 FUNCTION

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. As Chairman, I have regular interactions with the lead partner.

The committee is satisfied that the external auditors, EY, 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 Africa Institute of Chartered Accountants and the International Federation of Accountants.

The committee, in consultation with the Board, agreed the EY letter of engagement, the audit coverage plan and the audit fees for the 2015 financial year. Fees paid to the auditors can be found in note 3 on page 48.

The committee reviews the external auditors' independence policy on an annual basis to ensure that it is in line with best practice. During the year under review, the fees pertaining to non-audit-related services were approximately 10% higher than the 30% limit stipulated in our policy on auditor independence. This arose due to certain one-off services performed during the David Jones acquisition which are not expected to recur and the 30% limit remains unchanged.

The committee has nominated, for approval at the Annual General Meeting, EY as the external auditors for the 2016 financial year. The committee is satisfied that the audit firm is accredited to appear on the JSE List of Accredited Auditors.

5. INTERNAL AUDIT FUNCTION

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

The committee annually reviews and approves the internal audit coverage plan and the internal audit department's budget and resources in May each year. 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. 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.

8. GOING CONCERN

The committee reviewed the assessment of the going concern status of the Group and recommended to the Board that the Group will be a going concern for the foreseeable future.

9. 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 Reeza Isaacs, the Group Finance Director and the finance management team annually. The committee is satisfied that the Group Finance Director and the finance management team have the appropriate expertise and experience as required by the Group. 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 Reeza Isaacs, CA(SA), the Group Finance Director.

10. INTEGRATED REPORTING

The committee is responsible to oversee the Integrated Report. It recommended the Integrated Report for approval by the Board.

11. APPOINTMENT OF ADDITIONAL AUDIT COMMITTEE MEMBERS

Hubert Brody was appointed to the WHL Board and Audit Committee as a Non-executive Director with effect from 1 July 2014 and this was approved by shareholders at the Annual General Meeting held in November 2014. On 1 December 2014 the WHL Board appointed Patrick Allaway as a Non-executive Director. He was further appointed as a member of the Audit committee and his appointment is subject to shareholders' approval at the Annual General Meeting in November 2015.

Signed this 26th day of August 2015.

M Leeming
Audit Committee Chairman

Modern, Summer 2015

DIRECTORS' REPORT

NATURE OF BUSINESS

WHL is a southern hemisphere retail Group, with its head office in South Africa, and listed on the JSE Limited Securities exchange (JSE) since 1997. The operations of the Group are conducted through three major operating subsidiaries, Woolworths Proprietary Limited (Woolworths), David Jones Proprietary Limited (David Jones) and Country Road Group Proprietary Limited (Country Road Group) and a joint venture, Woolworths Financial Services Proprietary Limited (WFS).

Woolworths was established in 1931 and is a leading South African retailer offering a range of primarily private label products under its own brand name. There are 587 Woolworths store locations in South Africa, (including 62 stores operated on Engen forecourts), 91 store locations in the rest of Africa, including two store locations in the Middle East.

David Jones became a wholly owned subsidiary with effect from 1 August 2014. It is the oldest department store in Australia and one of the oldest in the world. The iconic department store opened its first store in Sydney in 1838. David Jones is synonymous with style and progress and offers customers the finest brands across fashion, beauty and home in its 38 stores in Australia. Two stores opened in 2015 with two more to open in the next financial year. In addition, an agreement has been entered into, subject to shareholder approval and other conditions precedent, to acquire the lease of an existing premium department store, Kirkcaldie & Stains in Wellington, New Zealand. The store will be rebranded to David Jones and is expected to open in July 2016.

Country Road Group was de-listed from the Australian Securities Exchange on 9 September 2014 following the successful acquisition by WHL of the non-controlling interests on 2 September 2014. It is a retail chain offering clothing and homeware products in stand-alone retail store and concession locations throughout Australia, New Zealand and South Africa. There are 333 retail store locations and 198 concession store locations in Australia and New Zealand. It is also represented in 73 selected Woolworths store locations and 5 stand-alone store locations throughout South Africa.

WFS is operated jointly with Barclays Africa Group Limited (formerly ABSA Group Limited) and provides a suite of financial products to Woolworths customers, including Woolworths store card, credit card and personal loans. Financial services hubs are located in 31 Woolworths stores where credit card applications can be processed, and offers instant customer service.

The nature of the business of the subsidiaries held directly and indirectly is set out on page 126.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The review of operations and financial results of the Group are contained in the 2015 Integrated Report and the 2015 Annual Financial Statements.

STATED CAPITAL

AUTHORISED

Ordinary shares	– 2 410 600 000 of no par value
Unlisted, convertible, redeemable, non-cumulative participating preference shares	– 89 400 000 of 0.15 cents each

ISSUED

Ordinary shares	– 1 016 576 858 of no par value
Unlisted, convertible, redeemable, non-cumulative participating preference shares	– 89 117 253 of 0.15 cents each

DIRECTORATE AND GROUP SECRETARY

Non-independent chairman:	1
Independent non-executive directors:	10
Executive directors:	4

The composition of the Board at the date of this report and the details of the directors and the Group Secretary are shown in the 2015 Integrated Report.

CHANGES TO DIRECTORATE

Hubert Brody and Nombulelo Moholi were appointed as independent non-executive directors to the Board in July 2014.

Patrick Allaway, an Australian national, was appointed as an Independent Non-executive director with effect from 1 December 2014.

Chris Nissen retired as Director and Chairman of the Social and Ethics Committee at the Annual General Meeting held on 26 November 2014.

RE-ELECTION OF DIRECTORS RETIRING BY ROTATION

In accordance with the Memorandum of Incorporation of the company, 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.

Patrick Allaway, by virtue of him having been appointed by the Board since the November 2014 Annual General Meeting, is required to retire at the Annual General Meeting and offers himself for election by shareholders.

In terms of the Memorandum of Incorporation of the company, Tom Boardman, Andrew Higginson, Thina Siwendu and Zyda Rylands are due to retire at the next Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

As at the end of the reporting period, the directors and their associates held directly and indirectly, the following interests in the company's ordinary issued stated capital:

	2015 Beneficial		2014 Beneficial	
	Direct	Indirect	Direct	Indirect
NON-EXECUTIVE DIRECTORS				
Simon Susman	60 403	5 257 068	49 513	5 547 723
Patrick Alloway**	13 160	–	–	–
Peter Bacon	30 500	–	25 000	–
Zarina Bassa	–	–	–	–
Tom Boardman	–	5 124	–	4 200
Hubert Brody*	8 550	–	2 500	–
Andrew Higginson	6 260	–	–	–
Mike Leeming	–	24 400	–	20 000
Nombulelo Moholi*	–	–	–	–
Chris Nissen#	–	–	–	–
Lord Rose	38 166	–	22 583	–
Thina Siwendu	–	–	–	–
EXECUTIVE DIRECTORS				
Ian Moir	1 961 969	644 145	1 038 521	781 520
Reeza Isaacs	127 905	143 761	104 840	89 345
Sam Ngumeni	338 909	526 966	357 587	474 140
Zyda Rylands	1 210 853	1 580 962	1 056 702	1 816 192
Total	3 796 675	8 182 426	2 657 246	8 733 120

* Appointed to the Board on 1 July 2014
** Appointed to the Board on 1 December 2014
# Retired from the Board on 26 November 2014

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

	2015 Beneficial		2014 Beneficial	
	Direct	Indirect	Direct	Indirect
EXECUTIVE DIRECTORS				
Sam Ngumeni	–	475 000	–	475 000
Zyda Rylands	–	1 250 000	–	1 250 000
Total	–	1 725 000	–	1 725 000

Following the end of the Woolworths Black Economic Empowerment Employee Share Ownership Scheme on 30 June 2015, the shares held by the directors in the Woolworths Employee Share Ownership Trust were converted into ordinary shares in WHL. Following conversion, a portion of the shares were sold to settle the tax due on the transaction. JSE approval was obtained in this regard due to the closed period in which the transaction took place. There have been no further changes to the directors' interests between the end of the reporting period and the date of the directors' report.

DIRECTORS' EMOLUMENTS

The emoluments of directors of the company are set out on pages 54 to 62.

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 51 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 11 February 2015, a gross cash dividend of 96.5 cents (82.025 cents net of dividend withholding tax) (2014: 101.0 cents) was declared to shareholders recorded at the close of business on Friday, 6 March 2015 and paid on Monday, 9 March 2015.

FINAL

On 26 August 2015, a gross cash dividend of 150.5 cents (127.925 cents net of dividend withholding tax) (2014: 150.5 cents) was declared to shareholders recorded at close of business on Friday, 11 September 2015, to be paid on Monday, 21 September 2015.

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

On 11 February 2015, a gross cash dividend of 96.5 cents (82.025 cents net of dividend withholding tax) (2014: 101.0 cents) was declared to shareholders recorded at the close of business on Friday, 6 March 2015 and paid on Monday, 9 March 2015.

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 28 June 2015.

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 31.

The Annual Financial Statements set out on pages 32 to 128 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 and 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 26 June 2016 and details of the Group insurance arrangements. On the basis of this review and in 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 Annual Financial Statements.

LITIGATION STATEMENT

The directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or had in the previous 12 months, a material effect on the Group's financial position.

MATERIAL CHANGE

Other than the facts and developments reported in the Integrated report and Annual Financial Statements, there have been no material changes in the financial position of Woolworths Holdings Limited and its subsidiaries since the date of the audit report.

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 21 on page 82.

SUBSIDIARY COMPANIES

An annexure containing full particulars of the subsidiary companies appears on page 126.

EVENTS SUBSEQUENT TO THE REPORTING DATE

The Woolworths Black Economic Empowerment Employee Share Ownership Scheme (the Scheme) ended on 30 June 2015 and in accordance with the rules of the Scheme and the terms of the convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each (preference shares), 24 345 647 preference shares were converted into ordinary shares and 64 823 120 preference shares which remained held by the Woolworths Employee Share Ownership Trust (the Trust), were redeemed by the company on 9 July 2015, in accordance with the terms of the Trust Deed.

SPECIAL RESOLUTIONS

The following special resolutions were passed during the course of the year:

WOOLWORTHS HOLDINGS LIMITED

November 2014 Annual General Meeting:

- remuneration for the non-executive directors;
- decrease in the number of authorised ordinary shares;
- amendments to the Company's Memorandum of Incorporation;
- 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.

The special resolution in relation to the amendment of the Memorandum of Incorporation was lodged with the Companies and Intellectual Property Commission.

REPORT OF THE INDEPENDENT AUDITORS

AUDIT OPINION TO THE SHAREHOLDERS OF WOOLWORTHS HOLDINGS LIMITED

We have audited the consolidated and separate financial statements of Woolworths Holdings Limited set out on pages 32 to 128, which comprise the statements of financial position as at 28 June 2015, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the 52-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.

AUDITOR'S 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 28 June 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the 52 week period then ended in accordance with International Financial Reporting Standards and in the manner required by 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 52-week period ended 28 June 2015, 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.

Ernst & Young Inc.
Director – A Cadman
Registered Auditor
Chartered Accountant
Ernst & Young House
35 Lower Long Street
Cape Town
26 August 2015

GROUP ANNUAL FINANCIAL STATEMENTS

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks to 28 June 2015 Rm	Restated* 52 weeks to 29 June 2014 Rm
Revenue	2	58 069	39 944
Turnover and concession sales		61 970	40 012
Concession sales	37.2	(5 464)	(305)
Turnover	2	56 506	39 707
Cost of sales		33 356	24 209
Gross profit		23 150	15 498
Other revenue	2	1 447	125
Expenses		19 010	11 680
Store costs		13 511	7 614
Other operating costs		5 499	4 066
Operating profit		5 587	3 943
Investment income	2	116	112
Finance costs	3.6	1 494	136
Profit before earnings from joint ventures and associate		4 209	3 919
Earnings from joint ventures	34	221	181
Earnings from associate	11	2	4
Profit before tax	3	4 432	4 104
Tax	4	1 312	1 114
Profit for the year		3 120	2 990
Other comprehensive income:			
Amounts that may be reclassified to profit or loss			
Fair value adjustments on financial instruments	27.6	325	(239)
Deferred tax on fair value adjustments on financial instruments		(100)	57
Exchange differences on translation of foreign subsidiaries		(1 150)	177
Amounts that may not be reclassified to profit or loss			
Post-retirement medical benefit liability-actuarial loss	23	(8)	(8)
Deferred tax on post-retirement medical benefit liability		2	2
Other comprehensive income for the year		(931)	(11)
Total comprehensive income for the year		2 189	2 979
Profit attributable to:		3 120	2 990
Shareholders of the parent		3 116	2 888
Non-controlling interests		4	102
Total comprehensive income attributable to:		2 189	2 979
Shareholders of the parent		2 180	2 868
Non-controlling interests		9	111
Earnings per share (cents)	5	337.3	350.6
Headline earnings per share (cents)	5	369.7	348.6
Diluted earnings per share (cents)	6	334.9	346.2
Diluted headline earnings per share (cents)	6	367.1	344.2

* Certain comparative amounts shown do not correspond to the 2014 Annual Financial Statements and reflect adjustments made. Refer to note 37.

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	At 28 June 2015 Rm	At 29 June 2014 Rm
ASSETS			
Non-current assets		33 174	8 192
Property, plant and equipment	8	14 430	3 404
Investment properties	9	78	115
Intangible assets	10	15 700	2 946
Investment in associate	11	3	2
Investment in joint ventures	34	891	799
Participation in export partnerships	12	19	30
Fair value lease adjustment	16	76	–
Other loans	13	55	106
Derivative financial instruments	17	82	–
Deferred tax	14	1 840	790
Current assets		8 251	14 077
Inventories	15	5 881	3 436
Trade and other receivables	16	1 051	1 067
Derivative financial instruments	17	219	23
Tax	30.3	209	9
Cash and cash equivalents	30.4	891	9 542
Non-current assets held for sale	8	30	–
TOTAL ASSETS		41 455	22 269
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent		14 251	6 629
Stated capital	18 & 19	10 802	678
Treasury shares		(1 347)	(1 324)
Non-distributable reserve	20	(567)	583
Distributable reserves	20	5 363	6 692
Non-controlling interests	35	46	323
TOTAL EQUITY		14 297	6 952
Non-current liabilities		18 072	1 918
Interest-bearing borrowings	21	14 922	623
Operating lease accrual and fair value lease adjustment	22	2 037	614
Post-retirement medical benefit liability	23	374	349
Provisions	24	197	–
Derivative financial instruments	17	26	–
Deferred tax	14	516	332
Current liabilities		9 086	13 399
Trade and other payables	22	7 699	4 619
Provisions	24	738	361
Operating lease accrual and fair value lease adjustment	22	122	6
Derivative financial instruments	17	72	185
Tax	30.3	259	189
Interest-bearing borrowings	21	196	8 039
TOTAL LIABILITIES		27 158	15 317
TOTAL EQUITY AND LIABILITIES		41 455	22 269

GROUP ANNUAL FINANCIAL STATEMENTS

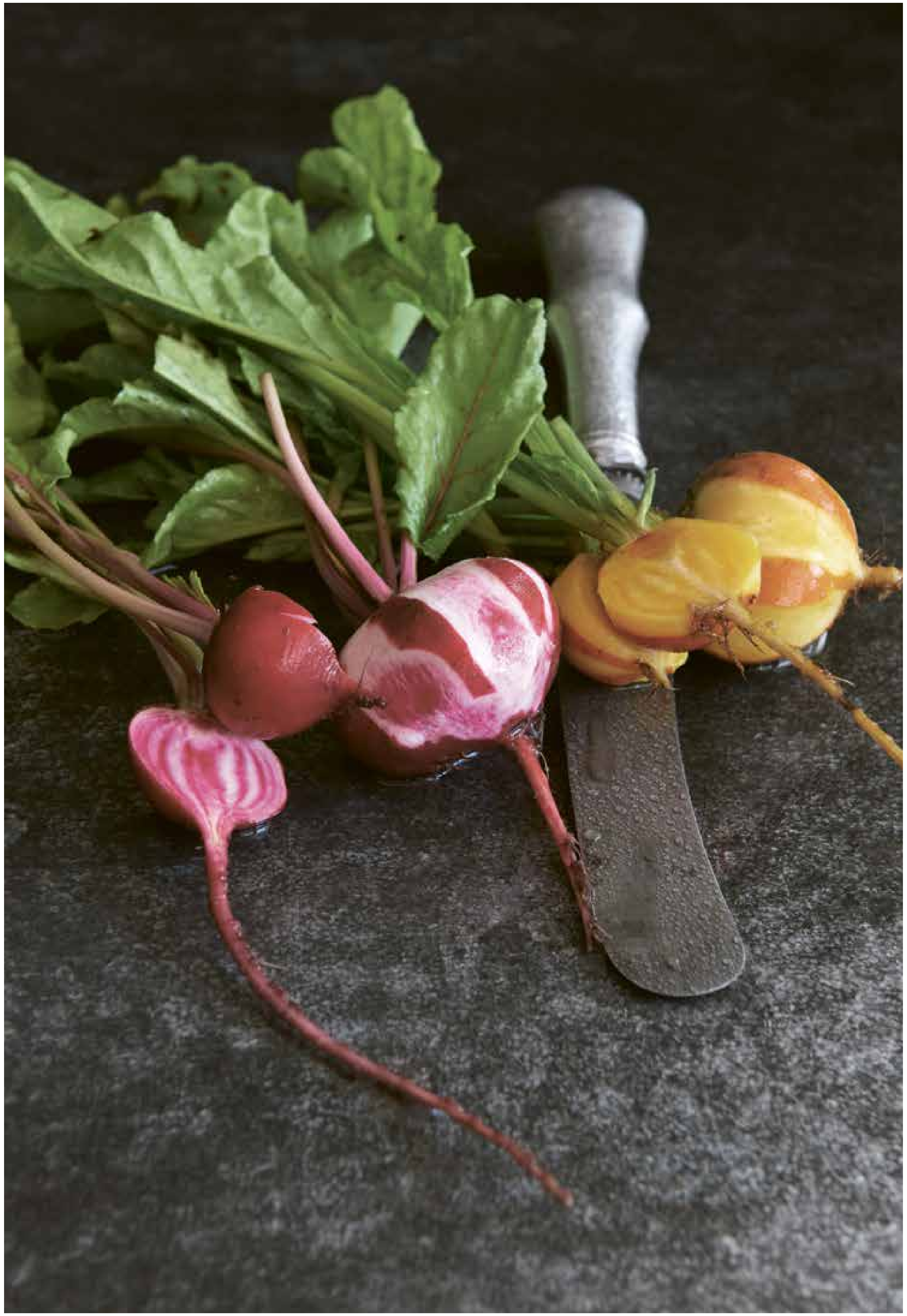
GROUP STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the parent										
						Non-distributable reserve	Distributable reserves					
	Notes	Stated capital Rm	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 30 June 2013		–	1	431	(1 357)	429	905	69	5 174	5 652	285	5 937
Profit for the year		–	–	–	–	–	–	–	2 888	2 888	102	2 990
Other comprehensive income		–	–	–	–	154	–	(168)	(6)	(20)	9	(11)
Total comprehensive income for the year		–	–	–	–	154	–	(168)	2 882	2 868	111	2 979
Shares issued	18 & 19	–	–	246	(246)	–	–	–	–	–	–	–
Conversion to Stated capital	18 & 19	678	(1)	(677)	–	–	–	–	–	–	–	–
Shares purchased		–	–	–	(60)	–	–	–	–	(60)	–	(60)
Share purchase costs		–	–	–	–	–	–	–	(1)	(1)	–	(1)
Share-based payments		–	–	–	–	–	169	–	–	169	–	169
Settlement of share-based payments		–	–	–	339	–	(189)	–	(150)	–	–	–
Dividends to shareholders	29	–	–	–	–	–	–	–	(1 999)	(1 999)	(73)	(2 072)
Shareholders' interest at 29 June 2014		678	–	–	(1 324)	583	885	(99)	5 906	6 629	323	6 952
Profit for the year		–	–	–	–	–	–	–	3 116	3 116	4	3 120
Other comprehensive income		–	–	–	–	(1 150)	–	220	(6)	(936)	5	(931)
Total comprehensive income for the year		–	–	–	–	(1 150)	–	220	3 110	2 180	9	2 189
Shares issued	18 & 19	10 124	–	–	(140)	–	–	–	–	9 984	–	9 984
Rights issue costs		–	–	–	–	–	–	–	(421)	(421)	–	(421)
Shares purchased		–	–	–	(308)	–	–	–	–	(308)	–	(308)
Share purchase costs		–	–	–	–	–	–	–	(2)	(2)	–	(2)
Share-based payments		–	–	–	–	–	202	–	–	202	–	202
Settlement of share-based payments		–	–	–	425	–	(95)	–	(330)	–	–	–
Dividends to shareholders	29	–	–	–	–	–	–	–	(2 146)	(2 146)	–	(2 146)
Acquisition of non-controlling interests		–	–	–	–	–	–	–	(1 867)	(1 867)	(286)	(2 153)
Shareholders' interest at 28 June 2015		10 802	–	–	(1 347)	(567)	992	121	4 250	14 251	46	14 297

	Notes	2015	Restated 2014
Dividend per share declared for the financial year (cents)	29		
Ordinary shares		247.0	240.0
Interim		96.5	96.4
Final		150.5	143.6
Preference shares		96.5	240.0
Interim		96.5	96.4
Final		–	143.6

GROUP STATEMENT OF CASH FLOWS

	Notes	52 weeks to 28 June 2015 Rm	52 weeks to 29 June 2014 Rm
Cash flow from operating activities			
Cash inflow from trading	30.1	8 016	5 375
Working capital movements	30.2	(657)	(407)
Cash generated by operating activities		7 359	4 968
Interest income		160	104
Finance costs paid		(1 190)	(106)
Tax paid	30.3	(1 199)	(1 047)
Cash generated by operations		5 130	3 919
Dividends received from joint ventures		129	95
Dividends received from associate		–	62
Dividends to ordinary shareholders		(2 047)	(1 969)
Dividends to preference shareholders		(99)	(103)
Net cash inflow from operating activities		3 113	2 004
Cash flow from investing activities			
Investment in property, plant and equipment, intangible assets and investment properties		(2 931)	(1 459)
Proceeds on disposal of property, plant and equipment, intangible assets, investment properties and non-current assets held for sale		103	145
Acquisition of subsidiary, net of cash acquired	36	(21 447)	–
Acquisition of non-controlling interests in subsidiaries	35	(2 153)	–
Acquisition of franchise operations	33	(68)	(396)
Participation in export partnerships		6	4
Loans and advances repaid by employees and share scheme participants		63	14
Net cash outflow from investing activities		(26 427)	(1 692)
Cash flow from financing activities			
Settlement of share-based payments through share purchase		(308)	(71)
Share purchase costs		(2)	(1)
Rights issue proceeds	18	9 984	–
Finance lease payments		(15)	(46)
Long-term borrowings raised		15 364	55
Short-term borrowings raised		10 044	–
Borrowings repaid		(11 876)	(94)
Costs associated with debt and equity raising		(598)	(169)
Net cash inflow/(outflow) from financing activities		22 593	(326)
Decrease in cash and cash equivalents		(721)	(14)
Net cash and cash equivalents at the beginning of the year		1 666	1 582
Effect of foreign exchange rate changes		(54)	98
Net cash and cash equivalents at the end of the year	30.4	891	1 666



1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated and separate Annual Financial Statements of Woolworths Holdings Limited ("the company") for the 52 weeks ended 28 June 2015 (2014: 52 weeks ended 29 June 2014) comprise the company, its subsidiaries, joint ventures and associates (together referred to as "the Group").

STATEMENT OF COMPLIANCE

The consolidated and separate Annual Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), South African Institute of Chartered Accountants (SAICA), the Financial Reporting Standards Committee (FRSC) 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 presentation and functional currency of the group financial statements is the South African Rand, rounded to the nearest million, except for note 7 and 19.

The accounting policies set out below have been consistently applied to all years presented in these consolidated and separate Annual 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 year are provided.

- IAS 32 Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014):
  The amendments to IAS 32 Financial Instruments: Presentation clarify the meaning of "currently has a legally enforceable right to set-off". The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The amendments must be applied retrospectively. The amendments did not have a significant effect on the financial statements of the Group.
- IFRIC 21 Levies (effective 1 January 2014):
  IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached. The interpretation must be applied retrospectively. The interpretation did not have a significant impact on the financial statements of the Group.

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, the Woolworths 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.

CONTROL

The Group consolidates an entity when control can be shown. Control exists when the Group can show:

- power over the investee through having existing rights that give it the current ability to direct relevant activities;
- exposure, or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

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

All intragroup balances, transactions, income, 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 interests 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 currency of the Group and parent company Annual Financial Statements is the South African Rand. The functional currency of the parent 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 and resulting 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

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 Annual 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 15.

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 seven and ten years, and between three and seven years for the new schemes. Convertible preference shares issued in terms of the broad-based black employee economic empowerment scheme have a life of eight years terminating at the end of the 2015 financial year. Other valuation assumptions include estimates of attrition, the volatility of the shares, dividend yield and the risk-free interest rate. Refer to note 18 for additional information regarding the fair value of such instruments at grant date.

BUSINESS COMBINATIONS

The Group has determined the fair value allocations for assets and liabilities acquired via business combinations. Key assumptions used are further explained in note 37.

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 latest available projected sales growth rate, which varies from 2% – 10%, operating margin, return on capital 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 12.0%. Refer to note 33.

TREATMENT OF WOOLWORTHS FINANCIAL SERVICES PROPRIETARY LIMITED (WFS) AS A JOINT VENTURE

The Group owns 50% of WFS. As a result of the Group's equity holding and representation on the Board (through the Joint Venture Agreement), the Group accounts for WFS as a joint venture per IFRS 11.

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 23.

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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

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 obligations 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 employee 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 employee economic empowerment. The trusts are funded by loan accounts from companies within the Group and by dividends received from Woolworths Holdings Limited. In the judgement of management, the Group controls the respective trusts in accordance with IFRS 10 and 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 assets to the location and condition necessary for them 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. Furniture, fittings, motor vehicles and computer equipment are shown at cost less accumulated depreciation and any impairment in value.

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 that 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 that 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	Written off over the lease period or shorter period if appropriate
Furniture, fittings and equipment	2 to 15 years
Computer equipment	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 in which the asset is derecognised.

Items of property, plant and equipment are assessed for impairment as detailed in the accounting policy 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 brands 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 five to ten years. Reacquired rights are amortised over the remaining contractual term of the franchise contracts acquired, which varies between two and ten years per store. Customer databases are amortised over seven 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 ceases 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, except for goodwill and intangible assets with indefinite useful lives, which are tested annually. Refer to the accounting policy on impairment of non-financial assets for this process.

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. Where development costs are recognised, it has a finite useful life and is amortised over its useful life on a straight-line basis and is tested for impairment if indications of impairment exists.

GOODWILL

Goodwill on acquisitions of subsidiaries is recognised as an asset and initially measured at cost, and represents the excess paid above the fair value of the assets and liabilities obtained as part of the business combination.

After initial recognition, goodwill on acquisitions of subsidiaries is measured at cost, less any accumulated impairment losses. Goodwill is adjusted in the remeasurement period up to one year after its recognition for remeasurement of the amounts recognised. 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 value 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 the 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 acquired. 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 may 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. The fair value of assets and liabilities obtained are determined through a professional valuation.

INVESTMENT PROPERTIES

Investment properties are land and buildings, which are held, either to earn rental income or for capital appreciation, or for 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.

PREPAID EMPLOYMENT COSTS

Prepaid employment costs are recognised when loans are granted to employees in terms of the Group's share purchase schemes. 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 life of the loan.

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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 for 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 assets to be utilised, unless the deferred tax assets arise 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 investment 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 liabilities arise 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 investment 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 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 of 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 and 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 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. All actuarial gains and losses are recognised in other comprehensive income. 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 employee economic empowerment schemes, meet the definition of share-based payment transactions. Refer to note 18 for a detailed description of each of the schemes.

In its separate Annual 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 schemes allow Group employees to acquire shares in the company. The fair value of shares granted or 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 with reference to the listed share price, using option pricing models, taking into account the terms and conditions under which the grants were made. In valuing the grants, market conditions imposed, where applicable, on the vesting or exercisability of the shares or 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, and 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.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

FAIR VALUE

Fair value is 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. The fair value of quoted instruments traded in an active market is determined with reference to closing 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 analyses and option pricing models.

OFFSET

Where a currently legally enforceable right to offset exists for recognised financial assets and financial liabilities, and there is an intention to realise the asset and settle the liability 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 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.

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 fair value. 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 financial 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 the accounting policy on hedge accounting).

After initial recognition, financial liabilities are recognised at amortised cost, using the effective interest method, except for financial liabilities at fair value through profit or loss or hedging instruments, 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 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 guarantee contracts provided by the company to subsidiaries are provided at no cost to subsidiaries. Subsequently, these contracts are measured in accordance with IAS 37, if probable that a guarantee will be called upon.

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

The Group currently does not recognise any financial guarantee contract provisions 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 and 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 financial 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 (refer to the accounting policy 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 using a discounted cash flow. For franchise buybacks, each African country is treated as its own cash-generating unit.

The recoverable amount is the higher of an asset's or the cash-generating unit's fair value, less costs of disposal 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. This incorporates information and assumptions that a market participant would consider when pricing the item under consideration, the time value of money and the risks specific to the asset or cash-generating unit. Costs to dispose are incremental costs directly attributable to the disposal, excluding finance costs and income tax expense.

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 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 an asset, carried at amortised cost, is 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 arrangement in which the parties with joint control have rights/exposures to the net assets of the arrangement. An associate is an entity in which the Group has significant influence. The Group's interests in joint ventures and associates are accounted for using the equity method, and the investments are accounted for at cost less accumulated impairment in the separate financial statements of the venturer companies.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

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 or 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 other comprehensive income or 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 comprehensive income or 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 or associate is disclosed on 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 or 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 or 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: rentals, concession sales, commission, royalties, other commission, dividends and investment income.

Turnover and concession sales on the statement of comprehensive income represents the total sales amount of goods sold in Group stores. Concession sales are the sale of goods by concession operators and are not included in revenue.

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;
- rental income for fixed escalation leases is recognised on a straight-line basis;
- 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;
- investment income is recognised as interest accrues using the effective interest method; and
- 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 six reportable segments:

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

The executive directors evaluate the segmental performance based on profit or loss before exceptional items and tax. 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 2/2013 issued by the South African Institute of Chartered Accountants. Diluted earnings per share is presented to show the effect of the conversion of favourable potential ordinary shares.

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.

- IFRS 9: Financial Instruments (effective 1 January 2018): In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

  Despite the requirement to apply IFRS 9 in its entirety, entities may elect to apply early only the requirements for the presentation of gains and losses on financial liabilities designated as Fair value through profit and loss (FVTPL) without applying the other requirements in the standard. The adoption of IFRS 9 will have an effect on the classification, measurement and impairment of the Group's financial assets and financial liabilities as well as hedge accounting. The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.
- Annual Improvements to IFRS 2012 - 2014 Cycle (effective 1 January 2016): The proposed amendment clarifies that when an entity reclassifies an asset (or disposal group) from being held-for-sale to being held for distribution without interruption, the entity would continue to apply held-for-sale accounting. Similarly, if an entity reclassifies an asset (or disposal group) from being held-for-distribution to held-for-sale without interruption, the entity would continue to apply held-for-distribution accounting. A held-for-distribution plan is a plan to spin off a division and distribute a dividend in kind to the shareholders. This is not expected to impact the Group.
- IFRS 15: Revenue (effective 1 January 2018): IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

  The Group expects that adoption of the pronouncements listed above, with the exception of IFRS 9 and IFRS 15, 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, have not been adopted by the Group as they are not applicable to its activities.

	2015 Rm	2014 Rm
2. REVENUE		
Turnover	56 506	39 707
Clothing and General Merchandise	33 710	19 595
Food	22 352	19 694
Logistics services and other	444	418
Other revenue	1 447	125
Rentals	16	21
Concession sales commission	1 375	55
Royalties and other	56	49
Investment income	116	112
Interest earned from cash and investments	107	104
Other	9	8
	58 069	39 944
3. PROFIT BEFORE TAX INCLUDES:		
3.1 OPERATING LEASE EXPENSES		
Land and buildings – Straight-lined rentals	4 146	2 143
– Contingent rentals	197	173
Plant and equipment	31	33
3.2 AUDITORS' REMUNERATION		
Audit fee – current year	24	18
Tax advisory and other services	10	1
3.3 NET FOREIGN EXCHANGE LOSS	4	139
3.4 OTHER EXPENSES		
Technical and consulting service fees	181	133
Depreciation and amortisation (refer to notes 8 and 10)	1 526	872
Loss on disposal of property, plant and equipment and intangible assets	19	15
Profit on disposal of investment properties	-	(50)
Impairment of property, plant and equipment and intangible assets (refer to notes 8 and 10)	384	24
(Loss)/gain on fair value movements arising from derivative instruments (refer to note 27.6)	(8)	50
Transaction costs on acquisitions	258	182
3.5 EMPLOYMENT COSTS	8 363	5 079
Short-term employment benefits	7 499	4 566
Share-based payments expense	127	116
Pension costs (refer to note 23)	641	369
Post-retirement medical benefit (refer to note 23)	34	19
Termination and other benefits	62	9
3.6 FINANCE COSTS		
Long-term borrowings, bank borrowings and overdrafts	1 494	136

	2015 Rm	2014 Rm
4. TAX		
Current year		
Normal tax		
South Africa	828	937
Foreign	748	270
Deferred tax		
South Africa	(40)	(70)
Foreign	(223)	(10)
	1 313	1 127
Prior year		
Normal tax		
South Africa	(20)	(10)
Foreign	17	(9)
Deferred tax		
Foreign	2	6
	1 312	1 114

	2015 %	2014 %
The rate of tax on profit is reconciled as follows:		
Standard rate	28.0	28.0
Disallowable expenditure	3.5	1.1
Share-based payments	–	0.2
Exempt income	(0.6)	(0.7)
Prior year	–	(0.3)
Foreign tax	0.6	0.6
WFS equity-accounted earnings	(1.4)	(1.3)
Other	(0.5)	(0.5)
Effective tax rate	29.6	27.1

5. EARNINGS PER SHARE

BASIC AND HEADLINE EARNINGS

	Profit before tax Rm	Tax Rm	Non-controlling interests Rm	Attributable profit Rm
2015				
Per the financial statements	4 432	(1 312)	(4)	3 116
BEEE preference dividend paid	(99)	–	–	(99)
Basic earnings	4 333	(1 312)	(4)	3 017
Adjustments:				
Loss on disposal of property, plant and equipment and intangible assets	19	(5)	–	14
Net impairment of property, plant and equipment and intangible assets	384	(108)	–	276
Headline earnings	4 736	(1 425)	(4)	3 307
2014				
Per the financial statements	4 104	(1 114)	(102)	2 888
BEEE preference dividend paid	(103)	–	–	(103)
Basic earnings	4 001	(1 114)	(102)	2 785
Adjustments:				
Loss on disposal of property, plant and equipment and intangible assets	15	(4)	–	11
Profit on disposal of investment properties	(50)	9	–	(41)
Net impairment of property, plant and equipment and intangible assets	24	(2)	(8)	14
Headline earnings	3 990	(1 111)	(110)	2 769

WEIGHTED AVERAGE NUMBER OF SHARES (WANOS)

	Number of shares 2015	Restated 2014
Weighted average number of shares	894 406 301	794 407 611
Number of shares in issue at the beginning of the year	759 547 848	753 417 723
Weighted average number of shares issued during the year	523 101	3 372 581
Weighted average number of shares issued in terms of rights offer	124 128 670	–
Bonus issue for rights offer	9 530 498	36 235 749
Weighted average number of shares purchased during the year	(433 710)	(148 744)
Weighted average number of shares released in terms of the Restricted Share Plan	1 109 894	1 530 302

WANOS has been restated by 36 235 749 in 2014 due to the rights offer during the current year.

EARNINGS PER SHARE (CENTS)

	2015	2014
Basic	337.3	350.6
Headline	369.7	348.6

6. DILUTED EARNINGS PER SHARE

DILUTED EARNINGS

	2015 Rm	2014 Rm
Diluted basic earnings	3 017	2 785
Headline earnings adjustment (net of taxation)	290	(16)
Diluted headline earnings	3 307	2 769

DILUTED WEIGHTED AVERAGE NUMBER OF SHARES

	Number of shares 2015	Restated 2014
Weighted average number of shares	894 406 301	794 407 611
Potential dilutive effect of outstanding number of share options	6 370 790	9 693 064
Diluted weighted average number of shares	900 777 091	804 100 675

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)

	2015	2014
Basic	334.9	346.2
% dilution	0.7%	1.3%
Headline	367.1	344.2
% dilution	0.7%	1.3%

The Group's BEEE scheme is anti-dilutive.

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

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:

	2015 Rm	2014 Rm
WOOLWORTHS FINANCIAL SERVICES PROPRIETARY LIMITED		
Service costs received by Woolworths Proprietary Limited	(80)	(67)
Merchant fee income paid by Woolworths Proprietary Limited	114	116
Accounts receivable by Woolworths Proprietary Limited	77	71
Accounts payable by Woolworths Proprietary Limited	(89)	(85)
NEDGLEN PROPERTIES PROPRIETARY LIMITED		
Rental paid by Woolworths Proprietary Limited	3	3

ASSOCIATE

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

	2015 Rm	2014 Rm
RETAIL RISK MANAGEMENT ALLIANCE TRUST		
Insurance premium paid by Woolworths Proprietary Limited and Country Road Ventures Proprietary Limited	70	76
Dividend received by Woolworths Proprietary Limited	–	62

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 Chief Executive Officers of Woolworths Proprietary Limited, David Jones Proprietary Limited and Country Road Group Proprietary Limited, and the prescribed officers of the holding 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.

KEY MANAGEMENT COMPENSATION

	2015 Rm	2014 Rm
Short-term employee benefits	103	114
Woolworths Holdings Limited directors	64	49
Other key management personnel	39	65
Post-employment benefits	3	3
Woolworths Holdings Limited directors	2	1
Other key management personnel	1	2
IFRS 2 value of share-based payments expense	27	22
Woolworths Holdings Limited directors	27	19
Other key management personnel	–	3
	133	139

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

	2015 Rm	2014 Rm
SHARE PURCHASE SCHEME LOANS AND INVESTMENTS		
Balance at the beginning of the year	38	51
Loans repaid during the year	(26)	(13)
Balance at the end of the year	12	38

Details of the terms and conditions relating to these loans are disclosed in note 13.

No bad or doubtful debts have been recognised in respect of loans granted to key management personnel (2014: nil).

	2015 Rm	2014 Rm
GROUP CARD AND VISA CREDIT CARD ACCOUNTS		
Balance outstanding at the beginning of the year	3	3
Annual spend	7	5
Annual repayments	(7)	(5)
Balance outstanding at the end of the year	3	3

Group cards include cards on offer by Woolworths and David Jones. Country Road Group does not have store and credit cards on offer.

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 cardholders.

No bad or doubtful debts have been recognised in respect of these card accounts of key management personnel (2014: nil).

POST-EMPLOYMENT BENEFIT PLAN

Details of the Wooltru Group Retirement Fund, the Wooltru Healthcare Fund and funds for the benefit of David Jones Proprietary Limited and Country Road Group Proprietary Limited employees are disclosed in note 23.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

7. RELATED PARTY TRANSACTIONS (CONTINUED)

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' FEES AND EMOLUMENTS

Emoluments paid to Executive Directors and prescribed officers of Woolworths Holdings Limited in connection with the affairs of the company and its subsidiaries during the year ended 28 June 2015 and comparatives for 29 June 2014 are set out below:

2015		Guaranteed pay			Short-term incentives	Long-term incentives		Retention	Remuneration
Executive directors	Notes	Base salary (1) R000's	Benefits (2) R000's	Total guaranteed pay R000 's	Performance bonus R000's	Fair value of shares, options, SARS and LTIP granted (3) R000's	Interest-free loan benefit (4) R000 's	Fair value of restricted shares (5) R000 's	Total remun-eration R000 's
Ian Moir		11 187	138	11 325	20 866	5 336	–	11 650	49 177
Reeza Isaacs	(6)	3 839	433	4 272	2 410	1 534	–	2 163	10 379
Sam Ngumeni	(7)	3 835	807	4 642	3 013	2 610	259	950	11 474
Zyda Rylands	(8)	3 775	1 001	4 776	2 792	2 781	771	–	11 120
		22 636	**2 379**	**25 015**	**29 081**	**12 261**	**1 030**	**14 763**	**82 150**

2014		Guaranteed pay			Short-term incentives	Long-term incentives		Retention	Remuneration
Executive directors	Notes	Base salary (1) R000's	Benefits (2) R000's	Total guaranteed pay R000 's	Performance bonus R000's	Fair value of shares, options, SARS, LTIP and DBP granted (3) R000's	Interest-free loan benefit (4) R000 's	Fair value of restricted shares (5) R000 's	Total remun-eration R000 's
Ian Moir		8 959	77	9 036	9 595	6 711	–	2 185	27 527
Reeza Isaacs	(6)	2 802	326	3 128	2 430	853	–	2 163	8 574
Sam Ngumeni	(7)	2 632	598	3 230	3 065	1 698	255	1 615	9 863
Zyda Rylands		3 623	711	4 334	3 601	2 811	808	507	12 061
Norman Thomson	(9)	1 324	351	1 675	1 029	253	301	–	3 258
		19 340	**2 063**	**21 403**	**19 720**	**12 326**	**1 364**	**6 470**	**61 283**
Prescribed officers									
Paula Disberry	(10)	503	79	582	311	387	–	110	1 390
Brett Kaplan		3 069	368	3 437	1 921	2 197	–	663	8 218
		3 572	**447**	**4 019**	**2 232**	**2 584**	**–**	**773**	**9 608**
		22 912	**2 510**	**25 422**	**21 952**	**14 910**	**1 364**	**7 243**	**70 891**

NOTES

1. Base salary includes Non-executive Director fees paid by Country Road Group: 2015: Ian Moir A$24 375 and Zyda Rylands A$7 576, (2014: Ian Moir A$97 500, Norman Thomson A$20 000, Zyda Rylands A$40 000 and Paula Disberry A$6 667).
2. Benefits include retirement, healthcare, related benefits and discounts received on purchases made in WHL Group stores.
3. IFRS 2 Share-based payments has been used to equate the annual expense value of shares, options, SARS, LTIP and DBP (2014 only) held at the end of the financial year. It also includes the allocation of BEEESOS scheme shares granted to Zyda Rylands and Sam Ngumeni.
4. The interest free loan relates to the purchases of shares under Woolworths Holding Share Trust. The benefit has been calculated at 6.729% (2014: 6.167%) (average) on the value of the outstanding loan.
5. IFRS 2 Share-based payments has been used to equate the annual expense value of RSP shares.
6. Reeza Isaacs was appointed as Finance Director on 26 November 2013, (2014: remuneration disclosed for the full financial year, including the five-month period prior to him being appointed as a director).
7. Sam Ngumeni was appointed to the Holdings Board on 12 February 2014, (2014: remuneration disclosed for the full financial year, including the seven-month period whilst he was a prescribed officer).
8. Zyda Rylands was paid a discretionary cash bonus of R168 090 (included in benefits) in compensation for the lost value on share options held at the time of the Rights offer.
9. Norman Thomson retired from the Board on 26 November 2013. Other benefits included his leave pay and retirement gift. He earned A$20 000 as a Non-executive Director of Country Road Group up to his retirement. He remained a Non-executive Director of Country Road Group and earned A$45 000 for the remainder of the financial year. Norman was appointed a Non-executive Director for certain African countries from 26 November 2013 and earned fees of R175 000 for the period 26 November 2013 to 29 June 2014.
10. Paula Disberry was appointed as Group Director: ROG with effect 1 September 2013. The position is not considered to be a prescribed officer and therefore remuneration from that date is not disclosed. She remained a Non-executive Director of Country Road Group and was paid fees of A$33 333 for the period 1 September 2013 to 29 June 2014.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

7. RELATED PARTY TRANSACTIONS (CONTINUED)

NON-EXECUTIVE DIRECTORS' FEES AND EMOLUMENTS

Emoluments paid to Non-executive Directors of Woolworths Holdings Limited in connection with the affairs of the company and its subsidiaries during the year ended 28 June 2015 and comparatives for 29 June 2014 are set out below:

2015

Non-executive directors	Notes	Directors' fees (1) R000's	Audit committee member R000's	Remuneration committee member R000's	Risk and compliance committee member R000's	Nominations committee member R000's	Sustainability committee member R000's	Social and ethics committee member R000's	Benefit (2) R000's	Total non-executive directors' remuneration R000's
Simon Susman	(3)(10)	1 343		94	80	83	131	76	667	2 474
Patrick Allaway	(4)	1 735	90	72	62					1 959
Peter Bacon		604	117	94					13	828
Zarina Bassa	(10)	599	118		124	56			15	912
Tom Boardman	(10)	591		189		65	76	76	17	1 014
Hubert Brody	(5)	389	118		80					587
Andrew Higginson	(6)	1 074	118	94	80				1	1 367
Mike Leeming	(10)	719	235		116	56			15	1 141
Nombulelo Moholi	(7)	259		94	80			76	9	518
Chris Nissen	(8)	250				27	37	73	17	404
Lord Rose	(9)	910		94	80	56	95			1 235
Thina Siwendu		309			80			115	21	525
		8 782	**796**	**731**	**782**	**343**	**339**	**416**	**775**	**12 964**

2014

Non-executive directors	Notes	Directors' fees (1) R000's	Audit committee member R000's	Remuneration committee member R000's	Risk and compliance committee member R000's	Nominations committee member R000's	Sustainability committee member R000's	Social and ethics committee member R000's	Benefit (2) R000's	Total non-executive directors' remuneration R000's
Simon Susman	(3)	955		89	71	87	140	71	1 900	3 313
Peter Bacon		235	107	89					14	445
Lindiwe Bakoro	(11)	110	51	44	34				6	245
Zarina Bassa		235	107		71				13	426
Tom Boardman		288		178		52	71	71	14	674
Andrew Higginson	(6)	705	107	89	70					971
Mike Leeming		235	213		140	53			14	655
Chris Nissen		235				53	71	140	35	534
Lord Rose	(9)	704		89	71	53	71			988
Thina Siwendu		235			71			71	15	392
		3 937	**585**	**578**	**528**	**298**	**353**	**353**	**2 011**	**8 643**

NOTES

1. Directors fees include an amount paid in respect of the additional work performed for the acquisition of David Jones. The amounts are based on the approved hourly rate for additional services. Hubert Brody received payment for the work he performed prior to his appointment as a Director. Nombulelo Moholi received no payment as she was not required to attend any additional meetings.
2. Benefits are discounts received on purchases made in WHL Group stores.
3. Simon Susman, the Chairman of the Board, previously held the role of Group Chief Executive Officer. On his retirement as Group Chief Executive Officer (in 2010) and in terms of the rules of the LTI share scheme the directors approved that he had the balance of 10 years (of which the last allocation was in October 2006) to settle the interest-free share loan relating to the purchases of shares under Woolworths Holding Share Trust whilst he was an employee of Woolworths. He settled the loan on 15 October 2014 and transferred the shares into his own share trading account.

   Benefits of R666 751 (2014: R1 899 817) include the following:
   – post-retirement healthcare benefit of R34 212 (2014: R31 320);
   – discounts received on purchases made in Woolworths stores of R62 942 (2014: R56 892);
   – interest-free share loan benefit relating to the purchases of shares under Woolworths Holdings Share Trust whilst he was an employee of Woolworths of R569 597 (2014: R1 811 604). The benefit has been calculated at 6.729% (2014: 6.167%) (average) on the value of the outstanding loan at the end of each applicable month.
4. Patrick Allaway was appointed to the WHL Board on 1 December 2014 and to the Audit, Risk and Compliance and Remuneration committees on the same date. His fees as a WHL director are paid in Australian Dollars. He was appointed a Non-executive Director for David Jones and Country Road Group and earned fees of A$65 754 for the period. He was paid R303 998 for services rendered to the Group prior to his appointment as a WHL director.
5. Hubert Brody was appointed to the Board on 1 July 2014 and to the Audit and Risk and Compliance Committees on the same date.
6. Andrew Higginson's fees as a director are paid in Sterling as a British resident.
7. Nombulelo Moholi was appointed to the Board on 1 July 2014 and was appointed to the Remuneration, Risk and Social and Ethics committees.
8. Chris Nissen retired from the Board on 26 November 2014.
9. Lord Rose's fees as a director are paid in Sterling as a British resident.
10. Changes made to committee membership during the period have had the following impact:
    – Simon Susman relinquished the Chairmanship of the Nominations and Sustainability Committees at the conclusion of February 2015 meetings. He remains a member of these committees;
    – Tom Boardman was appointed as Chairman of Nominations from May 2015 meetings;
    – Lord Rose was appointed as Chairman of the Sustainability committee from May 2015 meetings;
    – Mike Leeming relinquished the Chairmanship of Risk and Compliance committee at the conclusion of February 2015 meetings. He remains a member of this committee;
    – Zarina Bassa was appointed as Chairman of Risk and Compliance committee from May 2015 meetings and became a member of Nominations from August 2014 meeting;
    – Thina Siwendu was appointed as Chairman of Social and Ethics Committee from February 2015 meetings.
11. Lindiwe Bakoro resigned from the Board on 26 November 2013.

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 28.

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 28 June 2015, are set out below:

SHARE PURCHASE SCHEME

	As at 29 June 2014		Sold or transferred		As at 28 June 2015		
Name and offer date	Number	Price	Number	Price	Vested	Unvested	Total
Sam Ngumeni							
December 2004	26 036	R10.59	26 036	R10.59			–
August 2005	35 332	R11.31	35 332	R11.31			–
August 2006	33 050	R13.30			33 050		33 050
November 2006	190 216	R15.74			190 216		190 216
Total	284 634		61 368		223 266		223 266
Zyda Rylands							
December 2004	221 839	R10.59	221 839	R10.59			–
December 2004	37 734	R10.59	37 734	R10.59			–
March 2005	120 000	R10.18	120 000	R10.18			–
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	1 078 579		379 573		699 006		699 006

SHARE OPTION SCHEME

	As at 29 June 2014		Sold or transferred		As at 28 June 2015		
Name and offer date	Number*	Price	Number*	Price	Vested	Unvested	Total
Zyda Rylands							
October 2008	65 279	R8.81			65 279		65 279
Total	65 279				65 279		65 279

* Cash payments made due to adjustments to the fair value of the unexercised options as a result of the Rights offer and in terms of the Trust Deed.

NON- EXECUTIVE DIRECTORS' PARTICIPATION IN SHARE SCHEMES

Simon Susman was previously the Group CEO and was a participant of the share schemes while he held that position. On his retirement as Group CEO, the Remuneration Committee agreed that he had until October 2016 to settle the interest-free loan on those shares. In October 2014, after paying up the loan, Simon transferred the remaining shares that he held in the share schemes into his own share trading account. As a result of this transfer, he is no longer a participant in any share scheme as set out below:

SHARE PURCHASE SCHEME

	As at 29 June 2014		Sold or transferred		As at 28 June 2015		
Name and offer date	Number	Price	Number	Price	Vested	Unvested	Total
Simon Susman							
December 2004	440 755	R10.59	440 755	R10.59	–	–	–
August 2005	412 697	R11.31	412 697	R11.31	–	–	–
August 2006	378 947	R13.30	378 947	R13.30	–	–	–
October 2006	1 094 092	R13.71	1 094 092	R13.71	–	–	–
Total	2 326 491		2 326 491		–	–	–

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

SHARE APPRECIATION RIGHTS (SARS) SCHEME

	As at 29 June 2014		Awarded		Sold or transferred		As at 28 June 2015		
Name and offer date	Number	Price*	Number	Price	Number	Price	Vested	Unvested	Total
Ian Moir									
August 2010	117 823	R19.85					117 823		117 823
August 2011	87 468	R27.89					87 468		87 468
August 2012	72 288	R51.48						72 288	72 288
August 2013	103 755	R56.06						103 755	103 755
Total	381 334						205 291	176 043	381 334
Reeza Isaacs									
August 2013	43 396	R56.06						43 396	43 396
September 2014			25 115	R74.06				25 115	25 115
Total	43 396		25 115					68 511	68 511
Sam Ngumeni									
August 2011	34 987	R27.89					34 987		34 987
August 2012	29 095	R51.48						29 095	29 095
August 2013	28 281	R56.06						28 281	28 281
September 2014			55 092	R74.06				55 092	55 092
Total	92 363		55 092				34 987	112 468	147 455
Zyda Rylands									
April 2008	167 851	R6.61			167 851	R92.43			–
August 2008	125 628	R6.57					125 628		125 628
August 2009	107 000	R11.35					107 000		107 000
August 2011	53 538	R27.89					53 538		53 538
August 2012	38 304	R51.48						38 304	38 304
August 2013	40 790	R56.06						40 790	40 790
September 2014			32 358	R74.06				32 358	32 358
Total	533 111		32 358		167 851		286 166	111 452	397 618

* Adjustments made to the strike price of unexercised SARS as a result of the Rights offer and in terms of the Trust Deed.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

7. RELATED PARTY TRANSACTIONS (CONTINUED)

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

LONG-TERM INCENTIVE PLAN (LTIP) SCHEME

	As at 29 June 2014		Awarded*		Sold or transferred		As at 28 June 2015		
Name and offer date	Number	Price	Number	Price	Number	Price	Vested	Unvested	Total
Ian Moir									
August 2011	148 696	R31.44	11 797	R78.91	160 493	R78.91			–
August 2012	103 269	R55.68	4 578	R55.68				107 847	107 847
August 2013	148 221	R60.72	6 743	R60.72				154 964	154 964
Total	400 186		23 118		160 493			262 811	262 811
Reeza Isaacs									
August 2013	45 949	R60.72	2 093	R60.72				48 042	48 042
September 2014			27 208	R74.06				27 208	27 208
Total	45 949		29 301					75 250	75 250
Sam Ngumeni									
August 2011	34 987	R31.44	2 776	R78.91	37 763	R78.91			–
August 2012	31 519	R55.68	1 398	R55.68				32 917	32 917
August 2013	30 637	R60.72	1 394	R60.72				32 031	32 031
September 2014			59 682	R74.06				59 682	59 682
Total	97 143		65 250		37 763			124 630	124 630
Zyda Rylands									
August 2011	53 538	R31.44	4 248	R78.91	57 786	R78.91			–
August 2012	41 496	R55.68	1 840	R55.68				43 336	43 336
August 2013	44 189	R60.72	2 010	R60.72				46 199	46 199
September 2014			35 055	R74.06				35 055	35 055
Total	139 223		43 153		57 786			124 590	124 590

* Additional LTIP awarded for allocations prior to October 2014 as a result of the Rights offer and in terms of the Trust Deed.

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

DEFERRED BONUS PLAN (DBP) SCHEME

	As at 29 June 2014		Shares purchased		Shares sold or transferred		As at 28 June 2015
Name and offer date	Number	Price	Number	Price	Number	Price	Number
Ian Moir							
August 2011	29 600	R34.19	31 949	R78.91	61 549	R78.91	–
Total	29 600		31 949		61 549		
Sam Ngumeni							
August 2011	9 600	R34.19	10 362	R78.91	19 962	R78.91	–
Total	9 600		10 362		19 962		
Zyda Rylands							
August 2011	14 700	R34.19	15 867	R78.91	30 567	R78.91	–
Total	14 700		15 867		30 567		

7. RELATED PARTY TRANSACTIONS (CONTINUED)

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

RESTRICTED SHARE PLAN (RSP) SCHEME

	As at 29 June 2014		Purchased		Sold or transferred		As at 28 June 2015
Name and offer date	Number	Price	Number	Price	Number	Price	Number
Ian Moir							
January 2010	793 280	R16.89			793 280	R91.06	–
October 2014			258 210	R69.71			258 210
January 2015			355 000	R92.14			355 000
Total	793 280		613 210		793 280		613 210
Reeza Isaacs							
June 2013	104 840	R73.92					104 840
Total	104 840						104 840
Sam Ngumeni							
February 2011	215 174	R25.56			161 380	R88.91	53 794
August 2012	27 812	R59.25					27 812
Total	242 986				161 380		81 606
Zyda Rylands							
May 2010	103 125	R23.34			103 125	R99.53	–
Total	103 125				103 125		

BEEE SHARES

	As at 29 June 2014		Sold or transferred		As at 28 June 2015		
Name and offer date	Number	Price	Number	Price	Vested	Unvested	Total
Sam Ngumeni							
June 2007	475 000	R20.75				475 000	475 000
Total	475 000					475 000	475 000
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

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

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
2014					
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
Current year movements:					
Additions	267	65	857	131	1 320
Additions – acquisition of franchise operations (refer to note 33)	–	–	18	–	18
Disposals/scrappings – cost	–	(10)	(162)	(55)	(227)
Disposals/scrappings – accumulated depreciation	–	8	126	53	187
Depreciation	–	(35)	(514)	(91)	(640)
Foreign exchange rate differences	–	22	57	3	82
Impairment	–	–	(19)	–	(19)
Balance at June 2014	854	277	2 045	228	3 404
Made up as follows:					
Cost	854	496	4 486	829	6 665
Accumulated depreciation	–	(209)	(2 407)	(600)	(3 216)
Accumulated impairment	–	(10)	(34)	(1)	(45)
Net book value at June 2014	854	277	2 045	228	3 404
2015					
Current year movements:					
Additions	554	102	1 761	205	2 622
Acquisition of subsidiary (refer to note 36)	6 890	916	2 542	355	10 703
Additions – acquisition of franchise operations (refer to note 33)	–	–	4	–	4
Disposals/scrappings – cost	(3)	(6)	(409)	(29)	(447)
Disposals/scrappings – accumulated depreciation	–	6	295	24	325
Transfer from investment properties (refer to note 9)	37	–	–	–	37
Transfer to non-current assets held for sale	(30)	–	–	–	(30)
Depreciation	(33)	(86)	(970)	(156)	(1 245)
Foreign exchange rate differences	(478)	(114)	(113)	(18)	(723)
Impairment	–	(5)	(212)	(3)	(220)
Balance at June 2015	7 791	1 090	4 943	606	14 430
Made up as follows:					
Cost	7 823	1 431	8 719	1 391	19 364
Accumulated depreciation	(32)	(326)	(3 530)	(781)	(4 669)
Accumulated impairment	–	(15)	(246)	(4)	(265)
Net book value at June 2015	7 791	1 090	4 943	606	14 430

	2015 Rm	2014 Rm
8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
The net carrying amounts of assets held under finance leases were as follows:		
Motor vehicles	24	25
Computer equipment	5	14

Additions during the year include R17 million (2014: R39 million) of assets held under finance leases.

The impairment loss of R220 million relates to leasehold improvements (R5 million), certain fixtures and fittings (R212 million) and computer equipment (R3 million) based on value in use calculations. The recoverable amount of these fixtures and fittings is R8 million and R1 million for computer equipment.

Two fixed properties, amounting to R30 million, previously disclosed under property, plant and equipment (within the Woolworths segment) have been reclassified as non-current assets held for sale. These properties are subject to suspensive conditions under sale agreements. The directors consider the conclusion of the sales to be highly probable. At year-end, these properties are recognised at the lower of their carrying amounts and fair value, less costs to sell. No depreciation has been recognised.

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

At 28 June 2015, land and buildings were valued, for disclosure purposes only, using a discounted cash flow valuation technique. The fair values were as follows:

	Carrying value Rm	Fair value Rm
2015		
Retail stores	6 517	6 634
Distribution centres	1 200	1 968
Corporate owner-occupied properties	74	202
2014		
Retail stores	109	227
Distribution centres	671	942
Corporate owner-occupied properties	74	165

Land and buildings for Woolworths was valued by an external valuator using a discounted cash flow, which is considered a level 3 valuation under IFRS 13. Country Road Group's omni channel fulfilment centre is under construction at year end with a carrying value of R458 million (2014: nil). David Jones land and buildings were valued as part of the purchase price allocation.

Description of valuation techniques used and key inputs to valuation of land and buildings:

	Valuation technique	Significant unobservable valuation input	2015 Rm	2014 Rm
Retail stores	Discounted cash flow	Estimated rental value per square metre per month	R59 – R935	R55 – R100
		Annual growth rate	2.3% – 7%	5% – 7%
		Long-term vacancy rate	0% – 14%	0% – 14%
		Discount rate	7.7% – 14.5%	11.5% – 15.0%
Distribution centres	Discounted cash flow	Estimated rental value per square metre per month	R50 – R66	R36 – R60
		Annual growth rate	5.0% – 5.5%	5.0% – 5.5%
		Long-term vacancy rate	–	–
		Discount rate	7.75% – 9.25%	13.5% – 17.0%
Corporate owner-occupied properties	Discounted cash flow	Estimated rental value per square metre per month	R84 – R207	R43 – R120
		Annual growth rate	6.0% – 7.0%	4.5% – 8.0%
		Long-term vacancy rate	–	–
		Discount rate	9.5% – 15%	13.75% – 14.25%

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

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

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

	2015 Rm	2014 Rm
9. INVESTMENT PROPERTIES		
Balance at the beginning of the year	115	43
Additions	–	79
Disposals	–	(7)
Transferred to property, plant & equipment (refer to note 8)	(37)	–
Balance at the end of the year	78	115

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

Investment properties were valued at R109 million for the period ended 28 June 2015 (2014: R143 million). The market values were determined by an external valuator using a discounted cash flow for the property, which is considered a level 3 valuation under IFRS 13.

Refer to note 8 for valuation technique disclosure relating to distribution centres.

	2015 Rm	2014 Rm
RENTAL INCOME AND EXPENSE FROM INVESTMENT PROPERTIES		
Rental income from investment properties	8	9
Direct operating expenses of investment properties that earned rental income during the year	–	3

No restrictions exist on the sale of investment properties.

Refer to note 31 for disclosure on operating leases.

10. INTANGIBLE ASSETS

	Brands and customer databases Rm	Computer software Rm	Goodwill Rm	Reacquired rights Rm	Total Rm
2014					
Balance at the beginning of the year					
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
Current year movements:					
Additions	–	167	8	–	175
Additions – acquisition of franchise operations (refer to note 33)	–	–	359	67	426
Amortisation	(10)	(138)	–	(84)	(232)
Foreign exchange rate differences	64	8	70	–	142
Impairment	–	(5)	–	–	(5)
Balance at June 2014	640	502	1 545	259	2 946
Made up as follows:					
Cost	655	1 301	1 547	481	3 984
Accumulated amortisation	(15)	(786)	–	(221)	(1 022)
Accumulated impairment	–	(13)	(2)	(1)	(16)
Net book value at June 2014	640	502	1 545	259	2 946
2015					
Current year movements:					
Additions	3	224	–	–	227
Acquisition of subsidiary (refer to note 36)	5 806	236	7 793	–	13 835
Additions – acquisition of franchise operations (refer to note 33)	–	–	29	9	38
Amortisation	(28)	(161)	–	(92)	(281)
Foreign exchange rate differences	(379)	(11)	(511)	–	(901)
Impairment	–	(164)	–	–	(164)
Balance at June 2015	6 042	626	8 856	176	15 700
Made up as follows:					
Cost	6 085	1 784	8 858	490	17 217
Accumulated amortisation	(43)	(981)	–	(313)	(1 337)
Accumulated impairment	–	(177)	(2)	(1)	(180)
Net book value at June 2015	6 042	626	8 856	176	15 700

Brands and customer databases include costs of R63 million (2014: R63 million) and accumulated amortisation of R26 million (2014: R15 million) in respect of customer databases. The acquired brands are established trademarks in the retail environment in Australia. History indicates that competitor movements had no significant impact on the sales generated by these brands. As such, management considered that the brands have indefinite useful lives.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

	2015 Rm	2014 Rm
GOODWILL		
The carrying value of goodwill comprises of:		
Goodwill arising on acquisition of Virtual Market Place Proprietary Limited	13	13
Acquisition of franchise operations	831	802
Goodwill arising on acquisition of Witchery Group	624	624
Goodwill arising on acquisition of David Jones (refer to note 36)	7 793	–
Foreign exchange differences	(403)	108
Impairment	(2)	(2)
Balance at June 2015	8 856	1 545

Goodwill is tested for impairment by calculating the recoverable amount of the cash-generating unit (CGU) 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; this is treated as its own CGU.

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 treated as a separate CGU for impairment testing. The material CGU's are:

	2015 Rm	2014 Rm
Botswana	192	192
Namibia	80	80
Other	559	530
	831	802

DAVID JONES

The goodwill arising on the acquisition of David Jones has been allocated to three CGU's for impairment testing as follows:

	2015 Rm	2014 Rm
David Jones	5 571	–
Woolworths	1 210	–
Country Road Group	1 012	–
	7 793	–

Brands with indefinite useful lives arising on the acquisition of David Jones are included in the David Jones CGU for impairment testing. The carrying value of brands amount to R5 456 million (2014: nil).

KEY ASSUMPTIONS USED IN RECOVERABLE VALUE CALCULATIONS:

The assumptions below have been applied to calculate the recoverable amount of the David Jones CGU based on a fair value less costs of disposal (level 3 per IFRS 13):

Sales growth rates: sales growth rates are based on the approved forecast sales growth for the forecast period of five years. The sales growth is between 4.0% and 7.4%.

Gross margins: gross margins are based on the approved forecast gross margin for the forecast period, and are between 38.7% and 41.2%.

Discount rates: discount rates between 9.4% and 10.5% represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC).

Long term growth rates: these rates are based on the longer term inflation expectations for the Australian retail industry at 2.0%.

The recoverable amounts of the Woolworths and Country Road Group has been determined based on a value-in-use calculation for the forecast period. Refer to the South Africa franchise operations assumptions for the Woolworths CGU. Refer to the Witchery Group assumptions for the Country Road Group CGU.

10. INTANGIBLE ASSETS (CONTINUED)

WITCHERY GROUP

The goodwill arising on the acquisition of the Witchery Group has been allocated to three CGU's for impairment testing as follows:

	2015 Rm	2014 Rm
Country Road	356	356
Witchery	187	187
Mimco	81	81
	624	624
Brands with indefinite useful lives arising on the acquisition of the Witchery Group has been allocated to three CGU's for impairment testing as follows:		
Country Road	8	8
Witchery	351	351
Mimco	141	141
	500	500

The recoverable amount of each CGU has been determined based on a value-in-use calculation using cash flow projections from financial forecasts approved by senior management and the Board, covering a five year period. The post-tax discount rate applied to the cash flow projection ranges from 9.2% to 10.3% (2014: 12.0% to 14.0%) and cash flows for each CGU beyond the five-year period are extrapolated using a growth rate of 3.0% (2014: 3.0%), which is considered to be the long-term average growth rate for the Australian retail industry. Sales growth and gross margin were considered in determining the value-in-use.

FRANCHISE OPERATIONS

The recoverable amounts of the repurchased franchise businesses are based on value-in-use calculations not exceeding five years. These calculations use cash flow projections based on historical information and financial budgets approved by senior 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 country risk-adjusted post-tax rates ranging from 11.0% to 20.0% (2014: 18.0% to 22.0%), based on the Group's WACC. The Group's WACC is 12.0% in the current year (2014: 13.4%).

KEY ASSUMPTIONS USED IN RECOVERABLE VALUE CALCULATIONS:

Sales growth rates: sales growth of between 4.0% and 13.0% (2014: 3.0% and 13.0%) have been used for local franchise buybacks, and between 8.0% and 20.0% (2014: 7.0% and 20.0%) for African stores. These sales growth rates have been derived by analysing historical data, considering growth rates projected by the Woolworths planning department which includes price, volume and real estate growth; and considering the economic and trading conditions of each country in Africa and each area within South Africa for local franchise buybacks.

Gross margin: gross margins are between 25.0% and 45.0% (2014: 25.0% and 45.0%) and have been derived by analysing historical data, approved forecast gross margin for the forecast period, and considering the impact of currency fluctuations.

Cost to sell: cost to sell growth has been derived by analysing historical data; considering economic and trading conditions, committed and uncommitted capital expenditure, and operating and developmental requirements.

Working capital: these requirements are driven by required stock turn ratios, credit terms and capital expenditure requirements.

Long term growth rates: these rates are based on the longer term inflation and currency expectations for the retail industry in South Africa of 6.0% (2014: 6.0%) and the rest of Africa and vary accordingly.

11. INVESTMENT IN ASSOCIATE

Woolworths Holdings Limited is a beneficiary of Retail Risk Management Alliance Trust (RRMAT) 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 2015, the Group contributed 27.6% (2014: 29.0%) of total premiums.

RRMAT also holds an investment in Unison Risk Management Alliance Proprietary Limited that provides insurance broking services. Woolworths maintains its ownership interest in the Unison Risk Management Alliance Proprietary Limited through the RRMAT.

The following amounts represent the assets and liabilities, income and expenses of the associate:

	2015 Rm	2014 Rm
Assets		
Current assets	163	33
Non-current assets	1	1
	164	34
Liabilities		
Current liabilities	136	13
	136	13
Equity	28	21
Group proportionate ownership	8	6
Group carrying amount of investment	3	2
Summarised statement of comprehensive income of RRMAT		
Income	28	34
Expenses	(19)	(18)
Profit before tax	9	16
Tax	(3)	(4)
Profit after tax	6	12
Total comprehensive Income	6	12
Group proportionate share	2	4
Dividends received	–	62

R9 million (2014: R6 million) of the reserves in RRMAT and Unison Risk Management Alliance Proprietary Limited, 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.

	2015 Rm	2014 Rm
12. PARTICIPATION IN EXPORT PARTNERSHIPS		
Balance at the beginning of the year	30	38
Payments received relating to the current year	(6)	(4)
Current portion included in trade and other receivables	(5)	(4)
Balance at the end of the year	19	30

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.

The amount outstanding is considered to be neither past due nor impaired and the carrying value approximates fair value. Refer to note 27.3 for details of the Group's credit risk management policies.

	2015 Rm	2014 Rm
13. OTHER LOANS		
Housing and other employee loans	10	9
Balance at the beginning of the year	9	11
Loans granted during the year	3	–
Loans repaid during the year	(2)	(2)
Share purchase scheme participant loans and investments	18	68
Balance at the beginning of the year	68	72
Loans repaid during the year	(59)	(12)
Notional interest accrued for the year (included in note 2)	9	8
Enterprise development loans and prepayments	27	29
	55	106

Housing loans bear interest at prime less 2.0% (2014: prime less 2.0%). Housing loans are required to be repaid on termination of employment. The carrying value of housing loans approximates 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 10 years. The shares held in terms of the share option and purchase schemes 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.

Enterprise development loans are granted to certain South African suppliers for development as part of the Good Business Journey and are repaid over a period of three to five years. These loans bear interest at prime less 3.0%.

Other loans are not considered to be past due nor impaired. Refer to note 27.3 for details of the Group's credit risk management policies.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

	2015 Rm	2014 Rm
14. DEFERRED TAX		
The movement in the deferred tax account is as follows:		
Balance at the beginning of the year	458	353
Amounts (debited)/credited to profit or loss	261	74
Property plant and equipment	63	12
Prepayments	(4)	(4)
Working capital and other provisions	230	(26)
Participation in export partnerships	10	9
Post-retirement medical benefit liability	–	6
Share-based payments	4	(1)
Assessed losses	27	–
Intangible assets	–	23
Financial instruments	(41)	60
Other	(28)	(5)
Amounts (debited)/credited directly to other comprehensive income	(98)	59
Financial instrument revaluation reserve adjustment	(100)	57
Post-retirement medical benefit liability-actuarial (loss)/gain	2	2
Amounts (debited)/credited directly to equity		
Share-based payment reserve	(15)	(18)
Deferred tax arising from business combinations	773	(25)
Foreign currency translation adjustment	(55)	15
Balance at the end of the year	1 324	458
Deferred tax asset	1 840	790
Deferred tax liability	(516)	(332)
Net deferred tax asset	1 324	458
Comprising:		
Property, plant and equipment	(43)	(81)
Prepayments	(39)	(35)
Working capital and other provisions	1 307	367
Assessed losses	27	–
Participation in export partnerships	(19)	(29)
Post-retirement medical benefit liability	105	103
Share-based payments	157	169
Intangible assets	(70)	(90)
Financial instruments	(69)	64
Other	(32)	(10)
	1 324	458

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.

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

	2015 Rm	2014 Rm
15. INVENTORIES		
Merchandise	6 429	3 478
Provision for shrinkage, obsolescence and mark-down	(553)	(70)
Consumables	2	4
Raw materials	3	24
	5 881	3 436
16. TRADE AND OTHER RECEIVABLES		
NON-CURRENT		
Fair value lease adjustment	76	–
	76	–
CURRENT		
Fair value lease adjustment	7	–
Trade and other receivables	1 051	1 071
Provision for impairment	(7)	(4)
Trade and other receivables – net	1 051	1 067
Movements in the provision for impairment of trade and other receivables were as follows:		
Balance at the beginning of the year	4	19
Charge for the year	4	3
Amounts written off	–	(15)
Unused amounts reversed	(1)	(3)
Balance at the end of the year	7	4

The favourable lease adjustment arises as result of the acquisition of David Jones Proprietary Limited. At acquisition, leases were determined to be favourable in comparison to market-related rentals and, accordingly, have been disclosed separately as an asset on the statement of financial position. These will unwind over the duration of the leases through the statement of comprehensive income. Refer to note 36.

Trade and other receivables are interest-free unless overdue, and have payment terms ranging from seven days to 60 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 (except fair value lease adjustments) are 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 28 June 2015, 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
2015					
Trade and other receivables	609	584	14	6	5
2014					
Trade and other receivables	604	591	5	3	5

The above aging analysis does not include the aging of non-financial assets included in trade and other receivables. Refer to note 27.5 for the analysis of trade and other receivables

The Group does not hold any collateral as security.

Refer to note 27.3 for detailed information regarding the credit quality of financial assets which are neither past due nor impaired.

	2015		2014	
	Assets Rm	Liabilities Rm	Assets Rm	Liabilities Rm
17. DERIVATIVE FINANCIAL INSTRUMENTS				
NON-CURRENT				
Interest rate swaps and collars held as hedging instruments	82	26	–	–
	82	26	–	–
CURRENT				
Forward exchange contracts held as hedging instruments	219	6	7	78
Forward exchange contracts - not hedge accounted	–	1	2	34
Contracts for differences held as hedging instruments	–	–	14	68
Interest rate swaps and collars held as hedging instruments	–	65	–	5
	219	72	23	185

FORWARD EXCHANGE CONTRACTS

The notional principal amount of the outstanding contracts at 28 June 2015 amounts to R5 920 million (2014: R4 340 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 one and 12 months (refer to note 27.4). Gains and losses on forward exchange contracts held as hedging instruments in designated and effective hedging relationships are initially recognised in other comprehensive income and reclassified on recognition of the associated non-financial asset. Gains and losses on remaining contracts not hedge accounted for are recognised directly in profit or loss. Forward contracts are measured at 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.

CONTRACTS FOR DIFFERENCE

In the prior year, the notional principal amount of the outstanding contracts was R9 564 million. These contracts were to hedge the foreign currency exposure of the anticipated settlement consideration to be paid for the acquisition of David Jones. The related cash flows occurred on the maturity dates of these contracts within the current year.

INTEREST RATE SWAPS

The notional principal amount of the interest rate swaps at 28 June 2015 amounts to R9 737 million (2014: R772 million). This comprises hedges on the South African debt of R10 billion (2014: nil) as well as Australian debt of R5 047 million (2014: R723 million). These swaps are to hedge the interest that is payable under the various debt facilities (refer to note 21). Gains and losses on interest rate swaps held as hedging instruments in designated and effective hedging relationships are recognised in other comprehensive income and are reclassified in the same period that the hedged cash flows affect profit or loss.

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

	2015 Rm	2014 Rm
18. ORDINARY SHARE CAPITAL		
STATED CAPITAL		
Balance at the beginning of the year	678	–
Conversion of share capital	–	1
Conversion of share premium (refer to note 19)	–	677
167 803 572 (2014: nil) ordinary shares issued per the rights issue	9 984	–
1 768 311 ordinary shares issued in terms of share incentive schemes	140	–
Balance at the end of the year	10 802	678

	2015 R'000	2014 R'000
AUTHORISED		
2 410 600 000 (2014: 12 410 600 000) ordinary shares of no par value	–	–
89 400 000 (2014: 89 400 000) convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each	134	134
	134	134
ISSUED		
930 315 662 (2014: 759 547 848) ordinary shares of no par value	–	–
89 117 253 (2014: 89 192 746) preference shares of 0.15 cents each	134	134
	134	134
RECONCILIATION OF PAR VALUE OF ORDINARY SHARES IN ISSUE:		
Balance at the beginning of the year	–	1 132
In the prior year 4 361 450 ordinary shares were issued in terms of share incentive schemes	–	7
Conversion to Stated capital	–	(1 139)
Balance at the end of the year	–	–

RECONCILIATION OF NUMBER OF ORDINARY SHARES IN ISSUE:

	Number of shares 2015	Number of shares 2014
Balance at the beginning of the year	759 547 848	753 417 723
Shares issued per the rights issue	167 803 572	–
Shares issued in terms of share incentive schemes	1 768 311	4 361 450
Shares allocated in terms of the Restricted Share Plan	2 031 491	2 056 701
Shares purchased from the market and held as treasury shares in terms of the Restricted Share Plan	(835 560)	(288 026)
Balance at the end of the year	930 315 662	759 547 848

167 803 572 (2014: nil) ordinary shares totalling R9 984 million were issued by way of a rights issue on 2 October 2014. Rights issue costs of R421 million have been charged to equity.

3 061 442 (2014: 723 060) ordinary shares at a net cost of R238 million (2014: R52 million) were purchased from the market and transferred to employees in terms of the Group's share incentive schemes. 1 768 311 (2014: 4 361 450) ordinary shares totalling R140 million (2014: R246 million) were issued and allocated to employees.

835 560 (2014: 288 026) ordinary shares totalling R70 million (2014: R19 million) were purchased from the market by Woolworths Proprietary Limited and are held as treasury shares by the Group. 2 031 491 (2014: 1 904 651) ordinary shares totalling R43 million (2014: R46 million) were allocated to employees in terms of the Group's Restricted Share Plan.

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

Refer to note 28 for more information on the Group's capital management policy.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

SHARE INCENTIVE SCHEMES

EXECUTIVE INCENTIVE SCHEME

Shares and share options granted in terms of the executive incentive scheme meet the definition of equity-settled share-based payments. The options vest in tranches of 20.0% per annum and expire ten years after grant date. The options were valued using a binomial model and assume an option life of ten years. Other valuation assumptions include volatility set at historic trend levels, a dividend yield of 5.0% 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 2015	Number of shares 2014
Shares held by participants		
Balance at the beginning of the year	4 384 788	5 785 236
Sold	(88 115)	(170 483)
Transferred to trust stock and shares released from the scheme	(2 810 011)	(1 229 965)
Balance at the end of the year	1 486 662	4 384 788
Market value at the end of the year (rands)	146 971 405	337 628 676
Percentage of shares vested at the end of the year	100.0%	100.0%
Weighted average issue price (rands)	11.42	11.42
Weighted average market price per share traded (rands)	91.26	63.90
Number of participants on executive incentive scheme	10	13
Options granted to participants		
Balance at the beginning of the year	564 450	731 473
Exercised	(323 707)	(167 023)
Balance at the end of the year	240 743	564 450
Percentage of options vested at the end of the year	100.0%	100.0%
Weighted average exercise price per options outstanding at the end of the year (rands)	12.87	13.62
Weighted average exercise price per options exercised (rands)	14.76	11.69
Weighted average market price per share traded (rands)	84.03	73.83
Number of participants on executive incentive scheme	13	23

Period of offer*	Number of options 2015	Number of options 2014	Original exercise price	Current exercise price**	Fair value at grant date***
1 December 2004 and 1 December 2014	–	46 058	10.59	9.06	3.55
1 July 2005 and 1 July 2015	–	7 996	10.33	8.80	3.30
24 August 2005 and 24 August 2015	–	32 170	11.31	9.66	3.66
23 August 2006 and 23 August 2016	78 230	203 595	13.30	11.42	4.25
14 November 2006 and 14 November 2016	23 120	23 120	15.74	13.61	5.06
15 February 2007 and 15 February 2017	37 469	37 469	20.35	17.75	6.57
1 March 2007 and 1 March 2017	36 645	36 645	20.35	17.75	6.47
15 May 2007 and 15 May 2017	–	106 299	24.13	21.11	7.08
1 June 2007 and 1 June 2017	–	5 819	22.92	20.00	7.17
17 October 2008 and 17 October 2018	65 279	65 279	10.57	8.81	1.59
Balance at the end of the year	240 743	564 450			

* 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. These were not further adjusted for the rights offer in October 2014.

*** 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

18. 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.

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 span 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	
	2015	2014
Rights granted to participants		
Balance at the beginning of the year	13 417 908	16 349 615
Granted	2 667 375	3 045 942
Exercised	(5 255 894)	(5 523 365)
Forfeited	(227 774)	(454 284)
Balance at the end of the year	10 601 615	13 417 908
Weighted average exercise price per right outstanding at year-end (rands)	50.58	38.16
Weighted average exercise price per right granted (rands)	74.83	60.75
Weighted average exercise price per right exercised (rands)	20.62	21.28
Weighted average exercise price per right forfeited (rands)	61.99	45.74
Weighted average market price per right exercised (rands)	81.94	68.36
Number of participants on share appreciation rights scheme	520	486

Period of offer	Number of options 2015	Number of options 2014	Original exercise price	Current exercise price*	Fair value at grant date
16 April 2008 and 16 April 2015	–	599 990	11.95	6.61	2.78
21 August 2008 and 21 August 2015	125 628	722 812	11.94	6.57	2.42
19 February 2009 and 19 February 2016	67 102	111 869	12.95	9.31	2.54
21 August 2009 and 21 August 2016	535 616	954 526	15.00	11.35	3.42
18 February 2010 and 18 February 2017	87 485	173 960	19.74	16.24	5.21
26 August 2010 and 26 August 2017	792 331	1 419 406	23.34	19.85	6.27
17 February 2011 and 17 February 2018	122 982	307 186	23.49	20.01	7.81
25 August 2011 and 25 August 2018	996 388	3 503 602	31.44	27.89	8.76
16 February 2012 and 16 February 2019	44 423	178 592	41.90	38.12	19.79
23 August 2012 and 23 August 2019	2 144 576	2 226 858	55.68	51.48	17.55
14 February 2013 and 14 February 2020	229 594	268 950	67.08	62.42	20.81
19 August 2013 and 19 August 2020	2 655 930	2 753 129	60.72	56.06	20.22
13 February 2014 and 13 February 2021	190 382	197 028	61.23	56.48	17.76
15 September 2014 and 15 September 2021	2 385 980	–	74.06	74.06	21.57
12 February 2015 and 12 February 2022	223 198	–	83.02	83.02	26.77
Balance at the end of the year	10 601 615	13 417 908			

* The original exercise price was adjusted to take into account the effect of a special dividend paid to ordinary shareholders in December 2008 and further by the rights offer in October 2014.

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 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 headline earnings per share (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 30.0% vesting and a target for 100.0% vesting. If the TSR performance of Woolworths falls below the lower quartile (i.e. if 75.0% 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 75.0% of our peers) performance, then 100.0% of the award vests. Vesting occurs on a linear scale in accordance with an agreed threshold and target.

LTIP 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 between 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	
	2015	2014
Awards granted to participants		
Balance at the beginning of the year	1 542 843	1 737 004
Granted	1 075 283	756 330
Exercised	(524 589)	(932 862)
Forfeited	(28 144)	(17 629)
Balance at the end of the year	2 065 393	1 542 843
Weighted average exercise price per award outstanding at the end of the year (rands)	67.25	50.32
Weighted average exercise price per award granted (rands)	75.65	60.73
Weighted average market price per award exercised (rands)	78.89	60.72
Number of participants on LTIP	68	58

Period of offer	Number of awards 2015	Number of awards 2014	Exercise price	Fair value at grant date
25 August 2011 and 25 August 2014	–	484 242	31.44	18.60
23 August 2012 and 23 August 2015*	388 776	372 267	55.68	43.76
29 August 2013 and 29 August 2016*	684 134	674 062	60.72	46.88
13 February 2014 and 13 February 2017*	12 840	12 272	61.23	53.38
15 September 2014 and 15 September 2017	421 695	–	74.06	53.08
13 November 2014 and 15 November 2017	538 337	–	78.13	58.83
12 February 2015 and 12 February 2018	19 611	–	83.02	53.39
Balance at the end of the year	2 065 393	1 542 843		

* Additional grants were awarded to participants due to the Rights offer completed in October 2014.

WOOLWORTHS DEFERRED BONUS PLAN (DBP)

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 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. No further allocations of DBP have been awarded.

DBP constitutes an equity-settled share-based payment.

18. ORDINARY SHARE CAPITAL (CONTINUED)

WOOLWORTHS DEFERRED BONUS PLAN (DBP) (CONTINUED)

	Number of shares 2015	2014
Bonus shares granted to participants		
Balance at the beginning of the year	98 069	230 774
Exercised	(98 069)	(132 705)
Forfeited	–	–
Balance at the end of the year	–	98 069
Weighted average fair value per award outstanding at year-end (rands)	–	43.09
Weighted average market price per award exercised (rands)	78.91	60.72
Number of participants on DBP	–	7

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

WOOLWORTHS RESTRICTED SHARE PLAN (RSP)

The Group operates a restricted share plan, ownership of these shares vests with Woolworths Proprietary Limited until service conditions are met by the employees.

Shares granted in terms of the RSP meet the definition of an equity-settled share-based payment. The RSP's dated 1 July 2014, 10 October 2014 and 5 January 2015 have performance conditions attached without linear vestings. The full terms and conditions of the scheme 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 R70 million in the current year (2014: R19 million) for the benefit of the participants. The participants will be entitled to the dividends and voting rights on the shares from grant date.

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 and subsequent grants till 02 September 2014	–	50%	25%	25%
9 October 2014 and 9 October 2017	–	100%	–	–
13 November 2014 and 13 November 2019	–	50%	25%	25%
1 January 2015 and 1 January 2019	40%	30%	30%	–
12 February 2015 and 12 February 2020 and subsequent grants	–	50%	25%	25%

	Number of shares 2015	2014
Shares granted to participants		
Balance at the beginning of the year	3 033 435	4 812 287
Purchased	997 787	125 799
Vested	(1 976 882)	(1 824 239)
Forfeited	(54 610)	(80 412)
Balance at the end of the year	1 999 730	3 033 435
Market value at the end of the year (rands)	98.86	77.39
Percentage of shares vested at the end of the year	65.2%	38.0%
Weighted average price per share purchased (rands)	83.26	68.90
Number of participants on RSP	74	60

WOOLWORTHS RESTRICTED SHARE PLAN (RSP) (CONTINUED)

Period of offer	Number of shares 2015	2014	Exercise price	Fair value at grant date
1 January 2010 and 1 January 2015	–	793 280	–	16.89
19 May 2010 and 19 May 2014	–	131 805	–	22.76
19 May 2010 and 19 May 2015	–	628 754	–	23.34
26 August 2010 and 26 August 2015	175 330	350 652	–	24.93
17 February 2011 and 17 February 2016	53 794	215 174	–	25.56
17 May 2011 and 17 May 2016	13 893	27 784	–	28.74
25 August 2011 and 25 August 2016	21 758	43 515	–	34.59
15 May 2012 and 15 May 2017	22 178	44 356	–	48.86
21 May 2012 and 21 May 2017	30 074	60 147	–	49.88
23 August 2012 and 23 August 2017	212 861	212 861	–	60.32
3 October 2012 and 3 October 2017	–	53 052	–	62.20
13 November 2012 and 13 November 2017	114 757	114 757	–	69.63
14 February 2013 and 14 February 2018	28 184	28 184	–	69.19
14 May 2013 and 14 May 2018	60 509	60 509	–	71.25
1 June 2013 and 1 June 2018	104 840	104 840	–	73.92
3 June 2013 and 3 June 2018	37 966	37 966	–	67.17
29 August 2013 and 29 August 2018	67 127	67 127	–	65.16
14 November 2013 and 14 November 2018	58 672	58 672	–	73.18
1 July 2014 and 1 July 2019	162 227	–	–	61.64
28 August 2014 and 28 August 2019	48 212	–	–	80.50
2 September 2014 and 2 September 2019	27 949	–	–	80.50
9 October 2014 and 09 October 2017	258 210	–	–	69.71
13 November 2014 and 13 November 2019	74 330	–	–	78.45
5 January 2015 and 5 January 2019	355 000	–	–	92.14
12 February 2015 and 12 February 2020	28 200	–	–	91.68
14 May 2015 and 14 May 2020	43 659	–	–	98.79
Balance at the end of the year	1 999 730	3 033 435		

BLACK EMPLOYEE ECONOMIC EMPOWERMENT SCHEME

In 2008, the Group's black employee 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 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.

18. ORDINARY SHARE CAPITAL (CONTINUED)

BLACK EMPLOYEE ECONOMIC EMPOWERMENT SCHEME (CONTINUED)

	Number of shares	
	2015	2014
Shares in issue at the beginning of the year	89 192 746	89 164 010
Shares redeemed*	(157 880)	(103 803)
Shares awarded to participants*	82 387	132 539
Shares in issue at the end of the year	89 117 253	89 192 746
Percentage of shares vested at the end of the year	100.0%	69.0%
Weighted average fair value per instrument at grant date (rands)	2.76	2.76
Number of active participants on share scheme	5 543	5 875

* A portion of awarded preference shares vests on the death of beneficiaries. The unvested portion of these preference shares are awarded to the residual beneficiary, being Woolworths Holdings Limited and are cancelled.

Vesting occurs over an eight-year period as follows:

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

The scheme reached maturity after year end. Refer to note 38 on events subsequent to the reporting date.

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.

19. SHARE PREMIUM

	2015 Rm	2014 Rm
Balance at the beginning of the year	–	431
Share issues in terms of share incentive schemes	–	246
Conversion to Stated capital (refer to note 18)	–	(677)
Balance at the end of the year	–	–

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

20. RESERVES

	2015 Rm	2014 Rm
NON-DISTRIBUTABLE RESERVE		
Foreign currency translation reserve	(567)	583
DISTRIBUTABLE RESERVES		
Share-based payment reserve		
Balance at the beginning of the year	885	905
Share-based payments arising from the Group's share incentive schemes	107	(20)
Shares	35	26
Share options and other	73	61
Black employee economic empowerment preference shares	18	29
Tax on share-based payments credited directly to equity	76	53
Transfer between reserves	–	(95)
Settlement of share-based payments	(95)	(94)
Balance at the end of the year	992	885
Financial instrument revaluation reserve		
Interest rate and foreign exchange derivative instruments	121	(99)
Retained profit	4 250	5 906
Company	272	462
Arising on consolidation of subsidiaries	3 978	5 444
Total distributable reserves	5 363	6 692

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 18 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.

21. INTEREST-BEARING BORROWINGS

	2015 Rm	2014 Rm
NON-CURRENT		
Long-term loan	14 878	584
Finance lease liabilities (refer to note 32)	17	15
Other loans	27	24
	14 922	623
CURRENT		
Long-term loan	–	139
Finance lease liabilities (refer to note 32)	12	12
Bank overdrafts (refer to note 30.4)	–	7 876
Other loans	184	12
	196	8 039

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 27.2.

R10 billion was raised in South Africa in the current year, of which R3 billion matures in 2018, R3 billion in 2019 and R4 billion in 2020. Interest is payable quarterly linked to the 3-month Jibar rate.

In addition, Australian dollar denominated debt of A$540 million (R5 364 million) was raised by the Australian entities. A$416 million matures in 2018 and A$124 million in 2019 with interest payable quarterly linked to the Australian Bank Bill Swap Bid Rate (BBSY). The existing Australian long-term debt outstanding at the beginning of the financial year was settled simultaneously. Short-term loans relate to working capital funding in Australia at year end.

Refer to note 17 for details of the related interest rate swap contracts.

Finance lease liabilities are measured at amortised cost at an average effective rate of 10.6% (2014: 11.0%). Maturity periods vary between one and five years (refer to note 32). 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 R29 million (2014: R27 million) at the end of the year. The assets have been pledged as collateral for the respective lease liabilities.

Refer to note 27.4 for the Group's liquidity risk management policies.

22. TRADE AND OTHER PAYABLES

	2015 Rm	2014 Rm
NON-CURRENT		
Operating lease accrual and fair value lease adjustment	2 037	614
	2 037	614
CURRENT		
Trade payables	4 060	2 665
Other payables	3 639	1 954
Operating lease accrual and fair value lease adjustment	122	6
	7 821	4 625

As a result of the David Jones acquisition, leases were determined to be unfavourable in comparison to market-related rentals, and accordingly, have been disclosed separately as liabilities on the statement of financial position. Included in the operating lease accrual and fair value lease adjustment are R1 471 million non-current liabilities and R122 million current liabilities. These will unwind over the duration of the leases through the statement of comprehensive income. Refer to note 36.

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 excluding operating lease accrual and fair value lease adjustment.

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23. RETIREMENT BENEFIT INFORMATION

Woolworths permanent employees under the age of 63 (2014: 63) 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 28 February 2014, confirmed the fund's financial soundness. The annual review as at 28 February 2015 is in the process of being completed and will be available during September 2015.

Country Road Proprietary 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 R641 million (2014: R369 million). Refer to note 3.5.

Woolworths subsidises a portion of the medical aid contributions of retired employees who joined the healthcare fund before 1 November 2000. Woolworths 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 (2014: nil). The discount rate used to value the liability at 28 June 2015 is 9.1% (2014: 8.9%) per annum.

At 28 June 2015, the accrued liability amounted to R374 million (2014: 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. Woolworths has not funded the liability.

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

	2015 Rm	2014 Rm
Funding liability at the beginning of the year	349	338
Current service cost	4	4
Interest on obligation	30	28
Past service cost	–	(13)
Employer contributions	(17)	(16)
Actuarial loss before tax	8	8
Actuarial gain due to membership changes and mortality	–	(3)
Actuarial gain due to actual subsidy increase being lower than expected	(1)	–
Actuarial loss due to expected contributions in excess of actual contributions	–	3
Actuarial loss due to changes in demographic assumptions	–	8
Actuarial loss due to changes in financial assumptions	9	–
Funding liability at the end of the year	374	349

	2015 Rm	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Funding liability	374	349	338	349	308
Funding deficit	374	349	338	349	308
Actuarial loss/(gain) on funding liability, before tax	8	8	(31)	21	(9)

The following undiscounted payments are expected contributions to be made in future years in respect of the defined benefit plan obligation:

	2015 Rm	2014 Rm
Within 12 months	19	18
Between 1 and 5 years	93	111
Between 5 and 10 years	161	157
Beyond 10 years	222	211
Total expected payments	495	497

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23. RETIREMENT BENEFIT INFORMATION (CONTINUED)

A one percentage point increase or decrease in the assumed medical inflation rate of 8.5% (2014: 8.1%) would have the following effect:

2015			
Medical inflation assumption	8.5%	7.5%	9.5%
Service cost for the year- ended June 2015	4	3	5
Interest cost for the year-ended June 2015	30	27	35
Accrued liability at June 2015	374	331	426
2014			
Medical inflation assumption	8.1%	7.1%	9.1%
Service cost for the year-ended June 2014	4	3	5
Interest cost for the year-ended June 2014	28	25	32
Accrued liability at June 2014	349	309	398

A 0.5 percentage point increase or decrease in the discount rate of 9.1% (2014: 8.9%) would have the following effect:

2015			
Discount rate assumption	9.1%	8.6%	9.6%
Accrued liability at June 2015	374	399	352
2014			
Discount rate assumption	8.9%	8.4%	9.4%
Accrued liability at June 2014	349	372	328

A one year increase or decrease in the retirement age of 63 (2014: 63) would have the following effect:

2015			
Retirement age assumption	63	62	64
Accrued liability at June 2015	374	378	370
2014			
Retirement age assumption	63	62	64
Accrued liability at June 2014	349	346	352

24. PROVISIONS

NON-CURRENT	Leave pay Rm	Provision for onerous lease commitments Rm	Employee benefits Rm	Other Rm	Total 2015 Rm	Total 2014 Rm
Balance at the beginning of the year	–	–	–	–	–	–
Aquired/raised	50	28	132	–	210	–
Utilised	–	–	–	–	–	–
Foreign exchange rate differences	–	(3)	(10)	–	(13)	–
Balance at the end of the year	50	25	122	–	197	–

CURRENT	Leave pay Rm	Provision for onerous lease commitments Rm	Employee benefits Rm	Other Rm	Total 2015 Rm	Total 2014 Rm
Balance at the beginning of the year	281	1	60	19	361	297
Aquired/raised	276	48	482	100	906	310
Utilised	(284)	–	(176)	(46)	(506)	(246)
Foreign exchange rate differences	(6)	(4)	(10)	(3)	(23)	–
Balance at the end of the year	267	45	356	70	738	361

24. PROVISIONS (CONTINUED)

LEAVE PAY

The leave pay provision is calculated using the estimated number of leave days due to employees 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 provision for onerous lease commitments 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 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. The provision also includes a portion of Country Road Group's long term incentives scheme.

OTHER

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

	2015 Rm	2014 Rm
25. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure not accrued at the reporting date:		
Contracted for	208	408
Not contracted for	3 428	2 272
	3 636	2 680
This capital expenditure will be financed by cash generated from the Group's activities and available cash.		
Acquisition of David Jones Limited	–	21 604
Acquisition of non-controlling interests	–	2 129
Acquisition of franchise operations	–	32
	3 636	26 445

26. 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.

27. 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 movements in market interest rates as well as whether there are any deviations from treasury policy and 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. David Jones Proprietary Limited's credit risk is managed by an Audit and Risk Committee attended by four directors of the Woolworths Holdings Limited Board. Country Road Proprietary Limited's credit risk is managed by an Audit and Risk Committee attended by three directors of the Woolworths Holdings Limited Board.

27.1 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 its 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, contracts for differences as well as trade payables at 28 June 2015 are summarised below. These amounts represent the net rand equivalent of Group commitments to purchase and sell foreign currencies.

	Contract foreign currency amount m	Rand equivalent Rm	Average rate R	Fair value adjustment Rm
2015				
FORWARD EXCHANGE CONTRACTS				
US Dollar	470	5 630	12.17	211
British Pound	2	42	19.35	–
Euro	18	248	14.09	(1)
		5 920		210
TRADE PAYABLES				
US Dollar (closing rate)	36	435	12.21	18
2014				
FORWARD EXCHANGE CONTRACTS				
US Dollar	383	4 235	11.05	(104)
British Pound	3	52	17.67	2
Euro	3	53	15.03	(1)
		4 340		(103)
CONTRACTS FOR DIFFERENCES				
Australian Dollar	950	9 564	10.07	(54)
TRADE PAYABLES				
US Dollar (closing rate)	28	296	10.58	(7)

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27.1 FOREIGN CURRENCY MANAGEMENT (CONTINUED)

At 28 June 2015, the Group held 1 177 (2014: 614) forward exchange contracts in order to hedge expected future purchases from suppliers outside South Africa, for which the Group has firm commitments. Of these, 1 046 (2014: 244) are designated cash flow hedges in an effective hedging relationship.

In the prior year, the Group held three contracts for differences designated as hedges of expected future settlements to be made related to the purchase of subsidiaries. All three were designated cash flow hedges in an effective hedging relationship.

The cash flow hedges resulted in a net unrealised gain of R204 million (2014: R130 million loss) with a related deferred tax liability of R60 million (2014: R23 million asset), which was included in the financial instrument revaluation reserve in respect of these contracts.

The remaining 131 (2014: 370) forward exchange contracts are not designated as cash flow hedges. At year-end, an unrealised gain of R1 million (2014: R31 million loss) 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	
	2015	2014	2015	2014
US Dollar/Rand	11.45	10.37	12.21	10.58
Australian Dollar/Rand	9.53	9.51	9.35	9.96

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 profit and equity of the Group at the reporting date. The Group's exposure to other currencies is not considered to be material (refer below for 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
2015			
US DOLLAR			
Foreign creditors	+5	22	–
	-5	(22)	–
Forward exchange contracts	+5	(9)	(261)
	-5	9	261
2014			
US DOLLAR			
Foreign creditors	+5	12	–
	-5	(12)	–
Forward exchange contracts	+5	(68)	(108)
	-5	68	108
AUSTRALIAN DOLLAR	+5	–	(476)
Contracts for difference	-5	–	476

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.1 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.

	2015 Rm	2014 Rm
The Group has unhedged interests in foreign subsidiaries of:		
Australian Dollar	17 928	2 844

This risk is not hedged. The Group's exposure to its African subsidiaries is not considered material.

A change in the Group's material translational foreign currencies, with all other variables being equal, will increase or decrease the 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
2015		
Australian Dollar	+5	(896)
	-5	896
2014		
Australian Dollar	+5	(142)
	-5	142

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. The Group has an offset agreement in respect of its overdraft facilities.

	2015 Rm	2014 Rm
Foreign cash balances/(overdrafts) are concentrated in the following major currencies:		
US Dollar	(113)	(90)
Australian Dollar	269	808
	156	718

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
2015		
Australian Dollar	+5	(13)
	-5	13
2014		
Australian Dollar	+5	(40)
	-5	40

27.2 INTEREST RATE MANAGEMENT

The Group's interest rate risk arises from interest-bearing borrowings, derivative financial instruments, 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 financial instruments such as interest rate swaps and collars.

The Group has entered into long term debt with the interest payable linked to various floating interbank rates. The Group has swapped approximately 60% of floating rate exposure for fixed rates.

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 profit 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 profit and equity.

	Movement in basis points	Decrease/ (increase) in profit before tax Rm	Decrease/ (increase) in other comprehensive income Rm
2015			
Interest-bearing borrowings	+50	76	–
	-50	(76)	–
Interest rate swaps	+50	(49)	(135)
	-50	49	135
Cash and cash equivalents	+50	(4)	–
	-50	4	–
2014			
Interest-bearing borrowings	+50	4	–
	-50	(4)	–
Interest rate swaps	+50	(1)	(3)
	-50	1	3
Bank overdrafts	+50	39	–
	-50	(39)	–
Cash and cash equivalents	+50	(48)	–
	-50	48	–

As at the reporting date, the South African prime interest rate is 9.25% (2014: 9.0%). Jibar is 6.14% (2014: 5.83%). The Australian prime interest rate is 2.0% (2014: 2.5%).

The variable interest rate pricing profile at 28 June 2015 is summarised as follows:

	2015		2014	
	Rm	Effective interest rate %	Rm	Effective interest rate %
INTEREST-BEARING BORROWINGS				
Long-term loans	14 878	3.5 – 8.8	723	5.8
Other loans	211	3.4 – 10.5	36	5.2 – 10.5
Bank overdrafts	–	–	7 876	6.5
% of total borrowings	100%		100%	

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 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
2015					
Long-term loan	–	–	–	14 878	–
Other loans	–	178	6	27	–
2014					
Long-term loan	–	65	74	584	–
Other loans	–	–	12	24	–

27.3 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 27.5.

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 property-related and franchise 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 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:

	2015		2014	
	Rating	Rm	Rating	Rm
FINANCIAL ASSETS				
Participation in export partnerships	High grade	19	High grade	30
Other loans	High grade	55	High grade	106
Trade and other receivables	High grade	609	High grade	604
Derivative financial instruments	High grade	301	High grade	23
Cash and cash equivalents	High grade	891	High grade	9 542

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.

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27.4 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 financial liabilities are measured at fair value and are 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 and debt facilities.

	2015 Rm	2014 Rm
BANKING AND DEBT FACILITIES:		
Total banking and debt facilities	22 593	12 108
Less: Drawn down portion	(15 491)	(8 927)
Total undrawn banking and debt facilities	7 102	3 181

All facilities and any security provided are required to be approved by the Board.

The Group's policy is to maintain appropriate committed and uncommitted banking and debt 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
2015					
Interest-bearing borrowings	–	396	659	17 263	–
Forward exchange contracts	–	4	3	–	–
Interest rate swaps	–	21	76	218	–
Trade and other payables	498	6 658	20	–	–
2014					
Interest-bearing borrowings	–	110	124	541	–
Trade and other payables	225	2 966	147	–	–
Bank overdrafts	–	7 876	–	–	–
Forward exchange contracts	–	39	74	–	–
Contracts for differences	–	68	–	–	–
Interest rate swaps	–	–	5	–	–

BORROWING CAPACITY

In terms of the Memorandum of Incorporation the Group has unlimited borrowing powers.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.5 FINANCIAL INSTRUMENTS BY CATEGORY

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

	Note	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
2015						
Assets as per statement of financial position						
Participation in export partnerships	12	19	–	–	–	19
Other loans	13	55	–	–	–	55
Trade and other receivables	16	609	–	–	442	1 051
Derivative financial instruments	17	–	–	301	–	301
Cash and cash equivalents	30.4	891	–	–	–	891
Total		1 574	–	301	442	2 317

	Note	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	21	15 089	–	–	29	15 118
Bank overdrafts		–	–	–	–	–
Trade and other payables	22	7 531	–	–	2 327	9 858
Derivative financial instruments	17	–	1	98	–	99
Total		22 620	1	98	2 356	25 075

	Note	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
2014						
Assets as per statement of financial position						
Participation in export partnerships	12	30	–	–	–	30
Other loans	13	106	–	–	–	106
Trade and other receivables	16	604	–	–	463	1 067
Derivative financial instruments	17	–	2	21	–	23
Cash and cash equivalents	30.4	9 542	–	–	–	9 542
Total		10 282	2	21	463	10 768

27.5 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Note	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	21	747	–	–	27	774
Bank overdrafts	30.4	7 876	–	–	–	7 876
Trade and other payables	22	4 403	–	–	836	5 239
Derivative financial instruments	17	–	34	151	–	185
Total		13 026	34	151	863	14 074

27.6 GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

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

	Fair value measurement Rm	Investment income Rm	Interest expense Rm	Impairment loss Rm	Total Rm
2015					
Loans and receivables	–	116	–	3	119
Financial liabilities at amortised cost	–	–	(1 494)	–	(1 494)
Financial instruments at fair value through profit or loss	(8)	–	–	–	(8)
Derivatives used as hedging instruments	325	–	–	–	325
Total	317	116	(1 494)	3	(1 058)
2014					
Loans and receivables	–	112	–	–	112
Financial liabilities at amortised cost	–	–	(136)	–	(136)
Financial instruments at fair value through profit or loss	50	–	–	–	50
Derivatives used as hedging instruments	(239)	–	–	–	(239)
Total	(189)	112	(136)	–	(213)

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

The gains/(losses) on financial instruments recognised within other comprehensive income comprises of:

	2015 Rm	2014 Rm
Forward exchange contracts	407	(67)
Contracts for differences	(167)	(54)
Interest rate swaps and collars	(81)	1
Reclassified to non financial assets	94	(122)
Reclassified to profit or loss	72	3
Fair value adjustments on financial instruments	325	(239)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses a three-level hierarchy to categorise 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 the Group's financial instruments carried at fair value:

	Fair value measurement using	Carrying amount 2015 Rm	Carrying amount 2014 Rm	Fair value 2015 Rm	Fair value 2014 Rm
FINANCIAL ASSETS					
Derivative financial instruments					
Forward exchange contracts	Level 2	219	9	219	9
Contracts for differences	Level 2	–	14	–	14
Interest rate swaps and collars	Level 2	82	–	82	–
FINANCIAL LIABILITIES					
Derivative financial instruments					
Forward exchange contracts	Level 2	7	112	7	112
Contracts for differences	Level 2	–	68	–	68
Interest rate swaps and collars	Level 2	91	5	91	5

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment-grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts, and contracts for differences. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying index. The carrying amount of all forward exchange contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. At 28 June 2015, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

28. MANAGEMENT OF CAPITAL

The Group considers stated capital (note 18) and non-distributable and distributable reserves (note 20) 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 repurchase 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), which has been based on average equity and headline earnings.

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

	2015	2014
Return on equity	31.7%	45.1%

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.

29. DIVIDENDS TO SHAREHOLDERS

	2015 Rm	2014 Rm
ORDINARY SHAREHOLDERS:		
Dividend no. 33 of 148.0 cents per share* was declared on 28 August 2013 and paid on 23 September 2013	–	1 251
Less: Dividend received on treasury shares	–	(125)
Dividend no. 34 of 101.0 cents per share* was declared on 12 February 2014 and paid on 10 March 2014	–	855
Less: Dividend received on treasury shares	–	(85)
Dividend no. 35 of 150.5 cents per share* was declared on 27 August 2014 and paid on 15 September 2014	1 275	–
Less: Dividend received on treasury shares	(127)	–
Dividend no. 36 of 96.5 cents per share was declared on 11 February 2015 and paid on 9 March 2015	980	–
Less: Dividend received on treasury shares	(81)	–
PREFERENCE SHAREHOLDERS:		
Dividend no. 13 of 148.0 cents per share* was declared on 28 August 2013 and paid on 23 September 2013	–	132
Less: Dividend accruing to the holding company	–	(70)
Dividend no. 14 of 101.0 cents per share* was declared on 12 February 2014 and paid on 10 March 2014	–	90
Less: Dividend accruing to the holding company	–	(49)
Dividend no. 15 of 150.5 cents per share* was declared on 27 August 2014 and paid on 15 September 2014	134	–
Less: Dividend accruing to the holding company	(73)	–
Dividend no. 16 of 96.5 cents per share was declared on 11 February 2015 and paid on 9 March 2015	86	–
Less: Dividend accruing to the holding company	(48)	–
Total net dividends paid	2 146	1 999

Dividend no. 37 of 150.5 cents per share was declared to ordinary shareholders on 26 August 2015.

* These dividends per share measures have not been restated to reflect the bonus element arising from the rights offer.

30. CASH FLOW INFORMATION

30.1 CASH INFLOW FROM TRADING

	2015 Rm	2014 Rm
Profit before tax	4 432	4 104
Investment income	(116)	(112)
Earnings from joint ventures	(221)	(181)
Earnings from associate	(2)	(4)
Depreciation and amortisation	1 526	872
Loss on disposal of property, plant and equipment and intangible assets and investment properties	19	15
Profit on disposal of investment properties	–	(50)
Impairment of property, plant and equipment and intangible assets	384	24
Finance costs	1 494	136
Movement in other provisions and post-retirement medical benefit liability	260	37
Share-based payments	127	116
Operating lease accrual	(54)	97
Fair value lease adjustment	(95)	–
Transaction and integration costs	258	182
Foreign exchange loss	4	139
Net inflow from trading	8 016	5 375

30.2 WORKING CAPITAL MOVEMENTS

	2015 Rm	2014 Rm
Increase in inventories	(880)	(448)
Increase in trade and other receivables	(53)	(166)
Increase in trade and other payables	276	207
Net outflow	(657)	(407)

30.3 TAX PAID

	2015 Rm	2014 Rm
NORMAL AND FOREIGN TAX		
Amounts owing at the beginning of the year (net)	(180)	(102)
Amounts charged to profit or loss	(1 573)	(1 188)
Amounts credited to share-based payment reserve	89	71
Foreign currency translation reserve	(16)	(8)
Arising from business combinations	431	–
Amounts receivable at the end of the year	(209)	(9)
Amounts owing at the end of the year	259	189
Cash amounts paid	(1 199)	(1 047)

30. CASH FLOW INFORMATION (CONTINUED)

30.4 NET CASH AND CASH EQUIVALENTS

	2015 Rm	2014 Rm
Cash – interest-earning		
Local – variable at interest rates of 0% to 3.0% (2014: 0% to 3.0%)	588	516
Local – dividend account at an interest rate of 0% to 3.0% (2014: 0% to 3.0%)	3	4
Foreign – variable at interest rates of 0% to 2.75% (2014: 0% to 3.25%)	300	1 033
Local short-term interest-bearing deposits – variable interest at a current interest rate of 5.70% (2014: 5.84%) maturing between one and three months	–	7 989
Cash and cash equivalents	891	9 542
Local bank overdrafts – variable interest at an interest rate of 6.5% (2014: 6.5%)	–	(7 876)
Net cash and cash equivalents	891	1 666

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

31. OPERATING LEASES

The Group has entered into various operating lease agreements on premises. Leased premises are contracted for remaining periods of between one and 12 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.

31.1 OPERATING LEASE COMMITMENTS

	2015 Rm	2014 Rm
Land and buildings:		
Within one year	2 942	2 120
Within two to five years	9 212	5 898
Thereafter	11 313	2 718
	23 467	10 736

31.2 FUTURE MINIMUM SUB-LEASE PAYMENTS EXPECTED TO BE RECEIVED FROM FRANCHISEES AND OTHER TENANTS UNDER NON-CANCELLABLE OPERATING LEASES AS PRINCIPAL LESSOR AT 28 JUNE

	2015 Rm	2014 Rm
Land and buildings:		
Within one year	5	5
Within two to five years	2	7
	7	12

31.3 FUTURE MINIMUM SUB-LEASE PAYMENTS EXPECTED TO BE RECEIVED FROM FRANCHISEES AND OTHER TENANTS UNDER NON-CANCELLABLE OPERATING LEASES AS LESSOR AT 28 JUNE

	2015 Rm	2014 Rm
Land and buildings:		
Within one year	8	8
Within two to five years	12	20
	20	28

The operating lease accrual of R566 million (2014: R620 million) represents the difference between the cash flow impact and profit or loss impact of the above leases (refer to note 22).

Contingent rent payable is calculated based on turnover level. The amount recognised in profit or loss was R197 million (2014: R173 million).

The total minimum lease payments during the year amount to R4 075 million (2014: R2 081 million).

The total minimum lease payments received during the year amount to R16 million (2014: R24 million).

32. FINANCE LEASES

The Group has entered into finance leases for motor vehicles and computer equipment. These leases have renewal terms of 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:

	2015		2014	
	Minimum payments Rm	Present value of payments Rm	Minimum payments Rm	Present value of payments Rm
Within one year	13	12	12	12
Between one and five years	19	17	17	15
Total minimum lease payments	32	29	29	27
Less amounts representing finance charges	(3)	–	(2)	–
Present value of minimum lease payments	29	29	27	27

33. ACQUISITION OF FRANCHISE OPERATIONS

The Group acquired five previously franchised stores in South Africa for a total purchase consideration of R39 million. In the prior year, nine previously franchised stores in South Africa and 33 in the rest of Africa were acquired for a total purchase consideration of R425 million.

	2015		2014	
	Number of stores	Cost	Number of stores	Cost
29 December 2014 to 28 June 2015	–	–	–	–
30 June 2014 to 28 December 2014	5	39	–	–
30 December 2013 to 29 June 2014	–	–	41	415
1 July 2013 to 29 December 2013	–	–	1	10
	5	39	42	425

	2015 Rm	2014 Rm
Fair value of assets acquired at the date of acquisition		
Property, plant and equipment	4	18
Reacquired rights	9	67
Deferred tax liability	(3)	(19)
	10	66
Goodwill arising on acquisition		
Consideration	39	425
Less: fair value of identifiable net assets acquired	(10)	(66)
	29	359
Goodwill of R29 million (2014: R359 million) comprises the fair value of intangible assets that do not qualify for separate recognition, and represents growth and synergies expected to accrue from the acquisitions.		
Purchase consideration		
Consideration	39	425
Prior year amount paid/(accrued)	29	(29)
Cash outflow	68	396

From the dates of the acquisitions, R74 million of additional revenue and R17 million profit before tax has accrued. Had the acquisitions been effective from the beginning of the year, the directors consider that, on a pro-forma basis, the contribution to revenue and profit before tax for the 52 weeks ended 28 June 2015 would have been a further R2 million and R1 million respectively.

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34. INVESTMENT IN JOINT VENTURES

The Group has the following interests in joint ventures:

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

The reporting periods of WFS and Nedglen are 1 January to 31 December and 1 July to 30 June respectively.

The following amounts represent the assets and liabilities, income and expenses of the material joint venture, WFS:

	2015 Rm	2014 Rm
Assets		
Current assets, including cash and cash equivalents of R72 million (2014: R72 million)	7 320	8 501
Non-current assets	2 364	319
	9 684	8 820
Liabilities		
Current liabilities, including financial liabilities of R11 million (2014: R160 million)	(184)	(179)
Non-current liabilities, including financial liabilities of R7 700 million (2014: R7 021 million)	(7 730)	(7 054)
	(7 914)	(7 233)
Equity	1 770	1 587
Group proportionate ownership	50%	50%
Group carrying amount of investment	885	794
Summarised statement of comprehensive income:		
Revenue (including gross investment income of R 1 718 million (2014: R1 473 million))	1 893	1 685
Operating costs (including depreciation of R27 million (2014: R25 million)) and interest expense of R497 million (2014: R416 million))	1 280	1 182
Profit before tax	613	503
Tax	171	141
Total comprehensive income	442	362
Group proportionate share	221	181
The Group's proportionate ownership of Nedglen is:	6	5
Total investment in joint ventures	891	799
The following dividends were received during the year:		
Woolworths Financial Services Proprietary Limited	129	95

The Group's share of Nedglen profits amounted to R0.8 million (2014: R0.3 million) and other comprehensive income of nil in both years.

The Group's share of the capital commitment of the joint ventures is nil.

The increase in net assets is after dividends earned.

35. NON-CONTROLLING INTERESTS IN SUBSIDIARIES

COUNTRY ROAD LIMITED

The Group acquired the remaining 12.12% shares in Country Road Limited (Country Road Group) for a cash consideration of A$213 million (R2.1 billion). As a wholly-owned subsidiary within the Group, Country Road Group was delisted from the Australian Securities Exchange (ASX). The full ownership was a logical step to unlocking the regional synergy opportunities between David Jones and Country Road Group, transforming the Group into a leading southern hemisphere retailer. The acquisition was funded by new Australian debt facilities.

	2015 Rm	2014 Rm
Profit allocated to non-controlling interests	(1)	80
Dividends paid to non-controlling interest during the year	–	73
Accumulated balance of non-controlling interest before repurchase	262	263
Other comprehensive income allocated to non-controlling interests	3	
Purchase of non controlling interests	(265)	
Accumulated balance of non-controlling interests after repurchase	–	

WOOLIES (ZAMBIA) LIMITED

The Group acquired the remaining 49% shareholding in Woolies (Zambia) Limited not already owned by the WHL Group for a total purchase consideration of R29 million, of which R21 million represented their accumulated balance of non-controlling interests before repurchase.

36. ACQUISITION OF DAVID JONES LIMITED

On 1 August 2014, Woolworths Holdings Limited (WHL), through its subsidiaries, Osiris Holdings Proprietary Limited and Vela Investments Proprietary Limited, acquired all of the ordinary shares of David Jones Limited (David Jones) for a total value of A$2.1 billion (R21.4 billion).

The acquisition was funded by cash of R10 billion, A$264 million (R2.5 billion) Australian senior debt and a R9.9 billion equity bridge loan. The equity bridge loan was repaid out of the proceeds of a rights offer completed on 2 October 2014.

ASSETS ACQUIRED AND LIABILITIES ASSUMED

WHL has measured the identifiable assets and liabilities of David Jones at their acquisition-date fair values. The values are presented below:

	Rm	A$m
Non-current assets	17 616	1 770
Property, plant and equipment	10 703	1 076
Intangible assets	6 042	607
Fair value lease adjustment	95	9
Deferred tax	776	78
Current assets	2 499	251
Inventories	1 675	168
Trade and other receivables	236	24
Tax	431	43
Cash and cash equivalents	157	16
Non-current liabilities	1 815	182
Fair value lease adjustment	1 685	169
Provisions	130	13
Current liabilities	4 489	451
Trade and other payables	2 986	300
Provisions	233	24
Fair value lease adjustment	134	13
Derivative financial instruments	7	1
Interest-bearing borrowings	1 129	113
Total identifiable net assets at fair value	13 811	1 388
Goodwill arising from acquisition	7 793	761
Purchase consideration	21 604	2 149
Purchase consideration transferred	21 383	2 149
Cost of hedging instrument	221	–
Cash and cash equivalents acquired	(157)	(16)
Cash outflow on acquisition	21 447	2 133

Goodwill of A$760.5 million (R7.8 billion) and the David Jones brand amounting to A$583.5 million (R5.8 billion) have been recognised. Goodwill represents the value paid in excess of the fair value of net assets and consists largely of synergies and economies of scale expected from strategic initiatives. Transaction costs of R247 million have been expensed in the current period and are included in other operating costs.

As a result of the acquisition, leases were determined to be either favourable or unfavourable in comparison to market-related rentals, and accordingly, have been disclosed separately as assets or liabilities on the statement of financial position. Included in the operating lease accrual and fair value lease adjustment are R1.5 billion non-current liabilities and R122 million current liabilities on the statement of financial position. These will unwind over the duration of the leases through the statement of comprehensive income.

The Australian dollar values have been translated at the closing exchange rate at 1 August 2014 of A$1:R9.95.

37. RESTATEMENT OF COMPARATIVE FIGURES AND ADDITIONAL DISCLOSURES

37.1 EARNINGS PER SHARE

Earnings per share, dividend per share and other related share measures have been restated to reflect the bonus element arising from the rights offer (refer to notes 5 and 6).

37.2 TURNOVER AND CONCESSION SALES

Turnover and concession sales includes the sale of goods by concession operators. *Turnover* excludes concession sales on the basis that the inventory sold is owned by the concession operator at the time of sale. The Group's share of concession sales is recognised as other revenue at the time the sale is made.

38. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 30 June 2015, the Group's black employee economic empowerment share ownership scheme reached maturity. 38 406 566 preference shares converted into 24 345 647 ordinary shares based on the five-day volume weighted WHL share price of R 98.855. Settlements to scheme participants are expected in August 2015.

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39. SEGMENTAL INFORMATION

39.1 PRIMARY SEGMENTATION BASED ON NATURE OF BUSINESS AND RETAIL CHAIN

2015		Woolworths							
	Total Rm	Clothing and General Merchandise Rm	Food Rm	Logistics Rm	David Jones Rm	Country Road Group Rm	Woolworths Financial Services Rm	Treasury Rm	Intagroup Rm
OPERATING RESULTS									
Revenue	58 069	12 518	22 445	444	13 642	9 120	–	100	(200)
Turnover	56 506	12 499	22 352	444	12 130	9 081	–	–	–
Cost of sales	33 356	6 574	16 598	444	6 357	3 544	–	–	(161)
Gross profit	23 150	5 925	5 754	–	5 773	5 537	–	–	161
Other revenue	1 447	19	93	–	1 501	34	–	–	(200)
Expenses	19 010	3 821	4 268	–	6 185	4 526	–	249	(39)
Segmental operating profit	5 587	2 123	1 579	–	1 089	1 045	–	(249)	–
Investment income	116	–	–	–	11	5	–	100	–
Finance costs	1 494	–	–	–	51	39	–	1 404	–
Earnings from Woolworths Financial Services joint venture	221	–	–	–	–	–	221	–	–
Earnings from associate and property joint venture	2	1	1	–	–	–	–	–	–
Profit before tax	4 432	2 124	1 580	–	1 049	1 011	221	(1 553)	–
Return on equity	31.7%								

2014		Woolworths							
	Total Rm	Clothing and General Merchandise Rm	Food Rm	Logistics Rm	David Jones Rm	Country Road Group Rm	Woolworths Financial Services Rm	Treasury Rm	Intragroup Rm
OPERATING RESULTS									
Revenue	39 944	11 523	19 767	418	–	8 145	–	91	–
Turnover	39 707	11 505	19 694	418	–	8 090	–	–	–
Cost of sales	24 209	6 132	14 711	418	–	3 081	–	–	(133)
Gross profit	15 498	5 373	4 983	–	–	5 009	–	–	133
Other revenue	125	18	73	–	–	34	–	–	–
Expenses	11 680	3 484	3 768	–	–	4 113	–	182	133
Segmental operating profit	3 943	1 907	1 288	–	–	930	–	(182)	–
Investment income	112	–	–	–	–	21	–	91	–
Finance costs	136	–	–	–	–	60	–	76	–
Earnings from Woolworths Financial Services joint venture	181	–	–	–	–	–	181	–	–
Earnings from associate and property joint venture	4	2	2	–	–	–	–	–	–
Profit before tax	4 104	1 909	1 290	–	–	891	181	(167)	–
Return on equity	45.1%								

The Group's revenue 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.

Revenue arises 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.

David Jones represents the Group's results of its Australian subsidiary.

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

Intragroup adjustments relate to the sale of concession goods between segments and supply chain distribution adjustments.

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39. SEGMENTAL INFORMATION (CONTINUED)

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

2015	Total Rm	Woolworths Rm	David Jones Rm	Country Road Group Rm	Woolworths Financial Services Rm	Treasury Rm	Intragroup Rm
STATEMENTS OF FINANCIAL POSITION							
Property, plant and equipment, investment properties, intangible assets and loans	30 312	5 910	20 630	3 772	–	–	–
Inventories	5 881	2 912	1 864	1 105	–	–	–
Trade and other receivables and derivative financial assets	1 428	627	396	405	–	–	–
Cash and cash equivalents	891	591	186	114	–	–	–
Segment assets	38 512	10 040	23 076	5 396	–	–	–
Investment in joint ventures	891	6	–	–	885	–	–
Investment in associate	3	3	–	–	–	–	–
Tax and deferred tax assets	2 049	763	1 063	223	–	–	–
Total assets	41 455	10 812	24 139	5 619	885	–	–
Trade and other payables, provisions and other non-current liabilities	11 265	4 853	4 977	1 435	–	–	–
Borrowings	15 118	61	–	178	–	14 879	–
Segment liabilities	26 383	4 914	4 977	1 613	–	14 879	–
Tax and deferred tax liabilities	775	302	252	221	–	–	–
Total liabilities	27 158	5 216	5 229	1 834	–	14 879	–
Debt ratio	36.5%						
Depreciation and amortisation	1 526	768	529	229	–	–	–
Impairment of property, plant and equipment and intangible assets	384	2	378	4	–	–	–
Share-based payment expense	127	124	2	1	–	–	–
Capital expenditure – gross additions*	2 891	1 422	504	965	–	–	–
Capital commitments	3 636	2 032	1 017	587	–	–	–
Shareholding		100.0%	100.0%	100.0%	50.0%	100.0%	

2014	Total Rm	Woolworths Rm	David Jones Rm	Country Road Group Rm	Woolworths Financial Services Rm	Treasury Rm	Intragroup Rm
STATEMENTS OF FINANCIAL POSITION							
Property, plant and equipment, investment properties, intangible assets and loans	6 601	4 333	–	2 268	–	–	–
Inventories	3 436	2 433	–	1 003	–	–	–
Trade and other receivables and derivative financial assets	1 090	937	–	153	–	–	–
Cash and cash equivalents	9 542	880	–	836	–	7 989	(163)
Segment assets	20 669	8 583	–	4 260	–	7 989	(163)
Investment in joint ventures	799	5	–	–	794	–	–
Investment in associate	2	2	–	–	–	–	–
Tax and deferred tax assets	799	559	–	240	–	–	–
Total assets	22 269	9 149	–	4 500	794	7 989	(163)
Trade and other payables, provisions and other non-current liabilities	6 134	4 666	–	1 416	–	52	–
Borrowings	8 662	64	–	722	–	8 039	(163)
Segment liabilities	14 796	4 730	–	2 138	–	8 091	(163)
Tax and deferred tax liabilities	521	304	–	217	–	–	–
Total liabilities	15 317	5 034	–	2 355	–	8 091	(163)
Debt ratio	38.9%						
Depreciation and amortisation	872	645	–	227	–	–	–
Impairment of property, plant and equipment and intangible assets	24	24	–	–	–	–	–
Share-based payment expense	116	116	–	–	–	–	–
Capital expenditure – gross additions*	1 939	1 552	–	387	–	–	–
Capital commitments	26 445	25 490	–	955	–	–	–
Shareholding		100.0%		87.9%	50.0%	100.0%	

* Excluding the David Jones acquisition.

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39. SEGMENTAL INFORMATION (CONTINUED)

39.2 SECONDARY SEGMENTATION BASED ON GEOGRAPHIC LOCATION OF CUSTOMERS AND ASSETS

2015

	Total Rm	Woolworths: Clothing and General Merchandise Rm	Woolworths: Food Rm	Woolworths: Logistics Rm	David Jones Rm	Country Road Group Rm	Woolworths Financial Services Rm	Treasury Rm	Intragroup Rm
Revenue									
South Africa	35 095	12 226	21 521	444	–	1 004	–	100	(200)
BNS***	703	237	466	–	–	–	–	–	–
Rest of Africa and Middle East	513	55	458	–	–	–	–	–	–
Australasia	21 758	–	–	–	13 642	8 116	–	–	–
	58 069	12 518	22 445	444	13 642	9 120	–	100	(200)
Turnover									
South Africa	35 083	12 207	21 428	444	–	1 004	–	–	–
BNS***	703	237	466	–	–	–	–	–	–
Rest of Africa and Middle East	513	55	458	–	–	–	–	–	–
Australasia	20 207	–	–	–	12 130	8 077	–	–	–
	56 506	12 499	22 352	444	12 130	9 081	–	–	–

2014

	Total Rm	Woolworths: Clothing and General Merchandise Rm	Woolworths: Food Rm	Woolworths: Logistics Rm	David Jones Rm	Country Road Group Rm	Woolworths Financial Services Rm	Treasury Rm	Intragroup Rm
Revenue									
South Africa	31 587	10 670	19 565	418	–	843	–	91	–
BNS***	353	258	95	–	–	–	–	–	–
Rest of Africa and Middle East	702	595	107	–	–	–	–	–	–
Australasia	7 302	–	–	–	–	7 302	–	–	–
	39 944	11 523	19 767	418	–	8 145	–	91	–
Turnover									
South Africa	31 405	10 652	19 492	418	–	843	–	–	–
BNS***	353	258	95	–	–	–	–	–	–
Rest of Africa and Middle East	702	595	107	–	–	–	–	–	–
Australasia	7 247	–	–	–	–	7 247	–	–	–
	39 707	11 505	19 694	418	–	8 090	–	–	–

2015

	Total Rm	Woolworths Rm	David Jones Rm	Country Road Group Rm	Woolworths Financial Services Rm	Treasury Rm	Intragroup Rm
Total assets							
South Africa	11 364	10 049	–	430	885	–	–
Australasia	28 042	–	23 076	4 966	–	–	–
	39 406	10 049	23 076	5 396	885	–	–
Tax and deferred tax assets	2 049						
	41 455						
Capital expenditure (gross)							
South Africa	1 455	1 422	–	33	–	–	–
Australasia	1 436	–	504	932	–	–	–
	2 891	1 422	504	965	–	–	–

2014

	Total Rm	Woolworths Rm	David Jones Rm	Country Road Group Rm	Woolworths Financial Services Rm	Treasury Rm	Intragroup Rm
Total assets							
South Africa	17 586	8 590	–	376	794	7 989	(163)
Australasia	3 884	–	–	3 884	–	–	–
	21 470	8 590	–	4 260	794	7 989	(163)
Tax and deferred tax assets	799						
	22 269						
Capital expenditure (gross)							
South Africa	1 594	1 552	–	42	–	–	–
Australasia	345	–	–	345	–	–	–
	1 939	1 552	–	387	–	–	–

*** Botswana, Namibia and Swaziland

Studio.W, Summer 2015

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COMPANY STATEMENT OF COMPREHENSIVE INCOME	Notes	52 weeks to 28 June 2015 Rm	52 weeks to 29 June 2014 Rm
Revenue	2	3 166	2 878
Expenses	3	459	170
Other operating costs		459	170
Profit before tax		2 707	2 708
Tax	4	2	(33)
Profit for the year		2 705	2 741
Other comprehensive income			
Amounts that may be reclassified to profit or loss			
Fair value adjustments on financial instruments	16.6	54	(54)
Total comprehensive income for the year		2 759	2 687

COMPANY STATEMENT OF FINANCIAL POSITION	Notes	At 28 June 2015 Rm	At 29 June 2014 Rm
ASSETS			
Non-current assets		21 326	2 203
Interest in subsidiaries	7	21 299	2 172
Participation in export partnerships	8	10	13
Deferred tax	9	17	18
Current assets		425	555
Other receivables and prepayments	10	4	126
Derivative financial instruments	16.1	–	14
Amounts owing by subsidiaries	7	404	404
Tax	19.3	9	7
Cash and cash equivalents	19.4	8	4
TOTAL ASSETS		21 751	2 758
EQUITY AND LIABILITIES			
Equity attributable to shareholders		12 049	1 934
Stated capital	11	10 802	678
Preference share capital	11	–	–
Distributable reserves	13	1 247	1 256
TOTAL EQUITY		12 049	1 934
Current liabilities		9 702	824
Trade and other payables	14	6	203
Derivative financial instruments	16.2	–	68
Amounts owing to subsidiaries	7	9 696	553
TOTAL LIABILITIES		9 702	824
TOTAL EQUITY AND LIABILITIES		21 751	2 758

COMPANY STATEMENT OF CHANGES IN EQUITY

	Notes	Stated capital Rm	Share capital Rm	Share premium Rm	Preference share capital Rm	Share-based payments reserve Rm	Financial instrument revaluation reserve Rm	Retained profit Rm	Total Rm
Shareholders' interest at 30 June 2013		–	1	431	–	732	–	49	1 213
Profit for the year		–	–	–	–	–	–	2 741	2 741
Other comprehensive income		–	–	–	–	–	(54)	–	(54)
Total comprehensive income for the year		–	–	–	–	–	(54)	2 741	2 687
Shares issued	11 & 12	–	–	246	–	–	–	–	246
Conversion to Stated capital	11 & 12	678	(1)	(677)	–	–	–	–	–
Share-based payments	13	–	–	–	–	116	–	–	116
Dividends to shareholders	18	–	–	–	–	–	–	(2 328)	(2 328)
Shareholders' interest at 29 June 2014		678	–	–	–	848	(54)	462	1 934
Profit for the year		–	–	–	–	–	–	2 705	2 705
Other comprehensive income		–	–	–	–	–	54	–	54
Total comprehensive income for the year		–	–	–	–	–	54	2 705	2 759
Shares issued	11	10 124	–	–	–	–	–	–	10 124
Rights issue costs		–	–	–	–	–	–	(420)	(420)
Share-based payments	13	–	–	–	–	127	–	–	127
Dividends to shareholders	18	–	–	–	–	–	–	(2 475)	(2 475)
Shareholders' interest at 28 June 2015		10 802	–	–	–	975	–	272	12 049

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COMPANY STATEMENT OF CASH FLOWS

	Notes	52 weeks to 28 June 2015 Rm	52 weeks to 29 June 2014 Rm
Cash flow from operating activities			
Cash outflow from trading	19.1	(193)	(165)
Working capital movements	19.2	(158)	69
Cash utilised by operating activities		(351)	(96)
Interest income		10	1
Finance costs paid		(135)	–
Tax paid	19.3	(2)	(5)
Cash utilised in operations		(478)	(100)
Dividends received		3 123	2 447
Dividends to ordinary shareholders		(2 255)	(2 106)
Dividends to preference shareholders		(220)	(222)
Net cash inflow from operating activities		170	19
Cash flow from investing activities			
Investment in subsidiary		(18 977)	–
Participation in export partnerships		3	3
Net cash inflow/(outflow) from investing activities		(18 974)	3
Cash flow from financing activities			
Shares issued		140	246
Rights issue proceeds		9 984	–
Short-term borrowings raised		10 044	–
Borrowings repaid		(10 044)	–
Loans advanced from/(repaid to) subsidiaries		9 142	(266)
Costs associated with equity raising		(458)	–
Net cash inflow/(outflow) from financing activities		18 808	(20)
Increase in cash and cash equivalents		4	2
Net cash and cash equivalents at the beginning of the year		4	2
Net cash and cash equivalents at the end of the year	19.4	8	4

	2015 Rm	2014 Rm
2. REVENUE		
Interest income	33	22
Dividends received	3 123	2 851
Management fee	10	5
	3 166	2 878
3. PROFIT BEFORE TAX INCLUDES:		
Transaction and integration costs on business combinations	185	161
Finance costs	256	–
Audit fee – Current year	3	2
4. TAX		
Current year		
South Africa		
Normal tax	–	1
Deferred tax relating to the origination and reversal of temporary differences (note 9)	2	(34)
	2	(33)

	2015 %	2014 %
The rate of tax on profit is reconciled as follows:		
Standard rate	28.0	28.0
Disallowable expenditure	4.6	0.5
Exempt income	(32.3)	(29.5)
Other	(0.2)	(0.2)
Effective tax rate	0.1	(1.2)

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:

	2015 Rm	2014 Rm
Executive directors		
Fees	–	2
Remuneration	22	17
Retirement, medical, accident and death benefits	2	1
Performance bonus	29	17
Share-based payments	27	15
Interest-free loan benefit	1	1
	81	53
Non-executive directors		
Fees	10	7
	10	7
Total directors' emoluments	91	60

Executive directors emoluments are paid by Woolworths Proprietary Limited, David Jones Proprietary Limited and Country Road Group Proprietary Limited. Details of the directors' and prescribed officers' fees and emoluments are provided in note 7 of the Group Annual Financial Statements on page 54.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

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

	2015 Rm	2014 Rm
DIVIDEND RECEIVED FROM SUBSIDIARY COMPANIES		
Woolworths Proprietary Limited	2 474	2 328
Osiris Holdings Proprietary Limited	527	–
Country Road Group Proprietary Limited	–	404
The Woolworths Employee Share Ownership Trust	122	119
	3 123	2 851
INTEREST RECEIVED FROM SUBSIDIARY COMPANY		
E-Com Investments 16 (Proprietary) Limited	23	21
Dividends paid to subsidiary companies on treasury shares held by the subsidiaries	208	210
Dividends paid to subsidiary company on preference shares held by the subsidiaries	220	222
Management fee charged to Woolworths Proprietary Limited	6	5
Management fee charged to David Jones Proprietary Limited	2	–
Management fee charged to Country Road Group Proprietary Limited	2	–

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 subsidiaries. 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.

	2015 Rm	2014 Rm
KEY MANAGEMENT COMPENSATION		
Short-term employee benefits	76	55
Post-employment benefits	2	3
IFRS 2 value of share-based payments expense	28	22
	106	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 expenses determined in terms of IAS 19: Employee Benefits in respect of the Group's retirement and healthcare funds.

	2015 Rm	2014 Rm
SHARE PURCHASE SCHEME LOANS AND INVESTMENTS (AT COST)		
Balance at the beginning of the year	34	41
Loans repaid during the year	(22)	(7)
Balance at the end of the year	12	34

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

	2015 Rm	2014 Rm

6. RELATED PARTY TRANSACTIONS (CONTINUED)

Details of the terms and conditions relating to these loans are disclosed in note 13 of the Group Annual Financial Statements. No bad or doubtful debts have been recognised in respect of loans granted to key management personnel (2014: nil). These loans are held as receivables in the Woolworths Holdings Share Trust.

WOOLWORTHS CARD AND WOOLWORTHS VISA CREDIT CARD ACCOUNTS

	2015 Rm	2014 Rm
Balance outstanding at the beginning of the year	3	3
Annual spend	6	4
Annual repayments	(6)	(4)
Balance outstanding at the end of the year	3	3

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 (2014: nil).

POST-EMPLOYMENT BENEFIT PLAN

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

7. INTEREST IN SUBSIDIARIES

	2015 Rm	2014 Rm
Ordinary shares	20 853	1 749
Cost	19 878	901
Share-based payments arising from the Group's share incentive schemes	975	848
Preference shares – investment in E-Com Investments 16 (Proprietary) Limited		
Cost	446	423
Investment in equity	230	230
Loan receivable	216	193
Interest in subsidiaries	21 299	2 172
Amounts owing to subsidiaries	(9 696)	(553)
Woolworths (Proprietary) Limited	(9 578)	(298)
E-Com Investments 16 (Proprietary) Limited	(113)	(252)
Woolworths International Limited	(3)	(2)
The Woolworths Employee Share Ownership Trust	(2)	(1)
Amounts owing by subsidiaries		
Woolworths (Proprietary) Limited	404	404
Total net interest in subsidiaries	12 007	2 023

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

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 10 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 12.0%. 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 increase in the Woolworths Proprietary Limited loan is attributable to the funding provided for the David Jones acquisition. The carrying value of loans to and from subsidiaries approximate their fair value.

The company's maximum exposure to the credit risk of the loans to subsidiaries are their carrying value. The amount owing by subsidiaries in 2015 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.

8. PARTICIPATION IN EXPORT PARTNERSHIPS

	2015 Rm	2014 Rm
Balance at the beginning of the year	13	16
Payments received	(3)	(3)
Balance at the end of the year	10	13

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 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.

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:

	2015 Rm	2014 Rm
Balance at the beginning of the year	18	(17)
Amount credited to profit or loss	(1)	35
Participation in export partnerships	3	3
Working capital and other provisions	(4)	32
Balance at the end of the year	17	18
Comprising:		
Participation in export partnerships	(11)	(14)
Working capital and other provisions	28	32
	17	18

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. OTHER RECEIVABLES AND PREPAYMENTS

	2015 Rm	2014 Rm
Other receivables and prepayments	4	126
	4	126

In the current year, other receivables represent service fees due from David Jones Proprietary Limited and Country Road Group Proprietary Limited. In the prior year prepayments consisted of debt commitment fees and rights offer costs capitalised arising on the acquisition of David Jones Limited. The balance was neither past due nor impaired.

The carrying value of other receivables and prepayments 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. Refer to note 16.1 for detailed information regarding the credit quality of financial assets which are neither past due nor impaired.

	2015 Rm	2014 Rm
11. ORDINARY AND PREFERENCE SHARE CAPITAL		
STATED CAPITAL		
Balance at the beginning of the year	678	–
Conversion of share capital	–	1
Conversion of share premium (refer to note 12)	–	677
167 803 572 (2014: nil) ordinary shares issued per the rights issue	9 984	–
1 768 311 ordinary shares issued in terms of share incentive schemes	140	–
Balance at the end of the year	10 802	678

	R'000	R'000
AUTHORISED		
2 410 600 000 (2014: 12 410 600 000) ordinary shares of no par value	–	–
89 400 000 (2014: 89 400 000) convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each	134	134
	134	134
ISSUED		
1 016 576 858 (2014: 847 004 975) ordinary shares of no par value	–	–
89 117 253 (2014: 89 192 746) preference shares of 0.15 cents each	134	134
	134	134
RECONCILIATION OF PAR VALUE OF ORDINARY SHARES IN ISSUE:		
Balance at the beginning of the year	–	1 266
In the prior year 4 361 450 ordinary shares were issued in terms of share incentive schemes	–	7
Conversion to Stated capital	–	(1 273)
Balance at the end of the year	–	–

RECONCILIATION OF NUMBER OF ORDINARY SHARES IN ISSUE:	Number of shares	
Balance at the beginning of the year	847 004 975	842 643 525
Shares issued per the rights issue	167 803 572	–
Shares issued in terms of share incentive schemes	1 768 311	4 361 450
Balance at the end of the year	1 016 576 858	847 004 975

1 768 311 (2014: 4 361 450) totalling R140 million (2014: R246 million) shares were issued to employees 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	134
Shares redeemed*	–	–
Balance at the end of the year	134	134

RECONCILIATION OF NUMBER OF PREFERENCE SHARES IN ISSUE:	Number of shares	
Balance at the beginning of the year	89 192 746	89 164 010
Shares redeemed*	(157 880)	(103 803)
Shares awarded to participants*	82 387	132 539
Balance at the end of the year	89 117 253	89 192 746

* A portion of awarded preference shares vests on the death of beneficiaries. The unvested portion of these preference shares are awarded to the residual beneficiary, being Woolworths Holdings Limited and are cancelled.

Refer to note 17 for more information on the company's capital management policy. Refer to note 18 of the Group Annual Financial Statements for the terms and conditions of the preference shares.

	2015 Rm	2014 Rm
12. SHARE PREMIUM		
Balance at the beginning of the year	–	431
Share issues in terms of share incentive schemes	–	246
Conversion to Stated capital (refer to note 11)	–	(677)
Balance at the end of the year	–	–
13. DISTRIBUTABLE RESERVES		
Share-based payment reserve		
Balance at the beginning of the year	848	732
Share-based payments arising from share incentive schemes	127	116
Balance at the end of the year	975	848
Retained profit	272	462
Financial instrument revaluation reserve		
Foreign exchange derivative instruments	–	(54)
Total distributable reserves	1 247	1 256

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 18 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.

	2015 Rm	2014 Rm
14. TRADE AND OTHER PAYABLES		
Other payables	6	203
	6	203

Trade and other payables mainly include audit fee accrual. In the prior year, trade and other payables also comprised transaction cost accrual. The carrying value of trade and other payables approximates their fair values.

These balances are payable on demand.

15. CONTINGENT LIABILITIES

The company provides sureties for banking facilities amounting to R13 350 million (2014: R10 738 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, foreign exchange and interest rate risks arises in the normal course of business. It is the company's objective to minimise its exposure to 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 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.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

16.1 CREDIT RISK MANAGEMENT

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 movements in market interest rates; as well as whether there are any deviations from treasury policy and performance against budgets.

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 value 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. 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.

	2015 Rm	2014 Rm
FINANCIAL ASSETS		
Participation in export partnerships	10	13
Cash and cash equivalents	8	4
Preference share loan in E-Com Investments 16 (Proprietary) Limited (included in interest in subsidiaries)	216	193
Amounts owing by subsidiaries - Woolworths Proprietary Limited	404	404
Contract for difference	–	14

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. Refer to note 16.3.

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

	Maturity	2015 Rm	2014 Rm
Amounts owing to subsidiaries	On demand	9 696	553
Trade and other payables	On demand	6	203
Commitment to related party	Less than 3 months	–	18 977
Contract for difference	Less than 3 months	–	68

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 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
2015			
Cash	+50	(40)	(29)
	-50	40	29
2014	+50	(20)	(14)
Cash	-50	20	14

16.4 FOREIGN CURRENCY MANAGEMENT

In the prior year, the company entered into contracts for differences in order to hedge the purchase price of David Jones. These three contracts for differences were designated cash flow hedges in an effective hedging relationship. These are summarised below:

	Contract foreign currency amount m	Rand equivalent Rm	Average rate R	Fair value adjustment Rm
CONTRACTS FOR DIFFERENCES				
Australian Dollar				
2015	–	–	–	–
2014	950	9 564	10.07	(54)

In the table below, the sensitivity of the Group's exposure to Australian Dollar foreign currency transactional risk was estimated by assessing the impact that a reasonably possible movement in foreign exchange rates would have had on equity of the company at the reporting date. 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 other comprehensive income Rm
CONTRACTS FOR DIFFERENCES		
Australian Dollar		
2015	+5	–
	-5	–
2014	+5	(476)
	-5	476

16.5 FINANCIAL INSTRUMENTS BY CATEGORY

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

	2015 Rm	2014 Rm
FINANCIAL ASSETS		
Loans and receivables		
Participation in export partnerships	10	13
Amounts owing by subsidiaries	404	404
Cash and cash equivalents	8	4
Preference share loan in E-Com Investments 16 (Proprietary) Limited	216	193
Total	638	614
Derivatives used as hedging instruments		
Derivative financial instruments	–	14
Total	–	14
FINANCIAL LIABILITIES		
Amortised cost		
Trade and other payables	6	203
Amounts owing to subsidiaries	9 696	553
Total	9 702	756
Derivatives used as hedging instruments		
Derivative financial instruments	–	68
Total	–	68

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

16.6 GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

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

	Interest income Rm	Net movement in other comprehensive income Rm	Total Rm
2015			
Loans and receivables	10	–	10
Loan receivable element of Preference share in E-Com Investments 16 Proprietary Limited	23	–	23
Derivative financial instruments	–	54	54
2014			
Loans and receivables	1	–	1
Loan receivable element of Preference share in E-Com Investments 16 Proprietary Limited	21	–	21
Derivative financial instruments	–	(54)	(54)

The gains/(losses) on financial instruments recognised within other comprehensive income comprises of:

	2015 Rm	2014 Rm
Contracts for differences	(167)	(54)
Reclassified to non financial assets	221	–
Fair value adjustments on financial instruments	54	(54)

16.7 FAIR VALUE OF FINANCIAL INSTRUMENTS

Refer to group note 27.7 for description of fair value hierarchy.

		Carrying amount		Fair value	
	Fair value movement using	2015 Rm	2014 Rm	2015 Rm	2014 Rm
FINANCIAL ASSETS					
Derivative financial instruments					
Contracts for differences	Level 2	–	14	–	14
FINANCIAL LIABILITIES					
Derivative financial instruments					
Contracts for differences	Level 2	–	68	–	68

17. MANAGEMENT OF CAPITAL

The company considers the management of capital with reference to the Group policy. Refer to note 28 of the Group Annual Financial Statements.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

18. DIVIDENDS TO SHAREHOLDERS

	2015 Rm	2014 Rm
Ordinary shareholders:		
Dividend no. 33 of 148.0* cents per share was declared on 28 August 2013 and paid on 23 September 2013	–	1 251
Dividend no. 34 of 101.0* cents per share was declared on 12 February 2014 and paid on 10 March 2014	–	855
Dividend no. 35 of 150.5* cents per share was declared on 27 August 2014 and paid on 15 September 2014	1 275	–
Dividend no. 36 of 96.5 cents per share was declared on 11 February 2015 and paid on 9 March 2015	980	–
Preference shareholders:		
Dividend no. 13 of 148.0* cents per share was declared on 28 August 2013 and paid on 23 September 2013	–	132
Dividend no. 14 of 101.0* cents per share was declared on 12 February 2014 and paid on 10 March 2014	–	90
Dividend no. 15 of 150.5* cents per share was declared on 27 August 2014 and paid on 15 September 2014	134	–
Dividend no. 16 of 96.5 cents per share was declared on 11 February 2015 and paid on 9 March 2015	86	–
Total dividends paid	2 475	2 328

Dividend no. 37 of 150.5 cents per share was declared to ordinary shareholders on 26 August 2015.

* These dividends per share measures have not been restated to reflect the bonus element arising from the rights offer.

	2015 Rm	2014 Rm
19. CASH FLOW INFORMATION		
19.1 CASH OUTFLOW FROM TRADING		
Profit before tax	2 707	2 708
Interest income	(33)	(22)
Finance costs	256	–
Dividends received	(3 123)	(2 851)
Net outflow from trading	(193)	(165)
19.2 WORKING CAPITAL MOVEMENTS		
Other receivables and prepayments	(1)	(126)
Trade and other payables	(157)	195
Net (outflow)/inflow	(158)	69
19.3 TAX PAID		
NORMAL AND FOREIGN TAX		
Amounts receivable/(owing) at the beginning of the year	7	3
Amounts charged to profit or loss	–	(1)
Amounts (receivable)/owing at the end of the year	(9)	(7)
Cash amounts paid	(2)	(5)
19.4 CASH AND CASH EQUIVALENTS		
Cash – interest-earning		
Local – dividend account at an interest rate of 0% to 3% (2014: 0% to 3%)	8	4
Cash and cash equivalents	8	4

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

20. EVENTS AFTER THE REPORTING DATE

Refer to note 38 of the Group Annual Financial Statements for details of the BEEE preference share scheme realisation.

Classic, Summer 2015

ANNEXURE 1

ANNEXURE 1

			Company 2015 Carrying value of shares Rm	Company 2015 % Holding	Company 2014 Carrying value of shares Rm	Company 2014 % Holding
INTEREST IN SUBSIDIARIES AND JOINT VENTURES						
Directly held			20 108		1 131	
Woolworths Proprietary Limited	R	1	–	100	–	100
Woolworths Developments Proprietary Limited	P	1	–	100	–	100
Woolworths International Holdings Limited	H	3	901	100	901	100
E-Com Investments 16 Proprietary Limited	H	1	230	100	230	100
Woolworths International II (Australia) Proprietary Limited	H	5	–	100	–	100
Osiris Holdings Proprietary Limited	H	5	18 977	100	–	100
The Woolworths Holdings Share Trust[1]		1	–	–	–	–
The Woolworths Employee Share Ownership Trust[1]		1	–	–	–	–
The Woolworths Trust (Charitable Trust)[1]	H	1	–	–	–	–
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
Woolworths Trust[2]		3		–		–
Virtual Market Place Proprietary Limited[3]	R	1		100		100
Woolworths (Lesotho) Proprietary Limited[6]	R	15		100		100
Woolworths (Namibia) Proprietary Limited	R	2		100		100
Woolworths (Swaziland) Proprietary Limited	R	19		100		100
Woolworths Holding (Mauritius) Limited	H	9		100		100
Woolworths (Mauritius) Limited[4]	R	9		100		100
Woolies (Zambia) Limited[4]	R	10		100		51
W-Stores Company (Tanzania) Limited[4]	R	11		51		51
W-Stores Company (Uganda) Limited[4]	R	12		95		95
Woolworths Retail Stores Limited (in liquidation)[4]	R	13		–		–
Woolworths (Mozambique) Limitada[4]	R	14		100		99
Woolworths (Kenya) Proprietary Limited[4]	R	16		51		51
Woolworths (Botswana) Proprietary Limited[4]	R	18		100		100
W-Stores (Ghana) Proprietary Limited[4]	R	20		100		100
Woolworths Rwanda Limited[4]	R	22		100		–
Highway Holdings N.V.	H	4		100		100
Woolworths Worldwide Limited	H	3		100		100
Woolworths International (Australia) Proprietary Limited	H	5		100		100

INTEREST IN SUBSIDIARIES (CONTINUED)			Company 2015 Carrying value of shares Rm	Company 2015 % Holding	Company 2014 Carrying value of shares Rm	Company 2014 % Holding
Woolworths International Limited	I	3		100		100
WSM Operations Holding Company Limited	D	21		100		100
Country Road Group Proprietary Limited	R	5		100.0		87.9
Country Road Clothing Proprietary Limited	R	5		100.0		87.9
Country Road Properties Proprietary Limited	P	5		100.0		87.9
Country Road Ventures Proprietary Limited	R	5		100.0		87.9
Country Road Clothing (NZ) Limited	R	6		100.0		87.9
Country Road International Proprietary Limited	H	5		100.0		87.9
Country Road (Hong Kong) Limited	R	7		100.0		87.9
Witchery Australia Holdings Proprietary Limited	H	5		100.0		87.9
Witchery Holdings Proprietary Limited	H	5		100.0		87.9
Witchery Fashions Proprietary Limited	R	5		100.0		87.9
Witchery Fashions (NZ) Limited	R	6		100.0		87.9
Witchery Singapore Pte Limited	R	17		100.0		87.9
Witchery Fashions SA Proprietary Limited	R	1		100.0		87.9
Mimco Proprietary Limited	R	5		100.0		87.9
Mimco (UK) Limited	R	8		100.0		87.9
Mimco Design Singapore Pte Limited	R	17		100.0		87.9
Mimco (NZ) Limited	R	6		100.0		87.9
Vela Investments Proprietary Limited[5]	H	5		100.0		100.0
David Jones Proprietary Limited	R	5		100.0		–
Aherns Holdings Proprietary Limited	D	5		100.0		–
Ahern's (Suburban) Proprietary Limited	D	5		100.0		–
Atkin Proprietary Limited	H	5		100.0		–
David Jones Finance Proprietary Limited	F	5		100.0		–
299-307 Bourke Street Proprietary Limited	P	5		100.0		–
Helland Close Proprietary Limited	D	5		100.0		–
David Jones Credit Proprietary Limited	D	5		100.0		–
John Martin Retailers Proprietary Limited	D	5		100.0		–
David Jones Financial Services Limited	F	5		100.0		–
David Jones Insurance Proprietary Limited	F	5		100.0		–
David Jones Properties (South Australia) Proprietary Limited	P	5		100.0		–
David Jones Adelaide Proprietary Limited	P	5		100.0		–
Buckley & Nunn Proprietary Limited	D	5		100.0		–

INTEREST IN SUBSIDIARIES (CONTINUED)			Company 2015 Carrying value of shares Rm	2015 % Holding	2014 Carrying value of shares Rm	2014 % Holding
David Jones Properties (Victoria) Proprietary Limited	P	5		100.0		–
David Jones Properties (Queensland) Proprietary Limited	P	5		100.0		–
Speertill Proprietary Limited	R	5		100.0		–
David Jones Properties Proprietary Limited	P	5		100.0		–
David Jones Employee Share Plan Proprietary Limited		5		100.0		–
David Jones Share Plans Proprietary Limited		5		100.0		–
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)/BY SUBSIDIARIES			(8 101)		(360)	–
Woolworths (Proprietary) Limited			(8 199)		(298)	
E-Com Investments 16 (Proprietary) Limited			103		(59)	
Woolworths International Limited			(3)		(2)	
Woolworths Employee Share Ownership Trust[1]			(2)		(1)	
Total interest			12 007		771	

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 18: Botswana 19: Swaziland
20: Ghana 21. Nevis 22. Rwanda

Notes

1. The Woolworths Holdings Share Trust, The Woolworths Employee Share Ownership Trust and The Woolworths Trust (Charitable Trust) are included as subsidiaries based on the interpretation guidance of IFRS 10.
2. Woolworths Trust is an intermediate holding entity for Woolworths Worldwide Limited (Guernsey). Woolworths Holdings Limited is a beneficiary of the trust.
3. 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.
4. Woolworths (Mauritius) Limited, Woolies (Zambia) Limited, W-Stores Company (Tanzania) Limited, W-Stores Company (Uganda) Limited, Woolworths Retail Stores Limited (in liquidation), Woolworths (Mozambique) Limitada, Woolworths (Kenya) Proprietary Limited, Woolworths (Botswana) Proprietary Limited, W-Stores (Ghana) Proprietary Limited are subsidiaries of Woolworths Holding (Mauritius) Limited.
5. Vela Investments Proprietary Limited is a subsidiary of Osiris Holdings Proprietary Limited.
6. Woolworths (Lesotho) Proprietary Limited is held 1% directly and 99% indirectly.

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

	2015 Rm	2014 Rm
Profits	3 928	3 957
Losses	(73)	(22)
	3 855	3 935

SHAREHOLDER CALENDAR

2015

June	Financial year-end – 28 June
July	Trading update
August	Annual results and announcement of final dividend – 27 August
September	Final dividend payment Publication and posting of Integrated Report and Notice of Annual General Meeting
November	Annual General Meeting and trading update

2016

January	Trading update
February	Interim results and announcement of interim dividend
March	Interim dividend payment
June	Financial year-end – 26 June
July	Trading update
August	Annual results and announcement of final dividend
September	Final dividend payment Publication and posting of Integrated Report and Notice of Annual General Meeting
November	Annual General Meeting and trading update

ADMINISTRATION

WOOLWORTHS HOLDINGS LIMITED
Registration number 1929/001986/06
Tax reference number 9300/149/71/4
JSE Share code: WHL
ISIN: ZAE000063863

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WEBSITE
www.woolworthsholdings.co.za

PRINCIPAL TRANSACTIONAL BANKERS
The Standard Bank of South Africa Limited
National Australia Bank Group
Commonwealth Bank of Australia

AUDITORS
Ernst & Young Inc.

JSE SPONSOR
Rand Merchant Bank
(A division of FirstRand Bank Limited)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton 2194, South Africa
PO Box 786273
Sandton 2146

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GLOSSARY OF FINANCIAL TERMS

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 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 Limited 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 plan other than defined-contribution plan.

DEFINED-CONTRIBUTION PLAN

Post-employment benefit plan 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.

DEFERRED TAX ASSET

The amount of income tax 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 LIABILITY

The amount 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 LIABILITY

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 that 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

Refer to 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 right (conditional or unconditional) to subscribe for or which it has the right to receive, and the price (if any) that 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.

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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; or
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, 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 environment 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).

GLOSSARY OF FINANCIAL TERMS

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.

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 sale 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 interests.

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; and
2. gains on sale 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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