

# WHL

# WOOLWORTHS HOLDINGS LIMITED

# UNAUDITED INTERIM GROUP RESULTS FOR THE 26 WEEKS ENDED 25 DECEMBER 2011

## TURNOVER

# +11.4%

## PROFIT BEFORE TAX

# +26.8%

## HEADLINE EARNINGS PER SHARE

# +34.6%

Group sales for the period grew 11.4% with stronger growth in the second quarter, particularly over the festive season. Sales growth was leveraged by improved gross margins and the favourable foreign exchange impact of a weaker rand, delivering a profit before tax growth of 26.8%.

A lower effective tax rate and the benefit of recent share buy-backs further advanced headline earnings per share 34.6% to 135.7 cents. Strong cash generation from operations financed the higher investment in working capital brought about mainly due to the conversion of former franchise stores. Return on equity increased from 44.9% to 50.8% (excluding unrealised foreign exchange movements) as a result of the share buy-back programme and improved returns in the core businesses.

### Woolworths

Food sales grew ahead of the market at 11.7%, with comparable store sales up 8.4% and price movement of 4.8%. Gross profit margins improved from 24.2% to 25.2% and profit before tax for the segment grew 18.5%. Return on sales was 5.6%, up from 5.3% in the prior period.

Clothing and General Merchandise sales grew 10.1%, with price movement of 7%. Clothing sales including Country Road's South African operations grew 11.2%, with sales in comparable stores up 5.9%. Gross profit margins also improved in the Clothing and General Merchandise segment from 42.9% to 44.3%. Excluding the positive impact of unrealised foreign exchange movements, profit before tax grew 15.1%, and return on sales was 17.0%, up from 16.3% in the prior period.

Store costs were up 16% largely due to the addition of 12% more space, including the conversion of franchise stores. Other operating costs, excluding the positive impact of the unrealised foreign exchange movements, grew at 9%.

Woolworths retail space, including Africa but excluding franchise conversions, grew by 2.3%, net of closures. Franchise conversions remain on track with 50 stores now converted and a further nine to be converted during the second half.

### Country Road

Country Road's total sales contracted 2.4% in Australian dollar terms, with Australian sales continuing to struggle amidst difficult trading conditions, falling 5.5% in comparable stores. However, gross margins have improved and costs remain tightly controlled, resulting in an increase in profit before tax in Australian dollars, which, as a result of the weaker rand, translates to a 272% increase in profit. Return on sales at 6.4%, was up from 5.8% in the prior period. Return on equity declined from 22.6% to 19.2%.

### Woolworths Financial Services

The overall book growth was 6.7% up on the prior period with net impairments increasing just 0.1% to 1.7%. Net interest was 2.6% up on the prior period. Costs including impairments were 10.8% up on the previous year impacted by further investments in fraud prevention, compliance and growth capacity. As a consequence, profit before tax was 10.4% below the previous period and the return on equity declined from 23.4% to 20.5%.

### Outlook

We believe that economic conditions in South Africa will remain constrained. However, trading for the first six weeks of the second half of the financial year has been positive, and we expect sales growth to be broadly in line with the first half.

In Australia we expect the current competitive retail environment to continue and sales for the second half to be in line with the first half performance.

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

After serving nine years as chairman, Buddy Hawton retired from the board at the company's annual general meeting on 17 November 2011. The board expresses its deep gratitude to Buddy for his wisdom and guidance. On the same date, Simon Susman was appointed as chairman, Tom Boardman was appointed as the lead independent director and Zarina Bassa was appointed a non-executive director.

### Changes to Group Secretary

Cherrie Lowe resigned as group secretary on 31 January 2012. Thobeka Sishuba-Mashego was appointed as group secretary effective 1 February 2012.

**S N Susman** Chairman  
**I Moir** Group chief executive officer

Cape Town, 15 February 2012

### Dividend Declaration

Due to transitional rules relating to the phasing out of SIC and its replacement with the new Dividends Tax, the board has decided to postpone the declaration of an interim dividend until after 1 April 2012, but as soon as reasonably possible thereafter. It is anticipated that the group's full year dividend cover policy, previously 1.5 times headline earnings per share, will be adjusted for the impact of the new tax, resulting in a lower dividend cover ratio.

### Thobeka Sishuba-Mashego

Group secretary,

Cape Town, 15 February 2012

### Directorate and Statutory Information

#### Non-executive Directors:

Simon Susman (Chairman), Peter Bacon (British), Zarina Bassa, Lindiwe Bakoro, Tom Boardman, Mike Leeming, Chris Nissen, Stuart Rose (British), Thina Siwendu, Sindi Zilwa

#### Executive Directors:

Ian Moir (Group chief executive officer)

(Australian), Zyla Rylands, Norman Thomson

#### Group Secretary:

Thobeka Sishuba-Mashego

Share Code: WHL ISIN: ZAE000063863

#### 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

(A 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 26 Jun 2011	26 weeks to 25 Dec 2011	26 weeks to 26 Dec 2010	% change
Rm	Rm	Rm	
25 841	14 214	12 797	11.1
25 582	14 137	12 687	11.4
16 683	9 090	8 327	9.2
8 899	5 047	4 360	15.8
127	42	46	(8.7)
6 904	3 681	3 304	11.4
4 448	2 534	2 166	17.0
2 456	1 147	1 138	0.8
2 122	1 408	1 102	27.8
132	35	64	(45.3)
84	19	64	(70.3)
2 170	1 424	1 102	29.2
129	56	65	(13.8)
7	-	-	-
2 306	1 480	1 167	26.8
659	431	384	12.2
1 647	1 049	783	34.0
(17)	141	(46)	(>100)
37	3	(6)	(>100)
20	144	(52)	(>100)
1 667	1 193	731	63.2
1 647	1 049	783	34.0
1 631	1 034	775	33.4
16	15	8	87.5
1 667	1 193	731	63.2
1 651	1 179	731	61.3
16	14	-	-
1 631	1 034	775	33.4
19	21	11	90.9
1 612	1 013	764	32.6
4	2	1	100.0
24	-	-	-
(8)	(1)	-	-
1 632	1 014	765	32.5
214.9	135.7	100.8	34.6
212.2	135.5	100.6	34.7
209.8	131.3	96.6	35.9
207.2	131.2	96.5	36.0
755.2	745.9	761.7	(2.1)
759.5	747.4	759.3	(1.6)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

52 weeks to 26 Jun 2011	Shareholders of the parent	Non-controlling interest	26 weeks to 25 Dec 2011	26 weeks to 26 Dec 2010	% change
Rm	Rm	Rm	Rm	Rm	
3 453	4 008	85	4 093	3 453	
33	-	-	-	28	
(339)	(614)	-	(614)	(21)	
(1)	(2)	-	(2)	-	
(923)	(719)	-	(719)	(523)	
186	52	-	52	58	
17	-	-	-	-	
1 667	1 179	14	1 193	731	
4 093	3 904	99	4 003	3 726	
143.5	-	-	-	50.5	
1.5	-	-	-	2.0	
61.4	-	-	-	16.8	

The directors consider that, on a pro-forma basis, had the acquisition of the acquired franchisees been effective from the beginning of the period, the revenue of the group for the period would have been R118m higher, and profit before tax would have been R62m higher.

### 5 Issue and repurchase of shares

9 298 259 (2010: 851 827) shares totalling R285m (2010: R21m) were repurchased from the market by Woolworths (Proprietary) Limited.

8 836 665 (2010: Nil) shares totalling R329m (2010: Nil) were purchased from the market in the current period and allocated to employees on settlement of share-based payments.

In the prior period, 3 500 331 ordinary shares totalling R28m were issued in terms of the group's executive incentive schemes.

### 6 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 effects.

### 7 Borrowing facilities

Unutilised banking facilities amount to R2 607m (2010: R2 463m). There is no limit in the Memorandum of Incorporation on the group's authority to raise interest-bearing debt.

### 8 Related party transactions

The group entered into related party transactions during the period, the substance of which are similar to those explained in the group's 2011 Integrated Report.

### 9 Events subsequent to the reporting date

Agreements to purchase a further 9 franchise stores totalling R122m are effective from dates subsequent to this report.

### 10 Approval of interim financial statements

The interim financial statements were approved by the board of directors on 15 February 2012.

### 11 Unaudited results

These results have not been reviewed or audited. These summary financial statements have been prepared under the supervision of the group finance director, Norman Thomson CA(SA).

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 26 Jun 2011	At 25 Dec 2011	At 26 Dec 2010
Rm	Rm	Rm
4 115	4 333	3 679
2 046	2 134	2 020
121	121	121
693	992	440
46	45	39
578	580	589
23	20	23
59	55	61
84	55	85
-	1	-
465	330	301
4 950	4 885	5 073
1 892	2 271	1 837
1 733	771	812
10	67	1
22	1	10
2 293	1 775	2 413
9 065	9 218	8 752
4 093	4 003	3 726
4 008	3 904	3 669
85	99	57
1 460	919	1 300
514	24	511
455	458	461
-	-	1
315	327	303
176	110	24
3 512	4 296	3 726
3 148	3 246	3 012
269	307	248
78	7	118
1	228	328
16	508	20
9 065	9 218	8 752
531	523	482
9 065	9 218	8 752
5 719	6 571	5 322
986	1 128	1 038
1 783	940	1 804
577	579	588
1 892	2 271	1 837
1 547	1 932	1 514
345	339	323
934	592	399
809	488	373
125	104	26
384	122	-

## CONSOLIDATED STATEMENT OF CASH FLOWS

52 weeks to 26 Jun 2011	26 weeks to 25 Dec 2011	26 weeks to 26 Dec 2010
Rm	Rm	Rm
2 848	1 637	1 443
377	(129)	223
3 225	1 508	1 666
123	31	64
(95)	(19)	(74)
(985)	(61)	(384)
2 268	1 459	1 272
1	-	1
125	55	50
(923)	(719)	(523)
1 471	795	800
(585)	(361)	(303)
(207)	(304)	-
21	36	18
(771)	(629)	(285)
33	-	28
(339)	(614)	(21)
(1)	(2)	-
(18)	(11)	(8)
(1 020)	-	(1 000)
17	-	-
(1 328)	(627)	(1 001)
(628)	(461)	(486)
2 917	2 293	2 917
4	(57)	(18)
2 293	1 775	2 413
2 848	1 637	1 443
2 586	1 429	1 306
262	208	137
624	383	310
517	343	264
107	40	46

## SEGMENTAL ANALYSIS

52 weeks to 26 Jun 2011	26 weeks to 25 Dec 2011	26 weeks to 26 Dec 2010	% change
Rm	Rm	Rm	
25 582	14 137	12 687	11.4
22 609	12 383	11 155	11.0
8 591	4 713	4 282	10.1
13 535	7 415	6 635	11.8
483	255	238	7.1
2 973	1 754	1 532	14.5
259	77	110	(30.0)
103	38	41	(7.3)
25	5	8	(37.5)
78	33	33	-
27	5	5	-
129	34	64	(46.9)
25 841	14 214	12 797	11.1
7 134	4 001	3 487	14.7
3 751	2 088	1 839	13.5
3 298	1 867	1 606	16.3
85	46	42	9.5
1 765	1 046	873	19.8
8 899	5 047	4 360	15.8
1 965	1 289	1 008	27.9
1 318	873	657	32.9
647	416	351	18.5
162	117	92	27.2
129	56	65	(13.8)
50	18	2	>100
2 306	1 480	1 167	26.8

## NOTES

### 1 Basis of preparation

The abridged group financial statements comply with IAS 34 Interim Financial Reporting.

Accounting policies used in the abridged group financial statements are the same as those used to prepare the group annual financial statements, which have been prepared in compliance with International Financial Reporting Standards (IFRS) and the South African Companies Act (No. 71 of 2008, as amended).

### 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.