

Woolworths Holdings Limited

Unaudited group results for the six months ended 31 December 2001

From continuing operations:

- Revenue up 19.1%
- Profit before exceptional item up 33.6%
- Headline earnings per share up 32.3%
- Interim dividend per share up 15.4% to 7.5c
- Woolworths net profit before exceptional item up 26.9%
- Country Road exits the US

balance sheet

Year ended 30 June 2001 (audited)		Six months ended 31 December 2001 2000	
Rm	Note	Rm	Rm
	ASSETS		
I 458.3	Non-current assets	1 518.8	I 475.0
980.4	Property, plant and equipment	895.3	1011.1
24.7	Investments 7	63.4	21.3
	Loans to customers	179.0	110.9
229.0	and the second	219.0	241.6
-	Premium on acquisition of subsidiary	27.1	-
102.8 5.8		130.2	86.2 3.9
	Current assets	2 780.3	2 139.3
	Inventories Woolworths card debtors	636.0 222.8	511.9
	Accounts receivable	464.5	381.7
	Loans to customers	178.2	81.9
	Cash and cash equivalents	278.8	91.8
	Total assets	4 299.1	3 614.3
		4 277.1	5 014.5
2 270.1	EQUITY AND LIABILITIES	2 371.2	2 173.1
	Capital and reserves Ordinary shareholders' interest	2 341.8	2 173.1
31.7	Outside shareholders' interest	29.4	35.0
335.5	Non-current liabilities	319.1	339.7
	Interest-bearing borrowings	0.4	0.6
94.5	Post-retirement medical-aid liability	102.8	86.2
240.5	, Deferred tax	215.9	252.9
1 124.9	Current liabilities	1 608.8	1 101.5
	Accounts payable	998.9	676.1
66.7	• •	86.2	67.4
116.8	Tax	88.1	82.9
184.8	Interest-bearing borrowings	435.6	275.1
3 730.5	Total equity and liabilities	4 299.I	3 614.3
246.5	Net asset book value – per share (cents)	258.2	237.5
	Interest-bearing debt (net of interest earning cash):		
3.7%	equity ratio	9.4%	9 .1%
	GROUP ANALYSIS		
3 730.5	Total assets	4 299.1	3 614.3
3 347.1	Woolworths	3 835.5	3 215.5
383.4	Country Road	463.6	398.8
503.9	Inventories	636.0	511.9
324.8	Woolworths	416.0	331.9
179.1	Country Road	220.0	180.0

NOTES I. The interim 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 AC116, Employment Benefits. Consequently the actuarial gains and losses are accounted for in the income statement during the period in which they arise. This change has the effect of decreasing reported profit after tax by R5.8m (2000: R3.8m). Following the introduction of AC134, Investment properties, depreciation is now provided on owner-occupied property in accordance with AC123, Property, Plant and Equipment. This change has the effect of decreasing reported profit after tax by R4.1m (2000: R3.7m). 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. **2.** On 17 January 2002, Country Road's US operation was placed into Chapter 7 liquidation. Due to the uncertainty of the amounts receivable in respect of the groups' claims against Country Road's US operation, the net assets have been written off in full as at 31 December 2001, resulting in an exceptional charge, after



cash flow statement

Year ended		-	
30 June		Six months ended 31 December	
200 l		2001	2000
(audited) Rm		Rm	Rm
N		NIII	
	Cash flow from operating activities		
392.3	Cash inflow from trading	274.5	198.2
(106.8)	Working capital movements	(92.4)	(148.9)
285.5	Cash generated by operating activities	182.1	49.3
294.8	Interest received and investment income	165.2	137.3
(37.0)	Interest paid	(24.2)	(25.2)
(97.5)	Tax paid	(160.0)	(45.5)
445.8	Cash generated by operations	163.1	115.9
(103.4)	Dividends paid	(77.9)	(44.6)
342.4	Net cash inflow from operating activities	85.2	71.3
347.0	Continuing operations	88.9	67.3
(4.6)	Discontinued operations	(3.7)	4.0
	Cash flow from investing activities		
(102.2)	Investment in property, plant and equipment to	(45.1)	(42.0)
(103.3)	maintain operations	(45.1)	(42.0)
(149.6)	Investment in property, plant and equipment to expand operations	(130.3)	(83.6)
55.3		152.9	(83.8)
- 55.5	Proceeds on disposal of property, plant and equipment Investment in subsidiary	(25.7)	17.7
	Investment in joint venture	(46.6)	_
	Investments	(40.0)	(0.4)
· · ·	Loans to customers	(70.0)	(51.2)
23.7	Participation in export partnerships	10.0	11.1
	Other loans advanced	(27.0)	(2.3)
(340.8) (333.2)		(181.8)	(148.7)
(7.6)	Continuing operations Discontinued operations	(180.1)	
(7.0)		(1.7)	(6.1)
	Cash flow from financing activities – continuing		
	operations		
28.0	Shares issued	25.5	6.8
_	Shares repurchased by subsidiary	(38.5)	_
(11.4)	Non-current liabilities repaid	-	(10.5)
16.6	Net cash (outflow)/inflow from financing activities	(13.0)	(3.7)
18.2	(Increase)/decrease in net overdrafts	(109.6)	(81.1)
	Cash and cash equivalents at the beginning		
	of the period	(64.0)	(101.3)
9.1	Effect of foreign exchange rate changes	16.8	(1.0)
(64.0)	Cash and cash equivalents at the end of the period	(156.8)	(183.4)
(60.4)	Continuing operations	(156.8)	(186.0)
(3.6)	Discontinued operations	_	2.6

outside shareholders' interest, of R105.7m. In due course, any amounts received will be set off against this write-off. There is no effect on taxation as the US operation was in an assessed loss position. **3.** The effective tax rate of 35.2% before exceptional items is due to the incidence of STC, the effect of the losses of certain subsidiaries and the amortisation of goodwill. **4.** Headline earnings per share is based on net profit attributable to the ordinary shareholders adjusted by the provision for discontinuance of Country Road's US operation of R105,7m, the write-down of a listed investment of R4.8m goodwill amortisation of R3.0m, and the net profit on sale of property, plant and equipment of R10.2m. **5.** The difference between earnings per share and diluted earnings per share results from outstanding options in terms of the share purchase scheme. **6.** Other turnover is derived mainly from logistics services. Sales occur approximately evenly during the first and second six months. **7.** Investments include listed securities with a carrying value of R15.9m (2000: R20.2m) and a market value of R16.8m (2000: R15.7m). **8.** Unutilised banking facilities amount to R1 215m (2000: R983m), with no limit on the group's ability to raise interest bearing debts. **9.** Approved capital commitments for capital expenditure amount to R133.7m (2000: R93.5m).

income statement

Year ended 30 June Six months ended				
2001			ecember	
(audited)		200 I	2000	%
Rm	Note	Rm	Rm	Change
7 411.1 Revenue		4 385.3	3 670.7	19.5
7 173.1 Continuing operations		4 190.2	3 517.7	19.1
238.0 Discontinued operations		195.1	153.0	27.5
6 994.5 Expenses 6 746.1 Continuing operations		4 098.5 3 888.7	3 440.2 3 293.1	19.1 18.1
4 511.7 Cost of merchandise		2 654.2	2 223.8	10.1
201.3 Depreciation		99.9	100.0	(0.1)
383.4 Occupancy cost		221.2	196.9	12.3
I 050.9 Employment cost		586.8 303.1	499.3	17.5 21.9
562.7 Other operating cost 36.1 Interest paid		23.5	248.6 24.5	(4.1)
248.4 Discontinued operations		209.8	147.1	42.6
Share of loss from joint venture –				
1.7 continuing operations		1.4	-	
Net profit/(loss) before				
414.9 exceptional items		285.4	230.5	23.8
425.3 Continuing operations (10.4) Discontinued operations		300.1 (14.7)	224.6 5.9	33.6
– Exceptional items		(14.7)	5.7	
- Provision for discontinuance	2	(120.3)		
- Restructuring costs		(8.0)	-	
- Write-down of listed investment		(4.8)		
4 4.9 Net profit before tax		152.3 295.3	230.5	(33.9) 31.5
425.3 Continuing operations (10.4) Discontinued operations		(143.0)	5.9	51.5
I47.2 Tax	3	100.5	80.7	24.5
267.7 Net profit after tax		51.8	149.8	(65.4)
3.6 Outside shareholders' interest		15.9	(0.3)	
Net profit attributable to				
271.3 ordinary shareholders		67.7	149.5	(54.7)
Headline earnings per share (cer	nts) 4			
30.5 – All operations		18.7	16.4	14.0
31.5 – Continuing operations		20.9	15.8	32.3
Earnings per share (cents)			147	
30.1 – All operations 31.1 – Continuing operations		7.4 21.2	16.7 16.2	(55.7) 30.9
29.9 Diluted earnings per share (cent	s) 5	7.3	16.4	
15.0 Dividend per share (cents)	5) 5	7.5	6.5	(55.5) 15.4
2.0 Dividend cover (based on headline ea	rnings)	2.5	2.5	
908.1 Number of shares issued (millions)		907.0	900.1	0.8
Weighted average number of 899.8 shares in issue (millions)		912.0	895.5	1.8
GROUP ANALYSIS				
Revenue				
7 069.3 Turnover		4 199.5	3 525.7	19.1
5 955.4 Woolworths 3 258.9 – Textiles		3 499.5 1 863.5	2 957.9	18.3 12.6
2 566.0 – Foods		1 863.5	1 654.3 1 244.6	12.6 24.4
130.5 – Other	6	88.2	59.0	49.5
I 113.9 Country Road		700.0	567.8	23.3
875.9 Continuing operations 238.0 Discontinued operations		504.9 195.1	414.8	21.7 27.5
294.6 Interest		195.1	133.0	27.5
47.2 Other revenue		21.2	7.9	168.4
7 411.1		4 385.3	3 670.7	19.5
Net profit/(loss) before tax and				
exceptional items				
446.4 Woolworths		289.8	228.3	26.9
(31.5) Country Road (21.1) Continuing operations		(4.4) 10.3	2.2 (3.7)	
(10.4) Discontinued operations		(14.7)	5.9	
414.9		285.4	230.5	23.8

statement of changes in ordinary shareholders' interest

Year ended			
30 June		Six months ended	
2001		31 December	
(audited)		2001	2000
Rm		Rm	Rm
	Ordinary shareholders' interest at the		
2 023.5	beginning of the period	2 238.4	2 023.5
2 103.9	As previously reported	2 334.5	2 103.9
	Prior year adjustment to opening balance arising from		
	the change in accounting policy for:		
(28.0)	Depreciation on owner-occupied property	(36.2)	(28.0)
(52.4)	Post-retirement medical benefits	(59.9)	(52.4)
	Movements for the period:		
	Share premium arising from shares issued		
28.0	under share purchase scheme	25.5	6.8
-	Shares repurchased by subsidiary	(38.5)	-
186.9	Recognised gains	116.4	107.8
169.8	Distributable reserves	38.1	106.3
271.3	Net profit attributable to ordinary shareholders	67.7	149.5
(103.4)	Distributions to ordinary shareholders	(77.9)	(44.6)
1.9	Net unrealised gain on hedging instruments	48.3	1.4
	Non-distributable reserves		
17.1	Exchange differences on translation of foreign entities	78.3	1.5
2 238.4	Ordinary shareholders' interest at the end of		
	the period	2 341.8	2 38.

COMMENTARY

group results

The group achieved an increase of 32.3% in headline earnings per share from continuing operations during the period under review. Profit before tax and exceptional items from continuing operations was R300.1m (2000: R224.6), an increase of 33.6%.

Country Road's exit from the US market resulted in a write-off of net assets amounting to A\$18.9m and other costs and provisions of A\$5m (R112.8m after minority interests). The loss in discontinued US operations limited the increase in headline earnings from all operations to 14.0% for the period under review and net profit before tax and exceptional items to 23.8%.

A dividend of 7.5 cents has been declared, a 15.4% increase on the previous period.

woolworths

Trading in all divisions of Woolworths was encouraging and profit before tax for the six months to December 2001 rose by 26.9% to R289.8m.

The textiles business concentrated on better styled, classic and modern merchandise of superior quality and improved availability. This resulted in a rise in sales of 12.6% and a growth in market share on a twelve month moving average to 16.7% (2000 - 15.9%). Like on like turnover improved by 7.1%.

Foods sales increased by 24.4% and market share rose to 6.3% (2000 – 5.8%) for the period. This was attributable to the positive response of our customers to improved innovation and the increased number of locations where Woolworths quality food is to be found. Like on like turnover improved by 13.9%.

Woolworths Financial Services continued to grow the Woolworths card and the personal loan books. The books are in a low risk part of the market and management remains vigilant. Net bad debts were within budgeted levels.

country road

Having exited the US market, Country Road in Australasia returned a small profit of A\$0.3m (2000: A\$1.2m loss) mainly due to tight expense control. The R10.3m profit resulted from second quarter profits being translated at an exchange rate significantly weaker than the rate at which first quarter losses were sustained.

This information is also available on the Internet: www.woolworths.co.za

Country Road is now able to concentrate on the core Australasian market and markets with similar climates. The production of one range will result in significant cost savings and importantly will ensure greater focus on the design and delivery of that range.

directorate

The board was strengthened by the appointment of Sindi Zilwa as a non-executive director with effect from 1 January 2002. Sindi brings to the board a wealth of financial expertise and business acumen, and will enrich board deliberations.

prospects

If the current performance in both South Africa and Australia continues, we expect a positive second half.

dividends

Notice is hereby given that an interim dividend of 7.5 cents per share has been declared in respect of dividend no 9 for the six months ended 31 December 2001.

Shareholders are advised that the last day of trade ("cum" the dividend) in order to participate in the dividend will be Friday, 8 March 2002. The shares will trade "ex" the dividend from commencement of business on Monday, 11 March 2002 and the record date will be Friday, 15 March 2002. The dividend will be payable on Monday, 18 March 2002.

Share certificates may not be dematerialised or re-materialised between Monday, 4 March 2002 and Friday, 15 March 2002, both days inclusive.

On behalf of the Board of Directors.

Palar Vie Jour

CA Hall Chairman

SN Susman Chief executive officer

Cape Town 21 February 2002

 REGISTERED OFFICE Woolworths House, 93 Longmarket Street,

 Cape Town 8001

 TRANSFER SECRETARIES Mercantile Registrars Limited, 10th Floor,

 II Diagonal Street, Johannesburg 2001

DIRECTORATE

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

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

Company Secretary C L Lowe

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