

financial highlights

▶ retail turnover up 8.1%

▶ profit before tax and exceptional items up 18.1%

▶ adjusted HEPS up 26.9%

▶ interim dividend per share increased to 31.5 cents

WOOLWORTHS HOLDINGS LIMITED

group results for the 26 weeks ended December 2008

consolidated income statement

Year ended 30 June 2008	Note	26 weeks ended 2008	2007	% change
Rm		Rm	Rm	
21 753.6		11 134.6	10 557.1	5.5
20 064.9		10 547.7	9 756.5	8.1
13 798.3		7 258.9	6 706.9	8.2
6 266.6		3 288.8	3 049.6	7.8
1 688.7		586.9	800.6	(26.7)
5 948.7		2 829.6	2 864.4	(1.2)
3 114.6		1 721.1	1 506.1	14.3
584.3		117.6	282.3	(58.3)
2 249.8		990.9	1 076.0	(7.9)
2 006.6		1 046.1	985.8	6.1
502.5		195.2	242.2	(19.4)
–		27.4	–	100.0
1 504.1		878.3	743.6	18.1
–	9	380.0	–	100.0
1 504.1		1 258.3	743.6	69.2
552.5	5	364.3	274.4	32.8
951.6		894.0	469.2	90.5
943.1		886.1	465.1	90.5
8.5		7.9	4.1	92.7
943.1		886.1	465.1	90.5
(6.7)	11	(5.2)	(4.5)	
936.4		880.9	460.6	
–	9	(380.0)	–	
0.8		(1.4)	(0.2)	
(0.2)		0.4	0.1	
937.0		499.9	460.5	8.6
53.8		–	–	
20.0		–	–	
–		75.0	–	
1 010.8		574.9	460.5	24.8
115.7		62.8	56.9	10.4
115.6	6	110.6	56.9	94.4
124.8		72.2	56.9	26.9
112.9		62.0	55.6	11.5
112.8	6	108.8	55.6	95.7
120.8		71.2	55.6	28.1
–		94.0	–	
79.0		31.5	29.5	
1.6		2.0	1.9	
11.1		5.0	3.2	
795.5		786.3	812.1	(3.2)
809.9		796.6	810.0	(1.7)
20 064.9		10 547.7	9 756.5	8.1
18 129.4		9 338.1	8 867.7	5.3
7 409.8		3 691.5	3 714.5	(0.6)
10 360.3		5 449.8	4 977.4	9.5
359.3		196.8	175.8	11.9
17.1		4.0	8.7	(54.0)
1 918.4		1 205.6	880.1	37.0
1 359.8		457.5	663.8	(31.1)
328.9		129.4	136.8	(5.4)
21 753.6		11 134.6	10 557.1	5.5

consolidated cash flow statement

Year ended 30 June 2008	Note	26 weeks ended 2008	2007
Rm		Rm	Rm
1 308.9		793.1	658.4
(331.9)		511.1	(99.6)
(24.4)		13.0	(88.8)
952.6		1 317.2	470.0
1 351.1		454.4	661.7
(489.7)		(225.2)	(237.7)
(747.0)		(102.4)	(244.9)
1 067.0		1 444.0	649.1
(635.5)		(410.3)	(384.8)
431.5		1 033.7	264.3
(568.5)		(285.0)	(326.7)
–		875.0	–
–		2 822.2	–
–		(535.1)	–
–		(48.1)	–
58.1		15.1	44.0
(510.4)		2 844.1	(282.7)
20.4		15.7	12.9
(200.0)		(152.5)	–
–		(750.0)	–
(436.0)		–	–
(3.0)		–	(3.0)
–		(3.4)	–
1 500.0		–	1 500.0
(500.0)		–	(500.0)
381.4		(890.2)	1 009.9
302.5		2 987.6	991.5
(422.6)		(90.7)	(422.6)
29.4		16.3	(3.6)
(90.7)		2 913.2	565.3
1 308.9		793.1	658.4
1 154.8		667.7	581.8
154.1		125.4	76.6
638.4		294.7	362.0
538.9		251.5	295.8
99.5		43.2	66.2

consolidated balance sheet

As at 30 June 2008	Note	As at 2008	December 2007
Rm		Rm	Rm
2 798.1		3 307.1	3 102.5
1 810.7		1 913.5	1 725.8
105.9		120.8	105.9
319.0	7	293.9	314.5
–		503.3	–
–		–	286.3
45.5		41.0	59.8
66.3		65.7	69.9
153.6		143.0	149.1
3.1		0.7	36.2
294.0		225.2	355.0
3 023.7		5 613.3	8 337.0
1 371.4		1 551.8	1 473.2
–		–	3 534.4
–		–	966.2
697.4		943.1	671.8
–		–	771.8
30.0		130.5	4.3
99.3		74.7	48.4
825.6		2 913.2	866.9
5 440.0		–	–
11 261.8		8 920.4	11 439.5
3 582.8		3 274.3	3 417.9
3 530.7		3 234.9	3 378.8
52.1		39.4	44.1
2 267.5		2 340.6	3 989.3
1 500.0		1 500.0	3 179.0
450.0		449.4	434.1
–		9.2	18.6
251.2		259.7	240.6
66.3		122.3	117.0
3 209.4		3 305.5	4 032.3
1 998.7		2 851.7	2 376.2
213.3		218.0	169.6
27.0		13.3	0.8
54.1		222.5	248.1
916.3		–	1 237.6
2 202.1		–	–
11 261.8		8 920.4	11 439.5
443.8		411.4	415.4
11 261.8		8 920.4	11 439.5
10 520.6		8 014.1	10 833.7
741.2		906.3	605.8
1 371.4		1 551.8	1 473.2
1 154.0		1 323.8	1 273.7
217.4		228.0	199.5
681.2		574.2	513.6
486.1		553.4	440.2
195.1		20.8	73.4

consolidated statement of changes in equity

Year ended 30 June 2008	Note	Shareholders' interest before minorities	Minority shareholders' interest	Total 2008	Total 2007
Rm		Rm	Rm	Rm	Rm
3 289.4		3 530.7	52.1	3 582.8	3 289.4
20.4		15.7	–	15.7	12.7
–		–	–	–	0.1
(200.0)	8	(152.5)	–	(152.5)	–
–		(3.4)	–	(3.4)	–
(3.0)		–	–	–	(3.0)
(635.5)		(1 149.5)	(10.8)	(1 160.3)	(384.8)
74.3		19.2	–	19.2	31.2
1 037.2		974.7	(1.9)	972.8	472.3
85.6		88.6	(9.8)	78.8	3.1
1.4		74.4	(11.8)	62.6	6.7
84.2		14.2	2.0	16.2	(3.6)
951.6		886.1	7.9	894.0	469.2
3 582.8		3 234.9	39.4	3 274.3	3 417.9

segmental analysis

Year ended 30 June 2008	Note	26 weeks ended 2008	2007	% change
Rm		Rm	Rm	
18 242.1		9 466.3	8 926.3	6.0
1 939.3		1 212.3	884.4	37.1
1 662.9		476.4	792.9	(39.9)
(90.7)		(20.4)	(46.5)	
21 753.6		11 134.6	10 557.1	5.5
1 224.9		635.4	611.8	3.9
101.0		90.9	48.2	88.6
158.1		92.2	71.7	28.6
–		27.4	–	100.0
20.1		32.4	11.9	172.3
1 504.1		878.3	743.6	18.1
–		%	%	
50.5%		38.1	56.5	
18.1%		26.1	18.5	
10.0%		21.0	9.0	
27.6%		29.6	27.8	

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

commentary

Group results

Group retail turnover grew by 8.1% for the twenty-six weeks to December 2008, reflecting the further slow-down in consumer spending, especially in the middle and upper income levels.

Gross margin decreased slightly from 31.3% to 31.2%.

Following the disposal of a controlling interest on 1 October 2008, Woolworths Financial Services is accounted for as a joint venture. This has impacted the comparability of group revenue, expenses and finance costs.

Profit before tax and exceptional items grew by 18.1%, with improved profit from Country Road and Woolworths Financial Services.

The effective tax rate, excluding the STC on the special dividend, has decreased from 36.9% to 32.9%, mainly due to the reduction of both STC and corporate tax rates.

Adjusted headline earnings per share, which excludes a R75m STC charge on the special dividend paid on 15 December 2008, increased by 26.9% to 72.2 cents per share.

An interim dividend of 31.5 cents per share has been declared.

In the announcement of the Woolworths Financial Services transaction, the board indicated that, subject to prevailing market conditions, R1.5bn of the cash proceeds would be utilised in an open market share repurchase. Shares to the value of R152.5m were repurchased during December 2008 and the programme will continue following the announcement of the results.



WOOLWORTHS
the difference

operating review

Woolworths retail

Overall sales grew by 5.3%, impacted by a shift to lower prices. We have, with no compromise to the quality, style and innovation that our customers expect from us, introduced more competitive opening price point merchandise.

Clothing and general merchandise sales decreased by 0.6% for the period. Childrenswear showed good growth during the period.

Food sales were up 9.5% for the period. The price movement of 9.0% reflects our customers' demand for our essential food items. Our average food price inflation of 12.1% is well below the average market inflation. Prices are now more competitive and better positioned to cater for our customers' needs.

Total footage grew by 7.1%, with an increase of 4.5% in clothing and general merchandise and 14.5% in food at the end of December 2008, compared to the prior year.

Costs, however, were well controlled, growing by 1.6%.

Woolworths financial services

Closing debtors' books at December 2008 were marginally up on the previous year and bad debts were well controlled. Income yields have improved.

notes

- 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 30 June 2008.
- Significant accounting policies**
The accounting policies applied are consistent with those followed in the preparation of the consolidated annual financial statements for the year ended 30 June 2008, except for the adoption of the following IFRS, IFRIC interpretations and amendments that became effective during the current period and had no significant impact on the reported results:
 - IFRIC 13 Customer Loyalty Programmes
 - IFRIC 14 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions
 - IAS 39 and IFRS 7 Amendments – Reclassification of Financial Assets
- Restatement of comparative figures**
Internally generated distribution costs previously included in other operating costs are included as part of sales.
- Total operating costs are disclosed based on their function as retail costs and other operating costs in the income statement for the current and comparative period. Previously, operating costs were disclosed in the following categories: depreciation, employment, occupancy, net bad debts and bad debt provisions and other operating costs.**

Outlook

The economy is likely to remain volatile. Our challenge ahead will be to manage the significant shift in consumer spending and the downward pressure on prices, while retaining our Woolworths difference of quality and innovation. Cost and inventory management will be key drivers to manage profitability. Despite the relief from recent fuel price cuts and a reduction in the interest rates, we expect trade to remain difficult through the rest of the financial year.

DA Hawton Chairman
SN Susman Chief executive officer

Cape Town, 19 February 2009

dividend declaration

Notice is hereby given that the directors have declared an interim cash dividend of 31.5 cents per ordinary share for the twenty-six weeks ended December 2008.

The salient dates for the dividend will be as follows:

Last day to trade to receive dividend Friday, 6 March 2009

Shares commence trading "ex" dividend Monday, 9 March 2009

Record date Friday, 13 March 2009

Payment date Monday, 16 March 2009

Share certificates may not be dematerialised or rematerialised between Monday, 9 March 2009 and Friday, 13 March 2009, 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.

An interim cash dividend of 5.0 cents per preference share for the twenty-six weeks ended December 2008 will be paid to the beneficiaries of the Woolworths Employee Share Ownership Scheme on 16 March 2009.