WOOLWORTHS HOLDINGS LIMITED WHL

unaudited condensed group results for the twenty six weeks ended December 2007

overview

financial

turnover up	16.1%
profit before exceptional item and BEE transaction down	2.1%
HEPS adjusted for BEE transaction down	5.9%
diluted HEPS down	12.3%
dividend per share maintained at	29.5 cents

trading

clothing and general merchandise turnover up	7.3%
food turnover up	18.8%
financial services revenue up	39.0%

commentary

Group results

Group turnover grew by 16.1% to R9.8bn for the twenty six weeks ended December 2007, with lower growth in the second quarter reflecting the slowdown in South African consumer spending.

Gross margin increased from 34.3% to 34.8%.

Operating profit (excluding the non-comparable BEE charge) grew by 5.6% to R1.0bn, impacted by a 28.0% increase in expenses primarily due to planned expenses in South African retail, higher bad debt and non-comparable concession costs in Country Road.

Interest paid increased by 40.9% due to higher borrowings to fund the growth in the financial services books and increasing interest rates.

This resulted in profit before tax and exceptional items, excluding the non-comparable BEE expense of R25.5m, decreasing by 2.1% to R769m.

The effective tax rate increased due to a higher relative STC charge and tax on Country Road's profits, previously shielded by tax losses.

Diluted headline earnings per share decreased by 12.3% from 63.4 cents per share to 55.6 cents per share.

The interim dividend has been maintained at 29.5 cents per share.

operating review

Woolworths

WOOLWORTHS
the difference

Trading environment

Continued increases in interest rates, the implementation of the National Credit Act and rising inflation, especially in food and fuel, have led to an ongoing slowdown in South African consumer spending. The growth in retail sales declined steeply in the second quarter of the year.

Retail

Clothing and general merchandise grew sales by 7.3% in total and 4.7% in comparable stores, with an average inflation rate of approximately 9.6% over the period. Good performances in childrenswear, footwear and accessories, the womenswear Re and WCollection ranges, and branded beauty were offset by disappointing sales in core womenswear ranges and lingerie.

Food continued to perform well, although below expectations. Sales grew by 18.8% in total and by 9.7% in comparable stores. Inflation averaged approximately 12.1% over the period. Food continued with innovation in new and upgraded products, enhanced value through competitive pricing of key value items and promotions, and improved availability, especially over the Christmas period.

The financial year has 53 trading weeks and as such the key trading day of 24 December is not included in the sales figures above.

Trading space

Trading space was expanded in clothing and general merchandise by 4.8% (2006: 4.2%) and by 13.1% (2006: 13.1%) in food, including the first large-format food market at Farrarmere in Gauteng.

Financial services

Revenue increased by 39.0% as a result of growth in the combined books of 20.5% and increases in interest rates. Book growth has slowed significantly from the second quarter. The interest yield increased to 22.9% (2006: 18.9%).

The tougher collections environment resulted in net bad debt, including collection costs, increasing to 7.8% (2006: 4.1%) of the gross book.

Country Road

COUNTRY ROAD

Country Road had a strong sales performance, growing turnover by 35.0% in Australian dollar terms. Retail sales, excluding concession sales, grew by 21.4% in Australian dollars and by 16.5% in comparable stores compared to the prior period. The focus on providing better value and improved fashionability continues to be well received by customers.

Prospects

Higher interest rates and the shift in the credit environment has and is impacting our business. The group's focus will remain on price competitiveness, product innovation, quality and tight cost control. We expect the difficult current trading conditions to prevail throughout 2008 and consequently the second half profits will remain under pressure.

Change to the board of directors

On 20 February 2008 Mair Barnes resigned from the board as a non-executive director. The board would like to thank Mair for her contribution to the group and wishes her success in her future endeavours.

DA Hawton Chairman	SN Susman Chief executive officer	Cape Town, 20 February 2008

dividend payment

Notice is hereby given that the directors have declared an interim cash dividend of 29.5 cents per ordinary share for the twenty six weeks ended December 2007.

The salient dates for the dividend will be as follows:

Last day to trade to receive dividend	Friday, 7 March 2008
Shares commence trading "ex" dividend	Monday, 10 March 2008
Record date	Friday, 14 March 2008
Payment date	Monday, 17 March 2008

Share certificates may not be dematerialised or rematerialised between Monday, 10 March 2008 and Friday, 14 March 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 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.

An interim cash dividend of 3.2 cents per preference share for the twenty six weeks ended December 2007 will be paid to the beneficiaries of the BEE employee share ownership scheme on 17 March 2008.

CL Lowe
Group secretary — Cape Town, 20 February 2008

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

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consolidated income statement

52 weeks ended June 2007 Rm		Note	26 weeks ended December 2007 Rm	Restated 2006 Rm	% change
18 641.9	**Revenue**		10 557.1	8 970.4	17.7%
17 376.9	Turnover		9 756.5	8 406.5	16.1%
11 399.9	Cost of sales		6 357.6	5 522.8	15.1%
5 977.0	**Gross profit**		3 398.9	2 883.7	17.9%
1 265.0	Other revenue		800.6	563.9	42.0%
5 396.5	**Expenses**		3 213.7	2 490.0	29.1%
316.7	Depreciation		176.6	155.5	
806.0	Occupancy cost		496.2	398.9	
2 129.3	Employment cost	9	1 234.9	954.0	
351.5	Net bad debt and bad debt provision		282.4	137.0	
1 793.0	Other operating cost		1 023.6	844.6	
1 845.5	**Operating profit**		985.8	957.6	2.9%
378.7	Finance cost		242.2	171.9	40.9%
1 466.8	**Profit before exceptional item**		743.6	785.7	(5.4%)
54.6	Exceptional item		–	54.6	
1 521.4	**Profit before tax**		743.6	840.3	(11.5%)
434.7	Tax	4	274.4	273.1	0.5%
1 086.7	**Profit after tax**		469.2	567.2	(17.3%)
	Attributable to:				
1 074.4	Shareholders of the parent		465.1	563.6	(17.5%)
12.3	Minority shareholders		4.1	3.6	13.9%
	Reconciliation of headline earnings	2			
1 074.4	Earnings attributable to shareholders of the parent		465.1	563.6	(17.5%)
–	BEE preference dividend paid	9	(4.5)	–	
1 074.4	Basic earnings		460.6	563.6	
(56.1)	Profit on disposal of property, plant and equipment		(0.2)	(56.4)	
(1.1)	Foreign exchange profit realised on repayment of loan by subsidiary		–	(1.1)	
8.1	Total tax impact of adjustments		0.1	8.5	
1 025.3	**Headline earnings**	5	460.5	514.6	(10.5%)
127.8	Headline earnings per share (cents)	5	56.9	64.4	(11.7%)
133.9	Earnings per share (cents)	6	56.9	70.5	(19.3%)
127.8	Headline earnings per share adjusted for the impact of the BEE employee share ownership scheme (cents)		60.6	64.4	(5.9%)
125.5	Diluted headline earnings per share (cents)	5	55.6	63.4	(12.3%)
131.5	Diluted earnings per share (cents)	6	55.6	69.3	(19.8%)
76.0	Dividend per ordinary share (cents)		29.5	29.5	
1.7	Dividend cover (based on headline earnings per share)		1.9	2.2	
5.1	Dividend per preference share (cents)		3.2	–	
809.3	Number of shares in issue (millions)		812.1	800.4	1.5%
802.4	Weighted average number of shares in issue (millions)		810.0	799.2	1.4%
	Revenue				
17 376.9	Turnover		9 756.5	8 406.5	16.1%
16 022.9	Woolworths		8 876.4	7 810.1	13.7%
6 985.0	– Clothing and general merchandise		3 714.5	3 460.2	7.3%
8 718.0	– Food		4 977.4	4 191.3	18.8%
319.9	– Logistics services and other		184.5	158.6	16.4%
1 354.0	Country Road		880.1	596.4	47.6%
1 022.4	Interest		663.8	448.7	47.9%
242.6	Other revenue		136.8	115.2	18.8%
18 641.9			10 557.1	8 970.4	17.7%
	Operating profit				
1 788.8	Woolworths		937.0	926.4	1.1%
56.7	Country Road		48.8	31.2	56.4%
1 845.5			985.8	957.6	2.9%

consolidated statement of changes in equity

52 weeks ended June 2007 Rm		Shareholders' interest before minorities Rm	Minority shareholders' interest Rm	Total 2007 Rm	Total 2006 Rm
2 634.2	**Shareholders' interest at the beginning of the period**	3 246.9	42.5	3 289.4	2 634.2
	Movements for the period:				
111.8	Issue of shares	12.7	–	12.7	40.8
–	Issue of BEE shares	0.1	–	0.1	–
(26.3)	Share repurchase	–	–	–	–
569.7	**Recognised gains and losses**	114.1	1.6	115.7	265.2
526.1	**Distributable reserves**	117.3	2.0	119.3	257.2
1 086.7	Profit for the period	465.1	4.1	469.2	567.2
(550.4)	Dividends to shareholders	(381.1)	(3.7)	(384.8)	(312.1)
(31.0)	Net fair value adjustments on financial instruments	5.1	1.6	6.7	(10.1)
27.0	Share-based payments	31.2	–	31.2	12.2
(6.2)	BEE transaction costs	(3.0)	–	(3.0)	–
	Non-distributable reserves				
43.6	Exchange differences on translation of foreign subsidiaries	(3.2)	(0.4)	(3.6)	8.0
3 289.4	**Shareholders' interest at the end of the period**	3 373.8	44.1	3 417.9	2 940.2

segmental analysis

52 weeks ended June 2007 Rm		26 weeks ended December 2007 Rm	2006 Rm	% change
	Revenue			
	Retail			
16 099.5	Woolworths	8 926.3	7 845.8	13.8%
1 361.8	Country Road	884.4	601.0	47.2%
1 274.4	**Financial services**	792.9	570.5	39.0%
(93.8)	**Intra-group**	(46.5)	(46.9)	
18 641.9	**Total group**	10 557.1	8 970.4	17.7%
	Profit before tax			
	Retail			
1 252.8	Woolworths	648.6	735.5	(11.8%)
54.9	Country Road	48.1	31.2	54.2%
159.1	**Financial services**	46.9	73.6	(36.3%)
1 466.8	**Total group**	743.6	840.3	(11.5%)
	Return on equity	%	%	
	Retail			
65.4%	Woolworths	59.5%	60.9%	
34.6%	Country Road*	18.5%	25.1%	
11.9%	**Financial services****	6.0%	11.1%	
35.1%	**Total group**	27.8%	37.5%	

* 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 period.

consolidated balance sheet

As at June 2007 Rm		Note	As at December 2007 Rm	Restated 2006 Rm
	ASSETS			
2 951.3	**Non-current assets**		3 066.3	2 778.0
1 867.1	Property, plant and equipment	7	2 017.3	1 801.5
105.9	Investment property		105.9	109.0
289.8	Loans to customers		286.3	271.6
61.4	Prepaid employment costs	5	59.8	39.5
70.4	Participation in export partnerships		69.9	71.2
23.0	Goodwill		23.0	23.0
190.4	Other loans	5	149.1	176.6
343.3	Deferred tax		355.0	285.6
7 491.2	**Current assets**		8 373.2	7 443.0
1 202.6	Inventories		1 473.2	1 175.1
3 534.4	Woolworths card debtors		3 534.4	3 269.6
904.8	Credit card receivables		966.2	752.1
605.0	Accounts receivable		712.3	911.9
781.2	Loans to customers		771.8	698.4
13.1	Tax		48.4	28.8
424.3	Cash		866.9	607.1
10 442.5	**Total assets**		11 439.5	10 221.0
	EQUITY AND LIABILITIES			
3 289.4	**Capital and reserves**		3 417.9	2 940.2
3 246.9	Interest of shareholders of the parent		3 373.8	2 908.2
42.5	Minority shareholders' interest		44.1	32.0
2 906.6	**Non-current liabilities**		3 970.7	2 353.3
2 179.0	Interest-bearing borrowings		3 179.0	1 600.0
426.7	Operating lease accrual		434.1	433.3
227.2	Post-retirement medical aid liability		240.6	214.3
73.7	Deferred tax		117.0	105.7
4 246.5	**Current liabilities**		4 050.9	4 927.5
2 092.4	Accounts payable		2 395.6	2 015.5
156.3	Provisions		169.6	138.7
214.9	Tax		248.1	334.6
1 782.9	Interest-bearing borrowings		1 237.6	2 438.7
10 442.5	**Total equity and liabilities**		11 439.5	10 221.0
401.2	Net asset book value – per share (cents)		415.4	363.3
	GROUP ANALYSIS			
10 442.5	**Total assets**		11 439.5	10 221.0
9 881.1	Woolworths		10 833.7	9 808.0
561.4	Country Road		605.8	413.0
1 202.6	**Inventories**		1 473.2	1 175.1
1 023.1	Woolworths		1 273.7	1 054.1
179.5	Country Road		199.5	121.0
547.0	**Approved commitment for capital expenditure**		513.6	340.2
396.0	Woolworths		440.2	320.4
151.0	Country Road		73.4	19.8

consolidated cash flow statement

52 weeks ended June 2007 Rm		26 weeks ended December 2007 Rm	2006 Rm
	Cash flow from operating activities		
1 373.7	Cash inflow from trading	658.4	760.8
183.6	Working capital movements	(99.6)	(44.3)
(1 182.4)	Cash applied to financial services assets	(88.8)	(576.5)
374.9	**Cash generated by operating activities**	470.0	140.0
1 018.3	Interest received	661.7	448.1
(366.6)	Finance costs paid	(237.7)	(160.9)
(565.0)	Tax paid	(244.9)	(233.2)
461.6	**Cash generated by operations**	649.1	194.0
(550.4)	Dividends to shareholders	(384.8)	(312.1)
(88.8)	**Net cash inflow/(outflow) from operating activities**	264.3	(118.1)
(527.2)	**Cash outflow from investing activities**	(282.7)	(332.6)
	Cash flow from financing activities		
111.8	Shares issued	12.9	40.6
(26.3)	Repurchase of shares	–	–
1 015.0	Notes issued	–	–
(300.0)	Notes redeemed	–	–
(6.2)	BEE transaction costs	(3.0)	–
–	Long-term borrowings raised	1 500.0	–
–	Long-term borrowings repaid	(500.0)	–
794.3	**Net cash inflow from financing activities**	1 009.9	40.6
178.3	**Increase/(decrease) in cash and cash equivalents**	991.5	(410.1)
(623.4)	**Cash and cash equivalents at the beginning of the period**	(422.6)	(623.4)
22.5	**Effect of foreign exchange rate changes**	(3.6)	1.0
(422.6)	**Cash and cash equivalents at the end of the period**	565.3	(1 032.5)
	GROUP ANALYSIS		
1 373.7	**Cash inflow from trading**	658.4	760.8
1 275.5	Woolworths	581.8	710.3
98.2	Country Road	76.6	50.5
649.1	**Gross capital expenditure**	362.0	409.3
591.1	Woolworths	295.8	383.1
58.0	Country Road	66.2	26.2

notes

1 **Basis of preparation**
The interim financial statements comply with IAS 34 Interim Financial Reporting. These condensed consolidated financial statements do not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with the group consolidated annual financial statements as at June 2007.

2 **Significant accounting policies**
The accounting policies applied are consistent with those followed in the preparation of the consolidated annual financial statements for the 52 weeks ended June 2007, except for the adoption of IFRS 7 Financial Instruments: Disclosure that became effective during the current period 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 period.

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

4 **Tax**
The tax rate of 36.9% (2006: 32.5%) results from the estimated average annual effective income tax rate of 30.1% plus Secondary Tax on Companies (STC) on the final dividend for the 52 weeks ended June 2007, paid in September 2007. The estimated annual effective rate is higher than the corporate tax rate of 29% mainly due to the impact of the non-deductible IFRS 2 charge arising from the BEE employee share ownership scheme and the group's share incentive scheme.

5 **Restatement of comparative figures**
Headline earnings per share and diluted headline earnings per share for the twenty six weeks to December 2006 were restated to reflect a foreign exchange profit of R1.1m on the repayment of a loan by a subsidiary.
Net bad debt and the bad debt provision are disclosed separately in the income statement for the current and comparative period. Previously this was included in other operating costs.
Comparative balance sheet figures have been restated as a result of the restatement of share purchase scheme participants' loans and investments to reflect their amortised cost.

6 **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 scheme and preference shares issued in terms of the BEE employee share ownership scheme.

7 **Property, plant and equipment**
During the twenty six weeks ended December 2007, the group acquired assets with a cost of R362.0m (2006: R409.3m).
Assets with a net book value of R35.1m (2006: R19.9m) were disposed of by the group during the same period, resulting in a profit of R0.1m (2006: R1.8m).

8 **Issue of shares**
During the twenty six weeks ended December 2007, 2 818 254 (2006: 3 139 956) ordinary shares were issued in terms of the group's share incentive scheme.

9 **The Woolworths BEE employee share ownership scheme**
During the twenty six weeks ended December 2007, 88 267 306 convertible, redeemable, non-cumulative participating preference shares were issued to employees of the group in terms of the BEE employee share ownership scheme.
This resulted in an additional share-based payment charge of R25.5m being recognised in employment costs.
A dividend of 5.1c (11% of the final ordinary dividend of 46.5c declared in August 2007) was declared during the twenty six weeks ended December 2007. No adjustment for the preference dividend in the calculation of basic and headline earnings was required at June 2007 as the preference shares were only issued after the 2007 year end.
Implementation of the scheme resulted in net dilution of 0.8% for the twenty six weeks ended December 2007.

10 **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.

11 **Borrowing facilities**
Unutilised banking facilities amount to R3 900.0m (2006: R1 168.1m). In terms of the articles of association, there is no limit on the group's authority to raise interest-bearing debt.

12 **Events subsequent to balance sheet date**
Notes issued under the Account On Us (Proprietary) Limited asset-backed notes programme totalling R436.0m mature and will be redeemed on 25 February 2008.

13 **Related party transactions**
During the twenty six weeks to December 2007, group companies entered into various transactions. These transactions were entered into in the ordinary course of business and under terms that are no less favourable than those arranged with independent third parties.
All such intra-group related party transactions and outstanding balances are eliminated in preparation of the consolidated financial statements of the group.

14 **Unaudited results**
These results have not been reviewed or audited.

15 **Approval of interim financial statements**
The interim financial statements were approved by the board of directors on 20 February 2008.

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