

audited group results for the year ended 30 June 2007



financial highlights

revenue	▲ 23.1%	to R18.6bn
operating profit	▲ 23.8%	to R1.8bn
diluted earnings per share	▲ 27.5%	to 131.5 cents
diluted HEPS	▲ 21.8%	to 125.5 cents
dividend per share	▲ 20.6%	to 76.0 cents

trading highlights

clothing and home turnover	▲ 16.2%	to R6.9bn
food turnover	▲ 25.6%	to R8.7bn
financial services revenue	▲ 35.4%	to R1.3bn



commentary

Group results

The 23.1% increase in group revenue to R18.6bn reflected the improved growth in retail sales and increased interest earned from financial services products.

The gross margin was maintained at 34.4%. This included one-off costs of R45m arising from the final phase of the implementation of the new stock system.

Operating profit grew by 23.8% to R1.8bn, despite being unable to pass on the higher interest rates to our credit customers as a result of a fixed usury rate until the last three months of the financial year.

Expenses increased by 25.1% through higher bad debts and associated provisions arising from a tougher credit environment. Country Road expenses showed a significant uplift due to the fluctuations in currency and the change to the concession model.

The operating margin improved to 9.9% (2006: 9.8%).

Interest paid increased by 55.3% due to higher borrowings through the growth in our books and the increasing interest rates. A reduction in the effective tax rate resulted mainly from recognising a deferred tax asset due to asset timing differences in Country Road.

Diluted headline earnings per share increased by 21.8% from 103.0 cents per share to 125.5 cents per share. The pre-tax profit of R54.6m from the disposal of land in Midrand contributed to the higher increase in diluted earnings per share of 27.5%. Return on equity increased to 35.1% (2006: 34.8%).

A total dividend of 76.0 cents per share is declared for the year, representing a 20.6% increase from the prior year.

operating review
Woolworths



WOOLWORTHS
the difference

Trading environment

Consumer spending was high but did slow towards the end of the period.

Retail

Clothing and general merchandise improved performance with sales growing by 16.2% in total and 12.8% in comparable stores. Inflation averaged 2.8% over the period. Good availability in core ranges, entrenched taste levels in menswear and an improved value range in childrenswear contributed to the improved performance.

Food continued to perform well. Sales grew by 25.6% in total and 15.1% in comparable stores. Inflation averaged approximately 8.3% over the period. Growth in this division continues to be driven by quality and innovation and store roll-out, enabling customers to use us more conveniently as their main shop.

Trading space

Trading space was expanded in clothing and general merchandise by 3.6% and 12.1% in food as at 30 June 2007.

Financial services

Revenue increased by 35.4% as a result of high growth in our books of 25.3% and the increase in interest rates over the period.

The interest yield grew to 19.9% (2006: 19.0%).

The tougher collections environment resulted in net bad debt and related provision charges increasing to 6.9% (2006: 5.5%) of the gross book.

Country Road

COUNTRY ROAD

Sales increased by 15.8% in Australian dollar terms with a strong performance in the second half. The fashionability of ranges and the continued drive to provide better value were well received by customers.

Prospects

Higher interest rates, a slow down in credit and increasing food prices are expected to slow consumer spending. The brand though is well positioned for the evolving market and we expect to show acceptable real growth in the year ahead.

Empowerment

On 12 June 2007 shareholders approved a BEE transaction whereby 10% of the company's ordinary issued share capital was set aside for eligible Woolworths employees. There are approximately 17 000 participants, 90% of whom are black. The scheme had no impact on the reported results as the shares were issued after the financial year end.

Our people are the real drivers of the Woolworths brand. We welcome them as part owners of our business. We know this will encourage them to keep on making the 'Woolies difference'.

Changes to the board of directors

On 1 July 2007 Judy Dlamini was appointed to the board as a non-executive director.

DA Hawton	SN Susman	
Chairman	Chief executive officer	Cape Town, 23 August 2007

dividend payment

Notice is hereby given that the directors have declared a final dividend of 46.5 cents per share for the six months ended 30 June 2007.

The salient dates for the dividend will be as follows:

Last day to trade to receive dividend	Friday, 7 September 2007
Shares commence trading "ex" dividend	Monday, 10 September 2007
Record date	Friday, 14 September 2007
Payment date	Monday, 17 September 2007

Share certificates may not be dematerialised or rematerialised between Monday, 10 September 2007 and Friday, 14 September 2007, both days inclusive.

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

CL Lowe	
Group secretary	Cape Town, 23 August 2007

directorate and statutory information

Non-executive directors: Buddy Hawton (Chairman), Peter Bacon (British), Mair Barnes (British), Nigel Colne (British), Judy Dlamini, Brian Frost, Mike Leeming, Chris Nissen, Sindi Zilwa

Executive directors: Simon Susman (CEO), Richard Inskip, Andrew Jennings (British), Zyda Rylands, Norman Thomson

Group secretary: Cherrie Lowe **Share code:** WHL **ISIN:** ZAE000063863

Registered address (postal and physical):

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

Registration number: 1929/001986/06 **Auditors:** Ernst & Young Inc and SAB & T Inc

Bankers: The Standard Bank of South Africa Limited

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

Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg 2001



visit our investor relations site: www.woolworthsholdings.co.za

income statement

Year ended 30 June	Note	2007 Rm	Restated 2006 Rm	% change
Revenue		18 641.9	15 144.8	23.1
Turnover		17 376.9	14 208.0	22.3
Cost of sales		1 139.9	9 340.4	22.0
Gross profit		5 977.0	4 867.6	22.8
Other revenue		1 265.0	936.8	35.0
Expenses		5 396.5	4 314.1	25.1
Depreciation		316.7	269.9	17.3
Occupancy cost		806.0	679.1	18.7
Employment cost		2 129.3	1 701.4	25.1
Other operating cost		2 144.5	1 663.7	28.9
Operating profit		1 845.5	1 490.3	23.8
Finance costs		378.7	243.9	55.3
Profit before exceptional item		1 466.8	1 246.4	17.7
Exceptional item	3	54.6	–	>100.0
Profit before tax		1 521.4	1 246.4	22.1
Tax	4	434.7	409.0	6.3
Profit after tax		1 086.7	837.4	29.8
Attributable to:				
Ordinary shareholders		1 074.4	835.6	28.6
Minority shareholders		12.3	1.8	>100.0
Reconciliation of headline earnings				
Attributable earnings		1 074.4	835.6	28.6
Profit on disposal of property, plant and equipment net of minority shareholders' interest		(48.0)	(0.6)	
Foreign exchange profit realised on repayment of loan by subsidiary		(1.1)	–	
Headline earnings		1 025.3	835.0	22.8
Headline earnings per share (cents)		127.8	105.0	21.7
Earnings per share (cents)		133.9	105.1	27.4
Diluted headline earnings per share (cents)		125.5	103.0	21.8
Diluted earnings per share (cents)		131.5	103.1	27.5
Distribution per share (cents)		76.0	63.0	20.6
Distribution cover (based on headline earnings per share)		1.7	1.7	
Number of shares in issue (millions)		809.3	797.2	1.5
Weighted average number of shares in issue (millions)		802.4	795.3	0.9
GROUP ANALYSIS				
Revenue				
Turnover		17 376.9	14 208.0	22.3
Woolworths		16 022.9	13 227.3	21.1
– Clothing and home		6 985.0	6 012.2	16.2
– Food		8 718.0	6 941.5	25.6
– Logistics services and other		319.9	273.6	16.9
Country Road		1 354.0	980.7	38.1
Interest		1 022.4	765.4	33.6
Other revenue		242.6	171.4	41.5
		18 641.9	15 144.8	23.1
Operating profit				
Woolworths		1 788.8	1 471.3	21.6
Country Road		56.7	19.0	>100.0
		1 845.5	1 490.3	23.8

statement of changes in equity

Year ended 30 June	Shareholders' interest before minorities Rm	Minority shareholders' interest Rm	Total 2007 Rm	Total 2006 Rm
Shareholders' interest at the beginning of the year	2 606.3	27.9	2 634.2	2 210.9
Movements for the period:				
Issue of shares	111.8	–	111.8	72.7
Share repurchase	(26.3)	–	(26.3)	(61.7)
Recognised gains and losses	555.1	14.6	569.7	412.3
Distributable reserves	515.6	10.5	526.1	412.6
Profit for the year	1 074.4	12.3	1 086.7	837.4
Distributions to shareholders	(550.4)	–	(550.4)	(474.2)
Net fair value adjustments on financial instruments	(29.2)	(1.8)	(31.0)	32.2
Share-based payments	27.0	–	27.0	18.0
Acquisition of former investment	–	–	–	(0.8)
BEE transaction costs	(6.2)	–	(6.2)	–
Non-distributable reserves	39.5	4.1	43.6	(0.3)
Exchange differences on translation of foreign subsidiaries				
Shareholders' interest at the end of the year	3 246.9	42.5	3 289.4	2 634.2

segmental analysis

Year ended 30 June	Note	2007 Rm	Restated 2006 Rm	% change
Revenue				
Retail				
Woolworths		16 099.5	13 288.7	21.2
Country Road		1 361.8	993.6	37.1
Financial services		1 274.4	941.4	35.4
Intragroup		(93.8)	(78.9)	
Total group		18 641.9	15 144.8	23.1
Profit before tax and exceptional item				
Retail				
Woolworths		1 252.8	1 069.1	17.2
Country Road		54.9	14.9	>100.0
Financial services		159.1	162.4	(2.0)
Total group		1 466.8	1 246.4	17.7
Return on equity				
Retail				
Woolworths		65.4	58.6	
Country Road		34.6	6.2	
Financial services		11.9	14.7	
Total group		35.1	34.8	

notes

- 1 Basis of preparation**
The financial statements are prepared in accordance with, and comply with International Financial Reporting Standards (IFRS) and the South African Companies Act of 1973. They are prepared on going concern and historical cost bases as modified by the revaluation of certain financial instruments required to be recorded at fair value.
- 2 Significant accounting policies**
The accounting policies applied are consistent with those followed in the preparation of the consolidated annual financial statements for the year ended 30 June 2006, except for the adoption of the following IFRS, IFRIC interpretations and amendments that became effective during the current period and had no impact on the reported results:
– IFRIC 4 Determining whether an Arrangement Contains a Lease;
– IFRIC 8 Scope of IFRS 2;
– IFRIC 9 Reassessment of Embedded Derivatives;
– AC 502 Substantially enacted Tax Rates and Tax Laws;
– AC 503 Accounting for Black Economic Empowerment (BEE) Transactions;
– IAS 19 Amendment – Employee Benefits and Actuarial Gains and Losses, Group Plans and Disclosures;
– IAS 39 Amendment – The Fair Value Option; and
– IAS 39 Amendment – Financial Guarantee Contracts.
- 3 Exceptional item**
During the year, the group disposed of property with a net book value of R27.9m. The full pre-tax profit on disposal of R54.6m is treated as an exceptional item as the transaction is non-recurring in nature and falls outside the scope of the group's operational activities.
- 4 Tax**
The effective tax rate of 28.6% (2006: 32.8%) is lower than the standard rate of normal tax primarily as a result of the recognition of a deferred tax asset relating to asset timing differences in a subsidiary company.

balance sheet

As at 30 June	Note	2007 Rm	Restated 2006 Rm
ASSETS			
Non-current assets		2 951.3	2 490.6
Property, plant and equipment	5	1 867.1	1 597.7
Investment property		105.9	109.0
Loans to customers		289.8	249.2
Prepaid employment costs		61.4	39.5
Participation in export partnerships		70.4	71.6
Other loans and prepayments		190.4	144.7
Goodwill		23.0	23.0
Deferred tax		343.3	255.9
Current assets		7 491.2	6 277.7
Inventories		1 202.6	841.4
Woolworths card debtors		3 560.2	2 971.2
Credit card receivables		904.8	593.7
Accounts receivable		605.0	815.8
Loans to customers		781.2	640.9
Tax		13.1	4.5
Cash		424.3	410.2
Total assets		10 442.5	8 768.3
EQUITY AND LIABILITIES			
Capital and reserves		3 289.4	2 634.2
Ordinary shareholders' interest		3 246.9	2 606.3
Minority shareholders' interest		42.5	27.9
Non-current liabilities		2 906.6	2 801.0
Interest-bearing borrowings		2 179.0	2 100.0
Operating lease accrual		426.7	420.2
Post-retirement medical aid liability		227.2	202.7
Deferred tax		73.7	78.1
Current liabilities		4 246.5	3 333.1
Accounts payable		2 092.4	1 612.1
Provisions		156.3	131.0
Tax		214.9	256.4
Interest-bearing borrowings		1 782.9	1 333.6
Total equity and liabilities		10 442.5	8 768.3
Net asset book value – per share (cents)		401.2	326.9
GROUP ANALYSIS			
Total assets		10 442.5	8 768.3
Woolworths		9 881.1	8 368.1
Country Road		561.4	400.2
Inventories		1 202.6	841.4
Woolworths		1 023.1	707.9
Country Road		179.5	133.5
Approved commitments for capital expenditure		547.0	419.5
Woolworths		396.0	366.2
Country Road		151.0	53.3

cash flow statement

Year ended 30 June	2007 Rm	Restated 2006 Rm
Cash flow from operating activities		
Cash inflow from trading	1 373.7	1 072.5
Working capital movements	183.6	185.4
Cash applied to financial services assets	(1 182.4)	(882.2)
Cash generated by operating activities	374.9	375.7
Interest received	1 018.3	760.3
Finance costs paid	(366.6)	(244.6)
Tax paid	(565.0)	(483.4)
Cash generated by operations	461.6	408.0
Distributions to shareholders	(550.4)	(474.2)
Net cash outflow from operating activities	(88.8)	(66.2)
Cash outflow from investing activities	(527.2)	(598.5)
Cash flow from financing activities		
Shares issued	111.8	72.7
Repurchase of shares	(26.3)	(61.7)
Notes issued	1 015.0	–
Notes redeemed	(300.0)	–
BEE transaction costs	(6.2)	–
Net cash inflow from financing activities	794.3	11.0
Increase/(decrease) in cash and cash equivalents	178.3	(653.7)
Cash and cash equivalents at the beginning of the year	(623.4)	23.3
Effect of foreign exchange rate changes	22.5	7.0
Cash and cash equivalents at the end of the year	(422.6)	(623.4)
GROUP ANALYSIS		
Cash inflow from trading	1 373.7	1 072.5
Woolworths	1 275.5	1 019.0
Country Road	98.2	53.5
Gross capital expenditure	649.1	637.9
Woolworths	591.1	599.8
Country Road	58.0	38.1

- 5 Property, plant and equipment**
During the year, the group acquired assets with a cost of R652.1m (2006: R607.4m). Assets with a net book value of R90.1m (2006: R49.5m) were disposed of by the group during the same period, resulting in a profit before tax of R56.1m (2006: R0.2m), including the disposal of property referred to in note 3.
- 6 Issue of shares**
During the year, 13 368 429 (2006: 14 539 120) ordinary shares were issued in terms of the group's share incentive scheme. 1 268 051 (2006: 4 523 045) shares were repurchased during the year.
- 7 Contingent liabilities**
The holding company provides sureties for the banking facilities and lease obligations of certain subsidiaries. In the opinion of the directors, the possibility of loss arising therefrom is remote.
- 8 Borrowing facilities**
Unutilised banking facilities amount to R2 530.0m (2006: R1 716.0m). In terms of the articles of association, there is no limit on the group's authority to raise interest-bearing debt.
- 9 Comparative figures**
Comparative figures have been restated to recognise the notional interest earned on loans to employees granted in terms of the group's share purchase scheme and the corresponding amortisation of prepaid employment costs. There is no impact on reported profits.
An amount of R8m has been reallocated from tax payable to trade and other payables as at 30 June 2006.
- 10 Audit opinion**
These abridged financial statements have been extracted from the audited financial statements on which Ernst & Young Inc and SAB & T Inc have issued an unqualified report. This report is available for inspection at the company's registered office.