

WOOLWORTHS HOLDINGS

reviewed group

income statement

| | Note | Year ended 30 June | | % |
|--|------|--------------------|----------------|---------------|
| | | 2002 | 2001 | |
| | | Rm | Rm | |
| Revenue | | 9 020.7 | 7 411.1 | 21.7 |
| Continuing operations | | 8 825.6 | 7 120.6 | 23.9 |
| Discontinued operations | | 195.1 | 290.5 | (32.8) |
| Continuing operations | | | | |
| Turnover | | 8 421.4 | 6 778.8 | 24.2 |
| Cost of merchandise | | 5 571.8 | 4 484.5 | 24.2 |
| Gross profit | | 2 849.6 | 2 294.3 | 24.2 |
| Other income | | 404.2 | 341.8 | 18.3 |
| Expenses | | 2 568.6 | 2 166.3 | 18.6 |
| Depreciation | | 213.5 | 199.0 | 7.3 |
| Occupancy cost | | 503.4 | 403.3 | 24.8 |
| Employment cost | | 1 238.7 | 1 050.8 | 17.9 |
| Other operating cost | | 613.0 | 513.2 | 19.4 |
| Operating profit | | 685.2 | 469.8 | 45.8 |
| Interest paid | | 44.5 | 36.1 | 23.3 |
| Net profit before exceptional items | | 640.7 | 433.7 | 47.7 |
| Exceptional items | 2 | (41.5) | – | |
| Net profit before tax | | 599.2 | 433.7 | 38.2 |
| Tax | 3 | 203.6 | 147.2 | 38.3 |
| Net profit after tax | | 395.6 | 286.5 | 38.1 |
| Outside shareholders' interest | | (2.1) | 1.3 | |
| Net profit from continuing operations | | 393.5 | 287.8 | 36.7 |
| Discontinued operations | | | | |
| Operating loss | | (14.0) | (17.9) | |
| Interest paid | | (0.7) | (0.9) | |
| Loss from discontinued operations | | (14.7) | (18.8) | |
| Exceptional items | 2 | (139.6) | – | |
| Outside shareholders' interest | | 18.8 | 2.3 | |
| Net loss from discontinued operations | | (135.5) | (16.5) | |
| Total group | | | | |
| Net profit attributable to ordinary shareholders | | 258.0 | 271.3 | (4.9) |
| Reconciliation of headline earnings | | | | |
| Attributable earnings – all operations | | 258.0 | 271.3 | (4.9) |
| Loss on discontinuance, net of outside shareholders' interest | | 115.6 | – | |
| Impairment of property | | 17.2 | – | |
| Goodwill amortisation | | 12.1 | – | |
| Loss on disposal of listed investment | | 4.8 | – | |
| (Profit)/loss on disposal of property, plant and equipment net of outside shareholders' interest | | (8.8) | 3.1 | |
| Headline earnings | | 398.9 | 274.4 | 45.4 |
| Net loss from discontinued operations after outside shareholders' interest | | 19.9 | 16.5 | 20.6 |
| Headline earnings from continuing operations | | 418.8 | 290.9 | 44.0 |
| Headline earnings per share (cents) | | | | |
| – All operations | | 44.0 | 30.5 | 44.3 |
| – Continuing operations | | 46.2 | 32.3 | 43.2 |
| Earnings per share (cents) | | | | |
| – All operations | | 28.5 | 20.1 | (5.3) |

balance sheet

assets

Non-current assets

| |
|--------------------------------------|
| Property, plant and equipment |
| Investments |
| Loans to customers |
| Participation in export partnerships |
| Premium on acquisition of subsidiary |
| Other loans |
| Deferred tax |

Current assets

| |
|---------------------------|
| Inventories |
| Woolworths card debtors |
| Accounts receivable |
| Loans to customers |
| Tax |
| Cash and cash equivalents |

Total assets

equity and liabilities

Capital and reserves

| |
|---------------------------------|
| Ordinary shareholders' interest |
| Outside shareholders' interest |

Non-current liabilities

| |
|---------------------------------------|
| Interest bearing borrowings |
| Post-retirement medical-aid liability |
| Deferred tax |

Current liabilities

| |
|-----------------------------|
| Accounts payable |
| Provisions |
| Tax |
| Interest bearing borrowings |

Total equity and liabilities

Net asset bookvalue – per share (cents)

group analysis

Total assets

| |
|--------------|
| Woolworths |
| Country Road |

Inventories

| |
|--------------|
| Woolworths |
| Country Road |

Approved commitments for capital expenditure for the next financial year

| |
|--------------|
| Woolworths |
| Country Road |

statement of changes in

WOOLWORTHS LIMITED

group results

for the year ended 30 June 2002

Year ended 30 June
2002 2001
Note Rm Rm

| | | |
|---|---------|---------|
| | 1 535.2 | 1 459.1 |
| | 916.1 | 980.4 |
| 6 | 81.4 | 24.7 |
| | 180.2 | 115.6 |
| | 210.0 | 229.0 |
| | 20.1 | – |
| | 112.6 | 102.8 |
| | 14.8 | 6.6 |
| | 2 528.6 | 2 272.2 |
| | 511.2 | 503.9 |
| | 1 348.7 | 1 148.5 |
| | 347.1 | 327.4 |
| | 201.5 | 171.6 |
| | 1.6 | – |
| | 118.5 | 120.8 |
| | 4 063.8 | 3 731.3 |

| | | |
|--|---------|---------|
| | 2 375.8 | 2 270.1 |
| | 2 350.2 | 2 238.4 |
| | 25.6 | 31.7 |
| | 301.1 | 336.3 |
| | 0.3 | 0.5 |
| | 111.0 | 94.5 |
| | 189.8 | 241.3 |
| | 1 386.9 | 1 124.9 |
| | 713.0 | 756.6 |
| | 97.3 | 66.7 |
| | 96.4 | 116.8 |
| | 480.2 | 184.8 |
| | 4 063.8 | 3 731.3 |
| | 264.2 | 246.5 |

| | | |
|--|---------|---------|
| | 4 063.8 | 3 731.3 |
| | 3 658.0 | 3 347.9 |
| | 405.8 | 383.4 |
| | 511.2 | 503.9 |
| | 339.1 | 324.8 |
| | 172.1 | 179.1 |
| | 237.9 | 233.9 |
| | 196.7 | 201.7 |
| | 41.2 | 32.2 |

diture

highlights

- Total dividend per share ↑ 33.3% to 20c
- From continuing operations:
 - Headline earnings per share ↑ 43.2% to 46.2c
 - Revenue ↑ 23.9% to R8 825.6m
 - Profit before exceptional items ↑ 47.7% to R640.7m
 - Woolworths net profit before exceptional items ↑ 40.1% to R625.5m
 - Country Road moves to a profit ↑ A\$1,1m (2001: (A\$3,6m))

commentary

financial results

The directors are pleased to report an excellent performance in Woolworths operating group and the turnaround in Country Road Limited.

Country Road's exit from the US market in the first half of the year resulted in a write-off of net assets amounting to A\$18,9m and other costs and provisions of A\$5.0m. This translated to R122,7m after minority interests.

To improve utilisation of shareholder funds, a share repurchase programme was initiated. A total of 33,3 million shares representing 3.6% of the issued share capital has been repurchased at a cost of R134,7m and at an average price of R4,05 per share. As the share repurchase was undertaken towards the end of the year, the benefits will be more fully reflected next year.

A final dividend of 12,5c has been declared, increasing the total dividend by 33.3% to 20c per share (2001: 15c), reflecting our growing confidence that the business is back on track.

woolworths operating group

The Woolworths operating group increased sales by 22.6% in the 53 weeks to June 2002, compared to a 52 week period last year. The impact of the additional week was approximately 2.3%.

This reflects our efforts to build on "the Woolies difference" by consistently offering our customers higher quality, innovative, beautiful goods at remarkable value.

The 40.1% increase in net profit before exceptional items showed a strong performance and reflected a great effort from our people.

Textile sales for the 53 week period increased by 17.7% over last year and by 12.2% on



WOOLWORTHS
the difference

anges in ordinary

| | | | | |
|--|---|-------|-------|-------|
| Headline earnings from continuing operations | | 418.8 | 290.9 | 44.0 |
| Headline earnings per share (cents) | | | | |
| – All operations | | 44.0 | 30.5 | 44.3 |
| – Continuing operations | | 46.2 | 32.3 | 43.2 |
| Earnings per share (cents) | | | | |
| – All operations | | 28.5 | 30.1 | (5.3) |
| – Continuing operations | | 43.4 | 31.9 | 36.2 |
| Diluted earnings per share (cents) | 4 | 28.0 | 29.9 | (6.4) |
| Dividends per share (cents) | 5 | 20.0 | 15.0 | 33.3 |
| Dividend cover (based on headline earnings from continuing operations) | | 2.3 | 2.2 | |
| Number of shares issued (millions) | | 889.7 | 908.1 | (2.0) |
| Weighted average number of shares in issue (millions) | | 905.7 | 899.8 | 0.7 |

group analysis

| | | | | |
|---|--|---------|---------|--------|
| Revenue | | | | |
| Turnover | | 8 421.4 | 6 778.8 | 24.2 |
| Woolworths | | 7 302.0 | 5 955.4 | 22.6 |
| – Textiles | | 3 834.1 | 3 258.9 | 17.7 |
| – Foods | | 3 302.1 | 2 566.0 | 28.7 |
| – Logistics services and other | | 165.8 | 130.5 | 27.0 |
| Country Road – continuing operations | | 1 119.4 | 823.4 | 35.9 |
| Interest | | 355.5 | 294.6 | 20.7 |
| Other revenue | | 48.7 | 47.2 | 3.2 |
| Continuing operations | | 8 825.6 | 7 120.6 | 23.9 |
| Discontinued operations | | 195.1 | 290.5 | (32.8) |
| | | 9 020.7 | 7 411.1 | 21.7 |
| Net profit/(loss) before tax and exceptional items | | | | |
| Woolworths | | 625.5 | 446.4 | 40.1 |
| Country Road | | 15.2 | (12.7) | |
| Continuing operations | | 640.7 | 433.7 | 47.7 |
| Discontinued operations | | (14.7) | (18.8) | |
| | | 626.0 | 414.9 | 50.9 |

cash flow statement

Year ended 30 June

2002 2001

Rm Rm

| | | |
|---|----------------|----------------|
| Cash flow from operating activities | | |
| Cash inflow from trading | 581.7 | 392.3 |
| Working capital movements | (262.0) | (106.8) |
| Cash generated by operating activities | 319.7 | 285.5 |
| Interest received and investment income | 355.5 | 294.8 |
| Interest paid | (45.2) | (37.0) |
| Tax paid | (284.5) | (97.5) |
| Cash generated by operations | 345.5 | 445.8 |
| Dividends paid | (145.8) | (103.4) |
| Net cash inflow from operating activities | 199.7 | 342.4 |
| Continuing operations | 187.4 | 351.0 |
| Discontinued operations | 12.3 | (8.6) |
| Cash outflow from investing activities | (404.8) | (340.8) |
| Cash flow from financing activities | | |
| Shares issued | 41.3 | 28.0 |
| Shares repurchased by subsidiary | (134.7) | – |
| Long-term liabilities repaid | (0.1) | (11.4) |
| Net cash (outflow)/inflow from financing activities | (93.5) | 16.6 |
| (Decrease)/increase in cash and cash equivalents | (298.6) | 18.2 |
| Cash and cash equivalents at the beginning of the year | (64.0) | (101.3) |
| Effect of foreign exchange rate changes | 0.9 | 19.1 |
| Cash and cash equivalents at the end of the year | (361.7) | (64.0) |
| Continuing operations | (361.7) | (60.4) |
| Discontinued operations | – | (3.6) |

group analysis

| | | |
|---|--------------|--------------|
| Cash generated by operations – before tax | | |
| Woolworths | 630.0 | 543.3 |
| Country Road | 579.2 | 535.8 |
| | 50.8 | 7.5 |
| Gross capital expenditure on plant and equipment | 335.0 | 252.9 |
| Woolworths | 273.7 | 207.1 |
| Country Road | 61.3 | 45.8 |

Woolworths
Country Road

statement of changes in shareholders' interest

Ordinary shareholders' interest at the beginning of the year

As previously reported

Prior year adjustment to opening balance arising from the change in accounting policy for:

- Depreciation on owner-occupied property
- Post retirement medical benefits

Movements for the year:

Share premium arising from shares issued under share purchase scheme

Shares repurchased by subsidiary

Recognised gains and losses

Distributable reserves

Net profit attributable to ordinary shareholders

Distributions to ordinary shareholders

Net unrealised gain on hedging instruments

Non-distributable reserves

Realisation of translation reserve on closure of discontinued operations

Exchange differences on translation of foreign entities

Ordinary shareholders' interest at the end of the year

notes

- The financial statements comply with South African Statement of Financial Reporting Practice. Accounting policies used are consistent with those stated in the 2001 financial statements, except as follows: The Group's policy for the recognition of benefits of retired employees has changed following the introduction of the actuarial funding obligation. Consequently the actuarial funding obligation is calculated using the projected benefit method, which is recognised in the income statement, subject to the corridor test. The effect of decreasing reported profit after tax by R11.7m (2001: R11.7m) has been restated. Following the introduction of AC135, Investment property is now classified as owner-occupied property in accordance with AC123. This change has the effect of decreasing reported profit after tax by R7.3m (2001: R7.3m). Comparative figures have been restated. In addition certain classifications have been changed to bring them in line with classifications used in the 2001 financial statements.
- Exceptional items

| | Total | of |
|--|--------------|----|
| Loss on disposal of listed investment | 4.8 | |
| Impairment of property | 17.2 | |
| Goodwill amortisation | 12.1 | |
| Provision for onerous lease commitment | 7.4 | |
| Loss on discontinuance | 131.6 | |
| Restructuring costs | 8.0 | |
| | 181.1 | |

On 17 January 2002, Country Road's US operation was placed into liquidation. The liquidation is ongoing, and the directors do not believe that the liquidation will result in a net loss on discontinuance. The loss on discontinuance has been increased by R11.3m from R11.3m as at 31 December 2001. This was to adjust for the loss on discontinuance created when Country Road was acquired by Woolworths. There is no tax effect from the exceptional items, other than the loss on discontinuance provision.

- The effective tax rate of 34.0% on continuing operations is based on the losses of certain subsidiaries, tax on foreign dividends and the difference between earnings per share and diluted earnings per share in terms of the share purchase scheme.
- Dividends comprise the interim dividend of 7.5c per share and the final dividend of 12.5c per share declared on 21 August 2002.
- Investments include listed securities with a carrying value of R13.4m (2001: R13.9m).
- Contingent liabilities at the end of the year amount to Rnil.
- Unutilised banking facilities amount to R1 549.3m (2001: R1 549.3m). The borrowing powers of the group are unlimited.

| | |
|-------|-------|
| 198.7 | 201.7 |
| 41.2 | 32.2 |

Changes in ordinary

Interest

| | Year ended 30 June | |
|-----------------------|--------------------|---------|
| | 2002 | 2001 |
| | Rm | Rm |
| Beginning of the year | 2 238.4 | 2 023.5 |
| Interest arising | 2 334.5 | 2 103.9 |
| Interest expense | (36.2) | (28.0) |
| | (59.9) | (52.4) |
| Under share | | |
| | 41.3 | 28.0 |
| | (134.7) | — |
| | 205.2 | 186.9 |
| Dividends | 125.1 | 169.8 |
| | 258.0 | 271.3 |
| | (145.8) | (103.4) |
| | 12.9 | 1.9 |
| Share of | | |
| | (7.3) | — |
| Foreign entities | 87.4 | 17.1 |
| End of the year | 2 350.2 | 2 238.4 |

with African Statements of Generally Accepted Accounting consistent with those applicable for the June 2001 financial year's policy for providing for post-retirement medical-aid following the introduction of ACI 16, Employee Benefits. Provision is calculated annually. Actuarial gains and losses are subject to the corridor approach. This change has the effect of R11.7m (2001: R7.5m).

Investment properties, depreciation is now provided on a straight line with ACI 23, Property, Plant and Equipment. This change results in a net profit after tax by R7.6m (2001: R8.2m).

In addition certain other comparative figures have been restated to reflect the current period.

| Total | 2002 | | 2001 Total |
|-------|-----------------------|-------------------------|---------------|
| | Continuing operations | Discontinued operations | |
| 4.8 | 4.8 | — | — |
| 17.2 | 17.2 | — | — |
| 12.1 | 12.1 | — | — |
| 7.4 | 7.4 | — | — |
| 131.6 | — | 131.6 | — |
| 8.0 | — | 8.0 | — |
| 181.1 | 41.5 | 139.6 | — |

The operation was placed into Chapter 7 liquidation. Directors do not believe that any further liabilities will arise. The amount disclosed in the Interim Financial Statements is adjusted by R11.3m from the amount disclosed in the Interim Financial Statements as to adjust for the Foreign Currency Translation Reserve established by Woolworths in February 1998.

Other items, other than R2.2m in respect of the onerous provisions, are due to the incidence of STC, the effect on foreign dividends and the exceptional items. The effect on diluted earnings per share results from outstanding provisions.

Dividend of 7.5c per share, paid on 30 April 2002 and the final dividend of 21 August 2002.

Carrying value of R11.3m (2001: R20.0m) and a market value of R11.3m (2001: R3.0m).

Share amount to Rnil (2001: R3.0m). In terms of the Articles of Association the group are unlimited.

consistently offering our customers higher quality, innovative, beautiful goods at remarkable value.

The 40.1% increase in net profit before exceptional items showed a strong performance and reflected a great effort from our people.

Textile sales for the 53 week period increased by 17.7% over last year and by 12.2% on a comparable store basis.

Food sales for the 53 weeks rose 28.7% over last year and by 18.7% on a comparable store basis.

Interest received increased by 20.7% as a result of Woolworths Financial Services' drive to broaden our customer base in our Woolworths card and personal loan products. The card base increased to over a million active customers in the year. The debtors portfolios were well managed and bad debts are at acceptable levels.

Country Road limited

Country Road took the hard decision to exit the USA, reduced costs and focussed on growing sales in Australia.

COUNTRY ROAD
AUSTRALIA

Margins suffered from increased promotional activity to counter significant discounting among competitors and unusually warm winter weather. Australasian sales grew however at 2.6% over last year in Australian dollar terms.

This together with excellent cost management led to a net profit of A\$1.1m from continuing operations which represents a turnaround of A\$4.7m from last year's result.

prospects

Whilst we expect the trading conditions to be tougher in the year ahead, current indications are that we should deliver positive growth in earnings.

review of independent auditors

The group's auditors, Ernst & Young, have reviewed the group results. Their unqualified report is available for inspection at the company's registered office.

final dividend

Notice is hereby given that a final dividend of 12.5c per share has been declared in respect of dividend number 10 for the financial year ended 30 June 2002.

Shareholders are advised that the last day of trade "cum the dividend" in order to participate in the dividend will be Friday, 6 September 2002. The shares will trade "ex" the dividend from Monday, 9 September 2002 and the record date will be Friday, 13 September 2002. The dividend will be payable on Monday, 16 September 2002.

Share certificates may not be dematerialised or re-materialised between Monday, 9 September 2002 and Friday, 13 September 2002, both days inclusive.

On behalf of the Board of Directors.

CA Hall

Chairman

Cape Town

22 August 2002

SN Susman

Chief executive officer

directorate

Non-executive directors CA Hall (Chairman), M Barnes (British), NL Colne (British), BJ Frost, SV Zilwa

Executive directors SN Susman (CEO), MR Canning, GP de Kock, RJD Inskip, NW Thomson

Company Secretary CL Lowe

Woolworths Holdings Limited Company Registration Number 1929/001986/06

Share code WHL **ISIN** ZAE000028288

Auditors Ernst & Young

Sponsor HSBC Investment Services (Africa) (Pty) Ltd

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Transfer Secretaries Computershare Services, 10th Floor, 11 Diagonal Street, Johannesburg 2001