

# WOOLWORTHS HOLDINGS LIMITED **WHL**

audited group results for the year ended **30 June 2008**



## financial highlights

- ▶ **turnover**  
up 15.5%
- ▶ **profit before tax, exceptional items and BEE charge**  
up 6.2%
- ▶ **adjusted HEPS**  
up 4.3%
- ▶ **total dividend per share**  
increased to 79 cents



## commentary

### Group results

Group turnover grew by 15.5% for the fifty three weeks ended 30 June 2008, with lower growth in the second half reflecting the further slowdown in South African consumer spending.

Gross margin increased from 34.4% to 34.8%.

Profit before exceptional items and the BEE charge grew by 6.2% to R1.6bn despite the higher bad debt.

Interest paid increased by 32.7% as a result of growth of 12.7% in the average financial services books and the higher cost of borrowings.

The effective tax rate increased from 28.6% to 36.7%, mainly due to the recognition last year of both the sale of land and the Country Road deferred tax asset, as well as STC on the share repurchases and the BEE charge in the current year.

Adjusted headline earnings per share increased by 4.3% to 124.8 cents per share.

A final ordinary dividend of 49.5 cents per share has been declared. The total dividend per share for the year amounts to 79.0 cents.

## operating review

### Woolworths



**WOOLWORTHS**  
the difference

### Trading environment

Despite an optimistic early start to the year, trading conditions steadily worsened as higher interest rates and increases in fuel and food prices were felt by consumers. The interest increase in September 2007 had a significant effect on consumer spending and the deterioration in consumer spend has continued to increase. In line with international trends, middle and upper income customers have been hard hit as household debt burdens increased materially.

### Retail

Overall sales grew by 13.3% reflecting the relative decline in disposable income in Woolworths core customer base. Clothing and general merchandise sales grew by 6.1%. Kidswear was the only category to show real improvement on the prior year. Average clothing and general merchandise inflation for the year of 8.5% (down from 9.6% in the first half) demonstrated the heightened focus on value, especially at opening price points.

Woolworths food sales gained 18.8% for the full year but showed slower growth in the second half of the year, as newly acquired middle-income Woolworths food customers became increasingly cautious with their diminishing disposable income. Our prices on more basic supermarket commodities have been sharpened and are now highly competitive. Inflation averaged 13.1% but is now coming off its highs.

Costs in the second half grew by 10.6% (first half: 18.4%).

### Trading space

Trading space growth slowed and the focus shifted to fewer, larger format food stores and essential full line stores. Total footage grew by 7.3%, with an increase of 4.8% in clothing and general merchandise space and 14.4% in food footage. This new footage has added significant cost to the business and should be profit enhancing into the future.

### Financial services

Income for the period increased by 30.5% to R1.7bn. Interest yields grew by 3.6% to 23.5%.

Net bad debts including recovery costs increased to 7.9% (2007: 4.9%) of the gross book. There are some early indications that the level of bad debts may be stabilising.

### Country Road

### COUNTRY ROAD

Country Road out-performed the market, delivering revenue growth of 22.0% and growing pre-tax profit by 54.8% in Australian dollars.

### Outlook

The economic environment, especially for Woolworths core customers, is tough and we expect this to continue through this coming year. The business is driving sales through sharper pricing whilst continuing to improve quality and innovation. In these times of uncertain growth our focus will remain on rigorously controlling costs.

### Changes to the board of directors

On 31 May 2008 Richard Inskip resigned as a director. The board would like to thank Richard for his valuable contribution and wish him every success in his future ventures.

On 31 July 2008 Judy Dlamini resigned as a director and the board would like to thank her for her services.

**DA Hawton**

Chairman

**SN Susman**

Chief executive officer

Cape Town, 20 August 2008

## dividend declaration

Notice is hereby given that the directors have declared a final cash dividend of 49.5 cents per ordinary share for the six months ended 30 June 2008.

The salient dates for the dividend will be as follows:

Last day to trade to receive dividend  
Friday, 5 September 2008

Shares commence trading "ex" dividend  
Monday, 8 September 2008

Record date  
Friday, 12 September 2008

Payment date  
Monday, 15 September 2008

Share certificates may not be dematerialised or rematerialised between Monday, 8 September 2008 and Friday, 12 September 2008, 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 ordinary 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.

A final cash dividend of 7.9 cents per preference share for the six months ended 30 June 2008 will be paid to the beneficiaries of the Woolworths Employee Share Ownership Scheme on 15 September 2008.

**CL Lowe**

Group secretary

Cape Town, 20 August 2008

## directorate and statutory information

### Non-executive directors:

Buddy Hawton (Chairman), Peter Bacon (British), Nigel Colne (British), Brian Frost, Mike Leeming, Chris Nissen, Sindi Zilwa

### Executive directors:

Simon Susman (CEO), 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 (Pty) Limited, 70 Marshall Street, Johannesburg 2001

## consolidated income statement

| Year ended 30 June  | Note | 2008 Rm         | 2007 Rm  | % change |
|---|------|-----------------|----------|----------|
| Revenue   |      | 21 753.6        | 18 641.9 | 16.7     |
| <b>Turnover</b>   |      | <b>20 064.9</b> | 17 376.9 | 15.5     |
| Cost of sales   |      | 13 076.7        | 11 399.9 | 14.7     |
| <b>Gross profit</b>   |      | <b>6 988.2</b>  | 5 977.0  | 16.9     |
| Other revenue   |      | 1 688.7         | 1 265.0  | 33.5     |
| <b>Expenses</b>   |      | <b>6 670.3</b>  | 5 396.5  | 23.6     |
| Depreciation and amortisation                                       |      | 374.4           | 316.7    |          |
| Occupancy cost  |      | 1 073.6         | 806.0    |          |
| Employment cost   |      | 2 560.6         | 2 129.3  |          |
| Net bad debts and bad debt provisions                               |      | 584.3           | 351.5    |          |
| Other operating cost  |      | 2 077.4         | 1 793.0  |          |
| <b>Operating profit</b>   |      | <b>2 006.6</b>  | 1 845.5  | 8.7      |
| Finance costs   |      | 502.5           | 378.7    | 32.7     |
| <b>Profit before exceptional item</b>                               |      | <b>1 504.1</b>  | 1 466.8  | 2.5      |
| Exceptional item  |      | –               | 54.6     |          |
| <b>Profit before tax</b>  |      | <b>1 504.1</b>  | 1 521.4  | (1.1)    |
| Tax   | 4    | 552.5           | 434.7    | 27.1     |
| <b>Profit after tax</b>   |      | <b>951.6</b>    | 1 086.7  | (12.4)   |
| <b>Attributable to:</b>   |      |                 |          |          |
| Shareholders of the parent  |      | 943.1           | 1 074.4  | (12.2)   |
| Minority shareholders   |      | 8.5             | 12.3     | (30.9)   |
| <b>Reconciliation of headline earnings</b>                          |      |                 |          |          |
| Earnings attributable to shareholders of the parent                 |      | 943.1           | 1 074.4  | (12.2)   |
| BEE preference dividend paid  |      | (6.7)           | –        |          |
| Basic earnings  |      | 936.4           | 1 074.4  |          |
| Loss/(profit) on disposal of property, plant and equipment          |      | 0.8             | (56.1)   |          |
| Foreign exchange profit realised on repayment of loan by subsidiary |      | –               | (1.1)    |          |
| Total tax impact of adjustments                                     |      | (0.2)           | 8.1      |          |
| <b>Headline earnings</b>  |      | <b>937.0</b>    | 1 025.3  | (8.6)    |
| BEE expense   |      | 53.8            | –        |          |
| STC on share buy-back   |      | 20.0            | –        |          |
| Recognition of Country Road deferred tax asset                      |      | –               | (64.6)   |          |
| <b>Adjusted headline earnings</b>                                   |      | <b>1 010.8</b>  | 960.7    | 5.2      |
| <b>Headline earnings per share (cents)</b>                          |      | <b>115.7</b>    | 127.8    | (9.5)    |
| <b>Earnings per share (cents)</b>                                   |      | <b>115.6</b>    | 133.9    | (13.7)   |
| <b>Adjusted headline earnings per share (cents)</b>                 |      | <b>124.8</b>    | 119.7    | 4.3      |
| <b>Diluted headline earnings per share (cents)</b>                  | 5    | <b>112.9</b>    | 125.5    | (10.0)   |
| <b>Diluted earnings per share (cents)</b>                           | 5    | <b>112.8</b>    | 131.5    | (14.2)   |
| <b>Adjusted diluted headline earnings per share (cents)</b>         | 5    | <b>120.8</b>    | 117.6    | 2.7      |
| Dividend per ordinary share (cents)                                 |      | 79.0            | 76.0     | 3.9      |
| Dividend cover (based on adjusted headline earnings per share)      |      | 1.6             | 1.6      |          |
| Dividend per preference share (cents)                               |      | 11.1            | 5.1      | >100.0   |
| Number of shares in issue (millions)                                |      | 795.5           | 809.3    | (1.7)    |
| Weighted average number of shares in issue (millions)               |      | 809.9           | 802.4    | 0.9      |
| <b>GROUP ANALYSIS</b>   |      |                 |          |          |
| Revenue   |      |                 |          |          |
| Turnover  |      | 20 064.9        | 17 376.9 | 15.5     |
| Woolworths  |      | 18 146.5        | 16 022.9 | 13.3     |
| – Clothing and home   |      | 7 409.8         | 6 985.0  | 6.1      |
| – Food  |      | 10 360.3        | 8 718.0  | 18.8     |
| – Logistics services and other                                      |      | 376.4           | 319.9    | 17.7     |
| Country Road  |      | 1 918.4         | 1 354.0  | 41.7     |
| Interest  |      | 1 359.8         | 1 022.4  | 33.0     |
| Other revenue   |      | 328.9           | 242.6    | 35.6     |
|   |      | 21 753.6        | 18 641.9 | 16.7     |
| <b>Operating profit</b>   |      | <b>1 904.6</b>  | 1 788.8  | 6.5      |
| Woolworths  |      | 1 020.0         | 56.7     | 79.9     |
| Country Road  |      |                 |          |          |
|   |      | 2 006.6         | 1 845.5  | 8.7      |

## consolidated cash flow statement

| Year ended 30 June  | 2008 Rm        | 2007 Rm   |
|---|----------------|-----------|
| <b>Cash flow from operating activities</b>                    |                |           |
| Cash inflow from trading                                      | 1 308.9        | 1 373.7   |
| Working capital movements                                     | (331.9)        | 183.6     |
| Cash applied to financial services assets                     | (24.4)         | (1 182.4) |
| <b>Cash generated by operating activities</b>                 | <b>952.6</b>   | 374.9     |
| Interest received   | 1 351.1        | 1 018.3   |
| Finance costs paid  | (489.7)        | (366.6)   |
| Tax paid  | (747.0)        | (565.0)   |
| <b>Cash generated by operations</b>                           | <b>1 067.0</b> | 461.6     |
| Distributions to shareholders                                 | (635.5)        | (550.4)   |
| <b>Net cash inflow/(outflow) from operating activities</b>    | <b>431.5</b>   | (88.8)    |
| <b>Cash outflow from investing activities</b>                 | <b>(510.4)</b> | (527.2)   |
| <b>Cash flow from financing activities</b>                    |                |           |
| Shares issued   | 20.4           | 111.8     |
| Repurchase of shares  | (200.0)        | (26.3)    |
| Notes issued  | –              | 1 015.0   |
| Notes redeemed  | (436.0)        | (300.0)   |
| BEE transaction costs   | (3.0)          | (6.2)     |
| Long-term borrowings raised                                   | 1 500.0        | –         |
| Long-term borrowings repaid                                   | (500.0)        | –         |
| <b>Net cash inflow from financing activities</b>              | <b>381.4</b>   | 794.3     |
| <b>Increase in cash and cash equivalents</b>                  | <b>302.5</b>   | 178.3     |
| <b>Cash and cash equivalents at the beginning of the year</b> | <b>(422.6)</b> | (623.4)   |
| <b>Effect of foreign exchange rate changes</b>                | <b>29.4</b>    | 22.5      |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>(90.7)</b>  | (422.6)   |
| <b>GROUP ANALYSIS</b>   |                |           |
| Cash inflow from trading                                      | 1 308.9        | 1 373.7   |
| Woolworths  | 1 154.8        | 1 275.5   |
| Country Road  | 154.1          | 98.2      |
| <b>Gross capital expenditure</b>                              | <b>638.4</b>   | 649.1     |
| Woolworths  | 538.9          | 591.1     |
| Country Road  | 99.5           | 58.0      |

## notes

- Basis of preparation**  
The consolidated financial statements have been prepared in terms of the provisions of the South African Companies Act of 1973 (as amended) and IAS 34 Interim Financial Reporting using accounting policies that are consistent with International Financial Reporting Standards (IFRS).
- 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 2007, except for the adoption of IFRS 7 Financial Instruments: Disclosure that became effective during the current year and had no impact on the reported results.  
Headline earnings per share and diluted headline earnings per share have been calculated in terms of Circular 8/2007: Headline Earnings for both the current and prior year.
- Restatement of comparative figures**  
Net bad debts and bad debt provisions are disclosed separately in the income statement for the current and comparative year. Previously these were included in other operating costs.  
Segmental return on equity and profit before tax and exceptional items were restated due to a change in costs allocated to the Financial Services segment.  
Derivative financial assets have been separately disclosed on the face of the balance sheet for both the current and comparative year.  
Computer software, previously included in property, plant and equipment, and goodwill are now disclosed as intangible assets.  
None of these restatements had an impact on reported results.
- Tax**  
The effective tax rate of 36.7% (2007: 28.6%) is higher than the standard rate of normal tax mainly due to the impact of the non-deductible IFRS 2 charge arising from the group's BEE employee share ownership and executive share incentive schemes, and STC incurred on share buy-backs.  
The lower effective rate in the prior year resulted from the recognition of a deferred tax asset relating to asset timing differences in a subsidiary company.
- Earnings per share**  
The difference between earnings per share and diluted earnings per share is the impact of outstanding options under the group share incentive schemes and preference shares issued in terms of the BEE employee share ownership scheme.
- Property, plant and equipment and intangible assets**  
During the year, the group acquired assets with a cost of R638.4m (2007: R652.1m). Assets with a net book value of R70.7m (2007: R90.1m) were disposed of by the group during the same period, resulting in a loss before tax of R0.8m (2007: profit of R56.1m).
- Issue and repurchase of shares**  
During the year, 4 074 229 (2007: 13 368 429) ordinary shares were issued in terms of the group's share incentive scheme.  
17 872 545 (2007: 1 268 051) shares were repurchased during the year.
- Disposal group**  
On 16 April 2008, the group announced plans to dispose of 50% plus one share of its interest in the issued share capital of Woolworths Financial Services (Proprietary) Limited to Absa Bank Limited.  
At 30 June 2008, the transaction was not completed; however, in the opinion of the directors, conclusion of the transaction is highly probable. As a result, the affected assets and liabilities are disclosed separately on the face of the balance sheet in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.  
The major classes of assets and liabilities of Woolworths Financial Services classified as held for sale at 30 June 2008 are as follows:

|   | 2008 Rm |
|---|---------|
| <b>Assets</b>                           |         |
| Loans to customers                      | 1 008.3 |
| Woolworths card debtors                 | 3 451.6 |
| Credit card receivables                 | 959.7   |
| Derivative financial instrument         | 20.4    |
| Assets classified as held for sale      | 5 440.0 |
| <b>Liabilities</b>                      |         |
| Interest-bearing borrowings             | 2 179.0 |
| Derivative financial instrument         | 23.1    |
| Liabilities classified as held for sale | 2 202.1 |
| Net assets classified as held for sale  | 3 237.9 |

Refer to note 12.1.
- 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.
- The Woolworths Black Economic Empowerment Employee Share Ownership Scheme**  
During the year ended 30 June 2008, 88 267 306 convertible, redeemable, non-cumulative participating preference shares were issued to employees of the group in

## consolidated balance sheet

| As at 30 June   | Note | 2008 Rm         | 2007 Rm  |
|---|------|-----------------|----------|
| <b>ASSETS</b>   |      |                 |          |
| <b>Non-current assets</b>                                 |      | <b>2 798.1</b>  | 2 977.2  |
| Property, plant and equipment                             | 6    | 1 810.7         | 1 543.9  |
| Investment property                                       |      | 105.9           | 105.9    |
| Intangible assets   | 6    | 319.0           | 346.2    |
| Loans to customers  |      | –               | 289.8    |
| Prepaid employment costs                                  |      | 45.5            | 61.4     |
| Participation in export partnerships                      |      | 66.3            | 70.4     |
| Other loans and prepayments                               |      | 153.6           | 186.4    |
| Derivative financial instruments                          |      | 3.1             | 29.9     |
| Deferred tax  |      | 294.0           | 343.3    |
| <b>Current assets</b>                                     |      | <b>3 023.7</b>  | 7 465.3  |
| Inventories   |      | 1 371.4         | 1 202.6  |
| Woolworths card debtors                                   |      | –               | 3 560.2  |
| Credit card receivables                                   |      | –               | 904.8    |
| Trade and other receivables                               |      | 697.4           | 574.9    |
| Loans to customers  |      | –               | 781.2    |
| Derivative financial instruments                          |      | 30.0            | 4.2      |
| Tax   |      | 99.3            | 13.1     |
| Cash  |      | 825.6           | 424.3    |
| Assets of disposal group classified as held for sale      | 8    | 5 440.0         | –        |
| <b>Total assets</b>                                       |      | <b>11 261.8</b> | 10 442.5 |
| <b>EQUITY AND LIABILITIES</b>                             |      |                 |          |
| <b>Capital and reserves</b>                               |      | <b>3 582.8</b>  | 3 289.4  |
| Interest of shareholders of the parent                    |      | 3 530.7         | 3 246.9  |
| Minority shareholders' interest                           |      | 52.1            | 42.5     |
| <b>Non-current liabilities</b>                            |      | <b>2 267.5</b>  | 2 918.3  |
| Interest-bearing borrowings                               |      | 1 500.0         | 2 179.0  |
| Operating lease accrual                                   |      | 450.0           | 426.7    |
| Derivative financial instruments                          |      | –               | 11.7     |
| Post-retirement medical aid liability                     |      | 251.2           | 227.2    |
| Deferred tax  |      | 66.3            | 73.7     |
| <b>Current liabilities</b>                                |      | <b>3 209.4</b>  | 4 234.8  |
| Trade and other payables                                  |      | 1 998.7         | 2 067.2  |
| Provisions  |      | 213.3           | 156.3    |
| Derivative financial instruments                          |      | 27.0            | 13.5     |
| Tax   |      | 54.1            | 214.9    |
| Overdrafts and short-term interest-bearing borrowings     |      | 916.3           | 1 782.9  |
| Liabilities of disposal group classified as held for sale | 8    | 2 202.1         | –        |
| <b>Total equity and liabilities</b>                       |      | <b>11 261.8</b> | 10 442.5 |
| Net asset book value – per share (cents)                  |      | 443.8           | 401.2    |
| <b>GROUP ANALYSIS</b>                                     |      |                 |          |
| <b>Total assets</b>                                       |      | <b>11 261.8</b> | 10 442.5 |
| Woolworths  |      | 10 520.6        | 9 881.1  |
| Country Road  |      | 741.2           | 561.4    |
| <b>Inventories</b>  |      | <b>1 371.4</b>  | 1 202.6  |
| Woolworths  |      | 1 154.0         | 1 023.1  |
| Country Road  |      | 217.4           | 179.5    |
| <b>Approved commitments for capital expenditure</b>       |      | <b>681.2</b>    | 547.0    |
| Woolworths  |      | 486.1           | 396.0    |
| Country Road  |      | 195.1           | 151.0    |

## consolidated statement of changes in equity

| Year ended 30 June  | Note | Shareholders' interest before minorities Rm | Minority shareholders' interest Rm | Total 2008 Rm  | Total 2007 Rm |
|---|------|---|------------------------------------|----------------|---------------|
| Shareholders' interest at the beginning of the year         |      | 3 246.9                                     | 42.5                               | 3 289.4        | 2 634.2       |
| <b>Movements for the year:</b>                              |      |   |                                    |                |               |
| Issue of shares   | 7    | 20.4  | –                                  | 20.4           | 111.8         |
| Share repurchase  | 7    | (200.0)                                     | –                                  | (200.0)        | (26.3)        |
| Recognised gains and losses                                 |      | 463.4                                       | 9.6                                | 473.0          | 569.7         |
| <b>Distributable reserves</b>                               |      | <b>387.8</b>                                | <b>1.0</b>                         | <b>388.8</b>   | 526.1         |
| Profit for the year   |      | 943.1                                       | 8.5                                | 951.6          | 1 086.7       |
| Distributions to shareholders                               |      | (629.8)                                     | (5.7)                              | (635.5)        | (550.4)       |
| Net fair value adjustments on financial instruments         |      | 3.2   | (1.8)                              | 1.4            | (31.0)        |
| Share-based payments  |      | 74.3  | –                                  | 74.3           | 27.0          |
| BEE transaction costs                                       |      | (3.0)                                       | –                                  | (3.0)          | (6.2)         |
| <b>Non-distributable reserves</b>                           |      | <b>75.6</b>                                 | <b>8.6</b>                         | <b>84.2</b>    | 43.6          |
| Exchange differences on translation of foreign subsidiaries |      | –   | –                                  | –              | –             |
| <b>Shareholders' interest at the end of the year</b>        |      | <b>3 530.7</b>                              | <b>52.1</b>                        | <b>3 582.8</b> | 3 289.4       |

## segmental analysis

| Year ended 30 June                            | 2008 Rm         | 2007 Rm  | % change |
|---|-----------------|----------|----------|
| <b>Revenue</b>                                |                 |          |          |
| Retail  |                 |          |          |
| Woolworths                                    | 18 242.1        | 16 099.5 | 13.3     |
| Country Road                                  | 1 939.3         | 1 361.8  | 42.4     |
| <b>Financial services</b>                     | <b>1 662.9</b>  | 1 274.4  | 30.5     |
| Intra-group                                   | (90.7)          | (93.8)   |          |
| <b>Total group</b>                            | <b>21 753.6</b> | 18 641.9 | 16.7     |
| <b>Profit before tax and exceptional item</b> |                 |          |          |
| Retail  |                 |          |          |
| Woolworths                                    | 1 245.0         | 1 220.4  | 2.0      |
| Country Road                                  | 101.0           | 54.9     | 84.0     |
| <b>Financial services</b>                     | <b>158.1</b>    | 191.5    | (17.4)   |
| <b>Total group</b>                            | <b>1 504.1</b>  | 1 466.8  | 2.5      |
| <b>Return on equity</b>                       |                 |          |          |
| Retail  |                 | %        | %        |
| Woolworths                                    | 50.5            | 66.2     |          |
| Country Road*                                 | 18.1            | 34.6     |          |
| <b>Financial services**</b>                   | <b>10.0</b>     | 14.3     |          |
| <b>Total group</b>                            | <b>27.6</b>     | 35.1     |          |

\* Return on equity decreased due to tax on profits, previously shielded by tax losses.

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

terms of the Woolworths Black Economic Empowerment Employee Share Ownership Scheme.

This resulted in an additional share-based payment charge of R53.8m being recognised in employment costs.

The ordinary shares expected to be issued at the redemption of the preference shares resulted in additional dilution of 1.8% in the weighted average number of shares for the year ended 30 June 2008.

- Borrowing facilities**  
Unutilised banking facilities amount to R2 875.1m (2007: R2 530.0m). In terms of the Articles of Association, there is no limit on the group's authority to raise interest-bearing debt.
- Events subsequent to balance sheet date**
  - Disposal of 50% plus one share of Woolworths Financial Services (Proprietary) Limited**  
Competition Tribunal authorisation for the transaction discussed in note 8 was obtained on 17 July 2008. Certain conditions precedent to the sale agreement still have to be fulfilled before the transaction is completed. The directors expect that the transaction will be concluded by 30 September 2008.  
The disposal of 50% plus one share of our interest in Woolworths Financial Services (Proprietary) Limited to Absa Bank Limited meets the definition of a non-adjusting post-balance sheet event in IAS 10 Events After the Balance Sheet Date.
  - Repurchase and cancellation of treasury shares**  
The repurchase and cancellation of treasury shares held by E-Com (Proprietary) Limited was authorised at a general shareholders' meeting on 18 August 2008.
- Related party transactions**  
During the year ended 30 June 2008, group companies entered into various related party transactions. These transactions were entered into in the ordinary course of business and under terms that are no less favourable than those arranged with independent third parties. All such intra-group related party transactions and outstanding balances are eliminated in preparation of the consolidated financial statements of the group.
- Audit opinion**  
These abridged consolidated 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.
- Approval of annual financial statements**  
The annual financial statements were approved by the board of directors on 20 August 2008.

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