

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

AUDITED FINAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2013

Sales up 10.5% to R1 374.5 million
Core headline earnings per share up 7.3% to 415.7 cents
Strong cash flow from operating activities
Total gross dividend for the year of 200 cents, up 23.4%

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 year under review with total sales increasing by 10.5% to R1 374.5 million. Retail sales increased by 10.4% to R1 321.3 million.

Operating profit increased by 7.4% to R243.3 million. In evaluating this performance shareholders should take the following factors into account:

- The preceding two comparative reporting years coincided with a rugby and football world cup respectively. This resulted in a strong performance from replica apparel during these years, which was not repeated during the current year.
- 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 year the aggregate adjustment was an expense of R1.8 million compared to an aggregate profit of R6.1 million during the prior year. The majority of the adjustment is included in cost of sales.

Core headline earnings amounted to 415.7 cents per share, a 7.3% increase on the previous year. Core headline earnings excluding the effect of foreign exchange adjustments increased by 11.0% to 418.7 cents per share.

Holdsport's total investment in working capital increased by 24.3% as a result of the increase in trading space and the effect of the weaker exchange rate on the cost of imported stock.

TRADING DIVISIONS

Sales for the various trading divisions were as follows:

	Number of stores	Sales R'm	Increase in sales %
Sportsmans Warehouse	35	999.0	11.4
Outdoor Warehouse	19	322.3	7.4
Retail sales	54	1 321.3	10.4
Performance Brands	-	53.2	11.9
Total sales	54	1 374.5	10.5

Like-for-like retail sales grew by 8.3% while the retail divisions experienced price inflation of approximately 2.9% for the year. The time weighted trading area increased by 3.7% relative to the prior year.

The Sportsmans Warehouse division expanded its Fourways store, relocated the store in Polokwane and added stores in Rustenburg and Bloemfontein. The Capestorm store in Wynberg was closed. Like-for-like sales increased by 9.3%. Sportsmans Warehouse now trades out of 35 stores.

The Outdoor Warehouse division comprises 19 stores after opening a new store in Rustenburg. Like-for-like sales increased by 5.2%.

Performance Brands achieved external sales of R53.2 million, an increase of 11.9%.

CAPITAL EXPENDITURE

During the year the group incurred R40.7 million on maintaining and expanding its retail operations and purchased the Capestorm trademark for R8.2 million.

The group entered into a 50-50 joint venture agreement with Redefine Properties to purchase land in Philippi, Cape Town and develop a new distribution centre for its retail operations. The group will invest approximately R51.0 million in this new distribution centre, of which R19.8 million has already been incurred this year. This project is proceeding successfully and will be completed in July 2013.

Performance Brands acquired its premises for R12.0 million and will construct an

additional warehouse on this property in the next year for approximately R12.3 million.

FUNDING

Term debt of R124.3 million is repayable to Standard Bank on 2 September 2013 and accordingly has been disclosed under current liabilities in the statement of financial position as at 28 February 2013. The group is in advanced negotiations with the FirstRand Group to replace this term debt.

FORFEITABLE SHARE PLAN

During the year the group purchased and awarded R12.1 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 R4.9 million expensed for the current year was R2.8 million higher than the prior year.

CHANGE IN BOARD OF DIRECTORS

In terms of 3.59(b) and (c) of the Listings Requirements of the JSE Limited, shareholders are advised that Toni Haarburger (an executive director) will resign from the boards of Holdsport and various subsidiary companies within the group with effect from 30 August 2013.

Having served the group with distinction since her appointment in 1988, Toni will continue to assist the group with various strategic initiatives. The group expresses its deep gratitude to Toni for the pivotal role she has played in the group's success over the last 25 years.

Bradley Moritz, the chief operating officer, will be appointed to the board of directors as an executive director effective from 30 August 2013. Bradley joined the group in 1998 and brings a wealth of experience to his new role.

PROSPECTS

The current retail environment is challenging and we do not envisage an improvement during the remainder of the year. We have signed leases to open a further two stores during the current year and remain confident that our strategies will deliver a unique and differentiated retail offering to the market.

FINAL DIVIDEND ANNOUNCEMENT

The directors declared a final gross dividend of 130.0 cents per share payable on Monday, 10 June 2013 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 31 May 2013.

The total gross dividend declared for the year is 200 cents per share (2012: 162 cents), which is in line with the dividend policy of the group to have dividends covered approximately twice by the core headline earnings for the year.

The last day to trade ("cum" the dividend) in order to participate in the dividend will be Friday, 31 May 2013. The Holdsport Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Monday, 3 June 2013 and the record date, as indicated, will be Friday, 7 June 2013.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Monday, 3 June 2013 to Friday, 7 June 2013, 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 110.5 cents per ordinary share for shareholders liable to pay the dividend tax, and 130.0 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 K HODGSON
Chairman CEO

Cape Town
15 May 2013

PRELIMINARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

28 February 2013 Audited	29 February 2012 Audited
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	R'000	R'000
Assets		
Non-current assets		
Property, plant and equipment	98 282	51 903
Goodwill and other intangibles	633 299	638 083
Total non-current assets	731 581	689 986
Current assets		
Inventories	346 054	296 723
Trade and other receivables	22 346	19 389
Derivative instruments	402	-
Cash and cash equivalents	36 284	77 374
Total current assets	405 086	393 486
Total assets	1 136 667	1 083 472
Equity and liabilities		
Capital and reserves		
Share capital	229 312	229 312
Other reserves	(20 521)	(13 370)
Retained earnings	604 291	515 603
Total equity	813 082	731 545
Non-current liabilities		
Loans	-	124 841
Deferred taxation	49 623	55 595
Straight-lining lease liability	24 452	21 972
Total non-current liabilities	74 075	202 408
Current liabilities		
Trade and other payables	125 085	120 562
Derivative instruments	-	1 095
Short-term portion of loans	124 282	25 693
Taxation	143	2 169
Total current liabilities	249 510	149 519
Total liabilities	323 585	351 927
Total equity and liabilities	1 136 667	1 083 472

PRELIMINARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 28 February 2013 Audited R'000	Year ended 29 February 2012 Audited R'000
Sales	1 374 531	1 243 539
Cost of sales	(717 971)	(638 807)
Gross profit	656 560	604 732
Other income	3 667	5 094
Trading expenses	(416 937)	(383 395)
Operating profit	243 290	226 431
Finance income	3 104	3 773
Finance cost	(11 652)	(12 945)
Profit before taxation	234 742	217 259
Taxation	(66 226)	(63 564)
Profit and total comprehensive income for the year attributable to equity holders of the company	168 516	153 695

PRELIMINARY CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 28 February 2013 Audited R'000	Year ended 29 February 2012 Audited R'000
Cash flows from operating activities		
Cash generated from operations	239 122	219 514
Finance income	3 104	3 773
Finance costs	(11 652)	(19 005)
Dividends paid	(79 828)	(20 281)
Taxation paid	(74 224)	(70 181)
Net cash inflows from operating activities	76 522	113 820
Cash flows from investing activities		
Additions to property, plant and equipment	(72 489)	(32 214)
Additions to intangibles	(8 179)	-
Proceeds on sale of assets	1 357	601
Net cash outflows from investing activities	(79 311)	(31 613)
Cash flows from financing activities		
Repayment of loans	(26 252)	(54 170)
Forfeitable share plan	(12 049)	(15 500)
Acquisition of non-controlling interest	-	(3 082)
Net cash outflows from financing activities	(38 301)	(72 752)
Net (decrease)/increase in cash and cash equivalents	(41 090)	9 455
Cash and cash equivalents at the beginning of the year	77 374	67 919
Cash and cash equivalents at the end of the year	36 284	77 374

PRELIMINARY CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital Audited R'000	Other reserves Audited R'000	Retained earnings Audited R'000
Balance at 1 March 2011	19	-	384 244
Acquisition of non-controlling interest without a change in control	-	-	(2 055)
Capitalisation of shareholder loans	229 293	-	-
Share-based payment reserve: initial award	-	(15 500)	-
Share-based payment expense	-	2 130	-
Dividends paid	-	-	(20 281)
Total comprehensive income for the year	-	-	153 695
Balance at 29 February 2012	229 312	(13 370)	515 603
Balance at 1 March 2012	229 312	(13 370)	515 603
Share-based payment reserve: initial award	-	(12 049)	-
Share-based payment expense	-	4 898	-
Dividends paid	-	-	(79 828)
Total comprehensive income for the year	-	-	168 516
Balance at 28 February 2013	229 312	(20 521)	604 291
		Non-controlling interest	
	Total Audited R'000	Audited R'000	Total Audited R'000
Balance at 1 March 2011	384 263	1 027	385 290
Acquisition of non-controlling interest without a change in control	(2 055)	(1 027)	(3 082)
Capitalisation of shareholder loans	229 293	-	229 293
Share-based payment reserve: initial award	(15 500)	-	(15 500)
Share-based payment expense	2 130	-	2 130
Dividends paid	(20 281)	-	(20 281)
Total comprehensive income for the year	153 695	-	153 695
Balance at 29 February 2012	731 545	-	731 545
Balance at 1 March 2012	731 545	-	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
Balance at 28 February 2013	813 082	-	813 082

PRELIMINARY CONSOLIDATED SEGMENTAL ANALYSIS

	Sportsmans warehouse R'000	Outdoor warehouse R'000	Performance Brands R'000
Year ended 28 February 2013			
External revenue	999 042	322 251	53 238
External interest received	-	-	258
External interest paid	-	-	(4)
Depreciation and amortisation	(16 856)	(5 691)	(2 954)
Profit/(loss) before taxation	201 540	54 300	23 393
Capital expenditure	29 164	7 891	22 327
Segment assets	283 545	100 183	101 925
Segment liabilities	87 644	24 638	11 117
Year ended 29 February 2012			
External revenue	896 007	299 956	47 576
External interest received	-	-	246
External interest paid	-	-	(72)
Depreciation and amortisation	(15 372)	(4 964)	(1 991)
Profit/(loss) before taxation	188 362	55 641	20 759
Capital expenditure	23 286	7 141	501
Segment assets	230 846	94 765	69 350
Segment liabilities	84 639	18 550	8 643
		Corporate R'000	Group R'000
Year ended 28 February 2013			
External revenue		-	1 374 531
External interest received		2 846	3 104
External interest paid		(11 648)	(11 652)
Depreciation and amortisation		(12 572)	(38 073)
Profit/(loss) before taxation		(44 491)	234 742
Capital expenditure		21 286	80 668
Segment assets		651 014	1 136 667
Segment liabilities		200 186	323 585
Year ended 29 February 2012			
External revenue		-	1 243 539
External interest received		3 527	3 773
External interest paid		(12 873)	(12 945)
Depreciation and amortisation		(12 844)	(35 171)
Profit/(loss) before taxation		(47 503)	217 259
Capital expenditure		1 286	32 214

Segment assets	688 511	1 083 472
Segment liabilities	240 095	351 927

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

1. KPMG Inc., the group's independent auditor, has audited the group annual financial statements for the year to 28 February 2013 and has expressed an unmodified opinion on the preliminary consolidated financial statements. Their audit report is available for inspection at the company's registered office. The preliminary consolidated financial statements presented in this announcement have been summarised from the audited group annual financial statements. The complete set of the group annual financial statements is available for inspection at the company's registered office.

The preliminary consolidated financial statements is prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards and presented in accordance with the minimum content, including disclosures, prescribed by IAS 34 Interim Financial Reporting applied to year end reporting, and South African Statements and Interpretations of Statements of Generally Accepted Accounting Practice (AC 500 Series) and the requirements of the Companies Act of South Africa 2008, as amended and have been consistently applied to prior periods.

These audited preliminary 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 2013 Audited R'000	Year ended 29 February 2012 Audited R'000
3. Trading expenses		
Depreciation on property, plant and equipment	25 110	22 617
Amortisation of intangibles	12 963	12 554
Occupancy cost	113 791	103 706
Straight-lining of leases	2 480	2 812
Staff costs	159 888	145 796
Foreign exchange gains	(461)	(1 422)
Other operating costs	103 166	97 332
	416 937	383 395
4. Finance cost		
Interest paid on loans	11 652	19 005
Decrease in interest rate swap derivative	-	(5 949)
Fair value adjustment on loans	-	(111)
	11 652	12 945
5. Cash generated from operations		
Operating profit	243 290	226 431
Adjustments for:		
Depreciation	25 110	22 617
Amortisation of intangibles	12 963	12 554
Profit on sale of property, plant and equipment	(357)	(148)
Fair value (gain)/loss on derivative instruments	(1 497)	480
Forfeitable share plan expense	4 898	2 130
Straight-lining of leases	2 480	2 812
Changes in working capital:		
Increase in trade and other receivables	(2 957)	(3 831)
Increase in inventories	(49 331)	(63 961)
Increase in trade and other payables	4 523	20 430
Cash generated from operations	239 122	219 514
6. Earnings per share and net asset value per share		
Earnings per ordinary share (cents)		
- Basic	390.5	356.1
- Headline	389.9	355.8
- Core headline	415.7	387.4
- Core headline before foreign exchange effect	418.7	377.3
Ordinary shares in issue ('000)	43 150	43 150
Weighted average ordinary shares in issue ('000)	43 150	43 150
Net asset value per ordinary share (cents)	1 884.3	1 695.3
Net tangible asset value per ordinary share (cents)	564.2	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, fair value adjustments to loans, the amortisation of trademarks and the lease straight-lining expense, and are presented below:

	Year ended 28 February 2013	Year ended 29 February 2012
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	Audited R'000	Audited R'000
Basic earnings	168 516	153 695
Adjusted for:		
Profit on disposal of property, plant and equipment	(257)	(148)
Headline earnings	168 259	153 547
Adjusted for (net of taxation):		
Amortisation of intangibles	9 333	9 039
Straight-lining of leases	1 786	2 023
Fair value adjustment on loans	-	(80)
Non-recurring professional fees	-	2 661
Core headline earnings*	179 378	167 190
Adjusted for (net of taxation):		
Foreign exchange gains	(332)	(1 024)
Foreign exchange adjustments in cost of sales	1 636	(3 353)
Core headline earnings before foreign exchange effect	180 682	162 813

* 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 28 February 2013.

7. Dividend per share

Dividend declared per share (cents)		
- Interim	70.0	47.0
- Final	130.0	115.0
Total dividend	200.0	162.0
Dividend cover (by core headline earnings)	2.1	2.4

Registered office: The Mill House, 1 Canterbury Street, Cape Town 8001
Executive directors: KG Hodgson, EA Haarburger, 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