

STATEMENT TO THE AUSTRALIAN STOCK EXCHANGE

12 FEBRUARY 2004

COUNTRY ROAD HALF YEAR RESULTS

Highlights

- Profit before borrowing costs and tax of \$1.0m
- Sales 6.9% below last year despite David Jones exit and competitive environment
- Improved merchandise management – stock levels 6.3% lower than last year; margins increased by 1.8%
- Increased focus on cost – expenses 2% below last year
- Group profit after tax \$0.6m

Country Road today released the results for the half year ended 31 December 2003.

Profitability

Country Road reported a profit before borrowing costs of \$1.0m for the 6 months ended 31 December 2003, a reduction of \$0.6m compared to the same period last year. Borrowing costs were \$0.5m (2002- \$0.7m) and there was no income tax expense (2002 - \$0.2m).

Profit after tax was \$0.6m, compared to \$0.7m last year.

Sales and Margin

Sales were 6.9% below last year, with total sales amounting to \$98.6m for the 6 months. The reduction in sales was due to highly competitive market conditions and the transition of the business, which included our exit from David Jones. Margins were 1.8% higher than last year due to benefits from improved product sourcing and favourable exchange rate movements during the period.

Expenses

Total expenses were 2% below last year despite inflationary pressures. Occupancy and employment costs were contained, and the new systems have delivered material savings in sourcing and distribution costs.

Stock Levels

Stock levels at 31 December were 6.3% lower than last year. This reduction is consistent with the company's focus on keeping inventory levels in line with requirements and responding to sales performance.

Outlook

As previously advised, we have ceased our supply arrangements with David Jones, entered into a partnership with Myer Grace Bros and commenced the change to a retail based operating model. We have significantly shortened our product development lead times going forward and are in the process of opening 15 new stores over the coming years, with 6 new stores to be open by June 2004.

We will continue with this transition over the next 6 months, which will build the foundation for future growth.

Mac Drysdale
Chairman

For further information:

Ian Moir
Chief Executive Officer
03 9267 1429

Appendix 4D Half-Year Report

Half-Year Ended 31 December 2003

Country Road Limited

ABN

78 006 759 182

Half Year Ended

31 December 2003**For Announcement to the Market**

Operating Results			\$A'000
Revenues from ordinary activities	down	7.2% to	99,958
Profit from ordinary activities after tax	down	25.78%	550
Net profit for the period attributable to members	down	25.78%	550
Dividends and Distributions		Amount	Franked amount
		per security	per security
Interim ordinary dividend		Nil	Nil
Previous corresponding period		Nil	Nil
No dividends were paid or proposed during, or with respect to, the Half-Year, and therefore no date has been set aside for determining any entitlements to dividends.			
Other Disclosures		Consolidated	Consolidated
		Current	Previous
		Period	Corresponding
		Period	Period
Net tangible asset backing per ordinary security		\$0.57	\$0.54
Weighted average number of ordinary shares outstanding		69,056,822	69,056,822
There were no entities over which control was gained or lost during the Half-Year.			
No interest is held in any joint ventures or entities over which the consolidated entity has significant influence.			

This half yearly report is to be read in conjunction with the most recent annual financial report.

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2003.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Mark Canning

Kenneth Macmillan Drysdale

Nelson Mair

Kevin Hayes

Annamaria Hynes

Ian Moir

Penelope Morris (retired 22 October 2003)

Simon Susman

Michael Terry

Norman Thomson

Review and Results of Operations

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Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which this class order applies.

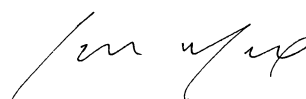
Signed in accordance with a resolution of the Directors.



KENNETH MACMILLAN DRYSDALE

Director, Chairman

Melbourne, 11 February 2004



IAN MOIR

Director, Chief Executive Officer

Melbourne, 11 February 2004

Directors' Declaration

In accordance with a resolution of the Directors of Country Road Limited, we state that:

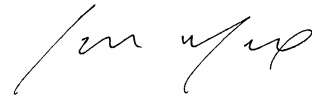
In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2003 and the performance for the half-year ended on that date of the consolidated entity: and
 - (ii) comply with Accounting Standard AASB1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



KENNETH MACMILLAN DRYSDALE
Director, Chairman
Melbourne, 11 February 2004



IAN MOIR
Director, Chief Executive Officer
Melbourne, 11 February 2004

Condensed Consolidated Statement of Financial Performance

Half-Year Ended 31 December 2003

	Notes	Consolidated	
		2003	2002
		\$A'000	\$A'000
Revenues from ordinary activities	2	99,958	107,711
Expenses from ordinary activities	2	(98,929)	(106,042)
Profit from ordinary activities before borrowing costs and income tax expense		1,029	1,669
Borrowing costs	2	(479)	(728)
Income tax expense on ordinary activities		-	(200)
Profit from ordinary activities after borrowing costs and income tax expense	2	550	741
Total changes in equity other than those resulting from transactions with owners as owners		550	741
Basic earnings per share (cents per share)		0.01c	0.01c
Diluted earnings per share (cents per share)		0.01c	0.01c

Condensed Consolidated Statement of Financial Position

As at 31 December 2003

	As at 31 December 2003 \$A'000	As at 30 June 2003 \$A'000	As at 31 December 2002 \$A'000
CURRENT ASSETS			
Cash assets	7,396	10,344	7,258
Receivables	10,016	9,007	9,809
Inventories	24,988	27,941	26,673
Income tax receivable	86	174	-
Other	2,096	1,252	1,119
Total current assets	44,582	48,718	44,859
NON-CURRENT ASSETS			
Property, plant and equipment (net)	24,920	25,145	25,266
Intangibles (net)	11,318	11,438	11,532
Deferred tax assets	125	124	485
Other	701	339	576
Total non-current assets	37,064	37,046	37,859
Total assets	81,646	85,764	82,718
CURRENT LIABILITIES			
Accounts payable	17,299	21,992	20,271
Interest bearing liabilities	86	28	29
Income tax payable	-	-	20
Provisions	2,797	2,823	3,146
Total current liabilities	20,182	24,843	23,466
NON-CURRENT LIABILITIES			
Interest bearing liabilities	10,000	10,000	10,000
Tax liabilities	17	17	31
Provisions	688	695	646
Total non-current liabilities	10,705	10,712	10,677
Total liabilities	30,887	35,555	34,143
Net assets	50,759	50,209	48,575
EQUITY			
Contributed equity	80,907	80,907	80,907
Reserves	1,196	1,196	1,196
Accumulated losses	(31,344)	(31,894)	(33,528)
Total equity	50,759	50,209	48,575

Condensed Consolidated Statement of Cash Flows

Half-Year Ended 31 December 2003

	Consolidated	
	2003	2002
	\$A'000	\$A'000
Cash Flows Related to Operating Activities		
Receipts from customers	109,547	117,018
Payments to suppliers and employees	(108,607)	(110,129)
Interest received	43	24
Borrowing costs paid	(478)	(728)
Income taxes refunded/(paid)	89	(14)
Net Operating Cash Flows	594	6,171
Cash Flows Related to Investing Activities		
Payment for purchases of property, plant and equipment	(3,603)	(4,026)
Proceeds from sale of property, plant and equipment	-	199
Outflows associated with closure of US operations	-	(604)
Net Investing Cash Flows	(3,603)	(4,431)
Net Increase/(Decrease) in Cash Held	(3,009)	1,740
Add opening cash brought forward	10,316	5,468
Effect of exchange rate changes on cash	3	21
Cash at End of Period	7,310	7,229
Reconciliation of cash		
Cash assets	7,396	7,258
Bank overdraft	(86)	(29)
Cash at End of Period	7,310	7,229

Notes to the Half-Year Financial Statements

31 December 2003

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. The half-year financial report should be read in conjunction with the annual financial report of Country Road Limited as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by Country Road Limited and its controlled entities during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views). The half-year financial report has been prepared in accordance with the historical cost convention, except for hedges of specific commitments, which are measured at net market value. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies

The accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2003.

Notes continued

31 December 2003

	Consolidated	
	2003	2002
	\$A'000	\$A'000
2 PROFIT FROM ORDINARY ACTIVITIES		
(a) Specific Items		
Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:		
(i) Revenues from ordinary activities		
Revenue from sale of goods	98,644	106,022
Interest revenue	43	24
Royalties and license fees	1,271	1,177
Proceeds from sale of non-current assets	-	199
Other revenue	-	289
Total revenues from ordinary activities	99,958	107,711
(ii) Expenses		
Borrowing costs:		
Interest paid/payable - ultimate controlling entity	285	475
Interest paid/payable - other corporations	144	197
Other borrowing costs	49	56
Total borrowing costs	478	728
Operating lease rentals:		
Minimum lease payments	10,217	10,309
Contingent rentals	88	120
Total operating lease rentals	10,305	10,429
Net unrealised (gain) loss on translation of net assets of foreign controlled entities	(53)	(322)
Depreciation and amortisation	3,367	2,549
Employee entitlements	900	1,053
Distribution centre outsourcing costs	-	(700)

3 DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

There were no dividends paid or provided for during the half-year.

4 CONTINGENT LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities.

Notes continued

31 December 2003

5 SUBSEQUENT EVENTS

2003

There have been no material events after balance date that affect the operating results or financial position of the Company and its controlled entities as at 31 December 2003.

It was noted in the June 2003 annual financial report (Note 33) that on 4 July 2003, Country Road entered into an alliance with Myer Grace Bros allowing it to be the only department store to stock Country Road product. Country Road ceased supply to David Jones effective 31 December 2003.

2002

There were no material events after balance date that affected the operating results or financial position of the Company and its controlled entities as at 31 December 2002.

6 DISCONTINUED OPERATIONS

On 17 January 2002 the Directors of Country Road Limited resolved to withdraw financial and operational support to the Country Road USA companies. Consequently the USA business was closed and a trustee was appointed to liquidate the assets of the companies.

In accordance with accounting standard AASB 1042 "Discontinuing Operations", the continuing and discontinued operations have since been disclosed separately in both the consolidated annual financial report and half-year financial reports. As there were no items of revenue or expense for the half-year, or for the prior year comparative period, no discontinued operations disclosures have been presented in this half-year financial report.

Notes continued

31 December 2003

		Consolidated	
		2003	2002
		\$A'000	\$A'000
7 ADDITIONAL INFORMATION			
(i) Financing arrangements			
The economic entity had access to the following financing arrangements which are primarily subject to annual review.			
Credit standby arrangements (a)			
Bill acceptance facilities - term	(i)	10,000	10,000
Bank overdraft	(ii)	500	500
Total credit standby arrangements		<u>10,500</u>	10,500
Loan - related party (b)	(iii)	10,000	10,000
Total facilities available		<u>20,500</u>	20,500
Facilities utilised			
Bank overdrafts - secured		86	29
Loan - related party		10,000	10,000
Total drawn facilities		<u>10,086</u>	10,029
Total undrawn facilities		<u>10,414</u>	10,471

- (i) All bill acceptance facilities are denominated in Australian dollars and are subject to annual review. Interest is payable at market rates.
- (ii) The bank overdraft is denominated in Australian dollars and interest is charged at the appropriate market rates. All financing facilities are subject to various covenants which relate to the financial performance of the economic entity and must be complied with on a quarterly basis.
- (iii) The related party loan is denominated in Australian dollars. Interest is charged at appropriate market rates. The loan is subject to annual review by virtue of the requirement for Woolworths Holdings Limited to obtain annual approval by the South African Reserve Bank for the continued provision of the loan. The South African Reserve Bank has provided consent for the facilities to be available to the economic entity until 31 December 2004.
- (a) The credit standby facilities are secured by a Registered Mortgage Debenture over all of the assets of the economic entity.
- (b) The related party loan is secured by a second Registered Mortgage Debenture over the assets of the economic entity, however this loan is subordinated to the credit standby facilities provided by other financial institutions.

Notes continued

31 December 2003

8 SEGMENT INFORMATION**(a) Geographical segments**

	Australia	New Zealand	Elimination	Borrowing Costs	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
31 December 2003					
Revenue					
Sales to customers outside the consolidated entity	89,895	8,749	-	-	98,644
Inter-segment sales	1,189	-	(1,189)	-	-
Other revenue	1,314	-	-	-	1,314
Total revenue	92,398	8,749	(1,189)	-	99,958
Result					
Operating profit before tax and extraordinary items	755	274	-	(479)	550
Income tax benefit/(expense)	-	-	-	-	-
Operating profit after income tax	755	274	-	(479)	550

	Australia	New Zealand	Elimination	Borrowing Costs	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
31 December 2002					
Revenue					
Sales to customers outside the consolidated entity	95,650	10,372	-	-	106,022
Inter-segment sales	3,457	-	(3,457)	-	-
Other revenue	1,655	34	-	-	1,689
Total revenue	100,762	10,406	(3,457)	-	107,711
Result					
Operating profit before tax and extraordinary items	1,172	497	-	(728)	941
Income tax benefit/(expense)	-	(200)	-	-	(200)
Operating profit after income tax	1,172	297	-	(728)	741

Independent review report to members of Country Road Limited

Scope

The financial report and directors' responsibility

The financial report comprises the condensed statement of financial position, condensed statement of financial performance, condensed statement of cash flows and accompanying notes to the financial statements, the other information set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules, and the directors' declaration, for Country Road Limited (the company) and the consolidated entity, for the six months ended 31 December 2003. The consolidated entity comprises both the company and the entities it controlled during that six month period.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*, and the ASX Listing Rules as they relate to Appendix 4D. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the ASX and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, and the ASX Listing Rules as they relate to Appendix 4D, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

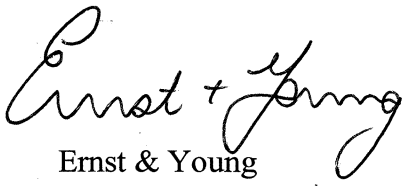
Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report, as defined in the scope section, of Country Road Limited is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Country Road Limited and the consolidated entity at 31 December 2003 and of their performance for the six month period ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia and the ASX Listing Rules as they relate to Appendix 4D.


Ernst & Young



I H Miller

Partner

Melbourne

Date: 11/2/04