

WOOLWORTHS HOLDINGS LIMITED

WHL

reviewed group results

for the year ended 30 June 2002

income statement

	Year ended 30 June		
Note	2002	2001	%
	Rm	Rm	Change
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	(41.5)	–	–
Net profit before tax	599.2	433.7	38.2
Tax	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	(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	30.1	(5.3)
– Continuing operations	43.4	31.9	36.2
Diluted earnings per share (cents)	4	28.0	29.9
Dividends per share (cents)	5	20.0	15.0
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)
Net profit/(loss) before tax and exceptional items	9 020.7	7 411.1	21.7
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)	–
Net profit/(loss) before tax and exceptional items	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)	(60.4)
Continuing operations	(361.7)	(60.4)
Discontinued operations	–	(3.6)
group analysis		
Cash generated by operations – before tax	630.0	543.3
Woolworths	579.2	535.8
Country Road	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

balance sheet

	Year ended 30 June	
Note	2002	2001
	Rm	Rm
assets		
Non-current assets	1 535.2	1 459.1
Property, plant and equipment	916.1	980.4
Investments	6	81.4
Loans to customers	180.2	115.6
Participation in export partnerships	210.0	229.0
Premium on acquisition of subsidiary	20.1	–
Other loans	112.6	102.8
Deferred tax	14.8	6.6
Current assets	2 528.6	2 272.2
Inventories	511.2	503.9
Woolworths card debtors	1 348.7	1 148.5
Accounts receivable	347.1	327.4
Loans to customers	201.5	171.6
Tax	1.6	–
Cash and cash equivalents	118.5	120.8
Total assets	4 063.8	3 731.3
equity and liabilities		
Capital and reserves	2 375.8	2 270.1
Ordinary shareholders' interest	2 350.2	2 238.4
Outside shareholders' interest	25.6	31.7
Non-current liabilities	301.1	336.3
Interest bearing borrowings	0.3	0.5
Post-retirement medical-aid liability	111.0	94.5
Deferred tax	189.8	241.3
Current liabilities	1 386.9	1 124.9
Accounts payable	713.0	756.6
Provisions	97.3	66.7
Tax	96.4	116.8
Interest bearing borrowings	480.2	184.8
Total equity and liabilities	4 063.8	3 731.3
Net asset bookvalue – per share (cents)	264.2	246.5
group analysis		
Total assets	4 063.8	3 731.3
Woolworths	3 658.0	3 347.9
Country Road	405.8	383.4
Inventories	511.2	503.9
Woolworths	339.1	324.8
Country Road	172.1	179.1
Approved commitments for capital expenditure for the next financial year	237.9	233.9
Woolworths	196.7	201.7
Country Road	41.2	32.2

statement of changes in ordinary shareholders' interest

	Year ended 30 June	
	2002	2001
	Rm	Rm
Ordinary shareholders' interest at the beginning of the year	2 238.4	2 023.5
As previously reported	2 334.5	2 103.9
Prior year adjustment to opening balance arising from the change in accounting policy for:		
– Depreciation on owner-occupied property	(36.2)	(28.0)
– Post retirement medical benefits	(59.9)	(52.4)
Movements for the year:		
Share premium arising from shares issued under share purchase scheme	41.3	28.0
Shares repurchased by subsidiary	(134.7)	–
Recognised gains and losses	205.2	186.9
Distributable reserves	125.1	169.8
Net profit attributable to ordinary shareholders	258.0	271.3
Distributions to ordinary shareholders	(145.8)	(103.4)
Net unrealised gain on hedging instruments	12.9	1.9
Non-distributable reserves		
Realisation of translation reserve on closure of discontinued operations	(7.3)	–
Exchange differences on translation of foreign entities	87.4	17.1
Ordinary shareholders' interest at the end of the year	2 350.2	2 238.4

notes

- The financial statements comply with South African Statements of Generally Accepted Accounting Practice. Accounting policies used are consistent with those applicable for the June 2001 financial statements, except as follows: The Group's policy for providing for post-retirement medical-aid benefits of retired employees has changed following the introduction of ACI 16, Employee Benefits. Consequently the actuarial funding obligation is calculated annually. Actuarial gains and losses are recognised in the income statement, subject to the corridor approach. This change has the effect of decreasing reported profit after tax by R11.7m (2001: R7.5m). Following the introduction of ACI 35, Investment properties, depreciation is now provided on owner-occupied property in accordance with ACI 23, Property, Plant and Equipment. This change has the effect of decreasing reported profit after tax by R7.6m (2001: R8.2m). Comparative figures have been restated. In addition certain other comparative figures have been changed to bring them in line with classifications used in the current period.
 - Exceptional items

	2002		2001
	Continuing operations	Discontinued operations	Total
Loss on disposal of listed investment	4.8	4.8	–
Impairment of property	17.2	17.2	–
Goodwill amortisation	12.1	12.1	–
Provision for onerous lease commitment	7.4	7.4	–
Loss on discontinuance	131.6	–	131.6
Restructuring costs	8.0	–	8.0
	181.1	41.5	139.6
- On 17 January 2002, Country Road's US operation was placed into Chapter 7 liquidation. The liquidation is ongoing, and the directors do not believe that any further liabilities will arise. The loss on discontinuance has been increased by R11.3m from the amount disclosed in the Interim Report as at 31 December 2001. This was to adjust for the Foreign Currency Translation Reserve created when Country Road was acquired by Woolworths in February 1998. There is no tax effect from the exceptional items, other than R2.2m in respect of the onerous lease provision.
- The effective tax rate of 34.0% on continuing operations is due to the incidence of STC, the effect of the losses of certain subsidiaries, tax on foreign dividends and the exceptional items.
 - The difference between earnings per share and diluted earnings per share results from outstanding options in terms of the share purchase scheme.
 - Dividends comprise the interim dividend of 7.5c per share, paid on 30 April 2002 and the final dividend of 12.5c per share declared on 21 August 2002.
 - Investments include listed securities with a carrying value of R11.3m (2001: R20.0m) and a market value of R13.4m (2001: R13.9m).
 - Contingent liabilities at the end of the year amount to Rnil (2001: R3.0m).
 - Unutilised banking facilities amount to R1 549.3m (2001: R1 031.9m). In terms of the Articles of Association, the borrowing powers of the group are unlimited.

highlights

- Total dividend per share \uparrow 33.3% to 20c
- From continuing operations:
 - Headline earnings per share \uparrow 43.2% to 46.2c
 - Revenue \uparrow 23.9% to R8 825.6m
 - Profit before exceptional items \uparrow 47.7% to R640.7m
 - Woolworths net profit before exceptional items \uparrow 40.1% to R625.5m
 - Country Road moves to a profit \uparrow 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%.



WOOLWORTHS
the difference

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 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

CA Hall
Chairman
Cape Town
22 August 2002

SN Susman

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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