

Woolworths Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number 1929/001986/06
Share code: WHL
Share ISIN: ZAE000063863
Bond code: WHLI
('the Group', 'the Company' or 'WHL')

UNAUDITED INTERIM GROUP RESULTS FOR THE 26 WEEKS ENDED 23 DECEMBER 2018
AND CASH DIVIDEND DECLARATION

HIGHLIGHTS

Turnover and concession sales: +1.9% to R39.4 billion
Headline earnings per share: -2.9% to 200.4 cps
Adjusted diluted headline earnings per share: -9.2% to 202.9 cps
Earnings per share: at 197.5 cps
Interim dividend per share: -15.2% to 92.0 cps
Return on equity: 16.6% from 20.1%

COMMENTARY

Group sales for the 26 weeks ended 23 December 2018 increased by 1.9% (+2.7% in constant currency) compared to the 26 weeks ended 24 December 2017. Sales growth was impacted by one day less of pre-Christmas trade, compared to last year.

Woolworths Fashion, Beauty and Home ('FBH')
Sales declined by 2.0% (comparable stores were 2.4% lower), impacted by a significantly smaller winter clearance sale in the first quarter. Sales in the second quarter of the year have, however, shown positive growth. Price movement was 1.7% for FBH, (and 0.8% for Fashion). Gross profit margin increased by 0.5% to 47.1%, from higher full-priced sales and reduced markdowns. Net retail space increased by 0.6%.

Store costs grew by 4.3% and other operating costs were 3.3% up on the prior period. Despite the gross margin improvement and good cost control, the lower trading activity led to operating profit declining by 11.8% to R915 million.

Woolworths Food
Woolworths Food sales increased by 6.3% (and by 7.0% if adjusted for the earlier close), while comparable store sales increased by 4.2%, with strong volume growth. Price movement was 1.2%. Gross margin was 40 bps lower, as a result of price investment.

Store costs increased by 7.9%, driven by higher volumes and additional net space of 1.4%. Other operating costs were 1.1% higher. Operating profit increased by 0.6% to R1 071 million, with operating profit margin at the targeted 7.0%.

Woolworths Financial Services
Woolworths Financial Services had a strong half, with the

average debtors book growing by 4.0%. The annualised impairment rate for the six months ended 31 December 2018 reduced by 1.5% to 3.5%, and profit before tax grew by 5.0%. The Group implemented IFRS 9 with effect from 1 July 2018.

David Jones

David Jones sales increased by 1.0% for the period. Sales softened after the Black Friday weekend in late November, in line with the rest of the market. Comparable store sales grew by 0.9% (2.4% for the first 20 weeks, and -0.8% in the final six weeks, adjusted for the one-day pre-Christmas). Growth from new stores largely offset the sales disruption from the Elizabeth Street store refurbishment.

Net retail space grew by 2.7%. Further net space reductions to improve the productivity of the store portfolio are planned.

Store costs increased by 1.3%, and comparable store costs were well controlled at 0.1%, while other operating costs were 7.6% lower than the prior period, as a result of cost savings instituted at the beginning of the year. Operating profit declined by 28.8% to A\$47.0 million.

Country Road Group

Country Road Group sales increased by 2.3%, and by 0.5% in comparable stores. Gross profit margin improved by 0.3% to 64.0%, from higher full-priced sales and improved sourcing.

Store and other operating costs increased by 2.8%, with comparable store costs increasing by 0.3%. Net retail space contracted by 1.7%. Operating profit increased by 3.4% to A\$61.0 million.

Group earnings

Headline earnings per share ('HEPS') and adjusted diluted HEPS, both of which exclude the A\$712.5 million impairment of David Jones assets recognised in the prior period, decreased by 2.9% and 9.2% respectively. Earnings per share, which includes the impairment, increased to 197.5 cents per share.

Outlook

Trading conditions are unlikely to improve in the short-term in either South Africa, where the consumer remains under considerable pressure from a weak economy, and in Australia, where consumer sentiment remains constrained.

However, we believe that structural changes made within our FBH business in South Africa, and the completion of the transformational projects within David Jones, with the exception of the Elizabeth Street store refurbishment, will enable both businesses to recover from recent underperformance and ensure longer-term growth and profitability. We expect the current momentum in Woolworths Food and Country Road Group to continue.

Any reference to future financial performance included in this statement has not been reviewed or reported on by the

Group's external auditors, and does not constitute an earnings forecast.

CHANGES TO THE BOARD OF DIRECTORS

As previously advised on the JSE Stock Exchange News Service, the following changes to the Board of Directors were effected during the period:

- Ms Sizakele Mzimela resigned as a director with effect from 5 November 2018. The Board expresses its appreciation to Ms Mzimela for her contribution and wishes her well in her future endeavours.
- As part of the WHL Board succession planning process, Mr Hubert Brody has been appointed as Deputy Chairman of the Board with effect from 12 November 2018.
- Messrs Simon Susman (Chairman) and Tom Boardman (Lead Independent Director) will step down from their respective positions with effect from the conclusion of the 2019 WHL Annual General Meeting, each having respectively served a nine year term.
- It is anticipated that the Board will appoint Mr Brody as Chairman of the Board and Ms Zarina Bassa as the Lead Independent Director with effect from the conclusion of the 2019 WHL Annual General Meeting.
- Mr Susman will become Honorary President upon conclusion of the 2019 WHL Annual General Meeting, following his stepping down as a director. He will provide support and advice to the Board and continue his deep association with the Group by devoting his time to the continued advancement of WHL's participation in civil and corporate society.
- Mrs Gail Kelly and Mr Patrick Allaway have resigned as independent Non-executive Directors with effect from 8 February 2019. The Board expresses its appreciation to Mrs Kelly and Mr Allaway for their contribution and wishes them well in their future endeavours.

SN Susman
Chairman
Cape Town, 20 February 2019

I Moir
Group Chief Executive Officer

DIVIDEND DECLARATION

Recognising the challenging conditions facing retail in general, and the Group in particular, the Board has considered it prudent to reduce the level of the Group's interest-bearing debt, together with other capital management measures. Consequently, for a period of approximately two years, with a specific target to reduce debt levels in Australia to approximately A\$200 million, the Group's interim and final dividends will be based on a cover ratio of 1.45 times headline earnings of the combined Woolworths South Africa ('WSA') business segments (FBH, Food and Woolworths Financial services), whilst no dividend will be paid from the Australian businesses during this period.

Notice is hereby given that the Board of Directors has declared an interim gross cash dividend per ordinary share ('dividend') of 92.0 cents (73.6 cents net of dividend withholding tax) for the 26 weeks ended 23 December 2018, a 15.2% decrease on the prior period's 108.5 cents per share. The dividend has been declared from reserves and therefore does not constitute a distribution of 'contributed tax capital' as defined in the Income Tax Act, 58 of 1962. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued share capital at the declaration date is 1 048 413 558 ordinary shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 12 March 2019
Shares commence trading 'ex' dividend	Wednesday, 13 March 2019
Record date	Friday, 15 March 2019
Payment date	Monday, 18 March 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 March 2019 and Friday, 15 March 2019, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited or updated on Monday, 18 March 2019. Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders.

CA Reddiar
Group Company Secretary
Cape Town, 20 February 2019

INTERIM GROUP STATEMENT OF COMPREHENSIVE INCOME

52 weeks to 24 Jun 2018		26 weeks to 23 Dec 2018	Restated* 26 weeks to 24 Dec 2017	% change
Rm	Notes	Rm	Rm	
70 572	Revenue	37 016	36 147	2.4
75 232	Turnover and concession sales	39 383	38 645	1.9
(6 640)	Concession sales	(3 368)	(3 471)	(3.0)
68 592	Turnover	36 015	35 174	2.4
41 700	Cost of sales	21 788	20 791	4.8
26 892	Gross profit	14 227	14 383	(1.1)
1 909	Other revenue	974	931	4.6
23 542	Expenses	12 225	12 181	0.4
16 960	Store costs	8 933	8 688	2.8
6 582	Other operating costs	3 292	3 493	(5.8)
5 259	Operating profit	2 976	3 133	(5.0)
6 927	Impairment of David Jones assets	-	6 927	
71	Investment income	27	42	(35.7)
1 124	Finance costs	556	588	(5.4)
(2 721)	Profit/(loss) before earnings from joint ventures	2 447	(4 340)	>100
287	Earnings from joint ventures	157	149	5.4
(2 434)	Profit/(loss) before tax	2 604	(4 191)	>100
1 115	Tax	711	669	6.3
(3 549)	Profit/(loss) for the period	1 893	(4 860)	>100
	Other comprehensive income:			
	Amounts that may be reclassified to profit or loss			
182	Fair value adjustments on financial instruments, after tax	174	(121)	
263	Exchange differences on translation of foreign subsidiaries	324	(102)	
	Amounts that may not be reclassified to profit or loss			
1	Post-retirement medical benefit liability: actuarial gain, after tax	-	-	
446	Other comprehensive income for the period	498	(223)	
(3 103)	Total comprehensive income/(loss) for the period	2 391	(5 083)	
(3 549)	Profit/(loss) attributable to:	1 893	(4 860)	
(3 550)	Shareholders of the parent	1 892	(4 861)	
1	Non-controlling interests	1	1	
(3 103)	Total comprehensive income/(loss) attributable to:	2 391	(5 083)	
(3 104)	Shareholders of the parent	2 390	(5 084)	
1	Non-controlling interests	1	1	

	Reconciliation of headline earnings			
(3 550)	Basic earnings/(loss) attributable to shareholders of the parent	1 892	(4 861)	>100
	Net (profit)/loss on disposal of property, plant and equipment			
42	and intangible assets	(8)	20	
6 954	Impairment of property, plant and equipment and intangible assets	47	6 927	
(119)	Tax impact of adjustments	(12)	(104)	
3 327	Headline earnings	1 919	1 982	(3.2)
126	Relocation costs (net of grants received) and store exit costs	80	80	
147	Onerous leases (released)/raised	(26)	147	
(6)	Unrealised foreign exchange losses/(gains)	2	19	
(75)	Tax impact of adjustments	(16)	(69)	
3 519	Adjusted headline earnings	9.1 1 959	2 159	(9.3)
(369.5)	Earnings/(loss) per share (cents)	2 197.5	(505.9)	>100
346.3	Headline earnings per share (cents)	200.4	206.3	(2.9)
366.3	Adjusted headline earnings per share (cents)	204.5	224.7	(9.0)
(367.3)	Diluted earnings/(loss) per share (cents)	2 196.0	(503.1)	>100
344.2	Diluted headline earnings per share (cents)	198.8	205.1	(3.1)
364.1	Adjusted diluted headline earnings per share (cents)	202.9	223.4	(9.2)
960.6	Number of shares in issue (millions)	956.8	960.6	(0.4)
960.8	Weighted average number of shares in issue (millions)	957.8	960.9	(0.3)

* Comparative information has been restated for the change in classification of trunking revenue within the Woolworths Logistics segment, as it was established that gross rebates received from suppliers should have been presented as part of Cost of sales and not Turnover. Consequently, R123 million previously reported under Turnover and concession sales has been reclassified to Cost of sales. The reclassification has had no impact on the prior period statement of financial position, statement of changes in equity, statement of cash flows, nor on earnings per share and other share measures.

INTERIM GROUP STATEMENT OF FINANCIAL POSITION

At 24 Jun 2018 Rm		At 23 Dec 2018 Rm	At 24 Dec 2017 Rm
	ASSETS		
28 650	Non-current assets	29 145	27 901
13 959	Property, plant and equipment	3 14 360	13 556
13 410	Intangible assets	3 13 749	13 046
978	Investment in joint ventures	793	1 064
59	Fair value lease adjustment	65	62
56	Other loans	54	50
18	Derivative financial instruments	7 -	-
170	Deferred tax	124	123
11 497	Current assets	13 851	12 147
7 542	Inventories	9 298	8 146
1 487	Trade and other receivables	1 596	1 553
174	Derivative financial instruments	7 340	35
271	Tax	197	241
2 023	Cash and cash equivalents	2 420	2 172
40 147	TOTAL ASSETS	42 996	40 048
	EQUITY AND LIABILITIES		
13 126	TOTAL EQUITY	13 898	12 186
13 113	Equity attributable to shareholders of the parent	13 884	12 172
13	Non-controlling interests	14	14
15 076	Non-current liabilities	16 387	15 298
11 711	Interest-bearing borrowings	13 029	12 323
1 906	Operating lease accrual and fair value lease adjustment	1 922	1 731
404	Post-retirement medical benefit liability	383	394
297	Provisions	283	275
-	Derivative financial instruments	7 6	8

758	Deferred tax		764	567
11 945	Current liabilities		12 711	12 564
8 728	Trade and other payables		10 257	9 457
752	Provisions		1 093	1 002
115	Operating lease accrual and fair value lease adjustment		117	114
77	Derivative financial instruments	7	22	306
124	Tax		158	175
2 149	Overdrafts and interest-bearing borrowings		1 064	1 510
27 021	TOTAL LIABILITIES		29 098	27 862
40 147	TOTAL EQUITY AND LIABILITIES		42 996	40 048
1 365	Net asset book value per share (cents)		1 451	1 267
	GROUP ANALYSIS			
40 147	Total assets		42 996	40 048
13 198	Woolworths*		14 209	13 682
18 804	David Jones		20 229	18 617
7 130	Country Road Group		7 713	6 647
969	Woolworths Financial Services		784	1 056
46	Treasury		61	46
7 542	Inventories		9 298	8 146
3 610	Woolworths*		4 403	3 802
2 747	David Jones		3 658	3 166
1 185	Country Road Group		1 237	1 178
27 021	Total liabilities		29 098	27 862
6 143	Woolworths*		7 003	7 313
5 474	David Jones		6 088	5 964
1 573	Country Road Group		1 894	1 297
13 831	Treasury		14 113	13 288
3 839	Approved capital commitments		2 748	3 176
1 811	Woolworths*		1 291	1 285
1 648	David Jones		1 164	1 511
380	Country Road Group		293	380

* Includes Woolworths Fashion, Beauty and Home, Woolworths Food and Woolworths Logistics.

INTERIM GROUP STATEMENT OF CASH FLOWS

52 weeks to 24 Jun 2018		26 weeks to 23 Dec 2018	26 weeks to 24 Dec 2017
Rm	Notes	Rm	Rm
	Cash flow from operating activities		
7 371	Cash inflow from trading	3 968	4 301
(305)	Working capital movements	148	(17)
7 066	Cash generated by operating activities	4 116	4 284
71	Investment income received	27	42
(1 117)	Finance costs paid	(567)	(596)
(1 037)	Tax paid	(559)	(548)
4 983	Cash generated by operations	3 017	3 182
325	Dividends received from joint ventures	125	100
(2 782)	Dividends paid to ordinary shareholders	(1 257)	(1 735)
2 526	Net cash inflow from operating activities	1 885	1 547
	Cash flow from investing activities		
(1 664)	Investment in property, plant and equipment and intangible assets to maintain operations	(1 197)	(903)
(1 004)	Investment in property, plant and equipment and intangible assets to expand operations	(202)	(662)
79	Proceeds on disposal of property, plant and equipment and intangible assets	7	7

(12)	Loans (advanced)/repaid		9	(6)
(2 601)	Net cash outflow from investing activities		(1 383)	(1 564)
	Cash flow from financing activities			
(122)	Settlement of share-based payments through share purchase	5	(206)	(107)
(1)	Share purchase costs		-	(1)
(12)	Finance lease payments		(8)	(8)
3 306	Borrowings raised		3 914	2 042
(3 000)	Borrowings repaid		(4 500)	(2 000)
171	Net cash (outflow)/inflow from financing activities		(800)	(74)
96	(Decrease)/increase in cash and cash equivalents		(298)	(91)
1 761	Net cash and cash equivalents at the beginning of the period		1 878	1 761
21	Effect of foreign exchange rate changes		34	(5)
1 878	Net cash and cash equivalents at the end of the period		1 614	1 665
	GROUP ANALYSIS			
7 066	Cash generated by operating activities		4 116	4 284
5 249	Woolworths		2 619	2 932
414	David Jones		762	480
1 403	Country Road Group		735	872

INTERIM GROUP STATEMENT OF CHANGES IN EQUITY

Total 52 weeks to 24 Jun 2018 Rm	Share- holders of the parent Rm	Non- controlling interests Rm	Total 26 weeks to 23 Dec 2018 Rm	Share- holders of the parent Rm	Non- controlling interests Rm	Total 26 weeks to 24 Dec 2017 Rm
19 066	13 113	13	13 126	19 038	28	19 066
-	(223)	-	(223)	-	-	-
19 066	12 890	13	12 903	19 038	28	19 066
(3 549)	1 892	1	1 893	(4 861)	1	(4 860)
446	498	-	498	(223)	-	(223)
(3 103)	2 390	1	2 391	(5 084)	1	(5 083)
(55)	(139)	-	(139)	(62)	-	(62)
(2 782)	(1 257)	-	(1 257)	(1 735)	-	(1 735)
-	-	-	-	15	(15)	-
13 126	13 884	14	13 898	12 172	14	12 186
239.0			92.0			108.5
1.45			2.18			1.90

INTERIM SEGMENTAL ANALYSIS

52 weeks to 24 Jun 2018 Rm	Notes	26 weeks to 23 Dec 2018 Rm	Restated 26 weeks to 24 Dec 2017 Rm	% change
68 592	REVENUE Turnover	36 015	35 174	2.4

13 687	Woolworths Fashion, Beauty and Home		7 078	7 223	(2.0)
29 332	Woolworths Food		15 396	14 488	6.3
429	Woolworths Logistics		243	209	16.3
14 455	David Jones		7 602	7 597	0.1
10 689	Country Road Group		5 696	5 657	0.7
1 980	Other revenue and investment income		1 001	973	2.9
18	Woolworths Fashion, Beauty and Home		7	7	-
130	Woolworths Food		66	68	(2.9)
2 221	David Jones		1 154	1 116	3.4
81	Country Road Group		25	19	31.6
11	Treasury		13	29	(55.2)
(481)	Intragroup	11	(264)	(266)	(0.8)
70 572	Total Group		37 016	36 147	2.4
	GROSS PROFIT				
6 390	Woolworths Fashion, Beauty and Home		3 337	3 367	(0.9)
7 343	Woolworths Food		3 783	3 616	4.6
6 206	David Jones		3 342	3 684	(9.3)
6 712	Country Road Group		3 642	3 599	1.2
241	Intragroup	11	123	117	5.1
26 892	Total Group		14 227	14 383	(1.1)
	PROFIT/(LOSS) BEFORE TAX				
1 707	Woolworths Fashion, Beauty and Home		915	1 038	(11.8)
2 167	Woolworths Food		1 071	1 065	0.6
286	Woolworths Financial Services		157	149	5.4
650	David Jones		468	663	(29.4)
1 032	Country Road Group		636	602	5.6
(1 062)	Treasury		(540)	(535)	0.9
4 780	Total Group - adjusted		2 707	2 982	(9.2)
(7 214)	Adjustments		(103)	(7 173)	
(146)	Relocation costs (net of grants received) and store exit costs		(127)	(80)	
(147)	Onerous leases released/(raised)		26	(147)	
6	Unrealised foreign exchange (losses)/gains		(2)	(19)	
(6 927)	Impairment of David Jones assets		-	(6 927)	
(2 434)	Total Group - unadjusted		2 604	(4 191)	>100
1 712	Woolworths Fashion, Beauty and Home		913	1 021	(10.6)
2 168	Woolworths Food		1 071	1 063	0.8
286	Woolworths Financial Services		157	149	5.4
(6 527)	David Jones		448	(6 491)	>100
991	Country Road Group		555	602	(7.8)
(1 064)	Treasury		(540)	(535)	0.9

NOTES

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The interim Group Financial Statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), IAS 34: Interim Financial Reporting, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the requirements of the Companies Act of South Africa and the JSE Limited Listings Requirements.

Accounting policies applied in the preparation of these interim Group Financial Statements are consistent with those applied in the preparation of the Group Annual Financial Statements for the 52-week period ended 24 June 2018, and are consistent with the prior period, except for the new standards adopted, as detailed in note 6. The interim Group Financial Statements have been prepared on the going concern and historical cost bases, except where otherwise indicated.

The presentation and functional currency is the South African rand, rounded to the nearest million, except where otherwise indicated.

The interim Group Financial Statements have been prepared under the supervision of the Group 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 (refer to note 5).

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group acquired property, plant and equipment at a fair value of R949 million (2017: R759 million) and intangible assets at a fair value of R224 million (2017: R558 million).

4. GOVERNMENT GRANTS

During the period, the Group received government grants, previously accrued for, from the State of Victoria, Australia, in respect of operating expenses and capital expenditure, on the establishment of an Australian regional head office for the Group's subsidiaries, David Jones and Country Road Group. Grants are accounted for in terms of IAS 20: Government Grants, whereby grants received in respect of income, are deducted from the related expenses, and grants received in respect of capital expenditure are recognised in profit before tax on a systematic basis over the useful life of the assets. There are no unfulfilled conditions and contingencies attached to the grants recognised in the current period.

5. ISSUE AND PURCHASE OF SHARES

4 456 899 (2017: 1 776 791) ordinary shares totalling R244 million (2017: R107 million) were purchased from the market by Woolworths Proprietary Limited for the purposes of share incentive schemes and are held as treasury shares by the Group. 440 892 (2017: 248 666) ordinary shares totalling R38 million (2017: R16 million) were sold to the market in terms of the Group's Restricted Share Plan. 149 360 (2017: 270 836) ordinary shares totalling R12 million (2017: R18 million) previously purchased were allocated to employees in terms of the Group's Restricted Share Plan.

99 830 (2017: 201 023) ordinary shares totalling R5 million (2017: R12 million) were issued and allocated to employees in terms of the Group's other share incentive schemes.

6. ACCOUNTING POLICIES

The adoption of certain new standards, which became effective in the current period, 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, except as disclosed below.

Standards issued and effective

6.1 IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers

The Group adopted IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers with effect from 25 June 2018, using the modified retrospective approach and by application of the practical methods permitted under the standard.

As a result, the cumulative effect of initial application of the standards is recognised as an adjustment to equity at the beginning of the current financial reporting period. Comparative information has not been restated, and continues to be reported in terms of the previous applicable standards, IAS 39 and IAS 18.

IFRS 9 adjustment

The carrying value of the Group's investment in the joint venture with ABSA Limited, Woolworths Financial Services, reduced by R217 million, with the corresponding debit taken to equity. The adjustment has had no impact on the prior period results, earnings per share and other share measures.

IFRS 15 adjustment

The Group recognises revenue from the principal activities of retailing and associated activities, such as logistics services and concession sales commission. Management's assessment of applying the new standard on the Group's financial statements identified the following areas, for which a R6 million cumulative debit adjustment to equity has been processed:

- Right of return provision
- Gift card breakage

Excluding the abovementioned adjustments, there is no other material impact from application of IFRS 9 and

IFRS 15 for the Group.

Standards issued, not yet effective

6.2 IFRS 16: Leases

The Group will adopt IFRS 16 from 1 July 2019, and has undertaken an assessment of the financial impact of the new standard. IFRS 16, which replaces IAS 17, requires most leases to be recognised in the statement of financial position, with the current distinction between operating and finance leases removed.

Due to the significant number of leases, the application of the standard is expected to have a material impact on the Group's financial statements, which will result in changes to the statement of financial position, whereby a right-of-use asset and lease liability will be recognised. Changes to the statement of comprehensive income will result in the current operating lease costs being replaced by an amortisation of the right-of-use asset and associated finance costs.

The standard will further impact a number of statutory and performance measures, such as operating profit, operating profit margin, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), EBITDA margin, earnings per share, return on assets, net debt, net debt to EBITDA ratio, debt to equity ratio, and cash generated from operations, and will require normalisation of performance measures and covenants.

The Group continues to assess the impact of the standard on its Annual Financial Statements, and will apply it on either the full or modified retrospective basis.

7. 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 borrowings are measured at amortised cost and its derivative financial instruments at fair value. These are determined to be Level 2 under the fair value hierarchy. Derivatives are valued using valuation techniques with market observable inputs, with derivatives being mainly in respect of interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation technique include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying index.

8. 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, they are not expected to have any material financial effect.

9. PRO FORMA FINANCIAL INFORMATION

Adjusted headline earnings and constant currency information presented in these interim Group Financial Statements constitute pro forma financial information.

	2018	2017	%
	Rm	Rm	change
9.1 Adjusted headline earnings			
Headline earnings	1 919	1 982	(3.2)
Adjustments	40	177	
Relocation costs (net of grants received) and store exit costs	80	80	
Onerous leases (released)/raised	(26)	147	
Unrealised foreign exchange losses	2	19	
Tax impact of adjustments	(16)	(69)	
Adjusted headline earnings	1 959	2 159	(9.3)
9.2 Constant currency information			
Turnover and concession sales	39 688	38 645	2.7

Notes

1. The accounting policies adopted by the Group in the latest Annual Financial Statements, except for the new standards adopted, as detailed in note 6, which have been prepared in accordance with IFRS, have been used in preparing the

- pro forma financial information.
2. Adjusted headline earnings is arrived at, after excluding from headline earnings, costs of a non-recurring nature.
 3. Constant currency information has been presented to illustrate the impact of changes in the Group's major foreign currency, the Australian dollar. In determining the constant currency information, amounts denoted in Australian dollars for the current period have been adjusted by application of the aggregated monthly average Australian dollar exchange rate for the prior period. The foreign currency fluctuations of our rest of Africa operations are not considered material, and have therefore not been applied in determining the constant currency turnover and concession sales growth rate. The aggregated monthly average Australian dollar exchange rate is R10.26 for the current period and R10.45 for the prior period.
 4. The pro forma financial information, which is the responsibility of the Group's directors, has been presented for illustrative purposes only and is consistent with the prior reporting period, and has not been reviewed or reported on by the Group's external auditors.
 5. Accordingly, the pro forma financial information may not fairly present the Group's financial position, changes in equity, results of operations or cash flows.

10. BORROWING FACILITIES

Unutilised banking and debt facilities amount to R9 283 million (2017: R11 033 million) as follows:

	2018	2017
	Rm	Rm
Committed	9 033	10 233
Uncommitted	250	800
Total	9 283	11 033

Notes to the value of R3.82 billion have been issued to date under the Domestic Medium Term Note (DMTN) programme, which is a further source of funding to the Group. The DMTN programme was approved by the JSE on 17 March 2017 and is guaranteed by Woolworths Proprietary Limited. It will be used to raise debt on an ongoing basis.

11. RELATED-PARTY TRANSACTIONS

The Group entered into related-party transactions, the substance of which is disclosed in the Group's 2018 Annual Financial Statements. Intragroup adjustments relate to the sale of concession goods between segments and supply chain distribution adjustments.

12. EVENTS SUBSEQUENT TO THE REPORTING DATE

No event material to the understanding of these interim Group Financial Statements has occurred between the end of the financial period and the date of approval.

13. APPROVAL OF INTERIM GROUP FINANCIAL STATEMENTS

The interim Group Financial Statements were approved by the Board of Directors on 20 February 2019.

14. AUDIT OPINION

These interim Group Financial Statements have not been reviewed or audited.

DIRECTORATE AND STATUTORY INFORMATION

NON-EXECUTIVE DIRECTORS

Simon Susman (Chairman), Hubert Brody (Deputy Chairman),
Zarina Bassa, Tom Boardman (Lead Independent Director),
Andrew Higginson (British), Nombulelo Moholi

EXECUTIVE DIRECTORS

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

GROUP COMPANY SECRETARY

Chantel Reddiar

SHARE CODE

WHL

SHARE ISIN

ZAE000063863

BOND CODE

WHLI

REGISTERED ADDRESS

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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
15 Biermann Avenue, Rosebank 2196, South Africa