



WWHL

ABRIDGED AUDITED GROUP RESULTS
FOR THE 53 WEEKS ENDED 30 JUNE 2013

COMMENTARY

WHL GROUP

The strong sales growth experienced in the first half of the year continued through into the second half despite the pressure on the SA consumer. The inclusion in the second quarter of the group's Australian acquisition, Witchery, further boosted sales for the 53 weeks to 30 June 2013, which increased 23.2% over the 52 week period in 2012.

Sales growth was leveraged by improved gross margins in both the South African and Australian clothing businesses, benefiting from improved sourcing, delivering group profit before tax growth of 271%.

Included in earnings and headline earnings are transaction and integration costs of R77 million (June 2012: R27 million) relating to the acquisition of the Witchery Group, once-off store employee restructuring costs of R43 million and net unrealised foreign exchange gains of R67 million (June 2012: R43 million), all stated before tax. Earnings per share ("EPS") and headline earnings per share ("HEPS") for the 53-week period to 30 June 2013 were 25.5% and 27.3% higher than the corresponding 52-week reporting period. HEPS is 2.7% higher when adjusted for these non-core items. Return on equity (excluding goodwill) increased from 50.3% at 24 June 2012 to 58.7% at 30 June 2013.

The impact of the additional 53rd week has added 2% to earnings.

Return on equity increased from 46.4% at 24 June 2012 to 49.7% at 30 June 2013.

WOOLWORTHS

CLOTHING AND GENERAL MERCHANDISE

Woolworths Clothing and General Merchandise sales grew by 12.3% and by 10.1% on a 52-week basis.

Clothing sales grew by 13.7% with price movement of 7.1% (comparable store sales increased by 9.3%) with market share unchanged from last year at 15.4%. General merchandise grew by 9.2% (52-weeks: 7.2%) and by 4.9% (52-weeks: 3.0%) in comparable stores. Gross profit margins improved from 44.5% to 46.4% as we continued to generate benefits from improved sourcing. Total expenses (excluding store employee restructuring costs and unrealised foreign exchange gains) increased 17.9% with comparable store cost growth of 7.9% (5.8% on a 52-week basis). Adjusted profit before tax grew by 15.2% and return on sales increased to 17.2% from 16.8% last year.

9,943m² (2.6%) of net new store footage was added during the year.

FOOD

Our supermarket strategy, which is aimed at capturing a greater share of our loyal customers' food shop, continued to show success, whilst our core produce and protein departments also performed well.

Food sales grew by 15.4% (52-weeks: 13.3%), well ahead of market growth of 7.1%, with price movement of 7.6%. Sales in comparable stores grew by 12.1% and 10.0% on a 52-week basis. Food sales grew by an annualised 15.3% in the 26 weeks of the second half compared to first half growth of 11.1%. Gross profit margins improved from 25.2% to 25.6%. Expenses (excluding the impact of store employee restructuring costs) increased 15.7% with comparable store costs increasing by 7.5% (5.4% on a 52-week basis). Adjusted profit before tax grew by 19.9% (17.9% on a 52-week basis) and return on sales increased to 6.0% from 5.8% last year.

7,775m² (4.7%) of net new store footage was added during the year.

COUNTRY ROAD

The Country Road business performed extremely well and with the acquisition of the Witchery Group sales increased 68.5% in Australian dollar terms (90.8% in rand). Comparable sales in Australasia increased by 12.0%.

Gross margin increased to 61.9% (from 59.7%). Operating costs were well controlled, resulting in an increase in profit before tax from A\$22 million to A\$64 million before once-off transaction costs. On translation the Country Road Group increased their contribution to adjusted group profit before tax from R185 million to R588 million and now contributes 16% to group profit. Return on sales (excluding transaction costs) increased from 5.3% to 9.5%. Return on equity increased from 18.5% to 30.2%.

Total net retail space including the Witchery Group acquisition increased during the year by 85%. Net space excluding the Witchery Group acquisition increased by 9%.

The Country Road Group did not have a 53rd week.

WOOLWORTHS FINANCIAL SERVICES

The overall debtors' book reflected year-on-year growth of 15.8%, with an impairment rate unchanged from June 2012 at 1.9%. Net interest income increased by 12.0% on the prior year, impacted by lower interest rates. Costs excluding impairments were well controlled, up 7.8% on 2012. Profit before tax increased by 29.9% from the previous year and return on equity increased from 23.1% to 27.6%.

OUTLOOK

We believe that economic conditions in South Africa will remain constrained, especially in the lower and middle income segments of the market where consumer debt levels remain under pressure.

In Australia, we expect the market to remain highly competitive as consumer and business confidence remains subdued.

Trading for the first eight weeks of the new financial year has been in line with expectations both in South Africa and Australia.

Any reference to future financial performance included in this statement has not been reviewed and reported on by the company's external auditors and does not constitute an earnings forecast.

CHANGES TO THE BOARD OF DIRECTORS

Sindi Zilwa retired from the board at the conclusion of the Annual General Meeting held on 14 November 2012. Sindi spent eleven years on the Woolworths board. She made a significant impact, particularly as a member of the audit committee and on our transformation journey. We wish her well for the future.

S N Susman

Chairman

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Group chief executive officer

Cape Town, 28 August 2013

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a gross cash dividend of 148.0 cents (125.80 cents net of dividend withholding tax) per ordinary share for the 53 weeks ended 30 June 2013. The dividend has been declared from income reserves and a dividend withholding tax of 15% will be applicable to all shareholders who are not exempt. The company has no STC credits to be utilised to offset against the 15% dividend withholding tax.

The issued share capital at the declaration date is 842 643 525 ordinary shares and 89 164 010 preference shares.

The salient dates for the dividend will be as follows:

Last day of trade receive a dividend	Friday, 13 September 2013
Shares commence trading "ex" dividend	Monday, 16 September 2013
Record date	Friday, 20 September 2013
Payment date	Monday, 23 September 2013

Share certificates may not be dematerialised or rematerialised between Monday, 16 September 2013 and Friday, 20 September 2013 both days inclusive.

A gross cash dividend of 148.0 cents (125.80 cents net of dividend withholding tax) per preference share for the 53 weeks ended 30 June 2013 will be paid to the beneficiaries of the Woolworths Employee Share Ownership Scheme on Monday, 23 September 2013.

Thobeka Sishuba-Mashego

Group secretary,

Cape Town, 28 August 2013

GROUP STATEMENT OF COMPREHENSIVE INCOME

Notes	53 weeks to 30 Jun 2013 Rm	52 weeks to 24 Jun 2012 Rm	% change
Revenue	35 399	28 813	22.9
Turnover	35 227	28 604	23.2
Cost of sales	21 674	18 419	17.7
Gross profit	13 553	10 185	33.1
Other revenue	115	127	(9.4)
Expenses	10 199	7 625	33.8
Store costs	6 828	5 165	32.2
Other operating costs	3 371	2 460	37.0
Operating profit	3 469	2 687	29.1
Investment income	57	82	(30.5)
Finance costs	68	38	78.9
Profit before earnings from joint ventures and associate	3 458	2 731	26.6
Earnings from joint ventures	180	133	35.3
Earnings from associate	9	6	50.0
Profit before tax	3 647	2 870	27.1
Tax	1 009	811	24.4
Profit for the year	2 638	2 059	28.1
Other comprehensive income:			
Amounts that may be reclassified to profit or loss			
Net fair value adjustments on financial instruments, after tax	88	21	
Exchange differences on translation of foreign subsidiaries	92	117	
Other comprehensive income for the year	180	138	
Total comprehensive income for the year	2 818	2 197	
Profit attributable to:	2 638	2 059	
Shareholders of the parent	2 597	2 048	
Non-controlling interests	41	11	
Total comprehensive income attributable to:	2 818	2 197	
Shareholders of the parent	2 748	2 167	
Non-controlling interests	70	30	
Reconciliation of headline earnings			
Earnings attributable to shareholders of the parent	2 597	2 048	26.8
BEE preference dividend	62	38	63.2
Basic earnings	2 535	2 010	26.1
Loss/(profit) on disposal of property, plant and equipment, intangible assets and investment property	15	(15)	
Net impairment of property, plant and equipment and intangible assets	12	1	
Tax impact of adjustments	(8)	-	
Headline earnings	2 554	1 996	28.0
Abnormal foreign exchange related gain	(67)	(43)	
Transaction and integration costs	77	27	
Restructuring costs	43	-	
Tax impact of adjustments	(15)	4	
Adjusted headline earnings	2 592	1 984	30.6
Headline earnings per share (cents)	340.4	267.3	27.3
Earnings per share (cents)	337.9	269.2	25.5
Adjusted headline earnings per share (cents)	345.5	265.7	30.0
Diluted headline earnings per share (cents)	333.8	260.6	28.1
Diluted earnings per share (cents)	331.3	262.4	26.3
Adjusted diluted headline earnings per share (cents)	338.7	259.0	30.8
Number of shares in issue (millions)	753.4	745.7	1.0
Weighted average number of shares in issue (millions)	750.3	746.6	0.5

GROUP STATEMENT OF FINANCIAL POSITION

Notes	At 30 Jun 2013 Rm	At 24 Jun 2012 Rm
ASSETS		
Non-current assets	6 778	5 011
Property, plant and equipment	2 683	2 225
Investment properties	43	106
Intangible assets	2 440	1 219
Investment in associate	60	51
Investment in joint ventures	713	616
Prepaid employment costs	-	13
Participation in export partnerships	38	49
Other loans	83	89
Deferred tax	718	643
Current assets	5 347	5 034
Inventories	2 901	2 216
Trade and other receivables	668	631
Derivative financial instruments	211	41
Tax	5	1
Cash and cash equivalents	1 562	2 145
Non-current assets held for sale	63	-
TOTAL ASSETS	12 188	10 045
EQUITY AND LIABILITIES		
TOTAL EQUITY	5 904	4 572
Equity attributable to shareholders of the parent	5 619	4 465
Non-controlling interests	285	107
Non-current liabilities	1 908	1 177
Interest-bearing borrowings	705	25
Operating lease accrual	487	457
Post-retirement medical benefit liability	356	335
Deferred tax	360	360
Current liabilities	4 376	4 296
Trade and other payables	3 837	3 172
Provisions	297	230
Derivative financial instruments	8	16
Tax	107	368
Interest-bearing borrowings	127	510
TOTAL LIABILITIES	6 284	5 473
TOTAL EQUITY AND LIABILITIES	12 188	10 045
Net asset book value - per share (cents)	746	599
GROUP ANALYSIS		
Total assets	12 188	10 045
Woolworths*	7 492	6 948
Country Road Group	3 901	1 156
Woolworths Treasury	87	1 326
Woolworths Financial Services	708	615
Inventories	2 901	2 216
Woolworths*	2 200	1 835
Country Road Group	701	381
Total liabilities	6 284	5 473
Woolworths*	4 413	4 516
Country Road Group	1 871	457
Woolworths Treasury	-	500
Approved commitment for capital expenditure	2 063	1 216
Woolworths*	1 703	1 043
Country Road Group	360	173

* Includes Woolworths Clothing and General Merchandise, Woolworths Food and Woolworths Logistics

GROUP STATEMENT OF CASH FLOWS

	Notes	53 weeks to 30 Jun 2013 Rm	52 weeks to 24 Jun 2012 Rm
Cash flow from operating activities			
Cash inflow from trading		4 450	3 259
Working capital movements		(196)	(131)
Cash generated by operating activities		4 254	3 128
Interest income		48	73
Finance costs paid		(63)	(38)
Tax paid		(1 140)	(356)
Cash generated by operations		3 099	2 807
Dividends received from joint ventures		83	95
Dividends received from associate		-	1
Dividends to ordinary shareholders		(1 578)	(1 275)
Dividends to preference shareholders		(62)	(38)
Net cash inflow from operating activities		1 542	1 590
Cash flow from investing activities			
Net investment in property, plant and equipment and intangible assets		(781)	(615)
Acquisition of subsidiary, net of cash acquired	4	(1 490)	-
Acquisition of franchise operations	5	(67)	(494)
Other		26	8
Net cash outflow from investing activities		(2 312)	(1 101)
Cash flow from financing activities			
Shares repurchased	7	(192)	(655)
Share repurchase costs		(1)	(1)
Finance lease payments		(15)	(25)
Borrowings raised		872	-
Borrowings repaid		(607)	-
Acquisitions - non-controlling interest contribution		108	6
Net cash inflow/(outflow) from financing activities		165	(675)
Decrease in cash and cash equivalents		(605)	(186)
Net cash and cash equivalents at the beginning of the year		2 145	2 293
Effect of foreign exchange rate changes		22	38
Net cash and cash equivalents at the end of the year		1 562	2 145
GROUP ANALYSIS			
Cash inflow from trading		4 450	3 259
Woolworths		3 578	2 975
Country Road Group		872	284
Gross capital expenditure		2 313	1 309
Woolworths		788	1 208
Country Road Group		1 525	101

GROUP STATEMENT OF CHANGES IN EQUITY

	Notes	Share- holders of the parent Rm	Non controlling interest Rm	Total 53 weeks to 30 Jun 2013 Rm	Share- holders of the parent Rm	Non controlling interest Rm	Total 52 weeks to 24 Jun 2012 Rm
Shareholders' interest at the beginning of the year		4 465	107	4 572	4 008	85	4 093
Movements for the year:							
Shares issued	7	337	-	337	-	-	-
Shares repurchased	7	(192)	-	(192)	(655)	-	(655)
Share repurchase costs		(1)	-	(1)	(1)	-	(1)
Dividends to shareholders		(1 640)	-	(1 640)	(1 299)	(14)	(1 313)
Share-based payments		239	-	239	245	-	245
Settlement of share-based payments through share issue	7	(337)	-	(337)	-	-	-
Non-controlling interest arising on business acquisitions		-	108	108	-	6	6
Total comprehensive income for the year		2 748	70	2 818	2 167	30	2 197
Shareholders' interest at the end of the year		5 619	285	5 904	4 465	107	4 572
Dividend per ordinary share (cents)				234.0			198.0
Dividend cover (based on headline earnings per share)				1.4			1.4
Dividend per preference share (cents)				207.0			121.0

SEGMENTAL ANALYSIS

	53 weeks to 30 Jun 2013 Rm	52 weeks to 24 Jun 2012 Rm	% change
Revenue			
Turnover	35 227	28 604	23.2
Woolworths Clothing and General Merchandise	10 764	9 585	12.3
Woolworths Food	17 469	15 140	15.4
Woolworths Logistics	561	506	10.9
Country Road Group	6 433	3 373	90.7
Other revenue and investment income	172	209	(17.7)
Woolworths Clothing and General Merchandise	14	21	(33.3)
Woolworths Food	74	84	(11.9)
Country Road Group	45	29	55.2
Woolworths Treasury	39	75	(48.0)
Total group	35 399	28 813	22.9
Gross profit			
Woolworths Clothing and General Merchandise	4 994	4 264	17.1
Woolworths Food	4 475	3 817	17.2
Woolworths Intragroup	100	93	7.5
Country Road Group	3 984	2 011	98.1
Total group	13 553	10 185	33.1
Profit before tax-adjusted			
Woolworths Clothing and General Merchandise	1 856	1 611	15.2
Woolworths Food	1 060	884	19.9
Country Road Group	588	185	>100
Woolworths Financial Services	180	133	35.3
Woolworths Treasury	16	41	(61.0)
Total group-adjusted	3 700	2 854	29.6

NOTES

1. BASIS OF PREPARATION

These abridged group financial statements comply with IAS 34 Interim Financial Reporting.

Accounting policies used in the abridged group financial statements are consistent with the prior year and the same as those used to prepare the group annual financial statements. They have been prepared in compliance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa. They have been prepared under the supervision of the group's Finance Director, Norman Thomson B. Com. (Hons), CA(SA).

2. EARNINGS PER SHARE

The difference between earnings per share and diluted earnings per share is due to the impact of unexercised options under the group's share incentive schemes.

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the financial year, the group acquired property, plant and equipment at a cost of R937 million (2012: R652 million) and acquired intangible assets (including goodwill and brands) at a cost of R1 376 million (2012: R657 million). This includes acquisitions related to business combinations (refer to notes 4 and 5).

4. ACQUISITION OF WITCHERY

On 2 October 2012 Country Road Limited ("Country Road Group") acquired all of the ordinary shares of Witchery Australia Holdings Pty Ltd and its subsidiaries ("Witchery") for a total value of R1 555 million (A\$180.9 million).

The acquisition was funded by a rights issue by the Country Road Group that raised R96 million (A\$11 million) from minorities of the group and by a 5-year amortising term loan of R791 million (A\$92.0 million).

ASSETS ACQUIRED AND LIABILITIES ASSUMED

Country Road has measured Witchery's identifiable assets and liabilities at their acquisition-date fair value. The consolidated provisional fair values are presented below:

	Rm	A\$m
Assets	1 289	150
Cash and cash equivalents	65	8
Trade and other receivables	41	5
Inventories	286	33
Other assets	8	1
Plant and equipment	197	23
Intangibles	563	65
Deferred tax assets	129	15
Liabilities	(350)	(41)
Trade and other payables	(251)	(29)
Provisions	(99)	(12)
Total identifiable net assets at fair value	939	109
Goodwill arising from acquisition	616	72
Purchase consideration transferred	1 555	181
Cash & cash equivalents acquired	(65)	(8)
Cash outflow on acquisition	1 490	173

Goodwill arising on acquisition of R616 million (A\$71.7 million) represents the value paid in excess of the provisional fair value of net assets. Goodwill consists largely of the synergies and economies of scale expected from combining the operations of Witchery into the Country Road Group.

The fair values currently presented are subject to further review until 31 December 2013 as prescribed by International Financial Reporting Standards.

Were the Country Road Group to dispose of the Mimco business included in the Witchery acquisition before 2 April 2014, contingent consideration would be payable. The directors have no intention to dispose of the Mimco business and hence no value has been ascribed to this.

From the date of acquisition, Witchery has contributed revenue of R2 111 million (A\$231.8 million). The net profit before tax of Witchery from the date of acquisition is R211 million (A\$22.9 million), after allocating overheads and interest incurred of R44 million (A\$4.8 million). If the acquisition had occurred at the beginning of the year, Witchery would have contributed approximately R2 669 million (A\$293.0 million) to revenue. It is not practicable to reliably determine the net profit contribution of Witchery from the beginning of the financial year due to the differences in accounting policies applied by Witchery before the acquisition date.

Witchery transaction and integration costs of R77 million (A\$8.6 million) (2012: R27 million (A\$3.1 million)) have been expensed.

5. ACQUISITION OF FRANCHISE OPERATIONS

During the year, the group acquired eight previously franchised stores in Lesotho and Kenya for cash consideration totalling R67 million. In the prior year 34 South African and 10 previously franchised stores in the rest of Africa were acquired for cash consideration totalling R451 million.

	2013 Rm	2012 Rm
Fair value of assets acquired at the date of acquisition		
Property, plant and equipment	13	18
Reacquired rights	–	276
Deferred tax liability	–	(78)
Goodwill arising on acquisition	54	235
Consideration	67	451
Accrual - prior year	–	43
Cash outflow	67	494

Goodwill of R54 million represents growth and synergies expected to accrue from the acquisitions.

From the dates of acquisitions, R19 million of additional revenue has accrued. The impact on profit before tax is nil. Had the acquisitions been effective from the beginning of the year, the directors consider that, on a pro-forma basis, the contribution to revenue for the 53 weeks ended 30 June 2013 would have been R29 million, and to profit before tax R6 million.

6. IMPACT OF THE 53RD WEEK

The group manages its retail operations on a 52-week retail calendar basis and as a result, a 53rd week is required approximately every six years for realignment. The group's earnings are approximately 2% higher this year as a result of this additional week.

Pro-forma 52-week financial information is provided to facilitate comparison against the 52-week prior year.

GROUP STATEMENT OF COMPREHENSIVE INCOME

	53 weeks to 30 Jun 2013 Audited Rm	53rd week adjustments Rm	52 weeks to 23 Jun 2013 Pro-forma Rm	Change on prior period 53 weeks %	Change on prior period 52 weeks %	52 weeks to 24 Jun 2012 Audited Rm
Turnover	35 227	(532)	34 695	23.2	21.3	28 604
Cost of sales	21 674	(347)	21 327	17.7	15.8	18 419
Gross profit	13 553	(185)	13 368	33.1	31.3	10 185
Other revenue	115	–	115	(9.4)	(9.4)	127
Expenses	10 199	(128)	10 071	33.8	32.1	7 625
Store costs	6 828	(81)	6 747	32.2	30.6	5 165
Other operating costs	3 371	(47)	3 324	37.0	35.1	2 460
Operating profit	3 469	(57)	3 412	29.1	27.0	2 687
Investment income	57	–	57	(30.5)	(30.5)	82
Finance costs	68	–	68	78.9	78.9	38
Profit before earnings from joint ventures and associate	3 458	(57)	3 401	26.6	24.5	2 731
Earnings from joint ventures	180	–	180	35.3	35.3	133
Earnings from associate	9	–	9	50.0	50.0	6
Profit before tax	3 647	(57)	3 590	27.1	25.1	2 870
Tax	1 009	(16)	993	24.4	22.4	811
Profit for the year	2 638	(41)	2 597	28.1	26.1	2 059
Headline earnings per share (cents)	340.4		334.9	27.3	25.3	267.3
Earnings per share (cents)	337.9		332.4	25.5	23.5	269.2
Adjusted headline earnings per share (cents)	345.5		340.0	30.0	28.0	265.7
Diluted headline earnings per share (cents)	333.8		328.4	28.1	26.0	260.6
Diluted earnings per share (cents)	331.3		325.9	26.3	24.2	262.4

NOTES

- The accounting policies adopted by the group in the latest audited annual financial statements, which have been prepared in accordance with IFRS, have been used in preparing the pro-forma 52-weeks information.
- The turnover for the one-week period from 24 June to 30 June 2013 has been extracted from the group's accounting records.
- The 53rd week adjustments are calculated with reference to actual turnover and cost of sales for the 53rd week, expenses based on an assessment of management information and an effective tax rate of 27.7%, all attributable to the appropriate segments.
- The calculation of earnings per share and headline earnings per share for the pro-forma 52-week period is based on the weighted average number of shares in issue during the year.
- This information is the responsibility of the directors. The group's external auditors have issued an assurance report on the pro-forma 52-weeks information. A copy of their report is available at the group's registered office.

FINANCIAL HIGHLIGHTS

TURNOVER

+23.2%

PROFIT BEFORE TAX

+27.1%

HEADLINE EARNINGS PER SHARE

+27.3%

ADJUSTED HEADLINE EARNINGS PER SHARE

+30.0%

RETURN ON EQUITY

49.7%

WOOLWORTHS **COUNTRY ROAD**

studio·w **RE:** **TRENERY** WITCHERY **MIMCO**