

WHL '15

WOOLWORTHS HOLDINGS LIMITED
PRELIMINARY AUDITED GROUP RESULTS FOR THE 52 WEEKS ENDED 28 JUNE 2015

COMMENTARY

This year has been transformational. The August 2014 acquisition of the iconic Australian department store chain, David Jones, enabled us to step change the Group's operations, transforming it into a retailer with significant scale across sub-Saharan Africa and Australasia.

Group sales (including concession sales) increased by 54.9%, and by 12.0% excluding David Jones. This was a strong result with good market share gains in both South Africa and Australia. Adjusted profit before tax increased by 20.5%. Basic and headline earnings grew by 8.3% and 19.4% respectively, and adjusted headline earnings increased by 24.3%. Adjusted headline earnings per share grew by 10.4%. Earnings per share declined by 3.8%.

WOOLWORTHS

The new investment in Australia has not detracted from our strategic objectives and plans in South Africa and the rest of sub-Saharan Africa where Woolworths continues to perform well, despite the constrained economic environment and the impact of load shedding on our trading performance.

CLOTHING AND GENERAL MERCHANDISE

The late winter impacted sales, but we still managed to produce growth of 9.6% and 4.0% in comparable stores (including Country Road Group sales in South Africa). Importantly, we saw an improvement in our kidswear and women's footwear and accessories divisions that had underperformed earlier in the year. Total Clothing and General Merchandise sales grew by 8.6% excluding Country Road Group sales in South Africa.

Gross profit margin increased by 0.7% to 47.4%. Store costs increased by 19.5%, due to a 6.3% increase in trading space, extensive store refurbishments and the conversion of previously franchised stores. Comparable store costs grew by 5.6%. Other operating costs were also well controlled, increasing by 5.7%. Operating profit grew by 3.3% to R2 094 million and return on sales declined by 0.8% to 16.8%.

FOOD

Our Food business is differentiated on quality, freshness and innovation and we continue to gain market share through our strategy of building larger format stores and extending our catalogue to offer a complete shop at competitive prices.

A strong performance well ahead of the market saw sales grow by 13.5%, with price movement of 7.7%. Sales in comparable stores grew by 6.6%.

Gross profit margin increased by 0.4% to 25.7%. Store costs increased by 13.4% with the addition of converted franchise stores and a net 10.2% increase in trading space. Other operating costs were well controlled, and operating profit grew by 25.6% to R1 579 million. Return on sales improved by 0.7% to 7.1%, 0.1% ahead of the medium-term target.

WOOLWORTHS FINANCIAL SERVICES

The average debtors book grew by 10.7% and the impairment rate was kept to an industry-leading level of 5.4% (June 2014: 4.8%). Net interest income grew by 15.5% and operating costs were 1.1% lower, resulting in a 21.9% increase in profit before tax. Return on equity was 26.6% (June 2014: 24.3%), above the medium-term target of 22.0%.

DAVID JONES

The results of David Jones for the eleven months from the acquisition date of 1 August 2014 are included for the first time and consequently no comparative figures are presented.

Whilst the Australian consumer has remained under pressure and the department store segment has underperformed, David Jones had an exceptional second half of the year with sales growth of 10.7%. Sales of A\$1 885 million were 6.4% ahead of the comparative 11-month period prior to our acquisition and ahead of both the department store segment and the overall Australian clothing market. Operating profit of A\$161 million was 28.8% higher than in the comparative 11-month period.

COUNTRY ROAD GROUP

During the year we acquired the remaining 12% interest in Country Road Group (CRG). Full ownership was a logical step towards unlocking regional synergy opportunities between David Jones and CRG. In Australasia, sales grew by 11.5% (by 4.7% in comparable stores), trading well ahead of the Australian market.

CRG trading space grew by 23.1%, 17.0% reallocated within David Jones' existing store footprint. This does not represent new trading space from a WHL Group perspective.

Higher markdowns, particularly in Country Road womenswear, resulted in gross margin declining by 1.1% to 60.9%. Operating costs were however well controlled, resulting in a 13.3% increase in operating profit, to A\$111 million.

OUTLOOK

We believe that economic conditions in South Africa & Australia will remain constrained, especially in the lower and middle-income segments of the market. The upper-income segments in which we operate continue to show some resilience. Trading for the first eight weeks of the new financial year has been positive.

The transformation and integration of David Jones is progressing ahead of expectations.

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

Hubert Brody and Nombulelo Moholi were appointed as independent non-executive directors to the Board in July 2014.

Patrick Allaway, an Australian national, was appointed as an independent non-executive director with effect from 1 December 2014.

Zarina Bassa became Chairman of the Risk and Compliance Committee in February 2015 and Thina Siwendu took over the Chairmanship of the Social and Ethics Committee from Chris Nissen who retired at the conclusion of the Annual General Meeting (AGM) held on 26 November 2014. The Board expresses its deepest gratitude to Chris for his contribution, pursuing in particular with passion the delivery of our transformation strategy.

With effect from May 2015, Lord Rose assumed the role of Chairman of the Sustainability Committee, and to comply with the JSE Listings Requirements, Tom Boardman, the Lead Independent Director, was appointed Chairman of the Nominations Committee.

S N Susman

Chairman
Cape Town, 26 August 2015

I Moir

Group Chief Executive Officer

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a final gross cash dividend of 150.5 cents (127.925 cents net of dividend withholding tax) per ordinary share, bringing the total dividend for the 52 weeks ended 28 June 2015 to 247.0 cents per share. 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 issued share capital at the declaration date is 1 040 938 812 ordinary shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Friday, 11 September 2015
Shares commence trading "ex" dividend	Monday, 14 September 2015
Record date	Friday, 18 September 2015
Payment date	Monday, 21 September 2015

Share certificates may not be dematerialised or rematerialised between Monday, 14 September 2015 and Friday, 18 September 2015, both days inclusive.

ANNUAL GENERAL MEETING

Shareholders are advised that the 2015 Annual General Meeting will be held at 10h00 on Monday, 30 November 2015 in the Auditorium of Woolworths House, 93 Longmarket Street, Cape Town, 8001.

Thobeka Sishuba

Group Secretary
Cape Town, 26 August 2015

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks to 28 Jun 2015 Rm	Restated* 52 weeks to 29 Jun 2014 Rm	% change
Revenue		58 069	39 944	45.4
Turnover and concession sales	6.2	61 970	40 012	54.9
Concession sales	6.2	(5 464)	(305)	>100
Turnover		56 506	39 707	42.3
Cost of sales		33 356	24 209	37.8
Gross profit		23 150	15 498	49.4
Other revenue		1 447	125	>100
Expenses		19 010	11 680	62.8
Store costs		13 511	7 614	77.4
Other operating costs		5 499	4 066	35.2
Operating profit		5 587	3 943	41.7
Investment income		116	112	3.6
Finance costs		1 494	136	>100
Profit before earnings from joint ventures and associate		4 209	3 919	7.4
Earnings from joint ventures		221	181	22.1
Earnings from associate		2	4	(50.0)
Profit before tax		4 432	4 104	8.0
Tax		1 312	1 114	17.8
Profit for the year		3 120	2 990	4.3
Other comprehensive income:				
Amounts that may be reclassified to profit or loss				
Net fair value adjustments on financial instruments, after tax		225	(182)	
Exchange differences on translation of foreign subsidiaries		(1 150)	177	
Amounts that may not be reclassified to profit or loss				
Post-retirement medical benefit liability-actuarial loss, after tax		(6)	(6)	
Other comprehensive income for the year		(931)	(11)	
Total comprehensive income for the year		2 189	2 979	
Profit attributable to:		3 120	2 990	
Shareholders of the parent		3 116	2 888	
Non-controlling interests		4	102	
Total comprehensive income attributable to:		2 189	2 979	
Shareholders of the parent		2 180	2 868	
Non-controlling interests		9	111	
Reconciliation of headline earnings				
Earnings attributable to shareholders of the parent		3 116	2 888	7.9
BEE preference dividend		99	103	(3.9)
Basic earnings		3 017	2 785	8.3
Loss/(profit) on disposal of property, plant and equipment, intangible assets and investment properties		19	(35)	
Net impairment of property, plant and equipment and intangible assets		384	16	
Tax impact of adjustments		(113)	3	
Headline earnings		3 307	2 769	19.4
Transaction costs		258	182	
Integration and restructuring costs		67	-	
Non-recurring finance costs		164	-	
Unrealised foreign exchange (gains)/losses		(29)	139	
Tax impact of adjustments		(16)	(72)	
Adjusted headline earnings		3 751	3 018	24.3
Earnings per share (cents)	2 & 6.1	337.3	350.6	(3.8)
Headline earnings per share (cents)		369.7	348.6	6.1
Adjusted headline earnings per share (cents)		419.4	379.9	10.4
Diluted earnings per share (cents)	2 & 6.1	334.9	346.2	(3.3)
Diluted headline earnings per share (cents)		367.1	344.2	6.7
Adjusted diluted headline earnings per share (cents)		416.4	375.1	11.0
Number of shares in issue (millions)		930.3	759.5	22.5
Weighted average number of shares in issue (millions)		894.4	794.4	12.6

*Certain comparative amounts shown do not correspond to the 2014 Annual Financial Statements and reflect adjustments made. Refer to note 6.

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	At 28 Jun 2015 Rm	Restated** At 29 Jun 2014 Rm
ASSETS			
Non-current assets			
		33 174	8 192
Property, plant and equipment	3	14 430	3 404
Investment properties	3	78	115
Intangible assets	3	15 700	2 946
Investment in associate		3	2
Investment in joint ventures		891	799
Participation in export partnerships		19	30
Fair value lease adjustment	12	76	-
Other loans		55	106
Derivative financial instruments	8	82	-
Deferred tax		1 840	790
Current assets			
		8 251	14 077
Inventories		5 881	3 436
Trade and other receivables		1 051	1 067
Derivative financial instruments	8	219	23
Tax		209	9
Cash and cash equivalents		891	9 542
Non-current assets held for sale			
	3	30	-
TOTAL ASSETS			
		41 455	22 269
EQUITY AND LIABILITIES			
TOTAL EQUITY			
		14 297	6 952
Equity attributable to shareholders of the parent		14 251	6 629
Non-controlling interests		46	323
Non-current liabilities			
		18 072	1 918
Interest-bearing borrowings		14 922	623
Operating lease accrual and fair value lease adjustment	12	2 037	614
Post-retirement medical benefit liability		374	349
Provisions		197	-
Derivative financial instruments	8	26	-
Deferred tax		516	332
Current liabilities			
		9 086	13 399
Trade and other payables		7 699	4 625
Provisions		738	361
Operating lease accrual and fair value lease adjustment	12	122	-
Derivative financial instruments	8	72	185
Tax		259	189
Interest-bearing borrowings		196	8 039
TOTAL LIABILITIES			
		27 158	15 317
TOTAL EQUITY AND LIABILITIES			
		41 455	22 269
Net asset book value - per share (cents)			
		1 532	873
GROUP ANALYSIS			
Total assets			
		41 455	22 269
Woolworths*		10 812	8 986
David Jones		24 139	-
Country Road Group		5 619	4 500
Woolworths Financial Services		885	794
Treasury - Cash and cash equivalents		-	7 989
Inventories			
		5 881	3 436
Woolworths*		2 912	2 433
David Jones		1 864	-
Country Road Group		1 105	1 003
Total liabilities			
		27 158	15 317
Woolworths*		5 216	4 871
David Jones		5 229	-
Country Road Group		1 834	2 355
Treasury - Interest-bearing borrowings		14 879	8 091
Approved capital commitments			
		3 636	26 445
Woolworths*		2 032	1 786
David Jones		1 017	-
Country Road Group		587	955
Acquisition of David Jones		-	21 604
Acquisition of Country Road Group non-controlling interests		-	2 100

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

**Certain comparative amounts shown do not correspond to the 2014 Annual Financial Statements and reflect adjustments made. Refer to note 6.

GROUP STATEMENT OF CASH FLOWS

	Notes	52 weeks to 28 Jun 2015 Rm	52 weeks to 29 Jun 2014 Rm
Cash flow from operating activities			
Cash inflow from trading		8 016	5 375
Working capital movements		(657)	(407)
Cash generated by operating activities		7 359	4 968
Interest income		160	104
Finance costs paid		(1 190)	(106)
Tax paid		(1 199)	(1 047)
Cash generated by operations		5 130	3 919
Dividends received from joint ventures		129	95
Dividends received from associate		–	62
Dividends to ordinary shareholders		(2 047)	(1 969)
Dividends to preference shareholders		(99)	(103)
Net cash inflow from operating activities		3 113	2 004
Cash flow from investing activities			
Net investment in property, plant and equipment, intangible assets and investment properties		(2 828)	(1 314)
Acquisition of subsidiary, net of cash acquired	12	(21 447)	–
Acquisition of non-controlling interests	13	(2 153)	–
Acquisition of franchise operations	4	(68)	(396)
Other		69	18
Net cash outflow from investing activities		(26 427)	(1 692)
Cash flow from financing activities			
Settlement of share-based payments through share purchase	5	(308)	(71)
Share purchase costs		(2)	(1)
Rights issue proceeds	5	9 984	–
Finance lease payments		(15)	(46)
Long-term borrowings raised		15 364	55
Short-term borrowings raised		10 044	–
Borrowings repaid		(11 876)	(94)
Costs associated with debt and equity raising		(598)	(169)
Net cash inflow/(outflow) from financing activities		22 593	(326)
Decrease in cash and cash equivalents		(721)	(14)
Net cash and cash equivalents at the beginning of the year		1 666	1 582
Effect of foreign exchange rate changes		(54)	98
Net cash and cash equivalents at the end of the year		891	1 666
GROUP ANALYSIS			
Cash inflow from trading		8 016	5 375
Woolworths		5 168	4 329
David Jones		1 784	–
Country Road Group		1 064	1 046
Additions to property, plant and equipment, intangible assets and investment properties (gross)		2 891	1 939
Woolworths		1 422	1 552
David Jones		504	–
Country Road Group		965	387

GROUP STATEMENT OF CHANGES IN EQUITY

Notes	Share- holders of the parent Rm	Non- controlling interests Rm	Total 52 weeks to 28 Jun 2015 Rm	Share- holders of the parent Rm	Non- controlling interests Rm	Total 52 weeks to 29 Jun 2014 Rm
Shareholders' interest at the beginning of the year	6 629	323	6 952	5 652	285	5 937
Movements for the year:						
Profit for the year	3 116	4	3 120	2 888	102	2 990
Other comprehensive income	(936)	5	(931)	(20)	9	(11)
Total comprehensive income for the year	2 180	9	2 189	2 868	111	2 979
Shares issued	5 10 124	–	10 124	246	–	246
Rights issue costs	5 (421)	–	(421)	–	–	–
Settlement of share-based payments and share purchases	5 (308)	–	(308)	(60)	–	(60)
Share purchase costs	(2)	–	(2)	(1)	–	(1)
Settlement of share-based payments through share issue	5 (140)	–	(140)	(246)	–	(246)
Share-based payments	202	–	202	169	–	169
Dividends to shareholders	(2 146)	–	(2 146)	(1 999)	(73)	(2 072)
Acquisition of non-controlling interests	13 (1 867)	(286)	(2 153)	–	–	–
Shareholders' interest at the end of the year	14 251	46	14 297	6 629	323	6 952
						Restated
Dividend per ordinary share (cents)			247.0			240.0
Dividend cover (based on headline earnings)			1.4			1.4
Dividend per preference share (cents)			96.5			240.0

SEGMENTAL ANALYSIS

	Notes	52 weeks to 28 Jun 2015 Rm	52 weeks to 29 Jun 2014 Rm	% change
Revenue				
Turnover		56 506	39 707	42.3
Woolworths Clothing and General Merchandise		12 499	11 505	8.6
Woolworths Food		22 352	19 694	13.5
Woolworths Logistics		444	418	6.2
David Jones		12 130	–	–
Country Road Group		9 081	8 090	12.2
Other revenue and investment income		1 563	237	>100
Woolworths Clothing and General Merchandise		19	18	5.6
Woolworths Food		93	73	27.4
David Jones		1 512	–	–
Country Road Group		39	55	(29.1)
Treasury		100	91	9.9
Intragroup	11	(200)	–	–
Total group		58 069	39 944	45.4
Gross profit				
Woolworths Clothing and General Merchandise		5 925	5 373	10.3
Woolworths Food		5 754	4 983	15.5
David Jones		5 773	–	–
Country Road Group		5 537	5 009	10.5
Intragroup	11	161	133	21.1
Total group		23 150	15 498	49.4
Profit before tax-adjusted				
Woolworths Clothing and General Merchandise		2 095	2 029	3.3
Woolworths Food		1 580	1 259	25.5
Woolworths Financial Services		221	181	22.1
David Jones		1 492	–	–
Country Road Group		1 042	891	16.9
Treasury		(1 160)	15	<(100)
Total group-adjusted		5 270	4 375	20.5
Adjustments		(838)	(271)	
Transaction costs		(258)	(182)	
Integration and restructuring costs		(67)	–	
Non-recurring finance costs		(164)	–	
Impairment of property, plant and equipment and intangible assets		(378)	–	
Unrealised foreign exchange gains/(losses)		29	(139)	
Profit on sale of investment properties		–	50	
Profit before tax		4 432	4 104	8.0

NOTES

1. BASIS OF PREPARATION

These preliminary Group Annual Financial Statements comply with IAS 34 Interim Financial Reporting.

Accounting policies used in the preliminary Group Annual Financial Statements are consistent with the prior year, except for the changes in accounting policy disclosed in note 7, and are the same as those used to prepare the 28 June 2015 Group Annual Financial Statements. They have been prepared in compliance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), South African Institute of Chartered Accountants (SAICA) and the Financial Reporting Standards Committee (FRSC), and the Companies Act of South Africa. The preliminary Group Annual Financial Statements have been prepared under the supervision of the Group's Finance Director, Reeza Isaacs, CA(SA) and are the full responsibility of the directors.

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. Furthermore, the weighted average number of shares in issue and the earnings per share measures have been restated by a factor of 1.0477 to reflect the bonus element of the rights offer, in terms of IAS 33: Earnings per share (refer to notes 5 and 6.1).

3. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTIES

The Group acquired property, plant and equipment at a fair value of R13 329 million (2014: R1 338 million) and acquired intangible assets (including goodwill and brands) at a fair value of R14 100 million (2014: R601 million). This included acquisitions related to business combinations (refer to notes 4 and 12).

Investment properties amounting to R37 million were transferred to property, plant and equipment due to a change in use in the current year.

Two fixed properties, amounting to R30 million, previously disclosed under property, plant and equipment (within the Woolworths segment) have been reclassified as non-current assets held for sale. These properties are subject to suspensive conditions under sale agreements. The directors consider the conclusion of the sales to be highly probable. At year-end, these properties are recognised at the lower of their carrying amounts and fair value, less costs to sell. No depreciation has been recognised on these properties.

4. ACQUISITION OF FRANCHISE OPERATIONS

The Group acquired five previously franchised stores in South Africa for a total purchase consideration of R39 million. In the prior year, nine previously franchised stores in South Africa and 33 in the rest of Africa were acquired for a total purchase consideration of R425 million.

	Jun 2015 Rm	Jun 2014 Rm
Fair value of assets acquired at the date of acquisition		
Property, plant and equipment	4	18
Reacquired rights	9	67
Deferred tax liability	(3)	(19)
Goodwill arising on acquisition	29	359
Consideration	39	425
Prior year amount paid/(accrued)	29	(29)
Cash outflow	68	396

Goodwill of R29 million (2014: R359 million) comprises the fair value of growth and synergies expected to accrue from the acquisitions that does not qualify for separate recognition.

From the dates of the acquisitions, R74 million of additional revenue and R17 million profit before tax has accrued. Had the acquisitions been effective from the beginning of the year, the directors consider that, on a pro forma basis, the contribution to revenue and profit before tax for the 52 weeks ended 28 June 2015 would have been a further R2 million and R1 million respectively.

5. ISSUE AND PURCHASE OF SHARES

167 803 572 (2014: nil) ordinary shares totalling R9 984 million were issued by way of a rights offer on 2 October 2014. Rights offer costs of R421 million have been charged to equity.

3 061 441 (2014: 723 060) ordinary shares at a net cost of R238 million (2014: R52 million) were purchased from the market and transferred to employees in terms of the Group's share incentive schemes. 1 768 311 (2014: 4 361 450) ordinary shares totalling R140 million (2014: R246 million) were issued and allocated to employees.

835 560 (2014: 288 026) ordinary shares totalling R70 million (2014: R19 million) were purchased from the market by Woolworths Proprietary Limited and are held as treasury shares by the Group. 2 031 491 (2014: 1 904 651) ordinary shares totalling R43 million (2014: R46 million) were allocated to employees in terms of the Group's Restricted Share Plan.

6. RESTATEMENT OF COMPARATIVE FIGURES AND ADDITIONAL DISCLOSURES

6.1 Earnings per share

Earnings per share, dividend per share and other related share measures have been restated to reflect the bonus element arising from the rights offer (refer to notes 2 and 5).

6.2 Turnover and concession sales

Turnover and concession sales includes the sale of goods by concession operators. *Turnover* excludes concession sales on the basis that the inventory sold is owned by the concession operator at the time of sale. The Group's share of concession sales is recognised as Other revenue at the time the sale is made.

7. CHANGE IN ACCOUNTING POLICY

The adoption of certain new standards, which became effective in the current year, has resulted in minor changes to accounting policies and disclosure, none of which have a material impact on the financial position or performance of the Group.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of trade and other receivables, trade and other payables and borrowings approximate their fair values.

In terms of IFRS 13: Fair value measurement, the Group's derivative financial instruments are measured using the fair value hierarchy and determined to be level two with inputs that are observable for the asset or liability, either directly or indirectly.

9. CONTINGENT LIABILITIES

Group companies are party to legal disputes and investigations that have arisen in the ordinary course of business. Whilst the outcome of these matters cannot readily be foreseen, the directors do not expect them to have any material financial effect.

10. BORROWING FACILITIES

Unutilised banking and debt facilities amount to R7 102 million (2014: R3 181 million). In terms of the Memorandum of Incorporation, the Group has unlimited borrowing powers.

11. RELATED PARTY TRANSACTIONS

The Group entered into related party transactions, the substance of which is similar to those explained in the Group's 2015 Annual Financial Statements. Intragroup adjustments relate to the sale of concession goods between segments and supply chain distribution adjustments.

12. ACQUISITION OF DAVID JONES LIMITED

On 1 August 2014, Woolworths Holdings Limited (WHL), through its subsidiaries, Osiris Holdings Proprietary Limited and Vela Investments Proprietary Limited, acquired all of the ordinary shares of David Jones Limited (David Jones) for a total value of A\$2.1 billion (R21.4 billion).

The acquisition was funded by cash of R10 billion, A\$264 million (R2.5 billion) Australian senior debt and a R9.9 billion equity bridge loan. The equity bridge loan was repaid out of the proceeds of a rights offer completed on 2 October 2014.

Assets acquired and liabilities assumed

WHL has measured the identifiable assets and liabilities of David Jones at their acquisition-date fair values. The values are presented below:

	Rm	A\$m
Non-current assets	17 616	1 770
Property, plant and equipment	10 703	1 076
Intangible assets	6 042	607
Fair value lease adjustment	95	9
Deferred tax assets	776	78
Current assets	2 499	251
Inventories	1 675	168
Trade and other receivables	236	24
Tax	431	43
Cash and cash equivalents	157	16
Non-current liabilities	1 815	182
Fair value lease adjustment	1 685	169
Provisions	130	13
Current liabilities	4 489	451
Trade and other payables	2 986	300
Provisions	233	24
Fair value lease adjustment	134	13
Derivative financial instruments	7	1
Interest-bearing borrowings	1 129	113
Total identifiable net assets at fair value	13 811	1 388
Goodwill arising from acquisition	7 793	761
Purchase consideration	21 604	2 149
Purchase consideration transferred	21 383	2 149
Loss on hedging instrument	221	-
Cash and cash equivalents acquired	(157)	(16)
Cash outflow on acquisition	21 447	2 133

Goodwill of A\$760.5 million (R7.8 billion) and the David Jones brand amounting to A\$583.5 million (R5.8 billion) have been recognised. Goodwill represents the value paid in excess of the fair value of net assets and consists largely of synergies and economies of scale expected from strategic initiatives. Transaction costs of R247 million have been expensed in the current period and are included in other operating costs.

As a result of the acquisition, leases were determined to be either favourable or unfavourable in comparison to market-related rentals, and accordingly, have been disclosed separately as assets or liabilities on the statement of financial position. Included in the operating lease accrual and fair value lease adjustment are R1.5 billion non-current liabilities and R122 million current liabilities on the statement of financial position. These will unwind over the duration of the leases through the statement of comprehensive income.

The Australian dollar values have been translated at the closing exchange rate at 1 August 2014 of A\$1:R9.95.

13. ACQUISITION OF NON-CONTROLLING INTERESTS

13.1 Country Road Limited

The Group acquired the remaining 12.12% shares in Country Road Limited (Country Road Group) for a cash consideration of A\$213 million (R2.1 billion). As a wholly-owned subsidiary within the Group, Country Road Group was delisted from the Australian Securities Exchange (ASX). The full ownership was a logical step to unlocking the regional synergy opportunities between David Jones and Country Road Group, transforming the Group into a leading southern hemisphere retailer. The acquisition was funded by new Australian debt facilities.

The excess of the purchase price over the carrying value of the related non-controlling interests in Country Road Group totalling R1.9 billion has been charged to equity.

13.2 Woolies (Zambia) Limited

The Group acquired the remaining 49% shareholding in Woolies (Zambia) Limited not already owned by the WHL Group for a total purchase consideration of R29 million.

14. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 30 June 2015, the Group's black economic empowerment employee share ownership scheme reached maturity. 38 406 566 preference shares converted into 24 345 647 ordinary shares based on the five-day volume weighted WHL share price of R98.855. Settlements to scheme participants were made in August 2015.

15. APPROVAL OF PRELIMINARY GROUP ANNUAL FINANCIAL STATEMENTS

The preliminary Group Annual Financial Statements were approved by the Board of Directors on 26 August 2015.

16. AUDIT OPINION

These preliminary Group Annual Financial Statements have not been audited but have been correctly extracted from the audited Group Annual Financial Statements, upon which EY have issued an unqualified report, that is available for inspection at the company's registered office.

DIRECTORATE AND STATUTORY INFORMATION

Non-executive directors

Simon Susman (Chairman), Patrick Allaway (Australian), Peter Bacon (British), Zarina Bassa, Tom Boardman (Lead Independent Director), Hubert Brody, Andrew Higginson (British), Mike Leeming, Nombulelo Moholi, Lord Rose (British), Thina Siwendu

Executive directors

Ian Moir (Group Chief Executive Officer) (Australian), Reeza Isaacs, Sam Ngumeni, Zyda Rylands

Group Secretary

Thobeka Sishuba

Share code

WHL

ISIN

ZAE000063863

Registered address

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

Registration number

1929/001986/06

Tax number

9300/149/71/4

JSE sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

Transfer secretaries

Computershare Investor Services Proprietary Limited
70 Marshall Street, Johannesburg, 2001

FINANCIAL HIGHLIGHTS

GROUP SALES INCLUDING CONCESSION SALES

+54.9%

ADJUSTED PROFIT BEFORE TAX

+20.5%

HEADLINE EARNINGS PER SHARE

+6.1%

ADJUSTED HEADLINE EARNINGS PER SHARE

+10.4%

TOTAL DIVIDEND PER SHARE (CENTS)

247.0 (2014: 240.0)

+2.9%

RETURN ON EQUITY

26.3%

WOOLWORTHS DAVID JONES COUNTRY ROAD GROUP

COUNTRY ROAD MJMCO TRENERY WITCHERY