WHL

WOOLWORTHS HOLDINGS LIMITED
2012 ANNUAL FINANCIAL STATEMENTS

IN AN INDEPENDENT SURVEY, WOOLWORTHS WAS RATED SOUTH AFRICA'S MOST REPUTABLE COMPANY AMONG THE TOP 20 JSE-LISTED COMPANIES.

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Amidst another year of global economic uncertainty, the South African consumer was buoyed by real wage increases, reduced debt service costs and lower levels of headline inflation, which largely offset the impact of the slightly weaker rand, and higher fuel and administered costs.

In Australia, despite a strong, resource-led economy, the retail sector continued to languish in a cyclical low, driven by negative offshore news and sensitivity to interest rates.

Considering these conditions, the group's results for the year were particularly pleasing, with turnover up 11.8% and profit before tax up 24.5% to R2 870 million.

As a result of improved operating leverage, the group's return on equity increased from 44.1% to 47.1%.

Earnings per share	52 weeks to 24 June 2012 cents	52 weeks to 26 June 2011 cents	Change %
HEPS	**267.3**	214.9	24.4
EPS	**269.2**	212.2	26.9
Diluted HEPS	**260.6**	209.8	24.2
Diluted EPS	**262.4**	207.2	26.6

Headline earnings per share and earnings per share were 24.4% and 26.9% higher than last year respectively. Headline earnings exclude a R30 million gain on the sale of the former distribution centre in City Deep, Gauteng.

Diluted HEPS and diluted EPS were 24.2% and 26.6% higher respectively. Dilution arises from share options granted in terms of employee share option schemes.

The group's dividend policy has been adjusted from a dividend cover ratio of 1.50 times headline earnings per share to 1.45 times to provide for the complete distribution to shareholders of the STC the group previously paid. Shareholders are now obliged to pay Dividends Withholding Tax of 15%, which, unless the shareholder is exempt, will be deducted from the gross dividend and paid over to the South African Revenue Service.

The total dividend for the year has increased by 38% to 198 cents per share. This is in line with the revised dividend policy after normalising for the phasing out of STC.

SEGMENTAL PERFORMANCE

These group results are best explained on a segmental basis.

Group results Divisional contribution	2012 Rm	2011 Rm	Change %
Woolworths Retail	**2 524**	1 965	28.4
Country Road	**172**	162	6.2
WFS JV	**133**	129	3.1
Treasury	**41**	50	(18.0)
Group PBTAE	**2 870**	2 306	24.5

WOOLWORTHS RETAIL

Woolworths Retail, which includes both the Clothing and General merchandise and Food segments grew turnover by 11.6%, with comparable store sales (sales from all stores that were open at the beginning of the prior year) growing by 7%.

Woolworths Retail Income Statement	2012 Rm	2011 Rm	Change %
Sales	**25 231**	22 609	11.6
Cost of sales	**17 057**	15 475	10.2
Gross profit	**8 174**	7 134	14.6
Other revenue	**105**	103	1.9
Expenses	**5 761**	5 279	9.1
Store costs	**3 730**	3 193	16.8
Other operating costs	**2 031**	2 086	(2.6)
Operating profit	**2 518**	1 958	28.6
Earnings from associates and joint venture	**6**	7	(14.3)
Profit before tax	**2 524**	1 965	28.4

THE TOTAL DIVIDEND FOR THE YEAR HAS INCREASED BY 38% TO 198 CENTS PER SHARE.

Gross margin improved from 31.6% to 32.4% as a result of the added retail margin deriving from the conversion of 34 former franchise stores.

Store operating costs, which include employment and occupancy costs as well as store depreciation, grew by 16.8%, impacted by 37 additional corporate stores, including the 34 former franchise stores. 25 stores were converted in the previous year, bringing the total number of local franchise stores converted to 59, at a cost of R583 million (R376 million in the current year). 16 franchise stores remain and will be converted to corporate as the contracts expire over the next seven years. Comparable store costs grew 7.6%.

The additional retail margin earned by all the conversions added R530 million to group turnover and R420 million to gross profit (taking commission into account), after accounting for markdowns and other gross profit costs now borne by the business. Group operating profit has increased by R215 million after taking into account the cost of running the converted stores. As most stores were only converted in the first half of the year, the full annualised benefit of the acquisitions will only be recognised in 2013.

Costs not incurred in operating stores are included under the general heading "other operating costs". These costs include costs incurred in centralised product buying and planning activities, marketing, franchise operations, real estate development, and central support services such as HR, finance, IT and corporate governance.

"Other operating costs" also include:

- the non-cash IFRS 2 charge, which reflects the economic cost of the group's executive and black economic empowerment employee share incentive schemes. The charge was 27% lower this year due to vesting conditions attributable to the scheme;
- unrealised foreign exchange gains of R43 million (last year: unrealised foreign exchange loss of R28 million) arising from the mark to market of foreign exchange contracts open at year-end and inventory on hand relating to those contracts;
- staff and management short term performance incentives, which vary according to overall profitability (incentives act as a natural hedge, with a lower charge in the current year due to the group's relative higher out-performance in the prior year);
- R30 million gain on the sale of the former distribution centre in City Deep, Gauteng.

Excluding these specific items, underlying base non-store costs grew by 6.6%.

Overall, Woolworths Retail achieved an operating margin of 10%, up from 8.7% in 2011, well ahead of the three-year target of 8% set in June 2009. The focus on productivity to achieve positive operating margin leverage remains a key commitment.

Both the Clothing and General merchandise and Food segments enjoy high returns on equity from their low capital utilisation although store leases – the major operating asset – are not capitalised under current accounting standards. The ongoing focus on operating efficiencies and inventory levels ensures that the high return on equity – 88.5% at year-end – is maintained.

CLOTHING AND GENERAL MERCHANDISE

Clothing and General merchandise Income Statement	**2012 Rm**	2011 Rm	Change %
Sales	**9 585**	8 591	11.6
Cost of sales	**5 321**	4 840	9.9
Gross profit	**4 264**	3 751	13.7
Other revenue	**21**	25	(16.0)
Expenses	**2 641**	2 462	7.3
Operating profit	**1 644**	1 314	25.1
Earnings from associate and joint venture	**3**	4	(25.0)
Profit before tax	**1 647**	1 318	25.0

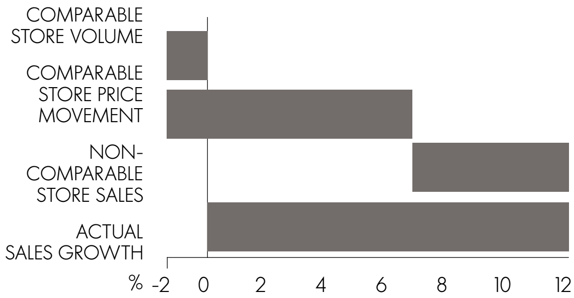
Segmental turnover grew 11.6%, with apparel sales up 12.3% driven mainly by strong performances in Lingerie, Footwear & Accessories, and Babywear. Performance in Womenswear was impacted in the first half of the year by item composition and supply issues, which were rectified in the second half.

Despite these shortcomings, total apparel sales (including Country Road's South African sales) grew 12.6%. Comparable store sales grew 5.9%, with price movement (our internal product inflation measured by the movement in the average unit price of the units we sell) of 6.5%.

General merchandise ("GM") sales grew by 7%.

New space added 5.8% to turnover growth and price movement added 6.8%.

CLOTHING AND GENERAL MERCHANDISE SALES GROWTH (% ON LAST YEAR)



Having acquired a controlling interest in the previously franchised operation in Zambia in May 2011, we continued to focus on the rest of sub-Saharan Africa, acquiring the Mozambique operation and taking a controlling interest in the Tanzanian and Ugandan operation. We also established new operations in Mauritius and, together with a local partner, in Nigeria. In the currrent year we opened 7 new stores in the region, in addition to 8 stores converted, taking the total to 16. Work remains in overcoming logistical, infrastructural and bureaucratic challenges but good returns are expected over time.

Expense growth of 7.3% saw Clothing and General merchandise achieve a 25% growth in profit before tax and an operating margin of 17.2%, up from 15.3% last year and just short of our revised medium-term target of 18%.

With comparable volumes turning positive in the second half of the year, we expect sales in comparable stores to continue to show modest growth during the next twelve months, and whilst new retail development in South Africa remains muted, we will continue to focus on growing space in existing stores where we find that catalogue and category expansion provides our existing customers with the opportunity to complete a larger proportion of their grocery shop in Woolworths.

We plan to add between 6% and 7% to Clothing and General merchandise trading space in each of the next three years.

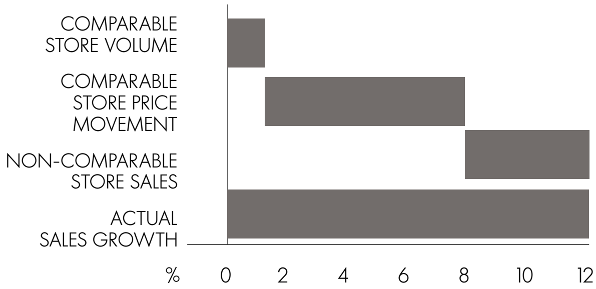
FOOD

Food Income Statement	**2012 Rm**	2011 Rm	Change %
Sales	**15 140**	13 535	11.9
Cost of sales	**11 323**	10 237	10.6
Gross profit	**3 817**	3 298	15.7
Other revenue	**84**	78	7.7
Expenses	**3 027**	2 732	10.8
Operating profit	**874**	644	35.7
Earnings from associate and joint venture	**3**	3	–
Profit before tax	**877**	647	35.5

Food experienced strong growth for the year with sales up 11.9% in total and 7.8% in comparable stores. On average Woolworths outperformed the market by 1.3% for the twelve-month period.

New space added 4.1% to turnover. Internal food inflation averaged 6.4% for the year. Woolworths' premium-branded product offering comprises a lower proportion of staple commodities than our competitors, and as such, our price movement tends to be less volatile through the cycle.

FOOD SALES GROWTH (% ON LAST YEAR)



Gross margins improved by 0.8% to 25.2% as a result of franchise conversions.

Expenses grew 10.8%. Our core expense growth was well managed and only impacted by new stores and non-comparable costs.

As a result, profit before tax grew 35.5% reaching 5.8% of sales, up from 4.8% in the previous year and just 0.2% short of the 6% target we have set ourselves to achieve by 2014.

We expect sales in comparable stores to continue to show consistent growth. We will open fewer but larger food standalone stores and expand the footprints of our existing portfolio.

We plan to increase trading space by 15 255 m^2 in 2013 and by a further 17 423 m^2 in 2014 and 10 278 m^2 in 2015.

COUNTRY ROAD

Country Road Income Statement	**2012 A$m**	2011 A$m	Change %
Sales	**419**	428	(2.1)
Cost of sales	**169**	174	(2.9)
Gross profit	**250**	254	(1.6)
Other revenue	**4**	4	–
Expenses	**232**	234	(0.9)
Store costs	**179**	181	(1.1)
Other operating costs	**53**	53	–
Operating profit	**22**	24	(8.3)
Finance costs	**1**	1	–
Profit before tax	**21**	23	(8.7)

Sales were down 2.6% (in Australian dollar terms) reflecting the very challenging trading conditions in Australia – comparable sales were down 6.6%. This was offset by an increase in South African (rand denominated) sales of 18.2% (with comparable store sales up 3.6%) where the Country Road and Trenery brands continue to perform well. Overall, the segment's sales declined 2.1% in Australian dollar terms.

With continued pressure on top line growth the ongoing focus on cost and inventory management ensured that the operating margin decline was limited to 0.3%, with profit before tax, excluding transaction costs relating to the acquisition of the Witchery group down 2.2% to A$22 million.

The business continues to be run in a highly efficient manner, with return on sales targeted at 8% in the medium term, post some recovery in the Australian retail environment.

In addition to 1 904 m² of trading space opened in 2012, the business plans to expand further by 758 m² in 2013 and by 1 840 m² in 2014 and by 1 580 m² in 2015, excluding Witchery.

Return on equity declined from 23.1% to 18.5% in Australian dollar terms due to the lower operating performance, although the business remains profitable in tough conditions and the balance sheet remains strong.

WOOLWORTHS FINANCIAL SERVICES (WFS)

Woolworths Financial Services Income Statement	**2012 Rm**	% to book	2011 Rm	% to book	Change %
Interest income	**1 140**	17.6	1 092	18.0	4.4
Interest paid	**338**	5.2	333	5.5	1.5
Net interest income	**802**	12.4	759	12.5	5.7
Impairment	**123**	1.9	86	1.4	43.0
Risk-adjusted margin	**679**	10.5	673	11.1	0.9
Non-interest revenue	**462**	7.1	424	7.0	9.0
Operating costs	**757**	11.7	705	11.6	7.4
Profit before tax	**384**	5.9	392	6.5	(2.0)
Financial services assets (average)	**6 490**		6 072		
Return on equity	**23.1%**		23.5%		
Joint venture profit before tax	**384**		392		
Taxation	**118**		134		
Profit after tax	**266**		258		
Less: 50%	**133**		129		
Equity accounted	**133**		129		

The joint venture with ABSA showed modest but consistent growth throughout the year. The average book was 6.9% higher, and ended the year 8.3% ahead of the previous year. Whilst there is no constraint on the venture's appetite to grant credit, we have been limited by our retail point-of-sale and back-office systems in processing credit limit increases and new account applications. New systems and processes came on-stream in July 2012. These enhance the capacity to increase annual credit limits and, together with other initiatives coming on-stream during calendar 2013 that will further enhance customer facing processes and make the products very competitive, we believe that growth in the book will pick up significantly.

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

Interest income increased 4.4% to R1 140 million although the gross yield on assets contracted from 18.0% to 17.6% due to the reduction in interest rates governed by the National Credit Regulator. However, borrowing costs also declined and with funding levels well managed, the net interest margin declined by just 0.1% to 12.4% yielding R802 million, an increase of 5.7% on last year.

The impairment charge (comprising bad debts written off during the year as well as the movement in the provision for doubtful debts) ticked up from 1.4% to 1.9% as the book grew. The business model is profitable and sustainable with an impairment rate of as much as 3.0% – 3.5% and we expect impairments to continue to increase as the book grows.

The yield on the book after the impairment charge is taken into account is the "risk-adjusted yield". The yield decreased from 11.1% to 10.5%, whilst still increasing the risk-adjusted margin by 0.9% to R679 million.

Non-interest revenue increased by 9.0% as a result of improved collections activity and the restructuring of the insurance business into a more profitable, cell-captive arrangement.

Expenses grew 7.4% as a result of further investment in collection effectiveness and book growth initiatives.

Profit before tax declined by 2%, with the profit to book ratio decreasing to 5.9%, from 6.5% a year earlier.

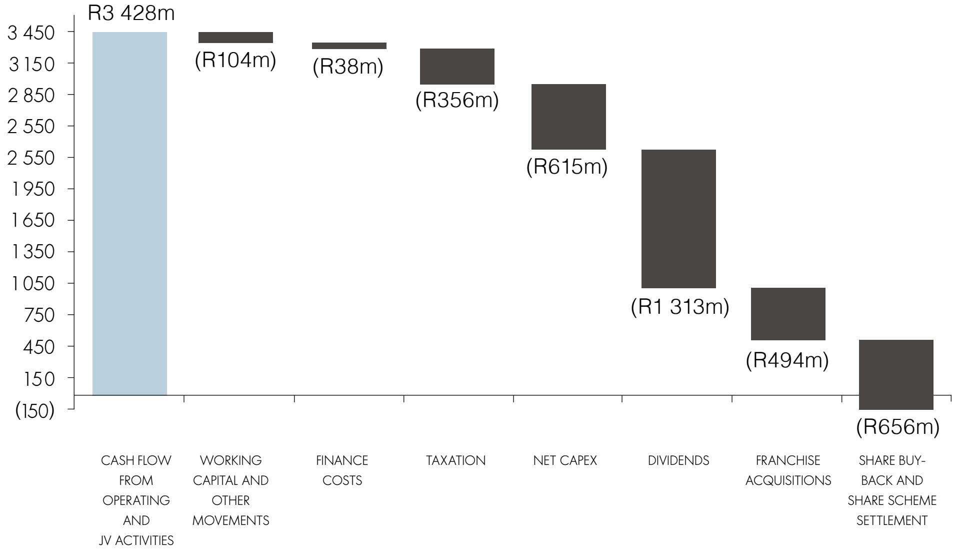
The book has a gearing ratio of 84% funded by ABSA at a three month JIBAR-linked rate. This gearing leveraged the operating ratio to generate a return on equity of 23.1%, ahead of the joint venture's medium term target of 22%.

TREASURY OPERATIONS AND CASH POSITION

The group maintained a net cash positive position throughout the year, with net interest decreasing from R50 million in the previous year to R41 million.

The table below demonstrates how cash flow from operating activities is utilised.

CASH GENERATION (RMILLION)



The Woolworths Retail segment is extremely cash-generative, demonstrated by the high level of cash generated by operating activities (including JV income) of R3 428 million. The higher investment in working capital of R104 million was due to the ongoing conversion of former franchise stores.

Provisional tax and STC payments amounted to R356 million.

The net cash outflow on capital expenditure, which is explained in more detail below, amounted to R615 million.

The group's dividend policy has been changed to an annualised coverage ratio of 1.45 times headline earnings per share (equivalent to 1.5 times headline earnings per share under the previous STC regime), and is designed such that the group operates on a broadly "cash-neutral" basis.

The board also considers the appropriateness of special dividends or share repurchases if no other opportunities present themselves for the utilisation of excess cash. During the year, shares to the value of R286 million were repurchased from the market.

THE WOOLWORTHS RETAIL SEGMENT IS EXTREMELY CASH-GENERATIVE, DEMONSTRATED BY THE HIGH LEVEL OF CASH GENERATED BY OPERATING ACTIVITIES.

TAX

The group's effective tax rate decreased from 28.6% to 28.3%. The effective rate decreased due mainly to the STC saving on the interim dividend in April 2012.

FINANCIAL POSITION

CAPITAL EXPENDITURE

The group invested R652 million in property, plant and equipment. R336 million related to the South African store development programme, which added 37 new corporate stores (49 329 m^2), as well as expenditure on refurbishments and modernisations across the existing real estate.

Country Road invested R100 million in its new store and concession locations, adding a net 3.5% to trading space.

A further R146 million was invested in merchandise planning, allocation and replenishment systems relating to both Food and Clothing and General merchandise.

FINANCIAL RISK MANAGEMENT

Financial risks related to funding (liquidity and counterparty risks), interest rate risk and foreign exchange risk are managed by the treasury committee. The committee meets on a regular basis. Funding requirements are assessed in order to optimise funding structures.

Liquidity risk associated with borrowings is managed by staggering the timing of maturities of borrowings and maintaining appropriate short-term committed and uncommitted banking facilities. Unutilised banking facilities total R2 710 million at June 2012 (2011: R2 049 million).

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

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

Woolworths Retail uses a pool method to manage these exposures and to provide an effective economic hedge. However, due to the complexity in documenting the relationship between hedging instruments and hedged items required in terms of IAS 39, hedge accounting is not applied to these transactions.

Hedge accounting is applied by Country Road.

ACCOUNTING STANDARDS

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

Various IFRS, IFRIC interpretations and amendments were adopted during the current year. These standards and amendments had no impact on the group's reported results. Details can be found in note 1 on page 31 of the annual financial statements. All additional disclosures required by these standards have been provided for both the current and comparative period.

PROSPECTS AND FINANCIAL TARGETS

We expect the upper end of the market to remain resilient whilst the economy as a whole remains subdued.

Whilst we continue to focus on ensuring competitive opening price points, we are committed to maintaining gross margins from continued improvements in sourcing. The key risks are the inflationary pressures emanating from China, and the possibility of a weaker rand.

Attention will also continue to be given to improving underperforming stores by a critical analysis of costs and operational activities (especially those that impact availability and food waste). In Head Office, detailed cost-to-sell ratios have been set for all departments.

These margin and cost-reduction activities aim to help us to deliver to our medium-term operating margin targets set for Clothing and General merchandise of 18% (up from 17%), and 6% for Food.

The Australian economy has shown signs of recovery and we have seen an improvement in trading in recent months. The focus in Australia will be on the acquisition of the Witchery group and integrating these businesses with Country Road.

The Woolworths Financial Services joint venture is expected to continue to realise book growth as we implement new systems and processes for credit limit increases and new account activity. The In-Store Card continues to be an important driver of retail sales, currently comprising 19.5% of Woolworths' sales. Investment in store systems is expected to provide the platform for growth in the second half of 2013, whilst personal loans are planned to continue to outperform. The risk-adjusted margin will reduce as impairments edge up as provisioning for new growth is raised.

The group's effective tax rate will be slightly lower with the termination of STC.

Capital expenditure is expected to be approximately R1 billion in 2013, R1.1 billion in 2014 and R1.2 billion in 2015. We plan to add 148 527 m^2 in space over the next three years under our store development programme.

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

ANALYSIS OF SHAREHOLDERS

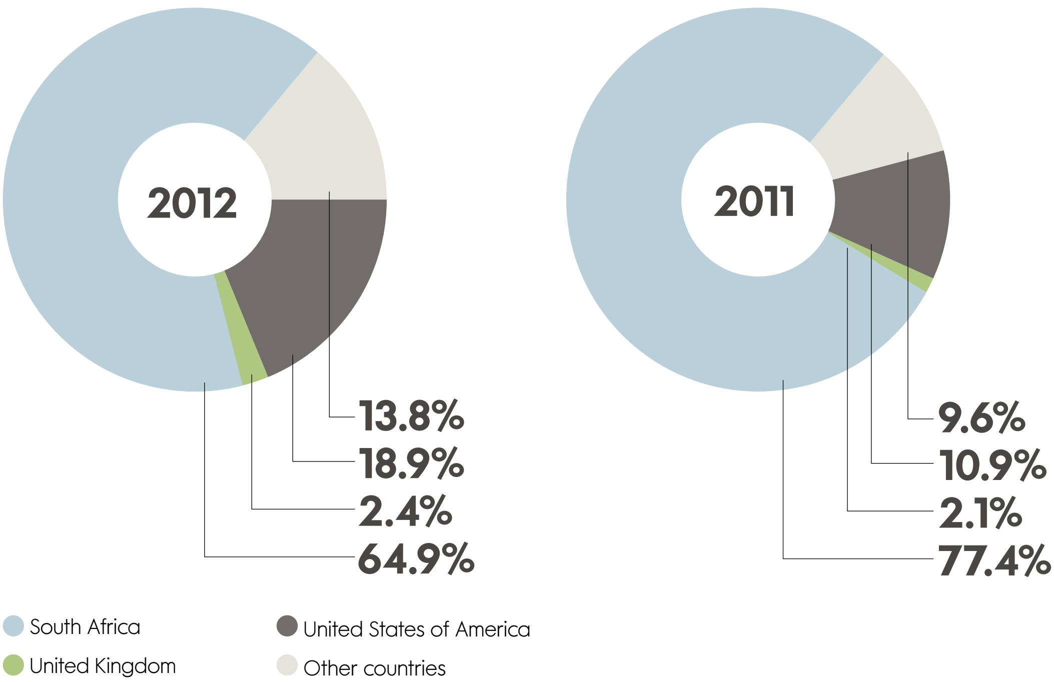
Public and non-public shareholders	Number of shareholders	Percentage of total	Number of shares	Percentage of total
Public shareholders	18 772	99.9	728 849 098	87.2
Non-public shareholders				
Directors and their associates	7	0.1	19 187 234	2.3
E-Com Investments 16 (Proprietary) Limited	1	–	43 763 861	5.2
Woolworths (Proprietary) Limited	1	–	40 497 604	4.9
Woolworths Holdings Share Trust*	1	–	3 080 536	0.4
Total shareholders	18 782	100.0	835 378 333	100.0

* Excludes shares held by directors in share trusts

According to the company's register of shareholders, read in conjunction with the company's register of disclosure of beneficial interests made by registered shareholders acting in a nominee capacity, the following shareholders held, directly and indirectly, beneficially in excess of 5% of any class of the issued share capital at 30 June 2012:

Major beneficial shareholders	Number of shares	**2012 Percentage of shares**	2011 Percentage of shares
Government Employees Pension Fund	143 210 068	**17.2**	17.2
E-Com Investments 16 (Proprietary) Limited	43 763 861	**5.2**	5.2
Woolworths (Proprietary) Limited	40 497 604	**4.9**	6.3

GEOGRAPHIC DISTRIBUTION OF SHAREHOLDERS

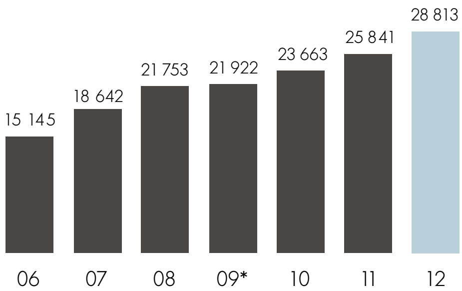


Major fund managers managing 3% or more	**2012 Percentage of shares**	2011 Percentage of shares
Public Investment Corporation (SA)	**14.4**	13.0
STANLIB Asset Management (SA)	**4.5**	5.2
Coronation Fund Managers (SA)	**4.0**	11.0
BlackRock Inc (US and UK)	**3.3**	3.1
Sanlam Investment Management (SA)	**3.2**	3.5
Foord Asset Management (SA)	**2.6**	3.1

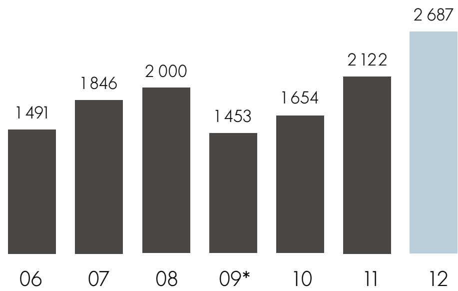
Shareholder spread	Number of shareholders	Percentage of total	Number of shares	Percentage of total
1 – 1 000 shares	9 490	50.5	3 740 973	0.4
1 001 – 10 000 shares	7 124	38.0	24 693 063	3.0
10 001 – 100 000 shares	1 658	8.8	50 171 884	6.0
100 001 – 1 000 000 shares	413	2.2	119 724 320	14.3
1 000 001 shares and over	97	0.5	637 048 093	76.3
	18 782	100.0	835 378 333	100.0

Year	**2012**	2011	2010	2009	2008	2007	2006
Number of weeks	**52**	52	52	52	53	52	52
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
GROUP STATEMENTS OF COMPREHENSIVE INCOME							
Revenue	**28 813**	25 841	23 663	21 922	21 753	18 642	15 145
Turnover	**28 604**	25 582	23 393	21 175	20 065	17 377	14 208
Cost of sales	**(18 419)**	(16 683)	(15 619)	(14 501)	(13 798)	(12 032)	(9 844)
Gross profit	**10 185**	8 899	7 774	6 674	6 267	5 345	4 364
Other revenue	**127**	127	95	563	1 688	1 265	937
Expenses	**(7 625)**	(6 904)	(6 215)	(5 784)	(5 955)	(4 764)	(3 810)
Operating profit	**2 687**	2 122	1 654	1 453	2 000	1 846	1 491
Investment income	**82**	132	175	184	–	–	–
Finance costs	**(38)**	(84)	(151)	(281)	(503)	(379)	(244)
Earnings from joint ventures	**133**	129	75	58	–	–	–
Earnings from associate	**6**	7	6	12	1	–	–
Profit before exceptional items	**2 870**	2 306	1 759	1 426	1 498	1 467	1 247
Exceptional items	**–**	–	–	380	–	55	–
Profit before tax	**2 870**	2 306	1 759	1 806	1 498	1 522	1 247
Tax	**(811)**	(659)	(491)	(546)	(553)	(435)	(409)
Profit for the year	**2 059**	1 647	1 268	1 260	945	1 087	838
Attributable to:							
Non-controlling interests	**11**	16	10	12	8	12	2
Shareholders of the parent	**2 048**	1 631	1 258	1 248	937	1 075	836

REVENUE (RMILLION)



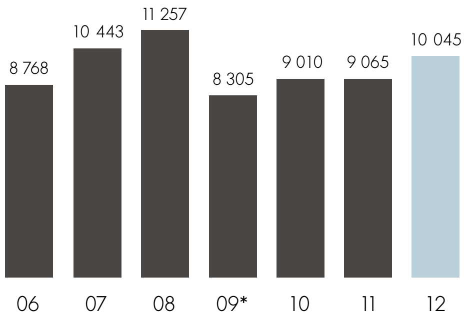
OPERATING PROFIT (RMILLION)



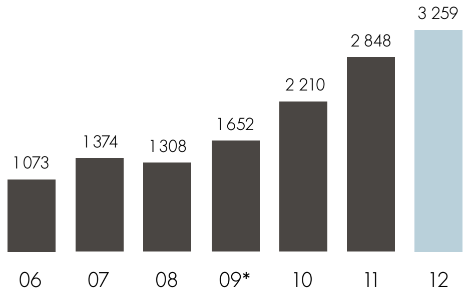
* Years prior to 2009 includes Woolworths Financial Services.

Year	2012	2011	2010	2009	2008	2007	2006
Number of weeks	52	52	52	52	53	52	52
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
GROUP STATEMENTS OF FINANCIAL POSITION							
Non-current assets	**5 011**	4 115	3 633	3 436	2 793	2 977	2 490
Current assets	**5 034**	4 950	5 377	4 869	8 464	7 466	6 278
Total assets	**10 045**	9 065	9 010	8 305	11 257	10 443	8 768
Equity attributable to shareholders of the parent	**4 465**	4 008	3 396	3 025	3 526	3 247	2 606
Non-controlling interests	**107**	85	57	47	52	43	28
Non-current liabilities	**1 177**	1 460	1 362	2 342	2 272	2 918	2 801
Current liabilities	**4 296**	3 512	4 195	2 891	5 407	4 235	3 333
Total equity and liabilities	**10 045**	9 065	9 010	8 305	11 257	10 443	8 768
GROUP STATEMENTS OF CASH FLOWS							
Cash inflow from trading	**3 259**	2 848	2 210	1 652	1 308	1 374	1 073
Working capital movements	**(131)**	377	215	67	(330)	184	185
Cash applied to financial services assets	**–**	–	–	21	(24)	(1 183)	(882)
Cash generated by operating activities	**3 128**	3 225	2 425	1 740	954	375	376
Net interest received	**35**	28	15	236	861	652	516
Tax paid	**(356)**	(985)	(367)	(370)	(747)	(565)	(483)
Cash generated by operations	**2 807**	2 268	2 073	1 606	1 068	462	409
Dividends received from associate	**1**	1	1	1	1	–	–
Dividends received from joint venture	**95**	125	35	–	–	–	–
Distributions to shareholders	**(1 313)**	(923)	(725)	(655)	(636)	(551)	(474)
Net cash inflow/(outflow) from operating activities	**1 590**	1 471	1 384	952	433	(89)	(65)
Net cash (outflow)/inflow from investing activities	**(1 101)**	(771)	(504)	2 625	(504)	(527)	(599)
Net cash (outflow)/inflow from financing activities	**(675)**	(1 328)	(364)	(1 055)	374	794	11
(Decrease)/increase in cash and cash equivalents	**(186)**	(628)	516	2 522	303	178	(653)
Cash and cash equivalents at the beginning of the year	**2 293**	2 917	2 391	(91)	(423)	(623)	23
Effect of foreign exchange rates	**38**	4	10	(40)	29	22	7
Cash and cash equivalents at the end of the year	**2 145**	2 293	2 917	2 391	(91)	(423)	(623)

TOTAL ASSETS (RMILLION)



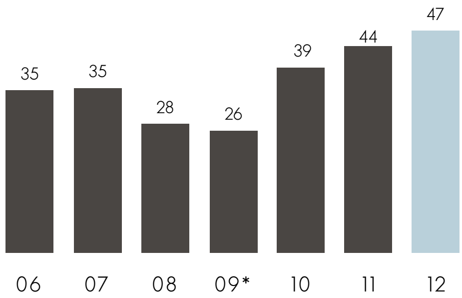
CASH INFLOW FROM TRADING (RMILLION)



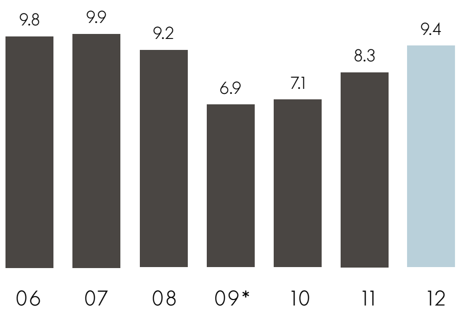
* Years prior to 2009 includes Woolworths Financial Services.

Year **Number of weeks**	**2012** **52** **%**	2011 52 %	2010 52 %	2009 52 %	2008 53 %	2007 52 %	2006 52 %
RETURNS							
Return on ordinary shareholders' equity	**47.1**	44.1	39.4	26.3	27.5	35.1	34.8
– headline earnings as a percentage of the average of ordinary shareholders' interest at the beginning and end of the year							
Return on assets	**28.9**	23.8	19.3	16.9	18.8	19.4	18.9
– 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	**35.6**	34.8	33.2	31.5	31.2	30.8	30.7
– gross profit as a percentage of turnover							
Operating margin	**9.4**	8.3	7.1	6.9	9.2	9.9	9.8
– operating profit as a percentage of turnover (revenue in 2008 and prior periods)							
SOLVENCY AND LIQUIDITY							
Debt ratio	**5.3**	5.8	17.3	18.1	40.8	37.9	39.2
– interest-bearing debt as a percentage of total assets							
Current ratio (times)	**1.2**	1.4	1.3	1.7	0.9	1.8	1.9
– current assets divided by current liabilities							
Total liabilities to shareholders' equity	**119.7**	121.5	160.9	170.4	214.6	217.5	235.4
– non-current liabilities, including deferred tax and current liabilities as a percentage of total shareholders' interest							

RETURN ON EQUITY (%)



OPERATING MARGIN (%)



* Years prior to 2009 includes Woolworths Financial Services.

Year	**2012**	2011	2010	2009	2008	2007	2006
Number of weeks	**52**	52	52	52	53	52	52
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
DIVISIONAL ANALYSIS REVENUE							
Woolworths Retail*	**25 336**	22 712	20 627	19 486	19 793	17 280	14 151
Country Road	**3 402**	3 000	2 861	2 252	1 939	1 362	994
Treasury	**75**	129	175	184	21	–	–
	28 813	25 841	23 663	21 922	21 753	18 642	15 145
TURNOVER							
Woolworths Retail							
– Clothing and General merchandise	**9 585**	8 591	7 913	7 423	7 410	6 985	6 012
– Food	**15 140**	13 535	12 227	11 126	10 360	8 718	6 942
– Logistics and other	**506**	483	417	391	376	320	274
Country Road	**3 373**	2 973	2 836	2 335	1 918	1 354	981
	28 604	25 582	23 393	21 275	20 064	17 377	14 209
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX							
Woolworths*					1 377	1 412	1 232
Woolworths Retail	**2 518**	1 958	1 508	1 095			
Clothing and General merchandise	**1 644**	1 314	1 047	694			
Food	**874**	644	461	401			
Country Road	**172**	162	142	139	101	55	15
Treasury	**41**	50	28	50			
Woolworths Financial Services (subsidiary to 30 September 2008)	**–**	–	–	72			
Woolworths Financial Services (joint venture from 1 October 2008)	**133**	129	75	57			
Earnings from associate and property joint venture	**6**	7	6	13			
	2 870	2 306	1 759	1 426	1 478	1 467	1 247
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS							
Woolworths**	**1 929**	1 516	1 185	1 159	875	985	823
Country Road	**119**	115	73	89	62	89	13
	2 048	1 631	1 258	1 248	937	1 074	836
NET ASSETS							
Woolworths**	**3 873**	3 516	2 966	2 663	3 130	2 936	2 401
Country Road	**699**	492	430	362	396	311	205
	4 572	4 008	3 396	3 025	3 526	3 247	2 606

* Years prior to 2009 includes Woolworths Financial Services.

** Includes Woolworths Retail, Treasury, Woolworths Financial Services, earnings from associate and property joint venture.

Year Number of weeks	2012 52	2011 52	2010 52	2009 52	2008 53	2007 52	2006 52
OTHER STATISTICAL DATA							
WOOLWORTHS RETAIL*							
Gross margin (%)	**32.4**	31.6	29.7	28.0	28.0	32.3	32.8
Number of employees (average weekly full-time equivalent)	**25 693**	23 304	22 325	20 873	21 374	19 344	16 337
Number of stores – owned (local)	**330**	293	259	250	228	200	173
– franchised and international	**118**	145	160	160	157	149	136
Closing trading area (m^2) – owned	**498 626**	449 297	411 132	406 784	381 639	347 647	326 200
– franchised and international	**52 808**	82 990	100 524	100 493	96 712	98 225	96 167
Turnover ratios – turnover per employee (R'000)	**982.0**	970.2	920.8	902.6	849.0	828.3	809.7
– turnover per m^2 (owned) (R'000)	**50.6**	50.3	50.0	46.3	47.5	46.1	40.5
Asset turn (times)	**4.3**	4.4	4.3	4.1	4.7	4.9	4.4
– revenue divided by average total assets less deferred tax at the beginning and end of the year							
Inventory turn (times)	**10.1**	10.7	10.2	10.4	12.0	12.5	14.0
– cost of sales divided by average inventory at the beginning and end of the year							
Profit before exceptional items and tax to turnover (%)	**10.0**	8.7	7.3	6.3	7.6	8.8	9.3
COUNTRY ROAD (IN A$ TERMS)							
Gross margin (%)	**59.6**	59.3	55.8	59.5	61.0	58.1	53.7
Number of employees (full-time equivalent)	**1 360**	1 345	1 331	1 206	1 133	1 093	806
Number of stores – owned	**115**	117	96	67	61	57	52
– concession	**76**	82	81	82	78	74	–
Trading area (m^2)	**57 009**	55 105	48 588	36 849	33 974	31 548	22 094
Turnover ratios – turnover per employee (A$'000)	**308.1**	318.2	317.8	284.5	255.7	217.4	254.5
– turnover per m^2 (A$'000)	**7.3**	7.8	8.7	9.3	8.5	7.5	9.3
Asset turn (times)	**3.1**	3.3	3.0	3.0	3.0	2.5	2.4
Inventory turn (times)	**3.6**	4.0	4.1	4.1	3.9	3.7	4.0
Profit before tax to turnover (%)	**4.9**	5.3	5.0	6.4	4.8	3.9	1.6

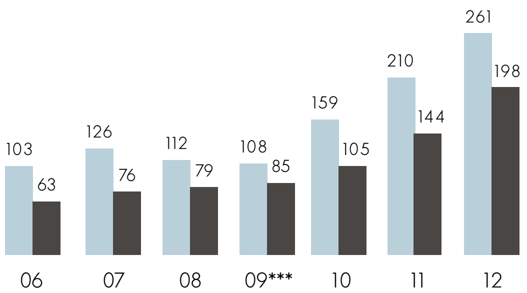
* Years prior to 2009 includes Woolworths Financial Services.

Year Number of weeks	2012 52	2011 52	2010 52	2009 52	2008 53	2007 52	2006 52
ORDINARY SHARE PERFORMANCE (CENTS PER SHARE)							
Earnings	**269.2**	212.2	162.4	157.2	114.8	133.9	105.1
Headline earnings	**267.3**	214.9	164.6	109.3	114.9	127.8	105.0
Distributions declared for the financial year*	**198.0**	143.5	105.0	179.0	79.0	76.0	63.0
Net asset book value	**598.8**	530.7	447.2	390.4	443.2	401.2	326.9
Share price: Highest	**5 039**	2 982	2 580	1 358	2 302	2 510	1 779
Lowest	**2 989**	2 299	1 297	923	988	1 230	1 003
Average	**4 097**	2 606	1 898	1 177	1 550	1 779	1 391
Closing	**5 039**	2 910	2 520	1 295	1 020	2 140	1 370
Indexed closing share price (June 2000 = 100)	**1 738**	1 003	869	447	352	738	472
JSE indexed: Retail (June 2000 = 100)	**707**	495	414	275	234	407	279
All shares (June 2000 = 100)	**443**	398	354	289	359	377	266
Market capitalisation at June (Rm)	**42 095**	24 580	21 365	10 374	9 000	19 179	12 112
Number of shares in issue (millions**)	**746**	755	760	775	796	809	797
Number of shares traded (millions)	**870**	781	1 209	1 182	1 164	738	596
Percentage of shares traded	**116.7**	103.4	159.1	152.6	146.3	82.4	67.4
Value of shares traded (Rm)	**35 644**	20 353	22 947	13 912	18 037	13 131	8 291
Price: earnings ratio	**18.7**	13.7	15.5	8.2	8.9	18.2	13.6
Distribution yield (%)	**3.9**	4.9	4.2	6.6	7.7	3.6	4.6
FOREIGN CURRENCY EXCHANGE RATES							
US$ – average	**7.73**	6.99	7.61	9.05	7.33	7.22	6.37
US$ – closing	**8.35**	6.82	7.60	7.94	7.88	7.15	7.50
A$ closing	**8.40**	7.17	6.63	6.42	7.62	6.11	5.44
KEY INFORMATION US$ MILLION							
Revenue	**3 727**	3 697	3 109	2 422	2 966	2 581	2 377
Headline earnings per share (cents)	**34.6**	30.7	21.6	12.1	15.8	17.7	16.5
Net profit attributable to ordinary shareholders	**265**	233	165	138	128	149	131
Total assets	**1 203**	1 329	1 186	1 046	1 428	1 461	1 169
Market capitalisation	**5 041**	3 604	2 812	1 306	1 142	2 683	1 615

* Includes special dividend of 94 cents paid in 2009.

** Net of treasury shares held by subsidiaries, E-Com Investments 16 (Proprietary) Limited and Woolworths (Proprietary) Limited.

DILUTED HEPS AND DIVIDENDS DECLARED (CENTS PER SHARE)



*** Years prior to 2009 includes Woolworths Financial Services.

AUDIT OPINION TO THE SHAREHOLDERS OF WOOLWORTHS HOLDINGS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated and separate annual financial statements of Woolworths Holdings Limited set out on pages 19 to 122, which comprise the statements of financial position as at 24 June 2012, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, 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 financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 the directors, 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 24 June 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year 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 year ended 24 June 2012, 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 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 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 – MR Isaacs
Registered Auditor
Chartered Accountant (SA)
Ernst & Young House
35 Lower Long Street
Cape Town
22 August 2012

Nexia SAB&T

NEXIA SAB&T
Director – A Darmalingam
Registered Auditor
Chartered Accountant (SA)
SAB&T House
Cnr. Birmingham &
Canterbury Roads
N1 City, Goodwood
22 August 2012

In terms of section 88(2)(e) of the Companies Act, No. 71 of 2008, as amended, I certify that to the best of my knowledge and belief the company has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act, No. 71 of 2008, as amended, in respect of the financial year ended 24 June 2012 and that all such returns and notices are true, correct and up to date.

T Sishuba-Mashego
Group secretary

APPROVAL OF THE AUDITED ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been compiled under the supervision of Norman Thomson, CA(SA), the Group finance director.

The financial statements were approved by the Board on Wednesday, 22 August 2012 and signed on its behalf by:

SN Susman
Chairman

I Moir
Group chief executive officer

1. AUDIT COMMITTEE MANDATE AND TERMS OF REFERENCE

The audit committee is constituted in terms of the Companies Act of 2008 (as amended) ("the Act") as a statutory board committee. Members are appointed by shareholders at each annual general meeting.

The mandate of the committee is in its terms of reference. The terms of reference include all statutory duties and other duties assigned by the Board. The terms of reference are approved by the Board on an annual basis.

During the financial year, the committee has conducted its affairs in compliance with its terms of reference. It conducted its affairs with a level of integrity, impartiality and objectivity. It has complied with its role and responsibilities as stated in the Act and in the terms of reference, a copy of which may be found at the company's website: www.woolworthsholdings.co.za

2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

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

During the year, four committee meetings were held.

NAME OF MEMBER	19 AUGUST 2011	14 NOVEMBER 2011	13 FEBRUARY 2012	14 MAY 2012
L Bakoro BCom (UCT), Post-graduate Diploma in Accounting (UCT), Higher Diploma in Tax Law (WITS), CA(SA). Appointed to committee: 2009	Present	Present	Present	Present
P Bacon (British) Fellow of the Institute of Hospitality (FIH) Appointed to committee: 2011	Present	Present	Present	Present
Z Bassa* BAcc, CA(SA) Appointed to committee: 2011	N/A	Present**	Present	Present
MJ Leeming (Chairman) BCom, MCom, FCMA, FIBSA, AMP (Harvard) Appointed to committee: 2004	Present	Present	Present	Present
SV Zilwa Bcompt (Hons), CTA, CA(SA), Advanced Taxation Certificate Appointed to committee: 2002	Present	Present	Present	Present

Notes:

* Zarina Bassa was appointed to the committee with effect from 17 November 2011.

** Zarina Bassa attended the audit committee meeting by invitation.

3. STATUTORY DUTIES

The committee has performed the following statutory duties during the period:

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

The committee accepted and has performed the functions required under the Companies Act on behalf of the wholly-owned subsidiaries of the holding company, these being E-Com Investments 16 (Proprietary) Limited, Woolworths (Proprietary) Limited and Woolworths Developments (Proprietary) Limited.

4. BOARD DELEGATED DUTIES OF THE AUDIT COMMITTEE

4.1 EXTERNAL AUDIT

The committee meets independently with the external auditors formally prior to each committee meeting and on request.

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

The committee, in consultation with the Board, agreed to the letter of engagement, the audit coverage plan and the audit fees for the 2012 financial year. Fees paid to the joint auditors can be found in note 3 on page 44 of the annual financial statements. The committee determined the nature and extent of non-audit services that were provided to the group and pre-approved agreements with the external auditor for the provision of non-audit services. The committee notes that non-audit services performed during the year amounted to 12% of the previous year audit fee, prepared on a company basis. This is within 20% of the prior year audit fees, as required by the external auditor independence policy.

The committee has nominated, for approval at the annual general meeting, Ernst & Young Inc. and NEXIA SAB&T as the external auditors for the 2013 financial year. The committee is satisfied that the audit firms are accredited to appear on the JSE List of Accredited Auditors.

4.2 INTERNAL AUDIT

The audit committee is responsible for ensuring that the Woolworths internal audit function is independent and has the necessary resources and authority to enable it to discharge its duties. The audit committee oversees co-operation between the internal and external auditors and serves as link between the Board and these functions.

The head of internal audit reports to the audit committee and meets with the Chairman of the committee independently of management.

The committee annually reviews and has approved the internal audit coverage plan and the internal audit department's budget and resources. The annual assessment of the internal controls, including financial controls, include the scope and frequency of internal audits on the audit coverage plan and any discussion of any serious control issues raised and their impact. Internal audit has the responsibility for reviewing and providing assurance on the adequacy of the internal controls.

4.3 INTERNAL FINANCIAL CONTROLS

The committee has reviewed the written assessment of 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.

4.4 RISK MANAGEMENT

The committee has oversight of fraud and information technology risks. The committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as they relate to financial reporting.

4.5 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.

4.6 GOING CONCERN

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

4.7 EXPERTISE AND EXPERIENCE OF THE GROUP FINANCE DIRECTOR AND FINANCE FUNCTION

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

4.8 INTEGRATED REPORTING

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

4.9 MEMORANDUM OF INCORPORATION

The committee is responsible to review the Memorandum of Incorporation. The committee recommended the Memorandum of Incorporation for approval by the Board prior to it being tabled at the annual general meeting.

Signed this 22nd day of August 2012.

Mike Leeming
Audit committee chairman

NATURE OF BUSINESS

Woolworths Holdings Limited is an investment holding company, listed on the JSE Limited securities exchange and operates mainly through two subsidiaries, Woolworths (Proprietary) Limited and Country Road Limited and a joint venture, Woolworths Financial Services (Proprietary) Limited.

Woolworths (Proprietary) Limited is a retail chain of stores offering a selected range of clothing, food and general merchandise, mainly under its own brand name. Woolworths has 330 corporate stores, 16 franchise stores in South Africa and 60 stores in Africa and the Middle East, 16 of which are corporate stores. The product range is available online in South Africa.

Country Road Limited, listed on the Australian Securities Exchange, is a retail chain of stores and concession retail outlets offering a range of clothing and homeware under its own brand name. Country Road Limited has 167 retail stores or concession retail outlets across Australia and New Zealand, together with an online presence. It is represented in 24 selected Woolworths outlets and standalone stores throughout South Africa.

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

The nature of the business of the subsidiaries held directly and indirectly is set out on page 120.

REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The reviews of financial results and activities of the group are contained in the 2012 Integrated Report and the 2012 Annual Financial Statements Report.

SHARE CAPITAL

Authorised

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

Issued

Ordinary shares	– 835 378 333 of 0.15 cents
Convertible, redeemable, non-cumulative participating preference shares	– 89 400 000 of 0.15 cents

Further details of the share capital and the movements for the period under review are disclosed in note 11 of the company annual financial statements.

DIRECTORATE AND GROUP SECRETARY

Non-independent chairman	: 1
Independent non-executive directors	: 10
Executive directors	: 3

The composition of the Board and the details of the directors and the group secretary are shown in the 2012 Integrated report.

CHANGES TO DIRECTORATE

After serving nine years as Chairman, on 17 November 2011 at the company's annual general meeting, Buddy Hawton retired from the Board. Simon Susman was appointed as a non-independent Chairman and Tom Boardman as the Lead independent director on 17 November 2011.

Zarina Bassa was appointed as a non-executive director on 17 November 2011.

Andrew Higginson was appointed as a non-executive director on 1 June 2012. His appointment will be confirmed at the annual general meeting on 15 November 2012.

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

CHANGE OF GROUP SECRETARY

Thobeka Sishuba-Mashego was appointed as group secretary effective 1 February 2012 after Cherrie Lowe's resignation on 31 January 2012.

RE-ELECTION OF DIRECTORS RETIRING BY ROTATION

In accordance with the Memorandum of Incorporation of the company, recent appointments to the Board and at least one-third of the Board are required to retire by rotation at each annual general meeting. Furthermore, the group chief executive officer, Ian Moir, is not required to retire by rotation, by virtue of his fixed term contract. Retiring directors are those who have been appointed between annual general meetings and those who have been in office the longest since their re-election. No director can serve more than three years without being re-elected.

In terms of the Memorandum of Incorporation of the company, Tom Boardman, Andrew Higginson, Mike Leeming, Chris Nissen, Thina Siwendu and Norman Thomson are due to retire at the next annual general meeting and being eligible, offer themselves for re-election.

Abridged curricula vitae of the directors seeking re-election are contained in the 2012 Integrated Report.

Directors seeking re-election do not have service employment contracts.

DIRECTORS' INTERESTS IN SHARES

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

	2012 Beneficial		2011 Beneficial	
	Direct	**Indirect**	Direct	Indirect
Non-executive directors				
Buddy Hawton#	**35 000**	**–**	30 000	–
Simon Susman	**49 513**	**10 247 143**	49 513	10 925 473
Peter Bacon	**25 000**	**–**	25 000	–
Lindiwe Bakoro	**–**	**–**	–	–
Zarina Bassa	**–**	**–**	–	–
Tom Boardman	**–**	**–**	–	–
Andrew Higginson	**–**	**–**	–	–
Mike Leeming	**–**	**20 000**	–	20 000
Chris Nissen	**–**	**–**	–	–
Stuart Rose	**3 072**	**–**	–	–
Thina Siwendu	**–**	**–**	–	–
Sindi Zilwa	**–**	**–**	–	–
Executive directors				
Ian Moir	**1 255 217**	**554 287**	1 225 617	318 123
Zyda Rylands	**788 828**	**2 268 673**	659 031	2 506 614
Norman Thomson	**1 676 511**	**2 298 990**	1 537 053	2 484 963
Total	**3 833 141**	**15 389 093**	3 526 214	16 255 173

Retired on 17 November 2011.

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

	2012 Beneficial		2011 Beneficial	
	Direct	**Indirect**	Direct	Indirect
Executive directors				
Zyda Rylands	**–**	**1 250 000**	–	1 250 000
Total	**–**	**1 250 000**	–	1 250 000

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

DIRECTORS' EMOLUMENTS

The emoluments of directors of the company are set out on pages 50 to 59.

RELATED PARTY CONTRACTS

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

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

DISTRIBUTIONS TO ORDINARY SHAREHOLDERS

Distributions to shareholders have been passed by way of Board resolutions after taking into account the solvency and liquidity test, as required by the Companies Act of 2008 (as amended).

With effect from 1 April 2012, dividend withholding tax of 15% was introduced. It was not applicable on dividends declared and paid in 2011 year.

INTERIM

On 2 April 2012, a cash dividend of 75.0 cents (63.75 cents net of dividend withholding tax) (2011: 50.5 cents) was declared to shareholders recorded at the close of business on 26 April 2012 and paid on 30 April 2012.

FINAL

On 22 August 2012, a cash dividend of 123.0 cents (104.55 cents net of dividend withholding tax) (2011: 93.0) was declared to shareholders recorded at close of business on 14 September 2012, to be paid on 17 September 2012, in line with the group dividend policy.

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

INTERIM

On 2 April 2012, a cash dividend of 36.0 cents (30.60 cents net of dividend withholding tax) (2011: 16.8 cents) was declared to shareholders recorded at the close of business on 26 April 2012 and paid on 30 April 2012.

FINAL

On 22 August 2012, a cash dividend of 85.0 cents (72.25 cents net of dividend withholding tax) (2011: 44.6 cents) was declared to shareholders recorded at close of business on 14 September 2012, to be paid on 17 September 2012.

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 24 June 2012.

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 2008 (as amended) and for reporting their findings thereon. The auditors' report is set out on page 18 of these financial statements.

The annual financial statements set out on pages 19 to 122 have been prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies which have been consistently applied in all material respects, and are supported by reasonable and prudent estimates where appropriate. Adequate accounting records have been maintained throughout the period under review.

INTERNAL CONTROL

The Board is accountable for the system of internal controls for the group. The output of the risk management process, in conjunction with the work of the independent assurance providers, indicates to the directors that the controls, including financial controls in place are adequate and effective. Furthermore, no material losses, exposures or financial misstatements, compliance breaches have been reported to the directors for the financial year. This opinion recognises that the business is 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 30 June 2013 and details of the group insurance arrangements. On the basis of this review and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

BORROWING POWERS

In terms of the Memorandum of Incorporation, the borrowing powers of the company are unlimited. However all borrowings by the group are subject to Board approval as required by the Board delegation of authority. The details of borrowings appear in note 22 on page 78 of the group annual financial statements.

SUBSIDIARY COMPANIES

An annexure containing full particulars of the subsidiary companies appears on page 120 of the annual financial statements.

EVENTS SUBSEQUENT TO REPORTING DATE

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

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

SPECIAL RESOLUTIONS

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

WOOLWORTHS HOLDINGS LIMITED

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

WOOLWORTHS (PROPRIETARY) LIMITED

- Financial assistance to related or interrelated companies or corporations.

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

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	**52 weeks to 24 June 2012 Rm**	52 weeks to 26 June 2011 Rm
Revenue	2	**28 813**	25 841
Turnover	2	**28 604**	25 582
Cost of sales		**18 419**	16 683
Gross profit		**10 185**	8 899
Other revenue	2	**127**	127
Expenses	3	**7 625**	6 904
Store costs		**5 165**	4 448
Other operating costs		**2 460**	2 456
Operating profit		**2 687**	2 122
Investment income	2	**82**	132
Finance costs	3.6	**38**	84
Profit before earnings from joint ventures and associate		**2 731**	2 170
Earnings from joint ventures	35	**133**	129
Earnings from associate	11	**6**	7
Profit before tax		**2 870**	2 306
Tax	4	**811**	659
Profit for the year		**2 059**	1 647
Other comprehensive income:			
Fair-value adjustments on financial instruments		**38**	(29)
Deferred tax on fair-value adjustments on financial instruments		**(17)**	12
Exchange differences on translation of foreign subsidiaries		**117**	37
Other comprehensive income for the year		**138**	20
Total comprehensive income for the year		**2 197**	1 667
Profit attributable to:			
Shareholders of the parent		**2 048**	1 631
Non-controlling interest		**11**	16
Total comprehensive income attributable to:			
Shareholders of the parent		**2 167**	1 651
Non-controlling interest		**30**	16
Headline earnings per share (cents)	5	**267.3**	214.9
Earnings per share (cents)	5	**269.2**	212.2
Diluted headline earnings per share (cents)	6	**260.6**	209.8
Diluted earnings per share (cents)	6	**262.4**	207.2

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	At 24 June 2012 Rm	At 26 June 2011 Rm
ASSETS			
Non-current assets		**5 011**	4 115
Property, plant and equipment	8	**2 225**	2 046
Investment properties	9	**106**	121
Intangible assets	10	**1 219**	693
Investment in associate	11	**51**	46
Investment in joint ventures	35	**616**	578
Prepaid employment costs	12	**13**	23
Participation in export partnerships	13	**49**	59
Other loans	14	**89**	84
Deferred tax	15	**643**	465
Current assets		**5 034**	4 950
Inventories	16	**2 216**	1 892
Trade and other receivables	17	**631**	733
Derivative financial instruments	18	**41**	10
Tax	31.3	**1**	22
Cash and cash equivalents	31.5	**2 145**	2 293
Total assets		**10 045**	9 065
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent		**4 465**	4 008
Share capital	19	**1**	1
Share premium	20	**94**	94
Treasury shares		**(1 344)**	(1 333)
Non-distributable reserve	21	**351**	251
Distributable reserves	21	**5 363**	4 995
Non-controlling interest		**107**	85
Total shareholders' interest		**4 572**	4 093
Non-current liabilities		**1 177**	1 460
Interest-bearing borrowings	22	**25**	514
Operating lease accrual	23	**457**	455
Post-retirement medical benefit liability	24	**335**	315
Deferred tax	15	**360**	176
Current liabilities		**4 296**	3 512
Trade and other payables	23	**3 172**	3 148
Provisions	25	**230**	269
Derivative financial instruments	18	**16**	78
Tax	31.3	**368**	1
Overdrafts and short-term interest-bearing borrowings	22	**510**	16
Total equity and liabilities		**10 045**	9 065

GROUP STATEMENT OF CHANGES IN EQUITY

	Note	Share capital Rm	Share premium Rm	Treasury shares Rm
		Attributable to		
Shareholders' interest at 27 June 2010		**1**	**61**	**(1 305)**
Profit for the year		–	–	–
Other comprehensive income		–	–	–
Total comprehensive income for the year		–	–	–
Issue of ordinary shares	19 & 20	–	33	–
Shares repurchased and cancelled	19	–	–	–
Share repurchase	19	–	–	(146)
Share repurchase costs		–	–	–
Distributions to shareholders	30	–	–	–
Share-based payments		–	–	–
Settlement of share-based payments		–	–	118
Non-controlling interest arising on business acquisitions		–	–	–
Shareholders' interest at 26 June 2011		**1**	**94**	**(1 333)**
Profit for the year		–	–	–
Other comprehensive income		–	–	–
Total comprehensive income for the year		–	–	–
Shares repurchased and cancelled	19	–	–	–
Share repurchase	19	–	–	(369)
Share repurchase costs		–	–	–
Distributions to shareholders	30	–	–	–
Share-based payments		–	–	–
Settlement of share-based payments		–	–	358
Non-controlling interest arising on business acquisitions		–	–	–
Shareholders' interest at 24 June 2012		**1**	**94**	**(1 344)**

	Note	2012	2011
Distributions per share declared for the financial year (cents)	30		
Ordinary shares		**198.0**	143.5
Interim		**75.0**	50.5
Final		**123.0**	93.0
Preference shares		**121.0**	61.4
Interim		**36.0**	16.8
Final		**85.0**	44.6

owners of the parent						
Non-distributable reserve	Distributable reserves					
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
218	**352**	**(10)**	**4 079**	**3 396**	**57**	**3 453**
–	–	–	1 631	1 631	16	1 647
33	–	(13)	–	20	–	20
33	–	(13)	1 631	1 651	16	1 667
–	–	–	–	33	–	33
–	–	–	(193)	(193)	–	(193)
–	–	–	–	(146)	–	(146)
–	–	–	(1)	(1)	–	(1)
–	–	–	(918)	(918)	(5)	(923)
–	186	–	–	186	–	186
–	(13)	–	(105)	–	–	–
–	–	–	–	–	17	17
251	**525**	**(23)**	**4 493**	**4 008**	**85**	**4 093**
–	–	–	2 048	2 048	11	2 059
100	–	19	–	119	19	138
100	–	19	2 048	2 167	30	2 197
–	–	–	(286)	(286)	–	(286)
–	–	–	–	(369)	–	(369)
–	–	–	(1)	(1)	–	(1)
–	–	–	(1 299)	(1 299)	(14)	(1 313)
–	245	–	–	245	–	245
–	(35)	–	(323)	–	–	–
–	–	–	–	–	6	6
351	**735**	**(4)**	**4 632**	**4 465**	**107**	**4 572**

GROUP STATEMENT OF CASH FLOWS

	Notes	**52 weeks to 24 June 2012 Rm**	52 weeks to 26 June 2011 Rm
Cash flow from operating activities			
Cash inflow from trading	31.1	**3 259**	2 848
Working capital movements	31.2	**(131)**	377
Cash generated by operating activities		**3 128**	3 225
Interest income		**73**	123
Finance costs paid		**(38)**	(95)
Tax paid	31.3	**(356)**	(985)
Cash generated by operations		**2 807**	2 268
Dividends received from associate		**1**	1
Dividends received from joint ventures		**95**	125
Distributions to shareholders	31.4	**(1 313)**	(923)
Net cash inflow from operating activities		**1 590**	1 471
Cash flow from investing activities			
Investment in property, plant and equipment and intangible assets to maintain operations		**(410)**	(364)
Investment in property, plant and equipment and intangible assets to expand operations		**(298)**	(281)
Proceeds on disposal of investment property, plant and equipment and intangible assets		**93**	60
Acquisition of franchise operations		**(494)**	(207)
Participation in export partnerships		**4**	2
Loans and advances repaid by employees and share scheme participants		**4**	19
Net cash outflow from investing activities		**(1 101)**	(771)
Cash flow from financing activities			
Shares issued		**–**	33
Shares repurchased	19	**(655)**	(339)
Share repurchase costs		**(1)**	(1)
Finance lease payments		**(25)**	(18)
Short-term borrowings repaid		**–**	(1 020)
Acquisitions – non-controlling interest contribution		**6**	17
Net cash outflow from financing activities		**(675)**	(1 328)
Decrease in cash and cash equivalents		**(186)**	(628)
Net cash and cash equivalents at the beginning of the year		**2 293**	2 917
Effect of foreign exchange rate changes		**38**	4
Net cash and cash equivalents at the end of the year	31.5	**2 145**	2 293

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated and separate annual financial statements of Woolworths Holdings Limited ("the company") for the 52 weeks ended 24 June 2012 comprise the company, its subsidiaries, joint ventures and associate (together referred to as "the group").

STATEMENT OF COMPLIANCE

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), and the South African Companies Act 2008, as amended.

BASIS OF PREPARATION

The annual financial statements are prepared on the historical cost basis, except where otherwise indicated.

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

* IAS 24 Related Party Disclosures (effective 1 January 2011)

  The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. It further clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. The adoption of the amendment did not have any impact on the financial position or performance of the group.

* Annual Improvements to IFRS

  In May 2010 the International Accounting Standards Board (IASB) issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. In some instances, the adoption of these amendments resulted in minor changes to accounting policies but did not have any impact on the financial position or performance of the group. In some instances the improvements could lead to changes in disclosures.

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

BASIS OF CONSOLIDATION

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

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

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

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

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

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

FOREIGN CURRENCY TRANSLATIONS

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

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

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

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

USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

PROPERTY, PLANT AND EQUIPMENT

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

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

PROVISION FOR NET REALISABLE VALUE OF INVENTORY

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

FAIR VALUE OF RIGHT TO ACQUIRE EQUITY INSTRUMENTS GRANTED

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

REACQUIRED RIGHTS

The fair value attached to the reacquired rights is determined with the use of a discounted cash flow which takes into account the remaining term of the franchise agreement. The group determines whether these assets are impaired at each reporting date. Key assumptions applied to the earnings portion of a discounted cash flow calculation include the sales growth rate, which varies from 2% – 10%, operating margin, a return on investment required of 20%, 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 13.2%. Refer to note 34.

IMPAIRMENT OF FINANCIAL ASSETS LOANS AND RECEIVABLES

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

PROVISION FOR EMPLOYEE BENEFITS

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

SIGNIFICANT JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

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

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

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

INCOME TAXES

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

DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE

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

CONSOLIDATION OF THE GROUP'S SHARE TRUSTS

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

PROPERTY, PLANT AND EQUIPMENT

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

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

Subsequent to initial recognition, buildings and leasehold improvements are shown at cost less accumulated depreciation and any impairment in value. Land is measured at cost, less any impairment in value. The property portfolio is valued internally on an annual basis and every three years by independent valuers for additional disclosure purposes. Furniture, fittings, motor vehicles and computers are shown at cost less accumulated depreciation and any impairment in value.

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 is reliably measurable.

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

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

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

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
Computers	3 to 7 years
Motor vehicles	5 years

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

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

INTANGIBLE ASSETS

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

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

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

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

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

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

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

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

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

COMPUTER SOFTWARE

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

RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred.

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

GOODWILL

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

After initial recognition, goodwill on acquisitions of subsidiaries is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation can be made to a single cash generating unit or a group of cash generating units. For goodwill raised on franchise store buybacks, each store is considered to be its own cash generating unit.

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

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

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

BUSINESS COMBINATIONS

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

INVESTMENT PROPERTIES

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

Investment properties are accounted for under the cost model and the accounting treatment after initial recognition follows that applied to property, plant and equipment.

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

PREPAID EMPLOYMENT COSTS

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

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

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

TAXES

CURRENT TAX

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

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

DEFERRED TAX

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

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that future taxable profit will allow the deferred tax asset to be utilised, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit or loss. In respect of deductible temporary differences associated with 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 liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. In respect of taxable temporary differences associated with 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 liabilities or assets are expected to be settled or recovered.

SECONDARY TAX ON COMPANIES ("STC")

STC including STC arising on the repurchase by the company of its own equity instruments is accounted for as part of the tax charge in the statement of comprehensive income and not as a deduction directly from equity, in the same period as the related dividend.

DIVIDEND WITHHOLDING TAX ("DWT")

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

CURRENT ASSETS AND LIABILITIES

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

INVENTORIES

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

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

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

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

LEASES

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

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

SHORT-TERM EMPLOYEE BENEFITS

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

RETIREMENT BENEFITS

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

The group has an obligation to provide certain post-employment medical aid benefits to certain employees and pensioners. The calculated cost arising in respect of post-retirement medical aid benefits is charged to profit or loss as services are rendered by employees. The present value of future medical aid subsidies for past and current service is determined in accordance with IAS 19 Employee Benefits using actuarial valuation models. The cost of providing benefits under the plan is determined using the projected unit credit valuation method. Plan assets are assets which can only be used to satisfy the obligations of the fund and are measured at fair value. Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceed 10% of the greater of the defined obligation and the fair value of the plan assets. The gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan. Any curtailment benefits or settlement amounts are recognised against profit or loss as incurred.

SHARE-BASED PAYMENT TRANSACTIONS

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

For share-based payment transactions among group entities, in the separate financial statements, the entity receiving the goods or services measures the goods or services received as an equity-settled share-based payment transaction when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. In all other circumstances, the entity receiving the goods or services shall measure the goods or services as a cash-settled share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services shall recognise the transaction as an equity-settled share-based payment transaction only if it is settled in the entity's own equity instruments. Otherwise, the transaction shall be recognised as a cash-settled share-based payment transaction.

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

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

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

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

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

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

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

PROVISIONS

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

FINANCIAL INSTRUMENTS

RECOGNITION AND MEASUREMENT

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

DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

FAIR VALUE

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

OFFSET

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

FINANCIAL ASSETS

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

LOANS RECEIVABLE

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

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

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

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

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

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

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

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

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

FINANCIAL LIABILITIES

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

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

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

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or designated as at fair value through profit or loss. All derivative financial instruments are classified as financial assets or financial liabilities at fair value through profit or loss unless they are designated as a hedging instrument in an effective hedge.

FINANCIAL GUARANTEE CONTRACTS

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

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

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

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

HEDGE ACCOUNTING

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

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

IMPAIRMENT

NON-FINANCIAL ASSETS

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

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

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

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

FINANCIAL ASSETS

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

ASSETS CARRIED AT AMORTISED COST

If there is objective evidence that assets carried at amortised cost are impaired, the loss is measured as the difference between the asset's carrying amount and 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 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 numbers of shares and the cost price of the shares is deducted from group equity.

Distributions received on treasury shares are eliminated on consolidation. No gains or losses are recognised in the group statement of comprehensive income on the purchase, sale, issue or cancellation of treasury shares.

INVESTMENT IN JOINT VENTURES AND ASSOCIATES

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

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

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

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

REVENUE

Revenue of the group comprises:
- Turnover: net merchandise sales, sales to franchisees and logistics services.
- Other revenue: interest, royalties, dividends, rentals, and franchise and other commissions.

Value added tax is excluded.

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

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

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

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

BORROWING COSTS

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

EXPENSES

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

EXCEPTIONAL ITEMS

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

SEGMENTAL INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reporting about components of the group that are regularly reviewed by the chief operating decision makers ("CODM") to allocate resources to the segments and to assess their performance. The CODM has been identified as the group's executives. Management has determined the operating segments based on the main internal reporting segments. The group has identified five reportable segments:
- Clothing and General merchandise (C&GM) (Clothing, homeware, beauty and other lifestyle products)
- Food
- Country Road (Clothing retailers)
- Woolworths Financial Services (WFS) (Financial products and services)
- Treasury (Cash management activities)

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

EARNINGS PER SHARE

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

DISTRIBUTIONS TO SHAREHOLDERS

Distributions are recorded in the period in which the distribution is declared, and charged directly to equity.

IFRS AMENDMENTS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

The following IFRS and amendments, 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.

* **IAS 1 Financial Statement Presentation – Presentation of items of Other Comprehensive Income (effective 1 July 2012):** The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects the presentation only and has no impact on the group's financial position or performance.

* **IAS 19 Employee Benefits (as amended) (effective 1 January 2013):** The IASB has issued numerous amendments to IAS 19. These range from fundamental changes like removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Actuarial gains and losses will be recognised in other comprehensive income as they occur. Past service costs will be expensed when the plan amendments occur regardless of whether or not they are vested. Short and long-term benefits will now be distinguished based on the expected timing of settlement, rather than employee entitlement. A change in classification of the leave pay provision could lead to a measurement change in that the leave pay provision must be discounted to reflect the time value of money.

  The statement of comprehensive income will reflect only a net interest amount and the service cost.

  All other changes and remeasurements will be included in other comprehensive income. The effect is not expected to be material for the group.

* **IAS 27 Separate Financial Statements (as revised in 2011) (effective 1 January 2013):** As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

* **IAS 28 Investments in Associates and Joint Ventures (as revised in 2011) (effective 1 January 2013):** As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed *IAS 28 Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

* **IFRS 9 Financial Instruments (effective 1 January 2013):** IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets.

  The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. The group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

* **IFRS 10 Consolidated Financial Statements (effective 1 January 2013):** IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation – Special Purpose Entities.

  IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. IFRS 10 could lead to the inclusion of additional entities in the consolidated financial statements of the group.

* **IFRS 11 Joint Arrangements (effective 1 January 2013): IFRS 11 replaces IAS 31:** Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation, they must be accounted for using the equity method. This requirement will not have an impact on the group, as equity accounting is currently used. This particular requirement is not expected to have an impact on the group as equity accounting is currently used whether the standard will lead to a change in classification from an existing joint venture to a joint operation, has not yet been considered.

* **IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013):** IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint ventures, joint operations, associates and unconsolidated structured entities. The new standard requires preparers to provide information to assist users in evaluating the nature and risks associated with interests in other entities and the effects of these interests on the financial position, performance and cash flows. The application of this standard could result in significant changes in the disclosure of interest in other entities.

* **IFRS 13 Fair Value Measurement (effective 1 January 2013):** IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. The group is currently assessing the impact that this standard will have on the financial position and performance.

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

	2012 Rm	2011 Rm
2. REVENUE		
Turnover	**28 604**	25 582
Clothing and General merchandise	**12 958**	11 564
Food	**15 140**	13 535
Logistics services and other	**506**	483
Investment income	**82**	132
Interest earned from cash and investments	**73**	124
Other	**9**	8
Other revenue	**127**	127
Rentals	**23**	28
Other	**104**	99
	28 813	25 841
3. PROFIT BEFORE TAX INCLUDES:		
3.1 OPERATING LEASE EXPENSES		
Land and buildings – rentals	**1 279**	1 067
Plant and equipment	**27**	18
Provision for onerous lease commitments	**(11)**	15
3.2 AUDITORS' REMUNERATION:		
Audit fee	**11**	9
current year	**11**	9
Tax advisory and other services	**1**	2
3.3 NET FOREIGN EXCHANGE (PROFIT)/LOSS	**(108)**	29
3.4 OTHER EXPENSES		
Technical and consulting service fees	**82**	76
Depreciation and amortisation (refer to notes 8 & 10)	**605**	489
Impairment of property, plant and equipment	**1**	24
(Profit)/Loss on disposal of investment property, property, plant and equipment and intangible assets	**(15)**	4
Unwinding of discount of provisions	**5**	4
(Profit)/Loss on fair value movements arising from derivative instruments (refer to note 28.1)	**(34)**	15
3.5 EMPLOYMENT COSTS	**3 478**	3 166
Short-term employment benefits	**3 102**	2 769
Share-based payments expense	**104**	142
Pension costs (refer to note 24)	**236**	207
Post-retirement medical benefit (refer to note 24)	**33**	35
Termination and other benefits	**3**	13
3.6 FINANCE COSTS		
Bank borrowings and overdrafts	**38**	84

	2012 Rm	2011 Rm
4. TAX		
Current year		
South Africa		
Normal tax	**712**	603
Deferred tax relating to the origination and reversal of temporary differences	**(22)**	(41)
Secondary tax on companies	**68**	77
Foreign tax	**50**	33
	808	672
Prior year		
Normal tax		
South Africa	**5**	(17)
Foreign	**(17)**	(10)
Deferred tax		
South Africa	**(2)**	7
Foreign	**17**	7
	811	659

	2012 %	2011 %
The rate of tax on profit is reconciled as follows:		
Standard rate	**28.0**	28.0
Disallowable expenditure	**0.4**	0.3
Share-based payments	**(0.5)**	(0.5)
Exempt income	**(0.5)**	(0.6)
Prior years	**0.1**	(0.6)
Secondary tax on companies	**2.2**	3.3
Foreign tax	**0.1**	0.1
Woolworths Financial Services	**(1.2)**	(1.6)
Other	**(0.3)**	0.2
Effective tax rate	**28.3**	28.6

5. EARNINGS PER SHARE

BASIC AND HEADLINE EARNINGS

	Profit before tax Rm	Tax Rm	Non-controlling interest Rm	Attributable profit Rm
2012				
Per the financial statements	**2 870**	**(811)**	**(11)**	**2 048**
BEE preference dividend paid	**(38)**	**–**	**–**	**(38)**
Basic earnings	**2 832**	**(811)**	**(11)**	**2 010**
Adjustments:				
Profit on disposal of investment property	**(30)**	**4**	**–**	**(26)**
Loss on disposal of property, plant and equipment and intangibles	**15**	**(4)**	**–**	**11**
Impairment of property, plant and equipment	**1**	**–**	**–**	**1**
Headline earnings	**2 818**	**(811)**	**(11)**	**1 996**
2011				
Per the financial statements	2 306	(659)	(16)	1 631
BEE preference dividend paid	(19)	–	–	(19)
Basic earnings	2 287	(659)	(16)	1 612
Adjustments:				
Loss on disposal of property, plant and equipment and intangibles	4	(1)	–	3
Impairment of property, plant and equipment	24	(7)	–	17
Headline earnings	2 315	(667)	(16)	1 632

WEIGHTED AVERAGE NUMBER OF SHARES

	Number of shares	
	2012	2011
Weighted average number of shares	**746 628 104**	759 496 127
Number of issued shares at the beginning of the year	**755 231 337**	759 464 119
Weighted average number of shares repurchased during the year	**(8 603 233)**	(2 181 712)
Weighted average number of shares issued during the year	**–**	2 213 720
EARNINGS PER SHARE (CENTS)		
Basic	**269.2**	212.2
Headline	**267.3**	214.9

6. DILUTED EARNINGS PER SHARE

	2012 Rm	2011 Rm
DILUTED EARNINGS		
Basic earnings	**2 010**	1 612
Adjust for profit impact of assumed conversion of the dilutive potential ordinary shares:		
Pre-tax BEE preference dividend*	**–**	–
Diluted earnings	**2 010**	1 612
Headline adjustment	**(14)**	20
Diluted headline earnings	**1 996**	1 632

DILUTED WEIGHTED AVERAGE NUMBER OF SHARES	**Number of shares**	
	2012	2011
Weighted average number of shares	**746 628 104**	759 496 127
Potential dilutive effect of outstanding number of share options	**19 275 016**	18 444 030
Diluted weighted average number of shares	**765 903 120**	777 940 157

The dilution arises from the outstanding in-the-money share incentive scheme share 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)		
Basic	**262.4**	207.2
% dilution	**2.5%**	2.4%
Headline	**260.6**	209.8
% dilution	**2.5%**	2.4%

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

7. RELATED PARTY TRANSACTIONS

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

HOLDING COMPANY
Refer to note 7 of the company annual financial statements for the transactions between the holding company and subsidiaries.

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

	2012 Rm	2011 Rm
WOOLWORTHS FINANCIAL SERVICES (PROPRIETARY) LIMITED		
Service costs received by Woolworths (Proprietary) Limited	**(100)**	(102)
Merchant fee income paid by Woolworths (Proprietary) Limited	**104**	87
Accounts receivable by Woolworths (Proprietary) Limited	**33**	39
Accounts payable by Woolworths (Proprietary) Limited	**(15)**	(12)
NEDGLEN PROPERTIES (PROPRIETARY) LIMITED		
Rental paid by Woolworths Development (Proprietary) Limited	**2**	2

ASSOCIATE

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

	2012 Rm	2011 Rm
RETAIL RISK MANAGEMENT ALLIANCE TRUST		
Insurance premium paid by Woolworths (Proprietary) Limited	**41**	31
Dividend received by Woolworths (Proprietary) Limited	**(2)**	(1)

KEY MANAGEMENT PERSONNEL

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

KEY MANAGEMENT COMPENSATION

	2012 Rm	2011 Rm
Short-term employee benefits	**53**	66
Woolworths Holdings Limited directors	**34**	41
Other key management personnel	**19**	25
Post-employment benefits	**3**	3
Woolworths Holdings Limited directors	**1**	1
Other key management personnel	**2**	2
IFRS 2 value of share-based payments expensed	**24**	23
Woolworths Holdings Limited directors	**16**	16
Other key management personnel	**8**	7
	80	92

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

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

	2012 Rm	2011 Rm
7. RELATED PARTY TRANSACTIONS (CONTINUED)		
SHARE PURCHASE SCHEME LOANS AND INVESTMENTS		
Loans and investments at the beginning of the year	**56**	61
Loans repaid during the year	**(1)**	(5)
Loans and investments at the end of the year	**55**	56
Details of the terms and conditions relating to these loans are disclosed in note 14.		
No bad or doubtful debts have been recognised in respect of loans granted to key management personnel (2011: nil).		
WOOLWORTHS CARD AND WOOLWORTHS VISA CREDIT CARD ACCOUNTS		
Balance outstanding at the beginning of the year	**2**	2
Annual spend	**4**	2
Annual repayments	**(4)**	(2)
Balance outstanding at the end of the year	**2**	2

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

No bad or doubtful debts have been recognised in respect of the Woolworths card and Woolworths Visa credit card accounts of key management personnel (2011: nil).

POST-EMPLOYMENT BENEFIT PLAN

Details of the Woolworths Group Retirement Fund, the Woolworths Healthcare Fund and funds for the benefit of Country Road employees are disclosed in note 24 to the annual financial statements.

DIRECTORS' AND PRESCRIBED OFFICERS' FEES AND EMOLUMENTS

Emoluments paid to directors and prescribed officers of Woolworths Holdings Limited in connection with the affairs of the company and its subsidiaries during the year ended 24 June 2012 and comparatives for 26 June 2011 are set out below:

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

Non-executive directors	Notes	Directors' fees R000's	Audit committee member R000's	Remuneration committee member R000's	Risk committee member R000's	Nominations committee member R000's	Sustainability committee member R000's	Social and ethics committee member (16) R000's	Other benefits R000's	Total non-executive directors' benefits R000's
Simon Susman	(8)	596		82	64	64	128	64	3 898	4 896
Buddy Hawton	(9)	296		82		40			1	419
Peter Bacon	(10)	185	95	82	32				14	408
Lindiwe Bakoro	(11)	185	95	41	64				12	397
Zarina Bassa	(12)	114	48		32				5	199
Tom Boardman	(13)	219		123		24	64	64	11	505
Andrew Higginson	(14)	42								42
Mike Leeming		185	190		128	48			14	565
Chris Nissen		185				48	64	128	22	447
Stuart Rose	(15)	473		82	64		64			683
Thina Siwendu		185			64			64	11	324
Sindi Zilwa		185	95		64			64	32	440
		2 850	**523**	**492**	**512**	**224**	**320**	**384**	**4 020**	**9 325**

NOTES

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

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

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

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

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

   – post-retirement healthcare benefit of R26 220;

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

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

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

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

2011		Guaranteed pay				Short-term performance bonus	Long-term benefits		Retention	
Executive directors	Notes	Remuneration (1) R000's	Retirement, healthcare and related benefits R000's	Other benefits (2) R000's	Total guaranteed pay R000's	Performance bonus R000's	Interest-free loan benefit (3) R000's	Fair value of share options, SARS, LTIP and DBP granted (4) R000's	Fair value of restricted shares (5) R000's	Total remuneration R000's
Ian Moir	(6)	5 119	23	170	5 312	8 250	–	1 019	5 210	19 791
Simon Susman	(7)	1 660	273	13	1 946	2 839	869	1 136	–	6 790
Norman Thomson		2 659	260	42	2 961	4 386	1 211	1 698	781	11 037
Zyda Rylands		2 761	580	18	3 359	4 861	998	2 637	1 344	13 199
		12 199	**1 136**	**243**	**13 578**	**20 336**	**3 078**	**6 490**	**7 335**	**50 817**
Prescribed officers										
Paula Disberry	(8)	2 331	249	1 031	3 611	3 751	–	1 432	1 787	10 581
Brett Kaplan		2 274	236	28	2 538	3 656	347	1 039	1 710	9 290
Sam Ngumeni	(9)	756	161	8	925	1 324	184	175	576	3 184
		5 361	**646**	**1 067**	**7 074**	**8 731**	**531**	**2 646**	**4 073**	**23 055**
		17 560	**1 782**	**1 310**	**20 652**	**29 067**	**3 609**	**9 136**	**11 408**	**73 872**

Non-executive directors	Notes	Fees R000's	Audit committee member R000's	Remuneration committee member R000's	Risk committee member R000's	Nominations committee member R000's	Sustainability committee member R000's	Trans-formation committee member R000's	Other benefits R000's	Total non-executive directors' benefits R000's
Buddy Hawton	(10)	850		155		75		30	7	1 117
Simon Susman	(11)	129		39	30	23	30	30	1 801	2 082
Peter Bacon	(12)	170	23	78	60				16	347
Lindiwe Bakoro		170	90		60				9	329
Tom Boardman	(13)	142		58			23	30	6	259
Nigel Colne	(14)	203	45	39	30	23			1	341
Brian Frost	(15)	85		39		23	30		21	198
Mike Leeming		170	180		120	45			12	527
Chris Nissen		170				45	30	120	18	383
Stuart Rose	(16)	204		39	30		15			288
Thina Siwendu		170			60			60	14	304
Sindi Zilwa		170	90		60			60	31	411
		2 633	**428**	**447**	**450**	**234**	**128**	**330**	**1 936**	**6 586**

NOTES

1. Remuneration includes fees paid by Country Road as follows: Ian Moir A$26 667, Simon Susman A$37 670 and Norman Thomson A$40 000.

2. Other benefits include discounts received on purchases made in our stores and executive accommodation for Ian Moir.

3. The interest-free loan relates to the purchases of shares under the Woolworths Holdings Share Trust. The benefit has been calculated at 7% (average) on the value of the outstanding loan.

4. IFRS 2 Share-based Payments has been used to equate the annual expense value of shares, options, SARS, LTIP and DBP held at the end of the year. It includes the allocation of BEESOS scheme shares granted to Zyda Rylands and Sam Ngumeni.

5. IFRS 2 Share-based Payments has been used to equate the annual expense value relating to the allocation of restricted shares used as a retention scheme.

6. Ian Moir was appointed as the Group chief executive officer on 18 November 2010. He has a fixed-term contract with the company.

7. Simon Susman retired as the Group chief executive officer on 18 November 2010.

   On his retirement and in terms of the rules of the share scheme:
   – the directors approved that he had the balance of 10 years (of which the last allocation was October 2006) to settle the interest-free share loan relating to the purchases of shares received whilst he was an employee and which are held in the Woolworths Holdings Share Trust. The benefit has been pro-rated for Simon up to the date of his retirement.

8. Paula Disberry has a fixed-term contract with the company. Other benefits include an amount of R1 000 000 in respect of a contractual bonus.

9. Sam Ngumeni was appointed 1 February 2011 (previous CEO of Woolworths Financial Services).

10. Buddy Hawton was a member of the transformation committee for the period July – December 2010.

11. Simon Susman was appointed as a non-executive Deputy Chairman on 18 November 2010.

    He was paid Deputy Chairman's fees from 19 November 2010 and earned committee fees from 1 January 2011.

    Other benefits of R1 801 223 include the following:
    – reimbursement for services rendered as Chairman of Woolworths Financial Services (R129 000) from 1 February 2011 and reimbursement for services rendered as Chairman of The Woolworths Trust (R13 750) from 1 January 2011 based on a rate of R3 000 per hour;
    – fees as Chairman of Country Road of A$59 830;
    – post-retirement healthcare benefit of R14 246;
    – discounts received on purchases made in our stores of R20 061; and
    – interest-free share loan relating to the purchases of shares under Woolworths Holdings Share Trust whilst he was an employee of Woolworths of R1 212 033. The benefit has been calculated at 7% (average) on the value of the outstanding loan.

    The IFRS 2 charge for his shares and other share scheme instruments awarded during his tenure as chief executive officer of R1 703 000.

12. Peter Bacon was appointed as a member of the audit committee from May 2011.

13. Tom Boardman was appointed as a non-executive director on 27 September 2010 and was appointed to the sustainability and remuneration committees with effect from that date. He was appointed as a member of the transformation committee from February 2011.

14. Nigel Colne retired from the Board on 18 November 2010. His fees as a director were paid in Sterling as a British resident.

15. Brian Frost retired from the Board on 18 November 2010. He was reimbursed for services rendered as Chairman of The Woolworths Trust to that date at a rate of R3 000 per hour.

16. Stuart Rose was appointed as a non-executive director on 19 January 2011 and was appointed to the sustainability, risk and remuneration committees with effect from that date. His fees as a director are paid in Sterling as a British resident.

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 23. Shares purchased and options granted to Simon Susman relate to his tenure as the chief executive officer.

Shares purchased and options granted to executive directors and prescribed officers in terms of the Woolworths Holdings Share Trust which had not been exercised at 24 June 2012, are set out below:

SHARE PURCHASE SCHEME

	Shares as at 26 June 2011		Shares sold or transferred during the year		Shares as at 24 June 2012		
Name and offer date	Number	Price	Number	Price	Vested shares	Unvested shares	Total
Simon Susman							
December 2004	440 755	R10.59			440 755		440 755
August 2005	412 697	R11.31			412 697		412 697
August 2006	378 947	R13.30			378 947		378 947
October 2006	1 094 092	R13.71			1 094 092		1 094 092
Total	2 326 491				2 326 491		2 326 491
Norman Thomson							
August 2003	290 698	R5.16			290 698		290 698
December 2004	152 597	R10.59			152 597		152 597
August 2005	142 882	R11.31			142 882		142 882
August 2006	130 075	R13.30			130 075		130 075
October 2006	510 576	R13.71			510 576		510 576
Total	1 226 828				1 226 828		1 226 828
Zyda Rylands							
August 2001	12 970	R3.33	12 970	R10.89	–		–
August 2002	14 738	R3.98			14 738		14 738
August 2003	12 125	R5.16			12 125		12 125
September 2003	180 510	R5.76			180 510		180 510
December 2004	221 839	R10.59			221 839		221 839
December 2004	37 734	R10.59			37 734		37 734
March 2005	120 000	R10.18			120 000		120 000
August 2005	132 626	R11.31			132 626		132 626
August 2005	144 923	R11.31			144 923		144 923
August 2006	129 699	R13.30			129 699		129 699
October 2006	291 758	R13.71			291 758		291 758
Total	1 298 922		12 970		1 285 952		1 285 952

SHARE PURCHASE SCHEME (CONTINUED)

	Shares as at 26 June 2011		Shares sold or transferred during the year		Shares as at 24 June 2012		
Name and offer date	Number	Price	Number	Price	Vested shares	Unvested shares	Total
Brett Kaplan							
August 2001	50 000	R3.33	50 000	R3.42	–		–
August 2002	50 000	R3.98			50 000		50 000
August 2003	34 410	R5.16			34 410		34 410
December 2004	94 023	R10.59			94 023		94 023
August 2005	99 027	R11.31			99 027		99 027
August 2006	116 541	R13.30			116 541		116 541
November 2006	43 380	R15.74			43 380		43 380
Total	487 381		50 000		437 381		437 381
Sam Ngumeni							
August 2001	4 724	R3.33	4 724	R9.73	–		–
August 2002	21 754	R3.98			21 754		21 754
August 2003	29 816	R5.16			29 816		29 816
December 2004	26 036	R10.59			26 036		26 036
May 2005	250 000	R9.73	250 000	R40.52	–		–
August 2005	35 332	R11.31			35 332		35 332
August 2006	33 050	R13.30			33 050		33 050
November 2006	190 216	R15.74			190 216		190 216
Total	590 928		254 724		336 204		336 204

SHARE OPTION SCHEME

	Options as at 26 June 2011		Options sold or transferred		Options as at 24 June 2012		
Name and offer date	Number	Price	Number	Price	Vested options	Unvested options	Total
Zyda Rylands							
October 2008	326 395	R8.81	195 837	R40.22		130 558	130 558
Total	326 395		195 837			130 558	130 558
Brett Kaplan							
November 2006	28 920	R13.61			28 920		28 920
Total	28 920				28 920		28 920

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

SHARE APPRECIATION RIGHTS (SARS) SCHEME

	Rights as at 26 June 2011		SARS rights awarded		SARS rights sold		Rights as at 24 June 2012		
Name and offer date	Number	Price	Number	Price	Number	Price	Vested rights	Unvested rights	Total
Ian Moir									
August 2010	117 823	R23.34						117 823	117 823
August 2011			87 468	R31.44				87 468	87 468
Total	117 823		87 468					205 291	205 291
Simon Susman									
April 2008	176 392	R10.26			176 392	R36.45	–		–
August 2008	176 540	R10.24			176 540	R36.37	–		–
August 2009	140 526	R15.00						140 526	140 526
Total	493 458				352 932			140 526	140 526
Norman Thomson									
April 2008	87 904	R10.26					87 904		87 904
August 2008	171 525	R10.24					171 525		171 525
August 2009	84 667	R15.00						84 667	84 667
August 2010	62 635	R23.34						62 635	62 635
Total	406 731						259 429	147 302	406 731
Zyda Rylands									
April 2008	261 223	R10.26					261 223		261 223
August 2008	125 628	R10.24					125 628		125 628
August 2009	107 000	R15.00						107 000	107 000
August 2010	72 118	R23.34						72 118	72 118
August 2011			53 538	R31.44				53 538	53 538
Total	565 969		53 538				386 851	232 656	619 507
Paula Disberry									
April 2008	287 197	R10.26					287 197		287 197
August 2008	92 127	R10.24					92 127		92 127
August 2009	77 000	R15.00						77 000	77 000
August 2010	55 654	R23.34						55 654	55 654
August 2011			41 316	R31.44				41 316	41 316
Total	511 978		41 316				379 324	173 970	553 294
Brett Kaplan									
April 2008	79 536	R10.26			79 536	R37.20	–		–
August 2008	79 602	R10.24			79 602	R37.20	–		–
August 2009	66 532	R15.00						66 532	66 532
August 2010	54 242	R23.34						54 242	54 242
August 2011			40 267	R31.44				40 267	40 267
Total	279 912		40 267		159 138			161 041	161 041
Sam Ngumeni									
August 2011			34 987	R31.44				34 987	34 987
Total			34 987					34 987	34 987

LONG-TERM INCENTIVE PLAN (LTIP) SCHEME

	Grants as at 26 June 2011		LTIP grants awarded		LTIP grants sold or transferred		Grants as at 24 June 2012		
Name and offer date	Number	Price	Number	Price	Number	Price	Vested grants	Unvested grants	Total
Ian Moir									
August 2010	200 300	R23.34						200 300	200 300
August 2011			148 696	R31.44				148 696	148 696
Total	200 300		148 696					348 996	348 996
Simon Susman									
August 2008	325 398	R11.94	39 744	R31.44	365 142	R36.45	–		–
August 2009	238 894	R15.00						238 894	238 894
Total	564 292		39 744		365 142			238 894	238 894
Norman Thomson									
August 2008	185 973	R11.94	22 715	R31.44	208 688	R38.00	–		–
August 2009	84 667	R15.00						84 667	84 667
August 2010	62 635	R23.34						62 635	62 635
Total	333 275		22 715		208 688			147 302	147 302
Zyda Rylands									
August 2008	136 210	R11.94	16 637	R31.44	152 847	R38.00	–		–
August 2009	107 000	R15.00						107 000	107 000
August 2010	72 118	R23.34						72 118	72 118
August 2011			53 538	R31.44				53 538	53 538
Total	315 328		70 175		152 847			232 656	232 656
Paula Disberry									
August 2008	59 933	R11.94	7 321	R31.44	67 254	R37.98	–		–
August 2009	46 200	R15.00						46 200	46 200
August 2010	55 654	R23.34						55 654	55 654
August 2011			41 316	R31.44				41 316	41 316
Total	161 787		48 637		67 254			143 170	143 170
Brett Kaplan									
August 2008	51 785	R11.94	6 325	R31.44	58 110	R37.98	–		–
August 2009	39 919	R15.00						39 919	39 919
August 2010	54 242	R23.34						54 242	54 242
August 2011			40 267	R31.44				40 267	40 267
Total	145 946		46 592		58 110			134 428	134 428
Sam Ngumeni									
August 2011			34 987	R31.44				34 987	34 987
Total			34 987					34 987	34 987

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

DEFERRED BONUS PLAN (DBP) SCHEME

	Shares as at 26 June 2011		Shares purchased		Shares sold or transferred		Shares as at 24 June 2012
Name and offer date	Number	Price	Number	Price	Number	Price	Number
Ian Moir							
August 2010	41 617	R24.33					41 617
August 2011			29 600	R34.19			29 600
Total	41 617		29 600				71 217
Simon Susman							
August 2009	49 498	R15.67					49 498
Total	49 498						49 498
Norman Thomson							
August 2009	21 198	R15.67					21 198
August 2010	17 938	R24.33					17 938
Total	39 136						39 136
Zyda Rylands							
August 2009	27 645	R15.67					27 645
August 2010	20 654	R24.33					20 654
August 2011			14 700	R34.19			14 700
Total	48 299		14 700				62 999
Paula Disberry							
August 2010	15 896	R24.40					15 896
August 2011			11 300	R34.19			11 300
Total	15 896		11 300				27 196
Brett Kaplan							
August 2010	15 574	R24.40					15 574
August 2011			11 000	R34.19			11 000
Total	15 574		11 000				26 574
Sam Ngumeni							
August 2011			9 600	R34.19			9 600
Total			9 600				9 600

RESTRICTED SHARE PLAN (RSP) SCHEME

Name and offer date	Shares held as at 26 June 2011 Number	Price	Shares purchased Number	Price	Shares as at 24 June 2012 Number
Ian Moir					
January 2010	1 184 000	R16.89			1 184 000
Total	1 184 000				1 184 000
Norman Thomson					
May 2010	119 938	R23.34			119 938
Total	119 938				119 938
Zyda Rylands					
May 2010	206 250	R23.34			206 250
Total	206 250				206 250
Paula Disberry					
May 2010	275 425	R22.65			275 425
Total	275 425				275 425
Brett Kaplan					
May 2010	263 610	R22.76			263 610
Total	263 610				263 610
Sam Ngumeni					
February 2011	215 174	R25.56			215 174
Total	215 174				215 174

BEE SHARES

Name and offer date	Shares as at 26 June 2011 Number	Price	Shares sold or transferred Number	Price	Shares as at 24 June 2012 Vested	Unvested	Total
Zyda Rylands							
June 2007	1 250 000	R20.75			–	1 250 000	1 250 000
Total	1 250 000				–	1 250 000	1 250 000
Sam Ngumeni							
June 2007	475 000	R20.75			–	475 000	475 000
Total	475 000				–	475 000	475 000

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Rm	Leasehold improve-ments Rm	Furniture, fittings, equipment and motor vehicles Rm	Computer equipment Rm	Total Rm
2011					
Cost	584	285	2 101	459	3 429
Accumulated depreciation	–	(70)	(1 017)	(351)	(1 438)
Net book value at June 2010	584	215	1 084	108	1 991
Current year movements:					
Additions	–	12	433	74	519
Additions – acquisition of franchise operations	–	–	8	–	8
Disposals/scrappings – cost	(1)	(5)	(107)	(40)	(153)
Disposals/scrappings – accumulated depreciation	–	3	49	39	91
Depreciation	–	(25)	(309)	(77)	(411)
Foreign exchange rate differences – cost	–	18	24	5	47
Foreign exchange rate differences – accumulated depreciation	–	(6)	(12)	(4)	(22)
Impairment	–	(10)	(13)	(1)	(24)
Balance at June 2011	583	202	1 157	104	2 046
Made up as follows:					
Cost	583	310	2 459	498	3 850
Accumulated depreciation	–	(98)	(1 289)	(393)	(1 780)
Accumulated impairment	–	(10)	(13)	(1)	(24)
Net book value at June 2011	583	202	1 157	104	2 046
2012					
Current year movements:					
Additions	**–**	**8**	**513**	**113**	**634**
Additions – acquisition of franchise operations	**–**	**3**	**11**	**4**	**18**
Disposals/scrappings – cost	**(1)**	**(13)**	**(110)**	**(34)**	**(158)**
Disposals/scrappings – accumulated depreciation	**–**	**10**	**58**	**27**	**95**
Depreciation	**–**	**(28)**	**(349)**	**(86)**	**(463)**
Foreign exchange rate differences – cost	**–**	**42**	**66**	**13**	**121**
Foreign exchange rate differences – accumulated depreciation	**–**	**(19)**	**(37)**	**(11)**	**(67)**
Impairment	**–**	**–**	**(1)**	**–**	**(1)**
Balance at June 2012	**582**	**205**	**1 308**	**130**	**2 225**
Made up as follows:					
Cost	**582**	**350**	**2 939**	**594**	**4 465**
Accumulated depreciation	**–**	**(135)**	**(1 617)**	**(463)**	**(2 215)**
Accumulated impairment	**–**	**(10)**	**(14)**	**(1)**	**(25)**
Net book value at June 2012	**582**	**205**	**1 308**	**130**	**2 225**

	2012 Rm	2011 Rm
8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
The net carrying amounts of assets held under finance leases were as follows:		
Motor vehicles	**15**	10
Computer equipment	**19**	15

Additions during the year include R30 million (2011: R13 million) of assets held under finance leases. The group's land and buildings consist of retail stores, distribution centres and corporate owner-occupied properties.

At 24 June 2012, land and buildings were valued taking account of similar recent market transactions on arm's length terms. The fair values were as follows:

	Fair value Rm	Carrying value Rm
2012		
Retail stores	**230**	**112**
Distribution centres	**837**	**393**
Corporate owner-occupied properties	**167**	**77**
2011		
Retail stores	192	112
Distribution centres	740	394
Corporate owner-occupied properties	145	77

Land and buildings are valued externally every three years and annually by internal valuers. The most recent external valuation was performed for the period ended 24 June 2012.
No depreciation on buildings was recognised during the current or prior year as residual values exceed carrying values. Land is not depreciated.

	2012 Rm	2011 Rm
9. INVESTMENT PROPERTIES		
Cost	**106**	121
No depreciation was recognised on investment properties in the current or prior year as the residual values exceeded the carrying values of all properties classified as investment properties.		
Investment properties were valued by external valuers at R167 million (2011: R198 million) for the period ended 24 June 2012 using the calculated purchase price method.		
RENTAL INCOME AND EXPENSE FROM INVESTMENT PROPERTIES		
Rental income from investment properties	**11**	15
Direct operating expenses from investment properties that earned rental income during the year	**8**	5

No restrictions exist on the sale of investment properties.

Refer to note 32 for disclosure on operating leases.

10. INTANGIBLE ASSETS

	Computer software Rm	Goodwill Rm	Reacquired rights Rm	Total Rm
2011				
Balance at the beginning of the year				
Cost	681	23	–	704
Accumulated amortisation	(312)	–	–	(312)
Net book value at June 2010	369	23	–	392
Current year movements				
Additions	96	–	–	96
Additions – acquisition of franchise operations (note 34)	–	143	138	281
Disposals/scrappings – cost	(2)	–	–	(2)
Disposals/scrappings – accumulated amortisation	–	–	–	–
Amortisation	(72)	–	(6)	(78)
Foreign exchange rate differences – cost	11	–	–	11
Foreign exchange rate differences – accumulated amortisation	(7)	–	–	(7)
Balance at June 2011	395	166	132	693
Made up as follows:				
Cost	786	166	138	1 090
Accumulated amortisation	(391)	–	(6)	(397)
Net book value at June 2011	395	166	132	693
2012				
Current year movements				
Additions	**146**	**–**	**–**	**146**
Additions – acquisition of franchise operations (note 34)	**–**	**235**	**276**	**511**
Disposals/scrappings – cost	**(9)**	**–**	**–**	**(9)**
Disposals/scrappings – accumulated amortisation	**9**	**–**	**–**	**9**
Amortisation	**(86)**	**–**	**(56)**	**(142)**
Foreign exchange rate differences – cost	**28**	**–**	**–**	**28**
Foreign exchange rate differences – accumulated amortisation	**(17)**	**–**	**–**	**(17)**
Balance at June 2012	**466**	**401**	**352**	**1 219**
Made up as follows:				
Cost	**951**	**401**	**414**	**1 766**
Accumulated amortisation	**(485)**	**–**	**(62)**	**(547)**
Net book value at June 2012	**466**	**401**	**352**	**1 219**

10. INTANGIBLE ASSETS (CONTINUED)

GOODWILL

The carrying value of goodwill comprises of:

Goodwill arising on acquisition of Virtual Market Place (Proprietary) Limited (1 April 2006)	13
Acquisition of franchise operations (27 March 2006)	10
Acquisition of franchise operations 2011 (refer to note 34)	143
Acquisition of franchise operations 2012 (refer to note 34)	235
	401

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

The carrying amount of goodwill allocated to each of the cash generating units is not significant in comparison with the total carrying amount of goodwill.

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

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

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

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

The projected cash flows are discounted to their present value using the weighted average cost of capital. This was 13.2% in the current year (2011: 13.2%). The group's weighted average cost of capital is driven by the cost of equity as the group is in a net cash position.

11. INVESTMENT IN ASSOCIATE

Woolworths Holdings Limited is a beneficiary of Retail Risk Management Alliance Trust and, in terms of the trust deed, companies can appoint trustees and are entitled to vote according to the three-year average percentage of premium contribution per beneficiary. During 2012, the group contributed 28% (2011: 28%) of total premium.

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

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

	2012 Rm	2011 Rm
Total assets	**73**	68
Total liabilities	**(22)**	(22)
Net assets	**51**	46
Total revenue	**21**	25
Net profit for the year	**6**	7

R10 million (2011: R25 million) of the reserves in Retail Risk Management Alliance Trust and Unison Risk Management Alliance (Proprietary) Limited combined, are non-distributable in terms of the Short-Term Insurance Act, and protocols governing the trust. This amount is revised on an annual basis.

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

	2012 Rm	2011 Rm
12. PREPAID EMPLOYMENT COSTS		
Balance at the beginning of the year	**23**	29
Unwinding of prepayment on loans repaid during the year	**(2)**	1
Current employment costs released to profit or loss (included in short-term employee benefits in note 3.5)	**(8)**	(7)
Balance at the end of the year	**13**	23

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

	2012 Rm	2011 Rm
13. PARTICIPATION IN EXPORT PARTNERSHIPS		
Balance at the beginning of the year	**59**	63
Payments received relating to the current year	**(4)**	(2)
Current portion included in trade and other receivables	**(6)**	(3)
Notional interest accrued for the year	**–**	1
Balance at the end of the year	**49**	59

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

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

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

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

	2012 Rm	2011 Rm
14. OTHER LOANS		
Housing and other employee loans	**10**	11
Balance at the beginning of the year	**11**	14
Loans (repaid)/granted during the year	**(2)**	(4)
Interest accrued for the year (included in note 2)	**1**	1
Share purchase scheme participant loans and investments	**79**	73
Balance at the beginning of the year	**73**	81
Loans (repaid)/granted during the year	**(2)**	(15)
Notional interest accrued for the year (included in note 2)	**8**	7
	89	84

Housing loans bear interest at prime less 2% (2011: prime less 2%). Housing loans are required to be repaid on termination of employment. The carrying value of housing loans approximates their fair value.

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

Other loans are not considered to be past due or impaired. The credit risk management policies of the group are discussed in note 28.3.

15. DEFERRED TAX

	2012 Rm	2011 Rm
The movement in the deferred tax account is as follows:		
Balance at the beginning of the year	**289**	240
Amounts credited/(debited) to profit or loss	**7**	27
Property, plant and equipment	**1**	8
Prepayments	**(7)**	(11)
Working capital and other provisions	**6**	8
Export partnerships	**10**	4
Post-retirement medical benefit liability	**5**	7
Share-based payments	**13**	18
Intangible assets	**(17)**	–
Other	**(4)**	(7)
Amounts credited/(debited) directly in other comprehensive income		
Foreign currency translation reserve adjustment	**13**	5
Financial instrument revaluation reserve adjustment	**(17)**	12
Amounts credited directly in equity		
Share-based payment reserve	**68**	44
Deferred tax arising from business combinations	**(77)**	(39)
Balance at the end of the year	**283**	289
Deferred tax liability	**(360)**	(176)
Deferred tax asset	**643**	465
Net deferred tax asset	**283**	289
Comprising:		
Property, plant and equipment	**(98)**	(99)
Prepayments	**(37)**	(30)
Working capital and other provisions	**298**	292
Participation in export partnerships	**(49)**	(59)
Post-retirement medical benefit liability	**94**	89
Share-based payments	**202**	121
Intangible assets	**(133)**	(39)
Other	**6**	14
	283	289

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

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

	2012 Rm	2011 Rm
16. INVENTORIES		
Merchandise	**2 270**	1 943
Provision for shrinkage, obsolescence and mark down of inventory	**(70)**	(63)
Consumables	**5**	5
Raw materials	**11**	7
	2 216	1 892
17. TRADE AND OTHER RECEIVABLES		
Trade and other receivables	**660**	762
Provision for impairment	**(29)**	(29)
Trade and other receivables – net	**631**	733
Movements in the provision for impairment of trade and other receivables were as follows:		
Balance at the beginning of the year	**29**	36
Charge for the year	**8**	3
Amounts written off	**–**	(4)
Unused amounts reversed	**(8)**	(6)
Balance at the end of the year	**29**	29

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

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

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

At 24 June, the aging analysis of receivables is as follows:

			Past due but not impaired		
	Total	**Neither past due nor impaired**	**< 90 days delinquent**	**90 – 120 days delinquent**	**>120 days delinquent**
2012					
Trade and other receivables	**501**	**468**	**32**	**1**	**–**
2011					
Trade and other receivables	558	520	31	1	6

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

The group does not hold any collateral as security.

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

	2012		2011	
	Assets Rm	**Liabilities Rm**	Assets Rm	Liabilities Rm
18. DERIVATIVE FINANCIAL INSTRUMENTS				
Forward exchange contracts held as hedging instruments – cash flow hedges	**7**	**15**	–	55
Forward exchange contracts – not hedge accounted for	**34**	**1**	9	23
Inflation swap instruments – not hedge accounted for	**–**	**–**	1	–
	41	**16**	10	78
Derivatives mature as follows:				
Within 12 months	**41**	**16**	10	78
After 12 months	**–**	**–**	–	–
	41	**16**	10	78

Forward exchange contracts

The notional principal amount of the outstanding contracts at 24 June 2012 amounts to R1 633 million (2011: R1 710 million). These contracts are to hedge the foreign currency exposure of the anticipated purchase of goods. The related cash flows are expected to occur on the maturity dates of these contracts between 1 – 12 months. Refer to note 28.4. Gains and losses on forward exchange contracts held as hedging instruments in designated and effective hedging relationships are recognised in other comprehensive income. Gains and losses on remaining contracts not hedge accounted 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.

Inflation swaps

The notional principal amount of the outstanding inflation swap contracts at 24 June 2012 was nil (2011: R78 million). Gains and losses on the inflation swaps are recognised directly in profit or loss. These swap contracts are measured at fair value which is determined by reference to the net settlements using appropriate valuation techniques.

These derivative instruments are considered to be neither past due nor impaired.

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

	2012 R'000	2011 R'000
19. ORDINARY SHARE CAPITAL		
AUTHORISED		
1 410 600 000 (2011: 1 410 600 000) ordinary shares of 0.15 cents each	**2 116**	2 116
89 400 000 (2011: 89 400 000) convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each	**134**	134
	2 250	2 250
ISSUED		
745 709 140 (2011: 755 231 337) ordinary shares of 0.15 cents each	**1 119**	1 133
89 400 000 (2011: 88 267 306) preference shares of 0.15 cents each	**134**	132
	1 253	1 265
RECONCILIATION OF VALUE OF ORDINARY SHARES IN ISSUE:		
Balance at the beginning of the year	**1 133**	1 139
Nil (2011: 3 945 838) ordinary shares issued in terms of the share incentive scheme	**–**	6
223 938 (2011: 1 122 568) shares were purchased from the market by subsidiary, Woolworths (Proprietary) Limited	**–**	(2)
9 298 259 (2011: 7 056 052) ordinary shares were purchased from the market by Woolworths Holdings Limited and cancelled	**(14)**	(10)
Balance at the end of the year	**1 119**	1 133

RECONCILIATION OF NUMBER OF ORDINARY SHARES IN ISSUE:

	Number of shares	
	2012	2011
Balance at the beginning of the year	**755 231 337**	759 464 119
Shares issued	**–**	3 945 838
Shares repurchased and cancelled	**(9 298 259)**	(7 056 052)
Shares repurchased by subsidiaries	**(223 938)**	(1 122 568)
Balance at the end of the year	**745 709 140**	755 231 337

During the year, 9 298 259 (2011: 7 056 052) shares totalling R286 million (2011: R193 million) were repurchased from the market and cancelled. 223 938 (2011: 1 122 568) shares totalling R11 million (2011: R28 million) were repurchased from the market by Woolworths (Proprietary) Limited and are held as treasury shares by the group. 10 418 262 (2011: 3 998 422) shares totalling R358 million (2011: R118 million) were purchased from the market in the current year and allocated to employees on settlement of share-based payments.

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

19. ORDINARY SHARE CAPITAL (CONTINUED)

SHARE INCENTIVE SCHEMES

EXECUTIVE INCENTIVE SCHEME

The group operates a share purchase scheme as well as a share option scheme, details of which are given in the Remuneration Report contained in the 2012 Integrated Report.

Shares and share options granted in terms of the executive incentive scheme meet the definition of equity-settled share-based payments. The terms and conditions of the schemes are detailed in the Remuneration Report contained in the 2012 Integrated Report. The options vest in tranches of 20% per annum and expire 10 years after grant date. The options were valued using a binomial model and assume an option life of 10 years. Other valuation assumptions include volatility set at historic trend levels, a dividend yield of 5% and a risk-free interest rate based on the zero-coupon yield of SA government bonds with a term consistent with the option life.

Shares granted in terms of the executive incentive scheme were granted at a discount to market value up to 1 January 2004. These shares also meet the definition of share-based payments and are valued at intrinsic value. The shares vest in tranches of 20% per annum.

	Number of shares	
	2012	2011
Shares held by participants		
Balance at the beginning of the year	**9 868 997**	12 599 851
Issued	**–**	140 732
Sold	**(829 981)**	10 367
Transferred to trust stock and shares released from the scheme	**(1 119 209)**	(2 881 953)
Balance at the end of the year	**7 919 807**	9 868 997
Market value at 24 June (rands)	**399 079 075**	287 187 813
Percentage of shares vested at 24 June	**100%**	93%
Weighted average issue price (rands)	**10.31**	3.02
Weighted average market price per share traded (rands)	**36.06**	26.75
Number of participants on management share scheme	**34**	57
Options granted to participants		
Balance at the beginning of the year	**5 238 221**	9 890 072
Exercised	**(2 622 931)**	(4 381 197)
Forfeited and expired	**(5 085)**	(270 654)
Balance at the end of the year	**2 610 205**	5 238 221
Percentage of options vested at the end of the year	**95%**	83%
Weighted average exercise price of options outstanding at year-end (rands)	**11.22**	11.06
Weighted average exercise price of options exercised (rands)	**10.90**	8.60
Weighted average exercise price of options forfeited and expired (rands)	**11.42**	14.96
Weighted average market price per share traded (rands)	**39.18**	26.86
Number of participants on management option scheme	**73**	143

19. ORDINARY SHARE CAPITAL (CONTINUED)

EXECUTIVE INCENTIVE SCHEME (CONTINUED)

	Number of share options outstanding				
Period of offer*	**2012**	2011	Original exercise price	Current exercise price**	Fair value at grant date***
1 July 2001 and 1 September 2011	**–**	64 011	3.33	2.34	–
1 October 2001 and 1 October 2011	**–**	10 211	3.59	2.60	–
1 November 2001 and 1 December 2011	**–**	4 736	3.59	2.59	–
1 January 2002 and 1 January 2012	**–**	110 184	3.46	2.46	–
20 May 2002 and 20 May 2012	**–**	99 885	3.78	2.77	–
1 August 2002 and 26 August 2012	**83 500**	161 648	3.98	2.98	–
1 January 2003 and 1 January 2013	**87 459**	87 459	4.42	3.39	2.14
1 February 2003 and 1 February 2013	**32 657**	32 657	4.49	3.46	1.84
12 August 2003 and 22 August 2013	**147 115**	221 066	5.16	4.10	2.88
1 February 2004 and 1 February 2014	**159 310**	159 310	7.25	6.03	2.67
2 March 2004 and 2 March 2014	**–**	65 197	6.84	5.65	2.47
1 April 2004 and 1 April 2014	**1 826**	1 826	7.33	6.10	2.63
1 December 2004 and 1 December 2014	**253 011**	387 065	10.59	9.06	3.55
29 March 2005 and 29 March 2015	**–**	10 000	10.18	8.66	3.44
1 May 2005 and 4 May 2015	**–**	18 344	9.73	8.24	3.15
1 July 2005 and 1 July 2015	**134 878**	162 475	10.33	8.80	3.30
1 August 2005 and 1 August 2015	**43 167**	43 167	11.58	9.92	3.73
24 August 2005 and 24 August 2015	**205 155**	279 487	11.31	9.66	3.66
1 September 2005 and 1 September 2015	**–**	140 858	11.64	9.96	3.67
1 November 2005 and 1 November 2015	**119 167**	202 937	12.45	10.68	4.11
3 January 2006 and 3 January 2016	**52 805**	52 805	14.11	12.16	4.43
1 April 2006 and 1 April 2016	**116 242**	116 242	16.33	14.15	5.16
1 May 2006 and 1 May 2016	**–**	40 908	16.56	14.35	5.27
23 August 2006 and 23 August 2016	**366 456**	814 790	13.30	11.42	4.25
1 September 2006 and 1 September 2016	**–**	12 833	13.17	11.31	4.10
1 October 2006 and 1 October 2016	**–**	18 476	13.58	11.68	4.54
4 October 2006 and 4 October 2016	**–**	291 758	13.71	11.80	4.64
1 November 2006 and 1 November 2016	**55 431**	118 197	15.56	13.46	5.21
14 November 2006 and 14 November 2016	**71 737**	148 079	15.74	13.61	5.06
15 February 2007 and 15 February 2017	**102 227**	306 076	20.35	17.75	6.57
1 March 2007 and 1 March 2017	**160 399**	218 158	20.35	17.75	6.47
1 April 2007 and 1 April 2017	**31 390**	31 390	21.53	18.78	7.07
20 April 2007 and 20 April 2017	**–**	9 150	22.03	19.22	7.09
15 May 2007 and 15 May 2017	**160 647**	207 095	24.13	21.11	7.08
1 June 2007 and 1 June 2017	**95 068**	263 346	22.92	20.00	7.17
17 October 2008 and 17 October 2018	**130 558**	326 395	10.57	8.81	1.59
Balance at the end of the year	**2 610 205**	5 238 221			

* 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 has been adjusted to take into account the effect of the special dividend paid to ordinary shareholders in December 2008.

*** Fair value of options prior to the IFRS 2 effective date of 7 November 2002 have not been determined.

19. ORDINARY SHARE CAPITAL (CONTINUED)

WOOLWORTHS SHARE APPRECIATION RIGHTS SCHEME (SARS)

The share appreciation rights scheme provides executives 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% above inflation over a three-year period. If the performance condition is not met at the end of three years, retesting of the condition will be performed in year four and five against targets of growth in headline earnings per share exceeding cumulative inflation by 8% and 10% respectively. If it is still not met, the SARS do not vest. No retesting conditions are applicable for SARS issued in 2012.

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

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

	Number of rights	
	2012	2011
Rights granted to participants		
Balance at the beginning of the year	**27 630 606**	26 076 055
Granted	**4 539 121**	6 437 330
Exercised	**(8 258 798)**	(1 929 107)
Forfeited	**(1 003 392)**	(2 953 672)
Balance at the end of the year	**22 907 537**	27 630 606
Weighted average grant price of rights outstanding (rands)	**19.73**	15.05
Weighted average exercise price of rights granted (rands)	**31.90**	23.36
Weighted average exercise price of rights exercised (rands)	**10.46**	10.26
Weighted average exercise price of rights forfeited (rands)	**21.53**	12.78
Weighted average market price per right exercised (rands)	**26.10**	29.20
Number of participants on share appreciation rights scheme	**350**	322

Period of Offer	**Number of rights 2012**	Number of rights 2011	Original exercise price	Current exercise price*	Fair value at grant date
16 April 2008 and 16 April 2013	**1 941 239**	4 020 518	11.95	10.26	2.78
21 August 2008 and 21 August 2013	**2 450 528**	7 693 464	11.94	10.24	2.42
19 February 2009 and 19 February 2014	**382 383**	1 228 868	12.95	12.95	2.54
21 August 2009 and 27 August 2014	**6 602 660**	7 015 334	15.00	15.00	3.42
18 February 2010 and 18 February 2015	**1 144 070**	1 284 292	19.74	19.74	5.21
26 August 2010 and 26 August 2015	**5 254 214**	5 643 350	23.34	23.34	6.27
17 February 2011 and 17 February 2016	**700 026**	744 780	23.49	23.49	7.81
25 August 2011 and 26 August 2016	**4 238 163**	–	31.44	31.44	8.76
16 February 2012 and 16 February 2017	**194 254**	–	41.90	41.90	19.79
Balance at the end of the year	**22 907 537**	27 630 606			

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

19. ORDINARY SHARE CAPITAL (CONTINUED)

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. The performance conditions applicable to this scheme are equally weighted between HEPS growth and TSR of the company relative to the TSR of the selected peer group index for the same period. The HEPS performance condition has a minimum threshold for 30% vesting and a target for 100% vesting. If the TSR performance of Woolworths falls below the lower quartile (i.e. if 75% of our peers perform better than Woolworths), then this portion of the LTIP does not vest. However, if the TSR performance of Woolworths exceeds the upper quartile (or 75% of our peers) performance, then 100% of the award vests. Vesting occurs on a linear scale in accordance with an agreed threshold and target.

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

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

	Number of awards	
	2012	2011
Awards granted to participants		
Balance at the beginning of the year	**3 882 251**	4 734 536
Granted	**513 603**	972 333
Exercised	**(1 751 707)**	(1 352 742)
Forfeited	**(72 040)**	(471 876)
Balance at the end of the year	**2 572 107**	3 882 251
Weighted average grant price of awards outstanding (rands)	**21.30**	15.73
Weighted average market price per award exercised (rands)	**35.84**	29.20
Number of participants on long-term incentive plan	**19**	20

Period of offer	**Number of rights 2012**	Number of rights 2011	Exercise price	Fair value at grant date
21 August 2008 and 21 August 2013	**–**	1 728 615	11.94	9.83
27 August 2009 and 27 August 2014	**1 127 303**	1 181 303	15.00	19.37
26 August 2010 and 26 August 2015	**931 201**	972 333	23.34	17.71
25 August 2011 and 26 August 2016	**513 603**	–	31.44	18.60
Balance at the end of the year	**2 572 107**	3 882 251		

19. ORDINARY SHARE CAPITAL (CONTINUED)

WOOLWORTHS DEFERRED BONUS PLAN

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

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

	Number of shares	
	2012	2011
Bonus shares granted to participants		
Balance at the beginning of the year	**289 004**	325 120
Granted	**102 369**	136 295
Exercised	**–**	(172 411)
Balance at the end of the year	**391 373**	289 004
Weighted average fair value of awards granted during the period (rands)	**27.02**	20.67
Weighted average fair value of awards outstanding (rands)	**14.27**	18.03
Weighted average market price per award exercised (rands)	**–**	29.20
Number of participants on deferred bonus plan	**12**	10

The fair value is measured on 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

The group operates a restricted share plan, details of which are given in the Remuneration Report in the 2012 Integrated Report. The ownership of these shares vests with Woolworths (Proprietary) Limited until service conditions are met by the employees.

Shares granted in terms of the restricted share plan meet the definition of equity-settled share-based payments. The terms and conditions of the schemes are detailed in the Remuneration committee section of the Integrated Report. In terms of the plan, the group agreed to purchase equity instruments to the value of R11 million in the current year (2011: R28 million) for the benefit of the participants. The number of equity instruments granted was therefore the cumulative number of instruments purchased until the R11 million (2011: R28 million) target was met with the fair value equating to the listed price. The participants will be entitled to the dividends and voting rights on the shares from grant date and the vesting will be staggered over a three to five year period.

Vesting in respect of the grants issued occurs as follows:

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

19. ORDINARY SHARE CAPITAL (CONTINUED)

WOOLWORTHS RESTRICTED SHARE PLAN (CONTINUED)

	Number of shares	
	2012	2011
Shares granted in terms of the restricted share plan		
Balance at the beginning of the year	**5 168 701**	4 046 093
Issued	**223 938**	1 122 608
Cancelled	**(141 962)**	–
Balance at the end of the year	**5 250 677**	5 168 701
Market value at 24 June (rands)	**50.39**	29.10
Percentage of shares vested at 24 June	**0%**	0%
Weighted average price of shares purchased (rands)	**23.25**	22.28
Number of participants	**48**	46

Period of offer	**Number of shares 2012**	Number of shares 2011	Exercise price	Fair value at grant date
1 January 2010 and 1 January 2015	**1 184 000**	1 184 000	–	16.89
19 May 2010 and 19 May 2013	**550 414**	550 414	–	23.34
19 May 2010 and 19 May 2015	**2 169 717**	2 311 679	–	23.34
26 August 2010 and 26 August 2015	**796 282**	796 282	–	24.93
26 August 2010 and 26 August 2013	**55 585**	55 585	–	25.16
17 February 2011 and 17 February 2016	**215 174**	215 174	–	25.56
17 May 2011 and 17 May 2016	**55 567**	55 567	–	28.74
26 August 2011 and 26 August 2016	**45 515**	–	–	34.59
15 May 2012 and 15 May 2017	**44 356**	–	–	48.86
21 May 2012 and 21 May 2017	**60 147**	–	–	49.88
1 June 2012 and 1 June 2017	**73 920**	–	–	50.73
	5 250 677	5 168 701		

BLACK ECONOMIC EMPOWERMENT SCHEME

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

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

The preference shares offered in terms of the scheme have the substance of an option and meet the definition of an equity-settled share-based payment. The terms and conditions of the scheme are detailed in the Corporate Governance Report.

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.

19. ORDINARY SHARE CAPITAL (CONTINUED)

BLACK ECONOMIC EMPOWERMENT SCHEME (CONTINUED)

	Number of shares	
	2012	2011
Shares allocated for issue held by participants	**89 400 000**	88 267 306
Percentage of shares vested at 24 June	**23%**	16%
Weighted average fair value of instruments at grant date (rands)	**2.76**	2.76
Number of participants on share scheme	**7 157**	7 834

Vesting occurs over an eight year period as follows:

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

During the year, 1 132 694 preference shares were issued to scheme participants.

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.

	2012 Rm	2011 Rm
20. SHARE PREMIUM		
Balance at the beginning of the year	**94**	61
Share issues in terms of the share incentive scheme	**–**	33
Balance at the end of the year	**94**	94
21. RESERVES		
NON-DISTRIBUTABLE RESERVE		
Foreign currency translation reserve	**351**	251
DISTRIBUTABLE RESERVES		
Share-based payment reserve		
Balance at the beginning of the year	**525**	352
Share-based payments arising from the group's share incentive schemes	**210**	173
Shares	**31**	30
Share options and other	**43**	56
Black economic empowerment preference shares	**30**	56
Tax on share-based payments credited directly in equity	**141**	44
Settlement of share-based payments	**(35)**	(13)
Balance at the end of the year	**735**	525
Financial instrument revaluation reserve		
Interest rate and foreign exchange derivative instruments	**(4)**	(23)
Retained profit	**4 632**	4 493
Company	**(17)**	225
Arising on consolidation of subsidiaries	**4 649**	4 268
	5 363	4 995

NATURE AND PURPOSE OF RESERVES

Foreign currency translation reserve

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

Share-based payment reserve

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

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

Financial instrument revaluation reserve

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

Retained profit

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

	2012 Rm	2011 Rm
22. INTEREST-BEARING BORROWINGS		
NON-CURRENT – UNSECURED		
Floating rate loan bearing interest at 6.25%, maturing on 6 December 2012	**–**	500
Finance lease liabilities (refer to note 33)	**25**	14
	25	514
CURRENT – UNSECURED		
Floating rate loan bearing interest at 6.25%, maturing on 6 December 2012	**500**	–
Finance lease liabilities (refer to note 33)	**10**	16
	510	16

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

Interest on prime and JIBAR linked borrowings is payable on a quarterly basis. Interest on other loans is payable monthly. There have been no defaults or breaches of principal interest or redemption terms during the current or prior year.

The finance lease liabilities are measured at amortised cost at an average effective rate of 13.8% (2011: 19.0%). Maturity period varies between one to five years (refer to note 33). The fair value of the finance lease liabilities is estimated by discounting future cash flows using a market-related interest rate applicable to the group. The fair value of the finance lease liabilities amounted to R31 million (2011: R25 million) at the end of the year. The assets have been pledged as collateral for the respective lease liabilities.

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

	2012 Rm	2011 Rm
23. TRADE AND OTHER PAYABLES		
Non-current		
Operating lease accrual	**457**	455
	457	455
Current		
Trade payables	**1 460**	1 544
Other payables	**1 690**	1 584
Operating lease accrual	**22**	20
	3 172	3 148

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

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

24. RETIREMENT BENEFIT INFORMATION

Woolworths permanent employees under the age of 60 are contributory members of the Woolworths Group Retirement Fund. Certain employees, in addition to belonging to the Woolworths Group Retirement Fund, are contributory members of other retirement funds. All funds are defined contribution funds and are registered under the Pensions Fund Act of 1956, as amended. The trustees of the Woolworths Group Retirement Fund applied for the fund to be valuation exempt, which was granted during 2012. The Woolworths Group Retirement Fund's actuary undertakes annual financial reviews, of which the latest review, as at 28 February 2011, confirmed the fund's financial soundness. The next annual review was performed as at 29 February 2012 and will be available in August 2012.

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

Total group contributions are charged to profit or loss as incurred and amounted to R236 million (2011: R207 million).

Woolworths subsidises a portion of the medical aid contributions of retired employees. The group values its accrued and future liability in respect of post-retirement medical aid contributions annually in June. The liability was actuarially valued based on the healthcare benefits currently provided to staff using appropriate mortality and withdrawal assumptions. For the purposes of the valuation it was assumed that investment returns would be nil (2011: nil). The discount rate used to value the liability at 24 June 2012 is 8.5 % (2011: 9.1%) per annum.

At 24 June 2012, the accrued liability amounted to R349 million (2011: R315 million) in respect of those current and retired members of staff who participate in the Wooltru Healthcare Fund, the group's in-house medical aid scheme. At that date, Woolworths had not funded the liability.

Employees who joined the healthcare fund after 1 November 2000 are not entitled to receive post-retirement healthcare benefits.

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

	2012 Rm	2011 Rm
Funding liability	**349**	308
Funding deficit	**349**	308
Unrecognised actuarial (loss)/gain	**(14)**	7
Net obligation	**335**	315
Reconciliation:		
Net obligation at the beginning of the year	**315**	292
Net movement charged to employment cost in profit or loss (refer to note 3.5)	**33**	35
Current service cost	**6**	7
Interest on obligation	**27**	28
Contribution paid	**(13)**	(12)
Net obligation at the end of the year	**335**	315

	2012 Rm	2011 Rm
24. RETIREMENT BENEFIT INFORMATION (CONTINUED)		
Funding liability at the beginning of the year	**308**	294
Interest cost	**27**	28
Current service cost	**6**	7
Contributions	**(13)**	(12)
Actuarial loss/(gain)	**21**	(9)
Funding liability at the end of the year	**349**	308

	2012	2011	2010	2009	2008
Funding liability	**349**	308	294	262	247
Fair value of assets	**–**	–	–	–	1
Funding deficit	**349**	308	294	262	246
Actuarial loss/(gain) on funding liability	**21**	(9)	13	(5)	1
Actuarial (loss)/gain on plan assets	**–**	–	–	–	(1)

2012

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

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

2011

Medical inflation assumption	7.6%	6.6%	8.6%
Service cost for the year ended June 2011	7	6	9
Interest cost for the year ended June 2011	28	23	31
Medical inflation assumption	7.6%	6.6%	8.6%
Accrued liability at June 2011	308	269	353

The group anticipates making contributions amounting to R14 million in the next financial year.

25. PROVISIONS

	Leave pay Rm	Provision for onerous lease commitments Rm	Employee benefits Rm	Other Rm	**Total 2012 Rm**	Total 2011 Rm
Balance at the beginning of the year	171	42	21	35	**269**	248
Raised	72	–	8	9	**89**	107
Released	–	(11)	–	–	**(11)**	(10)
Utilised	(45)	(31)	(13)	(28)	**(117)**	(76)
Balance at the end of the year	198	–	16	16	**230**	269

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

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

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

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

OTHER
The other provision consists of provisions for sales returns and Country Road store expenses.

26. CAPITAL COMMITMENTS

	2012 Rm	2011 Rm
Commitments in respect of capital expenditure not accrued at the reporting date		
Contracted for	**80**	92
Not contracted for	**1 136**	842
	1 216	934
Acquisitions of franchise operations	**–**	384
Acquisition of Witchery group	**1 445**	–
	2 661	1 318

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

27. CONTINGENT LIABILITIES

There are no contingent liabilities. Refer to note 36 for further details on the planned acquisition of the Witchery group.

28. FINANCIAL RISK MANAGEMENT

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

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

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

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

Financial services credit risk is managed by a credit risk committee attended by two directors of the Woolworths Holdings Limited Board.

28.1 FOREIGN CURRENCY MANAGEMENT

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

TRANSACTIONAL FOREIGN EXCHANGE RISK

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

Forward exchange contracts as well as trade payables at 24 June 2012 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
2012				
FORWARD EXCHANGE CONTRACTS				
US Dollar	**192**	**1 593**	**8.30**	**22**
British Pound	**3**	**32**	**12.25**	**3**
Euro	**1**	**16**	**10.82**	**–**
		1 641		**25**
TRADE PAYABLES				
US Dollar	**20**	**163**	**8.15**	**(7)**
2011				
FORWARD EXCHANGE CONTRACTS				
US Dollar	230	1 667	7.25	(69)
British Pound	2	26	13.00	–
Euro	2	17	8.50	–
		1 710		(69)
TRADE PAYABLES				
US Dollar	32	204	6.38	18

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.1 FOREIGN CURRENCY MANAGEMENT (CONTINUED)

At 24 June 2012, the group held 314 (2011: 356) forward exchange contracts designated as hedges of expected future purchases from suppliers outside South Africa for which the group has firm commitments. Of these, 135 (2011: 118) are designated cash flow hedges in an effective hedging relationship.

The cash flow hedges resulted in a net unrealised loss of R8 million (2011: loss of R48 million) with a related deferred tax asset of R3 million (2011: asset R15 million) which was included in the financial instrument revaluation reserve in respect of these contracts.

The remaining 179 (2011: 238) forward exchange contracts are not designated as cash flow hedges. During the year, a gain of R34 million (2011: loss of R15 million) was recognised in profit or loss in respect of these forward exchange contracts.

The following exchange rates applied during the year:

	Average rate		Closing rate	
	2012	2011	**2012**	2011
US Dollar/R	**7.73**	6.99	**8.35**	6.82
Australian Dollar/R	**8.01**	6.89	**8.40**	7.17

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

	Movement in foreign exchange rate %	**Decrease/ (increase) in profit before tax Rm**	**Decrease/ (increase) in other comprehensive income Rm**
US DOLLAR			
2012			
Foreign creditors	**+5**	**6**	**–**
	-5	**(6)**	**–**
Forward exchange contracts	**+5**	**43**	**22**
	-5	**(43)**	**(25)**
2011			
Foreign creditors	+5	10	–
	-5	(10)	–
Forward exchange contracts*	+5	48	26
	-5	(48)	(28)

* The prior year figures have been amended to align with the current basis of calculation.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.1 FOREIGN CURRENCY MANAGEMENT (CONTINUED)

TRANSLATIONAL FOREIGN EXCHANGE RISK

Net investments in foreign subsidiaries

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

	2012 Rm	2011 Rm
The group has unhedged interests in foreign subsidiaries of:		
US Dollar	**592**	507
Euro	**(298)**	(475)
Australian Dollar	**1 052**	770

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

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

	Movement in foreign exchange rate %	**Decrease/ (increase) in other compre-hensive income Rm**
2012		
US Dollar	**+5**	**(30)**
	-5	**30**
Euro	**+5**	**15**
	-5	**(15)**
Australian Dollar	**+5**	**(53)**
	-5	**53**
2011		
US Dollar	+5	(25)
	-5	25
Euro	+5	24
	-5	(24)
Australian Dollar	+5	(39)
	-5	39

Foreign cash

The group has exposure to foreign currency translation risk through cash balances in currencies other than the South African rand. This risk is not hedged. Refer to note 31.5.

	2012 Rm	2011 Rm
Foreign cash balances are concentrated in the following major currencies:		
US Dollar	**11**	5
Australian Dollar	**437**	183
	448	188

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.1 FOREIGN CURRENCY MANAGEMENT (CONTINUED)

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 immaterial.

	Movement in foreign exchange rate %	Decrease/ (increase) in other compre-hensive income Rm
2012		
Australian Dollar	**+5**	**(22)**
	-5	**22**
2011		
Australian Dollar	+5	(9)
	-5	9

28.2 INTEREST RATE MANAGEMENT

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

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

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

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.2 INTEREST RATE MANAGEMENT (CONTINUED)

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

	Movement in basis points	Decrease/ (increase) in profit before tax Rm	Decrease/ (increase) in Equity Rm
2012			
Other floating rate loans	**+50**	**3**	**2**
	-50	**(3)**	**(2)**
Cash and cash equivalents	**+50**	**(11)**	**(8)**
	-50	**11**	**8**
2011			
Other floating rate loans	+50	3	2
	-50	(3)	(2)
Cash and cash equivalents	+50	(11)	(8)
	-50	11	8

As at the reporting date, the prime interest rate is 8.5% (2011: 9.0%).

The interest rate pricing profile at 24 June 2012 is summarised as follows:

	2012		2011	
	Rm	**Effective interest rate %**	Rm	Effective interest rate %
LOCAL INTEREST-BEARING BORROWINGS				
Floating rate	**500**	**6.25**	500	5.50
% of total borrowings	**100%**		100%	

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
2012					
Floating rate					
Loan bearing interest at 6.25%	**–**	**–**	**500**	**–**	**–**
2011					
Floating rate					
Loan bearing interest at prime less 3.5%	–	–	–	500	–

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.3 CREDIT RISK MANAGEMENT

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

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

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

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

Other loans include housing loans to employees and share purchase loans to directors of the group. Security of 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:

	2012		2011	
	Rating	**Rm**	Rating	Rm
FINANCIAL ASSETS				
Participation in export partnerships	**High grade**	**49**	High grade	59
Other loans	**High grade**	**89**	High grade	84
Cash and cash equivalents	**High grade**	**2 145**	High grade	2 293
Derivative financial instruments	**High grade**	**41**	High grade	10
Trade and other receivables	**High grade**	**501**	High grade	520

Ratings

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

28.4 LIQUIDITY MANAGEMENT

Liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from adequate banking facilities ranging from overnight to 364 day facilities and the ability to close out market positions.

Derivative liabilities are measured at fair value and included in the analysis on the basis of management's expectation of settlement. The fair values indicate the net settlement amounts due.

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

	2012 Rm	2011 Rm
BANKING FACILITIES:		
Total banking facilities	**2 710**	2 079
Less: Drawn down portion	**–**	(30)
Total undrawn banking facilities	**2 710**	2 049

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

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

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.4 LIQUIDITY MANAGEMENT (CONTINUED)

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
2012					
Interest-bearing borrowings	**–**	**8**	**508**	**–**	**–**
Forward exchange contracts	**–**	**7**	**9**	**–**	**–**
Trade and other payables	**–**	**2 957**	**–**	**–**	**–**
2011					
Interest-bearing borrowings*	–	7	21	514	–
Forward exchange contracts	–	45	33	–	–
Trade and other payables	–	2 905	–	–	–

BORROWING CAPACITY

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

28.5 FINANCIAL INSTRUMENTS BY CATEGORY

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

		Loans and receiv-ables Rm	Financial assets at fair value through profit or loss Rm	Deriv-atives used as hedging instru-ments Rm	Non-financial assets Rm	Total Rm
24 JUNE 2012						
Assets as per statement of financial position						
Participation in export partnerships	**(note 13)**	**49**	**–**	**–**	**–**	**49**
Other loans	**(note 14)**	**89**	**–**	**–**	**–**	**89**
Trade and other receivables	**(note 17)**	**501**	**–**	**–**	**130**	**631**
Derivative financial instruments	**(note 18)**	**–**	**34**	**7**	**–**	**41**
Cash	**(note 31.5)**	**2 145**	**–**	**–**	**–**	**2 145**
Total		**2 784**	**34**	**7**	**130**	**2 955**

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

* Excludes finance lease liabilities which are considered to be a non-financial liability.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.5 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

		Loans and receiv-ables Rm	Financial assets at fair value through profit or loss Rm	Deriv-atives used as hedging instru-ments Rm	Non-financial assets Rm	Total Rm
26 JUNE 2011						
Assets as per statement of financial position						
Participation in export partnerships	(note 13)	59	–	–	–	59
Other loans	(note 14)	84	–	–	–	84
Trade and other receivables	(note 17)	576	–	–	157	733
Derivative financial instruments	(note 18)	–	10	–	–	10
Cash	(note 31.5)	2 293	–	–	–	2 293
Total		3 012	10	–	157	3 179

		Financial liabilities at amor-tised cost Rm	Financial liabilities at fair value through profit or loss Rm	Deriv-atives used as hedging instruments Rm	Non-financial liabilities Rm	Total Rm
Liabilities as per statement of financial position						
Interest-bearing borrowings	(note 22)	500	–	–	30	530
Trade and other payables	(note 23)	2 905	–	–	243	3148
Derivative financial instruments	(note 18)	–	23	55	–	78
Total		3 405	23	55	273	3 756

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

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.6 GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

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

	Fair value move-ment Rm	**Invest-ment income Rm**	**Interest expense Rm**	**Impair-ment loss Rm**	**Total Rm**
2012					
Loans and receivables	**–**	**82**	**–**	**(1)**	**81**
Financial liabilities at amortised cost	**–**	**–**	**38**	**–**	**38**
Financial instruments at fair value through profit or loss	**34**	**–**	**–**	**–**	**34**
Derivatives used as hedging instruments	**(8)**	**–**	**–**	**–**	**(8)**
Total	**26**	**82**	**38**	**(1)**	**145**
2011					
Loans and receivables	–	132	–	(3)	129
Financial liabilities at amortised cost	–	–	84	–	84
Financial instruments at fair value through profit or loss	(15)	–	–	–	(15)
Derivatives used as hedging instruments	(29)	–	–	–	(29)
Total	(44)	132	84	(3)	169

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

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.7 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

		Carrying amount		**Fair value**	
	Fair value measurement using	**2012 Rm**	2011 Rm	**2012 Rm**	2011 Rm
FINANCIAL ASSETS					
Trade and other receivables		**501**	576	**501**	576
Derivative financial instruments		**41**	10	**41**	10
Forward exchange contracts	Level 2	**41**	9	**41**	9
Inflation swap instruments – not hedge accounted for	Level 2	**–**	1	**–**	1
Cash		**2 145**	2 293	**2 145**	2 293
FINANCIAL LIABILITIES					
Interest-bearing borrowings		**535**	530	**530**	525
Trade and other payables		**2 957**	2 905	**2 957**	2 905
Derivative financial instruments		**16**	78	**16**	78
Forward exchange contracts	Level 2	**16**	78	**16**	78
Interest rate swaps and collars	Level 2	**–**	–	**–**	–

29. MANAGEMENT OF CAPITAL

Group strategy is to maintain a broadly neutral net debt position.

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

– to provide an adequate return to shareholders,

– to safeguard Woolworths' ability to continue as a going concern,

– to be flexible and take advantage of opportunities that are expected to provide an adequate return to shareholders, and

– to use excess cash to buy back shares in order to maximise shareholder value by enhancing both earnings per share and return on equity.

The management of capital is reviewed by the Board of directors on a quarterly basis. The group will manage the overall capital structure through payments to shareholders and share repurchases.

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

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

	2012	2011
Return on equity	**47.1%**	44.1%

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

	2012 Rm	2011 Rm
30. DISTRIBUTIONS TO SHAREHOLDERS		
ORDINARY SHAREHOLDERS:		
Distribution no. 27 of 67.0 cents per share was declared on 25 August 2010 and paid on 20 September 2010	**–**	569
Less: Distribution received on treasury shares	**–**	(56)
Distribution no. 28 of 50.5 cents per share was declared on 16 February 2011 and paid on 14 March 2011	**–**	429
Less: Distribution received on treasury shares	**–**	(43)
Distribution no. 29 of 93.0 cents per share was declared on 24 August 2011 and paid on 19 September 2011	**777**	–
Less: Distribution received on treasury shares	**(79)**	–
Distribution no. 30 of 75.0 cents per share was declared on 2 April 2012 and paid on 30 April 2012	**626**	–
Less: Distribution received on treasury shares	**(63)**	–
PREFERENCE SHAREHOLDERS:		
Distribution no. 7 of 22.1 cents per share was declared on 25 August 2010 and paid on 20 September 2010	**–**	20
Less: Distribution accruing to the holding company	**–**	(9)
Distribution no. 8 of 16.8 cents per share was declared on 16 February 2011 and paid on 14 March 2011	**–**	15
Less: Distribution accruing to the holding company	**–**	(7)
Distribution no. 9 of 44.6 cents per share was declared on 24 August 2011 and paid on 19 September 2011	**40**	–
Less: Distribution accruing to the holding company	**(18)**	–
Distribution no. 10 of 36.0 cents per share was declared on 2 April 2012 and paid on 30 April 2012	**32**	–
Less: Distribution accruing to the holding company	**(16)**	–
Total net distributions paid	**1 299**	918

Distribution no. 31 of 123.0 cents per share was declared to ordinary shareholders on 22 August 2012.

Distribution no. 11 of 85.0 cents per share was declared to preference shareholders on 22 August 2012.

	2012 Rm	2011 Rm
31. CASH FLOW INFORMATION		
31.1 CASH INFLOW FROM TRADING		
Profit before tax	**2 870**	2 306
Earnings from associate	**(6)**	(7)
Earnings from joint ventures	**(133)**	(129)
Depreciation and amortisation	**605**	489
Impairment	**1**	24
Finance costs	**38**	84
Investment income	**(82)**	(132)
(Profit)/loss on sale of investment property, property, plant and equipment and intangible assets	**(15)**	4
Movement in other provisions	**(20)**	19
Prepaid employment cost	**8**	7
Share-based payments	**104**	142
Operating lease accrual	**(3)**	12
Foreign exchange (profits)/losses	**(108)**	29
Net inflow from trading	**3 259**	2 848
31.2 WORKING CAPITAL MOVEMENTS		
Inventories	**(273)**	(183)
Trade and other receivables	**123**	44
Trade and other payables	**19**	516
Net (outflow)/inflow	**(131)**	377
31.3 TAX PAID		
NORMAL AND FOREIGN TAX		
Amounts receivable/(owing) at the beginning of the year	**21**	(279)
Amounts charged to profit or loss	**(750)**	(609)
Amounts charged to equity	**75**	–
Foreign currency translation reserve	**(1)**	1
Amounts receivable at the end of the year	**(1)**	(22)
Amounts owing at the end of the year	**368**	1
Cash amounts paid	**(288)**	(908)
SECONDARY TAX ON COMPANIES		
Amounts charged to profit or loss	**(68)**	(77)
Total tax paid	**(356)**	(985)
31.4 DISTRIBUTIONS TO SHAREHOLDERS		
Normal distribution to ordinary shareholders	**(1 275)**	(904)
Normal distribution to preference shareholders	**(38)**	(19)
Amounts charged to statement of changes in equity and paid	**(1 313)**	(923)
31.5 CASH AND CASH EQUIVALENTS		
Cash		
Interest earning		
Local – variable at interest rates of 2.1% to 3.0% (2011: 2.0% to 3.0%)	**271**	174
Local – dividend account at an interest rate of 2.1% to 3.0% (2011: 2.0% to 3.0%)	**78**	44
Foreign – variable at interest rates of 3.0% to 3.6% (2011: 4.17% to 4.77%) Refer to note 28.1.	**470**	188
Short-term interest-bearing deposits – variable at interest rates of 5.5% to 5.74% (2011: 5.3% to 6.0%) maturing between 1 to 3 months	**1 326**	1 887
Cash and cash equivalents	**2 145**	2 293

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

32. OPERATING LEASES

The group has entered into various operating lease agreements on premises. Leased premises are contracted for remaining periods of between 1 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.

	2012 Rm	2011 Rm
32.1 OPERATING LEASE COMMITMENTS		
Land and buildings:		
Within one year	**1 361**	994
Within two to five years	**3 798**	3 379
Thereafter	**2 161**	2 261
	7 320	6 634
32.2 FUTURE MINIMUM SUB-LEASE PAYMENTS EXPECTED TO BE RECEIVED FROM FRANCHISEES AND OTHER TENANTS UNDER NON-CANCELLABLE OPERATING LEASES AS PRINCIPAL LESSOR AT 24 JUNE		
Land and buildings:		
Within one year	**8**	20
Within two to five years	**23**	56
Thereafter	**1**	7
	32	83
32.3 FUTURE MINIMUM SUB-LEASE PAYMENTS EXPECTED TO BE RECEIVED FROM FRANCHISEES AND OTHER TENANTS UNDER NON-CANCELLABLE OPERATING LEASES AS LESSOR AT 24 JUNE		
Land and buildings:		
Within one year	**9**	13
Within two to five years	**16**	10
Thereafter	**1**	1
	26	24

The operating lease accrual of R479 million (2011: R475 million) represents the difference between the cash flow impact and profit or loss impact of the above leases (refer to note 23).

Contingent rent payable is calculated based on turnover level. The amount recognised in profit or loss was R86 million (2011: R72 million).

The total minimum lease payments during the year amount to R1 139 million (2011: R1 050 million).

The total minimum lease payments received during the year amounts to R33 million (2011: R48 million).

33. FINANCE LEASES

The group has entered into finance leases for various items of vehicles and computer equipment. These leases have terms of renewal between 3 and 5 years. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2012		2011	
	Minimum payments Rm	**Present value of payments Rm**	Minimum payments Rm	Present value of payments Rm
Within one year	**12**	**10**	18	16
Between one to five years	**28**	**25**	16	14
Total minimum lease payments	**40**	**35**	34	30
Less amounts representing finance charges	**(5)**	**–**	(4)	–
Present value of minimum lease payments	**35**	**35**	30	30

34. ACQUISITION OF FRANCHISE OPERATIONS

The group acquired 34 South African and 10 African franchise stores for a cash consideration of R451 million. (2011: 22 South African and 1 African franchise store for a cash consideration of R250 million).

	2012		2011	
Period	**Number of stores**	**Cost**	Number of stores	Cost
27 September 2010 to 26 December 2010	**–**	**–**	7	50
27 December 2010 to 27 March 2011	**–**	**–**	6	68
28 March 2010 to 26 June 2011	**–**	**–**	10	132
27 June 2011 to 25 December 2011	**25**	**275**	–	–
26 December 2011 to 24 June 2012	**19**	**176**	–	–
	44	**451**	23	250

	2012 Rm	2011 Rm
Fair value of assets acquired at the date of acquisition		
Property, plant and equipment	**18**	8
Reacquired rights	**276**	138
Deferred tax liability	**(78)**	(39)
	216	107
Goodwill arising on acquisition		
Consideration	**451**	250
Less: fair value of identifiable net assets acquired	**216**	107
	235	143
The goodwill of R235 million comprises the fair value of intangible assets that do not qualify for separate recognition.		
Purchase consideration		
Net cash paid	**451**	207
Amount payable	**–**	43
	451	250

From the dates of the acquisitions, these acquisitions have contributed an additional revenue of R314 million and profit before tax of R66 million to the group. Had the acquisitions been effective from the beginning of the year, group revenue for the 52 weeks ended 24 June 2012 would have been R79 million higher, and profit before tax R28 million higher.
The directors of the group consider these pro-forma numbers to represent an approximate measure of the performance of the combined group and to provide a reference point for comparison in future years.

35. INVESTMENT IN JOINT VENTURES

The group has the following interests in joint ventures:

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

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

	2012 Rm	2011 Rm
Assets:		
Current assets	**3 397**	3 093
Non-current assets	**76**	64
	3 473	3 157
Liabilities:		
Current liabilities	**(142)**	(108)
Non-current liabilities	**(2 715)**	(2 471)
	(2 857)	(2 579)
Net asset value	**616**	578
Income	**804**	761
Expenses	**(671)**	(632)
Profit after income tax	**133**	129
Share of the capital commitment of the joint ventures are as follows:		
Woolworths Financial Services (Proprietary) Limited	**–**	–
Nedglen Property Development (Proprietary) Limited	**–**	–

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

36. ACQUISITION OF WITCHERY GROUP

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

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

37. SEGMENTAL INFORMATION

37.1 PRIMARY SEGMENTATION BASED ON NATURE OF BUSINESS AND RETAIL CHAIN

	2012						
			Woolworths Retail				
	Total Rm	Intra-group Rm	Clothing and General mer-chandise Rm	Food Rm	Logistics Rm	Country Road Rm	Treasury Rm
OPERATING RESULTS							
Revenue	**28 813**	**–**	**9 606**	**15 224**	**506**	**3 402**	**75**
Turnover	**28 604**	**–**	**9 585**	**15 140**	**506**	**3 373**	**–**
Cost of sales	**18 419**	**(93)**	**5 321**	**11 323**	**506**	**1 362**	**–**
Gross profit	**10 185**	**93**	**4 264**	**3 817**	**–**	**2 011**	**–**
Other revenue	**127**	**–**	**21**	**84**	**–**	**22**	**–**
Expenses	**7 625**	**93**	**2 641**	**3 027**	**–**	**1 864**	**–**
Segmental operating profit	**2 687**	**–**	**1 644**	**874**	**–**	**169**	**–**
Investment income	**82**	**–**	**–**	**–**	**–**	**7**	**75**
Finance costs	**(38)**	**–**	**–**	**–**	**–**	**(4)**	**(34)**
Earnings from Woolworths Financial Services joint venture	**133**	**–**	**–**	**–**	**–**	**–**	**–**
Earnings from associate and property joint venture	**6**	**–**	**3**	**3**	**–**	**–**	**–**
Profit before tax	**2 870**	**–**	**1 647**	**877**	**–**	**172**	**41**
Return on equity	47.1%						

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

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

Country Road represents the group's results of its Australian subsidiary.

	2011							
			Woolworths Retail					
Woolworths Financial Services Rm	Total Rm	Intra-group Rm	Clothing and General merchandise Rm	Food Rm	Logistics Rm	Country Road Rm	Treasury Rm	Woolworths Financial Services Rm
–	25 841	–	8 616	13 613	483	3 000	129	–
–	25 582	–	8 591	13 535	483	2 973	–	–
–	16 683	(85)	4 840	10 237	483	1 208	–	–
–	8 899	85	3 751	3 298	–	1 765	–	–
–	127	–	25	78	–	24	–	–
–	6 904	85	2 462	2 732	–	1 625	–	–
–	2 122	–	1 314	644	–	164	–	–
–	132	–	–	–	–	3	129	–
–	(84)	–	–	–	–	(5)	(79)	–
133	129	–	–	–	–	–	–	129
–	7	–	4	3	–	–	–	–
133	2 306	–	1 318	647	–	162	50	129
	44.1%							

37. SEGMENTAL INFORMATION (CONTINUED)

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

	2012					
	Total Rm	Intra-group Rm	Wool-worths Retail Rm	Country Road Rm	Treasury Rm	Wool-worths Financial Services Rm
STATEMENTS OF FINANCIAL POSITION						
Property, plant and equipment, investment properties, intangible assets and loans	3 701	–	3 270	431	–	–
Inventories	2 216	–	1 835	381	–	–
Trade and other receivables and derivative financial assets	672	–	622	50	–	–
Cash	2 145	–	614	205	1 326	–
Segment assets	8 734	–	6 341	1 067	1 326	–
Investment in joint ventures	616	–	1	–	–	615
Investment in associate	51	–	51	–	–	–
Tax and deferred tax assets	644	–	555	89	–	–
Total assets	10 045	–	6 948	1 156	1 326	615
Trade and other payables and provisions	4 210	–	3 753	457	–	–
Borrowings	535	–	35	–	500	–
Segment liabilities	4 745	–	3 788	457	500	–
Tax and deferred tax liabilities	728	–	728	–	–	–
Total liabilities	5 473	–	4 516	457	500	–
Debt ratio	5.3%					
Depreciation and amortisation	605	–	504	101	–	–
Impairment	1	–	1	–	–	–
Share-based payment expense	104	–	104	–	–	–
Capital expenditure – gross additions	798	–	697	101	–	–
Capital commitments	1 216	–	1 043	173	–	–
Shareholding			100.0%	87.9%	100.0%	50.0%

2011

Total Rm	Intra-group Rm	Woolworths Retail Rm	Country Road Rm	Treasury Rm	Woolworths Financial Services Rm
3 026	–	2 641	385	–	–
1 892	–	1 547	345	–	–
743	–	679	64	–	–
2 293	–	403	107	1 783	–
7 954	–	5 270	901	1 783	–
578	–	1	–	–	577
46	–	46	–	–	–
487	–	402	85	–	–
9 065	–	5 719	986	1 783	577
4 265	–	3 856	409	–	–
530	–	30	–	500	–
4 795	–	3 886	409	500	–
177	–	177	–	–	–
4 972	–	4 063	409	500	–
5.8%					
489	–	397	92	–	–
24	–	3	21	–	–
142	–	142	–	–	–
623	–	517	106	–	–
934	–	809	125	–	–
		100.0%	87.9%	100.0%	50.0%

37. SEGMENTAL INFORMATION (CONTINUED)

37.2 SECONDARY SEGMENTATION BASED ON GEOGRAPHIC LOCATION OF CUSTOMERS AND ASSETS

	2012					
			Woolworths Retail			
	Total Rm	Intra-group Rm	Clothing and General mer-chandise Rm	Food Rm	Logistics Rm	Country Road Rm
Revenue						
South Africa	25 501	–	9 281	15 122	506	517
BLNS***	249	–	162	87	–	–
Rest of Africa and Middle East	178	–	163	15	–	–
Australasia	2 885	–	–	–	–	2 885
	28 813	–	9 606	15 224	506	3 402
Turnover – based on location of end user/customers						
South Africa	25 321	–	9 260	15 038	506	517
BLNS***	249	–	162	87	–	–
Rest of Africa and Middle East	178	–	163	15	–	–
Australasia	2 856	–	–	–	–	2 856
	28 604	–	9 585	15 140	506	3 373

	Total Rm	Intra-group Rm	Wool-worths Retail Rm	Country Road Rm	Treasury Rm	Wool-worths Financial Services Rm
Total assets – based on location of assets						
South Africa	8 500	–	6 393	166	1 326	615
Australasia	901	–	–	901	–	–
	9 401	–	6 393	1 067	1 326	615
Tax and deferred tax assets	644					
	10 045					
Capital expenditure (gross) – based on location of assets						
South Africa	720	–	697	23	–	–
Australasia	78	–	–	78	–	–
	798	–	697	101	–	–

*** Botswana, Lesotho, Namibia and Swaziland

Treasury Rm	**Woolworths Financial Services Rm**	2011 Total Rm	Intra-group Rm	Woolworths Retail: Clothing and General merchandise Rm	Woolworths Retail: Food Rm	Woolworths Retail: Logistics Rm	Country Road Rm	Treasury Rm	Woolworths Financial Services Rm
75	**–**	22 948	–	8 368	13 529	483	439	129	–
–	**–**	235	–	160	75	–	–	–	–
–	**–**	97	–	88	9	–	–	–	–
–	**–**	2 561	–	–	–	–	2 561	–	–
75	**–**	25 841	–	8 616	13 613	483	3 000	129	–

Treasury Rm	**Woolworths Financial Services Rm**	2011 Total Rm	Intra-group Rm	Woolworths Retail: Clothing and General merchandise Rm	Woolworths Retail: Food Rm	Woolworths Retail: Logistics Rm	Country Road Rm	Treasury Rm	Woolworths Financial Services Rm
–	**–**	22 714	–	8 343	13 451	483	437	–	–
–	**–**	235	–	160	75	–	–	–	–
–	**–**	97	–	88	9	–	–	–	–
–	**–**	2 536	–	–	–	–	2 536	–	–
–	**–**	25 582	–	8 591	13 535	483	2 973	–	–

Total Rm	Intra-group Rm	Woolworths Retail Rm	Country Road Rm	Treasury Rm	Woolworths Financial Services Rm
7 778	–	5 317	101	1 783	577
800	–	–	800	–	–
8 578	–	5 317	901	1 783	577
487					
9 065					
521	–	517	4	–	–
102	–	–	102	–	–
623	–	517	106	–	–

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Notes	**52 weeks to 24 June 2012 Rm**	52 weeks to 26 June 2011 Rm
Revenue	2	**1 610**	1 100
Expenses		**18**	3
Other operating costs		**18**	3
Profit before tax	3	**1 592**	1 097
Tax	4	**71**	79
Profit and total comprehensive income for the year		**1 521**	1 018
Profit and total comprehensive income attributable to:			
Shareholders		**1 521**	1 018

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	At 24 June 2012 Rm	At 26 June 2011 Rm
ASSETS			
Non-current assets		**1 404**	1 287
Interest in subsidiaries	7	**1 384**	1 263
Participation in export partnerships	8	**20**	24
Current assets		**80**	194
Trade and other receivables	10	**2**	1
Amounts owing by subsidiaries	7	**–**	150
Cash and cash equivalents	19.5	**78**	43
Total assets		**1 484**	1 481
EQUITY AND LIABILITIES			
Equity attributable to shareholders		**676**	814
Share capital	11	**1**	1
Share premium	12	**94**	94
Preference share capital	11	**–**	–
Distributable reserves	13	**581**	719
Total shareholders' interest		**676**	814
Non-current liabilities		**21**	24
Deferred tax	9	**21**	24
Current liabilities		**787**	643
Trade and other payables	14	**7**	14
Tax		**5**	–
Amounts owing to subsidiaries	7	**775**	629
Total equity and liabilities		**1 484**	1 481

COMPANY STATEMENT OF CASH FLOWS

	Notes	**52 weeks to 24 June 2012 Rm**	52 weeks to 26 June 2011 Rm
Cash flow from operating activities			
Cash (outflow)/inflow from trading	19.1	**(18)**	(3)
Working capital movements	19.2	**(8)**	9
Cash (utilised)/generated by operating activities		**(26)**	6
Investment income		**5**	2
Tax paid	19.3	**(69)**	(81)
Cash utilised in operations		**(90)**	(73)
Dividends received		**1 588**	1 083
Distributions to shareholders	19.4	**(1 476)**	(1 033)
Net cash inflow/(outflow) from operating activities		**22**	(23)
Cash flow from investing activities			
Repayment of loans by subsidiaries		**150**	186
Participation in export partnerships		**4**	–
Net cash inflow from investing activities		**154**	186
Cash flow from financing activities			
Shares issued		**–**	33
Issue of loans to subsidiaries		**146**	–
Shares repurchased		**(287)**	(194)
Net cash outflow from financing activities		**(141)**	(161)
Increase in cash and cash equivalents		**35**	2
Net cash and cash equivalents at the beginning of the year		**43**	41
Net cash and cash equivalents at the end of the year	19.5	**78**	43

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital Rm	Share premium Rm	Preference share capital Rm	Share-based payments reserve Rm	Retained profit Rm	Total Rm
Shareholders' interest at 27 June 2010		1	61	–	352	434	848
Total comprehensive income for the year		–	–	–	–	1 018	1 018
Issue of ordinary shares	11	–	33	–	–	–	33
Shares repurchased and cancelled	11	–	–	–	–	(193)	(193)
Share repurchase costs	11	–	–	–	–	(1)	(1)
Share-based payments	13	–	–	–	142	–	142
Distributions to shareholders	18	–	–	–	–	(1 033)	(1 033)
Shareholders' interest at 26 June 2011		1	94	–	494	225	814
Total comprehensive income for the year		–	–	–	–	1 521	1 521
Shares repurchased and cancelled	11	–	–	–	–	(286)	(286)
Share repurchase costs	11	–	–	–	–	(1)	(1)
Share-based payments	13	–	–	–	104	–	104
Distributions to shareholders	18	–	–	–	–	(1 476)	(1 476)
Shareholders' interest at 24 June 2012		1	94	–	598	(17)	676

	2012 Rm	2011 Rm
2. REVENUE		
Investment income	**22**	17
Dividends received	**1 588**	1 083
	1 610	1 100
3. PROFIT BEFORE TAX INCLUDES:		
3.1 AUDITORS' REMUNERATION:		
Audit fee	**3**	3
Current year	**3**	3
4. TAX		
Current year		
South Africa		
Normal tax	**6**	3
Deferred tax relating to the origination and reversal of temporary differences (note 9)	**(3)**	(1)
Secondary tax on companies	**68**	77
	71	79
The rate of tax on profit is reconciled as follows:	**%**	%
Standard rate	**28**	28
Exempt income	**(28)**	(28)
Secondary tax on companies	**4**	7
	4	7
5. DIRECTORS' EMOLUMENTS		
Emoluments paid to directors of Woolworths Holdings Limited in connection with the carrying on of the affairs of the company and its subsidiaries:		
Executive directors		
Fees	**1**	1
Remuneration	**11**	12
Retirement, medical, accident and death benefits	**1**	1
Performance bonus	**11**	19
Share-based payments	**16**	16
Interest-free loan benefit	**2**	3
	42	52
Non-executive directors		
Fees	**9**	6
	9	6
	51	58

Directors' emoluments are paid by Woolworths (Proprietary) Limited and Country Road Limited. Details of the directors' and prescribed officers' fees and emoluments are provided in note 7 of the group annual financial statements on page 47.

	2012 Rm	2011 Rm
6. RELATED PARTY TRANSACTIONS		
The nature of transactions between the company and subsidiaries of the group comprise mainly of dividends received.		
The following related party transactions occurred during the year:		
WOOLWORTHS HOLDINGS LIMITED		
Dividend received from subsidiary companies		
Woolworths (Proprietary) Limited	**1 513**	1 016
Woolworths Employee Share Ownership Trust	**34**	16
E-Com Investments 16 (Proprietary) Limited	**41**	51
	1 588	1 083
Interest received from subsidiary companies		
E-Com Investments 16 (Proprietary) Limited	**16**	15
Dividend paid to subsidiary companies on treasury shares held by the subsidiaries	**142**	99

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

KEY MANAGEMENT PERSONNEL
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the 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 and prescribed officers of the holding company and the major operating subsidiary Woolworths (Proprietary) Limited, and the Chief executive officer of Country Road Limited. The definition of related parties include close family members of key management personnel. All transactions with key management personnel have been at arm's length during the financial year.

KEY MANAGEMENT COMPENSATION	2012 Rm	2011 Rm
Short-term employee benefits	**46**	56
Share-based payments	**24**	22
Post-employment benefits	**2**	2
	72	80

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

SHARE PURCHASE SCHEME LOANS AND INVESTMENTS (AT COST)	2012 Rm	2011 Rm
Loans and investments at the beginning of the year	**52**	61
Loans repaid during the year	**(9)**	(9)
Loans and investments at the end of the year	**43**	52

	2012 Rm	2011 Rm
6. RELATED PARTY TRANSACTIONS (CONTINUED)		
Details of the terms and conditions relating to these loans are disclosed in note 14 of the consolidated financial statements. No bad or doubtful debts have been recognised in respect of loans granted to key management personnel (2011: nil).		
WOOLWORTHS CARD AND WOOLWORTHS VISA CREDIT CARD ACCOUNTS		
Balance outstanding at the beginning of the year	**2**	2
Annual spend	**4**	2
Annual repayments	**(4)**	(2)
Balance outstanding at the end of the year	**2**	2

Purchases made by key management personnel are at standard discounts granted to all employees of the company. Interest is charged on outstanding balances on the same terms and conditions applicable to all other card holders. No bad or doubtful debts have been recognised in respect of the Woolworths card and Woolworths visa credit card accounts of key management personnel (2011: nil).

POST-EMPLOYMENT BENEFIT PLAN

Details of the Wooltru Group Retirement Fund, the Wooltru Healthcare Fund and funds for the benefit of Country Road employees are disclosed in note 24 of the consolidated annual financial statements.

7. INTEREST IN SUBSIDIARIES

	2012 Rm	2011 Rm
Ordinary shares	**1 000**	896
Cost	**402**	402
Share-based payments arising from the group's share incentive schemes	**598**	494
Preference shares – investment in E-Com Investments 16 (Proprietary) Limited		
Cost	**384**	367
Investment in equity	**230**	230
Loan receivable	**154**	137
Interest in subsidiaries	**1 384**	1 263
Amounts owing to subsidiaries	**(775)**	(629)
Woolworths (Proprietary) Limited	**(157)**	(628)
E-Com Investments 16 (Proprietary) Limited	**(617)**	–
Woolworths Employee Share Ownership Trust	**(1)**	(1)
Amounts owing by subsidiaries	**–**	150
Total net interest in subsidiaries	**609**	784

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%. The carrying value of the loan component approximates its fair value.

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

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

The company's maximum exposure to the credit risk of the loans to subsidiaries are their carrying values. The amount owing by subsidiaries in 2012 is considered to be neither past due nor impaired. 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.

	2012 Rm	2011 Rm
8. PARTICIPATION IN EXPORT PARTNERSHIPS		
Balance at the beginning of the year	**24**	25
Payments received relating to the current year	**(2)**	–
Current portion included in trade and other receivables (refer note 10)	**(2)**	(1)
Balance at the end of the year	**20**	24

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

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

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

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

9. DEFERRED TAX

	2012 Rm	2011 Rm
The movement in the deferred tax account is as follows:		
Balance at the beginning of the year	**(24)**	(25)
Amount credited to profit or loss	**3**	1
Export partnerships	**3**	1
Balance at the end of the year	**(21)**	(24)
Comprising:		
Export partnerships	**(21)**	(24)
	(21)	(24)

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.

	2012 Rm	2011 Rm
10. TRADE AND OTHER RECEIVABLES		
Trade and other receivables	**2**	1
	2	1

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

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

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

	2012 R'000	2011 R'000
11. ORDINARY AND PREFERENCE SHARE CAPITAL		
AUTHORISED		
1 410 600 000 (2011: 1 410 600 000) ordinary shares of 0.15 cents each	**2 116**	2 116
89 400 000 (2011: 89 400 000) convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each	**134**	134
	2 250	2 250
ISSUED		
835 378 333 (2011: 844 676 592) ordinary shares of 0.15 cents each	**1 253**	1 267
89 400 000 (2011: 88 267 306) preference shares of 0.15 cents each	**134**	132
	1 387	1 399
RECONCILIATION OF VALUE OF ORDINARY SHARES IN ISSUE:		
Balance at the beginning of the year	**1 267**	1 272
Nil (2011: 3 945 838) ordinary shares issued in terms of the share incentive scheme amounting to Rnil (2011: R5 919)	**–**	6
9 298 259 (2011: 7 056 052) ordinary shares repurchased and cancelled	**(14)**	(11)
	1 253	1 267
RECONCILIATION OF NUMBER OF ORDINARY SHARES IN ISSUE:	**Number of shares**	
Balance at the beginning of the year	**844 676 592**	847 786 806
Shares issued	**–**	3 945 838
Shares repurchased and cancelled	**(9 298 259)**	(7 056 052)
	835 378 333	844 676 592

During the year, nil (2011: 3 945 838) shares were issued in terms of the share incentive schemes.

	2012 Rm	2011 Rm
11. ORDINARY AND PREFERENCE SHARE CAPITAL (CONTINUED)		
RECONCILIATION OF VALUE OF PREFERENCE SHARES IN ISSUE:		
Balance at the beginning of the year	**132**	132
1 132 694 (2011: nil) preference shares issued	**2**	–
	134	132
RECONCILIATION OF NUMBER OF PREFERENCE SHARES IN ISSUE:	**Number of shares**	
Balance at the beginning of the year	**88 267 306**	88 267 306
Shares issued	**1 132 694**	–
	89 400 000	88 267 306

For more information on the company's capital management policy, refer to note 17. Refer to note 19 of the consolidated annual financial statements for the terms and conditions of the preference shares.

12. SHARE PREMIUM

	2012 Rm	2011 Rm
Balance at the beginning of the year	**94**	61
Share issues in terms of the share incentive scheme	**–**	33
Balance at the end of the year	**94**	94

13. DISTRIBUTABLE RESERVES

	2012 Rm	2011 Rm
Share-based payment reserve		
Balance at the beginning of the year	**494**	352
Share-based payments arising from the group's share incentive schemes	**104**	142
Balance at the end of the year	**598**	494
Retained profit	**(17)**	225
	581	719

NATURE AND PURPOSE OF RESERVES

Share-based payment reserve

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

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

Retained profit

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

14. TRADE AND OTHER PAYABLES

	2012 Rm	2011 Rm
Other payables	**7**	14
	7	14

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

These balances are payable on demand.

15. CONTINGENT LIABILITIES

The company provides sureties for the banking facilities amounting to R2 500 million (2011: R1 900 million) and lease obligations of certain subsidiaries. There are no other contingent liabilities. The sureties can be called on immediately in the event of the subsidiaries not honouring their obligations.

16. FINANCIAL RISK MANAGEMENT

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

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

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

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

16.1 CREDIT RISK MANAGEMENT

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

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

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired are assessed to be of high grade.

	2012 Rm	2011 Rm
FINANCIAL ASSETS		
Amounts owing by subsidiaries	**–**	150
Participation in export partnerships	**20**	24
Cash and cash equivalents	**78**	43
Trade and other receivables	**2**	1
Preference share loan in E-Com Investments 16 (Proprietary) Limited (included in interest in subsidiaries)	**154**	138

16.2 LIQUIDITY MANAGEMENT

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

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

	Maturity	**2012 Rm**	2011 Rm
Amounts owing to subsidiaries	on demand	**775**	629
Trade and other payables	on demand	**4**	14

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 variable interest rates.

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

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

	Movement in basis points	Decrease/ (increase) in profit before tax R'000	Decrease/ (increase) in equity R'000
2012			
Cash	**+50**	**(390)**	**(281)**
	-50	**390**	**281**
2011			
Cash	+50	(215)	(155)
	-50	215	155

16.4 FINANCIAL INSTRUMENTS BY CATEGORY

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

	2012 Rm	2011 Rm
LOANS AND RECEIVABLES		
Participation in export partnerships	**20**	24
Amounts owing by subsidiaries	**–**	150
Trade and other receivables	**2**	1
Cash	**78**	43
Preference share loan in E-Com Investments 16 (Proprietary) Limited	**154**	137
Total	**254**	355
FINANCIAL LIABILITIES AT AMORTISED COST		
Amounts owing to subsidiaries	**775**	629
Trade and other payables	**7**	14
Total	**782**	643

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

16.5 GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

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

	Interest income Rm	Impairment loss Rm	Reversal of impairment loss Rm	Total Rm
2012				
Loans and receivables	**6**	**–**	**–**	**6**
Loan receivable element of Preference share in E-Com Investments 16 (Proprietary) Limited	**16**	**–**	**–**	**16**
2011				
Loans and receivables	2	–	–	2
Loan receivable element of Preference share in E-Com Investments 16 (Proprietary) Limited	15	–	–	15

17. MANAGEMENT OF CAPITAL

The company considers the management of capital with reference to the group policy. Refer to note 29 of the group annual financial statements.

	2012 Rm	2011 Rm
18. DISTRIBUTIONS TO SHAREHOLDERS		
Ordinary shareholders:		
Distribution no. 27 of 67.0 cents per share was declared on 25 August 2010 and paid on 20 September 2010	**–**	569
Distribution no. 28 of 50.5 cents per share was declared on 16 February 2011 and paid on 14 March 2011	**–**	429
Distribution no. 29 of 93.0 cents per share was declared on 24 August 2011 and paid on 19 September 2011	**777**	–
Distribution no. 30 of 75.0 cents per share was declared on 02 April 2012 and paid on 30 April 2012	**627**	–
Preference shareholders:		
Distribution no. 7 of 22.1 cents per share was declared on 25 August 2010 and paid on 20 September 2010	**–**	20
Distribution no. 8 of 16.8 cents per share was declared on 16 February 2011 and paid on 14 March 2011	**–**	15
Distribution no. 9 of 44.6 cents per share was declared on 24 August 2011 and paid on 19 September 2011	**40**	–
Distribution no. 10 of 36.0 cents per share was declared on 02 April 2012 and paid on 30 April 2012	**32**	–
Total distributions paid	**1 476**	1 033

Distribution no. 31 of 123.0 cents per share was declared to ordinary shareholders on 22 August 2012.

Distribution no. 11 of 85.0 cents per share was declared to preference shareholders on 22 August 2012.

	2012 Rm	2011 Rm
19. CASH FLOW INFORMATION		
19.1 CASH FLOW FROM TRADING		
Profit before tax	**1 592**	1 097
Investment income	**(22)**	(17)
Dividends received	**(1 588)**	(1 083)
Net (outflow)/inflow from trading	**(18)**	(3)
19.2 WORKING CAPITAL MOVEMENTS		
Trade and other receivables	**(1)**	–
Trade and other payables	**(7)**	9
Net (outflow)/inflow	**(8)**	9
19.3 TAX PAID		
NORMAL AND FOREIGN TAX		
Amounts (owing)/receivable at the beginning of the year	**–**	(1)
Amounts charged to profit or loss	**(6)**	(3)
Amounts owing at the end of the year	**5**	–
Cash amounts paid	**(1)**	(4)
SECONDARY TAX ON COMPANIES		
Amounts charged to profit or loss	**(68)**	(77)
Total tax paid	**(69)**	(81)
19.4 DISTRIBUTIONS TO SHAREHOLDERS		
Distribution to ordinary shareholders	**(1 404)**	(998)
Distribution to preference shareholders	**(72)**	(35)
Amounts charged to statement of changes in equity and paid	**(1 476)**	(1 033)
19.5 CASH AND CASH EQUIVALENTS		
Cash		
Interest earning		
Local – dividend account at an interest rate of 4% to 5% (2011: 4% to 5%)	**78**	43
Cash and cash equivalents	**78**	43

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

20. EVENTS AFTER THE REPORTING DATE

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

			Company			
			2012		2011	
			Carrying value of shares Rm	**% Holding**	Carrying value of shares Rm	% Holding
Interest in subsidiaries						
Directly held			**632**		632	
Woolworths (Proprietary) Limited	R	1	**–**	**100**	–	100
Woolworths Developments (Proprietary) Limited	P	1	**–**	**100**	–	100
Woolworths International Holdings Limited	H	3	**402**	**100**	402	100
E-Com Investments 16 (Proprietary) Limited	H	1	**230**	**100**	230	100
The Woolworths Holdings Share Trust*			**–**	**–**	–	–
The Woolworths Employee Share Ownership Trust*			**–**	**–**	–	–
Indirectly held						
Woolworths International (SA) (Proprietary) Limited	D	1		**100**		100
Woolworths (Namibia) (Proprietary) Limited	D	2		**100**		100
Woolworths Holding (Mauritius) Limited	H	9		**100**		100
Woolworths (Mauritius) Limited****	R	9		**100**		100
Woolies (Zambia) Limited****	R	10		**51**		51
W-Stores Company (Tanzania) Limited****	R	11		**51**		–
W-Stores Company (Uganda) Limited*****	R	12		**51**		–
Woolworths Retail Stores Limited****	R	13		**50**		–
Woolworths (Mozambique) Limitada****	R	14		**99**		–
Highway Holdings N.V.	H	4		**100**		100
Woolworths International Limited	I	3		**100**		100
Woolworths International (Australia) Proprietary Limited	H	5		**100**		100
Woolworths Worldwide Limited	H	3		**100**		100
The Woolworths Trust**	H	3		**–**		–
WSM Operations Holding Company Limited	D	3		**100**		100
Country Road Limited	R	5		**87.9**		87.9
Country Road Clothing (Proprietary) Limited	R	5		**87.9**		87.9
Country Road Ventures (Proprietary) Limited	R	5		**87.9**		87.9
Country Road Clothing (N.Z.) Limited	R	6		**87.9**		87.9
Country Road Properties (Proprietary) Limited	P	5		**87.9**		87.9
Country Road International (Proprietary) Limited	H	5		**87.9**		87.9
Country Road (Hong Kong) Limited	R	7		**87.9**		87.9
Country Road Australia Limited	R	8		**87.9**		87.9
Universal Product Networks (Proprietary) Limited	L	1		**100**		100
inthebag (Proprietary) Limited	D	1		**100**		100
Virtual Market Place (Proprietary) Limited***	R	1		**100**		100
Woolworths (Lesotho) (Proprietary) Limited	D	15		**99**		–
The Woolworths Trust (Charitable Trust)*		1		**–**		–
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			**(621)**		(342)	
Woolworths (Proprietary) Limited			**(157)**		(628)	
E-Com Investments 16 (Proprietary) Limited			**(463)**		287	
Woolworths Employee Share Ownership Trust			**(1)**		(1)	
Total interest			**11**		290	

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

* The Woolworths Holdings Share Trust, The Woolworths Employee Share Ownership Trust and The Woolworths Trust are included as subsidiaries based on the interpretation guidance SIC 12 (AC 412).

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

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

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

***** W-Stores Company (Uganda) Limited is a subsidiary of W-Stores Company (Tanzania) Limited.

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

	Company	
	2012 Rm	2011 Rm
Profits	**1 889**	1 757
Losses	**(2)**	(4)
	1 887	1 753

SHAREHOLDER CALENDAR

Financial year-end:
June

Reporting:
Annual results announcement
August

Integrated report
September

Annual general meeting
November

Interim results and report
February

Dividend declared:
Final for the period ended June 2012
August

Interim for the period ended December 2012
February

Dividend payable:
Final for the period ended June 2012
September

Interim for the period ended December 2012
March

ADMINISTRATION

GROUP SECRETARY
Thobeka Sishuba-Mashego

REGISTERED OFFICE
Woolworths House
93 Longmarket Street
Cape Town
8001

POSTAL ADDRESS
PO Box 680
Cape Town
8000

COMPANY REGISTRATION NUMBER
1929/001986/06

COUNTRY OF INCORPORATION
South Africa

TELEPHONE: (+27 21) 407 9111

CUSTOMER INFORMATION:
www.woolworths.co.za

INVESTOR RELATIONS:
InvestorRelations@woolworths.co.za

JOINT AUDITORS
Ernst & Young Inc. and NEXIA SAB&T

BANKERS
The Standard Bank of South Africa Limited

TRANSFER SECRETARIES
Computershare Investor Services
(Proprietary) Limited
70 Marshall Street
Johannesburg
2001

POSTAL ADDRESS
PO Box 61051
Marshalltown
2107

TELEPHONE: (+27 11) 370 5000
FACSIMILE: (+27 11) 370 5487
E-MAIL: woolworths@computershare.co.za

SPONSOR
Rand Merchant Bank
(A division of FirstRand Bank Limited)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton
2194

POSTAL ADDRESS
PO Box 786273
Sandton
2146

TELEPHONE: (+27 11) 282 8000
FACSIMILE: (+27 11) 282 8008
E-MAIL: sponsorteam@rmb.co.za

DEPOSITORY FOR GLOBAL DEPOSITORY RECEIPTS
The Bank of New York
Shareholder Relations Department
Church Street Station
PO Box 11258
New York, NY 10286-1258
United States of America

UK

TELEPHONE: +44 (0) 20 7964 6089
FACSIMILE: +44 (0) 20 7964 6024
E-MAIL: mlewis@bankofny.com

USA

TELEPHONE: +1 212 815 2077
FACSIMILE: +1 212 571 3050

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

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

ACTUARIAL GAINS OR LOSSES
Actuarial gains or losses comprise:
1. experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
2. the effects of changes in actuarial assumptions.

BLACK-SCHOLES MODEL
A valuation equation 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 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 71 of 2008 in South Africa, as amended.

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
The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

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

DEFERRED TAX ASSETS
The amount of income taxes recoverable in future periods in respect of:
1. deductible temporary differences;
2. the carry forward of unused tax losses; and
3. the carry forward of unused tax credits.

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

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

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

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

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

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

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

FAIR VALUE
The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

FINANCIAL ASSETS
Any asset that is:

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 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.

FINANCIAL LIABILITY
Any liability that is:

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.

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 five-year 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 – it is Woolworths' ongoing plan to make a difference in its communities, the country and the world.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REASONABLY POSSIBLE CHANGE IN RISK VARIABLE
Reasonably possible change in risk variable refers to the most likely change in the risk variable, during the next annual period, which is judged relative to the economic environments in which the entity operates, and does not include "worst case" scenarios.

RELATED PARTY
1. A person or a close member of that person's family is related to a reporting entity if that person:
   - 1.1 has control or joint control over the reporting entity;
   - 1.2 has significant influence over the reporting entity; or
   - 1.3 is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
2. An entity is related to a reporting entity if any of the following conditions apply:
   - 2.1 The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   - 2.2 One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   - 2.3 Both entities are joint ventures of the same third party.
   - 2.4 One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   - 2.5 The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   - 2.6 The entity is controlled or jointly controlled by a person identified in 1.
   - 2.7 A person identified in 1.1 has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

REPORTING DATE
The last day of the financial period.

RESTRICTED SHARE PLAN
The restricted share plan gives eligible employees the rights to receive Woolworths Holdings Limited shares, subject to the satisfaction of certain service conditions within a specific time period.

SEGMENT ASSETS
Those operating assets that are employed by a segment in its operating activities and that either are 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 sales of investments;
3. an entity's share of losses of associates, joint ventures, or other investments accounted for under the equity method;
4. income tax expense; and
5. general administrative expenses, head office expenses, and other expenses that arise at the entity level and relate to the entity as a whole.

SEGMENT RESULT
Segment revenue less segment expense before any adjustments for minority interest.

SEGMENT REVENUE
Revenue reported in the entity's statement of comprehensive income that is directly attributable to a segment and the relevant portion of entity revenue that can be allocated on a reasonable basis to a segment.

Segment revenue does not include:
1. interest or dividend income unless the segment's operations are primarily of a financial nature; or
2. gains on sales of investments or gains on extinguishment of debt unless the segment's operations are primarily of a financial nature.

SHARE APPRECIATION RIGHTS SCHEME
This scheme gives eligible employees the rights to receive Woolworths Holdings Limited shares equal to the value of the difference between the exercise price and the grant price, subject to the satisfaction of certain performance conditions within a specified period.

SHARE-BASED PAYMENT TRANSACTION
A transaction in which the entity:
1. receives goods or services from the supplier of those goods or services (including an employee) in a share-based payment arrangement, or
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.

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:
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. 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 over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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.

CONTACT DETAILS

We appreciate any feedback on our integrated report.

We appreciate any feedback on this Annual Financial Statements Report.

Please contact investor relations or the group secretary:
E-mail: investorrelations@woolworths.co.za or thobekasishuba-mashego@woolworths.co.za

For more information see:
www.woolworthsholdings.co.za

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