

AUDITED GROUP RESULTS FOR THE YEAR ENDED 27 JUNE 2010

WHL

WOOLWORTHS HOLDINGS LIMITED



FINANCIAL HIGHLIGHTS

- ▲ TURNOVER UP 10.5%
- ▲ SA RETAIL PROFITS UP 22.9%
- ▲ ADJUSTED HEADLINE EARNINGS PER SHARE UP 24.7%
- ▲ DIVIDEND PER SHARE UP 25.2%
- ▲ MARKET SHARE GAINS THROUGHOUT

GROUP RESULTS

The group performed well for the year with all retail segments growing above the market.

Adjusted headline earnings per share increased by 24.7% to 157.2 cents per share with group turnover increasing by 10.5% (second half up by 11.6%). Woolworths SA retail profit before tax was 22.9% up on the previous year.

The results are not comparable for the following reasons:

- R380m profit earned on the sale of a controlling interest in WFS included in 2009 year;
- R75m STC on special dividend paid in 2009 year; and
- R57m (after tax) foreign exchange loss included in 2009 that has unwound as a R57m profit in 2010.

Return on equity, based on headline earnings, increased from 26.3% to 39.4%.

The balance sheet remained strong and open market share repurchases of R410m were made during the year.

A final dividend of 67.0 cents per share has been declared. A total distribution of 105.0 cents per ordinary share has been made for the period.

WOOLWORTHS

The growing increase in customer confidence and the strategies that we put in place to attract customers back to our stores delivered a sales increase of 10.4% and market share gains in all categories.

Clothing and general merchandise sales increased by 11.2% for the year, with comparable stores increasing by 6.7%. Gains in market share have been made for the past 15 months, with clothing and footwear growth tracking approximately 5% above the RLC market on a continual basis.

Food sales increased by 9.9% for the year with comparable stores increasing by 5.6%. Price movement for the year averaged 5.2%. The second half delivered real volume growth in our comparable stores. The market has responded positively to our product value offering, with market share gains in the last nine months and growth exceeding the RLC market by approximately 6%.

Gross margin increased from 28.0% to 29.8%, achieved through better sourcing and lower markdowns. The clothing and general merchandise sourcing strategy delivered our year three targeted margin a year earlier than anticipated.

Operating margin has shown a strong improvement to 7.0% from 6.2%, mainly due to the gross margin improvement.

New store expansion was down on the previous year, with seven full-line stores and nine food stand-alone stores opened. Trading space increased by 4.8% in clothing and general merchandise and 3.7% in food.

COUNTRY ROAD

The trading conditions in Australia have been challenging. The government's fiscal stimulus packages of the previous year were not repeated and there have been six interest rate increases during the year.

Sales increased by 8.5% in the year, with a comparable sales increase of 1.5% (in Australian dollar).

Gross margin decreased from 59.5% to 57.4%, due to heavy discounting needed to stimulate customer spending.

Operating margin declined to 4.9% from 6.3%, impacted by the reduced gross margin and the start-up costs of the new Trenergy brand.

WOOLWORTHS FINANCIAL SERVICES

The results of the WFS segment are not comparable with last year. They have been equity accounted for the full year ended June 2010, whilst they were accounted for as a subsidiary for three months and equity accounted for nine months in the year ended June 2009.

Customer demand for credit remained subdued throughout the year. The closing debtors' books at year-end were 1.3% down on the previous year.

The quality of the debtors' books have improved considerably with a reduction in the impairment charge as a percentage of average gross receivables from 7.5% to 5.1%.

OUTLOOK

We expect economic conditions in South Africa to improve, albeit at a slower pace. Trading in Australia will remain tough but is expected to improve in the second half.

Current trading remains positive and in line with expectations. The business is focused, strategies are delivering and we are well positioned for continued growth in the year ahead.

The benefit of a lower effective tax rate last year will return to normal levels.

DA Hawton

Chairman

Cape Town, 25 August 2010

SN Susman

Chief executive officer

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a final cash dividend of 67.0 cents per ordinary share for the fifty-two weeks ended 27 June 2010.

The salient dates for the dividend will be as follows:

Last day to trade to receive a dividend
Friday, 10 September 2010

Shares commence trading "ex" dividend
Monday, 13 September 2010

Record date
Friday, 17 September 2010

Payment date
Monday, 20 September 2010

Share certificates may not be dematerialised or rematerialised between Monday, 13 September 2010 and Friday, 17 September 2010 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 22.1 cents per preference share for the fifty-two weeks ended 27 June 2010 will be paid to the beneficiaries of Woolworths Employee Share Ownership Scheme on 20 September 2010.

CL Lowe

Group secretary

Cape Town, 25 August 2010

DIRECTORATE AND STATUTORY INFORMATION

Non-executive directors:

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

Executive directors:

Simon Susman (CEO), Ian Moir (Australian), Zyda Rylands, Norman Thomson

Group secretary:

Cherrie Lowe

Share code:

WHL

ISIN:

ZAE000063863

Registration address:

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

JSE sponsor:

Rand Merchant Bank (A division of FirstRand Bank Limited)

Transfer secretaries:

Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg 2001

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks to 27 June 2010 Rm	52 weeks to 28 June 2009 Rm	% change
Revenue		23 663	21 922	7.9
Turnover		23 393	21 175	10.5
Cost of sales		15 656	14 501	8.0
Gross profit		7 737	6 674	15.9
Other revenue	3	95	563	(83.1)
Expenses		6 178	5 784	6.8
Store costs		3 940	3 482	13.2
Net bad debt and bad debt provision		-	134	(100.0)
Other operating costs		2 238	2 168	3.2
Operating profit		1 654	1 453	13.8
Investment income	3	175	184	(4.9)
Interest paid		151	281	(46.3)
Profit before earnings from joint ventures and associate		1 678	1 356	23.7
Earnings from joint ventures		75	58	29.3
Earnings from associate		6	12	(50.0)
Profit before exceptional item		1 759	1 426	23.4
Profit on disposal of controlling interest in subsidiary		-	380	(100.0)
Profit before tax		1 759	1 806	(2.6)
Tax		491	546	(10.1)
Profit after tax		1 268	1 260	0.6
Other comprehensive income:				
Net fair value adjustments on financial instruments, after tax		40	(54)	
Exchange differences on translation of foreign subsidiaries		13	(81)	
Other comprehensive income for the period, net of tax		53	(135)	
Total comprehensive income for the period		1 321	1 125	17.4
Profit attributable to:		1 268	1 260	0.6
Shareholders of the parent		1 258	1 248	0.8
Non-controlling interest		10	12	(16.7)
Total comprehensive income attributable to:		1 321	1 125	17.4
Shareholders of the parent		1 304	1 124	16.0
Non-controlling interest		17	1	>100
Reconciliation of headline earnings				
Earnings attributable to shareholders of the parent		1 258	1 248	0.8
BEE preference dividend paid		11	9	
Basic earnings		1 247	1 239	0.6
Profit on disposal of controlling interest in subsidiary		-	(380)	
Loss on disposal of property, plant and equipment		24	4	
Tax impact of adjustments		(7)	(1)	
Headline earnings		1 264	862	46.6
Abnormal foreign exchange related (gain)/loss	4	(57)	57	
SIC on special dividend		-	75	
Adjusted headline earnings		1 207	994	21.4
Headline earnings per share (cents)		164.6	109.3	50.6
Earnings per share (cents)	5	162.4	157.2	3.3
Adjusted headline earnings per share (cents)		157.2	126.0	24.7
Diluted headline earnings per share (cents)		159.3	107.5	48.2
Diluted earnings per share (cents)	5	157.2	154.0	2.0
Adjusted diluted headline earnings per share (cents)		152.2	123.7	23.0
Number of shares in issue (millions)		759.5	774.7	(2.0)
Weighted average number of shares in issue (millions)		768.0	788.3	(2.6)

CONSOLIDATED STATEMENT OF CASH FLOWS

	52 weeks to 27 June 2010 Rm	52 weeks to 28 June 2009 Rm
Cash flow from operating activities	2 220	1 651
Cash inflow from trading	2 220	1 651
Working capital movements	215	67
Cash applied to financial services assets	-	21
Cash generated by operating activities	2 435	1 739
Interest received	167	549
Finance costs paid	(152)	(312)
Tax paid	(367)	(370)
Cash generated by operations	2 083	1 606
Dividends received from associate	1	1
Dividends received from WFS	35	-
Distributions to shareholders	(725)	(655)
Net cash inflow from operating activities	1 394	952
Cash flow from investing activities	(543)	(614)
Net investment in PPE	(543)	(614)
Proceeds on disposal of controlling interest in subsidiary	-	875
Replacement of WFS debt funding by joint venture partner	-	2 909
Cash disposed of on sale of controlling interest in subsidiary	-	(535)
Costs incurred on disposal of controlling interest in subsidiary	-	(48)
Other	29	38
Net cash outflow/inflow from investing activities	(514)	2 625
Cash flow from financing activities	47	26
Shares issued	47	26
Repurchase of treasury shares	(410)	(317)
Special dividend to shareholders	-	(750)
Share repurchase costs	(1)	(5)
Payment of finance lease liabilities	(20)	(9)
Short-term borrowings raised	20	-
Net cash outflow from financing activities	(364)	(1 055)
Increase in cash and cash equivalents	516	2 522
Cash and cash equivalents at the beginning of the period	2 391	(91)
Effect of foreign exchange rate changes	10	(40)
Cash and cash equivalents at the end of the period	2 917	2 391
GROUP ANALYSIS		
Cash inflow from trading	2 220	1 651
SA Retail	2 022	1 449
Country Road	198	202
Gross capital expenditure	607	753
SA Retail	460	611
Country Road	147	143

NOTES

1 Basis of preparation

The abridged group financial statements comply with IAS 34 Interim Financial Reporting. These abridged financial statements do not contain all the information and disclosures required in the annual financial statements, and comply with International Financial Reporting Standards.

Accounting policies used in the abridged consolidated financial statements are the same as those used to prepare the group annual financial statements.

2 Significant accounting policies

The accounting policies applied are consistent with those followed in the preparation of the consolidated annual financial statements for the period ended 28 June 2009, except for the adoption of the following IFRS, IFRIC interpretations, amendments and circulars that became effective during the current period. These changes had no significant impact on the reported results other than giving rise to additional disclosures and a revision to the relevant accounting policies:

- IFRS 8 Operating Segments
- IAS 1 Revised - Presentation of Financial Statements
- IFRS 7 Amendments - Financial Instruments Disclosure
- IAS 23 Amendments - Borrowing Costs

- IAS 27 Amendments - Consolidated and Separate Financial Statements
 - IFRS 3 Revised - Business Combinations
 - IFRS 2 Amendments - Share-based Payments: Vesting Conditions and Cancellation
 - IAS 38 Improvements - Intangible Assets: Expenditure on Advertising and Promotional Activities
 - IAS 39 Amendments - Eligible Hedged Items
 - IFRS 5 Amendments - Non-current Assets Held for Sale and Discontinued Operations
 - Circular 3/2009 - Headline Earnings
- The following amendments have been early adopted by the group, but had no material impact on the reported results:
- IFRS 8 Improvements - Operating Segments
 - IAS 36 Improvements - Impairment of Assets
 - IFRS 2 Amendments - Share-based Payment: Group Share-based Payment Transactions
- 3 **Reclassification of comparative figures**
Income received relating to investment activities has been separately disclosed from other revenue and is excluded from operating profit.
- 4 **Abnormal foreign exchange related (gain)/loss**
An unrealised foreign exchange loss of R79m (R57m after tax) on the marking-to-market of foreign

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 27 June 2010 Rm	At 28 June 2009 Rm
ASSETS			
Non-current assets		3 633	3 436
Property, plant and equipment	6	1 991	1 937
Investment property		121	121
Intangible assets	6	392	351
Investment in associate		40	35
Investment in joint ventures		574	534
Prepaid employment costs		29	37
Participation in export partnerships		63	65
Other loans		95	126
Derivative financial instruments		1	-
Deferred tax		327	230
Current assets		5 377	4 869
Inventories		1 676	1 723
Trade and other receivables		759	745
Derivative financial instruments		19	6
Tax		6	4
Cash		2 917	2 391
Total assets		9 010	8 305
EQUITY AND LIABILITIES			
Capital and reserves		3 453	3 072
Interest of shareholders of the parent		3 396	3 025
Non-controlling interest		57	47
Non-current liabilities		1 362	2 342
Interest-bearing borrowings		521	1 532
Operating lease accrual		447	457
Derivative financial instruments		15	16
Post-retirement medical aid liability		292	272
Deferred tax		87	65
Current liabilities		4 195	2 891
Trade and other payables		2 608	2 373
Provisions		248	250
Derivative financial instruments		20	142
Tax		285	111
Interest-bearing borrowings		1 034	15
Total equity and liabilities		9 010	8 305
Net asset book value - per share (cents)		447	391
GROUP ANALYSIS			
Total assets		9 010	8 305
SA Retail		5 207	4 923
Country Road		788	836
Treasury		2 442	2 013
Woolworths Financial Services		573	533
Inventories		1 676	1 723
SA Retail		1 416	1 474
Country Road		260	249
Approved commitment for capital expenditure		786	624
SA Retail		652	473
Country Road		134	151

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Shareholders of the parent Rm	Non- controlling interest Rm	Total 52 weeks to 27 June 2010 Rm	Total 52 weeks to 28 June 2009 Rm
Interest at the beginning of the period		3 025	47	3 072	3 578
Movements for the period:					
Issue of shares	7	47	-	47	26
Shares repurchased	7	(410)	-	(410)	(317)
Share repurchase costs		(1)	-	(1)	(5)
Distributions to shareholders		(718)	(7)	(725)	(1 405)
Share-based payments		149	-	149	70
Total comprehensive income for the period		1 304	17	1 321	1 125
Interest at the end of the period		3 396	57	3 453	3 072
Distribution per ordinary share (cents)				105.0	85.0
- ordinary					94.0
- special					1.6
Distribution cover (based on headline earnings per share excluding special dividend)				1.6	1.3
Distribution per preference share (cents)				30.8	17.3

SEGMENTAL ANALYSIS

The group has adopted IFRS 8 Operating Segments with effect from 1 July 2009. 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 maker (CODM) to allocate resources to the segments and to assess their performance. The CODM has been identified as the group's executives collectively. 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)
- Foods
- Country Road (Clothing retailers operating in Australasia)
- 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. To increase transparency and comparability of revenue, the group has included additional voluntary disclosure of revenue from logistics services.

The new segments are different from the segments previously disclosed as Woolworths Retail has been subdivided into Foods, and Clothing and General Merchandise. Woolworths Financial Services remains a segment, accounted for on an equity basis subsequent to the disposal of the controlling interest on 1 October 2008.

The following is an analysis of the group's revenue and operating results by reportable segment:

	Notes	52 weeks to 27 June 2010 Rm	52 weeks to 28 June 2009 Rm	% change
Revenue				
Turnover		23 393	21 175	10.5
SA Retail		20 897	18 936	10.4
Clothing and General Merchandise		8 253	7 423	11.2
Foods		12 227	11 126	9.9
Logistics		417	387	7.8
Country Road		2 496	2 235	11.7
Woolworths Financial Services (subsidiary to 30 September 2008)		-	4	(100.0)
Other revenue		270	747	(63.9)
SA Retail		86	96	(10.4)
Clothing and General Merchandise		21	38	(44.7)
Foods		65	58	12.1
Country Road		52	17	205.9
Woolworths Financial Services (subsidiary to 30 September 2008)		-	470	(100.0)
Treasury		175	184	(4.9)
Intra-group		(43)	(20)	115.0
Total group		23 663	21 922	7.9
Gross profit				
SA Retail		6 304	5 310	18.7
Clothing and General Merchandise		3 310	2 731	21.2
Abnormal foreign exchange related gain	4	79	-	-
Foods		2 838	2 510	13.1
Intra-group		77	69	11.6
Country Road		1 433	1 360	5.4
Woolworths Financial Services (subsidiary to 30 September 2008)		-	4	(100.0)
Total group		7 737	6 674	15.9
Profit before tax and exceptional item				
SA Retail		1 537	1 108	38.7
Clothing and General Merchandise		1 013	780	29.9
Abnormal foreign exchange related gain/(loss)	4	79	(79)	-
Foods		445	407	9.3
Country Road		119	139	(14.4)
Woolworths Financial Services (subsidiary to 30 September 2008)		-	72	(100.0)
Woolworths Financial Services (joint venture from 1 October 2008)		75	57	31.6
Treasury		28	50	(44.0)
Total group		1 759	1 426	

- exchange contracts was incurred at 28 June 2009. A subsequent gain of R79m (R57m after tax) is included in gross profit in the current period.
- 5 **Earnings per share**
The difference between earnings per share and diluted earnings per share is due to the impact of outstanding options under the group share incentive schemes and preference shares issued in terms of the BEE employee share ownership scheme.
- 6 **Property, plant and equipment and intangible assets**
During the financial period, the group acquired property, plant and equipment with a cost of R500m (2009: R617m) and acquired intangible assets with a cost of R107m (2009: R137m). The current period's FEC adjustment is insignificant.
- 7 **Issue and repurchase of shares**
During the current financial period to 27 June 2010, 6 172 402 (2009: 5 595 343) ordinary shares were issued in terms of the group's executive share incentive scheme.
- 17 378 892 (2009: 26 384 969) shares were repurchased from the market by E-Com (Proprietary) Limited and 4 061 222 (2009: nil) shares were repurchased from the market by Woolworths (Proprietary) Limited. These shares are held as treasury shares by the group.
- 40 497 604 (2009: nil) shares were issued to Woolworths (Proprietary) Limited and are held as treasury shares.

- 8 **Contingent liabilities**
Various group companies are parties to legal disputes and investigations which have arisen in the ordinary course of business. Whilst the outcome of some of these matters cannot readily be foreseen, the directors do not expect the outcomes to have a material financial effect.
- 9 **Borrowing facilities**
Unutilised banking facilities amount to R2 443m (2009: R3 477m). There is no limit in the articles of association on the group's authority to raise interest-bearing debt.
- 10 **Related party transactions**
The group entered into related party transactions during the period. Information regarding the related parties is included in the annual financial statements.
- 11 **Events subsequent to reporting date**
No event material to the understanding of these financial statements has occurred between the end of the financial period and the date of approval.
- 12 **Approval of annual financial statements**
The annual financial statements were approved by the board of directors on 25 August 2010.
- 13 **Audit opinion**
These abridged consolidated group financial statements have been extracted from the audited annual 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.

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

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