

HOLDSPORT LIMITED  
 ("Holdsport" or "the company" or "the group")  
 Registration number: 2006/022562/06  
 Share code: HSP  
 ISIN: ZAE000157046

UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS  
 FOR THE HALF-YEAR ENDED 31 AUGUST 2014

Sales up 7.3% to R677.1 million  
 EBITDA increased by 8.4% to R123.6 million  
 Core headline earnings per share increased by 6.7% to 174.0 cents  
 Interim gross dividend increased to 85.0 cents per share  
 Proceeds of warehouse sale to be distributed as special dividend

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 retail environment total sales increased 7.3% to R677.1 million and retail sales increased 8.1% to R648.5 million.

Operating profit increased 5.1% to R98.8 million. Core headline earnings amounted to 174.0 cents per share, a 6.7% increase on the comparable period.

During the current period the aggregate foreign exchange adjustment was a loss of R0.8 million compared to an aggregate profit of R1.2 million during the prior period. Core headline earnings, excluding the effect of foreign exchange adjustments, was 175.4 cents per share, an increase of 8.8% from the 161.2 cents per share in the first half of last year.

TRADING DIVISIONS

Sales for the various trading divisions were as follows:

	Number of stores	Sales R'm	Increase in sales %
Sportsmans warehouse	35	499.0	8.9
Outdoor warehouse	20	149.5	5.3
Retail sales	55	648.5	8.1
Performance Brands	-	28.6	(7.3)
Total sales	55	677.1	7.3

Like-for-like retail sales grew by 6.4% while the retail divisions experienced price inflation of approximately 7.2% for the period. The weighted trading area increased by 2.4% relative to the prior corresponding period.

The Sportsmans warehouse division trades out of 35 stores. The division expanded three stores and reduced one store during the period. The windhoek and Klerksdorp stores will be relocated to new regional shopping centres opening in the second half of the year, whilst the opening of a new store in George was delayed to April 2015. Like-for-like sales increased by 8.1%.

The Outdoor warehouse division currently trades from 20 stores. The division will relocate the stores in Bloemfontein and Fourways and open a new store in windhoek in the second half of the year. Like-for-like sales increased by 1.0%.

Performance Brands achieved R28.6 million of external sales, a 7.3% decrease from the previous period.

CASH FLOW

The group's net debt reduced to R89.8 million at the end of this period from R153.6 million at the end of the prior comparable period.

The aggregate investment in working capital increased by 1.5% and cash generated from operations increased by 41.5% from the first half of the previous year.

The group spent R20.5 million in maintaining and expanding its retail operations and anticipates spending a further R25.0 million in the second half of this year.

During the period, the group purchased and awarded R13.2 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 R5.2 million for the current period is R1.9 million higher than the prior period.

PROSPECTS

We expect trading conditions to remain challenging for the remainder of the year but, as always, the second half is heavily dependent on Christmas trading, which will strongly influence the performance of the group in the second half and for the year.

DISPOSAL OF DISTRIBUTION CENTRE

Holdsport concluded an agreement on 1 September 2014 to dispose of its 50% share of its distribution centre in Philippi to Redefine Properties Limited (Redefine) for gross

proceeds of R42.5 million. Post the disposal Redefine will own 100% of the distribution centre and Holdsport will continue to use the distribution facility under the existing lease terms, which remain unchanged.

The disposal proceeds will be received upon registration of transfer to Redefine, which is anticipated in the last quarter of this financial year. It is the directors' intention to declare the gross proceeds of the sale as a special dividend. This special dividend will be approximately 99.0 cents per share, based on the number of shares currently in issue.

#### INTERIM DIVIDEND ANNOUNCEMENT

The directors declared an interim gross dividend of 85.0 cents per share (2013: 75.0 cents) payable on Monday, 15 December 2014 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 12 December 2014. The gross dividend is in line with the dividend policy of the group to have dividends covered approximately twice by the core headline earnings for the period, which is 174.0 cents.

The last day to trade ("cum" the dividend) in order to participate in the dividend will be Friday, 5 December 2014. The Holdsport Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Monday, 8 December 2014 and the record date, as indicated, will be Friday, 12 December 2014.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Monday, 8 December 2014 to Friday, 12 December 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 72.25 cents per ordinary share for shareholders liable to pay the dividend tax, and 85.0 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 board

SA MULLER  
Chairman

KG HODGSON  
CEO

Cape Town  
3 October 2014

#### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	31 August 2014 Unaudited R'000	31 August 2013 Unaudited R'000	28 February 2014 Audited R'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	152 410	130 301	150 265
Goodwill and other intangibles	613 854	626 820	620 336
Total non-current assets	766 264	757 121	770 601
Current assets			
Inventories	368 606	363 810	354 436
Trade and other receivables	28 454	24 909	24 782
Cash and cash equivalents	40 170	-	57 577
Taxation	9 630	10 839	857
Derivative instruments	-	1 326	-
Total current assets	446 860	400 884	437 652
Total assets	1 213 124	1 158 005	1 208 253
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Share capital	229 312	229 312	229 312
Other reserves	(25 964)	(23 120)	(17 926)
Retained earnings	695 769	612 580	689 544
Equity attributable to owners of the company	899 117	818 772	900 930
Non-current liabilities			
Loans	130 000	130 000	130 000
Deferred taxation	40 912	47 485	42 806
Straight-lining lease liability	26 984	26 759	24 590
Total non-current liabilities	197 896	204 244	197 396

Current liabilities			
Trade and other payables	115 622	111 420	109 843
Bank overdraft	-	23 569	-
Derivative instruments	489	-	84
Total current liabilities	116 111	134 989	109 927
Total liabilities	314 007	339 233	307 323
Total equity and liabilities	1 213 124	1 158 005	1 208 253

#### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	6 months ended 31 August 2014 Unaudited R'000	6 months ended 31 August 2013 Unaudited R'000	Year ended 28 February 2014 Audited R'000
Sales	677 074	630 985	1 417 584
Cost of sales	(350 635)	(326 506)	(734 035)
Gross profit	326 439	304 479	683 549
Other income	2 874	2 163	5 470
Trading expenses	(230 487)	(212 583)	(439 010)
Operating profit	98 826	94 059	250 009
Finance income	2 646	1 232	2 441
Finance cost	(5 192)	(5 066)	(10 000)
Profit before taxation	96 280	90 225	242 450
Taxation	(27 488)	(25 841)	(68 740)
Profit and total comprehensive income for the period attributable to equity holders of the company	68 792	64 384	173 710

#### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 31 August 2014 Unaudited R'000	6 months ended 31 August 2013 Unaudited R'000	Year ended 28 February 2014 Audited R'000
Cash flows from operating activities			
Cash generated from operations	119 433	84 386	274 182
Finance income	2 646	1 232	2 441
Finance costs	(5 192)	(5 066)	(10 000)
Dividends paid	(62 567)	(56 095)	(88 457)
Taxation paid	(38 155)	(38 961)	(76 557)
Net cash inflows/(outflows) from operating activities	16 165	(14 504)	101 609
Cash flows from investing activities			
Additions to property, plant and equipment	(20 544)	(45 558)	(82 353)
Proceeds on sale of assets	216	429	1 265
Net cash outflows from investing activities	(20 328)	(45 129)	(81 088)
Cash flows from financing activities			
Increase in loans	-	5 718	5 718
Forfeitable share plan	(13 244)	(5 938)	(4 946)
Net cash (outflows)/inflows from financing activities	(13 244)	(220)	772
Net (decrease)/increase in cash and cash equivalents	(17 407)	(59 853)	21 293
Cash and cash equivalents at the beginning of the period	57 577	36 284	36 284
Cash and cash equivalents at the end of the period	40 170	(23 569)	57 577

#### 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	Total equity R'000
Balance at 1 March 2013	229 312	(20 521)	604 291	813 082	813 082
Share-based payment reserve: initial award	-	(5 938)	-	(5 938)	(5 938)
Share-based payment expense	-	3 339	-	3 339	3 339
Dividends paid	-	-	(56 095)	(56 095)	(56 095)
Total comprehensive income for the half-year	-	-	64 384	64 384	64 384
Balance at 31 August 2013	229 312	(23 120)	612 580	818 772	818 772
Share-based payment reserve: initial award	-	992	-	992	992
Share-based payment expense	-	4 202	-	4 202	4 202
Dividends paid	-	-	(32 362)	(32 362)	(32 362)
Total comprehensive income for					

the half-year	-	-	109 326	109 326	109 326
Balance at 28 February 2014	229 312	(17 926)	689 544	900 930	900 930
Share-based payment reserve:					
initial award	-	(13 244)	-	(13 244)	(13 244)
Share-based payment expense	-	5 206	-	5 206	5 206
Dividends paid	-	-	(62 567)	(62 567)	(62 567)
Total comprehensive income for					
the half-year	-	-	68 792	68 792	68 792
Balance at 31 August 2014	229 312	(25 964)	695 769	899 117	899 117

#### GROUP SEGMENTAL ANALYSIS

	Sportsmans Warehouse R'000	Outdoor warehouse R'000	Performance Brands R'000	Corporate R'000	Group R'000
Six months ended 31 August 2014 (unaudited)					
External revenue	498 951	149 491	28 632	-	677 074
Internal revenue	-	-	34 930	-	34 930
External interest received	-	-	64	2 583	2 646
External interest paid	-	-	(2)	(5 190)	(5 192)
Depreciation and amortisation	(11 872)	(3 646)	(1 925)	(7 345)	(24 788)
Profit/(loss) before taxation	90 883	17 246	13 799	(25 647)	96 281
Capital expenditure	16 385	3 211	432	516	20 544
Segment assets	322 829	116 120	104 637	669 539	1 213 124
Segment liabilities	77 469	29 380	10 587	196 569	314 006
Six months ended 31 August 2013 (unaudited)					
External revenue	458 083	141 974	30 928	-	630 985
Internal revenue	-	-	33 322	-	33 322
External interest received	-	-	36	1 196	1 232
External interest paid	-	-	-	(5 066)	(5 066)
Depreciation and amortisation	(9 205)	(2 818)	(1 693)	(6 303)	(20 019)
Profit/(loss) before taxation	84 048	19 619	14 163	(27 606)	90 225
Capital expenditure	7 011	3 590	4 536	30 418	45 556
Segment assets	293 219	104 887	110 918	648 982	1 158 005
Segment liabilities	76 780	24 195	11 777	226 481	339 233
Year ended 28 February 2014 (audited)					
External revenue	1 042 008	323 117	52 459	-	1 417 584
Internal revenue	-	-	58 544	-	58 544
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

#### NOTES TO THE INTERIM FINANCIAL STATEMENTS

- The unaudited interim condensed consolidated results for the half-year ended 31 August 2014 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, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council 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.

	6 months ended 31 August 2014 Unaudited R'000	6 months ended 31 August 2013 Unaudited R'000	Year ended 28 February 2014 Audited R'000
3. Trading expenses			
Depreciation on property, plant and equipment	18 306	13 537	29 762
Amortisation of intangibles	6 482	6 482	12 963
Occupancy cost	63 689	60 485	123 625
Straight-lining of leases	2 394	2 307	138
Staff costs	85 270	80 363	167 711
Foreign exchange losses/(gains)	1 762	(1 408)	(862)
Other operating costs	52 584	50 817	105 673
	230 487	212 583	439 010

4. Cash generated from operations			
Operating profit	98 826	94 059	250 009
Adjustments for:			
Depreciation	18 306	13 537	29 762
Amortisation of intangibles	6 482	6 481	12 963
Profit on sale of assets	(123)	(429)	(657)
Fair value losses/(gains) on derivative instruments	405	(924)	486
Forfeitable share plan expense	5 206	3 339	7 541
Straight-lining of leases	2 394	2 307	138
Changes in working capital:			
Increase in trade and other receivables	(3 672)	(2 563)	(2 436)
Increase in inventories	(14 170)	(17 756)	(8 382)
Increase/(decrease) in trade and other payables	5 779	(13 665)	(15 242)
Cash generated from operations	119 433	84 386	274 182

5. Earnings per share and net asset value per share			
Earnings per ordinary share (cents)			
- Basic	159.4	149.2	402.6
- Headline	159.2	148.4	401.5
- Core headline	174.0	163.1	423.3
- Core headline before foreign exchange effect	175.4	161.2	424.0
Ordinary shares in issue ('000)	43 150	43 150	43 150
Weighted average ordinary shares in issue ('000)	43 150	43 150	43 150
Net asset value per ordinary share (cents)	2 083.7	1 897.5	2 087.9
Net tangible asset value per ordinary share (cents)	796.0	588.3	789.6

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

	6 months ended 31 August 2014 Unaudited R'000	6 months ended 31 August 2013 Unaudited R'000	Year ended 28 February 2014 Audited R'000
Basic earnings	68 792	64 384	173 710
Adjusted for:			
Profit on sale of assets	(88)	(309)	(473)
Headline earnings	68 704	64 075	173 237
Adjusted for (net of taxation):			
Amortisation of intangibles	4 667	4 667	9 333
Straight-lining of leases	1 724	1 661	99
Core headline earnings	75 095	70 403	182 669
Adjusted for (net of taxation):			
Foreign exchange losses/(gains)	1 269	(1 014)	(621)
Foreign exchange adjustments in cost of sales	(676)	176	922
Core headline earnings before foreign exchange effect	75 688	69 566	182 970

6. Dividend per share			
Dividend declared per share (cents)			
- Interim	85.0	75.0	75.0
- Final	-	-	145.0
Total dividend	85.0	75.0	220.0
Dividend cover (by core headline earnings)	2.0	2.2	1.9

Registered office: The Mill House, 1 Canterbury Street, Cape Town 8001  
 Executive directors: KG Hodgson, JP Loubser, B Moritz  
 Non-executive directors: SA Muller (Chairman), B Hopkins, M Matlakala, K Moloko  
 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