

Unaudited group results
for the twenty-six weeks
ended December

2005

highlights

Revenue up 16.7%

Operating profit up 19.6%

HEPS up 19.6%

Dividend per
share up 29.7%

ROE up to 37.2%



income statement

Year ended 30 June 2005 Restated		26 weeks ended December		
		Restated		
Rm	Notes	2005 Rm	2004 Rm	% Change
12 988.9		7 415.3	6 353.1	16.7%
12 220.7		6 995.0	6 016.6	16.3%
8 207.6		4 710.1	4 036.0	16.7%
4 013.1		2 284.9	1 980.6	15.4%
768.2		420.3	336.5	24.9%
3 550.0		1 974.9	1 706.7	15.7%
254.5		132.9	123.6	7.5%
609.8		337.2	302.3	11.5%
1 460.0		805.1	705.4	14.1%
1 225.7		699.7	575.4	21.6%
1 231.3		730.3	610.4	19.6%
152.7		113.8	62.0	83.5%
1 078.6		616.5	548.4	12.4%
299.5	3	194.2	161.0	20.6%
779.1		422.3	387.4	9.0%
776.9		421.3	386.7	8.9%
2.2		1.0	0.7	42.9%
776.9		421.3	386.7	8.9%
0.9		(2.2)	(0.6)	
(7.9)		–	–	
(15.5)		–	–	
0.5		–	–	
4.1		–	–	
759.0		419.1	386.1	8.5%
89.4		53.1	44.4	19.6%
91.5		53.3	44.5	19.8%
87.3	4	51.9	42.6	21.8%
89.4	4	52.2	42.7	22.2%
54.0		24.0	18.5	29.7%
1.7		2.2	2.4	
787.2		796.2	870.7	(8.6%)
849.4		789.8	869.7	(9.2%)
GROUP ANALYSIS				
Revenue				
12 220.7		6 995.0	6 016.6	16.3%
11 238.6		6 488.9	5 546.0	17.0%
5 349.5		3 024.4	2 685.6	12.6%
5 666.0		3 329.1	2 753.1	20.9%
223.1		135.4	107.3	26.2%
982.1		506.1	470.6	7.5%
641.7		348.6	288.6	20.8%
126.5		71.7	47.9	49.7%
12 988.9		7 415.3	6 353.1	16.7%
1 206.9		720.1	602.4	19.5%
24.4		10.2	8.0	27.5%
1 231.3		730.3	610.4	19.6%



As at 30 June 2005 Restated		As at December Restated	
Rm		2005 Rm	2004 Rm
ASSETS			
2 002.0	Non-current assets	2 190.9	1 998.8
1 304.0	Property, plant and equipment	1 421.2	1 262.4
72.2	Investment property	72.2	56.7
2.6	Investments	2.6	24.2
203.9	Loans to customers	228.6	192.8
79.3	Participation in export partnerships	62.4	164.4
146.9	Other loans	191.7	164.7
193.1	Deferred tax	212.2	133.6
5 137.1	Current assets	5 808.4	4 772.6
683.0	Inventories	865.7	801.4
2 590.8	Woolworths card debtors	2 788.7	2 466.1
309.6	Credit card receivables	405.5	233.7
788.4	Accounts receivable	877.9	604.7
539.8	Loans to customers	587.8	495.8
225.5	Cash	282.8	170.9
7 139.1	Total assets	7 999.3	6 771.4
EQUITY AND LIABILITIES			
2 210.9	Capital and reserves	2 343.3	2 914.9
2 184.7	Ordinary shareholders' interest	2 316.2	2 893.9
26.2	Outside shareholders' interest	27.1	21.0
3 088.7	Non-current liabilities	3 098.6	1 209.3
2 400.0	Interest-bearing borrowings	2 400.0	500.0
417.3	Operating lease accrual	428.3	404.1
181.3	Post-retirement medical aid liability	193.2	169.5
90.1	Deferred tax	77.1	135.7
1 839.5	Current liabilities	2 557.4	2 647.2
1 519.8	Accounts payable	1 969.1	1 523.3
117.5	Provisions	105.5	95.2
202.2	Interest-bearing borrowings	482.8	1 028.7
7 139.1	Total equity and liabilities	7 999.3	6 771.4
277.5	Net asset book value – per share (cents)	290.9	332.4
GROUP ANALYSIS			
7 139.1	Total assets	7 999.3	6 758.3
6 754.4	Woolworths	7 610.5	6 390.4
384.7	Country Road	388.8	367.9
683.0	Inventories	865.7	801.4
563.0	Woolworths	711.0	705.4
120.0	Country Road	154.7	96.0
643.2	Approved commitments for capital expenditure	448.8	141.6
598.2	Woolworths	442.0	127.5
45.0	Country Road	6.8	14.1

statement of changes in equity

Year ended 30 June 2005 Restated	Rm	Ordinary shareholders' interest Rm	Outside shareholders' interest Rm	26 weeks ended December	
				Total 2005 Rm	Restated 2004 Rm
2 708.1	Shareholders' interest at the beginning of the period	2 184.7	26.2	2 210.9	2 708.1
	Movements for the period:				
63.2	Issue of shares	48.3	–	48.3	46.4
(1 002.0)	Share repurchase	–	–	–	–
(18.4)	Cost of capital restructuring	–	–	–	–
460.0	Recognised gains and losses	83.2	0.9	84.1	160.4
418.5	Distributable reserves	134.9	1.0	135.9	165.6
779.1	Net profit for the period	421.3	1.0	422.3	387.4
(384.2)	Distributions to shareholders	(282.3)	–	(282.3)	(221.8)
	Net fair value adjustments on financial instruments	(12.2)	–	(12.2)	(4.8)
13.2	Share-based payments	8.1	–	8.1	4.8
10.4					
41.5	Non-distributable reserves	(51.7)	(0.1)	(51.8)	(5.2)
	Exchange differences on translation of foreign operations				
2 210.9	Shareholders' interest at the end of the period	2 316.2	27.1	2 343.3	2 914.9

cash flow statement

Year ended 30 June 2005 Restated		26 weeks ended December Restated	
Rm		2005 Rm	2004 Rm
Cash flow from operating activities			
996.5	Cash inflow from trading	515.1	494.8
(228.4)	Working capital movements	90.0	(118.1)
(722.0)	Cash applied to financial services assets	(336.7)	(456.4)
46.1	Cash generated/(utilised) by operating activities	268.4	(79.7)
638.0	Interest received	348.6	287.5
(149.9)	Finance costs paid	(115.7)	(62.0)
(314.6)	Tax paid	(228.9)	(170.3)
219.6	Cash generated/(utilised) by operations	272.4	(24.5)
(384.2)	Distributions to shareholders	(282.3)	(221.8)
(164.6)	Net cash outflow from operating activities	(9.9)	(246.3)
(312.6)	Cash outflow from investing activities	(254.4)	(207.2)
Cash flow from financing activities			
63.2	Shares issued	48.3	46.4
500.0	Term borrowings raised	–	500.0
(1 002.0)	Repurchase of shares	–	–
1 900.0	Notes issued	–	–
(18.4)	Capital restructuring costs	–	–
1 442.8	Net cash inflow from financing activities	48.3	546.4
965.6	(Decrease)/increase in cash and cash equivalents	(216.0)	92.9
(949.9)	Cash and cash equivalents at the beginning of the period	23.3	(949.9)
7.6	Effect of foreign exchange rate changes	(7.3)	(0.8)
23.3	Cash and cash equivalents at the end of the period	(200.0)	(857.8)
GROUP ANALYSIS			
996.5	Cash inflow from trading	515.1	494.8
952.1	Woolworths	506.9	468.6
44.4	Country Road	8.2	26.2

notes

1. Basis of preparation and IFRS adoption

The interim financial statements comply with IAS 34 (AC127) of International Financial Reporting Standards (IFRS).

In accordance with the listing requirements of the JSE Limited the group is adopting IFRS with effect from 1 July 2005. As the group publishes comparative information in its financial statements, the date of transition to IFRS is 1 July 2004, which represents the start of the earliest period of comparative information presented. The financial information has been prepared in accordance with IFRS and interpretations in effect on 1 July 2005.

Accounting policies used are consistent with those used in the published June 2005 annual financial statements, except where accounting policies have changed as a result of the first-time adoption of IFRS as noted below.

1.1 Foreign currency translations

Foreign operations are subsidiaries of the group based in a country or currency other than that of the holding company.

Foreign operations are translated from their functional currency into South African rands at the rates of exchange ruling at the balance sheet date in respect of balance sheet items, and at an average rate per month in respect of income statement items. Gains and losses on the translation of foreign operations' balance sheet items are taken directly to non-distributable reserves.

The change in translation method for foreign subsidiaries has resulted in a reclassification of foreign exchange losses between retained profits and the foreign currency translation reserve, both of which form part of equity.

1.2 Property, plant and equipment

The useful lives and residual values of assets are reviewed annually. This requirement has resulted in a lower depreciation charge and a reversal of accumulated depreciation.

1.3 Investment property

WHL

WOLWORTHS HOLDINGS LIMITED

segmental analysis

Year ended 30 June 2005 Restated	Rm	26 weeks ended December		
		2005 Rm	Restated 2004 Rm	% Change
Revenue				
Retail				
11 288.4	Woolworths	6 511.2	5 559.1	17.1%
995.1	Country Road	510.8	474.4	7.7%
773.9	Financial services	430.0	354.3	21.4%
(68.5)	Intragroup	(36.7)	(34.7)	
12 988.9	Total group	7 415.3	6 353.1	16.7%
Net profit before tax				
Retail				
858.7	Woolworths	532.7	441.3	20.7%
20.7	Country Road	8.0	6.1	31.1%
199.2	Financial services	75.8	101.0	(25.0%)
1 078.6	Total group	616.5	548.4	12.4%
Capital and reserves				
Retail				
984.4	Woolworths	1 003.8	879.5	14.1%
234.2	Country Road	199.1	188.4	5.7%
992.3	Financial services	1 140.4	1 847.0	(38.3%)
2 210.9	Total group	2 343.3	2 914.9	(19.6%)
Return on Equity				
%		%	%	
Retail				
71.7	Woolworths	72.0	75.9	
10.3	Country Road	7.7	6.8	
9.5	Financial services	10.1	8.2	
31.2	Total group	37.2	27.6	

commentary

group results

The board wishes to announce another set of solid results. The headline earnings per share for the twenty-six weeks to December 2005 increased 19.6% (23.9% prior to the non-comparable STC payment) from 44.4 cents to 53.1 cents per share. The return on equity grew to 37.2% from 27.6%. A dividend of 24.0 cents per share has been declared representing an increase of 29.7% over the same period last year. The uplift in the level of the dividend reflects the decision of the board to increase the proportion of the dividend payable at the interim period. For the full financial year we aim to maintain the dividend cover at around 1.7 times earnings.

trading environment

In South Africa the retail environment remained robust due to stable interest rates, low inflation, continued growth of the emerging black market and an increase in consumers' real disposable income. This trend is expected to continue.

financial review

Group revenue has increased by 16.7% to R7.4bn.

Operating profit for the group increased by 19.6% to R730.3m with an improvement in operating margin from 9.6% to 9.8%. This has been achieved despite our investment in initiatives which are designed to enhance future growth including the World of Difference loyalty programme, an accelerated store development plan and a customer service improvement project.

The group's gross profit percentage decreased from 32.9% to 32.7% as a result of the change in mix of our different businesses.

The share repurchase in March 2005 has resulted in an increase in borrowings over the same period last year and a substantial increase in finance costs. The positive effect of the capital restructuring is reflected in the increase in headline earnings per share and an enhanced return on equity.

Property which the group holds to earn rental income or for capital appreciation is classified as investment property.

Investment properties are initially recognised at cost. Subsequently they are stated at cost less accumulated depreciation and any impairment in value.

Transfers are made from or to investment properties when there is a change in use of the property.

1.4 Financial instruments

Financial assets are subject to impairment when there is objective evidence that a loss event has impacted the estimated future cash flows to be received from that asset.

1.5 Transitional arrangements

IFRS 1 – First-time adoption of IFRS requires full retrospective application of the standards with the exception of certain optional and mandatory exemptions. The exemptions as noted below have been elected.

1.5.1 Employee benefits – Previously unrecognised actuarial losses of R7.3m relating to the post-retirement medical aid liability have been included in the liability at the transition date.

1.5.2 Business combinations – The group has elected not to revisit the fair values and goodwill estimation of past business combinations.

1.5.3 Share-based payments are expensed from 1 July 2004 onward.

IFRS impact on reported balance sheets

	Notes	Effect on assets Rm	Effect on liabilities Rm	Effect on equity Rm
Transition date 1 July 2004				
Employee benefits	1.5.1	2.1	7.3	(5.2)
Property, plant and equipment	1.2	52.1	–	52.1
Impairment of financial services assets	1.4	52.0	–	52.0
Foreign currency translations	1.1	7.1	–	7.1
		113.3	7.3	106.0
Year ended June 2005				
Employee benefits	1.5.1	2.1	7.3	(5.2)
Property, plant and equipment	1.2	57.9	–	57.9
Impairment of financial services assets	1.4	33.9	–	33.9
Foreign currency translations	1.1	7.9	–	7.9
		101.8	7.3	94.5
Interim period ended December 2004				
Employee benefits	1.5.1	2.1	7.3	(5.2)
Property, plant and equipment	1.2	55.6	–	55.6
Impairment of financial services assets	1.4	43.5	–	43.5
Foreign currency translations	1.1	7.6	–	7.6
		108.8	7.3	101.5

IFRS impact on reported results

	Notes	Net profit before tax Rm	Tax Rm	Outside shareholders Rm	Attributable profit Rm
Year ended June 2005					
Share-based payments	1.5.3	(10.4)	–	–	(10.4)
Property, plant and equipment	1.2	7.6	–	–	7.6
Impairment of financial services assets	1.4	(25.6)	(7.4)	–	(18.2)
Foreign currency translations	1.1	2.7	0.8	–	1.9
		(25.7)	(6.6)	–	(19.1)
Interim period ended December 2004					
Share-based payments	1.5.3	(4.8)	–	–	(4.8)
Property, plant and equipment	1.2	3.5	–	–	3.5
Impairment of financial services assets	1.4	(11.1)	(3.3)	–	(7.8)
Foreign currency translations	1.1	1.6	0.5	–	1.1
		(10.8)	(2.8)	–	(8.0)

IFRS audit opinion

The preliminary IFRS financial information as at 30 June 2005 has been audited. A copy of the unqualified Special Purpose Audit Report of the joint auditors, Ernst & Young and SAB & T Inc., is available for inspection at the registered office of the company.

2. Change in comparative period classifications and disclosures

Certain operational costs of the distribution subsidiary have been reclassified from cost of sales to other operating costs.

The 2005 reclassification amounts to R103.4m which has the effect of increasing gross margin to 32.7% from 31.2% as would have been previously stated.

Operating leases – In accordance with guidance provided by Circular 7/2005 released by SAICA, operating lease expenses are recognised on a straight-line basis over the term of the lease.

The effect on profit was R11.7m net of deferred tax at the prevailing rate.

- The tax rate of 31.5% (2004: 29.4%) is the estimated average annual effective income tax rate of 29.0% (2004: 29.4%) plus Secondary Tax on Companies (STC) on the dividend portion of the final distribution for the June 2005 year, paid in September 2005.
- The difference between earnings per share and diluted earnings per share results from outstanding options.
- Unutilised banking facilities amount to R1 971.4m (2004: R1 391.9m). In terms of the Articles of Association, there is no limit on the group's authority to raise interest-bearing debt.

Headline earnings per share has been impacted by 1.9 cents per share due to an increase in the effective tax rate as a result of STC payable on the dividend paid in September 2005. The comparative effective tax rate for the year will be further impacted by the STC payable on the dividend in March 2006.

woolworths operating review

RETAIL

Clothing and home grew sales by 12.6% in total and 8.2% in comparable stores, with an average deflation rate of approximately 2.3%. There was good growth in womenswear, attributable to the successful implementation of our new design-led process, which ensures that our offering meets the taste requirements of both our modern and classic customers. This process is currently being rolled out to other departments. Childrenswear also experienced good growth by providing improved value and a better range structuring.

Food continued to perform exceptionally well and sales grew by 20.9% in total and 12.2% in comparable stores, with an average inflation rate of approximately 3.7%. Our strong growth is driven by our convenient locations and our continual focus on offering our customers differentiated products. In corporate stores we expanded our trading space by 4.2% in clothing and home and 6.5% in food over the period.



WOOLWORTHS
the difference

FINANCIAL SERVICES

Our in-store card, credit card and personal loan books grew by 19.3% for the twelve months to December 2005. The net bad debt experience on the combined books increased to 2.8% of advances due to a planned extension of our credit limits. Overall operating profit increased from R161.1m to R187.3m. Net profit before tax decreased from R101.0m to R75.8m due to the increase in finance costs, arising from the restructure of the balance sheet.

country road operating review

Retail sales were 6.7% higher in Australian dollar terms than the same period last year, with comparable store growth of 5.9%. There was a strong increase in unit sales growth which was achieved by an ongoing focus on improving value, to make the business more accessible to a broader range of customers. Overall total sales increased 1.0% from the same period last year. We are pleased to note that retail represents a higher proportion of sales in line with our strategy.

COUNTRY ROAD

Net profit before tax increased from A\$1.4m to A\$2.3m.

group prospects

Given the current trading environment we expect to deliver another year of solid growth in headline earnings per share, after adjusting for the non-comparable STC payments.

empowerment plans

Woolworths is committed to black economic empowerment (BEE) and is currently evaluating its empowerment initiatives in terms of the recently published codes. Woolworths supports the broad-based ownership approach favoured by the Department of Trade and Industry and as such is developing plans around BEE ownership, which will be presented to shareholders for approval at the forthcoming annual general meeting.

change to the board of directors

On 25 November 2005 Nolitha Fakude resigned from the board due to her executive director commitments. We would like to thank her for the meaningful contribution she made to the group.

DA Hawton

Chairman

Cape Town 16 February 2006

SN Susman

Chief executive officer

dividend payment

Notice is hereby given that the directors declared an interim dividend of 24.0 cents per share for the six months ended December 2005.

The important dates in March 2006 will be as follows:

Last day to trade to receive dividend	Friday, 3 March
Shares commence trading "ex" dividend	Monday, 6 March
Record date	Friday, 10 March
Payment date	Monday, 13 March

Share certificates may not be dematerialised or rematerialised between Monday, 6 March 2006 and Friday, 10 March 2006, both days inclusive.

CL Lowe

Group secretary

Cape Town 16 February 2006

director and statutory information

Non-executive directors: Buddy Hawton (Chairman), Mair Barnes (British), Nigel Colne (British), Brian Frost, Mike Leeming, Chris Nissen, Sindi Zilwa

Executive directors: Simon Susman (CEO), Richard Inskip, Norman Thomson

Group secretary: Cherrie Lowe **Share code:** WHL **ISIN:** ZAE000063863

Registered address (postal and physical): PO Box 680, Cape Town 8000 • Woolworths House, 93 Longmarket Street, Cape Town 8001 **Registration number:** 1929/001986/06

Auditors: Ernst & Young and SAB & T Inc **Bankers:** Standard Bank of South Africa Limited

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

Transfer secretaries: Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg 2001

Visit our investor relations site: www.woolworthsholdings.co.za

