

highlights

- Revenue up 13.9%
- Operating profit up 16.0%
- HEPS up 16.2%
- Distribution per share up 42.3%
- Financial services assets grew by 31.2%
- Foods' market share continued to grow
- Country Road progress continued

commentary

group results

Headline earnings per share for the six months to December 2004 increased from 40.2 cents per share to 46.7 cents per share. A distribution from share premium, in lieu of a dividend, of 18.5 cents per share has been declared, representing an interim cover of 2.5 times earnings.

trading environment

Buoyant trading conditions in South Africa continued throughout the first six months of this financial year as a result of continued low inflation, lower interest rates and ongoing growth in spending of the emerging middle income consumers.

The Australian market was not quite as buoyant and consumer spending slowed slightly.

financial review

Group turnover increased by 14.3% to R6.0bn fuelled by excellent growth in our Foods business.

The group's gross profit percentage declined from 32.1% to 31.2% due to the larger contribution from our Foods business and franchise operations, and a lower margin in Childrenswear.

Operating profit for the group increased by 16.0% to R637.9m as the business benefited from improved efficiencies and good cost control.

operational review

woolworths

retail

Net profit before tax in the Woolworths operating group retail segment grew by 18.0% to R456.3m.

Clothing and Home sales grew by 10.8% on the same period last year and by 8.4% in comparable stores. Solid volume growth was achieved with average inflation less than 1% for the period and negative by Christmas. This performance was below the market and although our clothing is not as cyclical as the market, this division has been underperforming. Our focus in returning to quality differentiation, improved range structuring and more competitive pricing through better buying and selected offshore sourcing should deliver significant growth in the future. Our Homeware business continued to grow well over the period despite a very competitive environment.

Our Foods division continued to gain market share. Sales grew by 20.6% in total and by 12.8% in comparable stores. Good volume growth was achieved with average food inflation for the period of 3.3%. Our focus on high-quality innovative offerings, a broader range and convenient locations drove higher like-for-like sales and attracted new customers.

During the period we opened five full line stores, five Foods stores, two Clothing only stores and four franchise stores. We have now modernised 40% of our chain.

Franchise stores within South Africa performed well, however, the international franchise business continued to be negatively affected by the strong rand.

financial services

Our strategy to substantially grow our in-store card, credit card and personal loan books resulted in growth of 31.2%, the benefits of which were partially countered by the reduction in the usury rate over the period. Nevertheless net profit before tax increased by 15.0% to R112.1m. Debtors continued to be well managed with net bad debts representing 1.6% of advances.

country road

The profit achieved in Country Road continued to reflect the benefit of the strategies that have been put into place. Despite significant rationalisation in the wholesale business, wholesale sales almost equalled previous levels. Volumes in retail grew by 18% driven by materially lower prices with no compromise in quality. This reinforced a key point of the strategy to make this business more accessible to a broader base of customers.

prospects

Based on expectations that inflation and interest rates will remain at current low levels, consumer spending is expected to remain strong. We expect growth in earnings to shareholders for the second half of the year.

update on securitisation and share repurchase

The securitisation of the Woolworths card debtors' book should be completed by 25 February 2005. As previously reported the share repurchase will, subject to approval by shareholders on 4 March 2005 and sanction by the court on 14 March 2005, be operative on 29 March 2005.

On behalf of the Board of Directors.


DA Hawton
Chairman


SN Susman
Chief executive officer

Cape Town, 17 February 2005

Cash distribution

Notice is hereby given that the directors declared a cash distribution of 18.5 cents per share, in lieu of an interim dividend, for the six months ended 31 December 2004. The payment will be made by way of a reduction in the share premium account and in terms of the general authority to make payments to shareholders, granted at the annual general meeting held in November 2004.

Shareholders are advised that the last day to trade in order to participate in the cash distribution will be on 4 March 2005. The shares will trade "ex" the distribution from commencement of business on 7 March 2005 and the record date will be 11 March 2005. The distribution will be payable on 14 March 2005.

Share certificates may not be dematerialised or rematerialised between 7 March 2005 and 11 March 2005, both days inclusive.


CL Lowe
Group secretary

Cape Town, 17 February 2005

directorates and statutory information

Non-executive directors: DA Hawton (Chairman), M Barnes (British), NL Colne (British), NV Fakude, BJ Frost, MJ Leeming, AC Nissen, SV Zilwa

Executive directors: SN Susman (CEO), RJD Inskip, NW Thomson

Group secretary: CL Lowe

Woolworths Holdings Limited: Company Registration Number 1929/001986/06

Registered office (postal and physical): PO Box 680, Cape Town 8000; 93 Longmarket Street, Cape Town 8001

Share code: WHL **ISIN:** ZAE000028288

Auditors: Ernst & Young and SAB & T Inc

Bankers: Standard Bank of South Africa Limited

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

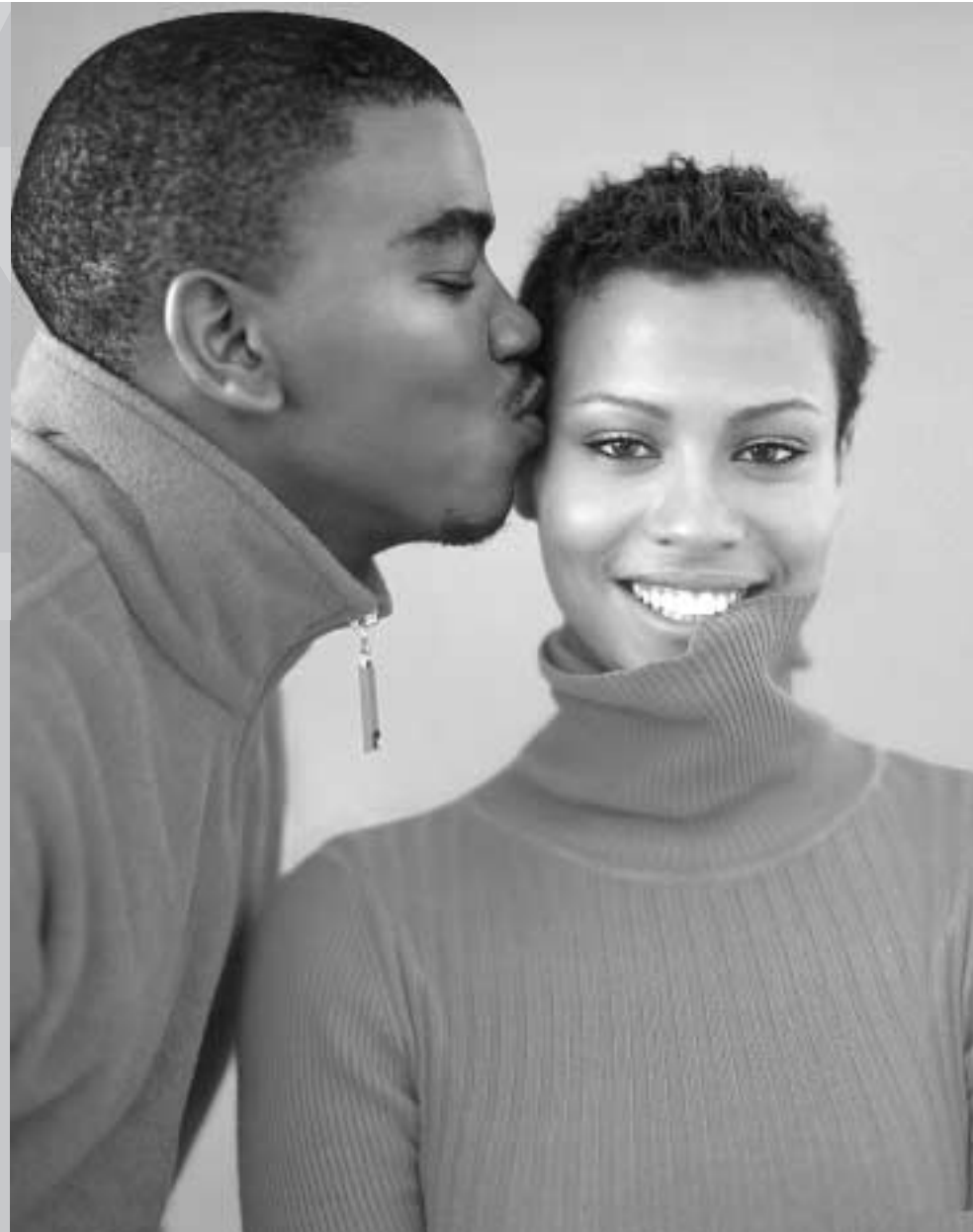
Transfer secretaries: Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg 2001

income statement

Year ended 30 June 2004 (audited) R million	Note	26 Weeks ended December		
		2004 R million	2003 R million	% Change
11 281.7		6 353.1	5 579.7	13.9%
10 648.8		6 016.6	5 266.0	14.3%
7 262.2		4 139.4	3 574.6	15.8%
3 386.6		1 877.2	1 691.4	11.0%
632.9		336.5	313.7	7.3%
2 957.7		1 575.8	1 455.1	8.3%
232.8	Depreciation	127.1	118.3	7.4%
544.4	Occupancy cost	285.6	268.3	6.4%
1 303.2	Employment cost	700.6	620.4	12.9%
877.3	Other operating cost	462.5	448.1	3.2%
1 061.8	Operating profit	637.9	550.0	16.0%
108.7	Interest paid	62.0	58.1	6.7%
953.1	Net profit before exceptional items	575.9	491.9	17.1%
(16.4)	Exceptional items	2	(5.0)	
936.7	Net profit before tax	575.9	486.9	18.3%
268.9	Tax	3	146.0	15.3%
667.8	Net profit after tax	407.5	340.9	19.5%
(1.0)	Outside shareholders' interest	(0.9)	(0.3)	
666.8	Net profit attributable to ordinary shareholders	406.6	340.6	19.4%
666.8	Reconciliation of headline earnings	406.6	340.6	19.4%
10.1	Attributable earnings		5.0	
	Goodwill amortisation			
	(Profit)/loss on disposal of property, plant and equipment net of outside shareholders' interest	(0.6)	(1.1)	
677.0	Headline earnings	406.0	344.5	17.9%
78.6	Headline earnings per share (cents)	46.7	40.2	16.2%
77.4	Earnings per share (cents)	46.8	39.7	17.9%
75.3	Diluted earnings per share (cents)	45.0	38.5	16.9%
38.5	Distributions per share (cents)	18.5	13.0	42.3%
2.0	Distribution cover (based on earnings per share)	2.5	3.1	
868.3	Number of shares in issue (millions)	870.7	864.1	0.8%
861.2	Weighted average number of shares in issue (millions)	869.7	856.9	1.5%
GROUP ANALYSIS				
10 648.8	Turnover	6 016.6	5 266.0	14.3%
9 715.4	Woolworths	5 546.0	4 789.6	15.8%
4 792.2	– Clothing and home	2 685.5	2 422.9	10.8%
4 747.1	– Foods	2 753.1	2 282.0	20.6%
176.1	– Logistics services and other	107.4	84.7	26.8%
933.4	Country Road	470.6	476.4	(1.2%)
543.4	Interest	288.6	270.7	6.6%
89.5	Other revenue	47.9	43.0	11.4%
11 281.7		6 353.1	5 579.7	13.9%
Operating profit				
1 048.4	Woolworths	628.5	545.1	15.3%
13.4	Country Road	9.4	4.9	91.8%
1 061.8		637.9	550.0	16.0%

statement of changes in ordinary shareholders' interest

Year ended 30 June 2004 (audited) R million	26 Weeks ended December	
	2004 R million	2003 R million
2 412.4	2 850.8	2 412.4
Movements for the period:		
54.5	46.4	40.6
383.9	175.2	194.9
406.2	180.0	187.9
666.8	406.6	340.6
(271.7)	(221.8)	(159.2)
11.1	(4.8)	6.5
(22.3)	(4.8)	7.0
2 850.8	3 072.4	2 647.9



balance sheet

As at 30 June 2004 (audited) R million		As at December 2004 2003 R million R million	
ASSETS			
1 757.7	Non-current assets	1 824.7	1 560.2
1 192.4	Property, plant and equipment	1 259.8	1 145.1
18.6	Investments	24.2	18.8
162.5	Loans to customers	187.5	200.5
171.6	Participation in export partnerships	164.4	177.8
-	Goodwill	-	5.0
143.9	Other loans	164.7	134.4
68.7	Deferred tax	24.1	19.5
3 992.3	Current assets	4 715.7	3 235.3
576.4	Inventories	801.4	684.9
2 148.2	Woolworths card debtors	2 422.9	1 901.3
178.7	Credit card receivables	233.7	131.5
485.4	Accounts receivable	604.7	529.8
415.6	Loans to customers	482.1	301.4
188.0	Cash	170.9	201.1
5 750.0	Total assets	6 540.4	5 451.1
EQUITY AND LIABILITIES			
2 873.2	Capital and reserves	3 095.3	2 672.0
2 850.8	Ordinary shareholders' interest	3 072.4	2 647.9
22.4	Outside shareholders' interest	22.9	24.1
337.8	Non-current liabilities	797.9	289.1
-	Interest-bearing borrowings	500.0	-
151.2	Post-retirement medical-aid liability	162.2	140.0
186.6	Deferred tax	135.7	149.1
2 539.0	Current liabilities	2 647.2	2 490.0
1 287.5	Accounts payable	1 523.3	1 396.6
113.6	Provisions	95.2	112.7
1 137.9	Interest-bearing borrowings	1 028.7	980.7
5 750.0	Total equity and liabilities	6 540.4	5 451.1
328.3	Net asset book value – per share (cents)	352.9	306.4
GROUP ANALYSIS			
5 750.0	Total assets	6 540.4	5 451.1
5 429.4	Woolworths	6 172.5	5 093.0
320.6	Country Road	367.9	358.1
576.4	Inventories	801.4	684.9
472.6	Woolworths	705.4	557.9
103.8	Country Road	96.0	127.0
298.5	Approved commitments for capital expenditure	141.6	250.0
259.1	Woolworths	127.5	233.1
39.4	Country Road	14.1	16.9

cash flow statement

Year ended 30 June 2004 (audited) R million		26 Weeks ended December 2004 2003 R million R million	
Cash flow from operating activities			
794.4	Cash inflow from trading	494.8	460.2
(7.5)	Working capital movements	(118.1)	(67.5)
(709.8)	Cash applied to financial services assets	(456.4)	(341.6)
77.1	Cash (utilised)/generated by operating activities	(79.7)	51.1
540.9	Interest received	287.5	270.5
(105.8)	Interest paid	(62.0)	(58.1)
(331.5)	Tax paid	(170.3)	(175.4)
180.7	Cash (utilised)/generated by operations	(24.5)	88.1
(271.7)	Distributions to shareholders	(221.8)	(159.2)
(91.0)	Net cash outflow from operating activities	(246.3)	(71.1)
(393.2)	Cash outflow from investing activities	(207.2)	(235.7)
Cash flow from financing activities			
-	Term borrowings raised	500.0	-
54.5	Shares issued	46.4	40.6
54.5	Net cash inflow from financing activities	546.4	40.6
(429.7)	Increase/(decrease) in cash and cash equivalents	92.9	(266.2)
(514.7)	Cash and cash equivalents at the beginning of the period	(949.9)	(514.7)
(5.5)	Effect of foreign exchange rate changes	(0.8)	1.3
(949.9)	Cash and cash equivalents at the end of the period	(857.8)	(779.6)
GROUP ANALYSIS			
794.4	Cash inflow from trading	494.8	460.2
746.2	Woolworths	468.6	438.8
48.2	Country Road	26.2	21.4

segmental analysis

Year ended 30 June 2004 (audited) R million		26 Weeks ended December 2004 2003 % R million R million Change		
Revenue				
Retail				
9 751.2	Woolworths	5 559.1	4 805.4	15.7%
948.6	Country Road	474.4	482.7	(1.7%)
647.3	Financial services	354.3	323.5	9.5%
(65.4)	Intragroup	(34.7)	(31.9)	
11 281.7	Total group	6 353.1	5 579.7	13.9%
Net profit before tax				
Retail				
715.6	Woolworths	456.3	386.6	18.0%
8.8	Country Road	7.5	2.8	167.9%
212.3	Financial services	112.1	97.5	15.0%
936.7	Total group	575.9	486.9	18.3%
Capital and reserves				
Retail				
911.8	Woolworths	1 122.2	913.0	22.9%
186.8	Country Road	188.3	200.7	(6.2%)
1 774.6	Financial services	1 784.8	1 558.3	14.5%
2 873.2	Total group	3 095.3	2 672.0	15.8%
Return on Equity				
Retail				
61.1	Woolworths	62.9	64.4	
4.8	Country Road	9.1	3.3	
9.3	Financial services	8.9	9.0	
25.7	Total group	27.4	27.2	

notes

- The interim financial statements comply with AC 127 of South African Statements of Generally Accepted Accounting Practice. Accounting policies used are consistent with those applicable for the June 2004 financial statements.
The format of the cash flow statement has been revised to present gross cash applied to financial services assets as a separate line item under operating activities. The net movement in financial services assets of R313.7m in the six months ended December 2003 was disclosed, this has now been split into gross cash applied to financial services assets of R341.6m and the movement in provisions relating to financial services assets of R27.9m is now included in cash inflow from trading.
- Exceptional items

Year ended 30 June 2004 (audited) R million		26 Weeks ended December 2004 2003 R million R million	
10.1	Goodwill amortisation	-	5.0
6.3	Provision for onerous lease commitment	-	-
16.4		-	5.0
- The effective tax rate of 29.2% (2003: 30.0%) is mainly due to the utilisation of tax losses in subsidiaries.
- The difference between earnings per share and diluted earnings per share results from outstanding options.
- Country Road's operating profit is A\$2.0m (2003: A\$1.0m).
- Unutilised banking facilities amount to R1 391.9m (2003: R1 149.8m). In terms of the Articles of Association, there is no limit on the group's authority to raise interest-bearing debt.
- The South African Revenue Service (SARS) has been conducting an investigation into the tax treatment by certain other companies participating in similar export partnerships with financial periods ending on or after 1 March 1996. The SARS has concluded an agreement with the managing partner and its export partners to terminate its investigation provided the partners accelerate the payment of the taxation attributable to the participation in the partnership. Subsequent to the balance sheet date, the group approved the settlement arrangement. There will be no impact on the income statement as a deferred tax liability was raised for the payment at inception of the partnership.
The group's deferred tax liability at the end of the period in respect of its participation in the partnerships under investigation was R156m (2003: R170m).

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www.woolworthsholdings.co.za

