

Holdsport Limited
Registration number: 2006/022252/06
Share code: HSP
ISIN: ZAE000157046
("Holdsport" or "the company" or "the group")

UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS
FOR THE HALF-YEAR ENDED 31 AUGUST 2012

SALES
UP 9.9% TO R601.2 MILLION

OPERATING PROFIT
UP 1.2% TO R90.8 MILLION

CORE HEADLINE EARNINGS PER SHARE
DOWN 1.3% to 157.1 CENTS

INTERIM GROSS DIVIDEND
UP 70 CENTS PER SHARE

GROUP OVERVIEW

The Holdsport Limited group comprises the retail divisions Sportsmans Warehouse and Outdoor Warehouse and Performance Brands, a wholesale business that includes the First Ascent and Capestorm brands.

The group delivered a satisfactory result for the period under review with total sales increasing by 9.9% to R601.2 million. Retail sales increased by 9.2% to R572.0 million.

Operating profit increased by 1.2% to R90.8 million. In evaluating this performance shareholders should take the following factors into account:

- The preceding two comparative reporting periods coincided with a football and rugby world cup respectively. This resulted in a strong performance from replica apparel during these periods, which was not repeated during the current period.
- The accounting treatment of foreign exchange denominated transactions coupled with the volatile Rand/Dollar exchange rate results in a non-cash income or expense at the end of every reporting period which is partly included in cost of sales and partly recognised as foreign exchange gains or losses within trading expenses. During the current period the aggregate adjustment was an expense of R2.5 million compared to an aggregate profit of R2.8 million during the prior period. The majority of the adjustment is included in cost of sales.

Holdsport SENS 091012

Core headline earnings amounted to 157.1 cents per share. An interim gross dividend of 70.0 cents per share has been declared in line with the dividend policy of the group which is to have dividends covered twice by core headline earnings.

TRADING DIVISIONS

Sales for the various trading divisions were as follows:

	Number of stores	Sales R'm	Increase in sales %
Sportsmans Warehouse	34	432.5	10.3
Outdoor Warehouse	18	139.5	6.0
Retail sales	52	572.0	9.2
Performance Brands	-	29.2	25.7
Total sales	52	601.2	9.9

Like-for-like retail sales grew by 7.8% while the retail divisions experienced price inflation of approximately 2.2% for the period. The time weighted trading area increased by 1.4% relative to the prior corresponding period.

The Sportsmans Warehouse division added the Capestorm store in Wynberg, expanded its Fourways store and relocated the store in Polokwane. Like-for-like sales increased by 8.4%. Sportsmans now trades out of 34 stores, and will open two new stores in the second half of the year.

The Outdoor Warehouse division currently comprises 18 stores and will open a further store in the second half of the year. Like-for-like sales increased by 6.1%.

Performance Brands achieved external sales of R29.2 million, an increase of 25.7%.

CAPITAL EXPENDITURE

During the period the group:

- purchased the Capestorm trademark for R8.0 million and related inventory for R11.1 million;
- acquired the Performance Brands premises for R12.0 million;
- incurred R19.7 million in maintaining and expanding its retail operations and anticipates spending R24.7 million in the second half of the year; and
- approved a capital expenditure programme amounting to R58.0 million to expand its distribution capacity, of which approximately R18.0 million will be incurred in the second half of this year and R40.0 million next year.

FORFEITABLE SHARE PLAN

Holdsport SENS 091012

During the period, the group purchased and awarded R13.4 million of Holdsport shares in terms of and subject to the rules of the 2011 Holdsport Forfeitable Share Plan ("FSP").

The forfeitable share plan is expensed over the vesting period and the R1.9 million expensed for the current period was R1.5 million higher than the prior period.

PROSPECTS

The group earns the greater part of its profits in the second half of the year. As always, the second half is heavily dependent on Christmas trading, which will largely determine the performance of the group for the year.

The group signed lease agreements for a further two new stores to be opened in the next financial year and are evaluating other opportunities.

INTERIM DIVIDEND ANNOUNCEMENT

The directors declared an interim gross dividend of 70.0 cents per share payable on Monday, 3 December 2012 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 30 November 2012.

The last day to trade ("cum" the dividend) in order to participate in the dividend will be Friday, 23 November 2012. The Holdsport Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Monday, 26 November 2012 and the record date, as indicated, will be Friday, 30 November 2012.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Monday, 26 November 2012 to Friday, 30 November 2012, both dates inclusive.

In terms of the withholding tax on dividends which became effective on 1 April 2012, the following additional information is disclosed:

- the dividend has been declared out of total reserves;
- the South African dividend tax rate is 15%;
- there are no STC credits utilised;
- the net local dividend amount is 59.5 cents per ordinary share for shareholders liable to pay the new dividend tax, and 70.0 cents per ordinary share for shareholders exempt from the new dividend tax;
- the issued share capital of Holdsport at the date of declaration is 43 150 220 ordinary shares; and
- Holdsport's tax reference number is 9618595152.

Certificated ordinary shareholders are reminded that all entitlements to dividends with a value less than R5.00 per certificated shareholder will be aggregated and the proceeds donated to a registered charity of the directors'

choice, in terms of the memorandum of incorporation of the company.

Signed on behalf of board

S Muller
Chairman

K Hodgson
CEO

Cape Town
8 October 2012

Condensed Consolidated Statements of Financial Position

	31 August 2012 Unaudited R'000	31 August 2011 Unaudited R'000	29 February 2012 Audited R'000
Assets			
Non-current assets			
Plant and equipment	70 567	44 554	51 903
Investments	–	–	–
Goodwill and other intangibles	639 780	644 360	638 083
Total non-current assets	710 347	688 914	689 986
Current assets			
Inventories	323 852	247 828	296 723
Trade and other receivables	17 248	15 295	19 389
Taxation	8 766	8 106	–
Cash and cash equivalents	–	32 568	77 374
Total current assets	349 866	303 797	393 486
Total assets	1 060 213	992 711	1 083 472
Equity and liabilities			
Capital and reserves			
Share capital	229 312	229 312	229 312
Other reserves	(24 857)	(15 085)	(13 370)
Retained earnings	527 785	443 421	515 603
Equity attributable to owners of the company	732 240	657 648	731 545
Non-current liabilities			
Loans	110 351	137 817	124 841
Deferred taxation	53 852	58 944	55 595
Straight-lining lease liability	23 950	20 597	21 972
Total non-current liabilities	188 153	217 358	202 408
Current liabilities			
Trade and other payables	91 762	90 148	120 562
Derivative instruments	1 582	2 382	1 095
Short-term portion of loans	27 357	25 175	25 693
Bank overdraft	19 119	–	–
Taxation	–	–	2 169
Total current liabilities	139 820	117 705	149 519
Total liabilities	327 973	335 063	351 927

Total equity and liabilities

Group Segmental Analysis

	Sportsmans Warehouse Unaudited R'000	Outdoor Warehouse Unaudited R'000	Performance Brands Unaudited R'000	Corporate Unaudited R'000	Group Unaudited R'000
Six months ended 31 August 2012					
External revenue	432 572	139 482	29 163	-	601 217
External interest received	-	-	139	2 139	2 279
External interest paid	-	-	(3)	(6 383)	(6 386)
Depreciation and amortisation	(8 066)	(2 795)	(1 400)	(6 433)	(18 693)
Group profit/(loss) before taxation					86 748
- Segment profit/(loss) before taxation	77 466	21 261	15 611	(25 612)	88 726
- Straight-line leases				(1 978)	(1 978)
Capital expenditure	14 914	3 190	21 184	418	39 706
Segment assets	253 201	81 992	97 360	627 660	1 060 213
Segment liabilities	69 044	19 352	6 355	233 222	327 973
Six months ended 31 August 2011					
External revenue	392 156	131 628	23 204	-	546 988
External interest received	-	-	157	1 802	1 959
External interest paid	-	-	(70)	(6 322)	(6 392)
Depreciation and amortisation	(7 744)	(2 449)	(990)	(6 434)	(17 616)
Group profit/(loss) before taxation					85 355
- Segment profit/(loss) before taxation	71 424	21 205	13 519	(19 356)	86 792
- Straight-line leases				(1 437)	(1 437)
Capital expenditure	10 088	2 600	163	425	13 276
Segment assets	216 687	82 207	53 764	640 053	992 711
Segment liabilities	62 999	18 916	3 541	249 607	335 063
Year ended 29 February 2012					
External revenue	896 007	299 956	47 576	-	1 243 539
External interest received	-	-	246	3 527	3 773
External interest paid	-	-	(72)	(12 873)	(12 945)
Depreciation and amortisation	(15 372)	(4 964)	(1 991)	(12 844)	(35 171)
Group profit/(loss) before taxation					217 259
- Segment profit/(loss) before taxation	188 362	55 641	20 759	(44 691)	220 071
- Straight-line leases				(2 812)	(2 812)
Capital expenditure	23 286	7 141	501	1 286	32 214
Segment assets	230 846	94 765	69 350	688 511	1 083 472
Segment liabilities	84 639	18 550	8 643	240 095	351 927

Condensed Consolidated Statements of Comprehensive Income

Holdsport SENS 091012

	Six months ended 31 August 2012 Unaudited R'000	Six months ended 31 August 2011 Unaudited R'000	Year ended 29 February 2012 Audited R'000
Sales	601 217	546 988	1 243 539
Cost of sales	(309 873)	(276 258)	(638 807)
Gross profit	291 344	270 730	604 732
Other income	1 813	1 439	5 094
Trading expenses	(202 302)	(182 381)	(383 395)
Operating profit	90 855	89 788	226 431
Finance income	2 279	1 959	3 773
Finance cost	(6 386)	(6 392)	(12 945)
Profit before taxation	86 748	85 355	217 259
Taxation	(24 943)	(24 122)	(63 564)
Profit for the period and total comprehensive income for the period attributable to equity holders of the company	61 805	61 233	153 695

Condensed Consolidated Cash Flow Statement

	Six months ended 31 August 2012 Unaudited R'000	Six months ended 31 August 2011 Unaudited R'000	Year ended 29 February 2012 Audited R'000
Cash flows from operating activities			
Cash generated from operations	60 070	83 995	219 514
Finance income	2 279	1 959	3 773
Finance costs	(6 386)	(10 148)	(19 005)
Dividends paid	(49 623)	-	(20 281)
Taxation paid	(37 621)	(37 664)	(70 181)
Net cash (outflows)/inflows from operating activities	(31 281)	38 143	113 820
Cash flows from investing activities			
Additions to plant and equipment	(39 706)	(13 178)	(32 214)
Proceeds on sale of plant and equipment	751	91	601
Net cash outflows from investing activities	(38 955)	(13 087)	(31 613)
Cash flows from financing activities			
Repayment of loans	(12 826)	(41 825)	(54 170)
Forfeitable share plan	(13 431)	(15 500)	(15 500)
Acquisition of non-controlling interest	-	(3 082)	(3 082)
Net cash outflows from financing activities	(26 257)	(60 407)	(72 752)
Net (decrease)/increase in cash and cash equivalents	(96 493)	(35 351)	9 455
Cash and cash equivalents at the beginning of the period	77 374	67 919	67 919

Holdsport SENS 091012

Cash and cash equivalents at the end of the period (19 119) 32 568 77 374

Condensed Consolidated Statement of Changes in Equity

	Share capital R'000	Other reserves R'000	Retained earnings R'000	Equity holders of Holdsport Limited R'000	Non-controlling interest R'000	Total equity R'000
Balance at 28 February 2011	19	-	384 244	384 263	1 027	385 290
Acquisition of non-controlling interest without a change in control	-	-	(2 055)	(2 055)	(1 027)	(3 082)
Capitalisation of shareholders' loans	229 293	-	-	229 293	-	229 293
Share-based payment reserve: initial award	-	(15 500)	-	(15 500)	-	(15 500)
Share-based payment expense	-	415	-	415	-	415
Total comprehensive income for the half-year	-	-	61 233	61 233	-	61 233
Balance at 31 August 2011	229 312	(15 085)	443 421	657 648	-	657 648
Share-based payment expense	-	1 715	-	1 715	-	1 715
Dividends paid	-	-	(20 281)	(20 281)	-	(20 281)
Total comprehensive income for the half-year	-	-	92 462	92 462	-	92 462
Balance at 29 February 2012	229 312	(13 370)	515 603	731 545	-	731 545
Share-based payment reserve: initial award	-	(13 431)	-	(13 431)	-	(13 431)
Share-based payment expense	-	1 944	-	1 944	-	1 944
Dividends paid	-	-	(49 623)	(49 623)	-	(49 623)
Total comprehensive income for the half-year	-	-	61 805	61 805	-	61 805
Balance at 31 August 2012	229 312	(24 857)	527 785	732 240	-	732 240

NOTES TO THE FINANCIAL STATEMENTS

- The unaudited interim condensed consolidated results for the half-year ended 31 August 2012 have been prepared in accordance with the recognition, measurement, presentation and disclosure requirements of IAS 34 Interim Financial Reporting, using the group's accounting policies that are in line with International Financial Reporting Standards (IFRS), the Companies Act No. 71 of 2008, as amended, and the SAICA AC 500 series and have been consistently applied to prior periods.

The unaudited interim condensed consolidated results have been prepared under the supervision of the group financial director, JP Loubser (CA(SA)).

- These financial statements incorporate the financial statements of the company, all its subsidiaries and all entities over which it has operational and financial control.

31 August 31 August 29 February

Holdsport SENS 091012

	2012 Unaudited R'000	2011 Unaudited R'000	2012 Audited R'000
3. Trading expenses			
Depreciation on plant and equipment	12 212	11 339	22 617
Amortisation of intangibles	6 481	6 277	12 554
Occupancy cost	55 096	50 529	103 706
Straight-lining of leases	1 978	1 437	2 812
Staff costs	74 060	64 401	145 796
Foreign exchange loss/(gain)	1 851	994	(1 422)
Other operating costs	50 624	47 404	97 332
	202 302	182 381	383 395
4. Finance cost			
Interest paid on loans	6 386	10 148	19 005
Decrease in interest rate swap derivative	-	(3 756)	(5 949)
Fair value adjustment on loans	-	-	(111)
	6 386	6 392	12 945
5. Cash generated from operations			
Operating profit	90 855	89 788	226 431
Adjustments for:			
Depreciation	12 212	11 339	22 617
Amortisation of intangibles	6 481	6 277	12 554
(Profit)/loss on sale of plant and equipment	(98)	(49)	(148)
Fair value loss/(gain) on derivative instruments	487	(425)	480
Forfeitable share plan expense	1 944	415	2 130
Straight-lining lease liability	1 978	1 437	2 812
Changes in working capital:			
Decrease/(increase) in trade and other receivables	2 141	263	(3 831)
Increase in inventories	(27 129)	(15 066)	(63 961)
(Decrease)/increase in trade and other payables	(28 801)	(9 984)	20 430
Cash generated from operations	60 070	83 995	219 514
6. Earnings per share and net asset value per share			
	Six months ended 31 August 2012 Unaudited R'000	Six months ended 31 August 2011 Unaudited R'000	Year ended 29 February 2012 Audited R'000
Earnings per ordinary share (cents)			
- Basic	143.2	141.9	356.1
- Headline	143.0	141.7	355.8
- Core headline	157.1	159.2	387.4
Ordinary shares in issue ('000)	43 150	43 150	43 150

	Holdsport SENS 091012		
Weighted average ordinary shares in issue ('000)	43 150	43 150	43 150
Net asset value per ordinary share (cents)	1 697.0	1 523.1	1 695.3
Net tangible asset value per ordinary share (cents)	366.2	191.2	372.6

Reconciliation to core headline earnings

The group uses core headline earnings as a consistent measure of performance for management purposes. Core headline earnings exclude exceptional once-off costs and the amortisation of trademarks, fair value adjustments to loans and the lease straight-lining expense, and are presented below:

	31 August 2012 Unaudited R'000	31 August 2011 Unaudited R'000	29 February 2012 Audited R'000
Basic and diluted earnings	61 805	61 233	153 695
Adjusted for:			
Profit on disposal of plant and equipment	(71)	(49)	(148)
Headline earnings	61 734	61 184	153 547
Adjusted for (net of taxation):			
Fair value adjustments on loans	-	(310)	(80)
Amortisation of intangibles	4 667	4 519	9 039
Straight-lining of leases	1 424	956	2 023
Non-recurring professional fees	-	2 363	2 661
Core headline earnings*	67 825	68 712	167 190

* In order to compare the core headline earnings per share over time for this report, earnings is divided by the number of shares in issue at the last reporting date, being 43 150 220 shares at 31 August 2012.

7. Dividend per share

	Six months ended 31 August 2012 Unaudited	Six months ended 31 August 2011 Unaudited	Year ended 29 February 2012 Audited
Dividend declared per share (cents)			
- Interim	70.0	47.0	47.0
- Final	-	-	115.0
Total dividend	70.0	47.0	162.0
Dividend cover (by core headline earnings)	2.2	3.4	2.4

Holdsport Limited
("Holdsport" or "the company" or "the group")

Executive directors: KG Hodgson, EA Haarbarger, JP Loubser

Non-executive directors: SA Muller (Chairman), B Hopkins, C Sonn, M Vilakazi

Holdsport SENS 091012

Company secretary: AE van Zyl

Registered office: The Mill House, 1 Canterbury Street, Cape Town 8001

Registration number: 2006/022252/06

Share code: HSP

ISIN: ZAE000157046

Transfer secretaries: Computershare Investor Services (Proprietary) Limited, Ground Floor,
70 Marshall Street, Johannesburg 2001

Sponsor: UBS South Africa (Proprietary) Limited

TO VIEW THE RESULTS ON-LINE VISIT www.holdsport.co.za