

commentary

Group results

the further slow-down in consumer spending, especially in the middle and upper income levels.

31.2%. Following the disposal of a controlling interest on through the rest of the financial year.

I October 2008, Woolworths Financial Services is DA H accounted for as a joint venture. This has impacted the comparability of group revenue, expenses and finance costs.

Profit before tax and exceptional items grew by 18.1%, with improved profit from Country Road and Woolworths Financial Services.

The effective tax rate, excluding the STC on the Notice is hereby given that the directors have and corporate tax rates.

Adjusted headline earnings per share, which The salient dates for the dividend will be as excludes a R75m STC charge on the special follows: dividend paid on 15 December 2008, increased by 26.9% to 72.2 cents per share.

An interim dividend of 31.5 cents per share has been declared.

In the announcement of the Woolworths Financial Services transaction, the board indicated that, subject to prevailing market conditions, R1.5bn of the cash proceeds would be utilised in an Payment date open market share repurchase. Shares to the Monday, 16 March 2009 value of R152.5m were repurchased during Share certificates may not be dematerialised or December 2008 and the programme will continue following the announcement of the results



the difference

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

operating review

Overall sales grew by 5.3%, impacted by a shift to lower prices. We have, with no compromise to the quality, style and innovation that our CL Lowe customers expect from us, introduced more Group secretary Cape Town, 19 February 2009 competitive opening price point merchandise.

Woolworths retail

Outlook

The economy is likely to remain volatile. Our challenge ahead will be to manage the significant Group retail turnover grew by 8.1% for the shift in consumer spending and the downward twenty-six weeks to December 2008, reflecting pressure on prices, while retaining our Woolworths difference of quality and innovation. Cost and inventory management will be key drivers to manage profitability. Despite the relief Gross margin decreased slightly from 31.3% to from recent fuel price cuts and a reduction in the interest rates, we expect trade to remain difficult

financial highlights

profit before tax and

exceptional items

adjusted HEPS

interim dividend per share increased to 31.5 cents

retail turnover

up 8.1%

up 18.1%

up 26.9%

DA Hawton	SN Susman
Chairman	Chief executive office
Cape Town, 19 February	/ 2009

dividend declaration

special dividend, has decreased from 36.9% to declared an interim cash dividend of 31.5 cents 32.9%, mainly due to the reduction of both STC per ordinary share for the twenty-six weeks ended December 2008.

Last day to trade to receive dividend Friday, 6 March 2009

Shares commence trading "ex" dividend Monday, 9 March 2009 Record date

Friday, 13 March 2009

rematerialised between Monday, 9 March 2009 and Friday, 13 March 2009, both days inclusive.

directors.

An interim cash dividend of 5.0 cents per preference share for the twenty-six weeks ended December 2008 will be paid to the beneficiaries of the Woolworths Employee Share Ownership Scheme on 16 March 2009.

directorate and

statutory

information

Non-executive directors:

Chris Nissen, Sindi Zilwa

Executive directors:

WOOLWORTHS HOLDINGS LIMITED

group results for the 26 weeks ended December 2008

consolidated income statement

T4IB02211_WHL Interim_17 February 2009_Proof 05_Natalie Fahy_021 440 7498_082 414 6916_natalief@mo

Year ended 3	0 June			eeks ended D	
2008 Rm		Note	2008 Rm	2007 Rm	% change
21 753.6	Revenue		11 134.6	10 557.1	5.5
20 064.9	Turnover		10 547.7	9 756.5	8.1
13 798.3	Cost of sales		7 258.9	6 706.9	8.2
6 266.6 688.7	Gross profit Other revenue		3 288.8 586.9	3 049.6 800.6	7.8 (26.7)
5 948.7	Expenses		2 829.6	2 864.4	(1.2)
3 4.6	Store costs		721.1	506.1	14.3
584.3 2 249.8	Net bad debt and bad debt provision Other operating costs		117.6 990.9	282.3 I 076.0	(58.3) (7.9)
2 006.6			046.1	985.8	
502.5	Operating profit Finance costs		195.2	242.2	6.1 (19.4)
	Earnings from joint venture		27.4	-	100.0
504.1	Profit before exceptional item	9	878.3	743.6	18.1
504.1	Exceptional item Profit before tax	9	380.0 I 258.3	743.6	69.2
552.5	Tax	5	364.3	274.4	32.8
951.6	Profit after tax		894.0	469.2	90.5
0.42	Attributable to:		0041		00 5
943.1 8.5	Shareholders of the parent Minority shareholders		886.1 7.9	465.1 4.1	90.5 92.7
	Reconciliation of headline earnings				, 20
0.42	Earnings attributable to shareholders of		007.1	475 1	00 5
943.1 (6.7)	the parent BEE preference dividend paid	11	886.1 (5.2)	465.1 (4.5)	90.5
936.4	Basic earnings		880.9	460.6	
	Profit on disposal of controlling interest	0			
	in subsidiary Profit on disposal of property, plant and	9	(380.0)	_	
0.8	equipment		(1.4)	(0.2)	
(0.2)			0.4	0.1	
937.0 53.8	Headline earnings BEE expense		499.9	460.5	8.6
20.0	STC on share repurchase		-	-	
	STC on special dividend		75.0	4(05	24.0
1 010.8	Adjusted headline earnings Headline earnings per share (cents)		574.9 62.8	460.5 56.9	24.8
115.6	Earnings per share (cents)	6	110.6	56.9	94.4
124.8	Adjusted headline earnings per share (cents)		72.2 62.0	56.9 55.6	26.9 11.5
112.9	Diluted headline earnings per share (cents) Diluted earnings per share (cents)	6	108.8	55.6	95.7
100.0	Adjusted diluted headline earnings per share			FF (201
120.8	(cents) Special dividend per ordinary share (cents)		71.2 94.0	55.6	28.1
79.0	Dividend per ordinary share (cents)		31.5	29.5	
1.6	Dividend cover (based on headline earnings per share)		2.0	1.9	
11.1	Dividend per preference share (cents)		5.0	3.2	
795.5	Number of shares in issue (millions) Weighted average number of shares in issue		786.3	812.1	(3.2)
809.9	(millions)		796.6	810.0	(1.7)
	Revenue				
20 064.9			10 547.7	9 756.5	8.1
18 129.4	Woolworths		9 338.1	8 867.7	5.3
10 360.3	 Clothing and general merchandise Foods 		3 691.5 5 449.8	3 714.5 4 977.4	(0.6) 9.5
359.3	- Logistics services		196.8	175.8	11.9
7.	Financial Services		4.0	8.7	(54.0)
9 8.4	Country Road		1 205.6	880.1	37.0
359.8 328.9	Interest Other revenue		457.5 129.4	663.8 136.8	(31.1) (5.4)
21 753.6			11 134.6	10 557.1	5.5

consolidated cash flow statement

Year ended 30 June 26 weeks ender			veeks ended	December	
2008		2008	2007		
Rm		Note	Rm	Rm	
	Cash flow from operating activities				
308.9	Cash inflow from trading		793.1	658.4	
(331.9)	Working capital movements		511.1	(99.6)	
	Cash applied to financial services assets		13.0	(88.8)	
952.6	Cash generated by operating activities		3 7.2	470.0	

9

Exceptional item

Net profit on disposa

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share and a net profit on disposal of R380m

consolidated balance sheet

As at 30 June				December
2008 Rm		Note	2008 Rm	2007 Rm
	ASSETS			
2 798.1	Non-current assets		3 307.1	3 102.5
8 0.7	Property, plant and equipment	7	1 913.5	1 725.8
105.9 319.0	Investment property Intangible assets	7	120.8 293.9	105.9 314.5
-	Investment in joint venture	ÍŐ	503.3	-
-	Loans to customers		-	286.3
45.5 66.3	Prepaid employment costs Participation in export partnerships		41.0 65.7	59.8 69.9
153.6	Other loans		143.0	149.1
3.1 294.0	Derivative financial instruments		0.7 225.2	36.2 355.0
3 023.7	Deferred tax Current assets		5 613.3	8 337.0
	Inventories		1 551.8	1 473.2
-	Woolworths card debtors		-	3 534.4
-	Credit card receivables		-	966.2
697.4	Trade and other receivables Loans to customers		943.1	671.8 771.8
30.0	Derivative financial instruments		130.5	4.3
99.3	Tax		74.7	48.4
825.6 5 440.0	Cash Assets of disposal group classified as held for sale		2 913.2	866.9
11 261.8	Total assets		8 920.4	11 439.5
11 201.0			0 720.4	11 137.3
3 582.8	EQUITY AND LIABILITIES Capital and reserves		3 274.3	3 417.9
3 530.7	Interest of shareholders of the parent		3 234.9	3 373.8
52.I	Minority shareholders' interest		39.4	44.1
2 267.5	Non-current liabilities		2 340.6	3 989.3
I 500.0 450.0	Interest-bearing borrowings		I 500.0 449.4	3 179.0 434.1
	Operating lease accrual Derivative financial instruments		9.2	18.6
251.2	Post-retirement medical aid liability		259.7	240.6
66.3	Deferred tax		122.3	117.0
3 209.4	Current liabilities		3 305.5	4 032.3
998.7 2 3.3	Trade and other payables Provisions		2 851.7 218.0	2 376.2
27.0	Derivative financial instruments		13.3	0.8
54.1	Tax		222.5	248.1
916.3	Interest-bearing borrowings		-	237.6
2 202.1	Liabilities of disposal group classified as held for sale		_	-
11261.8	Total equity and liabilities		8 920.4	439.5
443.8	Net asset book value – per share (cents)		411.4	415.4
11 27 1 0	GROUP ANALYSIS		0.020.4	LL 420 F
11 261.8	Total assets Woolworths		8 920.4	11 439.5
741.2	Country Road		8 014.1 906.3	10 833.7 605.8
37 .4	Inventories		551.8	473.2
54.0	Woolworths		323.8	I 273.7
217.4	Country Road		228.0	199.5
681.2	Approved commitment for capital expenditure		574.2	513.6
486.1	Woolworths		553.4	440.2
195.1	Country Road		20.8	73.4

consolidated statement of changes in equity

(54.0)	Year ended 30) June			26 w	eeks ended [December
37.0				Shareholders' interest before	Minority shareholders'	Total	Total
(31.1)	2008			minorities	interest	2008	2007
(5.4)	Rm		Note	Rm	Rm	Rm	Rm
5.5		Shareholders' interest at the					
	3 289.4	beginning of the period		3 530.7	52.1	3 582.8	3 289.4
		Movements for the period:					
	20.4	Issue of shares	8	15.7	-	15.7	12.7
	-	Issue of BEE shares		_	-	_	0.1
ecember	(200.0)	Shares repurchased	8	(152.5)	-	(152.5)	-
2007	(2.0)	Share repurchase costs		(3.4)	-	(3.4)	(2.0)
Rm	(3.0)	BEE transaction costs		(1 1 40 5)	(100)	-	(3.0)
	(635.5)			(1 149.5) 19.2	(10.8)	(1 160.3)	(384.8)
658.4	74.3	Share-based payments		19.2	-	19.2	31.2
(99.6)	1 037.2	Total income and expense fo the year	r	974.7	(1.9)	972.8	472.3
(88.8)	1 037.2	, ,		7//	(1.7)	772.0	772.5
470.0	85.6	Total income and expense fo year recognised directly in ea		88.6	(9.8)	78.8	3.1
(237.7) (244.9)	1.4	Net fair value adjustments on financial instruments Exchange differences on trans		74.4	(11.8)	62.6	6.7
649.1 (384.8)	84.2	of foreign subsidiaries	ation	14.2	2.0	16.2	(3.6)
(/	951.6	Profit for the period		886.1	7.9	894.0	469.2
264.3	<u> </u>	Shareholders' interest at the	end				
(326.7)	3 582.8	of the period	CIIG	3 234.9	39.4	3 274.3	3 417.9
. /							

Clothing and general merchandise sales decreased by 0.6% for the period. Childrenswear showed good growth during the period.

Food sales were up 9.5% for the period. The price movement of 9.0% reflects our customers' demand for our essential food items. Our average food price inflation of 12.1% is well below the average market inflation. Prices are now more competitive and better positioned to cater for our customers' needs.

Total footage grew by 7.1%, with an increase of 4.5% in clothing and general merchandise and 14.5% in food at the end of December 2008, compared to the prior year.

Costs, however, were well controlled, growing by 1.6%.

Woolworths financial services

Closing debtors' books at December 2008 were marginally up on the previous year and bad debts were well controlled. Income yields have improved.

COUNTRY ROAD

Country Road

Country Road again outperformed the Australian market, delivering excellent sales growth of 22.0% Transfer secretaries: Australian dollars.

notes

Basis of preparation

The interim financial statements comply with IAS 34 Interim Financial Reporting. These condensed consolidated financial statements do not contain all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group consolidated annual financial statements as at 30 June 2008.

Significant accounting policies

The accounting policies applied are consistent with those followed in the preparation of the consolidated annual financial statements for the year ended 30 June 2008, except for the adoption of the following IFRS, IFRIC interpretations and amendments that became effective during the current period and had no significant impact on the reported results:

- IFRIC 13 Customer Loyalty Programme
- IFRIC 14 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions
- IAS 39 and IFRS 7 Amendments Reclassification of Financial Assets

The following amendments to various standards relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate have been early adopted and had no impact on the reported results

IFRS I First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements.

Restatement of comparative figures

Internally generated distribution costs previously included in other operating costs are included as part of cost of sales.

Total operating costs are disclosed based on their function as retail costs and other operating costs in the income statement for the current and comparative period. Previously, operating costs were disclosed in the following categories: depreciation, employment, occupancy, net bad debts and bad debt provisions and other operating costs.

351.1 (489.7) (747.0)	Interest received Finance costs paid Tax paid	454.4 (225.2) (102.4)	
l 067.0 (635.5)	Cash generated by operations Normal dividend to shareholders	444.0 (4 0.3)	
431.5	Net cash inflow from operating activities	1 033.7	
(568.5) - - - 58.1	Cash outflow from investing activities Net investment in PPE Proceeds on disposal of controlling interest in subsidiary Replacement of WFS debt funding by joint venture partner Cash disposed on sale of controlling interest in subsidiary Costs incurred on disposal of interest in WFS Other	(285.0) 875.0 2 822.2 (535.1) (48.1) 15.1	
(510.4)	Net cash inflow/(outflow) from investing activities	2 844.1	
(436.0) (3.0) (3.0) (3.0)	Cash flow from financing activities Shares issued Shares repurchased Special dividend to shareholders Notes redeemed BEE transaction costs Share repurchase costs Long-term borrowings raised Long-term borrowings repaid	15.7 (152.5) (750.0) - - (3.4) - -	
381.4	Net cash (outflow)/inflow from financing activities	(890.2)	
302.5 (422.6) 29.4	Effect of foreign exchange rate changes	2 987.6 (90.7) 16.3	
(90.7)	Cash and cash equivalents at the end of the period	2 913.2	
1 200 0	GROUPANALYSIS		

segmental analysis

44.0

(282.7)

12.9

(3.0)

1 500.0

009.9

991.5

(422.6)

(3.6)

565.3

658.4

581.8

362.0

295.8

On I October 2008, Woolworths Financial Services (Proprietary) Limited issued shares to Absa

Bank Limited to the value of R875m resulting in the dilution of our shareholding to 50% less one

66.2

76.6

(500.0)

793.I

667.7

125.4

294.7

251.5

43.2

The carrying values of assets and liabilities of WFS at disposal were as follows:

fear ended 3) June		eeks ended E	
2008 Rm		2008 Rm	2007 Rm	% change
1411	Revenue	- Nill	1411	change
	Retail			
18 242.1	Woolworths	9 466.3	8 926.3	6.0
1 939.3	Country Road	2 2.3	884.4	37.1
1 662.9	Financial Services	476.4	792.9	(39.9)
(90.7)	Intra-group	(20.4)	(46.5)	()
21 753.6	Total Group	11 134.6	10 557.1	5.5
	Profit before tax and exceptional item			
	Retail			
1 224.9	Woolworths	635.4	611.8	3.9
101.0	Country Road	90.9	48.2	88.6
158.1	Financial Services (to 30 September 2008)	92.2	71.7	28.6
	Share of earnings from joint venture	07.4		100.0
20 1	(from 1 October 2008)	27.4	_	100.0
20.1	Net interest received	32.4	11.9	172.3
504.1	Total Group	878.3	743.6	8.
	Return on equity	%	%	
	Retail			
50.5%	Woolworths	38.1	56.5	
18.1%	Country Road	26.1	18.5	
10.0%	Financial Services*	21.0	9.0	
27.6%	Total Group	29.6	27.8	

* Return on equity for Woolworths Financial Services is calculated using the weighted average segmental equity for the period.

10 Investment in WFS joint venture

The carrying value of the investment in the WFS joint venture represents the equity investment of R475.9m, plus retained income of R27.4m.

11 The Woolworths Black Economic Empowerment Employee Share Ownership Scheme

During the twenty-six weeks ended December 2008, 44 327 (2007: 88 267 306) convertible. redeemable, non-cumulative participating preference shares were issued to employees of the group in terms of the Woolworths Black Economic Empowerment Employee Share Ownership Scheme

A share-based payment chrage of R10.9m (2007: R25.5m) was recognised in other operating costs.

The ordinary shares expected to be issued at the redemption of the preference shares resulted in additional dilution of 0.7% for the twenty-six weeks ended December 2008.

12 Contingent liabilities

The holding company provides sureties for the banking facilities and lease obligations of certain subsidiaries. In the opinion of the directors, the possibility of loss arising therefrom is remote.

13 Borrowing facilities

Rm

380.0

Unutilised committed banking facilities amount to RI 500m (2007: RI 900m). In terms of the Articles of Association, there is no limit on the group's authority to raise interest-bearing debt.

During the six months to December 2008, group companies entered into various transactions. These transactions were entered into in the ordinary course of business and under terms that are no less favourable than those arranged with independent third parties. All such intra-group related party transactions and outstanding balances are eliminated in preparation of the consolidated financial statements of the group

15 Approval of interim financial statements

- he interim financial statements were approved by the board of directors on 19 February 2009. 16 Unaudited results 6
- These results have not been reviewed or audited.

Simon Susman (CEO), Andrew Jennings (British), Zyda Rylands, Norman Thomson Group secretary: Cherrie Lowe

Buddy Hawton (Chairman), Peter Bacon (British),

Nigel Colne (British), Brian Frost, Mike Leeming,

Share code: WHL ISIN: ZAE000063863

Registered address (postal and physical):

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

Registration number: 1929/001986/06

Auditors: Ernst & Young Inc and SAB & T Inc

Bankers: The Standard Bank of South Africa Limited

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

and growing pre-tax profit by a record 83.8% in Computershare Investor Services (Pty) Limited 70 Marshall Street, Johannesburg 2001

Segment profit before tax for net interest received are disclosed separately from Woolworths retail. Segmental return on equity and profit before tax were restated due to a change in costs allocated to the Financial Services segment. None of these restatements had an impact on reported results

Computer software, previously included in property, plant and equipment, and goodwill are

disclosed as intangible assets. Derivative financial instruments have been separately disclosed on

| | 54.8 Woolworths

154.1

638.4

538.9

| 308.9 Cash inflow from trading

Country Road

Woolworths

99.5 Country Road

Gross capital expenditure

Comparability of interim turnover

the face of the balance sheet.

No material variations in the turnover of the group are expected to occur between the first and second half of the financial year.

Tax

The effective tax rate of 41.5% (2007: 36.9%) is higher than the standard rate of normal tax mainly due to the impact of STC incurred on the special dividend, STC on normal dividend and the non-deductible IFRS 2 charge arising from the group's BEE employee share ownership and executive share incentive schemes.

6 Earnings per share

5

The difference between earnings per share and diluted earnings per share is due to the impact of outstanding options under the group share incentive schemes and preference shares issued in terms of the BEE employee share ownership scheme.

Property, plant and equipment and intangible assets 7

During the twenty-six weeks ended December 2008, the group acquired assets with a cost of R294.7m (2007: R362.0m).

Issue and repurchase of shares

During the twenty-six weeks ended December 2008, 3 134 401 (2007: 2 818 254) ordinary shares were issued in terms of the group's executive share incentive scheme.

86 871 694 treasury shares held by E-Com (Proprietary) Limited were repurchased and cancelled. 12 387 116 shares were repurchased from the market by E-Com (Proprietary) Limited and are held as treasury shares by the group.

Loans to customers	008.1
Woolworths card debtors	3 461.0
Credit card receivables	949.8
Property, plant and equipment	11.2
Cash	535.0
Other receivables and deferred tax	184.9
Interest-bearing borrowings	(2 179.0)
Other payables, deferred tax and provisions	(3 019.2)
Net asset value at disposal	951.8
Investment in joint venture retained	475.9
The net profit on disposal is as follows:	
Proceeds on disposal of controlling interest in subsidiary	875.0
Additional consideration receivable	29.0
Net asset value of WFS disposed	(475.9)
	428.1
Costs incurred on disposal of interest in WFS	(48.1)

14 Related party transactions