

## Audited Summarised Consolidated Results for the year ended 28 February 2014



### 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.

In a challenging environment total sales increased by 3.1% to R1 417.5 million and retail sales increased by 3.3% to R1 365.1 million.

Operating profit increased by 2.8% to R250.0 million. Core headline earnings amounted to 423.3 cents per share, a 1.9% increase on the previous year.

During the current year the aggregate foreign exchange adjustment was an expense of R0.4 million compared to an aggregate expense of R1.8 million during the prior year. Core headline earnings excluding the effect of foreign exchange adjustments increased by 1.3% to 424.0 cents per share.

### TRADING DIVISIONS

External sales for the various trading divisions were as follows:

	Number of stores	Sales R'm	Increase in sales %
Sportsmans Warehouse	35	1 042.0	4.3
Outdoor Warehouse	20	323.1	0.2
<b>Retail sales</b>	<b>55</b>	<b>1 365.1</b>	<b>3.3</b>
Performance Brands	-	52.4	(1.4)
<b>Total sales</b>	<b>55</b>	<b>1 417.5</b>	<b>3.1</b>

Like-for-like retail sales grew by 1.1% while the retail divisions experienced price inflation of approximately 4.9% for the year. The time weighted trading area increased by 5.6% relative to the prior year.

The Sportsmans Warehouse division now trades out of 35 stores. The division opened a new store in Sea Point and closed a store in Amanzimtoti. Like-for-like sales increased by 2.9%.

The Outdoor Warehouse division comprises 20 stores after opening a new store in Rondebosch. Like-for-like sales decreased by 3.9%.

Performance Brands' external sales were 1.4% lower than last year but sales to the group's retail divisions increased by 26.9%.

### CAPITAL EXPENDITURE

During the year the group incurred R42.1 million on maintaining and expanding its retail operations and R40.2 million to complete construction of its retail and wholesale distribution centres in Cape Town.

### CASH FLOW

Holdsport repaid loans of R124.3 million to Standard Bank during the year and replaced them with a R130 million loan from the FirstRand Group, repayable by 31 August 2016. The group's net debt amounted to R72.4 million at the end of the current year compared to R87.9 million in the prior year.

During the year the group purchased and awarded R4.9 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 expense of R7.5 million for the current year is R2.6 million higher than the prior year.

### PROSPECTS

We expect trading conditions to remain challenging in 2014. The group signed lease agreements for a further two new stores to be opened in the next financial year and are evaluating other opportunities.

### FINAL DIVIDEND ANNOUNCEMENT

The directors declared a final gross dividend of 145.0 cents per share payable on Monday, 9 June 2014 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 6 June 2014.

The last day to trade ("cum" the dividend) in order to participate in the dividend will be Friday, 30 May 2014. The Holdsport Limited ordinary shares will commence trading "ex" the dividend from the commencement of

business on Monday, 2 June 2014 and the record date, as indicated, will be Friday, 6 June 2014.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Monday, 2 June 2014 to Friday, 6 June 2014, 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 tax dividend rate is 15%;
- there are no STC credits utilised;
- the net local dividend amount is 123.25 cents per ordinary share for shareholders liable to pay dividend tax and 145.0 cents per ordinary share for shareholders exempt from the 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 the board

**S MULLER**  
Chairman

**K HODGSON**  
CEO

Cape Town  
6 May 2014

### Sales

▲ 3.1% to R1 417.5 million

### Operating profit

▲ 2.8% to R250.0 million

### Core headline earnings per share

▲ 1.9% to 423.3 cents

### Final gross dividend

increased by 11.5% to 145 cents per share

### NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

1. KPMG Inc., the group's independent auditor, has audited the consolidated financial statements for the year to 28 February 2014 and has expressed an unmodified opinion on the consolidated financial statements. The summary financial statements have been audited and an unmodified opinion has been expressed on the summary financial statements. The summary consolidated financial statements presented in this announcement have been summarised from the audited consolidated financial statements.

Their audit reports are available for inspection at the company's registered office.

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

These audited summarised consolidated results have been prepared under the supervision of the group's Chief Financial Officer, JP Loubser (CA(SA)).

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

	Year ended 28 February 2014 Audited R'000	Year ended 28 February 2013 Audited R'000
<b>3. Trading expenses</b>		
Depreciation on property, plant and equipment	29 762	25 110
Amortisation of intangibles	12 963	12 963
Occupancy cost	123 625	113 791
Straight-lining of leases	138	2 480
Staff costs	167 711	159 888
Foreign exchange gains	(862)	(461)
Other operating costs	105 673	103 166
	<b>439 010</b>	<b>416 937</b>

	Year ended 28 February 2014 Audited R'000	Year ended 28 February 2013 Audited R'000
<b>4. Cash generated from operations</b>		
Operating profit	250 009	243 290
Adjustments for:		
Depreciation	29 762	25 110
Amortisation of intangibles	12 963	12 963
Profit on sale of assets	(657)	(357)
Fair value loss/(gain) on derivative instruments	486	(1 497)
Forfeitable share plan expense	7 541	4 898
Straight-lining of leases	138	2 480
Changes in working capital:		
Increase in trade and other receivables	(2 436)	(2 957)
Increase in inventories	(8 382)	(49 331)
(Decrease)/increase in trade and other payables	(15 242)	4 523
<b>Cash generated from operations</b>	<b>274 182</b>	<b>239 122</b>
<b>5. Earnings per share and net asset value per share</b>		
Earnings per ordinary share (cents)		
- Basic	402.6	390.5
- Headline	401.5	389.9
- Core headline	423.3	415.7
- Core headline before foreign exchange effect	424.0	418.7
Ordinary shares in issue ('000)	43 150.2	43 150.2
Weighted average ordinary shares in issue ('000)	43 150.2	43 150.2
Net asset value per ordinary share (cents)	2 087.9	1 884.3
Net tangible asset value per ordinary share (cents)	789.6	564.2

### 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, the amortisation of trademarks and the lease straight-lining expense and is presented below:

	Year ended 28 February 2014 Audited R'000	Year ended 28 February 2013 Audited R'000
<b>Basic earnings</b>	<b>173 710</b>	<b>168 516</b>
<i>Adjusted for (net of taxation):</i>		
Profit on sale of assets	(473)	(257)
<b>Headline earnings</b>	<b>173 237</b>	<b>168 259</b>
<i>Adjusted for (net of taxation):</i>		
Amortisation of intangibles	9 334	9 333
Straight-lining of leases	99	1 786
<b>Core headline earnings</b>	<b>182 670</b>	<b>179 378</b>
<i>Adjusted for (net of taxation):</i>		
Foreign exchange gains	(621)	(332)
Foreign exchange adjustments in cost of sales	922	1 636
<b>Core headline earnings before foreign exchange effect</b>	<b>182 971</b>	<b>180 682</b>
<b>6. Dividend per share</b>		
<b>Dividend declared per share (cents)</b>		
- Interim	75.0	70.0
- Final	145.0	130.0
<b>Total dividend</b>	<b>220.0</b>	<b>200.0</b>
Dividend cover (by core headline earnings)	1.9	2.1

# HOLDSPORT LIMITED

## Audited Summarised Consolidated Results for the year ended 28 February 2014



### SUMMARISED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	28 February 2014 Audited R'000	28 February 2013 Audited R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	150 265	98 282
Goodwill and other intangibles	620 336	633 299
<b>Total non-current assets</b>	<b>770 601</b>	<b>731 581</b>
<b>Current assets</b>		
Inventories	354 436	346 054
Trade and other receivables	24 782	22 346
Cash and cash equivalents	57 577	36 284
Taxation	857	-
Derivative instruments	-	402
<b>Total current assets</b>	<b>437 652</b>	<b>405 086</b>
<b>Total assets</b>	<b>1 208 253</b>	<b>1 136 667</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	229 312	229 312
Other reserves	(17 926)	(20 521)
Retained earnings	689 544	604 291
<b>Equity attributable to owners of the company</b>	<b>900 930</b>	<b>813 082</b>
<b>Non-current liabilities</b>		
Loans	130 000	-
Deferred taxation	42 806	49 623
Straight-lining lease liability	24 590	24 452
<b>Total non-current liabilities</b>	<b>197 396</b>	<b>74 075</b>
<b>Current liabilities</b>		
Trade and other payables	109 843	125 085
Derivative instruments	84	-
Short-term portion of loans	-	124 282
Taxation	-	143
<b>Total current liabilities</b>	<b>109 927</b>	<b>249 510</b>
<b>Total liabilities</b>	<b>307 323</b>	<b>323 585</b>
<b>Total equity and liabilities</b>	<b>1 208 253</b>	<b>1 136 667</b>

### SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

	Sportsmans Warehouse R'000	Outdoor Warehouse R'000	Performance Brands R'000	Corporate R'000	Group R'000
<b>Year ended 28 February 2014</b>					
Total sales	1 042 008	323 117	111 003	-	1 476 128
Less intersegment sales	-	-	(58 544)	-	(58 544)
External sales	1 042 008	323 117	52 459	-	1 417 584
External interest received	-	-	88	2 353	2 441
External interest paid	-	-	(3)	(9 997)	(10 000)
Depreciation and amortisation	(19 732)	(6 263)	(3 407)	(13 323)	(42 725)
Profit/(loss) before taxation	219 692	50 739	19 017	(46 998)	242 450
Capital expenditure	28 698	9 190	14 338	30 126	82 352
Segment assets	301 671	105 835	115 149	685 598	1 208 253
Segment liabilities	81 601	18 629	10 790	196 303	307 323
<b>Year ended 28 February 2013</b>					
Total sales	999 042	322 251	99 348	-	1 420 641
Less intersegment sales	-	-	(46 110)	-	(46 110)
External sales	999 042	322 251	53 238	-	1 374 531
External interest received	-	-	258	2 846	3 104
External interest paid	-	-	(4)	(11 648)	(11 652)
Depreciation and amortisation	(16 856)	(5 691)	(2 954)	(12 572)	(38 073)
Profit/(loss) before taxation	201 540	54 300	23 393	(44 491)	234 742
Capital expenditure	29 164	7 891	22 327	21 286	80 668
Segment assets	283 545	100 183	101 925	651 014	1 136 667
Segment liabilities	87 644	24 638	11 117	200 186	323 585

### SUMMARISED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 28 February 2014 Audited R'000	Year ended 28 February 2013 Audited R'000
<b>Sales</b>	<b>1 417 584</b>	<b>1 374 531</b>
Cost of sales	(734 035)	(717 971)
<b>Gross profit</b>	<b>683 549</b>	<b>656 560</b>
Other income	5 470	3 667
Trading expenses	(439 010)	(416 937)
<b>Operating profit</b>	<b>250 009</b>	<b>243 290</b>
Finance income	2 441	3 104
Finance cost	(10 000)	(11 652)
<b>Profit before taxation</b>	<b>242 450</b>	<b>234 742</b>
Taxation	(68 740)	(66 226)
<b>Profit and total comprehensive income for the year attributable to equity holders of the company</b>	<b>173 710</b>	<b>168 516</b>

### SUMMARISED CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 28 February 2014 Audited R'000	Year ended 28 February 2013 Audited R'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	274 182	239 122
Finance income	2 441	3 104
Finance costs	(10 000)	(11 652)
Dividends paid	(88 457)	(79 828)
Taxation paid	(76 557)	(74 224)
<b>Net cash inflows from operating activities</b>	<b>101 609</b>	<b>76 522</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(82 353)	(72 489)
Additions to intangibles	-	(8 179)
Proceeds on sale of assets	1 265	1 357
<b>Net cash outflows from investing activities</b>	<b>(81 088)</b>	<b>(79 311)</b>
<b>Cash flows from financing activities</b>		
Increase/(decrease) in loans	5 718	(26 252)
Forfeitable share plan awards	(4 946)	(12 049)
<b>Net cash inflow/(outflows) from financing activities</b>	<b>772</b>	<b>(38 301)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>21 293</b>	<b>(41 090)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>36 284</b>	<b>77 374</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>57 577</b>	<b>36 284</b>

### SUMMARISED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital Audited R'000	Other reserves Audited R'000	Retained earnings Audited R'000	Total Audited R'000
<b>Balance at 1 March 2012</b>	229 312	(13 370)	515 603	731 545
Share-based payment reserve: initial award	-	(12 049)	-	(12 049)
Share-based payment expense	-	4 898	-	4 898
Dividends paid	-	-	(79 828)	(79 828)
Total comprehensive income for the year	-	-	168 516	168 516
<b>Balance at 28 February 2013</b>	<b>229 312</b>	<b>(20 521)</b>	<b>604 291</b>	<b>813 082</b>
<b>Balance at 1 March 2013</b>	<b>229 312</b>	<b>(20 521)</b>	<b>604 291</b>	<b>813 082</b>
Share-based payment reserve: initial award	-	(4 946)	-	(4 946)
Share-based payment expense	-	7 541	-	7 541
Dividends paid	-	-	(88 457)	(88 457)
Total comprehensive income for the year	-	-	173 710	173 710
<b>Balance at 28 February 2014</b>	<b>229 312</b>	<b>(17 926)</b>	<b>689 544</b>	<b>900 930</b>

To view the results online visit  
[www.holdsport.co.za](http://www.holdsport.co.za)

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

Registration number: 2006/022562/06  
Share code: HSP | ISIN: ZAE000157046  
Registered office: The Mill House, 1 Canterbury Street, Cape Town 8001  
Executive directors: KG Hodgson, B Moritz, JP Loubser  
Non-executive directors: SA Muller (Chairman), B Hopkins, C Sonn, M Vilakazi  
Company secretary: AE van Zyl  
Transfer secretaries: Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001  
Sponsor: UBS South Africa (Proprietary) Limited

