

WOOLWORTHS LIMITED

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11 September 2015

ASX Market Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

2015 Annual Report

Please see attached the 2015 Annual Report for Woolworths Limited.

For and on behalf of
WOOLWORTHS LIMITED



RICHARD DAMMERY
Chief Legal Officer and Company Secretary

ANNUAL REPORT 2015



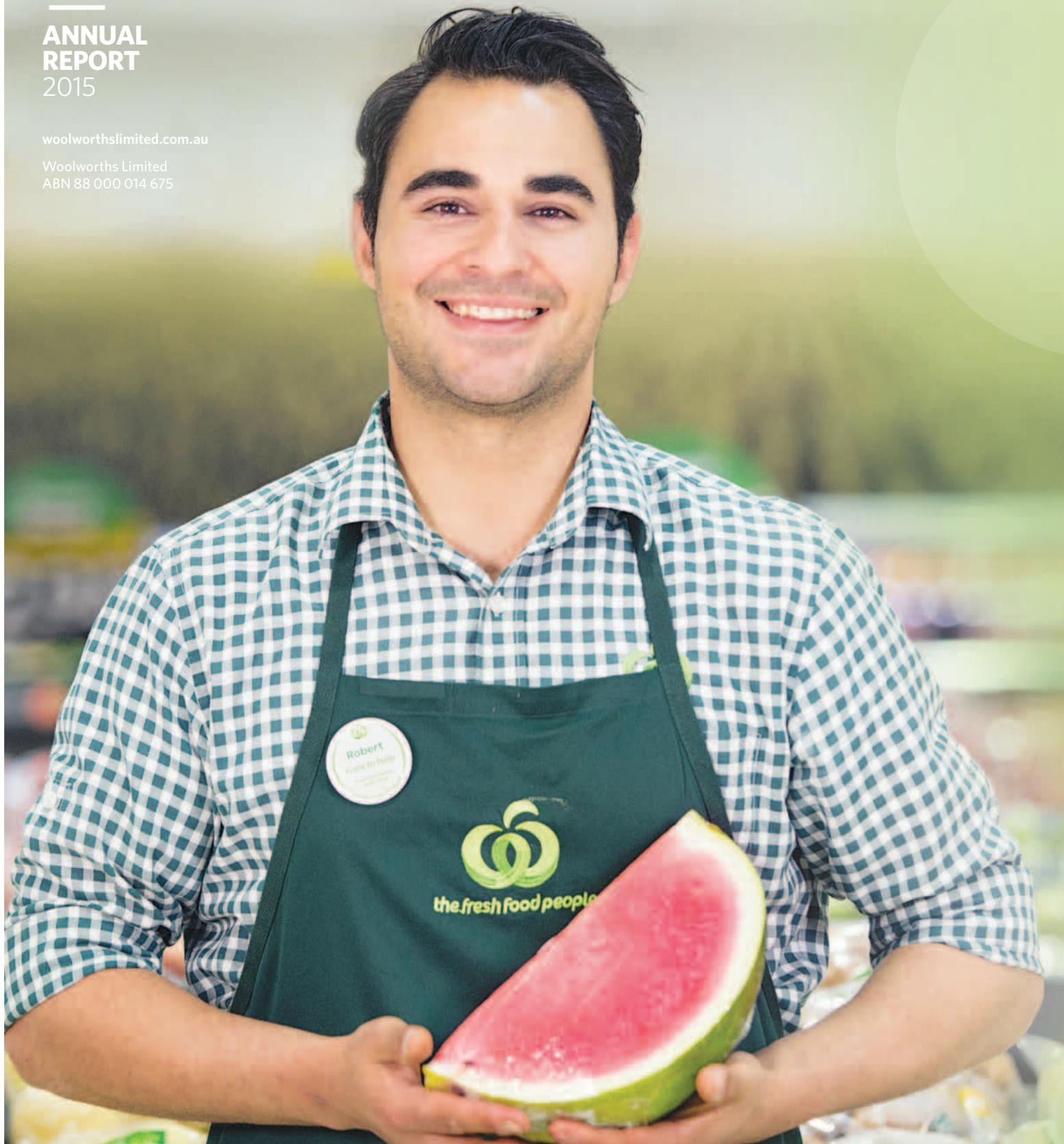
WOOLWORTHS LIMITED



**ANNUAL
REPORT**
2015

woolworthslimited.com.au

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WOOLWORTHS LIMITED



KEY FY15 FINANCIAL HIGHLIGHTS

Woolworths is evolving and innovating to meet market challenges and finding new ways to delight our customers.

TOTAL DIVIDENDS RETURNED
TO SHAREHOLDERS IN
RELATION TO FY15

\$1.8b

GROUP
SALES

\$60.7b ↓
0.2%

FY15 FULLY FRANKED
DIVIDENDS PER SHARE

139c ↑
1.5%

EARNINGS PER SHARE
BEFORE SIGNIFICANT ITEMS¹

195.2c ↓
0.7%

NET PROFIT AFTER TAX
BEFORE SIGNIFICANT ITEMS¹

\$2,453.3m ↑
0.1%

For footnotes refer to page 25.

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Chairman's Report

On behalf of the Board of Directors and management team, I am pleased to present you with our detailed reports for financial year 2015.



GORDON CAIRNS
Chairman



I am delighted and excited to have joined the Woolworths Board on 1 September 2015. While financial year 2015 was a challenging one for the Company, I am already working closely with my Board colleagues and management on the three year journey to regain momentum across our portfolio of businesses.

In the financial year we delivered net profit after tax before significant items¹ of \$2.45 billion in line with last year's result, and dividends are slightly up on last year.

In May we updated investors on the Company's strategy. Throughout the year we have also made a number of significant changes to our senior management team. At the core of these changes was a commitment to put customers at the heart of everything we do and deliver long-term value for shareholders.

FINANCIAL RESULTS

Net profit after tax before significant items¹ increased 0.1% on the prior year to \$2,453.3 million. On a statutory basis, after reflecting the impact of significant items¹, net profit after tax decreased 12.5% to \$2,146.0 million.

Group sales were \$60.7 billion, representing a decrease of 0.2%. This was driven by lower fuel sales as a result

of changes to the Woolworths–Caltex alliance², the declining average fuel sale price, as well as a disappointing trading result in Australian Food and Liquor and General Merchandise. Excluding Petrol, sales increased 2.5% on the prior year.

DIVIDENDS

The Board announced a 1.5% increase in dividends per share to 139 cents for financial year 2015, up from 137 cents in financial year 2014.

YOUR BOARD

Financial year 2015 has been one of significant renewal for your Board.

On 1 September 2015, Chairman Ralph Waters stepped down and retired as a Director. Ralph served as Chairman for nearly three years and as a Director for more than four years. I thank him for his service to the Company.

Non-Executive Director, Mr Ian Macfarlane AC, also retired from the Board in March 2015. This retirement formed part of the Board's succession process, and enabled a suitable transition following the appointment of Mr Scott Perkins in September 2014.

As previously announced, the Board will continue to review its skills and capabilities.

RESULTS

FY11	174.6
FY12	178.3
FY13	190.2
FY14	196.5
FY15	195.2

EPS (cents) before significant items¹

FY11	122
FY12	126
FY13	133
FY14	137
FY15	139

Dividends per share (cents)

The Board announced a 1.5% increase in dividends per share to 139 cents for financial year 2015, up from 137 cents in financial year 2014.

PEOPLE

Significant changes have been made to our senior management team.

In June 2015, Chief Executive Officer and Managing Director, Grant O'Brien, informed the Board of his intention to retire from the Company. Mr O'Brien has been CEO since October 2011. On behalf of the Board, senior management and staff, I would like to thank Grant for his commitment to Woolworths over 28 years, and his willingness to stay at the helm to ensure a smooth transition to his a successor.

Given the importance of finding the right leader for Woolworths, the Board determined to conduct a global CEO search. This process is progressing well and a range of internal and external candidates have been identified.

In February 2015, Brad Banducci was appointed Managing Director, Woolworths Food Group, following the departure of Tjeerd Jegen. Brad was replaced as the Managing Director of Woolworths Liquor Group by Martin Smith, former General Manager of Dan Murphy's.

Dave Chambers was appointed Director of Woolworths Supermarkets, with Pat McEntee appointed Acting Managing Director of Progressive Enterprises in New Zealand.

Alistair McGeorge, who was Managing Director of BIG W, left the company in August 2015, and Penny Winn is acting as Managing Director of BIG W. Penny will leave the Company by the end of this year to pursue a non-executive director career. Executive search processes for the roles of Managing Director of BIG W and Director of Group Retail Services are underway.

CONCLUSION

Financial year 2015 will be remembered as a year of significant change for Woolworths. This was inevitable given the new retail challenges outlined by management at the Investor Day in May 2015, and the Company's strategy to meet them, including accelerating our lean retail model to compete in a new environment.

Finally, the Board would like to acknowledge the contribution made by our 190,000-plus employees. Staff work hard every day to serve our customers. It is their unstinting commitment to our customers that will ensure Woolworths continues to grow and deliver for shareholders.

**GROUP SALES DECREASED
0.2% TO \$60.7B**

\$60.7b

**GROUP SALES EXCLUDING PETROL
INCREASED 2.5% TO \$55.0B**

\$55.0b

**NET PROFIT AFTER TAX BEFORE
SIGNIFICANT ITEMS' INCREASED
0.1% TO \$2,453.3M**

\$2,453.3m

Managing Director's Report

Our scale, network, supply chain and proven ability to extract operating efficiencies provide a strong competitive advantage in an era that brings new challenges.

GRANT O'BRIEN
Managing Director
and Chief Executive Officer



Woolworths is a company that strives to deliver growth year-on-year. Whilst we delivered a profit that was in line with last year, we did not deliver growth, which was disappointing.

We know our shareholders want consistently strong returns year in and year out. Despite our profit results, we have increased our dividend to shareholders on last year.

Our customers expect a consistently great shopping experience with the best range of products at the lowest prices in a convenient location. The challenges of the year have renewed our focus on winning customers.

A STRONG BUSINESS WITH LOTS OF POTENTIAL

Woolworths is a strong business with lots of potential. Our scale, network, supply chain and proven ability to extract operating efficiencies provide a strong competitive advantage in an era that brings new challenges.

Woolworths has market leading positions in all our key markets. In Australian Food and Liquor we are 30 per cent larger than our nearest competitor. Our Liquor business is a global leader and is growing its leadership in all its Australian formats and Countdown is New Zealand's foremost supermarket brand. Masters has the number two position in the highly attractive Home Improvement market. ALH is Australia's largest hotels operator. We are also Australia's largest domestic online retailer.

The market environment has changed dramatically with stronger competition and significant shifts in customers' shopping behaviour. Woolworths is evolving and innovating to meet these challenges and finding new ways to delight our customers.

We have a unique platform from which we serve more than 29 million customers per week. We are focused on improving the customer experience and increasing our share of wallet.

We are focused on maintaining strong sustainable returns for our shareholders by ensuring customers put us first.

We are focused on maintaining strong sustainable returns for our shareholders by ensuring customers put us first.

THIS YEAR 72% OF OUR PROFIT BEFORE SIGNIFICANT ITEMS¹ WILL BE RETURNED TO OUR SHAREHOLDERS IN DIVIDENDS TOTALLING \$1.8B

\$1.8b

IN AUSTRALIAN FOOD AND LIQUOR WE ARE 30 PER CENT LARGER THAN OUR NEAREST COMPETITOR

30%

WE UNDERSTAND THE CHALLENGES AND ARE TAKING THE STEPS REQUIRED

We recognise the challenges to realising our growth potential and have already made progress towards addressing these:

- 1. We need to regain momentum in Australian Supermarkets.** This means winning the customer experience. In H2-15 we invested more than \$200 million into lower prices. In a comparison of almost 9,000 items to Coles using Nielsen Homescan data over Q4-15 Woolworths was cheaper.
- 2. We need to continue to outperform in the liquor business.** In the 2015 financial year we continued to grow and gain market share across all three formats; Dan Murphy's, BWS and The Wine Quarter.
- 3. We are making clear progress on Masters' path to profitability.** We are adding new ranges and changing the store format. There are 11 stores now operating in the new format and all are outperforming the original format stores. Global leading brands, Sherwin-Williams (paint), Loctite (adhesives) and Honda (mowers) are due to be rolled out to stores before the end of calendar year 2015.

4. Accelerating the reset of BIG W.

We need to convert the capabilities of BIG W into results. We have already cleared more than 80 per cent of non-productive inventory, rolled out the new Party category to 63 stores and increased the number of products available online to more than 28,000.

- 5. We are accelerating our lean retail model to compete in a new environment.** In 2014, we commenced a Group-wide transformation to a lean retail model, with an emphasis on taking real dollar cost out in a low inflation environment. We are tracking ahead of our stated target of more than \$500 million.

- 6. Maintaining disciplined portfolio management and capital allocation.**

We are highly focused on driving long-term shareholder value.

WE HAVE REINVESTED 56,000 HOURS PER WEEK IN SERVICE IN-STORE, WITH A FOCUS ON FRESH AND ON-SHELF AVAILABILITY

56,000

SIGNING OFF

In June 2015, I announced I would be retiring from Woolworths. I am approaching my fifth year as CEO and believe it is in the best interests of the Company for new leadership to take these plans forward. Thank you for your support and I wish Woolworths and the team every success into the future.

The Results in Brief

\$million	FY15 52 weeks	FY14 52 weeks	Change
GROUP SALES			
Australian Food and Liquor	42,132	41,171	2.3%
Petrol (dollars)	5,632	7,065	(20.3%)
Petrol (litres)	4,229	4,864	(13.1%)
Australian Food, Liquor and Petrol	47,764	48,236	(1.0%)
New Zealand Supermarkets	5,467	5,186	5.4%
New Zealand Supermarkets (NZD)	5,878	5,737	2.5%
General Merchandise	4,106	4,352	(5.7%)
Hotels	1,475	1,472	0.2%
Masters	930	752	23.7%
Home Timber and Hardware	937	775	20.9%
Home Improvement	1,867	1,527	22.3%
Total Group Sales	60,679	60,773	(0.2%)
Total Group Sales excluding Petrol	55,047	53,708	2.5%
EARNINGS BEFORE INTEREST AND TAX (EBIT)			
Before significant items ¹			
Australian Food, Liquor and Petrol	3,439.8	3,368.0	2.1%
New Zealand Supermarkets	303.2	271.4	11.7%
New Zealand Supermarkets (NZD)	326.0	309.8	5.2%
General Merchandise	114.2	152.9	(25.3%)
Hotels	234.5	275.4	(14.9%)
Home Improvement	(224.7)	(169.0)	33.0%
Central Overheads	(118.6)	(123.5)	(4.0%)
Total Group EBIT (before significant items¹)	3,748.4	3,775.2	(0.7%)
Significant Items ¹ (before tax)			
General Merchandise transformation	(148.2)	-	n.c.
Business transformation	(199.1)	-	n.c.
Redundancy	(43.0)	-	n.c.
Property portfolio review	(35.6)	-	n.c.
Total Group EBIT (after significant items¹)	3,322.5	3,775.2	(12.0%)

\$million	FY15 52 weeks	FY14 52 weeks	Change
GROUP PROFIT AND LOSS			
Before significant items¹			
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	6,814.7	6,670.2	2.2%
Rent	(2,012.6)	(1,898.7)	6.0%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	4,802.1	4,771.5	0.6%
Depreciation and amortisation ⁽ⁱ⁾	(1,053.7)	(996.3)	5.8%
Earnings before interest and tax (EBIT)	3,748.4	3,775.2	(0.7%)
Net financing costs	(254.8)	(260.1)	(2.0%)
Income tax expense	(1,048.1)	(1,056.7)	(0.8%)
Net profit after income tax	2,445.5	2,458.4	(0.5%)
Non-controlling interests	7.8	(6.7)	216.4%
Total Group net profit after income tax and non-controlling interests before significant items¹	2,453.3	2,451.7	0.1%
Significant Items ¹ (after income tax)	(307.3)	-	n.c
Total Group net profit after income tax and non-controlling interests after significant items¹	2,146.0	2,451.7	(12.5%)
Margins (before significant items)¹			
Gross Profit (%)	27.50	27.11	39 bps
Cost of Doing Business (%)	21.32	20.90	42 bps
EBIT (%)	6.18	6.21	(3) bps
Earnings per Share (EPS) and Dividends			
Weighted average ordinary shares on issue (million)	1,256.6	1,248.0	0.7%
Ordinary EPS (cents) – continuing operations before significant items ¹	195.2	196.5	(0.7%)
Interim dividend per share (cents)	67.0	65.0	3.1%
Final dividend per share (cents) ⁽ⁱⁱ⁾	72.0	72.0	- %
Total dividend per share (cents)	139.0	137.0	1.5%
(i) Depreciation and amortisation presented in the table excludes \$88.7 million of accelerated depreciation relating to significant items ¹			
(ii) Final 2015 dividend payable on 9 October 2015 will be fully franked at 30%			
Returns			
Funds employed (period end)	14,521.3	14,614.6	(0.6%)
Return on Average Funds Employed before significant items ¹	25.73	26.98	(125) bps

Group Financial Performance*



Sales were \$60.7 billion, representing a decrease of 0.2% driven by lower fuel sales as a result of changes to the Woolworths - Caltex alliance², the declining average fuel sale price, as well as a disappointing trading result in Australian Food and Liquor and General Merchandise. The new arrangement with Caltex became effective progressively during Q2'15 with 131 Caltex operated sites exiting the joint venture with Woolworths no longer recording sales from these sites. Excluding Petrol, sales increased 2.5% on the prior year.

Gross profit (before significant items¹) as a percentage of sales increased 39 bps on the prior year to 27.5% driven by the change in sales mix from Petrol to our higher margin businesses combined with Petrol margin accretion due to falling wholesale fuel prices, outweighing gross profit margin declines in both Australia and New Zealand Supermarkets as we continued to invest in lower prices.

Cost of doing business (CODB) (before significant items¹) as a percentage of sales increased 42 bps on the prior year to 21.3% due to subdued sales growth impacted by the changes to the Woolworths - Caltex alliance² limiting the ability to fractionalise costs. This was partially offset by cost savings generated through improved efficiency across store operations and support functions and lower employee incentive based remuneration.

Earnings before interest and tax (before significant items¹) decreased 0.7% on the prior year to \$3,748.4 million.

Net financing costs decreased 2.0% on the prior year, driven by interest savings as a result of the repayment of debt partially offset by lower capitalised interest associated with fewer active property development sites.

Net profit after tax and non-controlling interests (before significant items¹) increased 0.1% on the prior year to \$2,453.3 million, with corresponding earnings per share (EPS) down 0.7% to 195.2 cents.

On a statutory basis, after reflecting the impact of significant items¹, NPAT decreased 12.5% to \$2,146.0 million with corresponding EPS down 13.1% to 170.8 cents.



* Unless otherwise stated, growth percentages and metrics represent continuing operations before significant items

For footnotes refer to page 25.



Australian Food, Liquor and Petrol

We are resetting our Food business to ensure a sustainable competitive position and maintain strong returns to shareholders. We are delivering on our commitment not to be beaten on price and embedding a culture which puts customers at the heart of every decision.



TRADING PERFORMANCE*

Sales for the year were \$47.8 billion, a decrease of 1.0% on the previous year as a result of the impact on our Petrol sales due to the changes to the Woolworths – Caltex alliance² and the declining average fuel sale price.

Earnings before interest and tax increased 2.1% on the prior year reflecting subdued sales growth in the second half impacted by our decision to significantly increase our investment in price.

Australian Food and Liquor sales were \$42.1 billion, an increase of 2.3% on the previous year. Comparable sales increased 0.7% on the previous year.

We reported deflation in average prices (when the effects of promotions and volumes are included) of 5.2% in Q4'15, significantly above the 2.8% deflation for FY15 (FY14: deflation of 3.1%) as we accelerated our investment in lower prices for our Australian Food customers.

The standard shelf price movement index³ which excludes the significant investment in price and promotional activity increased by 1.2% in Q4'15 which was also well below the FY15 increase of 3.0% (FY14: 2.1%). Despite significant inflation in categories like meat in Q4'15, shelf price increases were kept low as we absorbed higher cost price increases.



* Unless otherwise stated, growth percentages and metrics represent continuing operations before significant items. For footnotes refer to page 25.

Woolworths Liquor Group continued its growth across all three formats – Dan Murphy's (Destination), BWS (Convenience) and The Wine Quarter (Online and Direct). Total Liquor sales for the year (including ALH Group on-premise liquor sales) were \$7.7 billion, representing an increase of 4.2% on the previous year.

We opened 30 (net) new supermarkets and 10 (net) new Dan Murphy's during the year and refurbished 58 supermarkets and 5 Dan Murphy's allowing us to better meet the needs of our customers.

Petrol sales for the year were \$5.6 billion, a decrease of 20.3% on the previous year primarily relating to changes in the Woolworths – Caltex alliance² where sales for 131 Caltex-operated sites are no longer recognised by Woolworths. Declining average fuel sell prices also contributed to a lower sales result, with average unleaded fuel sell prices for the year declining from 151.1 cpl in FY14 to 134.4 cpl in FY15.

Comparable petrol sales (dollars) decreased 10.7% for the year due to the impact of declining global oil prices and a decline in comparable volumes of 2.3%, which were impacted by an undertaking to the Australian Competition and Consumer Commission (ACCC) that limited fuel discounts that are available to customers.

Growth in non-fuel categories continued with total merchandise sales for the year increasing 9.3% and comparable merchandise sales increasing 6.2%.

Australian Food, Liquor and Petrol (FLP) gross margin increased 51 bps, a result primarily driven by changes to Woolworths – Caltex alliance² and a change in sales mix from Petrol toward the higher margin Food and Liquor businesses. Our continued investment in lowering prices has resulted in our Australian Food and Liquor gross margin declining by 53 bps.

FLP costs of doing business (CODB) as a percentage of sales increased 29 bps on the prior year, driven predominately by the lower sales result and investment in store labour to improve the customer experience, partly offset by lower employee incentive-based remuneration and cost savings generated through improved efficiency across store operations and support functions.

FLP EBIT of \$3,439.8 million increased 2.1% with EBIT margin increasing 22 bps primarily due to the mix benefit from lower petrol sales.

Our continued investment in stores and refurbishments across supermarkets, liquor and petrol on lower EBIT growth resulted in a decrease in the return on average funds employed (ROFE) for FLP of 195 bps on the previous year.

RESULTS*

FY11	42,201
FY12	44,263
FY13	46,825
FY14	48,236
FY15	47,764

Sales (\$m)

FY11	2,797
FY12	2,944
FY13	3,199
FY14	3,368
FY15	3,440

EBIT (\$m)

AUSTRALIAN FOOD AND LIQUOR SALES FOR THE YEAR WERE \$42.1 BILLION, AN INCREASE OF 2.3% ON THE PRIOR YEAR

\$42.1b

Before Significant Items ¹	FY15 52 weeks	FY14 52 weeks	Change
Sales			
Food and Liquor (\$ million)	42,132	41,171	2.3%
Petrol (\$ million)	5,632	7,065	(20.3%)
Food Liquor & Petrol (\$ million)	47,764	48,236	(1.0%)
EBIT			
Food Liquor & Petrol (\$ million)	3,439.8	3,368.0	2.1%
Funds Employed (\$ million)	4,756.4	4,576.9	3.9%
Gross Margin (%)	25.70	25.19	51 bps
Cost of Doing Business (%)	18.50	18.21	29 bps
EBIT to Sales (%)	7.20	6.98	22 bps
Return on Average Funds Employed (%)	73.71	75.66	(195) bps



Australian Food, Liquor and Petrol

AUSTRALIAN FOOD CUSTOMERS
BENEFITED FROM OUR
INVESTMENT OF MORE THAN
\$200 MILLION IN LOWER PRICES

\$200m

WE REINVESTED AN INCREMENTAL
56,000 HOURS PER WEEK IN
SERVICE IN STORES

56,000

TOTAL LIQUOR SALES FOR
THE YEAR WERE \$7.7 BILLION,
AN INCREASE OF 4.2% ON
THE PRIOR YEAR

\$7.7b

NET NEW AUSTRALIAN
SUPERMARKETS OPENED
DURING THE YEAR

30

NET NEW NATIONAL
LIQUOR STORES

41

DAN MURPHY'S NEW LOYALTY
PROGRAM LAUNCHED,
MEMBERS TO DATE

+900,000



PROGRESS AGAINST PLANS - WOOLWORTHS FOOD GROUP

1. Firmly embedded the customer at the core of all decision making.
2. Delivered on our price promise for customers including investing more than \$200 million in price in FY15, with internal measures showing price parity with Coles at the end of June 2015.
3. We reinvested an incremental 56,000 hours per week in service in stores with a particular focus on Fresh and on-shelf availability.
4. We established a new leadership team and focused on implementing a customer-led strategy.
5. We were the first Australian retailer to sign the Australian Food & Grocery Industry Code of Conduct providing greater transparency and certainty for food and grocery suppliers.
6. We reinforced our position as Australia's leading online grocery retailer with another year of strong sales growth in FY15.

PROGRESS AGAINST PLANS - WOOLWORTHS LIQUOR GROUP

1. We continued our growth and market share gains in a low-growth market environment.
2. We balanced our growth across our formats with Dan Murphy's (Destination), BWS (Convenience) and The Wine Quarter (Online & Direct) all reporting improved results.
3. We better engaged customers through MyDanMurphy's, a new loyalty program successfully launched in November 2014 with over 900,000 members to date.
4. We reinforced danmurphys.com.au as Australia's premier online liquor destination.

NUMBER OF AUSTRALIAN SUPERMARKETS

FY11	255
FY12	262
FY13	271
FY14	282
FY15	292

NSW & ACT

FY11	203
FY12	214
FY13	221
FY14	224
FY15	234

VICTORIA

FY11	194
FY12	203
FY13	209
FY14	225
FY15	230

QUEENSLAND

FY11	83
FY12	85
FY13	88
FY14	89
FY15	92

WESTERN AUSTRALIA

FY11	76
FY12	78
FY13	78
FY14	80
FY15	82

SOUTH AUSTRALIA AND NORTHERN TERRITORY

FY11	29
FY12	30
FY13	30
FY14	31
FY15	31

TASMANIA

PROGRESS AGAINST PLANS - PETROL

1. We invested in forecourt improvements at more than 326 of our sites to improve the customer experience including new electronic price boards at 174 sites.
2. We accelerated merchandise sales with promotional offers and new range including coffee and bakery.
3. We increased our network profile by opening 14 (net) new Petrol sites during the year taking the total number of Woolworths owned sites to 516.
4. Our customers can now access their fuel discount at a further 11 Woolworths – Caltex alliance² sites with 103 sites across the country.



New Zealand Supermarkets

Sales and customer numbers increased following our strategy to invest in lower prices.



TRADING PERFORMANCE^{*4}

New Zealand Supermarkets' sales for the year were NZ\$5.9 billion, an increase of 2.5% on the previous year (5.4% increase in AUD). Comparable sales increased 0.9%, benefiting from our strategy to invest in lower prices and as we cycled a weaker sales performance in the prior year.

The Countdown Supermarkets food price index showed deflation of 0.2% (FY14: inflation of 0.7%), with deflation across a number of categories particularly Grocery and Bakery, as the Price Lockdown and Price Drop campaigns gained momentum, as well as Liquor. We have continued to see comparable growth in customer numbers and units sold since we launched these campaigns.

Gross margin decreased 17 bps on the previous year, driven by our reinvestment in price.

CODB as a percentage of sales decreased 32 bps on the previous year due to the impact of lower employee incentive compensation combined with strong cost control across support functions.

EBIT increased 5.2% on the previous year to NZ\$326.0 million.

ROFE was 75 bps higher than the previous year, propelled by EBIT growth.

In 2015, Countdown Supermarkets opened 6 (net) stores, bringing the total to 177 nationwide.

PROGRESS AGAINST PLANS - NEW ZEALAND SUPERMARKETS

- We delivered better prices by substantially increasing the number of product ranges on Price Lockdown and Price Drop (our price down programs) beating internal targets and improving our price competitiveness compared to our competitors.
- We extended and enlivened our offer by rolling out Bulk Food and continued to build our offer in Kitchenware, Sushi, Better for You, Manchester and Pharmacy.
- Countdown.co.nz cemented its position as New Zealand's leading online grocery retailer with another year of strong sales growth.

RESULTS^{*4}

FY11	5,362
FY12	5,522
FY13	5,749
FY14	5,737
FY15	5,878

Sales(NZD) (\$m)

FY11	244
FY12	287
FY13	303
FY14	310
FY15	326

EBIT(NZD) (\$m)

FY11	207
FY12	215
FY13	221
FY14	230
FY15	237

NZ Stores (no.) including franchise stores

\$NZD Before Significant Items ¹	FY15 52 weeks	FY14 52 weeks	Change
Sales (\$ million)	5,878	5,737	2.5%
EBIT (\$ million)	326.0	309.8	5.2%
Funds Employed (\$ million)	3,080.7	3,052.9	0.9%
Gross Margin (%)	23.50	23.67	(17) bps
Cost of Doing Business (%)	17.95	18.27	(32) bps
EBIT to Sales (%)	5.55	5.40	15 bps
Return on Average Funds Employed (%)	10.63	9.88	75 bps

NEW ZEALAND SUPERMARKETS SALES FOR THE YEAR WERE NZ\$5.9 BILLION, AN INCREASE OF 2.5% ON THE PRIOR YEAR

NZ\$5.9b

EBIT INCREASED 5.2% ON THE PRIOR YEAR TO NZ\$326 MILLION

NZ\$326m



^{*} Unless otherwise stated, growth percentages and metrics represent continuing operations before significant items

For footnotes refer to page 25.

General Merchandise

We are focused on transforming BIG W into the number one choice for Australian families.



TRADING PERFORMANCE*

Sales for the year were \$4.1 billion, a decrease of 5.7% on the previous year and comparable store sales decreased 7.2%. Sales continue to be impacted by the ongoing BIG W transformation plan.

As part of the BIG W transformation, we introduced a new merchandising system to improve insights into trading and inventory management as the business mix changes towards soft goods. Issues with implementation during Q4'15 led to low stock availability in a number of categories impacting sales. These issues are now largely resolved with final resolution expected in late September 2015.

2015 sales were also impacted by ongoing price deflation (FY15: 2.6%) and inventory clearance activity which cannibalised the sales and margins of full priced merchandise.

Trading in July and August, whilst still disappointing, has improved relative to Q4'15 with comparable sales for the first eight weeks of the financial year declining by 8.9%. Categories such as Entertainment, Toys, Books, and Womenswear, are showing an improved performance while Footwear and Homewares remains weak.



The improvement in the gross margin of 94 bps reflects changes in sales mix towards higher margin apparel, improvements in buying and lower shrinkage costs and a full year contribution of EziBuy (which trades at a higher margin), partially offset by price markdowns and clearance activity.

CODB as a percentage of sales increased 167 bps on the prior year, driven by a disappointing trading result limiting the ability to fractionalise costs and the inclusion of EziBuy for the whole year. Total CODB was flat despite opening 2 BIG W stores and 1 EziBuy store as central store and support function costs were well managed.

We have made good progress in the clearance of unproductive inventory with approximately 80% by value sold to date ahead of our initial expectations. We expect to have cleared all unproductive inventory before Christmas.

EBIT of \$114.2 million decreased 25.3% on the previous year.

ROFE decreased 385 bps impacted by lower EBIT despite a reduction in funds employed due to the clearance of unproductive inventory.

We continue to target an improvement in profitability in FY16 but this will require an improvement in sales momentum over the key Christmas trading period.

2 (net) BIG W stores opened in 2015.

PROGRESS AGAINST PLANS - GENERAL MERCHANDISE

- Delivered strong progress in the clearance of non-productive inventory through our Drop Zone campaign, with approximately 80% cleared to date and we are on track to complete all clearance activity before Christmas.
- Successfully rolled-out visual merchandising improvement programs in Womenswear, Menswear and Childrenswear to 40 stores in FY15, with another 67 stores planned for the first half of FY16.
- Rolled out new Party category to 63 stores with planning underway for a further 67 stores in the first half of FY16.
- Significantly increased the number of products available online to more than 28,000, with a further 8,000 products for customers to research.
- Ongoing focus on newness of stock offerings with the exclusive Arts & Craft, Toys and Kardashian Kids Clothing Collection in stores in August.



Before Significant Items ¹	FY15 52 weeks	FY14 52 weeks	Change
Sales (\$ million)	4,106	4,353	(5.7%)
EBIT (\$ million)	114.2	152.9	(25.3%)
Funds Employed (\$ million)	1,075.6	1,230.5	(12.6%)
Gross Margin (%)	34.72	33.78	94 bps
Cost of Doing Business (%)	31.94	30.27	167 bps
EBIT to Sales (%)	2.78	3.51	(73) bps
Return on Average Funds Employed (%)	9.90	13.75	(385) bps

RESULTS*

FY11	4,158
FY12	4,180
FY13	4,383
FY14	4,352
FY15	4,106

Sales(AUD) (\$m)

FY11	177
FY12	178
FY13	191
FY14	153
FY15	114

EBIT (\$m)

FY11	165
FY12	172
FY13	178
FY14	182
FY15	184

BIG W Stores (no.)

SALES FOR THE YEAR WERE \$4.1 BILLION, A DECREASE OF 5.7% ON THE PREVIOUS YEAR

\$4.1b

OUR NEW PARTY CATEGORY WAS ROLLED OUT TO 63 STORES, WITH ANOTHER 67 PLANNED FOR THE FIRST HALF OF FY16

63



EZIBUY

Hotels

We continued to improve our venues, food and entertainment offer to increase sales.



TRADING PERFORMANCE

Hotel sales for the year were \$1.5 billion, an increase of 0.2% on the previous year, with comparable sales decreasing 0.4%. Excluding the impact of the Victorian gaming tax, which came into effect in May 2014, Hotel sales increased 1.5% and comparable sales increased 0.9%.

The majority of Hotel sites are located in Victoria and Queensland, where trading remains subdued. However, there has been an improvement in trading conditions over the second half of FY15 due to improved promotional offerings.

Changes in sales mix saw a 29 bps increase in gross margin compared to the previous year.

CODB as a percentage of sales increased 310 bps on the prior year, impacted by additional rental expenses (net of depreciation savings) following the sale and leaseback of 54 freehold sites in October 2014 and the lower trading results following the introduction of the Victorian gaming tax. Cost savings from improved efficiency across support functions and venue operations were offset by an increase in marketing and promotional spend.

Reported EBIT of \$234.5 million decreased 14.9%. Excluding the impact of the additional Victorian gaming tax and additional net rental expense following the sale of the hotel sites, EBIT increased marginally on the prior year to \$277.4 million.

PROGRESS AGAINST PLANS - HOTELS

- We progressed the roll-out of voluntary pre-commitment functionality, with the NSW roll-out completed in June. It is anticipated Queensland and Victoria will be complete by December 2015.
- We refurbished 39 key venues including the Brunswick Hotel, Melbourne Hotel, Jimboomba Hotel and Dublin Docks in Queensland, the Pascoe Vale Hotel in Victoria and the Village Tavern in South Australia, with more to be completed in FY16.
- We refocused our vision to improve bar sales, with entertainment, sponsorships and events beginning to show good results.
- We achieved continued growth in food and accommodation sales through the use of improved menus, promotions and online growth.

RESULTS

FY11	1,153
FY12	1,204
FY13	1,469
FY14	1,472
FY15	1,475

Sales(AUD) (\$m)

FY11	184
FY12	196
FY13	264
FY14	275
FY15	235

EBIT (\$m)

FY11	282
FY12	294
FY13	326
FY14	329
FY15	330

Venues (no.)

	FY15 52 weeks	FY14 52 weeks	Change
Sales (\$ million)	1,475	1,472	0.2%
EBIT (\$ million)	234.5	275.4	(14.9%)
Gross Margin (%)	83.11	82.82	29 bps
Cost of Doing Business (%)	67.21	64.11	310 bps
EBIT to Sales (%)	15.90	18.71	(281) bps

HOTEL SALES FOR THE YEAR WERE \$1,475 MILLION, AN INCREASE OF 0.2% ON THE PREVIOUS YEAR

\$1,475m

WE HAVE 330 HOTELS, WITH 39 KEY VENUES REFURBISHED DURING THE YEAR

330hotels

Home Improvement

Our new format Masters stores are delivering 30% better average sales than original format stores.

TRADING PERFORMANCE*

Home Improvement sales for the year were \$1.9 billion, an increase of 22.3% on the previous year.

Masters sales for the year were \$930 million, an increase of 23.7%. We opened our 58th store before the end of the financial year. At the end of FY15, Masters stores had traded on average for two years.

In April this year we opened our first store with the new format and range and by the end of FY15 we had opened 9. These new stores are delivering pleasing results with the average sales per stores being 30% higher than the original format stores. The uplifts we are seeing reflect investments we have made in space and ranges in our core categories.



In FY15 we also commenced a program to retrofit the new format and range into the existing network. We successfully retrofitted 2 stores by the end of FY15 with another store completed in early July. The early results from these stores are pleasing.

At the end of FY15 approximately 20% of our store network was trading in the new format and by the end of FY16 we are aiming to have half of the store network in the new format and range. We will continue to carefully assess the performance of these new format stores and have reduced the roll-out to focus on key metropolitan areas and high potential sites as previously advised.

Masters loss before interest and tax increased by 39.5% to \$245.6m with the annualisation of the 18 original format stores we opened in FY14 contributing to the increase.

Home Timber and Hardware sales for the year were \$937 million, an increase of 20.9% on the previous year. This was driven by the acquisition of Hudson Building Supplies and Belmont Timber and Hardware, as well as strong growth in our wholesale operations benefitting from a buoyant market.

Home Timber and Hardware reported strong growth in EBIT on the back of the improved sales performance and recent acquisitions.

PROGRESS AGAINST PLANS - HOME IMPROVEMENT

1. We opened 11 stores in new format during the financial year, including 9 new stores and 2 retrofitted stores, with financial performance significantly better than the performance of the original store formats.
2. We have made significant progress in our comprehensive range review with 5,300 new lines added to stores. Global leading brands, Sherwin-Williams (paint) and Loctite (adhesives) and Honda (mowers) are expected to be rolled out by the end of calendar year 2015.
3. We have successfully refocused our store roll-out to strategic and high potential locations, with stores opening in Penrith and Northmead in NSW during FY16.

RESULTS

FY12	828
FY13	1,239
FY14	1,527
FY15	1,867

Sales(AUD) (\$m)

FY12	15
FY13	31
FY14	49
FY15	58

Masters Stores (no.)

HOME IMPROVEMENT SALES FOR THE YEAR WERE \$1.9 BILLION, AN INCREASE OF 22.3% ON THE PREVIOUS YEAR

\$1.9b

MASTERS SALES FOR THE YEAR WERE \$930 MILLION, AN INCREASE OF 23.7% ON THE PRIOR YEAR

23.7%

HOME TIMBER AND HARDWARE SALES FOR FY15 WERE \$937 MILLION, AN INCREASE OF 20.9% ON THE PRIOR YEAR

20.9%

Before Significant Items ¹	FY15 52 weeks	FY14 52 weeks	Change
Sales			
Masters	930	752	23.7%
Home Timber and Hardware	937	775	20.9%
Home Improvement	1,867	1,527	22.3%
EBIT			
Masters	(245.6)	(176.0)	39.5%
Home Timber and Hardware	20.9	7.0	198.6%
Home Improvement	(224.7)	(169.0)	33.0%



Managing Director's Report

OVERHEADS, BALANCE SHEET AND CASH FLOW

Central Overheads

Central Overheads before significant items¹ were \$118.6 million for the year (FY14: \$123.5 million), and were lower than we anticipated driven by lower employee incentive payments due to business performance and other minor one-off benefits. Central Overheads are expected to be approximately \$150 million in FY16.

Balance Sheet

Key balance sheet movements relative to the prior year were as follows:

- **Closing inventory** increased 3.8%, driven by new store openings, in particular 30 (net) Australian Supermarkets, nine Masters and 41 (net) Liquor stores and business acquisitions in Liquor and Home Improvement. Closing inventory increased 1.6 days to 40.2 days. Average inventory increased 2.1 days or increased 1.0 days after excluding Home Improvement
- **Net investment in inventory** of -\$167.8 million decreased \$272.6 million, impacted by differences in the timing of creditor payments relative to the reporting date (approximately \$155 million)
- **Fixed assets and investments** increased \$151.1 million to \$10,545.6 million, reflecting ongoing property development and capital expenditure, with 157 new stores added to the network and 211 refurbishments during the year offset by the disposal of property assets (primarily the sale of 54 freehold hotel sites) and the divestment of shares held in The Warehouse Group
- **Intangible assets** decreased \$90.5 million to \$6,244.5 million, primarily reflecting decreased intangible assets in our New Zealand Supermarkets business attributable to the weaker New Zealand dollar partially offset by acquisitions
- **Net repayable debt** (which includes cash, borrowings, hedge assets and liabilities) decreased \$664.3 million to \$3,067.3 million, driven by \$925.4 million of proceeds from the sale of property (primarily the sale of 54 freehold hotel sites) and investments
- **Other financial liabilities** increased \$95.6 million to \$976.1 million, primarily reflecting the movement in the value of the Lowe's put option in our Home Improvement business
- **Shareholders' equity increased** \$581.7 million to \$10,834.2 million primarily reflecting profits generated by the Group offset by the payment of dividends
- **Return on Average Funds Employed before significant items¹** was 25.73%, a decrease of 125 bps or a decrease of 37 bps after excluding the investment in our Home Improvement business.

Cash Flow

Free cash flow generated by the business (before the payment of dividends and movements in borrowings) was \$2,167.7 million after the acquisition of businesses and capital expenditure.

Cash flow from operating activities before interest and tax decreased \$262.3 million to \$4,711.1 million, impacted by approximately \$100 million of operating cash outflows relating to significant items¹ and the timing of creditor payments relative to the reporting date (approximately \$145 million). Excluding these, cash flow from operating activities before interest and tax was largely flat on the prior year.

Our **cash realisation ratio⁵** before significant items¹ was 102.7% after adjusting for differences in the timing of creditor payments.

Net interest paid of \$310.3 million decreased \$27.9 million driven by lower average net debt throughout the year due to proceeds received from the sale of fixed assets and investments.

Tax payments decreased to \$1,055.7 million for year (FY14: \$1,162.5 million) predominately due to a higher number of payments in FY14 due to changes to Australian tax legislation.

Cash used in investing activities was \$1,333.9 million, a decrease of \$697.5 million on the prior year. During the period, cash proceeds of \$603.0 million were received from the sale of 54 freehold hotel sites, \$84.2 million from the sale of shares in The Warehouse Group and \$238.2 million from the sale of other property assets. Payments for the purchase of businesses were \$88.7 million, reflecting the acquisition of Summerville Fine Wines and Spirits, Hudson Building Supplies, Belmont Timber and Hardware and other hotel acquisitions.

Expenditure on property development of \$595.7 million was higher than the prior year (FY14: \$534.9 million) driven by property investment activities supporting our future store network.

Investment in property, plant and equipment of \$1,535.3 million included continued investment in new stores and increased store refurbishments, investment in new merchandising systems, and spend associated with our supply chain initiative, Mercury 2.

Cash contributions from Lowe's in relation to our Home Improvement business were \$170.0 million (FY14: \$183.0 million).

Transactions with non-controlling interests of \$13.5m represents the acquisition of the remaining 40% interest in Hardings Hardware in October 2014.

Proceeds from share issues of \$6.0 million were lower than the prior year (FY14: \$35.5 million) as a result of fewer employee options exercised under long term incentive plans given the transition by the Group to the use of performance rights, which do not have an exercise price.

Our **fixed charges cover ratio⁶** before significant items¹ is 2.9 times.

CAPITAL MANAGEMENT

Credit rating⁷

Woolworths remains committed to strong investment grade credit ratings. We have been reviewing our balance sheet and capital framework, including the most appropriate credit ratings to support the business going forward. On 28 August 2015, both S&P and Moody's revised Woolworths long-term senior unsecured credit ratings one notch lower. The S&P rating was revised from A-(Negative Outlook) to BBB+ (Stable Outlook), whilst the Moody's rating was revised from A3 (Negative Outlook) to Baal (Stable Outlook). These credit ratings revisions by S&P and Moody's are not expected to have a material impact on the business and will continue to provide both adequate capacity and acceptable pricing of debt for future needs.

Dividends

The Board have approved a final dividend per share of 72c resulting in a total dividend of 139c for FY15, an increase of 1.5% on the prior year.

The payment of the April 2015 and October 2015 dividends will return \$1.8 billion and \$0.8 billion in franking credits to shareholders. Woolworths expects that after these events, there will be approximately \$1.9 billion of franking credits available for future distribution.

Debt Maturities

The following borrowings were refinanced or repaid during FY15:

- A\$580 million revolving syndicated bank loan facility which matured in October 2014 was re-financed with a new A\$600 million syndicated bank loan facility which will mature in October 2019; and
- US\$100 million tranche of the US\$500 million US Private Placement matured in April 2015 and was repaid using surplus cash.

In December 2014, a total of A\$1.1 billion in committed bank loan facilities was terminated and a further NZ\$200 million was terminated in April 2015. These facilities were identified as surplus to Woolworths' funding requirements and as a result of early termination, Woolworths will benefit from savings in borrowing costs.

During FY16 US\$855.1 million of US144A Senior Notes and A\$500 million domestic Senior Medium Term Notes are maturing and are planned to be repaid through a combination of surplus cash, undrawn bank loan facilities and the issuance of new Senior Notes.

At the end of the year, Woolworths had \$2.3 billion in undrawn bank loan facilities across the Group.

Property Sales Program

Woolworths is generally not a long term holder of property assets and will continue its strategy of divesting property assets as appropriate market opportunities arise as demonstrated through the sale and leaseback of 54 freehold hotel sites during the year.

SPACE ROLL-OUT PLANS

Space roll-out is supported by detailed plans for the next 3 - 5 years identifying specific sites.

	FY15 Net Store Openings (incl. acquisitions)	Long Term Target (Net)
Australian Supermarkets	30	<ul style="list-style-type: none"> ▪ 20 - 30 new full range supermarkets per annum
New Zealand Supermarkets <i>Countdown</i>	6	<ul style="list-style-type: none"> ▪ 3 - 5 new supermarkets per annum
Franchise Stores	1	
Dan Murphy's	10	<ul style="list-style-type: none"> ▪ 10 - 15 new stores per annum
BWS (including attached)	31	<ul style="list-style-type: none"> ▪ 6 - 10 new stores per annum
Petrol	(117)	<ul style="list-style-type: none"> ▪ Grow as appropriate to support the Supermarket new store strategy ▪ FY15 net decline of 117 stores due to changes to the Woolworths-Caltex alliance²
General Merchandise <i>BIG W</i>	2	<ul style="list-style-type: none"> ▪ Only where contracted commitment
EziBuy	1	
Hotels (ALH Group)	1	<ul style="list-style-type: none"> ▪ Acquire as appropriate opportunities arise
Home Improvement Masters	9	<ul style="list-style-type: none"> ▪ Plan to open approximately 5-8 Masters stores per year for the next few years
Home Timber and Hardware (Retail)	16	<ul style="list-style-type: none"> ▪ Acquire as appropriate opportunities arise

Managing Director's Report

OUTLOOK

MATERIAL BUSINESS RISKS

As required by S.299A(1) of the *Corporations Act 2001* (Cth), and in accordance with ASIC Regulatory Guide 247 Effective Disclosure in an Operating and Financial Review (RG 247) issued in March 2013, material business risks that could adversely affect financial performance include:

Market

- Woolworths faces increasing competition from existing and new competitors
- A decline in economic activity in key markets such as Australia and New Zealand and further disruption in global economies
- Damage or dilution to Woolworths' retail brands
- Failure to hedge appropriately or effectively against adverse fluctuations in interest rates and exchange rates or default by a hedge counterparty

Strategic

- There is a risk that Woolworths' retail businesses may be adversely affected if the customer value proposition does not adequately cater to customer demands impacting results from operations and future growth
- Woolworths' earnings could be adversely affected by possible acquisition and divestment activities and Woolworths may face unforeseen liabilities arising from any future possible acquisitions and disposals of assets and/or businesses

Regulatory

- There is a risk of non-compliance with, or additional obligations relating to, legal and regulatory obligations and expectations
- Regulation by the Australian Competition & Consumer Commission and New Zealand Commerce Commission may impair Woolworths' ability to operate and may expose it to investigations or prosecutions for violations of Australian or New Zealand competition laws
- Workplace health and safety regulations could impose significant costs
- Litigation or legal proceedings could expose Woolworths to significant liabilities

Operational

- Risk that major business transformation and change programs fail to deliver expected benefits impacting its cost of doing business and change in business operations .
- Risk that Woolworths is unable to locate appropriate store sites for purchase or lease, or is unable to effectively refurbish existing stores as planned
- Woolworths' retail businesses are unable to effectively source merchandise and transport products to stores and customers
- Inability to effectively manage inventory in Woolworths' retail businesses may impair competitive position
- There is a risk that Woolworths' future performance may be adversely affected by unforeseen system and computer network interruptions
- Interruptions at Woolworths' workplaces arising from industrial disputes, work stoppages and accidents
- As a result of the products it sells, Woolworths faces the risk of exposure to product liability claims, public liability claims and adverse publicity
- Operation of certain Woolworths' businesses through significant joint ventures and strategic alliances creates additional risks and uncertainties in its business
- There is a risk that Woolworths may not achieve the expected growth in its exclusive brand lines
- There is a risk that Woolworths' expansion into new lines of business, such as home improvement, may ultimately be unsuccessful
- An inability to attract or retain key management
- Breaches of security or privacy measures, unauthorised access to or disclosure of data relating to Woolworths' customers and fraudulent activity could adversely affect Woolworths' reputation or harm performance

Environmental

- Woolworths' operations, in particular its petrol, meat processing plants and winemaking businesses, expose it to potential environmental liability for contamination, which could have an adverse effect on Woolworths' results of operations
- Woolworths is subject to risks from natural disasters and adverse weather conditions

FOOTNOTES

1 Total significant items of \$425.9 million before tax (\$307.3 million after tax and non-controlling interests) was recognised in FY15. Details of these costs have been provided in Note 3 to the Financial Report to Shareholders on page 65.

There were no significant items in FY14.

Where noted, profit and loss items have been adjusted to reflect these significant items.

2 Petrol sales and volumes are not comparable with the prior year given changes to the Woolworths – Caltex alliance that became effective progressively during H1'15.

At the end of FY14, the Woolworths – Caltex fuel network comprised 633 sites, including 131 Caltex-operated sites with the remainder operated by Woolworths.

Under the revised arrangements, 92 of the Caltex-operated sites were rebranded as 'Star Mart' or 'Star Shop' convenience stores and have continued to offer the Woolworths fuel discount redemption.

The remaining 39 sites, which were located in close proximity to Woolworths Petrol sites, have exited the Woolworths – Caltex alliance and no longer offer Woolworths fuel discount redemptions.

Since January 2015, an additional 11 Caltex-operated 'Star Mart' or 'Star Shop' sites have begun offering Woolworths fuel discount redemptions. Woolworths' petrol discounts are redeemable at 103 Caltex-operated 'Star Mart' or 'Star Shop' sites and at more than 500 Woolworths-operated sites. Woolworths has no plans to close sites as a result of any of these changes to the alliance.

Given operational changes under the new arrangements with Caltex, Woolworths no longer recognises sales from the Caltex-operated sites in its financial results. The new arrangements do not have a material profit impact on the Woolworths Group.

Further details on the revised arrangements with Caltex were provided in our ASX announcement dated 20 November 2014.

- 3 The standard shelf price movement index is calculated by comparing the number of comparable products sold in the current year using the current year prices to the number of comparable products sold in the current year using the prior year prices. The price used for this comparison is the standard shelf price. Products on promotion are excluded from the calculation (i.e., the volume of these items sold is removed from both years' sales). The calculation removes the impact of any changes in volumes and the distortion of promotional activity.
- 4 Growth for New Zealand Supermarkets is quoted in New Zealand Dollars.
- 5 Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation.
- 6 Group earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) divided by rent and interest costs. Rent and interest costs include capitalised interest but exclude foreign exchange gains / losses and dividend income.
- 7 The credit ratings referred to in this document have been issued by a credit rating agency which holds an Australian Financial Services Licence with an authorisation to issue credit ratings to wholesale clients only. The credit ratings in this document are published for the benefit of Woolworths' debt providers

Board of Directors



GORDON CAIRNS
Appointed effective 1 September 2015



GRANT O'BRIEN
Managing Director and
Chief Executive Officer



JILLIAN ROSEMARY BROADBENT, AO



CHRISTINE CROSS



CARLA (JAYNE) HRDLICKA



ALLAN DOUGLAS (DAVID) MACKAY



SCOTT REDVERS PERKINS



MICHAEL JAMES ULLMER

RETIRED DIRECTORS



RALPH GRAHAM WATERS
Retired effective 1 September 2015



IAN JOHN MACFARLANE, AC
Retired effective 31 March 2015



THOMAS (TOM) WILLIAM POCKETT
Retired effective 1 July 2014

GORDON MCKELLAR CAIRNS

Chairman

MA (Hons) (Edin)

Gordon Cairns is a Member of the Nomination Committee, People Policy Committee, Sustainability Committee and the Audit, Risk Management and Compliance Committee.

Mr Cairns has held extensive Australian and international experience as a senior executive, as Chief Executive Officer of Lion Nathan Limited, and held senior management positions in marketing, operations and finance with PepsiCo, Cadbury Limited and Nestle.

Mr Cairns is Chairman of Origin Energy Limited (Chairman since October 2013, Director since 2007), a non-executive director of Macquarie Group Limited (since November 2014), Macquarie Bank Limited (since November 2014) and World Education Australia Limited. He is also Director of Quick Service Restaurant Group Pty Ltd.

Mr Cairns was previously Chairman of David Jones Limited (March 2014 to August 2014) and a non-executive director of Westpac Banking Corporation (July 2004 to December 2013) and Rebel Group Limited.

Mr Cairns was appointed as Chairman and Director of Woolworths Limited effective 1 September 2015.

GRANT O'BRIEN

Managing Director and Chief Executive Officer

Grant O'Brien's career extends more than 25 years with Woolworths, starting as an accountant in Purity Supermarkets in Tasmania, a division of Woolworths Limited. He was appointed Managing Director and Chief Executive Officer in 2011. He has held the roles of Deputy Chief Executive Officer and CEO Designate, Chief Operating Officer Australian Food and Petrol, Director New Business Development, General Manager Woolworths Liquor, Senior Business Manager Marketing Supermarkets, and Marketing and Merchandise Manager for Purity. He completed the Advanced Management Program at Harvard in 2010.

Mr O'Brien is a Director of The Consumer Goods Forum, the peak global body for food and grocery retailers and manufacturers and a member of the Business Council of Australia. Mr O'Brien is also a Director of the Avner Nahmani Pancreatic Cancer Research Fund.

Mr O'Brien was appointed a Director of Woolworths Limited in April 2011.

JILLIAN ROSEMARY BROADBENT, AO

Jillian Broadbent is a member of the Audit, Risk Management and Compliance Committee (since February 2011) and the Nomination Committee.

Ms Broadbent has a Bachelor of Arts degree (economics and maths majors) from the University of Sydney and was recognised with an Honorary Doctorate of Letters from the University of Western Sydney.

Ms Broadbent has extensive experience in corporate banking and finance in both Australia and internationally, primarily with Bankers Trust Australia. She is currently Chair of the Board of Swiss Re Life & Health Australia Limited, Chair of the Clean Energy Finance Corporation and Chancellor of the University of Wollongong.

Ms Broadbent was a Member of the Board of the Reserve Bank of Australia (1998 to 2013) and has served as a Director of ASX Limited (2010 to 2012), Coca-Cola Amatil Limited, Special Broadcasting Service Corporation (SBS), Qantas Airways Limited, Westfield Property Trusts and Woodside Petroleum Ltd.

Ms Broadbent was appointed a Director of Woolworths Limited in January 2011.

CHRISTINE CROSS

BEd and MSc in Food Science and a Diploma in Management

Christine Cross is Chair of the People Policy Committee (Chair since November 2012 and Member since January 2012), Member of the Sustainability Committee and a Member of the Nomination Committee.

Ms Cross has a Bachelor Education from Newcastle University, a Master of Science in Food Science from Reading University and a Diploma in Management from the Open University. She is a food scientist by background and previously lectured at Edinburgh and Bath Universities.

Ms Cross has extensive experience in international retail and consumer goods and now runs a retail advisory consultancy business. She started her executive career with Tesco PLC in 1989 holding many key positions throughout the company, including the Group Business Development Director for Tesco PLC from April 2002 to June 2003. Ms Cross was variously responsible for Own Brand development, establishment of the Global Sourcing Function and finally Business Development focused on international and small format expansion. She has previously held the role of Chief Retail and Consumer Advisor and was a member of the Advisory Board of Pricewaterhouse Coopers LLP.

Ms Cross is a Director of Sonae SGPS SA (since 2009), Plantasgen (since 2009), Kathmandu Holdings Limited (since 2012) and Brambles Limited (since January 2014). She was formerly a director of Next Group plc (formerly known as Next PLC) (2005-2014), of Fairmont Hotels & Resorts Inc, Empire Company Limited (2003 to 2011), Taylor Wimpey plc and Premier Foods plc (2008 to 2010). Ms Cross is a Retail Advisor to Apax Partners Venture Capital & Private Equity (since 2005).

Ms Cross was appointed a Director of Woolworths Limited in January 2012.

CARLA (JAYNE) HRDLICKA

BA, MBA

Jayne Hrdlicka is a Member of the People Policy Committee and the Nomination Committee.

Ms Hrdlicka holds a Bachelor of Arts degree (honours) in Economics and Mathematics from the Colorado College, Colorado Springs, Colorado USA and an MBA from Dartmouth College, Hanover, New Hampshire USA.

Ms Hrdlicka is an experienced executive and advisor. She is the CEO of Jetstar Group, running one of the region's largest low fares airline groups with airlines based in Australia, New Zealand, Japan, Singapore and Vietnam. Jetstar is also one of the largest travel retailers in the region. Prior to her role as the CEO of Jetstar, Ms Hrdlicka was the Qantas Group Executive of Strategy, Technology and Transformation. She set the foundation for both customer and cost transformation across the Qantas Group. Prior to her executive career, Jayne was a Senior Partner with management consulting firm Bain & Company where she led the Asia region Customer practice for eight years. She is a recognised leader globally on the topic of customer led growth and transformation and has extensive experience in consumer products, retail, alcoholic beverages and aviation.

Earlier in her career, Ms Hrdlicka left consulting to spend six years running consumer products businesses in the publishing and marketing industries. She ran two significant transformations as an operations executive and ultimately as Chief Executive Officer.

Ms Hrdlicka was appointed a Director of Woolworths Limited in August 2010.

ALLAN DOUGLAS (DAVID) MACKAY

BBA

David Mackay is Chair of the Sustainability Committee (since March 2015), Member of the People Policy Committee and Member of the Nomination Committee.

Mr Mackay has a Bachelor of Business Administration from Charles Sturt University.

Mr Mackay has extensive Australian and international retail and consumer goods experience. He had a long career with Kellogg Company in America and internationally, retiring as Chief Executive Officer and President of Kellogg Company in 2011 after holding a number of key positions within the company in the United Kingdom and the United States of America. Throughout his time at Kellogg, Mr Mackay was a member of Kellogg Company's board and the company's global leadership team.

Mr Mackay was an Independent Director and Non-executive Chairman of Beam, Inc (2011 to April 2014), Managing Director of Sara Lee Bakery in Australia (1992 to 1998) and a former Director and Board Member of the Grocery Manufacturers of Australia, the Australian Food Council, the Industry Affairs Council of the Grocery Manufacturers of America, the Executive Committee of the Biscuit and Cracker Manufacturers' Association and a member of the Global Consumer Goods Forum.

Mr Mackay is a Director of Fortune Brands Home & Security Inc. (since 2011) and Keurig Green Mountain, Inc. (since 2012).

Mr Mackay was appointed a Director of Woolworths Limited in January 2012.

SCOTT REDVERS PERKINS

BCom, LLB (Hons)

Scott Perkins is a Member of the Audit, Risk Management and Compliance Committee, the Sustainability Committee and Nomination Committee. He is a Member of Hydrox Holdings Pty Ltd's Audit Committee (since May 2015).

Mr Perkins has a Bachelor of Commerce and a Bachelor of Laws with Honours from Auckland University.

Mr Perkins has extensive Australian and international experience as a leading corporate adviser. He was most recently Head of Corporate Finance for Deutsche Bank Australia and New Zealand and a member of the Executive Committee with overall responsibility for the Bank's activities in this region. He was also a member of the Asia Pacific Corporate and Investment Bank Management Committee. Prior to that he was Chief Executive Officer of Deutsche Bank New Zealand and Deputy CEO of Bankers Trust New Zealand.

Mr Perkins' experience encompasses advising leading local and international companies across a broad range of markets on strategy, mergers and acquisitions and capital markets matters. He is an active participant in the not for profit communities in Australia and New Zealand. He has a long-standing commitment to breast cancer causes, the visual arts and public policy development.

Mr Perkins is a Non-executive Director of Brambles Limited (since 1 June 2015), a Director of the Museum of Contemporary Art in Sydney (since 2011), Chairman of Sweet Louise (since 2005), Director of Uniservices (since 2001) and Director of the New Zealand Initiative (since 2012). In the past, Mr Perkins was a Director of Meridian Energy (1999-2002).

Mr Perkins was appointed a Director of Woolworths Limited in September 2014. He is a director of Hydrox Holdings Pty Ltd (since May 2015).

MICHAEL JAMES ULLMER

BSc (Maths) (Hons), FCA, SF Fin

Michael Ullmer is Chairman of the Audit, Risk Management and Compliance Committee (since March 2012 and a Member since January 2012), Member of the Sustainability Committee and Nomination Committee.

Mr Ullmer has a degree in mathematics from the University of Sussex. He is a Fellow of the Institute of Chartered Accountants and a Senior Fellow of the Financial Services Institute of Australasia.

Mr Ullmer has extensive experience in the accounting and banking sectors. He was the Deputy Group Chief Executive at National Australia Bank (NAB) from October 2007 until he stepped down from the Bank in August 2011. He joined NAB in 2004 as Finance Director and held a number of key positions including Chairman of the subsidiaries Great Western Bank (US) and JBWere.

Prior to NAB, Mr Ullmer was at Commonwealth Bank of Australia initially as Chief Financial Officer and then Group Executive for Institutional and Business Banking. Before that he was a Partner at Accounting Firms KPMG (1982 to 1992) and Coopers & Lybrand (1992 to 1997).

Mr Ullmer was previously a Director of National Australia Bank (2004 to 2011), Fosters Group Ltd (2008 to 2011), and Bank of New Zealand (2007 to 2011). He is a Director of Lend Lease (since December 2011) and sits on the boards of the National Gallery of Victoria and the Melbourne Symphony Orchestra and chairs Schools Connect Australia. On 1 September 2012 he became a member of the Nomura Australia Advisory Board.

Mr Ullmer was appointed a Director of Woolworths Limited in January 2012.

RALPH GRAHAM WATERS

Former Chairman

CPEng, HonFIEAust, M Bus

Ralph Waters was Chairman of the Nomination Committee, Member of People Policy Committee (Chairman December 2011 to November 2012), Member of the Audit, Risk Management & Compliance Committee and Member of the Sustainability Committee.

Mr Waters has a Master of Business from Curtin University, is a Chartered Professional Engineer and an Honorary Fellow of the Institution of Engineers Australia. He has had extensive experience in the Australasian building products industry, including as Managing Director of Email Limited, as Chief Executive of Fletcher Building Limited and he has engineering and management experience in London and the Middle East.

Mr Waters is Chairman of Cricket World Cup 2015 Ltd. He is also a director of Asciano Limited (since 2012). In the past, Mr Waters was a Director of Fletcher Building Limited (2001 to October 2014, Chairman from 2010) and Fisher and Paykel Appliances Holdings Limited (2001 to 2011, Chairman from 2009), a director of Fonterra Co-operative Group Limited (2006 to 2013) and Westpac New Zealand Limited (2006 to 2012).

Mr Waters was appointed a Director of Woolworths Limited in January 2011 and Chairman in November 2012. He retired as Chairman and a Director on 1 September 2015.

IAN JOHN MACFARLANE, AC

BEc (Hons), MEC

Ian Macfarlane was a member of the Audit, Risk Management and Compliance Committee and the Nomination Committee.

Mr Macfarlane is a graduate of Monash University in Melbourne. He was Governor of the Reserve Bank of Australia (RBA) from 1996 until 2006. He held several senior positions with the RBA after joining in 1979. Prior to the RBA, he worked in the Economics Department of the OECD in Paris and at the Institute for Economics and Statistics at Oxford University.

Mr Macfarlane is also a Director of ANZ Banking Group Limited (since 2007) and of the Lowy Institute for International Policy (since 2003). He is a member of the International Advisory Board of Goldman Sachs (since 2007) and the International Advisory Board of the China Banking Regulatory Commission (since 2010). Mr Macfarlane is also a member of the Asian Advisory Board of Champ Private Equity (since 2008). He was a director of Leighton Holdings Limited from 2007 to 2013.

Mr Macfarlane was appointed a Director of Woolworths Limited in January 2007 and retired on 31 March 2015.

THOMAS (TOM) WILLIAM POCKETT

Former Finance Director

Tom Pickett was Chief Financial Officer of Woolworths Limited from August 2002 to 1 February 2014.

He was appointed a Director of Woolworths Limited in November 2006 and retired as a director on 1 July 2014.

Management Board



GRANT O'BRIEN
Managing Director
and Chief Executive Officer



RICHARD DAMMERY
Chief Legal Officer and Company Secretary



DAVID MARR
Chief Financial Officer



BRAD BANDUCCI
Managing Director of Woolworths
Food Group



DAVID GUISE
Director of Human Resources



PETER MCCONNELL
Director of Corporate and Public Affairs



PENNY WINN
Director of Group Retail Services



MATT TYSON
Managing Director of Home Improvement



MATT STANTON
Chief Transformation Officer



MARTIN SMITH
Managing Director of Woolworths
Liquor Group



JAMES GOTH
Chief Strategy Officer

Directors' Statutory Report

This Report is given by the Directors in respect of the Woolworths Limited Group (the "Group" or "consolidated entity") consisting of Woolworths Limited (the "Company") and the entities it controlled at the end of, or during the financial period ended 28 June 2015.

THE DIRECTORS

The persons who have been Directors of the Company at any time during or since the end of the financial period and up to the date of this report are:

Non-executive Directors

G M Cairns	Chairman (appointed 1 September 2015)
R G Waters	Chairman (retired 1 September 2015)
J R Broadbent	
C Cross	
C J Hrdlicka	
I J Macfarlane	(retired 31 March 2015)
A D D Mackay	
S R Perkins	(appointed 1 September 2014)
M J Ullmer	

Executive Directors

G O'Brien	Managing Director and Chief Executive Officer
T W Pockett	Finance Director (retired 1 July 2014)

Details of the experience, qualifications, special responsibilities and other directorships of listed companies in respect of each of the Directors are set out against their respective names from pages 26 to 29.

COMPANY SECRETARY

On 1 September 2014, Richard Dammery was appointed Company Secretary (and Chief Legal Officer). Previously, he was a senior corporate partner with law firm Minter Ellison Lawyers. Richard holds a BA (Hons) and LLB from Monash University, an MBA from the University of Melbourne, a PhD from the University of Cambridge, and he is a Fellow of the Australian Institute of Company Directors.

PRINCIPAL ACTIVITIES

Woolworths Limited operates primarily in Australia and New Zealand with 3,729 stores and approximately 197,000 employees at year end. The principal activities of the Group during the year were retail operations across:

- *Australian Food, Liquor and Petrol:* operating 961 Woolworths Supermarkets, 9 Thomas Dux stores, 1,445 liquor stores under the Dan Murphy's and BWS brands as well as 516 petrol canopies. Woolworths also operates the Cellarmasters, Langtons and winemarket.com.au online platforms
- *New Zealand Supermarkets:* operating 177 Countdown Supermarkets as well as a wholesale operation which supplies a further 60 stores
- *General Merchandise:* operating 184 BIG W and 5 EziBuy stores as well as the EziBuy direct-to-consumer online platform
- *Hotels:* operating 330 hotels, including bars, dining, gaming, accommodation and venue hire operations
- *Home Improvement:* operating 58 Masters stores and 44 Home Timber and Hardware stores as well as a wholesale operation which supplies a further 452 stores

Woolworths also has online operations for its primary trading divisions.

CONSOLIDATED RESULTS AND REVIEW OF THE OPERATIONS

The net amount of consolidated profit for the financial period after income tax expense attributable to members of the Company and its controlled entities was \$2,146.0 million (2014: \$2,451.7 million).

A review of the operations of the consolidated entity and its principal businesses during the financial period and the results of those operations are set out in the Chairman's Report and the Managing Director's Report from pages 2 to 25 inclusive.

Directors' Statutory Report

DIVIDENDS

The amounts set out below have been paid by the Company during the financial period or have been declared by the Directors of the Company, by way of dividend, but not paid during the financial period up to the date of this report. All dividends were fully franked at the tax rate indicated.

	Franking tax rate %	Dividend cents per share	Total paid/ payable \$m
Final 2014 Dividend Paid on 10 October 2014	30	72	907.1
Interim 2015 Dividend Paid on 24 April 2015	30	67	846.3
Final 2015 Dividend Payable on 9 October 2015	30	72	912.0

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as referred to in the Managing Director's Report, the significant changes in the state of affairs of the Group during the financial period are as follows:

A net increase in the issued share capital of the Company of 6,796,289 fully paid ordinary shares as a result of:

- (i) the issue on 10 October 2014 of 3,083,054 fully paid ordinary shares and the issue on 24 April 2015 of 3,460,212 fully paid ordinary shares pursuant to the Dividend Reinvestment Plan. Neither the 2014 final dividend nor the 2015 interim dividend was underwritten and a cap of 20,000 maximum share participation in the Dividend Reinvestment Plan was in operation for both dividends;
- (ii) the issue on various dates, for cash at the relevant exercise price, of 253,023 fully paid ordinary shares as a result of the exercise of options held by a number of executives under the Long Term Incentive Plan (LTIP).

GRANT OF PERFORMANCE RIGHTS

During the year, offers were made under the LTIP of performance rights with stringent performance measures. This includes:

- On 17 October 2014 offers were made granting 1,699,949 performance rights with an effective date of 1 July 2014
- On 24 October 2014 offers were made granting 565,322 performance rights with an effective date of 1 July 2014
- On 27 November 2014 offers were made granting 67,514 performance rights with an effective date of 1 July 2014
- On 12 June 2015 offers were made granting 204,729 performance rights with an effective date of 1 July 2014

A further 185,050 retention performance rights were offered with various effective dates between 1 July 2014 to 1 June 2015.

Between 29 June 2015 and 11 September 2015, 37,539 retention rights have been issued. No other performance rights or options have been issued during this period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

FINAL DIVIDEND

On 28 August 2015, the Directors declared a final dividend of 72 cents per share, fully franked at the 30% tax rate, on each of the issued ordinary shares of the Company. The final dividend is payable on 9 October 2015.

TRANSACTIONS WITH THE CELLARMASTERS GROUP AND RELATED COMPANIES

Details of certain transactions between the Cellarmasters Group and related companies are set out below:

A subsidiary in the Cellarmasters Group, New Zealand Wine Cellars Limited purchased grapes totalling NZ\$142,494 (FY14: NZ\$138,175) from the Aurora Vineyard Limited, a company with which Mr Brad Banducci (Managing Director of Woolworths Food Group) is a related party. Amounts were billed based on commercial market rates for such supplies and were due and payable under commercial payment terms.

Directors' Statutory Report

DIRECTORS' INTERESTS IN SHARES/PERFORMANCE RIGHTS

Particulars of Directors' relevant interests in shares and performance rights in the Company as at 21 August 2015 are set out below:

Director	Shares	Performance rights
R G Waters	72,300	-
G O'Brien	77,134	50,855
J R Broadbent	65,138	-
C Cross	8,500	-
C J Hrdlicka	7,461	-
A D D Mackay	10,790	-
S R Perkins	7,000	-
M J Ullmer	20,000	-

MEETINGS OF DIRECTORS

The table below sets out the number of meetings of the Directors (including meetings of Committees of Directors) held during the financial period ended 28 June 2015 and the number of meetings attended by each Director. In addition to attending formal Board and Board Committee meetings, the Directors undertake other duties including attending strategic review sessions, retail market study trips, as well as meeting preparation and research. Directors also attend special purpose committees, as required for significant one-off transactions or projects. These additional responsibilities constitute a further significant time commitment by Directors.

Meetings attended/held while in office

Directors	Scheduled Board Meetings ¹		Other Board Meetings		Audit, Risk Management and Compliance Committee		People Policy Committee		Sustainability Committee		Nomination Committee	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
R G Waters	10	10	3	3	6	5	5	5	2	2	5	5
G O'Brien	10	10	3	3	-	-	-	-	-	-	5	5
J R Broadbent	10	10	3	3	6	6	-	-	-	-	5	5
C Cross	10	9	3	3	-	-	5	5	2	2	5	5
C J Hrdlicka	10	10	3	3	-	-	5	5	-	-	5	5
I J Macfarlane ²	7	7	1	1	5	3	-	-	-	-	4	4
A D D Mackay	10	10	3	3	-	-	5	5	2	2	5	5
S R Perkins ³	8	8	3	3	4	4	-	-	2	2	4	4
M J Ullmer	10	9	3	3	6	6	-	-	2	2	5	5

(A) = number of meetings eligible to attend.

(B) = number of meetings attended.

1 Excludes circular resolutions and sub-committee meetings

2 Retired 31 March 2015

3 Appointed 1 September 2014

Directors' Statutory Report

Remuneration Report

INTRODUCTION FROM THE CHAIR OF THE PEOPLE POLICY COMMITTEE

On behalf of the Board of Woolworths Limited and the People Policy Committee (PPC), I am pleased to present the FY15 Remuneration Report. This year's report format has been simplified to provide appropriate disclosure in a clear and concise way.

The remuneration outcomes this year reflect Woolworths' disappointing financial results and the consequent impact on our executive and employee remuneration. Those results are outlined in more detail in the Chairman's and Managing Director's Reports. The Company's performance against the key metrics underpinning the remuneration framework is summarised below:

- 0.1% growth in net profit after tax (NPAT)¹ compared to the previous year; and
- 0.7% decrease in earnings per share (EPS)¹ compared to the previous year.

As a result, and in line with Woolworths' firm commitment to linking executive pay with performance, there was no payment of short-term incentives. However, some awards relating to historical financial performance did vest: three out of four Executive Key Management Personnel (Executive KMP) received deferred short-term incentive (Deferred STI) awards in respect of FY13 financial performance, and historical retention rights vested during the period for two Executive KMP.

Current Executive KMP

The current Executive KMP included in this year's report are:

- Grant O'Brien, Managing Director and Chief Executive Officer (CEO);
- David Marr, Chief Financial Officer (CFO);
- Brad Banducci, Managing Director of Woolworths Food Group (MD WFG); and
- Richard Dammery, Chief Legal Officer and Company Secretary (CLO & Co Sec).

With the impending retirement of the CEO, Grant O'Brien, the Board is engaged in the search for a suitable replacement to take Woolworths through the next phase of the Company's development. The Company will be moving forward with a substantially refreshed senior executive team, which includes the appointment to their current roles of David Marr (February 2014), Richard Dammery (September 2014) and Brad Banducci (March 2015). In light of the impending appointment of a new CEO, the intention is to review the Executive KMP disclosure again in the coming year.

Remuneration framework

The Board is committed to ensuring that the structure and governance of Woolworths' remuneration continues to support the achievement of specific business outcomes that will ensure the delivery of shareholder value. The FY14 review of the remuneration framework provided us with a strong foundation to work from, with sufficient flexibility to reflect changes in strategy, while attracting and retaining the talent we need to be successful. The remuneration framework is underpinned by a philosophy of rewarding performance on the same timescale that performance is realised. This includes ensuring that the Board and senior executive team have a long-term alignment to shareholders through minimum shareholding requirements.

The key features of the remuneration framework are explained in Section 2 of this report. In FY16 we will increase the focus on 'customer-first' performance metrics and return measures. This will include a reworking of the short-term incentive plan measures to increase the focus on return on funds employed (ROFE) and net promoter score (NPS). For the FY16 long term incentive plan (LTIP), this will include increasing the weighting of total shareholder return (TSR) whilst decreasing the weighting of earnings per share (EPS). A full review of LTIP measures will then be conducted for FY17 to define the most appropriate remuneration measures.

On behalf of the Board



Christine Cross
Chair - People Policy Committee

¹ Before significant items.

Directors' Statutory Report: Remuneration Report

The report has been prepared and audited against the disclosure requirements of the *Corporations Act 2001* (Cth).

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Directors' Statutory Report: Remuneration Report

1 FY15 REMUNERATION SUMMARY

1.1 What we paid current Executive KMP

In line with the disappointing FY15 financial results outlined in the Chairman's and Managing Director's Reports, there will be no payment of short-term incentives for the 2015 financial year.

The remuneration strategy is strongly focused on rewarding performance, as demonstrated by the following remuneration outcomes:

1. The performance gateway of 4% NPAT growth over the previous financial year¹ for the short-term incentive plan (STIP) was not met, resulting in no payments being made under the FY15 STIP;
2. FY15 long-term incentive plan (LTIP) awards will only be eligible to vest from July 2017 if the performance targets for the whole performance period (FY15 to FY17) are met;
3. For the Executive KMP entitled to participate in the FY13 Deferred STI, the plan achieved maximum (100%) vesting based on the FY13 result of 6.1% NPAT growth² over the previous financial year. The award was deferred for two years and vested 1 July 2015; and
4. Historical retention rights allocations vested during the financial period for two Executive KMP.

Details of target versus actual remuneration earned by the current Executive KMP during the financial year are set out in the graphs below. In interpreting this information, please note the following details:

- The "FY15 Total Fixed Remuneration" value in the "Target Remuneration" column and the "Actual Remuneration" column includes salary and motor vehicle allowances paid, superannuation contributions made in the financial year and the deemed premium in respect of the Directors' and Officers' Indemnity Insurance. In the case of Mr Dammery, it includes non-recurring relocation costs and associated fringe benefits tax. Unlike the statutory disclosure in Section 5.1, no adjustment has been made for the movement in the Executive KMPs' annual leave liability balance during FY15, or the actuarial determined superannuation expense in addition to superannuation contributions made for Executive KMP in the defined benefit superannuation plan.
- The "Historical Deferred STI and Retention Rights" value in the "Target Remuneration" column sets out the value of share rights (including FY13 Deferred STI for Mr O'Brien, Mr Marr and Mr Banducci, and retention rights for Mr Marr and Mr Banducci) that vested in this financial year. The value of the share rights has been calculated based on the fair value at the time of grant using the Black-Scholes option pricing model.
- The "Historical Deferred STI and Retention Rights" value in the "Actual Remuneration" column sets out the value of share rights (including FY13 Deferred STI for Mr O'Brien, Mr Marr and Mr Banducci, and retention rights for Mr Marr and Mr Banducci) that vested in this financial year. The value of these share rights is based on the volume weighted average share price (VWAP) of Woolworths Limited shares traded in the five days prior to the vesting date of the share rights, being: a vesting date of 11 December 2014 for Mr Marr's retention rights which was a VWAP of \$30.61; and a vesting date of 1 July 2015 for all FY13 Deferred STI share rights and Mr Banducci's retention rights which was a VWAP of \$27.10.

The difference in the methodology of valuing share rights at the grant date (detailed above), versus the value at vesting date, has resulted in the FY13 Deferred STI and Mr Marr's retention rights being higher in value at vesting than at grant date, and Mr Banducci's retention rights being lower.

¹ Before significant items.

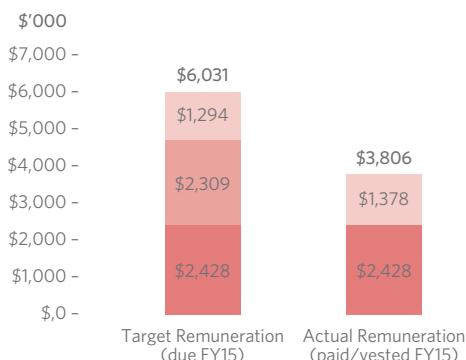
² Continuing operations before significant items on a normalised 52 week basis.

Directors' Statutory Report: Remuneration Report

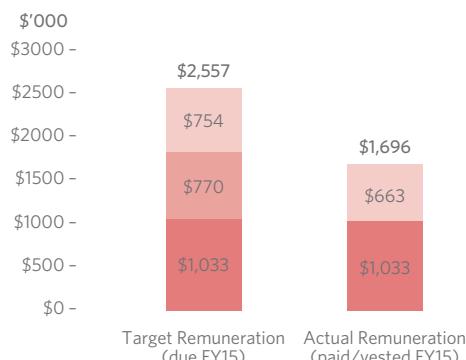
1.1 What we paid current Executive KMP continued

This information is in addition to the statutory information provided in Section 5:

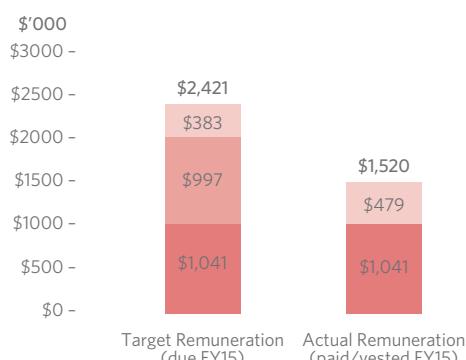
Grant O'Brien, CEO^{1,2}



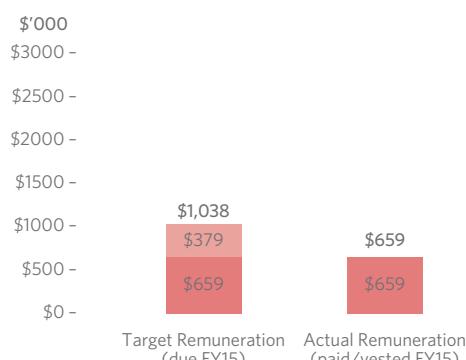
Brad Banducci, MD Woolworths Food Group^{1,3}



David Marr, CFO¹



Richard Dammery, CLO and Company Secretary⁴



Legend:

- Historical Share Rights
- FY15 Cash STI
- FY15 Total Fixed Remuneration

1 "Historical Share Rights" include awards relating to FY13 Deferred STI for Mr O'Brien, Mr Marr and Mr Banducci, and attraction and retention rights awards for Mr Marr awarded in FY12 and Mr Banducci awarded at the start of FY15.

2 There were no payments or benefits during the financial year in relation to Mr O'Brien's planned retirement. See Section 2.7 for details of Mr O'Brien's retirement arrangements.

3 The "Target Remuneration" and "Actual Remuneration" amounts for Mr Banducci include his remuneration in relation to his former role of Managing Director Liquor and, with effect from 1 March 2015, his current role of Managing Director Woolworths Food Group.

4 The target and paid/vested remuneration amounts for Mr Dammery are prorated due to his commencement date of 1 September 2014.

Directors' Statutory Report: Remuneration Report

2 SENIOR EXECUTIVE¹ REMUNERATION IN MORE DETAIL

2.1 Reward principles and strategy

Woolworths' reward principles apply to all senior executives, including Executive KMP. The Company's remuneration framework is designed to ensure that reward:

1. Aligns to the broader business strategy;
2. Drives behaviours that promote sustainable long-term value for shareholders; and
3. Is consistent with the reward strategy and principles, as outlined below.

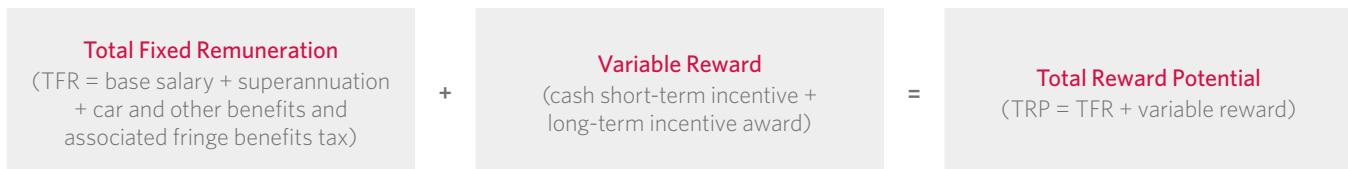
Woolworths reviews the implementation of the remuneration strategy annually to ensure it continues to drive the creation of shareholder value. In FY16 we will increase the focus on 'customer-first' performance metrics and return measures. This will include a reworking of the short-term incentive plan measures to increase the focus on return on funds employed (ROFE) and net promoter score (NPS). For the FY16 long term incentive plan (LTIP), this will include increasing the weighting of total shareholder return (TSR) whilst decreasing the weighting of earnings per share (EPS).



2.2 FY15 remuneration structure overview

The remuneration strategy is implemented through the remuneration framework as follows.

Overall remuneration approach



Market position: median for target fixed remuneration, and 75th percentile for variable reward based on upper quartile performance.
Comparators: ASX 25 and global peers for revenue and market capitalisation.

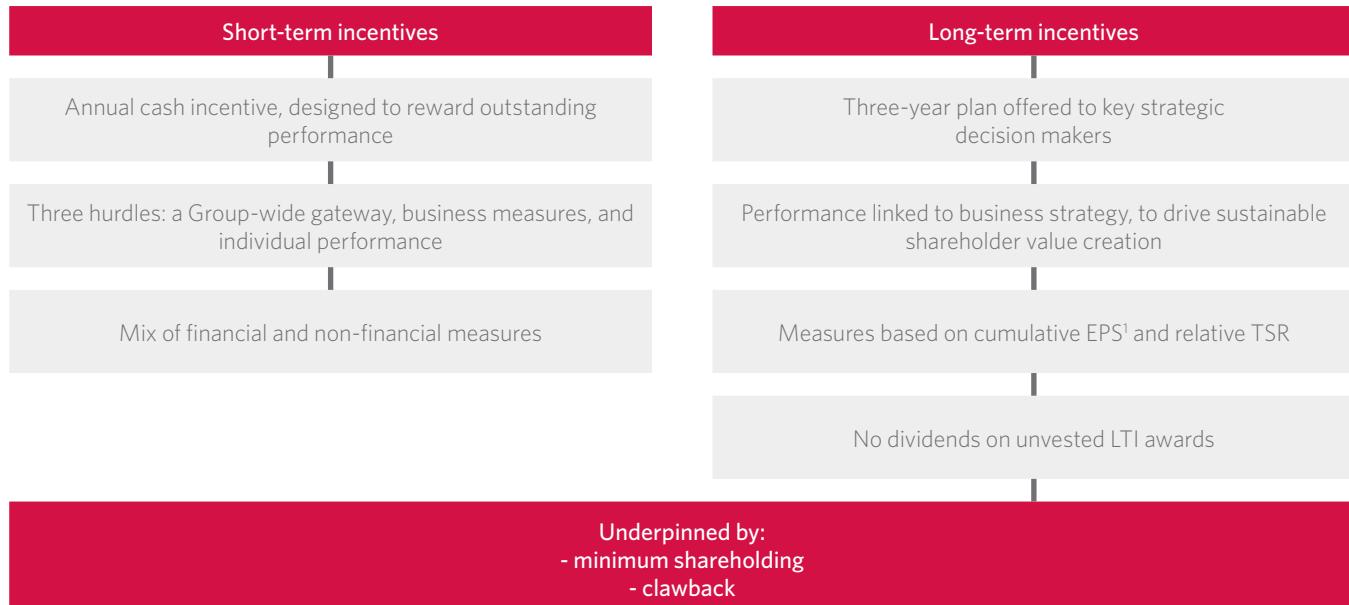
¹ Senior Executive definition:

- "Senior Executives" are a group of approximately 100 senior leaders comprising Management Board members, some of their direct reports, and in some cases the next level of report, whose roles make a considerable contribution to business outcomes.
- "Management Board" comprises Executive KMP and non-KMP roles, and includes the CEO, CFO, heads of business and heads of functions.
- The current "Executive KMP" are detailed in the Remuneration Report Introduction, and have been determined as defined in AASB 124 'Related Party Disclosures'.

Directors' Statutory Report: Remuneration Report

2.2 FY15 remuneration structure overview continued

Variable reward



1 Before significant items.

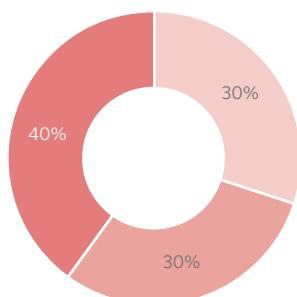
To align senior executive reward to shareholder interests, a minimum shareholding requirement was introduced effective 1 July 2014. The CEO is required to build a shareholding equal to 100% of base salary over a five year period, and other Management Board members are required to build a shareholding equal to 50% of base salary over a five year period (effective from their appointment or the introduction of the policy, whichever is the later). As of financial year end (28 June 2015), all Management Board members complied with the shareholding requirement.

In the event that remuneration has been provided to an executive based on materially misstated financial or non-financial results (in error or intentionally), at the discretion of the Board or PPC and in accordance with the LTIP rules, a "clawback" may be invoked by recouping remuneration already paid to the senior executive, or by cancelling an outstanding but unvested equity award or unpaid future cash.

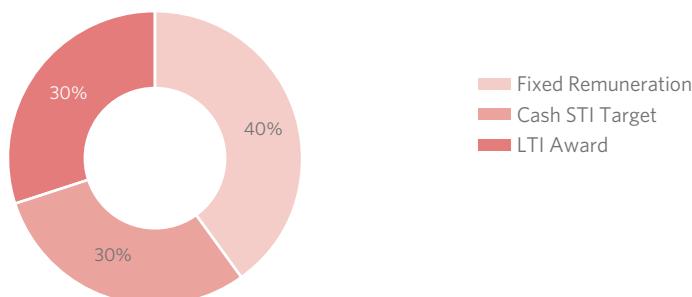
2.3 FY15 Executive KMP remuneration mix

The remuneration mix is designed to achieve a balance between reward for achievement of immediate objectives and creation of long-term sustainable value. The remuneration mix at target performance^{1,2} for Executive KMP is outlined in the diagrams below.

CEO, CFO & MD
Woolworths Food Group



Other Executive KMP



1. The value of the LTI Award is based on the value granted during the year, which is determined using the fair value of share rights. Note that for some Executive KMP this was a reduced grant value due to the transition to a three-year LTIP in FY15 and FY16. Refer to Section 2.5.3 for details on the LTIP transition, and refer to Section 5.4 for the fair value of share rights granted during the year.
2. The value of equity granted as a "Share-Based Payment" (as disclosed in Section 5.1) relates to the portion of the fair value of the share rights recognised as an expense in the reporting period. As such, it will differ to the total value granted during the year.

Directors' Statutory Report: Remuneration Report

2 SENIOR EXECUTIVE REMUNERATION IN MORE DETAIL CONTINUED

2.4 FY15 Executive KMP fixed remuneration

Fixed remuneration (comprised of base salary, superannuation contribution, motor vehicle benefit value and other benefits and associated fringe benefits tax) is set at the median of the market. In FY15, the fixed remuneration of Executive KMP was compared to relevant roles within the ASX 25 and relevant international competitors.

2.5 FY15 Executive KMP variable pay and link to performance

The variable pay structure is designed to reward for achievement against the strategic priorities of the business in the short and long-term. If Executive KMP achieve stretch targets within STIP and/or LTIP, this would represent high performance relative to competitors, and the resulting variable pay would be at the top end of the market.

2.5.1 FY15 Short-Term Incentive Plan

The individual target ranges for Executive KMP in FY15 were between 70% to 95% of remuneration (TFR for the CEO and CFO, and base salary for other Executive KMP), with stretch ranges from 100% to 135%.

How STIP was calculated

There are three "hurdles" which have to be met prior to payment of STIP:

- The first hurdle is the **Group-wide performance gateway**. In FY15 this was set at 4% NPAT growth over the previous financial yearⁱ;
- Then the **business or functional measures** must meet their relevant Hurdle (refer to definition below) to be payable, for example 95% of budget for the relevant financial metric; and
- Individual performance objectives** must also be achieved. Individuals rated "unsatisfactory" performance are not entitled to a STIP payment.

Individual performance is evaluated through a five-point rating scale, applied across the senior executive team, cascaded to their direct reports and throughout the organisation. Robust calibration of these performance ratings differentiates individual performance and reward outcomes.

There are three levels of targeted performance for each business or functional measure:

- Hurdle**, which is the minimum required to qualify for any incentive payment and normally results in a 35% payment against the STIP measure;
- Target**, where established performance targets have been achieved resulting in a circa 70% STIP payment against the measure; and
- Stretch**, where performance targets have been exceeded resulting in 100% of the STIP measure being paid.

STIP performance measures

Woolworths has selected a balanced portfolio of measures which provide a holistic view of performance against short-term priorities.

Current Executive KMP had the following STIP performance measure outcomes for FY15. Due to the Group Gateway not being met this year, no STIP payments will be made to Executive KMP in relation to the FY15 plan:

Executive KMP Name	Group Gateway		Group, Business or Functional Measure				Total STI achieved (as a % of stretch STI)
	NPAT Growth ⁱ	Profit ^{II}	Sales ^{III}	ROFE ^{IV}	Cost Control ^V	Other business/ functional specific	
Grant O'Brien	■	■	■	■	■	■	- 0%
David Marr	■	■	-	■	■	■	- 0%
Brad Banducci ^{VI}	■	■	■	■	■	■	0%
Richard Dammery	■	■	-	■	■	■	- 0%

Key:
■ Below Threshold Hurdle
■ Between Hurdle and Stretch
■ Above Stretch

^I NPAT growth over the previous financial year (before significant items).

^{II} Profit (which may be earnings before interest and tax (EBIT)¹, gross profit or controllable profit depending on the role and for FY15, profit at a Group level before significant items (refer to page 65)).

^{III} Sales for the total Group or for a division as applicable.

^{IV} Return on funds employed (ROFE), which is EBIT¹ as a percentage of average (opening and closing) funds employed for the year. Funds employed is net assets excluding net tax balances, net debt, other financial liabilities and assets and liabilities as a result of hedging per AASB 9 'Financial Instruments'.

^V Cost of doing business (CODB) improvements, consisting of operational expenses and administration expenses. It does not include cost of sales, financial expense, income tax expense or significant items (refer to page 65).

^{VI} Due to his change in role, Mr Banducci participated in the Woolworths Liquor Group STIP for eight months of FY15 and in the Woolworths Food Group STIP for four months of FY15. The outcomes indicated in the table are based on a combined STIP result for the two plans, with the exception of ROFE which only relates to the Woolworths Liquor Group.

¹ Before significant items.

Directors' Statutory Report: Remuneration Report

2.5.2 STIP link to performance

The Group NPAT growth gateway in the STIP links Executive KMPs' reward and Group performance and, as a result, shareholder returns. The following chart illustrates short-term incentives for Executive KMP¹ as a percentage of the Group EBIT² to illustrate the connection between business performance and actual STIP payments made:

Executive KMP STIP as a percentage of EBIT²



2.5.3 FY15 Long-Term Incentive Plan

The long-term incentive plan (LTIP) is designed to align the Executive KMPs' interests with the creation of long-term shareholder value.

As a reminder, due to a historical transitional arrangement, some senior Executives participated in the FY12 three-year Deferred STI plan, and in the FY13 three-year Deferred STI plan. This transitional arrangement was implemented to address the two-year vesting gap created by moving from a three-year plan to a five year plan at the beginning of FY12.

This transitional arrangement was completed in FY13. Due to the transition, no LTIP plans were due to vest in FY15.

However, as part of the transitional arrangement, three of the current Executive KMP participated in the FY13 Deferred STI; which achieved a maximum (100%) vesting based on an NPAT growth result (over the previous financial year)³ of 6.1% in FY13. The terms of this award were such that it was deferred for two years, and vested 1 July 2015.

1 To ensure consistency with prior years, Executive KMP STIP has been adjusted in prior years to reflect the Executive KMP roles disclosed in FY15.

2 Before significant items.

3 Continuing operations before significant items on a normalised 52-week basis.

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2 SENIOR EXECUTIVE REMUNERATION IN MORE DETAIL CONTINUED

2.5 FY15 Executive KMP variable pay and link to performance continued

2.5.3 FY15 Long-Term Incentive Plan continued

Changes to the FY15 LTIP

Following a review of the remuneration framework last year, the LTIP performance period was reduced back from five years to three years in FY15, which corresponds with the business strategy planning cycle. The rate of change in retail and the need for continual innovation and agility means that the previous five-year LTIP performance period was no longer effective. The three-year performance period is broadly consistent with that used by competitors, and in line with practices of ASX 100 companies.

LTIP measures remain consistent with prior years: weighted 50% against relative total shareholder return (TSR) and 50% against cumulative average EPS¹. In order to transition to the new scheme without creating a gap in the vesting cycle or risking double vesting, the three-year LTIP grant began immediately in FY15 but at a 50% grant level for two years (FY15 and FY16).

New executives who entered the LTIP scheme for the first time in FY15 went directly onto the three-year LTIP with 100% grant. The grant level will "normalise" for all participants in FY17.

See the following summary of the vesting cycle for more detail on the transitional arrangements.

Summary of vesting cycle							
Grant year (effective date is 1 July of the financial year)	Plan (% grant level)	Vesting as % of normal grant level (assuming maximum performance) effective 1 July of:					
		2013	2014	2015	2016	2017	2018
FY12	LTIP 5 year (50%) Deferred STI (50%)			→			
FY13	LTIP 5 year (50%) Deferred STI (50%)		→				
FY14	LTIP 5 year (100%)	●		→			
FY15	LTIP 3 year (50%)		●	→			
FY16	LTIP 3 year (50%)			●	→		
FY17	LTIP 3 year (100%)				●	→	
Maximum potential vesting (% of normal grant level)		100%	50%	50%	50%	100%	150%
							100%

¹ Before significant items.

Directors' Statutory Report: Remuneration Report

2.5.3 FY15 Long-Term Incentive Plan continued

LTIP performance hurdles

The three-year LTIP was offered to approximately 50 senior executives in FY15, who are the key strategic decision makers and are therefore able to drive sustainable Group performance.

The FY15 LTIP has two performance hurdles measured over the performance period: cumulative EPS¹ growth and relative total shareholder return (TSR). Each measure has a 50% weighting of the total grant for each offer:

- **Basic EPS** is measured as the NPAT of the consolidated entity after non-controlling interests and before significant items as applicable, divided by the weighted average number of shares on issue (including ordinary shares and dividend reinvestment allotments, but excluding shares held by Woolworths' Custodian) over the performance period; and
- **Relative TSR** which measures growth in the Company's share price plus dividends notionally reinvested in the Company's shares comparative to a peer group, measured from the grant date but averaged for three months to eliminate volatility. This reflects the increase in value delivered to shareholders over the performance period. TSR performance is measured against the S&P/ASX 100 comparator companies, excluding companies in the ASX classified as financial services (including Real Estate Investment Trusts), resources or utilities and any companies that have merged, had a share reconstruction, been delisted or subject to takeover or takeover offer during the measurement periods.

Woolworths has chosen these two measures because they balance the need to achieve profitability in the business with creating shareholder value.

Either of the performance hurdle measures (6% cumulative EPS¹ or 51st percentile relative TSR) must be met before any award vests. Vesting is determined on a straight-line basis where performance is between target and maximum levels. The full 100% award vesting is only achieved if the maximum performance targets for both measures (8% cumulative EPS¹ and 75th percentile relative TSR) are reached.

The LTIP performance hurdles and vesting scale for the FY15 LTIP grant are summarised in the table below:

LTIP measure	Weighting	Hurdle measure	Vesting
Cumulative EPS ¹	50%	6% - 8%	12.5% - 50%
Relative TSR	50%	51st - 75th percentile	12.5% - 50%

A summary of the LTIP performance hurdles for all outstanding grants is provided in Section 5.4.

¹ Before significant items.

Directors' Statutory Report: Remuneration Report

2 SENIOR EXECUTIVE REMUNERATION IN MORE DETAIL CONTINUED

2.5 FY15 Executive KMP variable pay and link to performance continued

2.5.3 FY15 Long-Term Incentive Plan continued

Attraction and retention rights

In some circumstances, grants of share rights are made to compensate new senior executives for foregone equity, and ensure that key employees are retained to protect and deliver on the Company's strategic direction.

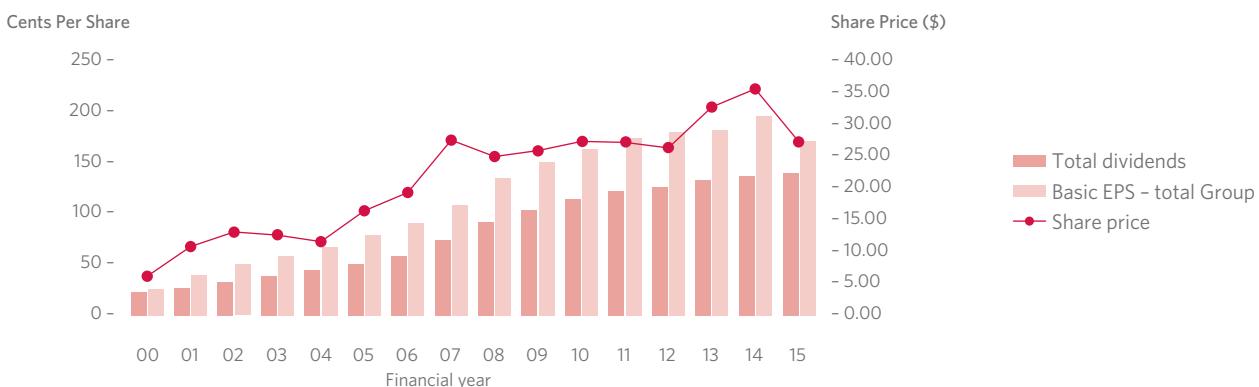
Attraction and retention rights generally do not have Company or divisional performance measures attached due to the objective of retaining key talent, however, vesting is subject to the Executive remaining employed by the Company, generally for two or more years, and achieving "effective" individual performance or better.

2.5.4 LTIP link to performance

The performance measures within the LTIP (EPS¹ and TSR) provide a clear link between Executive KMPs' reward and shareholder returns. The Company's long-term performance against the key metrics that contribute to EPS and TSR are detailed in the table and chart below:

Financial Year	FY11	FY12	FY13	FY14	FY15
Basic EPS – total Group (cents per share)	174.6	148.7	182.6	196.5	170.8
Basic EPS – total Group before significant items (see page 65) (cents per share)	174.6	180.1	190.4	196.5	195.2
Total dividend (cents per share)	122.0	126.0	133.0	137.0	139.0
Share price (closing) (\$)	27.25	26.38	32.81	35.66	27.39

Shareholder Return



2.6 Terms of Executive KMP service agreements

All Executive KMP of the Company are employed on Service Agreements that detail the components of remuneration paid, but do not prescribe how remuneration levels are to be modified from year to year. The agreements do not provide for a fixed term, although the Service Agreements may be terminated on specified notice.

¹ Before significant items.

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2.6 Terms of Executive KMP service agreements continued

Following is a summary of the termination provisions of new and revised Service Agreements for Executive KMP:

Termination by Company	Termination by Executive
If termination is without cause, a minimum 12 months' notice is to be provided to the CEO, and a minimum six months' notice is to be provided to other Executive KMP.	The CEO is to provide a minimum of 12 months' written notice to the Company, and other Executive KMP are to provide a minimum of six months' written notice.
Where the notice period is worked:	Where the notice period is worked:
<ul style="list-style-type: none"> ▪ Normal remuneration is paid; and ▪ STIP and LTIP continue to accrue in accordance with relevant plan rules to the end of the notice period. 	<ul style="list-style-type: none"> ▪ Normal remuneration is paid; and ▪ STIP and LTIP continue to accrue in accordance with relevant plan rules to the end of the notice period.
Where the notice period is paid in lieu:	Where the notice period is paid in lieu:
<ul style="list-style-type: none"> ▪ Fixed remuneration and a reasonable estimate of STIP entitlement is paid and employment ceases upon making the payment; and ▪ LTIP will continue to accrue or be forfeited in accordance with the plan rules. Board discretion within the plan rules may allow unvested LTIP to continue to accrue for "good leavers". 	<ul style="list-style-type: none"> ▪ Fixed remuneration and a reasonable estimate of STIP entitlement is paid and employment ceases upon making the payment; and ▪ LTIP will continue to accrue or be forfeited in accordance with the plan rules.
If termination is with cause:	
<ul style="list-style-type: none"> ▪ Only accrued and unpaid salary for days worked is paid; and ▪ STIP and LTIP are forfeited in accordance with the relevant plan rules. 	

In addition, and upon further payment, the Company may invoke a restraint period of up to 12 months following separation, preventing the Executive KMP from engaging in any business activity with competitors.

2.7 CEO retirement

Mr O'Brien is retiring by mutual agreement with the Company, pursuant to a Transition and Separation Deed. In order to facilitate the transition to a new Managing Director and Chief Executive Officer, Mr O'Brien agreed to continue in his current role as long as is required by the Board.

Following an orderly transition, Mr O'Brien will take his accrued annual leave and long service leave entitlements in the lead-up to his retirement. Through his ongoing participation, he will be entitled to the standard retirement benefits under the Company's Defined Benefits (DB) superannuation scheme. No discretionary augmentation to the standard DB superannuation scheme will be provided.

At retirement, Mr O'Brien's DB benefit will be a lump-sum amount calculated using the standard retirement formula for his member category, which is an "accrued multiple" times "final average salary" (FAS). The accrued multiple is based on the number of years that Mr O'Brien has been a member of the DB superannuation scheme. The FAS is the average of his base salary at the date of retirement and base salary at the same date in the two preceding years. Mr O'Brien has contributed 5% of his base salary during each year of DB plan membership and these contributions, together with investment earnings in the DB scheme will meet part of his DB entitlement. The balance of the cost is met by Company contributions to the DB superannuation scheme together with investment earnings in the DB scheme.

The actuarial value (under AASB 119 '*Employee Benefits*') of Mr O'Brien's DB benefit accrued over his total DB plan membership to 28 June 2015 is included in the Defined Benefit Obligation for all DB members shown in Note 34 of the Consolidated Financial Statements. The Company financed cost (under AASB 119 '*Employee Benefits*') of Mr O'Brien's superannuation accruing over the financial year ending 28 June 2015 was \$435,000 (refer to Section 5.1 of the Remuneration Report).

Mr O'Brien has agreed to waive, in full, his rights to any pay in lieu of any unserved notice, any FY16 short-term and long-term incentive awards, and any other compensation to which he may have been entitled in relation to the agreed 12 month restraint period. In addition, Mr O'Brien's 355,886 unvested share rights awarded under the Company's long-term incentive plans have lapsed. However 50,855 share rights awarded to him under the FY13 Deferred STI plan vested on 1 July 2015.

Other than as outlined above, there are no other termination payments or benefits being provided to Mr O'Brien in association with his forthcoming retirement.

2.8 Securities trading policy

The Woolworths' Securities Trading Policy was reviewed and released to the ASX on 20 August 2015.

Under the policy, Executives may not enter into any derivative (including hedging) transaction that will protect the value of either unvested securities or vested securities that are subject to a disposal restriction, issued as part of the Woolworths LTIP. Compliance with the policy is a condition of participation in the LTIP.

Directors' Statutory Report: Remuneration Report

3 GOVERNANCE

3.1 Role of the People Policy Committee

The key objective of the PPC is overseeing management activities on behalf of the Board and shareholders in the following areas:

Areas ¹	Objectives
People Strategy	Establishing and implementing a people strategy to ensure that appropriately talented people are available, either through development or recruitment in order to achieve the Business Strategy.
Performance Management and Succession Planning	Undertaking the appropriate performance management, succession planning and development activities and programs in support of a high performance culture.
Remuneration Policies	Providing effective remuneration policies that align with the business strategy, reflect our culture and values, achieve the business plan, and deliver business growth and shareholder value.
Compliance	Assisting the Board to comply with legal and regulatory requirements related to human resources and remuneration matters.
Shareholder Reporting	Reporting to shareholders in line with required standards.

¹ During the financial year, a Sustainability Committee was established as a new Board Committee (effective 25 March 2015). The responsibilities for overseeing "Safety and Health" have moved from the People Policy Committee to the Sustainability Committee effective from the commencement of the new Committee.

The PPC Charter is located on the Company's website.

3.2 Use of remuneration advisors

The Board and PPC engaged remuneration advisors during the year, and received remuneration and market practice advice and information in relation to:

- Short-term incentives;
- Long-term incentives;
- Remuneration of Executive KMP; and
- Remuneration of Non-executive Directors.

No remuneration recommendations, as defined by the *Corporations Act 2001* (Cth), were made by remuneration advisors.

Directors' Statutory Report: Remuneration Report

4 NON-EXECUTIVE DIRECTORS' ARRANGEMENTS

4.1 Non-executive Directors' remuneration policy and structure

Non-executive Directors' fees are determined by the Board within the aggregate amount approved by shareholders. The current maximum aggregate amount which may be paid in Directors' fees, as approved at the Annual General Meeting on 18 November 2010 is \$4,000,000 per annum. No Directors' fees are paid to Executive Directors.

Since the increase in Non-executive Directors' fees in September 2013, there has been no further increase in the base fees. The Chairman receives a multiple of approximately three times the Non-executive Director fee amount.

Following is a summary of Board and Committee fees for FY15:

Woolworths Limited Board and Committee Fees (\$) ¹	FY15	
	Chair	Member
Woolworths Limited Board	703,371	234,460
Audit, Risk Management and Compliance Committee (ARMCC)	54,524	27,264
People Policy Committee (PPC)	54,524	27,264
Sustainability Committee ² (SC)	36,349	18,176

1 In addition to the above fees, an Overseas Directors' Allowance of \$10,906 was also provided to any Non-executive Directors residing outside Australia, representing the additional time and cost involved in attending to Board and Board Committee responsibilities.

2 The Sustainability Committee fees are set at two-thirds of the ARMCC and PPC fees.

Total Board and Committee Fees paid during FY15 were \$2,691,630 (see pages 48 and 49), which is within the current maximum aggregate amount of \$4,000,000. Non-executive Directors do not receive variable pay.

The performance of the Board is managed through an annual third party review process, which was last conducted in October 2014.

4.2 Non-executive Directors' minimum shareholding requirement

Non-executive Directors are required to hold a minimum number of shares with a value equal to or greater than one year's base fees. The shares may be held personally or through a personal superannuation fund, and the minimum shareholding is subject to the following requirements:

- Non-executive Directors must hold shares with a minimum value of 25% of their base fees upon joining the Board; and
- Additional shares are to be acquired on or before the expiry of each anniversary in the three years from the date of appointment, with shares to the value of a minimum of 25% of the Non-executive Director's annual base fees to be acquired each year until the threshold is achieved.

Details of the current shareholdings for Non-executive Directors are provided in section 5.3. As of financial year end (28 June 2015), all Non-executive Directors hold the minimum number of shares.

4.3 Appointment letters, Deeds of Access, Insurance and Indemnity, Disclosure Deeds

The Company and each of the Non-executive Directors have entered into an Appointment Letter together with a Deed of Access, Insurance and Indemnity. The Appointment Letter covers the key aspects of the duties, roles and responsibilities of Non-executive Directors.

Non-executive Directors are not appointed for a specific term and their appointment may be terminated by notice from the Director or otherwise pursuant to sections 203B or 203D of the Corporations Act 2001 (Cth).

General guidance adopted by the PPC this year provides a principle for a maximum of three terms of three years for Non-executive Directors, with an additional five-year term should the Chair be appointed from within the Non-executive Director population.

Directors' Statutory Report: Remuneration Report

5 KMP REMUNERATION STATUTORY DISCLOSURES**5.1 KMP remuneration tables**

Set out in the following table is the remuneration for the KMP of Woolworths Limited and its subsidiaries during the financial periods ended 28 June 2015 and 29 June 2014.

KMP	Tenure as KMP (from)	Financial Year	Short-term benefits			Subtotal \$
			Salary \$	Cash incentive \$	Non-monetary benefits ¹ \$	
Non-executive Directors (NED)						
J R Broadbent	28/01/11	FY15	261,724	-	837	262,561
NED		FY14	260,540	-	1,004	261,544
C Cross	30/01/12	FY15	304,760	-	837	305,597
NED & PPC Chair		FY14	298,533	-	1,004	299,537
C J Hrdlicka	10/08/10	FY15	261,724	-	837	262,561
NED		FY14	260,540	-	1,004	261,544
A D D Mackay	30/01/12	FY15	282,370	-	837	283,207
NED & SC Chair		FY14	271,397	-	1,004	272,401
S R Perkins ^{4,8}	1/09/14	FY15	238,399	-	837	239,236
NED						
M J Ullmer	30/01/12	FY15	293,854	-	837	294,691
NED & ARMCC Chair		FY14	287,676	-	1,004	288,680
R G Waters	28/01/11	FY15	703,371	-	837	704,208
NED & Board Chair		FY14	700,189	-	1,004	701,193
Executive Directors						
G O'Brien ⁵	4/04/11	FY15	2,159,656	-	837	2,160,493
CEO		FY14	2,106,730	2,067,060	27,388	4,201,178
Executive Key Management Personnel						
B L Banducci ⁶	1/05/12	FY15	942,416	-	837	943,253
MD WFG		FY14	724,159	579,286	1,004	1,304,449
R J E Dammetry ⁴	1/09/14	FY15	599,521	-	43,562	643,083
CLO & Co Sec						
D P Marr ⁴	26/11/13	FY15	994,519	-	837	995,356
CFO		FY14	556,873	428,183	1,004	986,060
Former Non-executive Directors and Executive Key Management Personnel⁴						
J F Astbury ⁸	29/01/04- 31/08/13	FY14	62,133	-	1,004	63,137
NED						
R S Deane ⁹	14/04/00- 31/08/13	FY14	44,205	-	1,004	45,209
P J Horton	28/11/05- 6/06/14	FY14	624,591	-	1,190	625,781
Group General Counsel & Company Secretary						
I J Macfarlane	30/01/07- 31/03/15	FY15	196,293	-	837	197,130
NED		FY14	260,540	-	1,004	261,544
T W Pockett ⁷	1/06/06- 1/07/14	FY14	1,223,617	1,547,848	16,756	2,788,221
Finance Director						
G M Jegen ¹⁰	10/10/11- 12/04/15	FY15	843,650	-	837	844,487
Managing Director Australian Supermarkets & Petrol		FY14	1,147,598	966,015	79,861	2,193,474
Total		FY15	8,082,257	-	53,606	8,135,863
		FY14	8,829,321	5,588,392	136,239	14,553,952

Directors' Statutory Report: Remuneration Report

Post employment benefits	Other long-term benefits	Share-based payments ^{2,3}	Total	% of potential cash incentive paid	% Related to performance ³
Super-annuation and other \$	Long service leave \$	Value of equity \$	Total \$		
18,783	-	-	281,344	-	-
17,775	-	-	279,319	-	-
18,783	-	-	324,380	-	-
17,775	-	-	317,312	-	-
18,783	-	-	281,344	-	-
17,775	-	-	279,319	-	-
18,783	-	-	301,990	-	-
17,775	-	-	290,176	-	-
15,653	-	-	254,889	-	-
18,783	-	-	313,474	-	-
17,775	-	-	306,455	-	-
18,783	-	-	722,991	-	-
17,775	-	-	718,968	-	-
435,000	74,672	(1,258,687)	1,411,478	-	★
389,000	94,246	1,688,943	6,373,367	88%	59%
91,365	78,606	1,064,745	2,177,969	-	49%
68,985	17,778	336,563	1,727,775	103%	53%
30,146	8,875	337,831	1,019,935	-	33%
30,000	19,150	484,963	1,529,469	-	32%
12,500	21,533	259,926	1,280,019	78%	54%
2,962	-	-	66,099	-	-
583,815	-	-	629,024	-	-
61,295	11,750	(218,154)	480,672	-	★
14,088	-	-	211,218	-	-
17,775	-	-	279,319	-	-
22,917	30,819	793,241	3,635,198	78%	64%
23,409	(45,847)	(270,066)	551,983	-	★
22,917	17,811	612,698	2,846,900	96%	56%
752,359	135,456	358,786	9,382,464	-	-
1,288,816	193,937	3,473,217	19,509,922	-	-

* Percentage not disclosed as the total performance-related remuneration expense was negative for the relevant period.

Notes attaching to the remuneration tables

- 1 Non-monetary benefits include the cost to the Company of motor vehicles, non-recurring relocation benefits and fringe benefits tax where applicable, in addition to the deemed premium in respect of the Directors' and Officers' Indemnity insurance.
- 2 The fair value of share rights with the relative TSR performance measure is calculated at the date of grant using the Monte Carlo simulation model, taking into account, amongst other things, the impact of the TSR condition and that right holders are not entitled to dividends during the vesting period. The fair value of share rights with the measures of EPS (before significant items) and NPAT growth over the previous financial year (before significant items), and retention rights is calculated using the Black-Scholes option pricing model, taking into account that right holders are not entitled to dividends during the vesting period. The value disclosed is the portion of the fair value of the share rights recognised as an expense in each reporting period.
- 3 Where applicable, share rights are credited back to profit or loss due to a failure to satisfy the relevant vesting conditions, including forfeitures.
- 4 Amounts represent the payments relating to the period during which the individuals were in their position.
- 5 There were no payments or benefits within the FY15 financial year in relation to Mr O'Brien's planned retirement. See Section 2.7 for details of Mr O'Brien's retirement arrangements.
- 6 Mr Banducci was an Executive KMP for the full financial year. Initially in relation to his former Executive KMP role of Managing Director Liquor, and subsequently with effect from 1 March 2015, his current Executive KMP role of Managing Director of Woolworths Food Group.
- 7 Mr Pockett retired as a Director of the Company effective 1 July 2014.
- 8 Included in the table, Mr Perkins received two months of the additional fee of \$92,551 per annum as a Director of Hydrox Holdings Pty Ltd in FY15. For FY14, Mr Astbury received two months of the additional fee of \$92,551 per annum as a Director of Hydrox Holdings Pty Ltd and \$28,921 per annum as Chair of its Audit Committee.
- 9 Sir Roderick Deane was entitled to a retirement allowance, which was paid out in the prior year upon his retirement. As set out in the 2006 Woolworths Annual Report, Director retirement allowances were calculated and "frozen" as at 1 August 2006. Australian-based Directors who were entitled to receive a retirement allowance at that time had the amount rolled into a defined benefit superannuation fund. Sir Roderick Deane, being a New Zealand citizen was not able to roll the amount into a defined benefit superannuation fund. Instead his entitlement was calculated as at 1 August 2006 and was indexed annually applying the bank bill rate. The allowance of \$578,222 was paid out on Sir Roderick Deane's retirement.
- 10 Mr Jegen resigned effective 12 April 2015 and forfeited all outstanding unvested share rights, with the exception of the FY13 Deferred STI which were retained upon resignation on a pro-rated basis, as permitted under the LTIP rules.

Directors' Statutory Report: Remuneration Report

5 KMP REMUNERATION STATUTORY DISCLOSURES CONTINUED**5.2 Conditional entitlements to, and share holdings of Executive KMP**

The table below summarises the movements during the year in holdings of share right interests in the Company for current Executive KMP for the period*. A share right entitles the holder to one ordinary fully paid Woolworths Limited share. There is no amount unpaid on options exercised.

		Opening balance No.	Share rights granted as remuneration ¹		Options exercised/ share rights matured ²		Share rights lapsed due to non-vesting ³ No.	Share rights forfeited during the year	Closing balance share rights holding ⁴ No.	Share rights vested during the year ⁵ No.
			No.	\$	No.	\$				
G O'Brien ⁶	FY15	374,428	67,514	1,259,474	(24,901)	910,573	(10,300)	(355,886)	50,855	24,901
	FY14	277,948	161,780	3,156,328	(34,363)	670,519	(30,937)	-	374,428	34,363
B L Banducci	FY15	51,763	45,274	1,343,638	(1,860)	68,016	(1,282)	-	93,895	1,860
	FY14	27,677	30,086	668,659	(6,000)	216,180	-	-	51,763	6,000
R J E Dammery	FY15	-	28,866	735,308	-	-	-	-	28,866	-
D P Marr	FY15	85,990	27,638	594,493	(12,061)	381,424	-	-	101,567	12,061
	FY14	32,002	53,988	1,241,218	-	-	-	-	85,990	-
G M Jegen ⁷	FY15	108,634	16,953	364,659	(34,753)	1,081,289	-	(90,834)	-	34,753
	FY14	78,012	40,622	792,535	(10,000)	338,700	-	-	108,634	10,000
Total	FY15	620,815	186,245	4,292,872	(73,575)	2,441,302	(11,582)	(446,720)	257,183	73,575
	FY14	415,639	286,476	5,858,740	(50,363)	1,225,399	(30,937)	-	620,815	50,363

* Mr Pockett retired as a Director of the Company effective 1 July 2014. Accordingly, from this time, no further disclosure has been made. As permitted with Board discretion under the LTIP rules, 122,245 share rights were retained upon retirement on a pro-rated basis, including 77,760 share rights which will vest subject to future performance hurdles being satisfied (as per relevant LTIP conditions). 60,901 share rights were forfeited on retirement.

1 Share rights granted as remuneration is the total fair value of share rights granted during the year determined by an independent actuary. This will be recognised in employee benefits expense over the vesting period of the grant, in accordance with Australian Accounting Standards.

2 The value of share rights matured during the year is calculated based on the VWAP of Woolworths Limited shares traded in the five days prior to the date of maturity. The value of options exercised during the year is calculated as the market value of shares on the Australian Securities Exchange as at close of trading on the date the options were exercised after deducting the price paid to exercise the options.

3 The number of share rights which lapsed as a result of failure to meet performance hurdles. In FY15, this relates to the LTIP for FY11 in the case of Mr O'Brien and the Deferred STI for FY14 in the case of Mr Banducci.

4 The number of share rights as at 28 June 2015 / 29 June 2014 is equivalent to the share rights holding at that date.

5 Excludes share rights subject to a further two year employment requirement. For all share rights that could have vested during the financial year, 96% vested for Mr Jegen and 100% vested for all other Executive KMP.

6 The closing balance share rights holding for Mr O'Brien excludes 355,886 (87%) unvested share rights under the LTIP for FY12, FY13, FY14 and FY15 that were forfeited during the year (refer to Section 2.7).

7 Mr Jegen resigned effective 12 April 2015. Accordingly, from this time, no further disclosure has been made. All outstanding unvested LTIP share rights were forfeited with the exception of 15,087 share rights from the FY13 Deferred STI which were retained upon resignation on a pro-rated basis, as permitted with Board discretion under the LTIP rules. 90,834 (86%) share rights were forfeited on termination.

Directors' Statutory Report: Remuneration Report

5 KMP REMUNERATION STATUTORY DISCLOSURES CONTINUED

5.3 KMP share movements

The table below summarises the movements during the year of interests in shares of Woolworths Limited held by current KMP.

	Shareholding at 29 June 2014 No.	Shares issued under DRP ¹ No.	Shares received on exercise of share rights No.	Shares purchased No.	Shareholding at 28 June 2015 No.
Non-executive Directors					
J R Broadbent	65,138	-	-	-	65,138
C Cross	2,300	-	-	6,200	8,500
C J Hrdlicka	5,380	-	-	2,081	7,461
A D D Mackay	3,790	-	-	7,000	10,790
S R Perkins	-	-	-	7,000	7,000
M J Ullmer	11,000	-	-	9,000	20,000
R G Waters	42,300	-	-	30,000	72,300
Executive Directors					
G O'Brien	60,102	-	24,901	-	85,003
Executive Key Management Personnel					
B L Banducci	6,000	-	1,860	-	7,860
R J E Dammery	-	-	-	1,380	1,380
D P Marr	-	276	12,061	-	12,337

1 Comprises new shares issued as a result of participation in the Dividend Reinvestment Plan on the same basis as transactions by other shareholders.

Directors' Statutory Report: Remuneration Report

5 KMP REMUNERATION STATUTORY DISCLOSURES CONTINUED**5.4 Share rights outstanding for Executive KMP at 28 June 2015**

The table below sets out the grants and outstanding number of share rights for current Executive KMP of Woolworths Limited. No amounts were paid or payable by the recipient on receipt of the share rights and there are no outstanding vested share rights as at 28 June 2015.

Executive KMP	Grant date	Effective date	No. of rights at 28 June 2015 ¹	Expiry date
Executive Directors				
G O'Brien	7/12/2012	1/07/2012	50,855 50,855	31/12/2017
Executive Key Management Personnel				
B L Banducci	7/12/2012 7/12/2012 13/12/2013 29/4/2014 17/10/2014 15/10/2014 15/10/2014	1/07/2012 1/07/2012 1/07/2013 1/07/2013 1/07/2014 1/07/2014 1/07/2014	8,229 11,588 24,386 4,418 ⁶ 12,143 16,219 16,912	31/12/2017 31/12/2017 31/12/2018 31/12/2016 31/12/2019 1/07/2015 1/07/2016
R J E Dammery	17/10/2014 16/09/2014 16/09/2014	1/07/2014 1/09/2014 1/09/2014	18,866 5,000 5,000	31/12/2019 1/09/2015 1/09/2016
D P Marr	12/12/2011 7/12/2012 7/12/2012 13/12/2013 29/4/2014 17/10/2014	1/07/2011 1/07/2012 1/07/2012 1/07/2013 1/07/2013 1/07/2014	4,550 6,391 9,000 18,024 35,964 ⁶ 27,638	31/12/2016 31/12/2017 31/12/2017 31/12/2018 31/12/2018 31/12/2019
			93,895 28,866 101,567	

Grant date represents the offer acceptance date.

The minimum value yet to vest is the minimum value of share rights that may vest if the performance criteria are not met. It is assessed as nil for each share rights grant and has not been specifically detailed in the table above on the basis that no share rights will vest if the performance criteria are not satisfied.

- 1 Comprises the number of share rights that are yet to vest as at 28 June 2015.
- 2 Represents the first day the share rights can be exercised unless otherwise stated.
- 3 The maximum value of award to vest represents the total maximum value of employee benefits expense, as based on the value at grant date that would be recorded if all share rights which remain outstanding at 28 June 2015 satisfied all relevant vesting conditions.
- 4 The fair value of share rights with the relative TSR performance measure is calculated at the date of grant using the Monte Carlo simulation model, taking into account, amongst other things, the impact of the TSR condition and that right holders are not entitled to dividends during the vesting period. The fair value of share rights with the measures of EPS (before significant items) and NPAT growth over the previous financial year (before significant items), and retention rights is calculated using the Black-Scholes option pricing model, taking into account that right holders are not entitled to dividends during the vesting period.
- 5 Exercising of share rights may occur by 31 August in each respective year if the performance hurdles are met as outlined on page 41. Exercising of share rights will occur on the day on which the full year results are announced to the market.
- 6 A subsequent grant of Deferred STI and LTIP was made under the same terms and conditions of the main grant. This was done to align actual remuneration mix with targeted remuneration mix.

Directors' Statutory Report: Remuneration Report

Exercise price	Exercise date ²	Maximum value of award to vest (\$) ³	Fair value per performance right ⁴			
			EPS	TSR	NPAT	Retention
Nil	31/08/2015 ⁵	1,294,260	-	-	\$25.45	-
		1,294,260				
Nil	31/08/2015 ⁵	209,428	-	-	\$25.45	-
Nil	31/08/2017 ⁵	212,292	\$22.60	\$14.04	-	-
Nil	31/08/2018 ⁵	475,771	\$25.56	\$13.46	-	-
Nil	31/08/2016 ⁵	149,505	-	-	\$33.84	-
Nil	31/08/2017 ⁵	261,196	\$29.78	\$13.24	-	-
Nil	1/07/2015	544,472	-	-	-	\$33.57
Nil	1/07/2016	537,971	-	-	-	\$31.81
		2,390,635				
Nil	31/08/2017 ⁵	405,808	\$29.78	\$13.24	-	-
Nil	1/09/2015	166,750	-	-	-	\$33.35
Nil	1/09/2016	158,050	-	-	-	\$31.61
		730,608				
Nil	31/08/2016 ⁵	73,665	\$20.05	\$12.33	-	-
Nil	31/08/2015 ⁵	162,651	-	-	\$25.45	-
Nil	31/08/2017 ⁵	164,880	\$22.60	\$14.04	-	-
Nil	31/08/2018 ⁵	351,648	\$25.56	\$13.46	-	-
Nil	31/08/2018 ⁵	889,570	\$30.39	\$19.08	-	-
Nil	31/08/2017 ⁵	594,493	\$29.78	\$13.24	-	-
		2,236,907				

Summary of LTIP performance hurdles

Following is a summary of the LTIP performance hurdles for all outstanding grants:

Grant Year ¹	Vesting Period (years) ¹	Share rights	EPS		TSR	
			Weighting	Hurdle	Weighting	Hurdle
FY12	5	100%	50%	8% - 12%	50%	51st - 75th percentile
FY13 - FY14	5	100%	50%	6% - 8%	50%	51st - 75th percentile
FY15	3	100%	50%	6% - 8%	50%	51st - 75th percentile

¹ Measured from the effective date of 1 July.

Directors' Statutory Report

ENVIRONMENTAL REGULATION

Woolworths Limited operations are subject to a range of environmental regulations under the law of the Commonwealth of Australia and its states and territories.

The Group is also subject to various state and local Government food licensing requirements, and may be subject to environmental and town planning regulations incidental to the development of shopping centre sites.

The Group has not incurred any significant liabilities under any environmental legislation.

DIRECTORS' AND OFFICERS' INDEMNITY/INSURANCE

- (i) The Constitution of the Company provides that the Company may indemnify (to the maximum extent permitted by law) in favour of each Director of the Company, the Company Secretary, directors and secretaries of related bodies corporate of the Company, and previous directors and secretaries of the Company and its related bodies corporate ("Officers"), against any liability to third parties (other than related Woolworths Group companies) incurred by such Officers unless the liability arises out of conduct involving a lack of good faith. The indemnity includes costs or expenses incurred by an Officer in successfully defending proceedings or in connection with an application in which the court grants relief to the specified persons under the *Corporations Act 2001* (Cth);
- (ii) Each Director has entered into a Deed of Indemnity and Access which provides for indemnity against liability as a Director, except to the extent of indemnity under an insurance policy or where prohibited by statute. The Deed also entitles the Director to access Company documents and records, subject to undertakings as to confidentiality; and
- (iii) During or since the end of the financial period, the Company has paid or agreed to pay a premium in respect of a contract of insurance insuring Officers (and any persons who are Officers in the future and employees of the Company or its subsidiaries) against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 55.

NON-AUDIT SERVICES

During the year, Deloitte Touche Tohmatsu, the Company's auditors, have performed certain other services in addition to their statutory duties. The Board is satisfied that the provision of those non-audit services during the year provided by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) or as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks or rewards.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 35 to the financial statements.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998 pursuant to section 341(1) of the *Corporations Act 2001* (Cth) relating to the 'rounding off' of amounts in the Financial Report and Directors' Report. In accordance with that Class Order, amounts therein have been rounded off to the nearest tenth of a million dollars except where otherwise indicated.

This Report is made in accordance with a Resolution of the Directors of the Company on 11 September 2015.

Gordon Cairns
Chairman

Grant O'Brien
Managing Director and Chief Executive Officer

Auditor's Independence Declaration

Deloitte.

The Board of Directors
Woolworths Limited
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11 September 2015

Dear Board Members

Woolworths Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Woolworths Limited.

As lead audit partner for the audit of the financial statements of Woolworths Limited for the financial year ended 28 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

G Couttas
Partner
Chartered Accountants

Financial Report

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Consolidated Statement of Profit or Loss

	Note	2015 \$m	2014 \$m
Revenue from the sale of goods		60,679.1	60,772.8
Other operating revenue		189.3	179.4
Total revenue	5	60,868.4	60,952.2
Cost of sales		(44,344.8)	(44,474.6)
Gross profit		16,523.6	16,477.6
Other revenue		281.0	242.7
Branch expenses		(10,551.6)	(10,235.8)
Administration expenses		(2,930.5)	(2,709.3)
Earnings before interest and tax		3,322.5	3,775.2
Financing costs	7	(254.8)	(260.1)
Profit before income tax		3,067.7	3,515.1
Income tax expense	14	(930.3)	(1,056.7)
Profit for the period		2,137.4	2,458.4
Profit attributable to:			
Equity holders of the parent entity		2,146.0	2,451.7
Non-controlling interests		(8.6)	6.7
Profit for the period		2,137.4	2,458.4
Earnings Per Share (EPS)		Cents	Cents
Basic EPS	18	170.8	196.5
Diluted EPS	18	170.3	195.6

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Statement of Other Comprehensive Income

	2015 \$m	2014 \$m
Profit for the period	2,137.4	2,458.4
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss</i>		
<i>Hedging reserve</i>		
Movement in the fair value of cash flow hedges	623.2	(139.1)
Income tax effect	(186.6)	41.7
Transfer cash flow hedges to the statement of profit or loss	(575.2)	46.7
Income tax effect	172.8	(14.0)
<i>Foreign currency translation reserve (FCTR)</i>		
Movement in translation of foreign operations taken to equity	(119.7)	270.3
Income tax effect	14.8	(35.3)
<i>Items that will not be reclassified to profit or loss</i>		
<i>Equity instrument reserve</i>		
Movement in the fair value of investments in equity securities	7.1	(9.7)
<i>Retained earnings</i>		
Actuarial gains on defined benefit superannuation plans	11.3	15.1
Income tax effect	(3.4)	(6.9)
Other comprehensive (loss)/income (net of tax)	(55.7)	168.8
Total comprehensive income for the period	2,081.7	2,627.2
Total comprehensive income attributable to:		
Equity holders of the parent entity	2,090.1	2,620.5
Non-controlling interests	(8.4)	6.7
Total comprehensive income for the period	2,081.7	2,627.2

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Statement of Financial Position

	Note	2015 \$m	2014 \$m
Current assets			
Cash and cash equivalents	22	1,333.4	922.6
Trade and other receivables	8	885.2	857.0
Inventories	9	4,872.2	4,693.2
Other financial assets	10	188.5	12.7
		7,279.3	6,485.5
Assets held for sale	11	381.6	620.6
Total current assets		7,660.9	7,106.1
Non-current assets			
Trade and other receivables	8	116.7	108.2
Other financial assets	10	497.6	304.7
Property, plant and equipment	12	10,062.1	9,600.7
Intangible assets	13	6,244.5	6,335.0
Deferred tax assets	14	755.0	681.8
Total non-current assets		17,675.9	17,030.4
Total assets		25,336.8	24,136.5
Current liabilities			
Trade and other payables	15	6,181.2	5,937.6
Borrowings	24	1,645.4	219.5
Income tax payable		100.9	158.9
Other financial liabilities	16	161.2	168.2
Provisions	17	1,079.9	1,005.3
Total current liabilities		9,168.6	7,489.5
Non-current liabilities			
Borrowings	24	3,079.3	4,136.0
Other financial liabilities	16	1,075.1	1,155.2
Provisions	17	599.4	567.4
Other		282.4	263.0
Total non-current liabilities		5,036.2	6,121.6
Total liabilities		14,204.8	13,611.1
Net assets		11,132.0	10,525.4
Equity			
Issued capital	20	5,064.9	4,850.1
Shares held in trust	20	(155.9)	(218.9)
Reserves		95.1	198.2
Retained earnings		5,830.1	5,423.1
Equity attributable to equity holders of the parent entity		10,834.2	10,252.5
Non-controlling interests		297.8	272.9
Total equity		11,132.0	10,525.4

The above consolidated statement of financial position should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

		Attributable to Members of Woolworths Limited											
\$m		Issued Capital	Shares Held In Trust	Hedging Reserve	Foreign Currency Translation Reserve	Remuner-ation Reserve	Asset Revalu-ation Reserve	Equity Instrument Reserve	General Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 29 June 2014	4,850.1	(218.9)	(100.3)	67.7	303.1	16.4	(88.7)	—	5,423.1	10,252.5	272.9	10,525.4	
Profit after income tax expense	—	—	—	—	—	—	—	—	2,146.0	2,146.0	(8.6)	2,137.4	
Other comprehensive income (net of tax)	—	—	34.0	(104.9)	—	—	7.1	—	—	7.9	(55.9)	0.2	(55.7)
Total comprehensive income (net of tax)	—	—	34.0	(104.9)	—	—	7.1	—	2,153.9	2,090.1	(8.4)	2,081.7	
Dividends paid	—	—	—	—	—	—	—	—	(1,753.4)	(1,753.4)	(28.8)	(1,782.2)	
Dividends paid – Treasury shares	—	—	—	—	—	—	—	—	6.5	6.5	—	6.5	
Issue of shares under employee long-term incentive plans	6.5	63.0	—	—	(63.5)	—	—	—	—	—	6.0	—	6.0
Issue of shares under the dividend reinvestment plan	208.3	—	—	—	—	—	—	—	—	—	208.3	—	208.3
Issue of shares to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	170.0	170.0
Share-based payments expense	—	—	—	—	27.2	—	—	—	—	—	27.2	—	27.2
Reclassification of non-controlling interests for recognition of financial liability	—	—	—	—	—	—	—	—	—	—	(111.1)	(111.1)	(111.1)
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	(3.2)	—	(3.2)	3.2	—
Disposal of investment	—	—	—	—	—	0.1	90.9	(91.0)	—	—	—	—	—
Other	—	—	0.2	—	—	—	—	—	—	0.2	—	0.2	—
Balance at 28 June 2015	5,064.9	(155.9)	(66.1)	(37.2)	266.8	16.5	9.3	(94.2)	5,830.1	10,834.2	297.8	11,132.0	

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

Attributable to Members of Woolworths Limited											
\$m	Issued Capital	Shares Held In Trust	Hedging Reserve	Foreign Currency Translation Reserve	Remuner-ation Reserve	Asset Revalu-ation Reserve	Equity Instrument Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 July 2013	4,522.7	(180.5)	(35.6)	(167.3)	290.6	16.4	(79.0)	4,661.1	9,028.4	272.1	9,300.5
Profit after income tax expense	-	-	-	-	-	-	-	2,451.7	2,451.7	6.7	2,458.4
Other comprehensive income (net of tax)	-	-	(64.7)	235.0	-	-	(9.7)	8.2	168.8	-	168.8
Total comprehensive income (net of tax)	-	-	(64.7)	235.0	-	-	(9.7)	2,459.9	2,620.5	6.7	2,627.2
Dividends paid	-	-	-	-	-	-	-	(1,703.8)	(1,703.8)	(32.0)	(1,735.8)
Dividends paid - Treasury shares	-	-	-	-	-	-	-	5.9	5.9	-	5.9
Issue of shares under employee long-term incentive plans	36.1	46.1	-	-	(46.6)	-	-	-	35.6	-	35.6
Issue of shares under the dividend reinvestment plan	206.8	-	-	-	-	-	-	-	206.8	-	206.8
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	183.0	183.0
Share-based payments expense (post tax)	-	-	-	-	59.1	-	-	-	59.1	-	59.1
Reclassification of non-controlling interests for recognition of financial liability	-	-	-	-	-	-	-	-	-	(141.9)	(141.9)
Shares issued to/(acquired by) the Woolworths Employee Share Trust	84.5	(84.5)	-	-	-	-	-	-	-	-	-
Acquisition of business	-	-	-	-	-	-	-	-	-	(14.6)	(14.6)
Other	-	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Balance at 29 June 2014	4,850.1	(218.9)	(100.3)	67.7	303.1	16.4	(88.7)	5,423.1	10,252.5	272.9	10,525.4

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	2015 \$m	2014 \$m
Cash Flows from Operating Activities			
Receipts from customers		65,865.4	65,891.7
Payments to suppliers and employees		(61,154.3)	(60,918.3)
Net financing costs paid		(310.3)	(338.2)
Income tax paid		(1,055.7)	(1,162.5)
Net cash provided by operating activities	23	3,345.1	3,472.7
Cash Flows from Investing Activities			
Proceeds from the sale of property, plant and equipment and assets held for sale		840.5	193.9
Payments for property, plant and equipment – property development		(595.7)	(534.9)
Payments for property, plant and equipment (excluding property development)		(1,535.3)	(1,321.5)
Payments for intangible assets		(41.7)	(42.3)
Proceeds from the sale of subsidiaries and investments		84.9	37.0
Payments for the purchase of businesses, net of cash acquired	28	(88.7)	(371.5)
Payments for the purchase of investments and contingent consideration		(2.5)	–
Dividends received		4.6	7.9
Net cash used in investing activities		(1,333.9)	(2,031.4)
Cash Flows from Financing Activities			
Proceeds from the issue of equity securities	20	6.5	36.1
Proceeds from the issue of equity securities in subsidiary to non-controlling interest		170.0	183.0
Transactions with non-controlling interests		(13.5)	–
Proceeds from borrowings		5,039.7	7,859.8
Repayment of borrowings		(5,245.6)	(7,927.1)
Dividends paid	19	(1,538.6)	(1,491.1)
Dividends paid to non-controlling interests		(28.8)	(32.0)
Movements in employee share plan loans		(0.5)	(0.6)
Net cash used in financing activities		(1,610.8)	(1,371.9)
Net increase in cash and cash equivalents		400.4	69.4
Effects of exchange rate changes on foreign currency		10.4	4.0
Cash and cash equivalents at the beginning of the period		922.6	849.2
Cash and cash equivalents at the end of the period	22	1,333.4	922.6

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Basis of Preparation

Woolworths Limited (the "Company") is a for-profit company which is incorporated and domiciled in Australia. The Financial Report of the Company for the period was for the 52 week period ended 28 June 2015 and comprises the Company and its subsidiaries (together referred to as the "Group"). The comparative period was for the 52 week period ended 29 June 2014.

The Financial Report was authorised for issue by the Directors on 11 September 2015.

STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group are a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* (Cth), Australian Accounting Standards and Interpretations, International Financial Reporting Standards (IFRS), and complies with other requirements of the law.

BASIS OF PREPARATION

The consolidated financial statements are presented in Australian dollars and amounts have been rounded to the nearest tenth of a million dollars (unless otherwise stated) in accordance with ASIC Class Order 98/100.

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial assets at fair value through other comprehensive income and certain financial liabilities which have been measured at fair value, as explained in the accounting policies.

The accounting policies have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

Certain comparative amounts have been reclassified to conform with the current period's presentation to better reflect the economic nature of the financial position and performance of the Group.

1. SIGNIFICANT ACCOUNTING POLICIES

This section sets out the significant accounting policies upon which the Group's financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the financial statements. This section also shows information on new accounting standards, amendments and interpretations, and whether they are effective in 2015 or later years.

(A) Basis of consolidation

The consolidated financial statements of the Company incorporate the assets, liabilities and results of all subsidiaries as at 28 June 2015.

Subsidiaries are all entities over which the Group has control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests in the equity and results of subsidiaries are shown as a separate item in the consolidated financial statements.

(B) Foreign currency

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and Balances (entities with a functional currency of AUD)

Foreign currency transactions are translated into Australian Dollars using the exchange rates at the dates of the transactions.

Assets and liabilities denominated in foreign currencies are translated to Australian dollars at reporting date at the following exchange rates:

Foreign currency amount	Applicable exchange rate
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities measured at historical cost	Date of transaction
Non-monetary assets and liabilities measured at fair value	Date fair value is determined

Foreign exchange differences arising on translation are recognised in profit or loss in the period in which they arise except:

- Exchange differences on transactions entered to hedge certain foreign currency risks (refer Note 26); and
- Items noted within paragraph (iii) below.

(iii) Financial statements of foreign operations (entities with a functional currency other than AUD)

The results and financial position of foreign operations are translated to Australian dollars at the following exchange rates:

Foreign currency amount	Applicable exchange rate
Revenues and expenses of foreign operations	Average for the period
Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation	Reporting date
Equity items	Historical rates

The following foreign exchange differences are recognised in other comprehensive income:

- Foreign currency differences arising on translation of foreign operations; and
- Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future. These monetary items and related hedges are considered to form part of the net investment in a foreign operation and are reclassified into profit or loss upon disposal of the net investment.

Notes to the Consolidated Financial Statements: Basis of Preparation

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(C) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of GST, except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the expense or cost of the asset.

Receivables and payables are stated with the amount of GST included. The net amounts of GST recoverable from or payable to the taxation authorities are included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to taxation authorities are classified as operating cash flows.

(D) New and amended standards adopted by the Group

The Group has adopted all relevant new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") which are effective for annual reporting periods beginning on or after 30 June 2014.

None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period and are not likely to significantly affect future periods.

During the current year, the Group also elected to early adopt the following standards:

- 1) AASB 9 'Financial Instruments' (AASB 9 (2010) as amended by AASB 2010-7, AASB 2012-6, AASB 2013-9 and AASB 2014-1)

AASB 9 contains guidance on hedge accounting that replaces the existing requirements of AASB 139 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces changes to hedge effectiveness and eligibility requirements to align more closely with an entity's risk management framework. There has been no material impact on amounts reported in these financial statements as a result of the adoption of the standard, however application of this standard has resulted in additional disclosures which are incorporated in Note 26.

In previous years, the Group early adopted AASB 9 'Financial Instruments (December 2009)' including AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 9 'Financial Instruments (December 2010)' and AASB 2010-7

'Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)'. This standard provided an option to designate and measure an investment in equity instruments at fair value with changes recognised in other comprehensive income and only dividends being recognised in the consolidated statement of profit or loss. The Group elected to apply this option. The application of this standard affected accounting for the investments in The Warehouse Group Limited, Australian Leisure and Entertainment Property Management Limited (the "ALE Property Group") and Shopping Centres Australasia Property Group (the "SCA Property Group"), all of which have been designated as fair value through other comprehensive income. These changes were adopted retrospectively with no impact on retained earnings in the current or previous financial years.

- 2) AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'

The Group has early adopted AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101' ahead of the mandatory, effective date of 1 January 2016. AASB 2015-2 amends AASB 101 'Presentation of Financial Statements' to provide clarification regarding the disclosure requirements in AASB 101. The Group has applied these amendments in determining relevant disclosures in the preparation of these financial statements.

(E) Issued standards and interpretations not early adopted

The table below lists the standards and amendments to standards that were available for early adoption and were applicable to the Group. The reported results and financial position of the Group are not expected to change on adoption of any of the amendments to current standards listed below as they do not result in any changes to the Group's existing accounting policies. With respect to the new standards on issue but not yet effective, AASB 15 'Revenue from Contracts with Customers' and AASB 9 (2014) 'Financial Instruments', the Group has commenced a preliminary assessment of the impact of these standards on the Group's results, financial position and disclosures. The International Accounting Standards Board (IASB) is currently undertaking a consultation process to discuss stakeholder challenges arising from the implementation of the new revenue standard. In finalising its assessment of the impact of the new standards, the Group will continue to monitor developments in this area. The Group does not intend on adopting any of the new standards or amendments before their mandatory effective dates.

Standard/Amendment to Standards	Effective Date - Annual reporting period beginning on or after:
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015
AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016
AASB 2014-10 'Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016
AASB 2014-9 'Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements'	1 January 2016
AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017
AASB 9 (2014) 'Financial Instruments', and the relevant amending standards	1 January 2018

Notes to the Consolidated Financial Statements: Basis of Preparation

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(E) Issued standards and interpretations not early adopted continued

The following IASB Standards and IFRIC Interpretations were also on issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued:

Standard/Interpretation	Effective Date – Annual reporting period beginning on or after:
IFRS 15 'Revenue from Contracts with Customers'	1 January 2018 ¹

1 The formal amendment to the standard, specifying the new effective date, is expected to be issued in September 2015.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group's accounting policies, the directors are required to make estimates, judgements and assumptions that affect amounts reported in this Financial Report. The estimates, judgements and assumptions are based on historical experience, adjusted for current market conditions and other factors that are believed to be reasonable under the circumstances and are reviewed on a regular basis. Actual results may differ from these estimates.

The estimates and judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are included in the following notes:

- Notes 12 and 13 – Estimation of useful lives of assets;
- Note 12 – Impairment of non-financial assets, including estimation of the recoverable amount of the Home Improvement business;
- Note 16 – Valuation of put options over non-controlling interests; and
- Note 17 – Employee benefits and self-insured risks provisions.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period and future periods if the revision affects both current and future periods.

3. INDIVIDUALLY SIGNIFICANT ITEMS

Included in the consolidated statement of profit or loss are certain significant expenses incurred outside the ordinary course of our trading operations resulting from transformation projects and property portfolio management initiatives. In particular, these items relate to:

- General Merchandise transformation costs of \$148.2 million before tax primarily pertaining to inventory and associated expenses of facilitating the alignment of inventory to our customer strategy;
- Business transformation costs of \$199.1 million before tax primarily representing resourcing and professional services costs associated with business transformation programs, accelerated depreciation of assets no longer in use and inventory provisioning in the Australian Food Liquor and Petrol division due to changes in strategy;
- Redundancy costs of \$43.0 million before tax primarily associated with restructuring initiatives across corporate-wide support functions, supply chain and non-customer store facing positions; and
- Property losses of \$35.6 million before tax primarily associated with certain non-core property assets which are unlikely to be developed within the next five years as a result of a review of Woolworths' property portfolio.

The above expenses have been included in the consolidated statement of profit or loss as follows:

2015 \$'m	Cost of sales	Branch expenses	Administration expenses	Impact on Profit before income tax	Income tax benefit	Impact on Profit for the period ¹
Significant Item Expenses						
General Merchandise transformation	126.4	21.8	-	148.2		
Business transformation	38.7	12.2	148.2	199.1		
Redundancy	-	2.1	40.9	43.0		
Property portfolio review	-	-	35.6	35.6		
Total	165.1	36.1	224.7	425.9	(117.8)	308.1

1 Comprised of \$307.3 million attributable to equity holders of the parent entity and \$0.8 million attributable to non-controlling interests.

Notes to the Consolidated Financial Statements

Group Performance

4. SEGMENT DISCLOSURES

Operating Segment reporting

Reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and assess its performance.

The Group has five reportable segments. These business units offer different products and services and are managed separately because they require different technology and marketing strategies. The Group's reportable segments are as follows:

- **Australian Food, Liquor and Petrol** – procurement of food, liquor and petroleum products for resale to customers in Australia
- **New Zealand Supermarkets** – procurement of food and liquor products for resale to customers in New Zealand
- **General Merchandise** – procurement of discount general merchandise products for resale to customers predominantly in Australia
- **Hotels** – provision of leisure and hospitality services including food and alcohol, accommodation, entertainment and gaming in Australia
- **Home Improvement** – procurement of home improvement products for resale to customers in Australia

The Unallocated group consists of the Group's other operating segments that are not separately reportable as well as various support functions including property and head office costs.

There are varying levels of integration between the Australian Food, Liquor and Petrol and Hotels reportable segments. This includes the common usage of property and services, and some common administration functions.

Performance is measured based on segment earnings before interest, tax (EBIT) and individually Significant Items (refer to Note 3). Segment EBIT before Significant Items is measured as management believes that such information is useful in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Geographical information

The table below provides information on the geographical location of revenue and non-current assets (excluding financial instruments, deferred tax assets and intercompany receivables). Revenue from external customers is allocated to a geography based on the location in which the sales originated. Non-current assets are allocated based on the location of the operation to which they relate.

\$A m	Australia		New Zealand		Consolidated	
	2015	2014	2015	2014	2015	2014
Geographical segments						
Revenue from the sale of goods	55,034.5	55,587.3	5,644.6	5,185.5	60,679.1	60,772.8
Other operating revenue	181.5	171.8	7.8	7.6	189.3	179.4
Other revenue	243.6	205.5	37.4	37.2	281.0	242.7
Revenue from external customers	55,459.6	55,964.6	5,689.8	5,230.3	61,149.4	61,194.9
Non-current assets	13,219.3	12,647.4	3,305.9	3,569.7	16,525.2	16,217.1

4. SEGMENT DISCLOSURES CONTINUED

Notes to the Consolidated Financial Statements: Group Performance

	Operating segments		Australian Food, Liquor and Petrol	New Zealand Supermarkets	General Merchandise	Hotels	Home Improvement	Unallocated	Consolidated
\$A m	2015	2014	2015	2014	2015	2014	2015	2014	2015
Revenue from the sale of goods	47,763.7	48,235.9	5,467.4	5,185.5	4,105.9	4,351.8	1,475.0	1,472.2	1,867.1
Other operating revenue	180.9	171.8	7.8	7.6	0.6	–	–	–	–
Inter-segment revenue	–	–	–	–	–	–	–	–	–
Segment revenue	47,944.6	48,407.7	5,475.2	5,193.1	4,106.5	4,351.8	1,475.0	1,472.2	1,867.1
Eliminations									
Unallocated revenue ¹									
Total revenue	47,944.6	48,407.7	5,475.2	5,193.1	4,106.5	4,351.8	1,475.0	1,472.2	1,867.1
Segment earnings before interest, tax and Significant items	3,439.8	3,368.0	303.2	271.4	114.2	152.9	234.5	275.4	(224.7)
Significant items									
Earnings before interest and tax									
Financing costs									
Profit before income tax									
Income tax expense									
Profit for the period									
Depreciation and amortisation before Significant items	609.8	579.7	98.5	96.3	88.9	94.0	98.2	101.2	78.9
Significant items									
Depreciation and amortisation									
Capital expenditure²	877.8	789.3	161.5	140.1	76.9	363.0	193.4	138.3	338.3

¹ Unallocated revenue is comprised of rent and other revenue from non-operating activities across the Group.

² Capital expenditure is comprised of property, plant and equipment and intangible asset additions.

Notes to the Consolidated Financial Statements: Group Performance

5. REVENUE

\$m	2015	2014
Operating revenue		
Revenue from the sale of goods	60,679.1	60,772.8
Other operating revenue	189.3	179.4
	60,868.4	60,952.2

Significant Accounting Policies

Revenue is measured at the fair value of consideration received or receivable on the basis that it meets the recognition criteria, set out as follows:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, when it is probable the revenue will be received and the amount of revenue can be reliably measured. Revenue is recognised net of returns and discounts.

6. EXPENSES

\$m	2015	2014
Depreciation and amortisation		
Depreciation - property, plant and equipment ¹	961.1	824.2
Amortisation - property, plant and equipment	158.3	151.3
Amortisation - intangible assets	23.0	20.8
	1,142.4	996.3
Employee benefits expense		
Remuneration and on-costs	6,873.1	6,729.4
Superannuation expense	541.1	514.4
Share-based payments expense	27.2	50.0
	7,441.4	7,293.8
Net loss on disposal and write-off of property, plant and equipment	48.7	2.5
Operating lease rental expense		
Minimum lease payments	1,972.3	1,846.3
Contingent rentals	40.3	52.4
	2,012.6	1,898.7

1 Includes \$88.7 million relating to Significant Items (refer to Note 3).

Notes to the Consolidated Financial Statements: Group Performance

6. EXPENSES CONTINUED

Significant Accounting Policies

Depreciation and amortisation

Refer Notes 12 and 13 for details on depreciation and amortisation.

Employee benefits

Refer Note 17 for details on employee provisions and Note 34 for details on share-based payments and employee superannuation.

Leases

Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Fixed rate increases to lease rental payments, excluding contingent or index-based rental increases, are recognised on a straight-line basis over the lease term. An asset or liability arises for the difference between the amount paid and the lease expense brought to account on a straight-line basis.

Operating lease incentives received are initially recognised as a liability and are then recognised as part of the lease expense on a straight-line basis over the lease term.

7. FINANCING COSTS

\$m	2015	2014
Interest expense	(338.8)	(352.0)
Less: interest capitalised ¹	56.5	81.5
Other	27.5	10.4
	(254.8)	(260.1)

¹ Weighted average capitalisation rate on funds borrowed generally: 7.35% (2014: 7.26%).

Significant Accounting Policies

Financing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for its intended use or sale) are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

Assets and Liabilities

8. TRADE AND OTHER RECEIVABLES

\$m	2015	2014
Current		
Trade receivables	306.8	255.7
Provision for impairment	(13.6)	(8.1)
	293.2	247.6
Other receivables	300.1	310.1
Provision for impairment	(9.3)	(9.7)
	290.8	300.4
Prepayments	301.2	309.0
	885.2	857.0
Non-current		
Prepayments	9.9	13.2
Other receivables	106.8	95.0
	116.7	108.2
Total	1,001.9	965.2

Significant Accounting Policies

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. They generally have terms of up to 30 days.

Impairment of trade and other receivables

The Group assesses at the end of each reporting period whether there is objective evidence that the Group's receivables are impaired.

The recoverable amount of the Group's receivables is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (that is, the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. A provision for impairment of receivables is not recognised until objective evidence is available that a loss event has occurred.

9. INVENTORIES

\$m	2015	2014
Finished inventories	4,872.2	4,693.2
	4,872.2	4,693.2

Significant Accounting Policies

Inventories

Inventories are valued at the lower of cost or net realisable value.

Cost is generally determined on a weighted average basis and includes all purchase-related rebates, settlement discounts and other costs incurred to bring inventory to its present condition and location for sale. Where inventory systems do not provide appropriate item level information, the retail method is adopted to measure cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

Notes to the Consolidated Financial Statements: Assets and Liabilities

10. OTHER FINANCIAL ASSETS

\$m	2015	2014
Current		
Derivatives	188.5	12.7
	188.5	12.7
Non-current		
Derivatives	395.7	131.5
Listed equity securities	64.0	137.7
Investments in associates	37.2	34.8
Other	0.7	0.7
	497.6	304.7
Total	686.1	317.4

Significant Accounting Policies

Derivatives

Refer to Note 26 for details of derivatives.

Listed equity securities

The Group's investments in listed equity securities are designated as financial assets at fair value through other comprehensive income. Investments are initially measured at fair value net of transaction costs and in subsequent periods, are measured at fair value with any change recognised in other comprehensive income. Upon disposal, the cumulative gain or loss recognised in other comprehensive income is transferred within equity.

11. ASSETS HELD FOR SALE

\$m	2015	2014
Assets held for sale - Property, plant and equipment	381.6	620.6
	381.6	620.6

In October 2014, in line with the Group's strategy of divesting property assets as appropriate market opportunities arise, the sale and leaseback of a portfolio of 54 freehold Hotel properties was completed for consideration of \$603 million. The assets sold were included in assets held for sale as at 29 June 2014.

Significant Accounting Policies

Assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use, the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group), and the sale is considered highly probable.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are not depreciated or amortised once classified as held for sale.

Notes to the Consolidated Financial Statements: Assets and Liabilities

12. PROPERTY, PLANT AND EQUIPMENT

2015 \$m	Development properties	Freehold land, warehouse, retail and other properties	Leasehold improvements	Plant and equipment	Total
Cost	929.7	2,501.4	3,166.1	13,718.8	20,316.0
Less: accumulated depreciation/amortisation	(1.8)	(155.7)	(1,368.1)	(8,728.3)	(10,253.9)
Carrying amount at end of period	927.9	2,345.7	1,798.0	4,990.5	10,062.1
Movement:					
Carrying amount at start of period	1,162.0	2,035.9	1,747.3	4,655.5	9,600.7
Additions	484.2	110.7	221.1	1,304.7	2,120.7
Acquisition of businesses	-	12.5	-	4.9	17.4
Disposals	(21.6)	(56.2)	(16.5)	(37.0)	(131.3)
Transfer to assets held for sale	(266.0)	(114.5)	(1.2)	(5.5)	(387.2)
Depreciation/amortisation expense ¹	(0.2)	(42.6)	(158.3)	(918.3)	(1,119.4)
Transfers and other	(427.9)	406.5	10.7	5.4	(5.3)
Effect of movements in foreign exchange rates	(2.6)	(6.6)	(5.1)	(19.2)	(33.5)
Carrying amount at end of period	927.9	2,345.7	1,798.0	4,990.5	10,062.1
2014 \$m	Development properties	Freehold land, warehouse, retail and other properties	Leasehold improvements	Plant and equipment	Total
Cost	1,163.7	2,159.2	2,968.0	12,725.1	19,016.0
Less: accumulated depreciation/amortisation	(1.7)	(123.3)	(1,220.7)	(8,069.6)	(9,415.3)
Carrying amount at end of period	1,162.0	2,035.9	1,747.3	4,655.5	9,600.7
Movement:					
Carrying amount at start of period	1,300.7	1,995.7	1,662.3	4,287.4	9,246.1
Additions	485.5	82.6	220.5	1,120.8	1,909.4
Acquisition of businesses	-	-	3.1	13.4	16.5
Disposals	(34.7)	(105.6)	(3.5)	(19.6)	(163.4)
Transfer to assets held for sale	(70.9)	(471.0)	(3.5)	(15.4)	(560.8)
Depreciation/amortisation expense	(0.3)	(41.2)	(151.3)	(782.7)	(975.5)
Transfers and other	(532.7)	567.4	6.9	8.0	49.6
Effect of movements in foreign exchange rates	14.4	8.0	12.8	43.6	78.8
Carrying amount at end of period	1,162.0	2,035.9	1,747.3	4,655.5	9,600.7

¹ Includes \$88.7 million relating to Significant Items (refer to Note 3).

Total property, plant and equipment - net book value

An assessment of the carrying amount of Woolworths owned properties as at 28 June 2015 was performed. The basis of the assessment was a combination of external market assessments and/or valuations and internal VIU assessments. External valuations are obtained every three years. Based on the most recent assessments, an accumulated provision for impairment of \$99.8 million (2014: \$84.6 million) exists as at 28 June 2015.

Notes to the Consolidated Financial Statements: Assets and Liabilities

12. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Significant Accounting Policies

Carrying value

The Group's property, plant and equipment is measured as cost less accumulated depreciation/amortisation and accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and a proportion of overheads. The cost of development properties (those being constructed or developed for future use) includes borrowing, holding and development costs until the asset is complete.

Depreciation

Assets are depreciated on a straight-line basis over their estimated useful lives. Useful lives are reassessed each period. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets.

The expected useful lives are as follows:

Buildings	25 – 40 years
Plant and equipment	2.5 – 10 years
Leasehold improvements	Maximum of 25 years (retail properties) or 40 years (hotels) ¹

¹ Leasehold improvements are amortised over the shorter of the remaining period of the individual leases or the estimated useful life of the improvement to the Group.

Proceeds from sale of assets

The gross proceeds from asset sales are recognised at the date that an unconditional contract of sale is exchanged with the purchaser. The net gain/(net loss) is recognised in the consolidated statement of profit or loss.

Impairment of non-financial assets

The carrying amounts of the Group's property, plant and equipment, goodwill and intangible assets (refer to Note 13) are reviewed for impairment as follows:

Property, plant and equipment and finite life intangibles	When there is an indication that the asset may be impaired (assessed at least each reporting date) or when there is an indication that a previously recognised impairment may have changed
Goodwill and indefinite life intangibles	At least annually and when there is an indication that the asset may be impaired

Calculation of recoverable amount

In assessing impairment, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of an asset is the greater of its value in use ("VIU") and its fair value less costs to dispose ("FVLCTD"). For an asset that does not generate largely independent cash inflows, recoverable amount is assessed at the cash generating unit ("CGU") level, which is the smallest group of assets generating cash inflows independent of other CGUs that benefit from the use of the respective asset. Goodwill is allocated to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments and grouped at the lowest levels for which goodwill is monitored for internal management purposes.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss.

Impairment losses recognised in respect of a CGU will be allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU on a pro-rata basis to their carrying amounts.

Notes to the Consolidated Financial Statements: Assets and Liabilities

12. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Significant Accounting Policies continued

Key assumptions

Key assumptions used in determining the recoverable amount of assets include expected future cash flows, long-term growth rates (terminal value assumptions) and discount rates.

In assessing VIU, estimated future cash flows are based on the Group's latest internal forecasts reviewed by the Board covering a period not exceeding five years, adjusted to exclude the costs and benefits of expansionary capital. Cash flows beyond the forecast period are extrapolated using estimated long-term growth rates.

In assessing FVLCTD, estimated future cash flows are based on the Group's latest Board approved strategic plan. Cash flow forecasts beyond the period covered by the strategic plan are based on estimated long-term growth rates. Refer to 'critical accounting estimates' below for further details.

For both VIU and FVLCTD models, long-term growth rates are based on past experience, expectations of external market operating conditions, and other assumptions which take account of the specific features of each business unit. Terminal value growth is based on an estimated long-term growth rate of generally 2.5% (2014: 3%), and does not exceed industry growth rates for the business in which the CGU operates. In this regard, the cash flow projections are based on assumptions that would be considered typical for a market participant.

Estimated future cash flows in VIU models are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Pre-tax discount rates used in VIU models range between 13% and 14% (2014: 13% and 15%) depending on the nature of the business and the country of operation. Estimated future cash flows in FVLCTD models are discounted to present value using a post-tax weighted average cost of capital.

With the exception of the Home Improvement segment which is discussed in 'critical accounting estimates' below, the Group believes that any reasonably possible change in the key assumptions applied would not cause the carrying value of the segment assets to exceed their recoverable amount and result in a material impairment based on current economic conditions and CGU performance.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Critical Accounting Estimates

Estimation of useful life of assets

Estimates of remaining useful lives require significant management judgement and are reviewed at least annually. Where useful lives are changed, the net written-down value of the asset is depreciated or amortised from the date of the change in accordance with the revised useful life. Depreciation recognised in prior financial years is not changed. Reasonably possible changes in estimated useful lives are unlikely to have a material impact as the change is assessed for specific assets.

Recoverable amount of the Home Improvement business

In line with its long term strategy, during FY15 Woolworths has continued to invest in its Home Improvement Joint Venture ('Hydrox') which consists of Home Timber and Hardware ('HTH') and Masters Home Improvement ('Masters'), which remains in its development phase. The carrying amount of net assets in the total Hydrox business at 28 June 2015 is \$2.8 billion (2014: \$2.3 billion).

The recoverable amount of Masters has been determined using a FVLCTD discounted cash flow model which is underpinned by the Board approved strategic plan. The key assumptions used for assessing the recoverable amount include the sales density achieved in the new format stores, the refocused store roll-out plan and the period of time to reach maturity. The cash flows in the first four years are based on the strategic plan which aims to increase the frequency of visitations through improving the store layout and addressing range gaps, while controlling our central and supply chain costs. Cash flows in the years beyond the strategic plan are based on management's long-term forecasts, including new store opening plans, growth rates for existing stores not exceeding the long-term growth rate for the industry and a terminal year growth rate of 2.5% (2014: 3%).

Cash flows are discounted to present value using a post-tax weighted average cost of capital of 11% (2014: 11%). The discount rate is based on the weighted average cost of capital determined by prevailing or benchmarked market inputs and includes a risk premium given the business remains in its development phase. The discounted cash flow model is sensitive to changes in the terminal value and weighted average cost of capital as well as the assumptions discussed above. A change in assumptions or future strategy for this business may cause the carrying value of net assets to exceed their recoverable amount.

Notes to the Consolidated Financial Statements: Assets and Liabilities

13. INTANGIBLE ASSETS

2015 \$m	Goodwill	Brand names	Liquor and gaming licences	Other	Total
Cost	3,920.2	273.3	2,128.2	169.3	6,491.0
Less: accumulated amortisation	(94.0)	(0.8)	(104.6)	(47.1)	(246.5)
Carrying amount at end of period	3,826.2	272.5	2,023.6	122.2	6,244.5
Movement:					
Carrying amount at start of period	3,882.4	279.1	2,073.1	100.4	6,335.0
Acquisition of businesses	38.5	0.4	18.7	10.8	68.4
Other acquisitions	-	0.1	3.3	17.5	20.9
Disposals, transfers and other	(4.4)	-	(54.7)	(0.3)	(59.4)
Amortisation	-	-	(16.8)	(6.2)	(23.0)
Effect of movements in foreign exchange rates	(90.3)	(7.1)	-	-	(97.4)
Carrying amount at end of period	3,826.2	272.5	2,023.6	122.2	6,244.5
2014 \$m	Goodwill	Brand names	Liquor and gaming licences	Other	Total
Cost	3,976.4	279.9	2,118.6	141.4	6,516.3
Less: accumulated amortisation	(94.0)	(0.8)	(45.5)	(41.0)	(181.3)
Carrying amount at end of period	3,882.4	279.1	2,073.1	100.4	6,335.0
Movement:					
Carrying amount at start of period	3,400.9	242.9	2,065.8	74.7	5,784.3
Acquisition of businesses	274.1	20.0	20.0	27.9	342.0
Other acquisitions	-	0.6	10.0	-	10.6
Disposals, transfers and other	(4.1)	-	(5.5)	-	(9.6)
Amortisation	-	-	(17.2)	(3.6)	(20.8)
Effect of movements in foreign exchange rates	211.5	15.6	-	1.4	228.5
Carrying amount at end of period	3,882.4	279.1	2,073.1	100.4	6,335.0

Notes to the Consolidated Financial Statements: Assets and Liabilities

13. INTANGIBLE ASSETS CONTINUED

The components of goodwill and indefinite life intangible assets by segment are as follows:

\$m	Goodwill		Brand names		Liquor, gaming licences and other	
	2015	2014	2015	2014	2015	2014
Australian Food, Liquor and Petrol	866.9	836.1	6.8	6.7	280.5	275.8
New Zealand Supermarkets	1,953.9	2,036.5	236.8	243.0	-	-
Hotels	670.8	672.6	-	-	1,686.8	1,725.6
Home Improvement	87.9	80.4	8.7	8.4	0.4	0.4
General Merchandise	246.4	256.5	20.2	21.0	-	-
Unallocated	0.3	0.3	-	-	-	-
	3,826.2	3,882.4	272.5	279.1	1,967.7	2,001.8

Significant Accounting Policies

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation and impairment losses (if any). Where acquired in a business combination, cost represents the fair value at the date of acquisition.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives. Useful lives are reassessed each period. The useful lives of intangible assets have been assessed as follows:

Brand names	Generally indefinite useful life
Liquor and gaming licences	Indefinite useful life
Victorian gaming entitlements	Life of the gaming entitlement (10 years)
Other (primarily customer relationships and property development rights)	Indefinite and finite (up to 20 years) lives specific to the asset

Impairment

Intangible assets are tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in Note 12.

Critical Accounting Estimates

Estimation of useful life of assets

Assessments of useful lives and estimates of remaining useful lives require significant management judgement. Brand names are generally assessed as having an indefinite useful life on the basis of brand strength, ongoing expected profitability and continuing support. Brand names incorporate complementary assets such as store formats, networks and product offerings. Liquor and gaming licences (excluding Victorian gaming entitlements) have been assessed to have an indefinite useful life on the basis that the licences are expected to be renewed in line with business continuity requirements.

Notes to the Consolidated Financial Statements: Assets and Liabilities

14. INCOME TAXES

Income tax recognised in the consolidated statement of profit or loss

\$m	2015	2014
Income tax expense		
Current tax expense	1,003.2	1,130.0
Adjustments recognised in the current year in relation to the current tax of prior years	3.7	10.2
<u>Deferred tax relating to the origination and reversal of temporary differences</u>	<u>(76.6)</u>	<u>(83.5)</u>
	930.3	1,056.7

Reconciliation between tax expense and profit before income tax

\$m	2015	2014
Income tax expense		
Profit before income tax expense	3,067.7	3,515.1
Income tax using the Australian corporate tax rate of 30%	920.3	1,054.5
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Non-deductible expenses	28.3	18.6
Impact of differences in offshore tax rates	(11.0)	(11.2)
Exempt dividend income	(0.5)	(1.4)
Other	(10.5)	(14.0)
	926.6	1,046.5
Adjustments relating to prior years	3.7	10.2
	930.3	1,056.7

Income tax recognised in other comprehensive income

\$m	2015	2014
Current tax		
Cash flow hedges	0.3	-
Transactions charged to foreign currency translation reserve	0.3	1.0
Transactions credited to remuneration reserve	-	(9.1)
	0.6	(8.1)
Deferred tax		
Cash flow hedges	13.5	(27.7)
Transactions charged to foreign currency translation reserve	(15.1)	34.1
Actuarial movements on defined benefit plans	3.4	6.9
	1.8	13.3

Notes to the Consolidated Financial Statements: Assets and Liabilities

14. INCOME TAXES CONTINUED

Deferred tax balances recognised in the statement of financial position

2015 \$m	Opening Balance	Credited/ (Charged) to income	Credited/ (Charged) to OCI	Acquisitions	Closing Balance
Deferred tax assets					
Property plant and equipment	79.4	(27.9)	-	-	51.5
Provisions and accruals	512.9	45.5	(3.4)	1.4	556.4
Cash flow hedges	42.8	-	(13.5)	-	29.3
Unrealised foreign exchange differences	(27.2)	(2.6)	15.7	-	(14.1)
Tax losses (revenue)	126.3	56.2	-	-	182.5
Other	0.4	3.3	-	-	3.7
	734.6	74.5	(1.2)	1.4	809.3
Deferred tax liabilities					
Intangible assets	(14.0)	-	-	-	(14.0)
Prepayments	(2.7)	(1.1)	-	-	(3.8)
Other	(36.1)	3.2	(0.6)	(3.0)	(36.5)
	(52.8)	2.1	(0.6)	(3.0)	(54.3)
Net deferred tax asset/(liability)	681.8	76.6	(1.8)	(1.6)	755.0

2014 \$m	Opening Balance	Credited/ (Charged) to income	Credited/ (Charged) to OCI	Acquisitions	Closing Balance
Deferred tax assets					
Property plant and equipment	76.9	3.5	-	(1.0)	79.4
Provisions and accruals	491.1	27.4	(6.9)	1.3	512.9
Cash flow hedges	15.3	(0.2)	27.7	-	42.8
Unrealised foreign exchange differences	7.3	0.2	(34.7)	-	(27.2)
Tax losses (revenue)	77.1	49.2	-	-	126.3
Other	6.3	(6.1)	0.2	-	0.4
	674.0	74.0	(13.7)	0.3	734.6
Deferred tax liabilities					
Intangible assets	(14.0)	-	-	-	(14.0)
Prepayments	(2.9)	0.2	-	-	(2.7)
Other	(38.7)	9.3	0.4	(7.1)	(36.1)
	(55.6)	9.5	0.4	(7.1)	(52.8)
Net deferred tax asset/(liability)	618.4	83.5	(13.3)	(6.8)	681.8

Notes to the Consolidated Financial Statements: Assets and Liabilities

14. INCOME TAXES CONTINUED

Significant Accounting Policies

Income tax in the consolidated statement of profit or loss for the period presented comprises current and deferred tax.

Current tax

Income tax payable represents the amount expected to be paid to taxation authorities on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2002. Woolworths Limited is the head entity of the tax consolidated group and has assumed the current tax liabilities of the members in the tax consolidated Group.

Tax expense/income, deferred tax assets and deferred tax liabilities arising from temporary differences of the members of the tax consolidated group are recognised by each subsidiary where the subsidiary would have been able to recognise the deferred tax asset or deferred tax liability on a standalone basis.

The members of the tax consolidated group have entered into a tax funding agreement with the Company which sets out the funding obligations in respect of income tax amounts. The agreement requires payments by the subsidiary to the Company equal to the income tax liability assumed by the Company. The Company is required to make payment to the subsidiary equal to the current tax asset assumed by the Company.

In respect of carried-forward tax losses brought into the group on consolidation by subsidiary members, the Company will pay the subsidiary member for such losses when these losses are transferred to the tax consolidated group, where the subsidiary member would have been entitled to recognise the benefit of these losses on a standalone basis.

Income tax expense of \$130.7 million (FY14: \$133.5 million) was charged by the Company to subsidiaries during the period through at-call intercompany accounts.

15. TRADE AND OTHER PAYABLES

\$m	2015	2014
Trade payables	5,040.0	4,588.4
Accruals	1,008.9	1,227.6
Unearned income	132.3	121.6
	6,181.2	5,937.6

Notes to the Consolidated Financial Statements: Assets and Liabilities

16. OTHER FINANCIAL LIABILITIES

\$m	2015	2014
Current		
Gaming entitlement liability	34.5	33.5
Derivatives	111.8	133.4
Other	14.9	1.3
	161.2	168.2
Non-current		
Gaming entitlement liability	8.9	43.8
Put option over non-controlling interest in Hydrox Holdings Pty Ltd	886.5	771.2
Derivatives	148.4	309.5
Other	31.3	30.7
	1,075.1	1,155.2
Total	1,236.3	1,323.4

Significant Accounting Policies

Derivatives

Refer to Note 26 for details on derivatives.

Put options over non-controlling interests

Put options held by non-controlling interests are measured at fair value or a multiple of future estimated earnings where this is stipulated in the agreement with the non-controlling party.

The non-controlling interests continue to have access to voting rights and dividends and continue to be attributed a share of profits. Subsequent changes in the liability are recorded directly in equity.

Critical Accounting Estimates

Put option over non-controlling interest in Hydrox Holdings Pty Ltd ('Hydrox')

Woolworths Limited owns 66.7% of Hydrox with the remaining 33.3% held by a subsidiary of Lowe's Companies, Inc. ('Lowe's'). As part of the terms of the Agreement between the parties, Lowe's holds a put option, which cannot be exercised until after 20 October 2015. From this date, Lowe's can issue a notice setting an exercise date for the option triggering a 13 month notice period after which the option can be exercised. Until such time the option is exercised, Lowe's continues to have access to voting rights and dividends in Hydrox and continues to be attributed a share of losses. If exercised, this option requires Woolworths to acquire Lowe's' non-controlling interest shareholding of 33.3% in Hydrox at an amount which is representative of fair value.

The fair value of the put option in Hydrox was determined based on a discounted cash flow ('DCF') methodology using the Board approved strategic plan. The key assumptions used for assessing the valuation include sales density achieved in the new format stores, the refocused store roll-out plan and the period of time to reach maturity. The cash flows in the first four years are based on the strategic plan which aims to increase the frequency of visitations through improving the store layout and addressing range gaps, while controlling our central and supply chain costs. Cash flows in the years beyond the strategic plan are based on management's long-term forecasts, including new store opening plans, growth rates for existing stores not exceeding the long-term growth rate for the industry and a terminal year growth rate of 2.5% (2014: 3%). The forecast cash flows over the explicit forecast period and terminal value were discounted to present value using a post-tax discount rate ranging between 10.5% to 11.5% (2014: 10.5% to 11.5%). Discount rates are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs and includes a risk premium given the business remains in its development phase.

The put option held by Lowe's is classified as a financial liability. The value of the put option remains consistent with 33.3% of the fair value of Hydrox. Subsequent changes in the put option financial liability are recorded directly in equity.

If the above discount rate applied to the valuation model were 0.25% higher/lower while all other variables were held constant, the carrying amount of the put option liability would decrease/increase by \$53.8 million (2014: decrease/increase by \$53.0 million).

Notes to the Consolidated Financial Statements: Assets and Liabilities

17. PROVISIONS

\$m	2015	2014
Current		
Employee benefits	848.2	820.4
Self-insured risks	167.4	158.7
Restructuring and other	64.3	26.2
	1,079.9	1,005.3
Non-current		
Employee benefits	163.7	134.1
Self-insured risks	430.3	421.0
Restructuring and other	5.4	12.3
	599.4	567.4
Total	1,679.3	1,572.7

Movements in total self-insured risks, restructuring and other provisions

	Self-insured risks		Restructuring and other	
	2015	2014	2015	2014
Movement:				
Balance at start of period	579.7	564.1	38.5	64.8
Additional provisions recognised	155.6	164.8	136.3	119.0
Acquisition of controlled entities	-	-	-	1.5
Reductions arising from payments	(133.9)	(146.1)	(104.9)	(146.8)
Other	(3.6)	(3.6)	0.1	(0.8)
Effect of movements in foreign exchange rates	(0.1)	0.5	(0.3)	0.8
Balance at end of period	597.7	579.7	69.7	38.5
Current	167.4	158.7	64.3	26.2
Non-current	430.3	421.0	5.4	12.3

Notes to the Consolidated Financial Statements: Assets and Liabilities

17. PROVISIONS CONTINUED

Significant Accounting Policies

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made as to the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of annual leave and long service leave.

Liabilities expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Self-insurance

The provision for self-insured risks primarily represents the estimated liability for workers' compensation and public liability claims.

Restructuring

Provision for restructuring is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected by the restructuring that the restructuring will occur.

Critical Accounting Estimates

Discount Rates

Where a provision is measured using the cash flows estimated to settle the obligation, the cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Rates are reviewed periodically and given the nature of the estimate, reasonably possible changes are not considered likely to have a material impact.

Employee Benefits Assumptions

In estimating the value of employee benefits, consideration is given to expected future salary and wage levels (including on-cost rates), experience of employee departures and periods of service. The assumptions are reviewed periodically and given the nature of the estimate, reasonably possible changes in assumptions are not considered likely to have a material impact.

Actuarial Assumptions

Self-insurance provisions are determined based on independent actuarial assessments, which consider numbers, amounts and duration of claims, and allow for future inflation and investment returns. Allowance is included for injuries which occurred before the balance sheet date, but where the claim is expected to be notified after the reporting date. The assumptions are reviewed periodically and given the nature of the estimate, reasonably possible changes in assumptions are not considered likely to have a material impact.

Notes to the Consolidated Financial Statements

Capital Structure, Financing and Risk Management

18. EARNINGS PER SHARE

	2015	2014
Basic earnings per share (cents per share) ¹	170.8	196.5
Diluted earnings per share (cents per share) ^{1,2}	170.3	195.6
Weighted average number of shares (shares, millions)		
Basic earnings per share ¹	1,256.6	1,248.0
Diluted earnings per share ^{1,2}	1,260.2	1,253.2
Profit for the period used in earnings per share (\$'m)	2,146.0	2,451.7

1 Weighted average of shares has been adjusted to remove Treasury shares held by Woolworths Custodian Pty Ltd (as trustee of various employee trusts).

2 Includes 3.6 million (FY14: 5.2 million) shares deemed to be issued for no consideration in respect of employee options and performance rights.

19. DIVIDENDS

2015	Cents per share	Total amount \$m	Date of payment
Interim 2015 ordinary	67	846.3	24/04/15
Final 2014 ordinary	72	907.1	10/10/14
	139	1,753.4	
2014	Cents per share	Total amount \$m	Date of payment
Interim 2014 ordinary	65	815.6	24/04/14
Final 2013 ordinary	71	888.2	11/10/13
	136	1,703.8	

All dividends are fully franked at a 30% tax rate.

On 28 August 2015, the Board of Directors determined a final dividend in respect of the 2015 year of 72 cents (2014: 72 cents) per share fully franked at a 30% tax rate. The amount will be paid on 9 October 2015 (2014: 10 October 2014) and is expected to be \$912.0 million (2014: \$907.1 million). As the dividend was declared subsequent to 28 June 2015, no provision has been made as at 28 June 2015.

Dividend Reinvestment Plan ('DRP')

Under the terms and conditions of the DRP, eligible shareholders may elect to participate in the DRP in respect of all or part of their shareholding, subject to any maximum and/or minimum number of shares to participate in the DRP that the Directors may specify. There is currently no minimum number of shares to participate in the DRP. The maximum number of shares which a shareholder (other than broker's nominee and certain trustees) may designate as participating in the DRP is 20,000. During the year, 12% (2014: 12%) of the dividend paid was reinvested in the shares of the Company.

Dividends paid during the year

\$m	2015	2014
Dividends paid	1,753.4	1,703.8
Issue of shares under the DRP	(208.3)	(206.8)
Dividends paid on Treasury shares	(6.5)	(5.9)
Net cash outflow	1,538.6	1,491.1

Franking credit balance

\$m	2015	2014
Franking credits available for future financial years (tax paid basis, 30% tax rate)	2,305.7	2,147.1

The above amount represents the balance of the franking accounts as at the end of the period, adjusted for:

- (a) Franking credits that will arise from the payment of income tax payable at the end of the period; and
- (b) Franking debits that will arise from the payment of dividends provided at the end of the period.

The above franking credit balance excludes \$102.3 million (2014: \$102.4 million) attributable to non-controlling interests.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

20. ISSUED CAPITAL

	2015		2014	
	No (m)	\$m	No (m)	\$m
Share capital				
1,266,615,199 fully paid ordinary shares (2014: 1,259,818,910)				
<i>Movement:</i>				
Balance at start of period	1,259.8	4,850.1	1,250.2	4,522.7
Issue of shares as a result of share rights and options exercised under employee long-term incentive plans	0.3	6.5	1.4	36.1
Issue of shares as a result of the dividend reinvestment plan	6.5	208.3	5.8	206.8
Issue of shares to the Woolworths Employee Share Trust	-	-	2.4	84.5
Balance at end of period	1,266.6	5,064.9	1,259.8	4,850.1
Shares held in trust				
<i>Movement:</i>				
Balance at start of period	7.8	(218.9)	5.8	(180.5)
Issue of shares under employee long-term incentive plans	(2.0)	63.0	(0.4)	46.1
Shares acquired by the Woolworths Employee Share Trust	-	-	2.4	(84.5)
Balance at end of period	5.8	(155.9)	7.8	(218.9)

Share capital

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Significant Accounting Policies

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Share options and performance rights

Refer to Note 34 for further details of outstanding options and performance rights. Options and performance rights carry no rights to dividends and no voting rights.

21. RESERVES

Movements in reserves and reserve balances are detailed in the consolidated statement of changes in equity. The nature and purpose of each reserve account is as follows:

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The cumulative deferred gain or loss on the hedge is recognised in the consolidated statement of profit or loss when the hedged transaction impacts the profit or loss, consistent with the applicable accounting policy. Refer to Note 26 for details of hedging.

Foreign currency translation reserve

The foreign currency translation reserve (FCTR) comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency. Gains and losses on hedging instruments that are designated as hedging instruments for hedges of net investments in foreign operations are also included in the FCTR. Refer to Note 26 for details of hedging.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

21. RESERVES CONTINUED

Remuneration reserve

The employee remuneration reserve comprises the fair value of share-based payment plans recognised as an expense in the consolidated statement of profit or loss. Refer to Note 34 for details of share-based payments.

Asset revaluation reserve

The asset revaluation reserve arose on acquisition of the previously equity accounted investment in MGW Hotels Pty Ltd and relates to the change in fair value of the Group's interest in non-current assets from the date of acquisition of the initial investment to the date control was achieved.

Equity instrument reserve

The equity instrument reserve arises on the revaluation of investments in equity securities. Subsequent to initial recognition, they are measured at fair value with any changes recognised in other comprehensive income. Upon disposal, the cumulative gain or loss recognised in other comprehensive income is transferred within equity. Refer to Note 10 for details of listed equity securities.

General reserve

The general reserve is used to record the cumulative gain or loss recognised in other comprehensive income which is transferred within equity upon disposal of listed equity securities (refer to Note 10). The reserve is also used to record differences which may arise as a result of transactions with non-controlling interests that do not result in loss of control.

22. CASH AND CASH EQUIVALENTS

\$m	2015	2014
Cash and cash equivalents	1,333.4	922.6
	1,333.4	922.6

Significant Accounting Policies

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

23. NET CASH PROVIDED BY OPERATING ACTIVITIES

Reconciliation of profit for the period to net cash provided by operating activities

\$m	2015	2014
Profit after income tax expense	2,137.4	2,458.4
<i>Adjustments for:</i>		
Depreciation and amortisation	1,142.4	996.3
Share-based payments expense	27.2	50.0
Net loss on disposal and write-off of property, plant and equipment	48.7	2.5
Interest capitalised	(56.5)	(81.5)
Dividends received	(4.6)	(7.9)
Other	7.3	31.3
<i>Changes in:</i>		
Increase in deferred tax assets	(92.6)	(50.3)
Decrease in income tax payable	(58.8)	(42.3)
Increase in trade and other receivables	(28.0)	(21.2)
Increase in inventories	(161.0)	(420.9)
Increase in trade payables	406.8	524.1
(Decrease)/increase in sundry payables and provisions	(23.2)	34.2
Net cash provided by operating activities	3,345.1	3,472.7

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

24. BORROWINGS

\$m	2015	2014
Current, unsecured		
Short-term money market loans	10.0	27.6
Bank loans	23.8	84.4
Short-term securities	1,609.9	105.9
Finance leases	1.7	1.6
	1,645.4	219.5
Non-current, unsecured		
Long-term securities	2,384.6	3,441.8
Unamortised borrowing costs	(4.7)	(3.7)
Woolworths Notes II	696.5	693.8
Finance leases	2.9	4.1
	3,079.3	4,136.0
Total	4,724.7	4,355.5

Composition of borrowings

	2015 (million)		2014 (million)		Maturity
	Carrying value (net of unamortised borrowing costs)	Instrument currency (if not AUD)	Carrying value (net of unamortised borrowing costs)	Instrument currency (if not AUD)	
Short-term money market loans					
Short-term loan, on call*	\$10.0	-	\$27.6	NZ\$29.7	At call
Bank loans					
Committed Revolving Credit Facility*	\$22.4	-	\$83.7	NZ\$90.0	At call
Other	\$1.4	-	\$0.7	-	At call
	\$23.8		\$84.4		
Short term securities					
US senior notes (private placement)	-	-	\$105.9	US\$100.0	Apr 2015
US senior notes (US 144A market)	\$362.5	US\$279.3	-	-	Sep 2015
US senior notes (US 144A market)	\$457.7	US\$352.6	-	-	Nov 2015
US senior notes (US 144A market)	\$289.8	US\$223.3	-	-	Apr 2016
Medium Term Notes	\$499.9	-	-	-	Mar 2016
	\$1,609.9		\$105.9		
Long term securities					
US senior notes (US 144A market)	-	-	\$296.0	US\$279.3	Sep 2015
US senior notes (US 144A market)	-	-	\$373.7	US\$352.6	Nov 2015
US senior notes (US 144A market)	-	-	\$236.7	US\$223.3	Apr 2016
US senior notes (US 144A market)	\$800.6	US\$617.0	\$653.9	US\$617.0	Sep 2020
US senior notes (US 144A market)	\$568.6	US\$438.0	\$461.2	US\$438.0	Apr 2021
US senior notes (private placement)	\$389.3	US\$300.0	\$317.9	US\$300.0	Apr 2017
US senior notes (private placement)	\$129.7	US\$100.0	\$106.0	US\$100.0	Apr 2020
Medium Term Notes	-	-	\$498.0	-	Mar 2016
Medium Term Notes	\$496.0	-	\$498.0	-	Mar 2019
Other	\$0.4	-	\$0.4	-	-
	\$2,384.6		\$3,441.8		
Woolworths Notes II					
Woolworths Notes II	\$696.5	-	\$693.8	-	Nov 2036

* Drawn by a controlled entity.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

24. BORROWINGS CONTINUED

Significant Accounting Policies

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequently, borrowings are stated at amortised cost. Any difference between cost and redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings.

25. FINANCING ARRANGEMENTS

Unrestricted access was available at the reporting date to the following lines of credit:

\$m	Bank overdrafts	Bank loan facilities	Total
Facilities			
2015			
Used at reporting date	-	33.8	33.8
Unused at reporting date	41.0	2,293.1	2,334.1
	41.0	2,326.9	2,367.9
2014			
Used at reporting date	-	112.0	112.0
Unused at reporting date	38.2	3,476.5	3,514.7
	38.2	3,588.5	3,626.7

Bank loan facilities may be drawn at any time, subject to the terms of the lending agreements. The facilities are denominated in Australian dollars, NZ dollars, Chinese Yuan and US dollars. The bank overdraft facilities may be drawn at any time.

The above facilities are subject to certain financial covenants and undertakings. No covenants have been breached during the period.

Total facilities exclude Woolworths Notes II, Senior Notes and Medium Term Notes.

In December 2014, a total of A\$1.1 billion in committed bank loan facilities was terminated and a further NZ\$200 million was terminated in April 2015 (refer to Note 26(E) for details).

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT

The Group's Treasury function is responsible for managing the liquidity requirements of the Group and mitigating any financial risks relating to the operations of the Group through continuous monitoring and evaluation. These financial risks include:

- Market risk (see Note 26(A));
- Liquidity risk (see Note 26(B)); and
- Credit risk (see Note 26(C)).

These risks affect the fair value measurements applied by the Group, which is discussed in Note 26(D).

The Group adheres to a set of policies approved by the Board of Directors, which provide written principles on liquidity risk, foreign exchange risk, interest rate risk, credit risk and the use of derivative financial instruments for hedging purposes. The Treasury function reports on its compliance with the policy on a monthly basis to the Board of Directors and such compliance is reviewed periodically by its internal auditors.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group holds various types of derivative financial instruments to hedge its exposures to variability in interest rates and foreign exchange rates.

Significant Accounting Policies

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into. Subsequently, at each reporting date, the gain or loss on remeasurement to fair value is recognised immediately in the consolidated statement of profit or loss, unless they qualify for hedge accounting as outlined in AASB 9 *Financial Instruments* (2013). The Group has two types of hedge relationships:

Cash flow hedge

A cash flow hedge is a hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss. Woolworths' cash flow hedges include:

- Interest rate swap contracts;
- Cross currency interest rate swaps; and
- Forward foreign exchange contracts.

Where a derivative financial instrument is designated as a cash flow hedge, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated as a separate cash flow hedge reserve within equity.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If the forecast transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were accumulated in equity will be reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. The ineffective part of any derivative designated as a hedge is recognised immediately in the consolidated statement of profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss accumulated in equity is reclassified immediately into the consolidated statement of profit or loss.

Gains or losses removed from equity during the period in relation to interest rate hedge instruments are recognised within 'financing costs' in the consolidated statement of profit or loss.

Hedges of net investments in foreign operations

A portion of the Group's net investment in New Zealand based subsidiaries were hedged for currency fluctuations using forward foreign exchange contracts. Changes in value of these subsidiaries due to movements in foreign exchange rates are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(A) Market risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates (see (i) below), interest rates (see (ii) below) and equity price risk (see (iii) below).

(i) Foreign currency risk

The Group has exposure to movements in foreign currency exchange rates through:

- Term borrowings denominated in foreign currency;
- Anticipated purchases of inventory and equipment; and
- Translation of net investments in foreign subsidiaries denominated in foreign currencies.

To hedge against the majority of this exposure, the Group enters into forward exchange contracts and cross currency interest rate swap agreements. All foreign currency term borrowings are 100% hedged by cross currency interest rate swap agreements.

Forward exchange contracts and foreign currency options

It is the policy of the Group to enter into forward exchange contracts and foreign currency options to cover foreign currency payments and receipts of up to 100% of the exposure generated. These have been designated as cash flow hedges, hedging foreign currency risk and the Group has established a 100% hedge relationship against the identified exposure.

At the reporting date, details of significant outstanding forward exchange contracts, stated in Australian dollar equivalents for the Group are:

	Average exchange rate		Foreign currency		Contract value		Mark to market assets (refer to Note 10)		Mark to market liabilities (refer to Note 16)	
	2015	2014	2015 FC m	2014 FC m	2015 \$A m	2014 \$A m	2015 \$A m	2014 \$A m	2015 \$A m	2014 \$A m
Hedging imports:										
Maturing in 12 months										
Buy US Dollars	0.78	0.90	726.8	413.1	934.0	457.8	19.2	-	(2.8)	(16.4)
Buy US Dollars against NZ Dollars	0.74	0.84	29.8	22.5	36.2	24.9	2.7	-	-	(0.8)
Buy Euro	0.68	0.67	103.5	47.4	152.9	70.9	0.1	0.2	(1.1)	(2.1)
Buy/(sell) NZ Dollars	1.08	1.09	(3.2)	1.7	(3.4)	1.5	0.6	0.1	-	(0.1)
Within 1-3 years										
Buy Euro	0.66	-	72.2	-	109.5	-	0.1	-	(0.7)	-
Hedging balance sheet:										
Maturing in 12 months										
Sell NZ Dollars	-	1.09	-	153.0	-	139.9	-	-	-	(2.3)
Total					1,229.2	695.0	22.7	0.3	(4.6)	(21.7)

At the reporting date, the net amount of unrealised gains under forward foreign exchange contracts hedging anticipated purchases of inventory and equipment is \$18.1 million (2014: \$19.1 million unrealised losses). The hedge relationships are all assessed as highly effective with insignificant hedge ineffectiveness and the movement of \$18.1 million has been recognised in the hedging reserve (2014: \$18.2 million).

Foreign currency exposures arising on translation of net investments in foreign subsidiaries are predominantly unhedged. A portion of the Group's net investment in the New Zealand subsidiaries were hedged for currency fluctuation under forward foreign exchange contracts. As at the reporting date, no value is hedged (2014: NZD153.0 million).

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(A) Market risk continued

(i) Foreign currency risk continued

Cross currency swap agreements

To hedge the risk of adverse movements in foreign exchange rates in relation to borrowings denominated in foreign currency, the Group enters into cross currency swap agreements under which it agrees to exchange specified principal and interest foreign currency amounts at an agreed future date at a specified exchange rate.

As at the reporting date, cross currency swaps have a net unrealised gain of \$542.0 million (2014: \$18.5 million unrealised loss). These cross currency swaps (combined with interest rate swaps hedging the related interest rate exposure – refer to part (ii)) are designated as cash flow hedges, in a 100% hedge relationship with the underlying debt. The unrealised gain of \$122.4 million attributable to the interest rate component of the cross currency swaps has been recognised in the hedging reserve (2014: \$133.8 million gain), with insignificant hedge ineffectiveness.

The following table details the cross currency swaps outstanding for the Group at the reporting date:

	Average interest rate		Average exchange rate		Contract value		Fair value asset (refer to Note 10)		Fair value liability (refer to Note 16)	
	2015 %	2014 %	2015	2014	2015 \$A m	2014 \$A m	2015 \$A m	2014 \$A m	2015 \$A m	2014 \$A m
Maturing:										
Floating rates - AUD										
Within 12 Months ¹	BBSW +105.7bp	BBSW +54.3bp	0.861	0.787	990.1	127.1	148.5	1.2	(19.5)	(18.2)
1 to 2 years ¹	BBSW +54.6bp	BBSW +105.7bp	0.787	0.861	381.2	990.1	37.8	42.8	-	(94.4)
2 to 5 years ¹	BBSW +69.0bp	BBSW +54.6bp	0.787	0.787	127.1	381.2	22.1	4.1	-	(32.6)
5 years + ¹	BBSW +187.7bp	BBSW +175.2bp	0.979	0.959	1,077.1	1,204.2	368.0	97.2	-	(9.3)
					2,575.5	2,702.6	576.4	145.3	(19.5)	(154.5)

¹ These fair value calculations include interest accruals of \$14.9 million (2014: \$9.3 million).

Sensitivity

As at the reporting date, the Group's exposure to foreign currency risk after taking into consideration hedges of foreign currency borrowings, foreign currency payables and forecast foreign currency transactions is not considered material.

(ii) Interest rate risk

The Group has exposure to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and through the use of interest rate swap contracts.

Hedging activities are evaluated regularly with regard to Board approved policy, which requires a cash flow at risk approach in assessing residual interest rate exposure. The Group manages risk and reports compliance based upon whether a 1% change in interest rates will cause a reduction in earnings (profit after tax) greater than the maximum acceptable levels.

Interest rate swap contracts

Interest rate swap contracts enable the Group to mitigate the risk of adverse movements in interest rates on the debt held.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(A) Market risk continued

(ii) Interest rate risk continued

The following table details the interest rate swap contracts outstanding for the Group as at the reporting date:

	Average contracted fixed interest rate		Notional principal amount		Fair value asset (refer to note 10)		Fair value liability (refer to note 16)	
	2015 %	2014 %	2015 \$A m	2014 \$A m	2015 \$A m	2014 \$A m	2015 \$A m	2014 \$A m
Outstanding floating for fixed contracts								
Interest rate swaps								
Less than 1 year	5.69	5.80	989.5	127.1	-	-	(18.7)	(3.9)
1 to 2 years	4.90	5.69	1,081.2	989.5	-	-	(50.5)	(45.0)
2 to 5 years	5.90	4.90	127.1	1,081.2	-	-	(18.8)	(58.7)
5 years +	5.75	5.76	1,076.3	1,203.4	-	-	(160.5)	(162.9)
			3,274.1	3,401.2	-	-	(248.5)	(270.5)

The fair value of interest rate swaps has a net unrealised loss of \$248.5 million (2014: \$270.5 million unrealised loss). These fair value calculations include interest accruals as recorded in trade and other payables of \$12.4 million (2014: \$11.3 million). All interest rate swaps have been designated as cash flow hedges based on a 100% hedge relationship against the identified exposure, with insignificant hedge ineffectiveness and the balance of \$236.1 million has been recognised in the hedging reserve (2014: \$259.2 million).

Sensitivity analysis

As at the reporting date, the Group's exposure to interest rate risk after excluding debts that have been hedged is not considered material.

Cash Flow Hedge Reserve

The table below details the movements in the cash flow hedge reserve during the year:

\$m	2015	2014
Balance at beginning of year	(100.3)	(35.6)
<i>Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges:</i>		
Cross currency and interest rate swaps	583.6	(94.5)
Forward currency contracts	18.1	(18.2)
Income tax related to gains/losses recognised in other comprehensive income	(181.1)	33.8
	420.6	(78.9)
<i>Cumulative (gain)/loss arising on changes in fair value of hedging instruments reclassified to profit or loss:</i>		
Cross currency and interest rate swaps	(571.9)	46.7
Forward currency contracts	(3.3)	-
Income tax related to amounts reclassified to profit or loss	172.8	(14.0)
	(402.4)	32.7
<i>Transferred to initial carrying amount of hedged item:</i>		
Forward currency contracts	21.5	(26.4)
Income tax related to amounts transferred to initial carrying amount of hedged item	(5.5)	7.9
	16.0	(18.5)
Balance at end of year	(66.1)	(100.3)

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(A) Market risk continued

(ii) Interest rate risk continued

Maturity profile of financial instruments

The following tables detail the Group's exposure to interest rate risk at 28 June 2015 and 29 June 2014:

2015	Floating interest rate \$m	Fixed interest maturing in:				Non- interest bearing \$m	Total \$m	Average effective Interest rate %
		1 year or less \$m	1 to 2 years \$m	2 to 5 years \$m	Over 5 years \$m			
Financial assets								
Cash and cash equivalents	985.5	-	-	-	-	347.9	1,333.4	1.70%
Trade and other receivables	-	0.3	1.0	3.4	74.2	611.9	690.8	7.20%
Other financial assets	-	-	-	-	-	686.1	686.1	-
	985.5	0.3	1.0	3.4	74.2	1,645.9	2,710.3	-
Financial liabilities								
Trade and other payables ¹	-	-	-	-	-	6,181.2	6,181.2	-
Provisions	-	-	-	-	-	1,679.3	1,679.3	-
Borrowings	730.3	1,611.5	391.7	626.2	1,369.3	(4.3)	4,724.7	7.01%
Other financial liabilities	(698.6)	48.9	740.2	-	(0.8)	1,146.6	1,236.3	-
	31.7	1,660.4	1,131.9	626.2	1,368.5	9,002.8	13,821.5	-
Net financial assets/(liabilities)	953.8	(1,660.1)	(1,130.9)	(622.8)	(1,294.3)	(7,356.9)	(11,111.2)	-

1 Offset against the accounts payable balance are amounts owing from vendors of \$651.9 million. Gross accounts payable prior to offsetting this balance is \$5,691.9 million.

Maturity profile of financial instruments

2014	Floating interest rate \$m	Fixed interest maturing in:				Non- interest bearing \$m	Total \$m	Average effective Interest rate %
		1 year or less \$m	1 to 2 years \$m	2 to 5 years \$m	Over 5 years \$m			
Financial assets								
Cash and cash equivalents	572.1	-	-	-	-	350.5	922.6	1.90%
Trade and other receivables	-	-	0.1	2.4	66.0	574.5	643.0	7.27%
Other financial assets	-	-	-	-	-	317.4	317.4	-
	572.1	-	0.1	2.4	66.0	1,242.4	1,883.0	-
Financial liabilities								
Trade and other payables ¹	-	-	-	-	-	5,937.6	5,937.6	-
Provisions	-	-	-	-	-	1,572.7	1,572.7	-
Borrowings	805.8	107.5	1,406.7	815.6	1,223.5	(3.6)	4,355.5	6.93%
Other financial liabilities	(698.5)	34.8	35.5	708.9	(0.8)	1,243.5	1,323.4	-
	107.3	142.3	1,442.2	1,524.5	1,222.7	8,750.2	13,189.2	-
Net financial assets/ (liabilities)	464.8	(142.3)	(1,442.1)	(1,522.1)	(1,156.7)	(7,507.8)	(11,306.2)	-

1 Offset against the accounts payable balance are amounts owing from vendors of \$586.5 million. Gross accounts payable prior to offsetting this balance is \$5,174.9 million.

(iii) Equity price risk

The Group is exposed to changes in the market price of certain equity investments, being the interests held in the ALE Group and SCA Property Group. Subsequent to initial recognition they are measured at fair value with any change recognised in other comprehensive income.

As at the reporting date, the Group's exposure to equity price risk in respect of its investments in the ALE Group and SCA Property Group is not considered material and as such, no hedging of this risk is undertaken.

(B) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk arises through the possibility that sales may be reduced due to adverse factors, unusually large amounts may fall due for payment, or existing maturing debt is unable to be refinanced.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(B) Liquidity risk continued

The Group has established an appropriate liquidity risk management framework for short, medium and long-term funding liquidity management requirements, which has been approved by the Board of Directors.

The Group maintains a liquidity reserve in the form of undrawn bilateral standby facilities of at least \$500 million with unexpired tenures of at least 12 months at all times. Additionally, to minimise refinancing and re-pricing risk, there are limitations placed upon amounts which may expire in a twelve month period and amounts which may be from a single source. Included in Note 25 is a summary of undrawn facilities that the Group has at its disposal to draw upon if required.

The following table details the Group's undiscounted financial liabilities and their contractual maturities:

Maturity analysis of financial liabilities	2015 (\$m)					2014 (\$m)				
	1 year or less \$m	1 to 2 years \$m	2 to 5 years \$m	Over 5 years \$m	Total \$m	1 year or less \$m	1 to 2 years \$m	2 to 5 years \$m	Over 5 years \$m	Total \$m
Non-derivative liabilities										
Borrowings	(1,741.9)	(536.3)	(995.2)	(2,437.7)	(5,711.1)	(456.2)	(1,691.7)	(1,274.6)	(2,717.6)	(6,140.1)
Other financial liabilities ¹	(38.1)	(29.6)	-	-	(67.7)	(36.8)	(36.8)	(9.2)	-	(82.8)
Trade and other payables	(6,048.9)	-	-	-	(6,048.9)	(5,816.0)	-	-	-	(5,816.0)
Total non-derivative liabilities	(7,828.9)	(565.9)	(995.2)	(2,437.7)	(11,827.7)	(6,309.0)	(1,728.5)	(1,283.8)	(2,717.6)	(12,038.9)
Derivative liabilities										
Foreign exchange contracts pay	(1,133.2)	(100.2)	(9.3)	-	(1,242.7)	(727.1)	-	-	-	(727.1)
Foreign exchange contracts receive	1,143.3	96.1	8.8	-	1,248.2	705.8	-	-	-	705.8
Net foreign exchange contracts	10.1	(4.1)	(0.5)	-	5.5	(21.3)	-	-	-	(21.3)
Cross currency swaps pay floating	(1,064.5)	(438.4)	(268.2)	(1,099.8)	(2,870.9)	(233.7)	(1,075.5)	(553.7)	(1,283.4)	(3,146.3)
Cross currency swaps receive fixed	1,101.5	466.2	321.9	1,119.0	3,008.6	237.4	1,081.0	556.6	1,291.4	3,166.4
Net receive cross currency swaps	37.0	27.8	53.7	19.2	137.7	3.7	5.5	2.9	8.0	20.1
Net pay interest rate swaps²	(92.2)	(65.6)	(130.7)	(21.8)	(310.3)	(94.4)	(77.3)	(129.5)	(56.0)	(357.2)
Total derivative liabilities	(45.1)	(41.9)	(77.5)	(2.6)	(167.1)	(112.0)	(71.8)	(126.6)	(48.0)	(358.4)
Total financial liabilities	(7,874.0)	(607.8)	(1,072.7)	(2,440.3)	(11,994.8)	(6,421.0)	(1,800.3)	(1,410.4)	(2,765.6)	(12,397.3)

¹ The put options over non-controlling interests have not been included as there is no contractual maturity. The put option over non-controlling interest in Hydrox cannot be exercised until after October 2015. From this date, Lowe's can issue a notice setting an exercise date for the option triggering a 13 month notice period after which the option can be exercised (refer to Note 16 for details).

² Interest rate swaps are net settled.

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last re-pricing date. Cash flows represented are contractual and calculated on an undiscounted basis, based on current rates at the reporting date.

(C) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

In line with Board approved policy, the Group can only invest short-term surplus funds or execute derivative financial instruments with approved counterparty banks and financial institutions that are rated A or higher by Standard & Poor's. This is to mitigate the risk of financial loss due to a default by the counterparty.

Each counterparty is assigned a maximum exposure value, based on their credit rating, to limit concentration of credit risk. The Group's exposure to counterparties and their credit ratings is continuously monitored and compared against the Board approved counterparty credit limits. The Group measures credit risk using methodologies customarily used by financial institutions. There were no breaches of credit limits during the reporting period.

The recognised financial assets of the Group include amounts receivable arising from unrealised gains on derivative financial instruments. For derivatives which are deliverable, credit risk may also arise from the potential failure of the counterparties to meet their obligations under the respective contracts at maturity.

As at the reporting date, no material credit risk exposure existed in relation to potential counterparty failure on such financial instruments (2014: Nil). Other than amounts provided for impairment of receivables in Note 8, no financial assets were impaired or past due.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(D) Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined. They are grouped into levels 1 to 3 based on the degree to which the fair value measurement inputs are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/financial liabilities	Note	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
		2015	2014				
Listed equity securities	10	Assets \$64.0m	Assets \$137.7m	Level 1	Quoted last sale prices in an active market	n/a	n/a
Forward exchange contracts and foreign currency options	10 16	Assets \$22.7m Liabilities \$4.6m	Assets \$0.3m Liabilities \$21.7m	Level 2	Discounted cash flow Future cash flows are estimated based on market forward exchange rates as at the end of the reporting period and the contract forward rate, discounted by the observable yield curves of the respective currency	n/a	n/a
Interest rate and cross currency swaps	10 16	Assets \$561.5m Liabilities \$255.6m	Assets \$143.9m Liabilities \$421.2m	Level 2	Discounted cash flow Future cash flows are estimated based on market forward rates ¹ as at the end of the reporting period and the contract rates, discounted at a rate that reflects the credit risk of the various respective counterparties	n/a	n/a
Put options over non-controlling interests	16	Liabilities \$898.2m	Liabilities \$800.6m	Level 3	Discounted cash flow	Free cash flow forecasts over the explicit forecast period	The higher the free cash flow forecasts, the higher the fair value
						Terminal value	The higher the terminal value, the higher the fair value
						Discount rate	The higher the discount rate, the lower the fair value
Contingent consideration payable	16	Liabilities \$20.4m	Liabilities -	Level 3	Discounted cash flow	Probability-adjusted cash flows of the acquired business	The higher the probability-adjusted cash flows, the higher the contingent consideration payable
						Discount rate	The higher the discount rate, the lower the contingent consideration payable

¹ Refers to interest rates for interest rate swaps and foreign exchange rates and interest rates for cross currency swaps.

There were no transfers between Level 1 and Level 2 in the period.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(D) Fair value measurement of financial instruments continued

Reconciliation of Level 3 fair value measurements

\$m	2015	2014
Movement:		
Balance at start of period	(800.6)	(642.4)
Issue of equity in subsidiary to non-controlling interest and loss attributable to non-controlling interest	(111.1)	(141.9)
Put option granted to non-controlling interest	-	(16.3)
Acquisition of non-controlling interest	13.5	-
Contingent consideration payable arising from acquisition of business	(18.4)	-
Foreign exchange losses recognised in other comprehensive income	(2.0)	-
Balance at end of period	(918.6)	(800.6)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying value of cash and cash equivalents, financial assets, bank and other loans and non-interest bearing monetary financial liabilities of the Group approximates their fair value.

(E) Capital management

The Company manages its capital structure with the objective of enhancing long-term shareholder value through optimising its weighted average cost of capital while retaining flexibility to pursue growth and undertake capital management initiatives. Consistent with this objective, the Company has targeted, achieved and maintained its long standing strong investment grade credit ratings from Standard & Poor's and Moody's.

The Company will seek to return capital to shareholders when that is consistent with its capital structure objectives and where it will enhance shareholder value.

Debt financing

Woolworths has a long-term debt financing policy, which involves:

- A bias towards longer-term debt from the capital markets to match longer-term assets;
- Minimising re-financing risks by staggering debt maturities and using diversified sources of debt; and
- Fully hedging interest rate and foreign currency exposure to provide certainty around funding costs (with the exception of working capital funding).

Debt maturities

The A\$580 million tranche of a revolving syndicated bank loan facility matured in October 2014. This was re-financed via a new A\$600 million revolving syndicated bank loan facility which will mature in October 2019.

A further US\$100 million (fully hedged at A\$127.1 million) tranche of the US\$500 million US Private Placement matured in April 2015. This was repaid using surplus cash and committed bank loan facilities.

In December 2014, a total of A\$1.1 billion in committed bank loan facilities was early terminated. This consisted of the remaining A\$620 million tranche of the above revolving syndicated bank loan facility maturing in October 2016 and A\$500m in Revolving Credit Facilities with maturities ranging between October 2016 and October 2019. In April 2015, a further NZ\$200 million in Revolving Credit Facilities has been terminated as there was a surplus to Woolworths' funding requirements.

Guarantee facility

In August 2014, Woolworths finalised a A\$400 million Bank Guarantee facility underpinned by the international surety market. This facility is available on a committed basis for 3 years and is for the purpose of Woolworths meeting its Work Cover obligations as a "self-insurer" by issuing bank guarantees in favour of Australian Work Cover Authorities. The facility is currently fully drawn and an equivalent amount of existing bank supported guarantees has been cancelled.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

27. COMMITMENTS FOR EXPENDITURE

\$m	2015	2014
Capital expenditure commitments		
Estimated capital expenditure under firm contracts, not provided for in these financial statements, payable:		
Not later than one year	547.5	363.1
Later than one year, not later than two years	2.5	-
Later than two years, not later than five years	-	-
	550.0	363.1
Operating lease commitments		
Future minimum rentals under non-cancellable operating leases not provided for in these financial statements, payable:		
Not later than one year	1,970.8	1,815.4
Later than one year, not later than five years	6,969.2	6,358.9
Later than five years	13,424.9	12,065.1
	22,364.9	20,239.4
Total commitments for expenditure	22,914.9	20,602.5

The commitments set out above do not include contingent turnover rentals, which are charged on many of the retail premises leased by the Group. These rentals are calculated as a percentage of the turnover of the store occupying the premises, with the percentage and turnover threshold at which the additional rentals commence varying with each lease agreement.

The Group leases retail premises and warehousing facilities which are generally for periods up to 40 years. The operating lease commitments include leases for the Norwest office and distribution centres. Generally the lease agreements are for initial terms of between five and 25 years and most include multiple renewal options for additional five to 10 year terms. Under most leases, the Group is responsible for property taxes, insurance, maintenance and expenses related to the leased properties. However, many of the more recent lease agreements have been negotiated on a gross or semi-gross basis, which eliminates or significantly reduces the lessee's exposure to operational charges associated with the properties.

Notes to the Consolidated Financial Statements

Group Structure

28. BUSINESS ACQUISITIONS

2015	Entity/business acquired	Principal activity	Date of acquisition	Proportion of ownership acquired	Total Consideration \$m
Miscellaneous businesses		Supermarkets, Home Improvement, Hotels and Liquor retail	Various	100%	109.6
					109.6
2014					
EziBuy		General Merchandise retailing	30 August 2013	100% ¹	307.0
Miscellaneous businesses		Supermarkets, Home Improvement, Hotels and Liquor retail	Various	51%/100%	67.3
					374.3

1 In August 2013, Woolworths New Zealand Group Limited, a 100% owned subsidiary of Woolworths Limited, completed the acquisition of New Zealand based direct retailer EziBuy Holdings Limited (EziBuy) for consideration of NZ\$350.0 million.

2 Southtrade International Pty Ltd.

Details of the aggregate assets and liabilities of the businesses acquired as at the date of acquisition were as follows:

\$m	2015	2014
Property, plant and equipment	17.4	16.5
Inventories	34.1	35.8
Liquor and gaming licences and other intangible assets	29.9	67.9
Cash	2.5	0.2
Receivables	33.9	17.2
Deferred tax liability	(1.6)	(6.8)
Accounts payable	(41.3)	(22.4)
Provisions	(2.6)	(4.4)
Other liabilities	(1.2)	(2.2)
Net assets acquired	71.1	101.8
Non-controlling interest share of acquired businesses	-	(1.6)
Goodwill on acquisition	38.5	274.1
Fair value of net assets acquired	109.6	374.3

Details of the aggregate cash outflow relating to the acquisition of businesses were as follows:

\$m	2015	2014
Cash paid	91.2	371.7
Contingent consideration	18.4	2.6
Total consideration	109.6	374.3
Cash paid	91.2	371.7
Less: cash balances acquired	(2.5)	(0.2)
Cash consideration paid for the purchase of businesses, net of cash acquired	88.7	371.5

Notes to the Consolidated Financial Statements: Group Structure

29. SUBSIDIARIES

Details of subsidiaries in the Woolworths Group are as follows:

Name of entity	Ownership Interest %		Name of entity	Ownership Interest %	
	2015	2014		2015	2014
Woolworths Limited			Fountain Jade Pty. Ltd.	100	100
A.C.N. 001 259 301 Pty Limited ¹	100	100	Hadwick Pty Ltd	100	100
ALH Group Pty Ltd ²	75	75	Markessa Pty. Ltd.	100	100
Albion Charles Hotel (BMG) Pty Ltd	100	100	Playford Tavern Pty Ltd	100	100
ALH Group Property Holdings Pty Ltd	100	100	Seaford Hotel Pty. Limited	100	100
Australian Leisure and Hospitality Group Pty Limited	100	100	The Second P Pty Ltd	100	100
ALH Group (No. 1) Pty Ltd	100	100	Kilrand Hotels (Hallam) Pty. Ltd.	100	100
Balaclava Hotel (BMG) Pty Ltd	100	100	Ashwick (Vic.) No.88 Pty. Ltd.	100	100
Chelsea Heights Hotel (BMG) Pty Ltd	100	100	Warm Autumn Pty. Ltd.	100	100
Cherry Hill Tavern (BMG) Pty Ltd	100	100	Werribee Plaza Tavern Pty. Ltd.	100	100
Club Management (BMG) Pty Ltd	100	100	Waltzing Matilda Hotel (BMG) Pty Ltd	100	100
Courthouse Brunswick Hotel (BMG) Pty Ltd	100	100	Wheeler's Hill Hotel (BMG) Pty Ltd	100	100
Courthouse Hotel Footscray (BMG) Pty Ltd	100	100	Andmist Pty. Limited ¹	100	100
Croxtton Park Hotel (BMG) Pty Ltd	100	100	Australian Independent Retailers Pty Ltd ^{1,4}	100	49
Daisey's Club Hotel (BMG) Pty Ltd	100	100	Australian Liquor and Grocery Wholesalers Pty Ltd ¹	100	100
Excelsior Hotel (BMG) Pty Ltd	100	100	Australian Safeway Stores Pty. Ltd. ¹	100	100
First and Last Hotel (BMG) Pty Ltd	100	100	Barjok Pty Ltd ¹	100	100
Glengala Hotel (BMG) Pty Ltd	100	100	Bergam Pty Limited	75	75
Lyndhurst Club Hotel (BMG) Pty Ltd	100	100	Calvartan Pty. Limited ¹	100	100
Management (BMG) Pty Ltd	100	100	Cenijade Pty. Limited ¹	100	100
Manningham Hotel (BMG) Pty Ltd	100	100	Charmtex Pty Ltd ¹	100	100
MGW Hotels Pty Ltd	100	100	DB Deals Online Pty Limited	100	100
Aceridge Pty. Limited	100	100	DSE Investments, Inc. ¹⁴	100	100
Chatswood Hills Tavern Pty. Ltd.	100	100	Fabcot Pty Ltd ¹	100	100
Dapara Pty Ltd	100	100	Fabsky Pty Ltd	100	100
Stadform Developments Pty. Limited	100	100	Kiaora Lands Pty Limited ¹	100	100
Fenbridge Pty. Ltd.	100	100	Gembond Pty. Limited ¹	100	100
Kawana Waters Tavern No. 3 Pty Ltd	100	100	GreenGrocer.com.au Pty Ltd ¹	100	100
Kawana Waters Tavern No. 1 Pty Ltd	100	100	Grocery Wholesalers Pty Ltd ¹	100	100
Kawana Waters Tavern No. 2 Pty Ltd	100	100	HP Distribution Pty Limited	100	100
Vicpoint Pty Ltd	100	100	Hydrogen Nominees Pty. Ltd ¹	100	100
Milanos Hotel (BMG) Pty Ltd	100	100	Hydrox Holdings Pty Ltd ³	67	67
Monash Hotel (BMG) Pty Ltd	100	100	Masters Home Improvement Australia Pty Ltd	100	100
Moreland Hotel (BMG) Pty Ltd	100	100	Masters Installation Pty Limited	100	100
Nu Hotel (BMG) Pty Ltd	100	100	Hydrox Nominees Pty Ltd	100	100
Oakleigh Junction Hotel (BMG) Pty Ltd	100	100	Hydrox Brands Pty Ltd ⁵	100	100
Palace Hotel Hawthorn (BMG) Pty Ltd	100	100	Danks Holdings Pty Limited	100	100
Powel Hotel Footscray (BMG) Pty Ltd	100	100	HTH Events Pty Ltd ⁶	100	100
Preston Hotel (BMG) Pty Ltd	100	100	Home Hardware Australasia Pty. Ltd.	100	100
Queensbridge Hotel (BMG) Pty Ltd	100	100	Homestead Hardware Australasia Pty Ltd	100	100
Racecourse Hotel (BMG) Pty Ltd	100	100	Thrifty-Link Hardware Pty. Ltd.	100	100
Shoppingtown Hotel (BMG) Pty Ltd	100	100	Home Timber & Hardware Group Pty Ltd ⁷	100	100
Taverner Hotel Group Pty. Ltd.	100	100	Australian Hardware Distributors Pty. Limited	100	100
Amprok Pty. Ltd.	100	100	Hammer Hardware Stores Pty. Ltd.	100	100
Auspubs Pty Ltd	100	100	HTH Stores Pty Limited	100	100
Cooling Zephyr Pty Ltd	100	100	Hardings Hardware Pty. Ltd. ^{3,8}	100	60
The Common Link Pty Ltd	100	100	Hudson Building Supplies Pty Limited ^{3,9}	100	-
E. G. Functions Pty. Ltd.	100	100	Hydrox Brands Limited ^{10,15}	100	100
Elizabeth Tavern Pty. Ltd.	100	100	Jack Butler & Staff Pty. Ltd. ¹	100	100
FG Joint Venture Pty Ltd	100	100			

Notes to the Consolidated Financial Statements: Group Structure

29. SUBSIDIARIES CONTINUED

Name of entity	Ownership Interest %		Name of entity	Ownership Interest %	
	2015	2014		2015	2014
Josona Pty Ltd ¹	100	100	Progressive Enterprises Limited ¹⁵	100	100
Kennedy Corporation Holdings Pty Limited ¹	100	100	Caledonian Leasing Limited ¹⁵	100	100
Kennedy Corporation Pty Limited ¹	100	100	Countdown Foodmarkets Limited ¹⁵	100	100
Cellarmaster Wines Pty Limited ¹	100	100	Foodtown Supermarkets Limited ¹⁵	100	100
Dorrien Estate Winery Pty Ltd ¹	100	100	Fresh Zone Limited ¹⁵	100	100
Nexday Pty. Limited ¹	100	100	General Distributors Limited ¹⁵	100	100
Wine IQ Holdings Pty Ltd ¹	100	100	GDL Rx No1 Limited ¹⁵	49	49
Langton's Brokerage Pty Ltd ¹	100	100	GDL Rx No2 Limited ¹⁵	49	49
Cellar Force Pty Ltd ¹	100	100	S R Brands Limited ¹⁵	100	100
Wine Ark Cellar Club Pty Ltd ¹	100	100	Kennedy Corporation Holdings NZ Limited ¹⁵	100	100
V I Packaging Pty Ltd ¹	100	100	Vinpac International NZ Limited ¹⁵	100	100
Vinpac International Pty. Limited ¹	100	100	New Zealand Wine Cellars Limited ¹⁵	100	100
Winemarket Pty Ltd ¹	100	100	Supervalue/Freshchoice Limited ¹⁵	100	100
Zimi Wines Pty Ltd ¹	100	100	The Supplychain Limited ¹⁵	100	100
Langtons Pty. Ltd. ¹	100	100	Wholesale Services Limited ¹⁵	100	100
Leasehold Investments Pty Ltd ¹	100	100	Wholesale Distributors Limited ¹⁵	100	100
Advantage Supermarkets Pty Ltd ¹	100	100	Woolworths (New Zealand) Limited ¹⁵	100	100
Advantage Supermarkets WA Pty Ltd ¹	100	100	Ezibuy Holdings Limited ¹⁵	100	100
Mac's Liquor Stores Pty Limited ¹	100	100	Ezibuy Limited ¹⁵	100	100
Nalos Pty Ltd ¹	100	100	Ezibuy Operations Limited ¹⁵	100	100
Oxygen Nominees Pty. Ltd. ¹	100	100	Profile Limited ¹⁵	100	100
Philip Leong Stores Pty Limited ¹	100	100	Sara Apparel Limited ¹⁵	100	100
Pinnacle Liquor Group Pty Limited ¹	100	100	Ezibuy International Limited ¹⁶	100	100
Pinnacle Wines Pty Limited ¹	100	100	Ezibuy Pty. Limited	100	100
Southtrade International Pty Ltd	51	51	Ezibuy Australia Limited ¹⁵	100	100
Progressive Enterprises Holdings Limited ¹	100	100	Last Stop Shop Limited ¹⁵	100	-
Drumstar Pty Ltd ¹	100	100	Woolworths (Project Finance) Pty. Limited ¹	100	100
PEH (NZ IP) Pty Ltd ¹	100	100	Woolworths (Publishing) Pty Ltd ¹	100	100
Queensland Property Investments Pty Ltd ¹	100	100	Woolworths (Q'land) Pty Limited ¹	100	100
Retail FM Pty Ltd ¹	100	100	Woolworths (R & D) Pty Limited ¹	100	100
Universal Wholesalers Pty Limited ¹	100	100	Woolworths (South Australia) Pty Limited ¹	100	100
Vincentia Nominees Pty Ltd ¹	100	100	Woolworths (Victoria) Pty Limited ¹	100	100
Votraint No. 1622 Pty Limited ¹	100	100	Statewide Independent Wholesalers Limited	60	60
Woolies Liquor Stores Pty. Ltd. ¹	100	100	Woolworths (W.A.) Pty Limited ¹	100	100
Woolstar Pty. Limited ¹	100	100	Woolworths Australian Communities		
Woolworths (International) Pty Limited ¹	100	100	Foundation Pty Limited ¹	100	100
Woolworths (H.K.) Holdings Limited ^{11, 16}	100	-	Woolworths Custodian Pty Ltd ¹	100	100
Summerngate Holdings Limited ^{12, 18}	100	-	Woolworths Executive Superannuation Scheme		
Summerngate International Trading (Shanghai) Limited Company ^{12, 19}	100	-	Pty Limited ¹	100	100
Summerngate Limited ^{12, 16}	100	-	Woolworths Group Superannuation Scheme		
Summerngate Limited ^{12, 20}	100	-	Pty Ltd ¹	100	100
Nine Mile Holdings Limited ^{12, 18}	100	-	Woolworths Pte Limited		
Pudao Trading (Shanghai) Limited Company ^{12, 19}	100	-	(member's voluntary liquidation) ²¹	100	100
Pudao Limited ^{12, 16}	100	-	Woolworths Management Pty Ltd ¹	100	100
Pudao Limited ^{12, 20}	100	-	Woolworths Meat Co. Pty Ltd	50	50
Woolworths (H.K.) Sales Limited ¹⁶	100	100	Woolworths Properties Pty Limited ¹	100	100
Woolworths (H.K.) Procurement Limited ¹⁶	100	100	Dentra Pty. Limited ¹	100	100
Woolworths India Private Limited ¹⁷	100	100	Weetah Pty. Limited ¹	100	100
Woolworths New Zealand Group Limited ¹⁵	100	100	QFD Pty. Limited ¹	100	100
Big W NZ Limited ¹⁵	100	100	Woolworths Property Double Bay Pty Limited ¹	100	100
BWS (2008) Limited ¹⁵	100	100	Woolworths Townsville Nominee Pty Ltd ¹	100	100

Notes to the Consolidated Financial Statements: Group Structure

29. SUBSIDIARIES CONTINUED

Notes:

Unless otherwise noted, all entities are incorporated in Australia

- 1 Pursuant to ASIC Class Order 98/1418 the wholly-owned subsidiaries are relieved from the *Corporations Act 2001* (Cth) requirements for the preparation, audit and lodgment of financial reports. Refer note 30 for further details.
- 2 ALH Group Pty Ltd is the head company of the ALH consolidated group. Under ASIC class order 98/1418 its subsidiaries are relieved from the *Corporations Act 2001* (Cth) requirements for the preparation, audit and lodgment of financial reports. ALH Group Pty Ltd is the head entity within the ALH tax consolidated group
- 3 Hydrox Holdings Pty Ltd is the head company of the Hydrox group. Under ASIC class order 98/1418 its subsidiaries are relieved from the *Corporations Act 2001* (Cth) requirements for the preparation, audit and lodgment of financial reports. Hydrox Holdings Pty Ltd is the head entity within the Hydrox tax consolidated group
- 4 Australian Independent Retailers Pty Ltd became wholly owned on 13 February 2015. It joined the Woolworths Limited Deed of Cross Guarantee by way of an Assumption Deed made on 22 June 2015
- 5 Carboxy Pty Ltd changed its name to Hydrox Brands Pty Ltd on 15 January 2015
- 6 Danks Events Pty Ltd changed its name to HTH Events Pty Ltd on 24 November 2014
- 7 John Danks and Son Proprietary Limited changed its name to Home Timber & Hardware Group Pty Ltd on 24 November 2014
- 8 Hardings Hardware Pty. Ltd. became wholly owned on 31 October 2014. It joined the Hydrox Holdings Pty Ltd Deed of Cross Guarantee by way of an Assumption Deed made on 22 June 2015
- 9 Hudson Building Supplies Pty Limited was acquired on 30 September 2014. It joined the Hydrox Holdings Pty Ltd Deed of Cross Guarantee by way of an Assumption Deed made on 22 June 2015
- 10 Masters Home Improvement New Zealand Limited changed its name to Hydrox Brands Limited on 15 January 2015
- 11 Woolworths (H.K.) Holdings Limited was established on 20 November 2014
- 12 The Summergate group of companies was acquired on 28 November 2014
- 13 Last Stop Shop Limited was incorporated on 15 April 2015
- 14 Incorporated in the United States of America
- 15 Incorporated in New Zealand
- 16 Incorporated in Hong Kong
- 17 Incorporated in India
- 18 Incorporated in British Virgin Islands
- 19 Incorporated in People's Republic of China
- 20 Incorporated in Macau
- 21 Incorporated in Singapore

Details of non-wholly owned subsidiaries that have material non-controlling interests

Name of subsidiary	Principal place of business	Proportion of voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests		Dividends paid to non-controlling interests	
		2015 %	2014 %	2015 \$m	2014 \$m	2015 \$m	2014 \$m	2015 \$m	2014 \$m
ALH Group Pty Ltd	Australia	25	25	39.7	43.2	286.2	274.0	27.5	30.4
Hydrox Holdings Pty Ltd ¹	Australia	33	33	(54.0)	(38.9)	-	(3.2)	0.7	1.6
Individually immaterial subsidiaries				5.7	2.4	11.6	2.1	0.6	-
				(8.6)	6.7	297.8	272.9	28.8	32.0

1 Non-controlling interests in share capital, retained earnings and reserves in relation to Hydrox Holdings Pty Ltd has been reclassified to Other Financial Liabilities due to the put option held by Lowe's. Refer to Note 16 for details.

Summarised financial information in respect of each of the Group's subsidiaries that has a material non-controlling interest were as follows:

\$m	ALH Group Pty Ltd		Hydrox Holdings Pty Ltd	
	2015	2014	2015	2014
Current assets	384.6	859.5	1,068.0	881.5
Non-current assets	3,842.4	3,832.8	2,125.6	1,874.6
Current liabilities	(1,839.1)	(1,609.4)	(509.7)	(418.6)
Non-current liabilities	(1,246.3)	(2,013.4)	(23.9)	(23.9)
Revenue	3,950.2	3,848.5	1,874.1	1,535.0
Profit/(loss) after tax	158.8	172.6	(163.4)	(120.1)
Total comprehensive income/(loss)	158.8	172.6	(162.5)	(121.4)
Net cash (outflow)/inflow	(0.8)	(22.8)	(8.8)	2.8

Notes to the Consolidated Financial Statements: Group Structure

30. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418, the wholly-owned subsidiaries identified with a '1' in Note 29 are relieved from the Corporations Act 2001 (Cth) requirements for the preparation, audit and lodgement of financial reports.

It is a condition of the class order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee ('Deed'). Under the Deed the Company guarantees the payment of all debts of each of the subsidiaries in full, in the event of a winding up. The subsidiaries in turn guarantee the payment of the debts of the Company in full in the event that it is wound up.

A statement of profit or loss and retained earnings and statement of financial position for the entities which are party to the Deed at the reporting date are as follows:

Statement of profit or loss and retained earnings

\$m	2015	2014
Revenue from the sale of goods	48,458.4	48,427.4
Other operating revenue	181.5	171.7
Total revenue	48,639.9	48,599.1
Cost of sales	(35,870.4)	(35,666.5)
Gross profit	12,769.5	12,932.6
Other revenue	208.0	171.3
Branch expenses	(7,800.7)	(7,698.7)
Administration expenses	(2,389.5)	(2,230.2)
Earnings before interest and tax	2,787.3	3,175.0
Financing income	15.9	247.7
Profit before income tax	2,803.2	3,422.7
Income tax expense	(820.3)	(946.6)
Profit for the period	1,982.9	2,476.1
Retained earnings		
Balance at start of period	4,653.1	3,866.7
Profit attributable to members	1,982.9	2,476.1
Dividends paid (Note 19)	(1,753.4)	(1,703.8)
Dividends paid on Treasury shares	6.5	5.9
Actuarial gains on defined benefit superannuation plans	11.3	15.1
Tax effect of actuarial gain	(3.4)	(6.9)
Balance at end of period	4,897.0	4,653.1

Notes to the Consolidated Financial Statements: Group Structure

30. DEED OF CROSS GUARANTEE CONTINUED**Statement of financial position**

\$m	2015	2014
Current assets		
Cash and cash equivalents	1,017.1	646.4
Trade and other receivables	1,322.2	1,886.7
Inventories	3,439.8	3,406.0
Other financial assets	185.0	12.6
	5,964.1	5,951.7
Assets held for sale	232.5	110.1
Total current assets	6,196.6	6,061.8
Non-current assets		
Trade and other receivables	3,589.2	3,662.3
Other financial assets	4,456.3	3,799.7
Property, plant and equipment	6,160.3	5,863.1
Intangible assets	985.7	981.7
Deferred tax assets	471.6	477.3
Total non-current assets	15,663.1	14,784.1
Total assets	21,859.7	20,845.9
Current liabilities		
Trade and other payables	5,150.2	4,922.3
Borrowings	1,611.2	219.2
Other financial liabilities	125.1	131.6
Income tax payable	40.0	100.4
Provisions	902.2	838.5
Total current liabilities	7,828.7	6,212.0
Non-current liabilities		
Borrowings	3,078.9	4,135.6
Other financial liabilities	169.7	311.2
Provisions	569.1	536.8
Other	200.8	196.5
Total non-current liabilities	4,018.5	5,180.1
Total liabilities	11,847.2	11,392.1
Net assets	10,012.5	9,453.8
Equity		
Issued capital	5,064.9	4,850.1
Shares held in trust	(155.9)	(218.9)
Retained earnings	4,897.0	4,653.1
Reserves	206.5	169.5
Total equity	10,012.5	9,453.8

Notes to the Consolidated Financial Statements: Group Structure

31. PARENT ENTITY INFORMATION

Financial information for the parent entity is as follows:

\$m	2015	2014
Assets		
Current assets	5,532.2	5,560.4
Non-current assets	17,944.8	16,702.7
Total assets	23,477.0	22,263.1
Liabilities		
Current liabilities	12,396.8	10,340.1
Non-current liabilities	4,028.5	5,165.6
Total liabilities	16,425.3	15,505.7
Equity		
Issued capital	5,064.9	4,850.1
Shares held in trust	(155.9)	(218.9)
Reserves		
Hedging reserve	(69.1)	(99.7)
Remuneration reserve	266.8	303.1
Equity instrument reserve	10.3	(3.5)
Retained earnings	1,934.7	1,926.3
Total equity	7,051.7	6,757.4

\$m	2015	2014
Profit for the period	1,747.4	1,961.7
Other comprehensive income/(loss)	68.1	(51.3)
Total comprehensive income for the period	1,815.5	1,910.4

Guarantees

\$m	2015	2014
Bank guarantees ¹	8.7	15.4
Workers' compensation self-insurance guarantees ²	702.1	768.8
Guarantees arising from the deed of cross guarantee with other entities in the wholly-owned group (Note 30)	1,330.3	604.6
	2,041.1	1,388.8

1 This item mainly comprises guarantees relating to conditions set out in development applications and for the sale of properties in the normal course of business.

2 State WorkCover authorities require guarantees against workers' compensation self-insurance liabilities. The guarantee is based on independent actuarial advice of the outstanding liability. Guarantees held at each reporting date do not equal the liability at these dates due to the timing of issuing the guarantees.

Notes to the Consolidated Financial Statements: Group Structure

31. PARENT ENTITY INFORMATION CONTINUED

Contingent liabilities

\$m	2015	2014
Contingent liabilities for which no provision has been made in the financial statements	<u>26.1</u>	6.0

Capital commitments for the acquisition of property, plant and equipment

\$m	2015	2014
Payable not later than one year	<u>141.3</u>	153.1

Significant Accounting Policies

Financial information for the parent entity, Woolworths Limited, has been prepared on the same basis as the consolidated financial statements with the exception of investments in subsidiaries which are accounted for at cost.

32. RELATED PARTIES

Transactions within the Group

During the financial period and previous financial periods, Woolworths Limited advanced loans to, received and repaid loans from, and provided treasury, accounting, legal, taxation and administrative services to other entities within the Group.

Entities within the Group also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note.

Directors and key management personnel

Disclosures relating to Directors and key management personnel are set out in Note 35 and in the Remuneration Report.

Notes to the Consolidated Financial Statements

Other

33. CONTINGENT LIABILITIES

\$m	2015	2014
Bank guarantees ¹	55.2	52.2
Workers' compensation self-insurance guarantees ²	702.1	768.8
Other	31.6	9.0
	788.9	830.0

1 This item mainly comprises guarantees relating to conditions set out in development applications and for the sale of properties in the normal course of business.

2 State WorkCover authorities require guarantees against workers' compensation self-insurance liabilities. The guarantee is based on independent actuarial advice of the outstanding liability. Guarantees held at each reporting date do not equal the liability at these dates due to the timing of issuing the guarantees.

No provision has been made in the financial statements in respect of these contingencies, however there is a provision of \$597.7 million for self-insured risks (2014: \$579.7 million), which includes liabilities relating to workers' compensation claims, that have been recognised in the consolidated statement of financial position at the reporting date.

Infinity Cable

Between March 2012 and October 2013, electrical cable purchased from Infinity Cable Co Pty Ltd (Infinity) was sold by a number of Australian electrical wholesalers and retailers including Woolworths/ Lowe's joint venture, Masters Home Improvement and Home Timber and Hardware stores. Whilst there is no immediate safety risk, the affected cable fails the required ageing tests specified in the Standard and could become prematurely brittle with age.

On 27 August 2014, a Task Force of relevant regulators, including the Australian Competition and Consumer Commission issued a consolidated voluntary Safety Recall Notice under which suppliers of affected cable will remedy affected consumers having regard to their particular circumstances and the requirements of the Task Force.

Woolworths Limited has established a dedicated project team to contact affected customers and determine the appropriate course of remediation in accordance with the Safety Recall Notice and other legislative requirements. Notwithstanding the work undertaken to date, as at the balance sheet date, there is limited available data relating to the specific application of the cable sold to customers and the range of possible remediation outcomes. As a result, a reliable estimate as to the cost associated with remediation or other action required at this time is not possible.

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS

(A) Share-based payments - Woolworths Long Term Incentive Plan

Equity settled share based payments form part of the remuneration of certain employees of the Group. At the 2004 Annual General Meeting shareholders approved the introduction of the Woolworths Long Term Incentive Plan (LTIP). Sub-plans within the LTIP are as follows:

	Delivers a right to acquire...	Subject to performance hurdles being met, continued employment and...
Option Sub-Plan	A share at a future date	Payment of an exercise price
Performance Rights Sub-Plan	A share at a future date	No monetary payment
Performance Shares Sub-Plan	A share immediately	No monetary payment
Cash Award Sub-Plan	Cash at a future date	No monetary payment

No grants have been made under the Performance Shares or Cash Award Sub-Plans.

LTIP

The Performance Rights Sub-Plan has been used to make offers of LTIP which have the following features:

- A maximum exercise period of five and a half years;
- Upon exercise, each performance right entitles the holder to one ordinary fully paid Woolworths Limited share; and
- Participants do not receive dividends on unvested equity.

A summary of the LTIP performance hurdles for all outstanding grants is as follows:

Summary of LTIP performance measures						
Grant year	Vesting period	EPS		TSR		
		Weighting	Hurdle	Weighting	Hurdle	
FY12 ¹	5	50%	8% - 12%	50%	51st - 75th percentile	
FY13 - FY14 ²	5	50%	6% - 8%	50%	51st - 75th percentile	
FY15 ²	3	50%	6% - 8%	50%	51st - 75th percentile	

- 1 Earnings per share (EPS) component vests progressively upon attaining average annual growth of 8% with the full 50% vesting at an average annual growth of 12%. The Total Shareholder Return (TSR) component vests progressively where TSR equals or exceeds the 51st percentile of the comparator group up to the full 50% vesting where TSR equals the 75th percentile of the comparator group. Where any minimum performance measure is met at the end of three years, nothing further vests at the end of four years. However if the minimum performance measures are not met when early tested after three years, the measures will be tested at the end of four years.
 2 EPS component vests progressively upon attaining average annual growth of 6% with the full 50% vesting at an average annual growth of 8%. The vesting of the TSR component has not changed from FY12. There is no retest if either performance measure is not met.

Deferred Short Term Incentive (STI)

The Performance Rights Sub-Plan has been used from FY12 to make offers of Deferred STI which has the following features:

- a one year performance measure linked to Net Profit After Tax (NPAT) market guidance; and
- if the NPAT hurdle is met, participants are required to remain employed for a further two years to gain access to the performance rights, or otherwise forfeit the performance rights unless the Board exercises its discretion in accordance with the long term incentive plan rules.

Attraction and retention rights

The Performance Rights Sub-Plan has also been used to compensate new hires for foregone equity, and ensure that key employees are retained to protect and deliver on the Company's strategic direction. It has been offered to:

- Executives of newly acquired businesses in order to retain intellectual property during transition periods; or
- Attract new executives, generally from overseas; or
- By exception, executives deemed to be top talent who had either no or relatively small grants scheduled to vest over the ensuing two years.

Attraction and retention rights generally do not have performance measures attached to them due to the objective of retaining key talent and vest subject to the executive remaining employed by the Company, generally for two or more years.

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS CONTINUED

(A) Share-based payments - Woolworths Long Term Incentive Plan continued

The total number of outstanding options and performance rights on issue at balance date are as follows:

2015	Grant year						Total
	FY11	FY12	FY13	FY14	FY15		
Performance rights	-	149,389	1,916,295	1,401,834	2,337,550	5,805,068	
Retention performance rights	-	-	35,890	166,850	179,490	382,230	
						6,187,298	

2014	Grant year						Total
	FY10	FY11	FY12	FY13	FY14		
Options	292,865	-	-	-	-	292,865	
Performance rights	-	1,083,695	1,266,438	2,328,268	2,076,452	6,754,853	
Retention performance rights	-	-	55,000	737,420	286,243	1,078,663	
						8,126,381	

Options and performance rights by grant date

The following table summarises movements in outstanding options/rights for the financial period ended 28 June 2015:

Financial Year	Effective date	Expiry date	No. of options/ rights at 29 June 2014	Options/ rights granted during year	Options/ rights exercised during year	Options/ rights lapsed and forfeited during year	No. of options/ rights at 28 June 2015
Options							
FY10	1-Jul-09	31-Dec-14	292,865	-	(253,023)	(39,842)	-
Performance Rights							
FY11	1-Jul-10	31-Dec-15	1,083,695	-	-	(1,083,695)	-
FY12	1-Jul-11	31-Dec-16	1,266,438	-	(1,011,515)	(105,534)	149,389
FY13	1-Jul-12	31-Dec-17	2,328,268	-	(80,643)	(331,330)	1,916,295
FY14	1-Jul-13	31-Dec-18	2,076,452	-	(7,234)	(667,384)	1,401,834
FY15	1-Jul-14	31-Dec-19	-	2,537,514	-	(199,964)	2,337,550
Retention Performance Rights							
FY12	1-Jul-11 to 14-May-12	1-Jul-13 to 16-Apr-15	55,000	-	(55,000)	-	-
FY13	1-Jul-12 to 3-Apr-13	1-Jul-14 to 11-Mar-16	737,420	-	(692,930)	(8,600)	35,890
FY14	1-Jul-13 to 20-Jun-14	1-Jul-14 to 2-Oct-18	286,243	-	(101,843)	(17,550)	166,850
FY15	1-Jul-14 to 1-Jun-15	2-Sep-14 to 7-Apr-18	-	185,050	(4,130)	(1,430)	179,490
			8,126,381	2,722,564	(2,206,318)	(2,455,329)	6,187,298

The weighted average share price during the financial period ended 28 June 2015 was \$31.96.

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS CONTINUED**(A) Share-based payments – Woolworths Long Term Incentive Plan continued**

Movements in options/performance rights during the financial period ended 29 June 2014 are as follows:

Financial Year	Effective date	Expiry date	No. of options/ rights at 30 June 2013	Options/ rights granted during year	Options/ rights exercised during year	Options/ rights lapsed and forfeited during year	No. of options/ rights at 29 June 2014
Options							
FY09	1-Jul-08 ¹	31-Dec-13	434,446	-	(360,222)	(74,224)	-
FY10	1-Jul-09 ¹	31-Dec-14	3,112,900	-	(1,064,543)	(1,755,492)	292,865
Performance Rights							
FY10	1-Jul-09	31-Dec-14	725,938	-	(316,980)	(408,958)	-
FY11	1-Jul-10	31-Dec-15	2,319,311	-	(1,096,446)	(139,170)	1,083,695
FY12	1-Jul-11	31-Dec-16	1,367,527	-	(14,924)	(86,165)	1,266,438
FY13	1-Jul-12	31-Dec-17	2,531,782	-	(17,113)	(186,401)	2,328,268
FY14	1-Jul-13	31-Dec-18	-	2,110,319	-	(33,867)	2,076,452
Retention Performance Rights							
FY11	1-Feb-11 to 1-Jun-11	1-Feb-14 to 1-Jun-14	76,500	-	(70,000)	(6,500)	-
FY12	1-Jul-11 to 14-May-12	1-Jul-13 to 16-Apr-15	173,500	-	(109,324)	(9,176)	55,000
FY13	1-Jul-12 to 3-Apr-13	1-Jul-14 to 11-Mar-16	829,450	-	(46,242)	(45,788)	737,420
FY14	1-Jul-13 to 20-Jun-14	1-Jul-14 to 2-Oct-18	-	292,843	-	(6,600)	286,243
			11,571,354	2,403,162	(3,095,794)	(2,752,341)	8,126,381

The weighted average share price during the financial period ended 30 June 2014 was \$34.93

1 Options effective on 1 July 2008 had an exercise price of \$24.61. Options effective on 1 July 2009 had an exercise price of \$25.59 and were exercisable at 29 June 2014. As a result of the capital reduction performed during FY13 in connection with the establishment of the SCA Property Group, and in accordance with ASX listing rule 7.22.3, there was an adjustment of the exercise price of existing options issued under our LTI plans, effective 11 December 2012. The option exercise price was reduced by \$0.28782 per option.

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS CONTINUED

(A) Share-based payments - Woolworths Long Term Incentive Plan continued

The contractual exercise period of the instruments set out in the previous tables is used as an input into the model to determine the fair value of options and performance rights. Other inputs in relation to these instruments are:

Grant Date ¹	Effective Date	Share Price at grant Date	Exercise Price	Expected Volatility ²	Dividend Yield	Risk Free Interest Rate	Weighted Average FV	Fair Value		
								EPS	TSR	NPAT
9-Dec-08	1-Jul-08	\$26.63	\$24.61	24%	3.50%	4.00%	\$4.96	\$5.15	\$4.76	-
27-Nov-09	1-Jul-09	\$27.89	\$25.59	19%	3.50%	5.00%	\$4.02	\$4.77	\$3.27	-
27-Nov-09	1-Jul-09	\$27.89	-	19%	3.50%	4.60%	\$18.96	\$24.74	\$13.17	-
26-Nov-10	1-Jul-10	\$26.95	-	19%	3.75%	5.10%	\$20.23	\$23.73	\$16.73	-
12-Dec-11	1-Jul-11	\$25.95	-	-	4.20%	-	\$22.39	-	-	\$22.39
12-Dec-11	1-Jul-11	\$25.95	-	17%	4.20%	3.40%	\$16.19	\$20.05	\$12.33	-
7-Dec-12	1-Jul-12	\$29.64	-	16%	4.50%	2.70%	\$18.32	\$22.60	\$14.04	-
7-Dec-12	1-Jul-12	\$29.64	-	-	4.50%	-	\$25.45	-	-	\$25.45
22-Mar-13	1-Jul-12	\$34.03	-	16%	4.50%	3.10%	\$21.20	\$26.41	\$15.99	-
22-Mar-13	1-Jul-12	\$34.03	-	-	4.50%	-	\$29.74	-	-	\$29.74
13-Dec-13	1-Jul-13	\$32.65	-	16%	4.10%	3.40%	\$19.51	\$25.56	\$13.46	-
13-Dec-13	1-Jul-13	\$32.65	-	-	4.10%	-	\$28.46	-	-	\$28.46
29-Apr-14	1-Jul-13	\$38.04	-	16%	4.10%	3.20%	\$24.74	\$30.39	\$19.08	-
29-Apr-14	1-Jul-13	\$38.04	-	-	4.10%	-	\$33.84	-	-	\$33.84
17-Oct-14	1-Jul-14	\$34.76	-	16%	4.10%	2.50%	\$21.51	\$29.78	\$13.24	-
17-Oct-14	1-Jul-14	\$34.76	-	-	4.10%	-	\$29.78	-	-	\$29.78
27-Nov-14	1-Jul-14	\$31.75	-	16%	4.10%	2.50%	\$18.66	\$27.37	\$9.94	-
19-Jun-15	1-Jul-14	\$27.30	-	20%	5.10%	1.90%	\$12.50	\$23.53	\$1.46	-

1 Grant date represents the offer acceptance date.

2 The expected volatility is based on the historical implied volatility calculated based on the weighted average remaining life of the share options/performance rights adjusted for any expected changes to future volatility due to publicly available information.

Executive Management Share Plan (EMSP)

The EMSP allows executive management, including any Executive Director, to forgo some of their future pre-tax remuneration to acquire shares in the Company on-market at prevailing market prices on the Australian Securities Exchange (ASX).

During the period, 1,735 shares (2014: 1,267) were purchased under the EMSP. No additional expense is recognised in relation to these shares as they are acquired out of salary sacrificed remuneration.

Employee Share Purchase Plan (SPP)

The SPP was launched in June 2008 and provides permanent full-time and part-time employees who are Australian tax residents and are aged 18 years or over, with the opportunity to purchase shares from pre-tax income via salary sacrifice. Woolworths Limited pays the associated brokerage costs. During the year, 520,066 (2014: 431,251) shares were purchased on behalf of participating employees.

The total shares purchased during the year was 521,801 at an average price per share of \$30.28.

Significant Accounting Policies

Share based payments

The grant date fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period, with a corresponding increase in equity.

The fair value of instruments with market-based performance conditions (e.g. TSR) is calculated at the date of grant using the Monte-Carlo simulation model. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions (e.g. EPS and NPAT) and service conditions and retention rights is calculated using the Black-Scholes option pricing model.

The amount recognised as an expense over the vesting period is adjusted to reflect the actual number of instruments that vest except where forfeiture is due to failure to achieve market-based performance conditions.

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS CONTINUED

(B) Retirement plans

Defined benefit plans

The Company sponsors a defined benefit plan, the Woolworths Group Superannuation Plan (WGSP or the Plan) that provides superannuation benefits for employees upon retirement. The defined benefit plan is closed to new members. The assets of the WGSP are held in a sub-plan within AMP SignatureSuper that is legally separated from the Group. The WGSP invests entirely in pooled superannuation trust products where prices are quoted on a daily basis.

The WGSP consists of members with defined benefit entitlements and defined contribution (accumulation) benefits. The Plan also pays allocated pensions to a small number of pensioners. The following disclosures relate only to the Company's obligation in respect of defined benefit entitlements.

The Group contributes to the WGSP at rates as set out in the Trust Deed and Rules and the Participation Deed between the Company and AMP Superannuation Limited. Members contribute to the WGSP at rates dependent upon their membership category. The Plan provides lump sum defined benefits that are defined by salary and period of membership.

Actuarial valuation was carried out at both reporting dates by Mr John Burnett, FIAA, Towers Watson. The principal actuarial assumptions used for the purpose of the valuation are as follows:

	2015 %	2014 %
Discount rate	4.40	3.70
Expected rate of salary increase	3.00	3.00
Rate of price inflation	2.50	2.50

The average duration of the defined benefit obligation at the end of the reporting period is 7.7 years (2014: 8.0 years) which relates wholly to active participants.

Total defined benefit costs are as follows:

	2015 \$m	2014 \$m
Current service cost	13.6	11.1
Net interest/(income) on net defined benefit liability	2.3	3.2
Remeasurement effects recognised in other comprehensive income	(11.3)	(15.1)
Total defined benefit (income)	4.6	(0.8)

The amount included in the consolidated statement of financial position in respect of the defined benefit plan is as follows:

	2015 \$m	2014 \$m
Defined benefit obligation	(508.8)	(528.8)
Fair value of plan assets	440.9	454.9
Closing net liability for defined benefit obligations	(67.9)	(73.9)

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS CONTINUED

(B) Retirement plans continued

Movements in the present value of the net liability for defined benefit obligations are as follows:

	2015 \$m	2014 \$m
Movement:		
Net liability for defined benefit obligations at start of period	(73.9)	(102.9)
Current service cost	(13.6)	(11.1)
Interest cost	(18.5)	(18.6)
Interest income ¹	16.2	15.4
Return on plan assets greater than discount rate ¹	31.5	39.8
Actuarial loss due to experience	(19.7)	(24.7)
Actuarial loss due to assumption changes	(0.5)	-
Employer contributions	10.6	28.2
Net liability for defined benefit obligations at end of period	(67.9)	(73.9)

1 The actual return on plan assets was \$47.7 million (2014: \$55.2 million).

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and expected rate of salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 1% higher (lower), the defined benefit obligation would decrease by \$3.8 million (increase by \$5.6 million)
- If the rate of salary growth increases (decreases) by 1%, the defined benefit obligation would increase by \$4.7 million (decrease by \$3.3 million)

Company contributions are agreed between the Plan Trustees and Company, following advice from the Plan Actuary at least every year. The expected Group and employee contributions to the WGSP in respect of members with defined benefit entitlements for the 2016 financial year are \$10.4 million and \$4.4 million respectively.

Defined contribution plans

The majority of employees in Australia and New Zealand are part of a defined contribution superannuation scheme and receive fixed contributions from the Group in accordance with the rules of the WGSP and/or any statutory obligations.

Significant Accounting Policies

Defined benefit plan

The net defined benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans which is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets.

The calculation of the defined benefit obligation is performed at the end of each annual reporting period by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognised in the period in which they occur, directly in other comprehensive income and will not be reclassified to profit or loss.

The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate at the beginning of the period to the net defined benefit liability, taking into account any changes during the period as a result of contributions and benefit payments. Net interest expense (income), service cost and other expenses related to defined benefit plans are recognised in the consolidated statement of profit or loss.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements: Other

35. KEY MANAGEMENT PERSONNEL

The total remuneration for key management personnel of the Group is as follows:

\$	2015	2014
Short-term employee benefits	8,135,863	14,553,952
Post employment benefits	752,359	1,288,816
Other long-term benefits	135,456	193,937
Share-based payments	358,786	3,473,217
	9,382,464	19,509,922

Equity instrument disclosures relating to key management personnel

Details of equity instruments provided as compensation to key management personnel and shares issued on exercise of these instruments, together with the terms and conditions of the instruments, are disclosed in Section 5.1 of the Remuneration Report.

36. AUDITORS' REMUNERATION

\$'000	2015	2014
Auditors of the parent entity - Deloitte Touche Tohmatsu Australia		
Audit or review of the financial report	2,518	2,569
Regulatory and compliance related services	13	463
Other non-audit related services ¹	687	1,549
Tax compliance services	85	22
	3,303	4,603
Other auditors²		
Audit or review of the financial report	172	271
Other non-audit related services ¹	525	-
Tax compliance services	101	80
	798	351
Total auditors' remuneration	4,101	4,954

1 Other non-audit related services comprise assistance on various accounting matters, assurance services in relation to debt raisings, regulatory reviews, financial due diligence and other sundry services.

2 Other auditors include international associates of Deloitte Touche Tohmatsu Australia.

37. SUBSEQUENT EVENTS

At the date of this report, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* (Cth), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and
- (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth).

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 29 and 30 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001* (Cth).

On behalf of the Directors



Gordon Cairns

Chairman

11 September 2015



Grant O'Brien

Managing Director and Chief Executive Officer

Independent Auditor's Report

Deloitte.

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Independent Auditor's Report to the Members of Woolworths Limited

Report on the Financial Report

We have audited the accompanying financial report of Woolworths Limited (the "Company"), which comprises the consolidated statement of financial position as at 28 June 2015, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 57 to 113.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In the basis of preparation, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Woolworths Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Woolworths Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 28 June 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in the basis of preparation.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 34 to 53 of the directors' report for the financial year ended 28 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Woolworths Limited for the financial year ended 28 June 2015, complies with section 300A of the *Corporations Act 2001*.


DELOITTE TOUCHE TOHMATSU


G Couttas
Partner
Chartered Accountants
Sydney, 11 September 2015

Five Year Summary

Profit and loss Weeks	2015 52	2014 52	2013 53	2012 ² 52	2011 ² 52
Sales (\$m)					
Australian Food and Liquor	42,131.6	41,170.7	40,031.2	37,549.2	36,176.1
Petrol	5,632.1	7,065.2	6,793.9	6,714.2	6,025.3
Australian Food, Liquor and Petrol	47,763.7	48,235.9	46,825.1	44,263.4	42,201.4
New Zealand Supermarkets	5,467.4	5,185.5	4,599.7	4,301.8	4,110.5
General Merchandise ¹	4,105.9	4,351.8	4,383.4	4,179.6	4,158.3
Consumer Electronics ²	-	-	-	-	1,855.5
Total General Merchandise	4,105.9	4,351.8	4,383.4	4,179.6	6,013.8
Hotels	1,475.0	1,472.2	1,468.9	1,204.0	1,153.1
Home Improvement ³	1,867.1	1,527.4	1,239.3	828.3	-
Unallocated ⁴	-	-	-	-	664.1
Total continuing operations	60,679.1	60,772.8	58,516.4	54,777.1	54,142.9
Discontinued operations ²	-	-	641.6	1,923.0	-
Total Group	60,679.1	60,772.8	59,158.0	56,700.1	54,142.9
Earnings before interest and tax (\$m)					
Continuing operations before significant items⁵					
Australian Food, Liquor and Petrol	3,439.8	3,368.0	3,199.3	2,944.3	2,796.5
New Zealand Supermarkets	303.2	271.4	236.2	224.5	191.9
General Merchandise ¹	114.2	152.9	191.3	178.4	177.0
Consumer Electronics ²	-	-	-	-	26.8
Total General Merchandise	114.2	152.9	191.3	178.4	203.8
Hotels	234.5	275.4	263.7	195.7	183.7
Home Improvement ³	(224.7)	(169.0)	(138.9)	(96.7)	-
Total trading operations	3,867.0	3,898.7	3,751.6	3,446.2	3,375.9
Central overheads ⁴	(118.6)	(123.5)	(98.4)	(99.8)	(99.5)
Total continuing operations before significant items⁵	3,748.4	3,775.2	3,653.2	3,346.4	3,276.4
Discontinued operations²					
Discontinued operations before significant items ^{2,5}	-	-	2.5	30.3	-
Total Group before significant items⁵	3,748.4	3,775.2	3,655.7	3,376.7	3,276.4
Significant items ⁵	(425.9)	-	(48.7)	(420.0)	-
Total Group	3,322.5	3,775.2	3,607.0	2,956.7	3,276.4
EBIT to Sales (%)					
Continuing operations before significant items⁵					
Australian Food, Liquor and Petrol	7.20	6.98	6.83	6.65	6.63
New Zealand Supermarkets	5.55	5.23	5.14	5.22	4.67
General Merchandise ¹	2.78	3.51	4.36	4.27	4.26
Consumer Electronics ²	-	-	-	-	1.44
Hotels	15.90	18.71	17.95	16.25	15.93
Home Improvement ³	(12.03)	(11.06)	(11.21)	(11.67)	-
Total continuing operations before significant items⁵	6.18	6.21	6.24	6.11	6.05
Discontinued operations²					
Discontinued operations before significant items ^{2,5}	-	-	0.39	1.58	-
Total Group before significant items⁵	6.18	6.21	6.18	5.96	6.05
Total Group	5.48	6.21	6.10	5.21	6.05

Five Year Summary

Profit and loss Weeks	2015 52	2014 52	2013 53	2012 ² 52	2011 ² 52
Profit & Loss Detail (\$m)					
Continuing operations before significant items⁵					
Sales	60,679.1	60,772.8	58,516.4	54,777.1	54,142.9
Cost of goods sold	(43,990.5)	(44,295.2)	(42,754.9)	(40,316.1)	(40,049.7)
Gross profit	16,688.6	16,477.6	15,761.5	14,461.0	14,093.2
<i>Gross profit margin (%)</i>	27.50	27.11	26.94	26.40	26.03
Cost of doing business (CODB)	(12,940.2)	(12,702.4)	(12,108.3)	(11,114.6)	(10,816.8)
<i>CODB margin (%)</i>	21.32	20.90	20.70	20.29	19.98
Selling, general and admin expenses (excluding, rent, depreciation and amortisation)	(9,873.9)	(9,807.4)	(9,378.6)	(8,671.6)	(8,417.7)
EBITDAR	6,814.7	6,670.2	6,382.9	5,789.4	5,675.5
<i>EBITDAR margin (%)</i>	11.23	10.98	10.91	10.57	10.48
Rent (including fitout rent)	(2,012.6)	(1,898.7)	(1,764.2)	(1,559.5)	(1,541.2)
EBITDA	4,802.1	4,771.5	4,618.7	4,229.9	4,134.3
<i>EBITDA margin (%)</i>	7.91	7.85	7.89	7.72	7.64
Depreciation and amortisation	(1,053.7)	(996.3)	(965.5)	(883.5)	(857.9)
EBIT	3,748.4	3,775.2	3,653.2	3,346.4	3,276.4
<i>EBIT margin (%)</i>	6.18	6.21	6.24	6.11	6.05
Net financing costs	(214.4)	(218.9)	(251.1)	(242.9)	(225.3)
Woolworths Notes interest	(40.4)	(41.2)	(46.4)	(39.3)	(36.2)
Profit before tax and significant items ⁵	3,493.6	3,515.1	3,355.7	3,064.2	3,014.9
Taxation	(1,048.1)	(1,056.7)	(996.6)	(885.0)	(874.6)
Profit after tax and before significant items ⁵	2,445.5	2,458.4	2,359.1	2,179.2	2,140.3
Discontinued operations²					
Profit after tax and before significant items ^{2,5}	-	-	1.8	21.7	-
Group net profit after tax before significant items⁵	2,445.5	2,458.4	2,360.9	2,200.9	2,140.3
Significant items after tax ⁵	(308.1)	-	(96.3)	(383.7)	-
Group net profit after tax	2,137.4	2,458.4	2,264.6	1,817.2	2,140.3
Non-controlling interests	8.6	(6.7)	(5.2)	(0.5)	(16.3)
Profit attributable to members of Woolworths Limited after tax	2,146.0	2,451.7	2,259.4	1,816.7	2,124.0

Five Year Summary

Balance Sheet (\$m) Weeks	2015 52	2014 52	2013 53	2012 ² 52	2011 ² 52
Inventory	4,872.2	4,693.2	4,205.4	3,698.3	3,736.5
Accounts payable	(5,040.0)	(4,588.4)	(4,080.0)	(4,013.4)	(4,132.0)
Net investment in inventory	(167.8)	104.8	125.4	(315.1)	(395.5)
Fixed assets and investments	10,545.6	10,394.5	9,564.8	9,846.5	8,830.5
Intangibles	6,244.5	6,335.0	5,784.3	5,282.0	5,236.6
Receivables	1,001.9	965.2	985.2	894.4	778.0
Other creditors	(3,102.9)	(3,184.9)	(3,086.1)	(2,954.7)	(2,646.8)
Total funds employed⁶	14,521.3	14,614.6	13,373.6	12,753.1	11,802.8
Net tax balances	654.1	522.9	425.2	423.2	305.7
Net assets employed	15,175.4	15,137.5	13,798.8	13,176.3	12,108.5
Cash and borrowings ⁷	(3,391.3)	(3,432.9)	(3,602.7)	(3,916.3)	(3,325.3)
Capital call receivable from non-controlling interest	-	-	-	-	93.0
Other financial assets and liabilities	(652.1)	(1,179.2)	(895.6)	(833.7)	(1,030.4)
Net assets continuing operations	11,132.0	10,525.4	9,300.5	8,426.3	7,845.8
Net assets discontinued operations²	-	-	-	20.0	-
Total net assets	11,132.0	10,525.4	9,300.5	8,446.3	7,845.8
Non-controlling interests	297.8	272.9	272.1	258.1	252.6
Shareholders' equity	10,834.2	10,252.5	9,028.4	8,188.2	7,593.2
Total equity	11,132.0	10,525.4	9,300.5	8,446.3	7,845.8
Cash Flow (\$m)					
Continuing and discontinued operations²					
EBITDA	4,464.9	4,771.5	4,572.5	3,852.6	4,134.3
Movement in net investment in inventory	245.8	103.2	(490.6)	(282.6)	(75.9)
Other operating cash flows and other non cash	0.4	98.7	69.8	614.5	83.8
Net interest paid	(310.3)	(338.2)	(454.5)	(369.3)	(309.6)
Tax paid	(1,055.7)	(1,162.5)	(977.3)	(941.4)	(841.5)
Operating cash flow	3,345.1	3,472.7	2,719.9	2,873.8	2,991.1
Payments for property, plant, equipment and intangibles	(2,172.7)	(1,898.7)	(1,955.3)	(2,141.8)	(2,138.5)
Proceeds on disposal of property, plant and equipment and subsidiaries	925.4	230.9	1,008.9	199.5	394.4
Other investing cash flows	(86.6)	(363.6)	(255.3)	(138.0)	(433.3)
Cash flow from operations after investing activities	2,011.2	1,441.3	1,518.2	793.5	813.7
Movement in gross debt	(205.9)	(67.3)	(527.3)	(468.9)	1,758.3
Issue of subsidiary shares to non-controlling interests	170.0	183.0	230.0	203.0	176.6
Dividends paid	(1,538.6)	(1,491.1)	(1,396.7)	(1,317.2)	(1,260.0)
Dividends paid to non-controlling interests	(28.8)	(32.0)	(20.1)	(15.6)	(13.2)
Buyback of shares	-	-	-	-	(738.7)
Transactions with non-controlling interests	(13.5)	-	-	-	-
New shares issued	6.0	35.5	193.7	129.5	105.1
Payments for shares acquired by the Woolworths Employee Share Trust	-	-	-	-	(28.8)
Effects of exchange rate changes on balance of cash held in foreign currencies	10.4	4.0	6.2	1.3	(6.8)
Net cash flow	410.8	73.4	4.0	(674.4)	806.2

Five Year Summary

Shareholder Value Weeks	2015 52	2014 52	2013 53	2012 ² 52	2011 ² 52
ROFE (Pre-tax return on funds employed) (%)⁸					
Group normal	22.81	26.98	27.61	24.08	29.28
Continuing operations before significant items ⁵	25.73	26.98	27.99	27.75	29.28
Du Pont Analysis (before significant items) (%)⁵					
EBIT to sales	6.18	6.21	6.18	5.96	6.05
Service burden ⁹	93.20	93.11	91.85	91.60	92.02
Tax burden ¹⁰	70.22	69.75	70.16	71.14	70.99
Asset turn ¹¹	2.45	2.62	2.70	2.67	2.77
Financial leverage ¹²	2.35	2.41	2.55	2.69	2.58
Return on equity ¹³	23.27	25.43	27.37	27.89	28.01
Earnings Per Share					
Ordinary share price closing(\$)	27.39	35.66	32.81	26.38	27.25
Market capitalisation (\$m)	34,692.6	44,925.1	41,018.7	32,498.3	33,149.6
Weighted average shares on issue (m)	1,256.6	1,248.0	1,237.4	1,222.0	1,216.2
Normal basic EPS (cents per share) ¹⁴	170.8	196.5	182.6	148.7	174.6
Normal basic EPS before significant items (cents per share) ^{5,14}	195.2	196.5	190.4	180.1	174.6
Normal basic EPS continuing operations before significant items (cents per share) ^{5,14}	195.2	196.5	190.2	178.3	174.6
Interim dividend (\$m)	846.3	815.6	770.6	723.9	691.4
Interim dividend (cents per share)	67.0	65.0	62.0	59.0	57.0
Final dividend (\$m) ¹⁵	912.0	907.1	888.2	826.9	792.9
Final dividend (cents per share)	72.0	72.0	71.0	67.0	65.0
Total dividend (\$m) ¹⁵	1,758.3	1,722.7	1,658.8	1,550.8	1,484.3
Total dividend (cents per share)	139.0	137.0	133.0	126.0	122.0
Payout ratio (%)	81.93	70.27	73.42	85.36	69.88
Payout ratio before significant items (%) ⁵	71.67	70.27	70.42	70.48	69.88
Price/earnings ratio (times)	16.04	18.15	17.97	17.74	15.60
Price/earnings ratio before significant items (times) ⁵	14.03	18.15	17.23	14.65	15.60
Price/operating cash flow ratio (times)	10.30	12.83	14.91	11.23	11.08
Growth Rates (continuing operations before significant items) (% increase)^{5,16}					
Sales-total Group	(0.15)	3.86	6.83	4.76	4.74
Sales-total Group excluding petrol	2.49	3.84	7.61	3.89	4.12
Sales per equivalent week-total Group	(0.15)	5.85	4.81	4.76	4.74
Sales per equivalent week-total Group excluding petrol	2.49	5.83	5.58	3.89	4.12
EBITDA	0.64	3.31	9.19	3.72	6.56
EBIT	(0.71)	3.34	9.17	2.98	6.30
Profit before tax	(0.61)	4.75	9.51	2.51	5.03
Normal basic EPS	(0.66)	3.31	6.67	3.06	6.48
Financial Strength (before significant items)⁵					
Service cover ratio (times) ¹⁷	14.71	14.51	12.27	11.91	12.53
Fixed charges cover (times) ¹⁸	2.9	3.0	3.0	2.9	3.0
Sales to inventory (times) ¹⁹	12.69	13.66	14.69	14.95	15.09
Capital expenditure to EBITDA (%)	45.24	39.79	42.31	50.13	51.73
Operating cash flow per share (\$)	2.66	2.78	2.20	2.35	2.46
Serviced gearing (%) ²⁰	21.60	26.17	28.72	33.76	33.83
Current assets to current liabilities (%)	83.56	94.93	90.68	85.75	78.87

Five Year Summary

Productivity	2015	2014	2013	2012 ²	2011 ²
Stores (Number)					
Supermarkets					
New South Wales and Australian Capital Territory ²¹	292	282	271	262	255
Queensland ²¹	230	225	209	203	194
Victoria ²¹	234	224	221	214	203
South Australia and Northern Territory ²¹	82	80	78	78	76
Western Australia ²¹	92	89	88	85	83
Tasmania ²¹	31	31	30	30	29
Supermarkets - Australia²¹	961	931	897	872	840
New Zealand Supermarkets	177	171	166	161	156
Total Supermarkets	1,138	1,102	1,063	1,033	996
Thomas Dux	9	11	11	11	11
Freestanding Liquor	359	349	339	329	305
Attached Liquor ²²	527	509	490	477	457
ALH Group Retail Outlets	557	544	526	507	488
Summergate	2	-	-	-	-
Caltex/WOW Petrol	-	131	131	132	132
WOW Petrol - Australia	516	502	482	467	449
Total Supermarkets, Liquor and Petrol	3,108	3,148	3,042	2,956	2,838
General Merchandise					
BIG W	184	182	178	172	165
EziBuy	5	4	-	-	-
Dick Smith Electronics	-	-	-	-	390
Tandy	-	-	-	-	4
Total General Merchandise	189	186	178	172	559
Hotels including clubs (ALH Group)	330	329	326	294	282
Home Timber and Hardware ²³	44	28	26	21	19
Masters	58	49	31	15	-
Total continuing operations	3,729	3,740	3,603	3,458	3,698
Discontinued operations²					
Dick Smith Electronics	-	-	-	347	-
Tandy	-	-	-	1	-
Total Group	3,729	3,740	3,603	3,806	3,698

Five Year Summary

Stores (Movement) FY15	29 June 2014	Opened/acq	Closed	28 June 2015
Supermarkets				
New South Wales and Australian Capital Territory ²¹	282	12	2	292
Queensland ²¹	225	6	1	230
Victoria ²¹	224	11	1	234
South Australia and Northern Territory ²¹	80	3	1	82
Western Australia ²¹	89	4	1	92
Tasmania ²¹	31	1	1	31
Supermarkets - Australia²¹	931	37	7	961
New Zealand Supermarkets	171	8	2	177
Total Supermarkets	1,102	45	9	1,138
Thomas Dux	11	-	2	9
Freestanding Liquor	349	17	7	359
Attached Liquor ²²	509	21	3	527
ALH Group Retail Outlets	544	24	11	557
Summernight	-	2	-	2
Caltex/WOW Petrol	131	-	131	-
WOW Petrol - Australia	502	15	1	516
Total Supermarkets, Liquor and Petrol	3,148	124	164	3,108
General Merchandise				
BIG W	182	2	-	184
EziBuy	4	1	-	5
Total General Merchandise	186	3	-	189
Hotels including clubs (ALH Group)	329	3	2	330
Home Timber and Hardware ²³	28	18	2	44
Masters	49	9	-	58
Total Group Movement	3,740	157	168	3,729

Weeks	2015 52	2014 52	2013 53	2012 ² 52	2011 ² 52
Area (sqm)					
Supermarket Division (Australia) ²⁴	2,617,924	2,522,981	2,413,527	2,318,756	2,202,620
Supermarket Division (New Zealand) ²⁵	397,889	386,818	372,373	351,744	333,274
General Merchandise Division ²⁶	1,055,231	1,042,927	1,016,086	1,107,732	1,086,082
Sales Per Average Square Metre (normalised 52 weeks)					
Supermarket Division (Australia) ²⁴	15,728.9	16,020.8	15,972.9	15,980.2	16,171.8
Supermarket Division (New Zealand) ²⁵	13,755.1	14,097.5	14,568.1	15,178.9	15,131.6
General Merchandise Division ²⁶	3,913.8	4,227.1	4,275.2	5,241.9	5,299.9

Five Year Summary

Notes to Statistics

1. General Merchandise includes BIG W and EziBuy
2. On 27 September 2012, Woolworths announced its exit from the Consumer Electronics market segment with the sale of its wholesale operations in India and the Dick Smith Electronics business in Australia and New Zealand. For statutory reporting, Dick Smith Electronics operations were reported as a discontinued operation from financial year 2012. India Wholesale operations were reported as a discontinued operation from financial year 2013. For comparative purposes within this summary, with the exception of the balance sheet, financial year 2012 was adjusted to include India Wholesale as a discontinued operation. Financial year 2011 balances are consistent with the way they were reported at financial year 2011 (that is, do not reflect any restatement of the profit and loss for discontinued operations)
3. Prior to financial year 2012, Home Improvement was included in the 'Unallocated' category
4. Unallocated/Central overheads consists of the Group's operating segments that are not separately reportable (Home Improvement prior to financial year 2012) as well as various support functions including Property and Head Office costs
5. Significant items represent:
 - in 2015, costs of \$425.9m before tax (\$308.1m after tax, \$307.3m attributable to equity holders of Woolworths Limited and \$0.8m attributable to non-controlling interests) relating to the General Merchandise transformation, Business transformation, Redundancy, and Property portfolio review
 - in 2013, profit of \$9.9m before tax (\$7.9m after tax) on sale of the Consumer Electronics businesses
 - in 2013, the one-off loss of \$32.8m before tax (\$28.5m after tax) on the Shopping Centres Australasia Property Group transaction
 - in 2013, the one-off costs of \$25.8m before tax (\$18.1m after tax) for Victorian transport fleet redundancies
 - in 2013, the one off costs of \$82.3m before tax (\$57.6m after tax) relating to the US144A bond redemption
 - in 2012, the \$420.0m before tax (\$383.7m after tax) restructuring provision set aside for the restructure and divestment of Dick Smith Electronics in Australia and New Zealand

Where noted, profit and loss items have been adjusted to reflect these significant items
6. Total funds employed is net assets excluding net tax balances, cash and borrowings debt, other financial liabilities, and assets and liabilities as a result of hedging per *AASB 139 Financial Instruments: Recognition and Measurement*
7. Cash and borrowings is gross debt less cash on hand, cash at bank and cash on short term deposit
8. Return on funds employed (ROFE) is EBIT as a percentage of average (of opening and closing) funds employed for the year. For comparability, the continuing operations ratio excludes Consumer Electronics Australia, New Zealand and India from financial year 2012

9. Service burden is net profit before income tax (before significant items) expressed as a percentage of EBIT
10. Tax burden is profit after income tax (before significant items) attributable to shareholders expressed as a percentage of profit before income tax
11. Asset turn is total sales divided by average (of opening and closing) total assets for the year
12. Financial leverage is average (of opening and closing) total assets divided by average (of opening and closing) shareholders' equity for the year
13. Return on equity is profit after income tax (before significant items) attributable to shareholders, divided by average (of opening and closing) shareholders' equity for the year
14. Normal basic earnings per share (normal EPS) is profit after tax and servicing Hybrid Notes attributable to shareholders divided by the weighted average number of ordinary shares on issue during the year. The weighted average number of shares on issue has been calculated in accordance with Accounting Standard *AASB 133 Earnings per Share*
15. The current year figure represents the forecast dividend given the shares on issue at the date the full year results are released to the market. This figure will change if there are any shares issued between the reporting date and the ex-dividend date
16. Growth rates in 2014 have been impacted by the 2013 year having 53 weeks
17. Service cover ratio is EBIT (before significant items) divided by the sum of net financing costs and Hybrid Notes interest
18. Fixed charges cover is EBITDAR (before significant items) divided by rent and interest costs. Rent and interest costs include capitalised interest but exclude foreign exchange gains/losses and dividend income
19. Sales to inventory is total sales divided by average (of opening and closing) inventory
20. Serviced gearing is cash and borrowings together with the hedge assets and liabilities related to those borrowings divided by cash and borrowings together with the hedge assets and liabilities related to those borrowings plus total equity
21. The 2014 Australian Supermarkets store numbers by State and Territory have been re-classified to conform with the 2015 store profile
22. Attached Liquor stores were previously not reported separately
23. Previously known as 'Danks'
24. Supermarkets Division (Australia) excludes Langton's, Cellarmasters, Petrol, Wholesale and ALH Group retail (BWS)
25. New Zealand Supermarkets excludes Gull and franchise outlets. Sales per square metre is presented in New Zealand dollars
26. Includes BIG W, EziBuy, Dick Smith and Tandy.
Excludes Woolworths India

Certain comparative amounts have been re-classified to conform with the current year's presentation to better reflect the economic nature of the assets and liabilities of the Group.

Shareholder Information and Corporate Governance Statement

(as at 21 August 2015)

The shareholder information set out below was applicable as at 21 August 2015.

NUMBER OF SHAREHOLDERS

There were 464,551 shareholders, holding 1,266,615,199 fully paid ordinary shares (FPO).

DISTRIBUTION OF EQUITY SECURITIES

(a) Analysis of numbers of shareholders by size of holding:

Range of fully paid ordinary shares/options	Number of FPO Shareholders	Number of FPO Shares
1 - 1,000	305,885	116,416,632
1,001 - 5,000	139,084	291,463,898
5,001 - 10,000	13,317	93,971,206
10,001 - 100,000	6,125	118,501,543
100,001 and over	140	646,261,920
Total	464,551	1,266,615,199

(b) There were 8,270 holders of less than a marketable parcel of ordinary shares.

TOP 20 LARGEST SHAREHOLDERS

Name	Number of FPO shares	Percentage of Issued Capital (%)
1 HSBC Custody Nominees (Australia) Limited	207,407,841	16.37
2 JP Morgan Nominees Australia Limited	128,923,967	10.18
3 National Nominees Limited	123,973,450	9.79
4 Citicorp Nominees Pty Limited	43,557,520	3.44
5 BNP Paribas Noms Pty Ltd <DRP>	35,391,163	2.79
6 HSBC Custody Nominees (Australia) Limited <NT-Comwlth Super Corp A/C>	8,265,514	0.65
7 Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	7,997,012	0.63
8 AMP Life Limited	6,407,380	0.51
9 Australian Foundation Investment Company Limited	5,595,000	0.44
10 RBC Investor Services Australia Nominees Pty Limited <PI POOLED A/C>	5,115,620	0.40
11 Woolworths Custodian Pty Ltd <Share Trust Account>	4,509,791	0.36
12 Argo Investments Limited	4,133,026	0.33
13 BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	3,673,219	0.29
14 UBS Wealth Management Australia Nominees Pty Ltd	3,461,113	0.27
15 UBS Nominees Pty Ltd	3,313,592	0.26
16 Questor Financial Services Limited <TPS RF A/C>	3,036,845	0.24
17 Milton Corporation Limited	2,903,973	0.23
18 Navigator Australia Ltd <MLC Investment Sett A/C>	2,888,661	0.23
19 RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	2,332,146	0.18
20 Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	2,175,760	0.17

Shareholder Information

HISTORY OF DIVIDENDS PAID

Date of dividend	Type	Cents per share	Franking Rate	DRP Price
29 April 1994	Interim	6 cents	39%	\$2.89
30 November 1994	Final	6 cents	39% + 33%	\$2.60
28 April 1995	Interim	6 cents	33%	\$2.72
17 November 1995	Final	8 cents	39% + 33%	\$2.90
26 April 1996	Interim	7 cents	33%	\$2.87
12 November 1996	Final	8 cents	36%	\$2.58
24 April 1997	Interim	7 cents	36%	\$3.22
15 October 1997	Final	9 cents	36%	\$3.94
24 April 1998	Interim	8 cents	36%	\$5.35
9 October 1998	Final	9 cents	36%	\$5.18
30 April 1999	Interim	8 cents	36%	\$4.83
5 October 1999	Final	10 cents	36%	\$5.19
28 April 2000	Interim	10 cents	36%	\$4.92
5 October 2000	Final	13 cents	34%	\$6.61
27 April 2001	Interim	12 cents	34%	\$7.99
5 October 2001	Final	15 cents	30%	\$10.98
30 April 2002	Interim	15 cents	30%	\$12.23
8 October 2002	Final	18 cents	30%	\$11.78
30 April 2003	Interim	18 cents	30%	\$11.71
3 October 2003	Final	21 cents	30%	\$11.37
30 April 2004	Interim	21 cents	30%	\$11.49
8 October 2004	Final	24 cents	30%	\$13.16
29 April 2005	Interim	24 cents	30%	\$15.50
7 October 2005	Final	27 cents	30%	\$15.77
28 April 2006	Interim	28 cents	30%	\$18.26
06 October 2006	Final	31 cents	30%	\$19.73
27 April 2007	Interim	35 cents	30%	\$27.05
05 October 2007	Final	39 cents	30%	\$29.82
24 April 2008	Interim	44 cents	30%	\$30.08
3 October 2008	Final	48 cents	30%	\$27.79
24 April 2009	Interim	48 cents	30%	\$25.21
9 October 2009	Final	56 cents	30%	\$29.00
23 April 2010	Interim	53 cents	30%	\$28.17
15 October 2010	Final	62 cents	30%	\$29.23
29 April 2011	Interim	57 cents	30%	\$26.88
14 October 2011	Final	65 cents	30%	\$24.79
27 April 2012	Interim	59 cents	30%	\$25.61
12 October 2012	Final	67 cents	30%	\$28.88
26 April 2013	Interim	62 cents	30%	\$34.02
11 October 2013	Final	71 cents	30%	\$34.97
24 April 2014	Interim	65 cents	30%	\$35.82
10 October 2014	Final	72 cents	30%	\$34.82
24 April 2015	Interim	67 cents	30%	\$29.18

Shareholder Information and Corporate Governance Statement

SUBSTANTIAL SHAREHOLDERS

As at 21 August 2015, there were no substantial shareholders.

UNQUOTED EQUITY SECURITIES

As at 21 August 2015, there were 6,293,823 performance rights over unissued ordinary shares.

ANNUAL GENERAL MEETING

The Annual General Meeting of Woolworths Limited will be held on Thursday 26 November 2015 at The Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000.

SHAREHOLDER ENQUIRIES

Enquiries and correspondence should be directed to Woolworths Limited's Share Registrar, Computershare Investor Services Pty Limited, by telephone on 1300 368 664, or online by visiting Computershare's website at www.computershare.com.au.

FINAL DIVIDEND

The final dividend of 72 cents per share is expected to be paid on 9 October 2015 to eligible shareholders.

DIVIDEND REINVESTMENT PLAN (DRP)

There is no DRP discount and there is a limit on DRP participation of 20,000 shares. There is currently no minimum number of shares required for participation.

STOCK EXCHANGE LISTINGS

Woolworths Limited ordinary shares are listed on the Australian Securities Exchange (ASX) under code: WOW. Woolworths Notes II are listed on the ASX under code: WOWHC. Woolworths Notes I were listed on the ASX under code: WOWHB.

AMERICAN DEPOSITORY RECEIPTS

Woolworths Limited shares may be traded in sponsored American Depository Receipts form in the United States.

SHAREHOLDER CALENDAR*

*dates are on or about and subject to change

2015

September

- 9 Ex date for Final Dividend
- 11 Record date for Final Dividend

October

- 9 Payment date Final Dividend
- Announcement of First quarter sales results

November

- 26 Annual General Meeting – Sydney

2016

February

- Announcement of Half year results

March

- 2 Ex date for Interim Dividend
- 4 Record date for Interim Dividend

April

- 8 Payment date for Interim Dividend
- Announcement of Third quarter sales results

August

- Announcement of Full year results

September

- 1 Ex date for Final Dividend
- 2 Record date for Final Dividend
- 30 Payment date for Final Dividend

November

- 24 Annual General Meeting – Melbourne

CORPORATE GOVERNANCE STATEMENT

A copy of the Corporate Governance Statement can be found on our website. Visit www.woolworthslimited.com.au.

Company Directory

Registered Office

1 Woolworths Way
Bella Vista NSW 2153
Tel: (02) 8885 0000
Web: www.woolworthslimited.com.au

Company Secretary

Richard Dammery

Share Registrar

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Tel: 1300 368 664
Web: www.computershare.com.au

Auditor

Deloitte Touche Tohmatsu
225 George Street
Sydney NSW 2000
Tel: (02) 9322 7000
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