

# WHL

# WOOLWORTHS HOLDINGS LIMITED

# UNAUDITED INTERIM GROUP RESULTS FOR THE 26 WEEKS ENDED 26 DECEMBER 2010

## TURNOVER +9.8%

## WOOLWORTHS RETAIL RETURN ON SALES UP FROM 7.6% to 9.0%

## PROFIT BEFORE TAX +22.1%

## ADJUSTED HEADLINE EARNINGS PER SHARE +25.8%

## INTERIM DIVIDEND PER SHARE +32.9%

#### Group results

Turnover growth of 9.8% combined with good margin improvement in Woolworths Retail, effective cost control across the group and a significant improvement in the impairment charge in Woolworths Financial Services resulted in profit before tax growth of 22.1%.

The effective tax rate increased from 29.9% to 32.9%, primarily as a result of STC on distributions.

Adjusted headline earnings per share increased by 25.8% to 100.8 cents per share.

An interim ordinary dividend of 50.5 cents per share has been declared.

The group's balance sheet remains strong and inventory was well managed during the period. Shareholders' return on equity increased from 42.4% to 43.3%.

#### Woolworths Retail

Food sales were up 11.8% for the period. Comparable stores increased by 9.1%. Price movement was 3% for the period. Return on sales grew from 3.8% to 5.3%. Gross profit margins improved from 23.1% to 24.2% and profit before tax grew by 54.6%.

Clothing sales (including Country Road in South Africa) were 11.5% up for the period. Overall clothing and general merchandise grew by 8.1% and was lower than clothing growth due in part to the decision to rationalise the unprofitable cellphone handset business. Price movement was 1.4%. Market share gains measured on both a 3 month moving average basis and a 12 month moving average basis were achieved.

Costs were well controlled, with store costs growing by only 7% on a like-for-like basis and other operating costs by 8.2% on a normalised basis.

Total footage increased by 3.1% in corporate stores (2.8% clothing and general merchandise and 3.7% food). Trading densities in both food and clothing and general merchandise were improved in the period.

#### Country Road

Country Road grew turnover by 3.7% (including the South Africa operations) in Australian dollars. Australia experienced a tough retail environment and comparable stores declined by 9.9% in that market. The difficult conditions were anticipated and significant cost saving initiatives were implemented during the period to off-set this. As a result, profit before tax grew 8.3% in Australian dollars.

#### Woolworths Financial Services

There was good growth in the group's share of profit from the joint venture due to significantly lower levels of bad debts and the restructured insurance business. The impairment charge as a percentage of average gross receivables was 1.6% (December 2009: 6.2%) indicating real improvement in the quality of the debt. The size of the debtors' book, however, remained at the same level as the prior year.

#### Outlook

In South Africa trading for the first seven weeks has been positive and our expectations are that turnover growth for the year will be broadly in line with the first half.

In Australia we expect the tough trading conditions to remain and do not anticipate sales to show a material improvement on prior period.

Shareholders are advised that the information contained in the Outlook section above has not been reviewed and reported on by the group's external auditors and it does not constitute an earnings forecast.

**DA Hawton** I Moir  
Chairman Group chief executive officer

Cape Town, 16 February 2011

#### Changes to the board of directors

Two long serving non-executive directors, Brian Frost and Nigel Colne, retired at the company's annual general meeting on 18 November 2010. On the same date Simon Susman was appointed a non-executive director and Deputy chairman and Ian Moir was appointed Group chief executive officer. Tom Boardman and Sir Stuart Rose were appointed non-executive directors on 27 September 2010 and on 19 January 2011 respectively.

#### Dividend declaration

Notice is hereby given that the directors have declared an interim cash dividend of 50.5 cents per ordinary share for the twenty-six weeks to 26 December 2010 (38.0 cents cash distribution per ordinary share for the same period 2009).

The salient dates for the dividend will be as follows:

Last day to trade to receive a dividend Friday, 4 March 2011

Shares commence trading "ex" dividend Monday, 7 March 2011

Record date Friday, 11 March 2011

Payment date Monday, 14 March 2011

Share certificates may not be dematerialised or rematerialised between Monday, 7 March 2011 and Friday, 11 March 2011, 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 16.8 cents per preference share for the twenty-six weeks to 26 December 2010 (8.7 cents per preference share for the same period 2009) will be paid to the beneficiaries of the Woolworths Employee Share Ownership Scheme on Monday, 14 March 2011.

#### CL Lowe

Group secretary  
Cape Town, 16 February 2011

#### Directorate and statutory information

##### Non-executive directors:

Buddy Hawton (Chairman), Simon Susman (Deputy chairman), Peter Bacon (British), Tom Boardman, Lindiwe Bakoro, Mike leeming, Chris Nissen, Sir Stuart Rose (British), Thina Siwendu, Sindi Zilwa

##### Executive directors:

Ian Moir (Group CEO) (Australian), Zyda Rylands, Norman Thomson

##### Group secretary:

Cherrie Lowe

##### Registered address:

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

##### Registration number:

1929/001986/06

##### JSE sponsor:

Rand Merchant Bank (IA division of FirstRand Bank Limited)

##### Transfer secretaries:

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

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

52 weeks to 27 Jun 2010	Notes	26 weeks to 26 Dec 2010	26 weeks to 27 Dec 2009	% change
Rm		Rm	Rm	
23 663		12 797	11 696	9.4
23 393		12 687	11 550	9.8
15 656		8 327	7 706	8.1
7 737		4 360	3 844	13.4
95	3.1	46	60	(23.3)
6 178		3 304	2 989	10.5
3 940		2 166	1 945	11.4
2 238		1 138	1 044	9.0
1 654		1 102	915	20.4
175	3.1	64	86	(25.6)
151		64	75	(14.7)
1 678		1 102	926	19.0
75		65	27	>100
6		-	3	(100.0)
1 759		1 167	956	22.1
491	4	384	286	34.3
1 268		783	670	16.9
53		(52)	14	-
1 321		731	684	6.9
1 268		783	670	16.9
1 258		775	662	17.1
10		8	8	-
1 321		731	684	6.9
1 304		731	674	8.5
17		-	10	(100.0)
768.0		759.3	773.6	(1.8)

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

52 weeks to 27 Jun 2010	Notes	Shareholders of the parent	Non-controlling interest	Total 26 weeks to 26 Dec 2010	Total 26 weeks to 26 Dec 2009
Rm		Rm	Rm	Rm	Rm
3 072		3 396	57	3 453	3 072
47	8	28	-	28	18
(410)	8	(211)	-	(211)	(220)
(11)		-	-	-	(11)
(725)		(523)	-	(523)	(427)
149		58	-	58	42
1 321		731	-	731	684
3 453		3 669	57	3 726	3 168
105.0		-	-	50.5	38.0
1.5		-	-	2.0	2.1
30.8		-	-	16.8	8.7

9 **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.

10 **Borrowing facilities**  
Unutilised committed banking facilities amount to R500m (2009: R1 600m). There is no limit in the articles of association on the group's authority to raise interest-bearing debt.

During the period the group repaid short-term interest-bearing borrowings of R1 000m.

11 **Acquisition of franchise operations**  
On 2 September 2010, the group announced its decision to wind down its South African franchise operations and made offers to purchase all local franchise stores. These offers expire on 26 June 2011.

In line with this decision, the group re-acquired franchise stores for a cash consideration of R48m. Subsequent to the reporting date, final contracts and heads of agreement have been reached for the re-acquisition of additional stores.

Assets acquired at the date of acquisition	Rm
Non-current assets	
Property, plant and equipment	2
Re-acquired rights	10
	12
Goodwill arising on acquisition	
Consideration transferred	48
Less: fair value of identifiable net assets acquired	36
	12

Goodwill arose on the acquisition of franchise stores, related to the value of the business in excess of the value directly attributable to the remaining period of the franchise contracts.

These acquisitions had no impact on the results of the group for the current period.

Had the acquisition of the acquired franchisees been effected at the beginning of the period, the revenue of the group for the 26 weeks ended 26 December 2010 would have been R21m higher, and the profit after tax for the period would have increased by R3m. The directors of the group consider these pro forma numbers to represent an approximate measure of the performance of the combined group on a half-yearly basis and to provide a reference point for comparison in future periods.

12 **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.

13 **Events subsequent to the 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, that have not been disclosed. See also note 11 with regards to acquisitions of franchise stores.

14 **Approval of interim financial statements**  
The interim financial statements were approved by the board of directors on 16 February 2011.

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

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 27 Jun 2010	Notes	At 26 Dec 2010	At 27 Dec 2009
Rm		Rm	Rm
3 633		3 679	3 532
1 991		2 020	1 989
121		121	121
392		440	367
40		39	37
574		589	541
29		23	33
63		61	65
95		85	125
327		301	254
5 377		5 073	5 301
1 676		1 837	1 814
759		812	910
19		1	3
6		10	1
2 917		2 413	2 573
9 010		8 752	8 833
3 453		3 726	3 168
3 969		3 669	3 116
57		57	52
1 362		1 300	1 340
521		511	528
447		461	465
15		1	17
292		303	283
87		24	47
4 195		3 726	4 325
2 608		3 012	2 753
248		248	219
20		118	26
285		328	321
1 034		20	1 006
9 010		8 752	8 833
447		482	408
Restated 9 010		Restated 8 752	Restated 8 833
5 147		5 322	5 163
850		1 038	971
2 442		1 804	2 159
573		588	540
1 676		1 837	1 814
1 354		1 514	1 476
322		323	338
786		399	400
652		373	397
134		26	3

### CONSOLIDATED STATEMENT OF CASH FLOWS

52 weeks to 27 Jun 2010	Notes	26 weeks to 26 Dec 2010	26 weeks to 27 Dec 2009
Rm		Rm	Rm
2 220		1 443	1 062
215		223	108
2 435		1 666	1 170
167		64	82
(152)		(74)	(80)
(367)		(384)	(111)
2 083		1 272	1 061
1		1	1
35		50	20
(725)		(523)	(427)
1 394		800	655
(543)		(303)	(309)
29		18	5
(514)		(285)	(304)
47		28	18
(410)		(211)	(220)
(11)		-	(11)
(20)		(8)	(6)
20		(1 000)	-
(364)		(1 001)	(209)
516		(486)	142
2 391		2 917	2 391
10		(18)	40
2 917		2 413	2 573
Restated 2 220		Restated 1 443	Restated 1 062
1 996		1 306	941
224		137	121
607		310	316
460		264	225
147		46	91

### SEGMENTAL ANALYSIS

The results of Country Road South Africa, previously recorded in the C&M segment, have been included in the Country Road segment in line with a change in operational structure. Comparative results have been restated.

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

Restated 52 weeks to 27 Jun 2010	Notes	26 weeks to 26 Dec 2010	26 weeks to 27 Dec 2009	% change
Rm		Rm	Rm	
23 393		12 687	11 550	9.8
20 557		11 155	10 099	10.5
7 913		4 282	3 961	8.1
12 227		6 635	5 937	11.8
417		238	201	18.4
2 836		1 532	1 451	5.6
270		110	146	(24.7)
86		41	52	(21.2)
21		8	16	(50.0)
65		33	36	(8.3)
25		5	16	(68.8)
175		64	86	(25.6)
(16)		-	(8)	(100.0)
23 663		12 797	11 696	9.4
6 156		3 487	3 014	15.7
3 762		1 839	1 550	18.6
19		-	58	(100.0)
2 838		1 606	1 373	17.0
77		42	33	27.3
1 581		873	830	5.2
7 737		4 360	3 844	13.4
1 514		1 008	831	21.3
990		657	546	20.3
79		-	58	(100.0)
445		351	227	54.6
142		92	86	7.0
75		65	27	