WOOLWORTHS GROUP

22 February 2017

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

APPENDIX 4D AND HALF-YEAR FINANCIAL REPORT

Attached for release to the market are:

- Appendix 4D
- 2017 Half-Year Financial Report

for the half-year ended 1 January 2017 (27 weeks).

For further information contact:

Investors and Analysts

David Marr
Chief Financial Officer
+61 2 8885 4711

Paul van Meurs
Head of Investor Relations
+61 2 8885 8082

Media

Jennifer James
Director of Corporate Affairs
+61 2 8885 1033
OR
Woolworths Group Press Office 02 8885 1033

WOOLWORTHS GROUP

ASX RELEASE
22 February 2017

ASX APPENDIX 4D

HALF-YEAR FINANCIAL REPORT OF WOOLWORTHS LIMITED

ABN 88 000 014 675
(ASX: WOW)

FOR THE HALF-YEAR ENDED 1 JANUARY 2017

This Half-Year Financial Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A and should be read in conjunction with the 2016 Annual Financial Report and any announcements made to the market during the period.

Current Reporting Period:
Half-year ended 1 January 2017 (27 weeks)

Previous Corresponding Period:
Half-year ended 3 January 2016 (27 weeks)

Half-Year Financial Report 2017
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Appendix 4D
Results for Announcement to the Market for the half-year ended 1 January 2017

REVENUE AND NET PROFIT/(LOSS)

		PERCENTAGE CHANGE %		AMOUNT $M
Revenue from continuing operations	up	2.6	to	29,163.4
Revenue from discontinued operations	down	11.0	to	3,265.0
Total revenue from ordinary activities	up	1.1	to	32,428.4
Profit from continuing operations after tax attributable to members	down	16.7	to	785.7
Loss from discontinued operations after tax attributable to members	down	96.8	to	(60.4)
Total profit from ordinary activities after tax attributable to members	up	174.6	to	725.3
Net profit attributable to members	up	174.6	to	725.3

BRIEF EXPLANATION OF REVENUE, NET PROFIT AND DIVIDENDS

Refer to Press Release – Half-Year Profit and Dividend Announcement for the 27 weeks ended 1 January 2017.

DETAILS RELATING TO DIVIDENDS

Interim dividend per security

	PAYMENT DATE	AMOUNT PER SECURITY ¢	FRANKED AMOUNT PER SECURITY ¢
Interim 2017 dividend [1]	**7 April 2017**	34	34
Interim 2016 dividend [1]	8 April 2016	44	44

Record date for determining entitlement to the 2017 interim dividend	3 March 2017

1 Fully franked at 30% tax rate.

Interim dividend on all securities

	HALF-YEAR ENDED	
	1 JANUARY 2017 $M	3 JANUARY 2016 $M
Ordinary securities	438.0 [2]	559.2

2 Represents the anticipated dividend based on the shares on issue as at the date of this report. This value will change if there are any shares issued between the date of this report and the ex-dividend date.

Other disclosures in relation to dividends:

On 22 February 2017, the Board of Directors declared an interim dividend of 34 cents per security. The amount that is expected to be paid on or around 7 April 2017 will be approximately $438.0 million. No provision has been made in the Half-Year Financial Report in line with the requirements of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Appendix 4D

Results for Announcement to the Market for the half-year ended 1 January 2017

DETAILS RELATING TO DIVIDENDS CONTINUED

Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation.

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 or maximum number of shares which a shareholder may designate as participating in the DRP.

In accordance with the DRP rules, the Directors have determined that a 1.5% discount will apply to the 2017 interim dividend for shareholders who elect to participate in the DRP. Therefore, shares allocated under the DRP for the 2017 interim dividend will be allocated at an amount equal to 98.5% of the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of 10 trading days commencing on Tuesday 7 March 2017.

The last date for receipt of election notices for the Dividend Reinvestment Plan	6 March 2017

NET TANGIBLE ASSETS PER SECURITY

	AS AT	
	1 JANUARY 2017 ¢ PER SHARE	3 JANUARY 2016 ¢ PER SHARE
Net tangible assets per security	249.2	223.0
Add:		
Brand names, liquor and gaming licences, customer relationships, distribution rights and property development rights per security	181.5	188.8
Net tangible assets per security adjusted for brand names, liquor and gaming licences, customer relationships, distribution rights and property development rights	430.7	411.8

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST

During the half-year ended 1 January 2017, control was lost over Danks Holdings Pty Limited and its subsidiaries.

Control was not gained or lost over any other entities (or group of entities) during the half-year ended 1 January 2017.

DETAILS OF ASSOCIATES

	OWNERSHIP INTEREST AS AT	
NAME OF ENTITY	1 JANAURY 2017 %	3 JANUARY 2016 %
Gage Roads Brewing Co Limited	–	23.5%
The Quantium Group Holdings Pty Limited	48.2%	50.0%

INFORMATION ON AUDIT OR REVIEW

This report is based on accounts for the half-year ended 1 January 2017, which have been reviewed by Deloitte Touche Tohmatsu.

OTHER COMMENTS

Further information has been provided in the attached Half-Year Financial Report.

Director's Report

The Directors of Woolworths Limited submit herewith the Half-Year Financial Report of Woolworths Limited and its subsidiaries (the 'Group' or 'Consolidated Entity') for the half-year ended 1 January 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report is as follows:

THE DIRECTORS

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

Non-Executive Directors

G M Cairns (Chairman)

J R Broadbent

H S Kramer

S L McKenna

S R Perkins

K A Tesija

M J Ullmer

Executive Directors

B L Banducci (Managing Director and Chief Executive Officer)

REVIEW AND RESULTS OF OPERATIONS

Refer to Press Release – Half-Year Profit and Dividend Announcement for the 27 weeks ended 1 January 2017.

ROUNDING OF AMOUNTS

The Company is of the kind referred to in Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191, dated 24 March 2016 pursuant to s.341(1) of the *Corporations Act 2001*, relating to the 'rounding off' of amounts in the Directors' Report and Half-Year Financial Report. In accordance with that legislative Instrument, amounts in the Half-Year Financial Report have been rounded off to the nearest tenth of a million dollars, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is set out on page 6.

This Report is made in accordance with a Resolution of the Directors of the Company on 22 February 2017.

Gordon Cairns
Chairman

Brad Banducci
Managing Director and Chief Executive Officer

Auditor’s Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060
Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia
DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
Woolworths Limited
1 Woolworths Way
Bella Vista
NSW 2153

22 February 2017

Dear Board Members

Auditor's Independence Declaration to 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 review of the financial statements of Woolworths Limited for the half-year ended 1 January 2017, 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants

Independent Auditor's Review Report

Deloitte.

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060
Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia
DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Members of Woolworths Limited

We have reviewed the accompanying Half-Year Financial Report of Woolworths Limited (the 'Company'), which comprises the Consolidated Statement of Financial Position as at 1 January 2017, 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 half-year ended on that date, selected explanatory notes and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 25.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the Half-Year 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 Half-Year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Half-Year Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-Year Financial Report is not in accordance with *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 1 January 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.* As the auditor of Woolworths Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual Financial Report.

A review of a Half-Year Financial Report consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, 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 review report.

Independent Auditor's Review Report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-Year Financial Report of Woolworths Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 1 January 2017 and its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants
Sydney, 22 February 2017

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; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in compliance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Gordon Cairns
Chairman
22 February 2017

Brad Banducci
Managing Director and Chief Executive Officer

Consolidated Statement of Profit or Loss

	NOTE	HALF-YEAR ENDED 1 JANUARY 2017 $M	HALF-YEAR ENDED 3 JANUARY 2016 $M
Continuing Operations			
Revenue from the sale of goods and services		**29,058.5**	28,315.0
Other operating revenue		**104.9**	102.8
Total operating revenue		**29,163.4**	28,417.8
Cost of sales		**(20,847.4)**	(20,349.2)
Gross profit		**8,316.0**	8,068.6
Other revenue		**121.8**	128.5
Branch expenses		**(5,485.3)**	(5,207.6)
Administration expenses		**(1,651.2)**	(1,466.7)
Earnings before interest and tax		**1,301.3**	1,522.8
Financing costs		**(113.5)**	(132.6)
Profit before income tax		**1,187.8**	1,390.2
Income tax expense		**(368.3)**	(416.9)
Profit for the period from continuing operations		**819.5**	973.3
Discontinued Operations			
Loss from discontinued operations, after tax	7	**(81.4)**	(3,060.8)
Profit/(Loss) for the period		**738.1**	(2,087.5)
Profit/(Loss) attributable to:			
Equity holders of the parent entity		**725.3**	(972.7)
Non-controlling interests		**12.8**	(1,114.8)
		738.1	(2,087.5)
Profit/(Loss) attributable to equity holders of the parent relates to:			
Profit from continuing operations		**785.7**	943.6
Loss from discontinued operations		**(60.4)**	(1,916.3)
		725.3	(972.7)
		CENTS	CENTS
Earnings Per Share (EPS) attributable to equity holders of the parent			
Basic EPS		**56.6**	(77.1)
Diluted EPS		**56.5**	(77.1)
EPS attributable to equity holders of the parent from continuing operations			
Basic EPS		**61.3**	74.8
Diluted EPS		**61.2**	74.8

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

	HALF-YEAR ENDED	
	1 JANUARY 2017 $M	3 JANUARY 2016 $M
Profit/(Loss) for the period	**738.1**	(2,087.5)
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Hedging reserve		
Movement in the fair value of cash flow hedges	**23.1**	72.6
Income tax effect	**(5.0)**	(21.8)
Transfer cash flow hedges to the Consolidated Statement of Profit or Loss	**(10.3)**	(72.1)
Income tax effect	**3.1**	20.7
Foreign currency translation reserve (FCTR)		
Movement in translation of foreign operations taken to equity	**28.7**	157.2
Income tax effect	**(3.3)**	(20.1)
Items that will not be reclassified to profit or loss		
Equity instrument reserve		
Movement in the fair value of investments in equity securities	**(4.8)**	2.4
Other comprehensive income (net of tax)	**31.5**	138.9
Total comprehensive income from continuing operations	**846.7**	1,113.7
Total comprehensive loss from discontinued operations	**(77.1)**	(3,062.3)
Total comprehensive income/(loss) for the period	**769.6**	(1,948.6)
Total comprehensive income/(loss) attributable to:		
Equity holders of the parent entity	**756.8**	(833.8)
Non-controlling interests	**12.8**	(1,114.8)
	769.6	(1,948.6)
Total comprehensive income from continuing operations attributable to:		
Equity holders of the parent entity	**812.9**	1,084.0
Non-controlling interests	**33.8**	29.7
	846.7	1,113.7

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	AS AT 1 JANUARY 2017 $M	26 JUNE 2016 $M	3 JANUARY 2016 $M
Current assets				
Cash and cash equivalents		**1,421.3**	948.1	1,002.4
Trade and other receivables		**737.3**	763.9	1,022.0
Current tax assets		**–**	–	69.4
Inventories		**4,449.2**	4,558.5	4,923.1
Other financial assets		**56.6**	56.0	131.0
		6,664.4	6,326.5	7,147.9
Assets held for sale	8	**1,336.3**	1,100.5	359.5
Total current assets		**8,000.7**	7,427.0	7,507.4
Non-current assets				
Trade and other receivables		**132.5**	85.9	49.1
Other financial assets		**578.9**	638.2	607.9
Property, plant and equipment		**7,888.2**	8,262.8	8,739.7
Intangible assets		**5,952.2**	5,978.3	6,254.3
Deferred tax assets		**1,103.0**	1,110.0	1,024.5
Total non-current assets		**15,654.8**	16,075.2	16,675.5
Total assets		**23,655.5**	23,502.2	24,182.9
Current liabilities				
Trade and other payables		**7,392.3**	6,266.1	6,837.3
Borrowings		**589.0**	490.7	1,112.4
Current tax payable		**1.7**	39.5	–
Other financial liabilities		**68.0**	120.3	132.8
Provisions		**1,865.5**	1,873.5	1,579.7
		9,916.5	8,790.1	9,662.2
Liabilities directly associated with assets held for sale	8	**42.3**	202.6	–
Total current liabilities		**9,958.8**	8,992.7	9,662.2
Non-current liabilities				
Borrowings		**2,671.6**	3,870.9	3,412.2
Other financial liabilities		**128.0**	179.8	166.8
Provisions		**1,238.4**	1,382.4	1,243.2
Other		**296.9**	294.5	289.9
Total non-current liabilities		**4,334.9**	5,727.6	5,112.1
Total liabilities		**14,293.7**	14,720.3	14,774.3
Net assets		**9,361.8**	8,781.9	9,408.6
Equity				
Share capital	4	**5,557.9**	5,347.0	5,171.8
Shares held in trust	4	**(62.4)**	(94.8)	(98.0)
Reserves		**241.4**	93.9	65.8
Retained earnings		**3,425.3**	3,124.5	3,948.5
Equity attributable to equity holders of the parent entity		**9,162.2**	8,470.6	9,088.1
Non-controlling interests		**199.6**	311.3	320.5
Total equity		**9,361.8**	8,781.9	9,408.6

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

FOR THE HALF-YEAR ENDED 1 JANUARY 2017	ATTRIBUTABLE TO MEMBERS OF WOOLWORTHS LIMITED						
	SHARE CAPITAL $M	SHARES HELD IN TRUST $M	RESERVES $M	RETAINED EARNINGS $M	TOTAL $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 27 June 2016	5,347.0	(94.8)	93.9	3,124.5	8,470.6	311.3	8,781.9
Profit after income tax expense	–	–	–	725.3	725.3	12.8	738.1
Other comprehensive income (net of tax)	–	–	31.5	–	31.5	–	31.5
Total comprehensive income (net of tax)	–	–	31.5	725.3	756.8	12.8	769.6
Dividends paid	–	–	–	(422.0)	(422.0)	(4.7)	(426.7)
Dividends paid – Treasury shares	–	–	–	1.0	1.0	–	1.0
Issue of shares under employee long-term incentive plans	–	32.4	(32.4)	–	–	–	–
Issue of shares under the dividend reinvestment plan	210.9	–	–	–	210.9	–	210.9
Share-based payments expense	–	–	23.7	–	23.7	–	23.7
Transactions with non-controlling interests (refer to Note 7)	–	–	121.2	–	121.2	(121.2)	–
Other	–	–	3.5	(3.5)	–	1.4	1.4
Balance at 1 January 2017	5,557.9	(62.4)	241.4	3,425.3	9,162.2	199.6	9,361.8

FOR THE HALF-YEAR ENDED 3 JANUARY 2016	ATTRIBUTABLE TO MEMBERS OF WOOLWORTHS LIMITED						
	SHARE CAPITAL $M	SHARES HELD IN TRUST $M	RESERVES $M	RETAINED EARNINGS $M	TOTAL $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 29 June 2015	5,064.9	(155.9)	95.1	5,830.1	10,834.2	297.8	11,132.0
Loss after income tax expense	–	–	–	(972.7)	(972.7)	(1,114.8)	(2,087.5)
Other comprehensive income (net of tax)	–	–	138.9	–	138.9	–	138.9
Total comprehensive income/(loss) (net of tax)	–	–	138.9	(972.7)	(833.8)	(1,114.8)	(1,948.6)
Dividends paid	–	–	–	(912.0)	(912.0)	(16.5)	(928.5)
Dividends paid – Treasury shares	–	–	–	3.1	3.1	–	3.1
Issue of shares under employee long-term incentive plans	–	57.9	(57.9)	–	–	–	–
Issue of shares under the dividend reinvestment plan	106.9	–	–	–	106.9	–	106.9
Issue of shares to non-controlling interests	–	–	–	–	–	120.0	120.0
Share-based payments expense	–	–	38.2	–	38.2	–	38.2
Reclassification of non-controlling interests for recognition of financial liability	–	–	–	–	–	886.5	886.5
Transactions with non-controlling interests	–	–	(148.3)	–	(148.3)	148.3	–
Other	–	–	(0.2)	–	(0.2)	(0.8)	(1.0)
Balance at 3 January 2016	5,171.8	(98.0)	65.8	3,948.5	9,088.1	320.5	9,408.6

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

	HALF-YEAR ENDED	
	1 JANUARY 2017[1] $M	3 JANUARY 2016[1] $M
Cash Flows from Operating Activities		
Receipts from customers	**35,014.2**	34,716.5
Payments to suppliers and employees	**(32,256.6)**	(32,694.3)
Net financing costs paid	**(132.5)**	(150.9)
Income tax paid	**(429.4)**	(618.6)
Net cash provided by operating activities	**2,195.7**	1,252.7
Cash Flows from Investing Activities		
Proceeds from the sale of property, plant and equipment and assets held for sale	**167.2**	258.5
Proceeds from the sale of investments	**2.8**	–
Proceeds from the sale of subsidiaries net of cash disposed	**197.9**	14.9
Payments for property, plant and equipment – property development	**(88.7)**	(291.5)
Payments for property, plant and equipment (excluding property development)	**(646.1)**	(540.9)
Payments for intangible assets	**(19.6)**	(23.0)
Payments for the purchase of businesses, net of cash acquired	**(1.6)**	(17.3)
Payments for the purchase of investments and contingent consideration	**–**	(1.3)
Dividends received	**1.7**	1.5
Net cash used in investing activities	**(386.4)**	(599.1)
Cash Flows from Financing Activities		
Proceeds from the issue of equity securities	**55.5**	–
Proceeds from the issue of equity securities in subsidiary to non-controlling interest	**–**	120.0
Transactions with non-controlling interests	**–**	(12.1)
Proceeds from borrowings	**–**	407.7
Repayment of borrowings	**(1,112.5)**	(689.4)
Dividends paid	**(265.6)**	(802.1)
Dividends paid to non-controlling interests	**(4.7)**	(16.5)
Net cash used in financing activities	**(1,327.3)**	(992.4)
Net increase/(decrease) in cash and cash equivalents	**482.0**	(338.8)
Effects of exchange rate changes on foreign currency	**0.2**	7.8
Cash and cash equivalents at the beginning of the period	**956.0**	1,333.4
Cash and cash equivalents at the end of the period	**1,438.2**	1,002.4

	AS AT	
	1 JANUARY 2017 $M	3 JANUARY 2016 $M
Cash and cash equivalents (as presented in the Consolidated Statement of Financial Position)	**1,421.3**	1,002.4
Cash and cash equivalents (included within assets held for sale)	**16.9**	–
	1,438.2	1,002.4

1 The above Consolidated Statement of Cash Flows includes both continuing and discontinued operations. Amounts related to discontinued operations are disclosed in Note 7.

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

REPORTING ENTITY

Woolworths Limited (the 'Company') is a for-profit company incorporated and domiciled in Australia. The Half-Year Financial Report for the 27 weeks ended 1 January 2017 ('Half-Year Financial Report') comprises the Company and its subsidiaries (together referred to as the 'Group' or 'Consolidated Entity').

STATEMENT OF COMPLIANCE

The Half-Year Financial Report of the Group is a general purpose condensed financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The Half-Year Financial Report does not include all of the information required for a full Annual Financial Report, and should be read in conjunction with the Annual Financial Report of the Company as at and for the 52 weeks ended 26 June 2016 and any public announcements by Woolworths Limited and its subsidiaries during the half-year in accordance with continuous disclosure obligations under the *Corporations Act 2001* and ASX Listing Rules.

The Half-Year Financial Report was approved by the Board of Directors on 22 February 2017.

BASIS OF PREPARATION

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 assets and liabilities which have been measured at fair value.

All amounts are presented in Australian Dollars, unless otherwise indicated.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, dated 24 March 2016 pursuant to s.341(1) of the *Corporations Act 2001*. In accordance with that legislative instrument, amounts in the Half-Year Financial Report have been rounded off to the nearest tenth of a million dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the Half-Year Financial Report are consistent with those adopted in the Company's Annual Financial Report for the 52 weeks ended 26 June 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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, including:

- The comparative financial information in the Consolidated Statement of Profit or Loss and associated Notes and the Consolidated Statement of Comprehensive Income have been restated for businesses that satisfy the definition of a discontinued operation as at the end of the reporting period (refer to Note 7);
- The cash flows relating to the proceeds from borrowings and repayments of borrowings where these borrowings have a maturity period of three months or less have been presented on a net basis as allowed under AASB 107 *Statement of Cash Flows*; and
- Segment disclosures have been restated in line with the Group's reassessment in the prior year of its reportable segments under the new Woolworths operating model as well as to exclude businesses that satisfy the definition of a discontinued operation as at the end of the reporting period.

New and amended standards adopted by the Group

None of the new standards or amendments to standards that are mandatory for the first time for the half-year beginning 27 June 2016 materially affected any of the amounts recognised in the current period or any prior period and are not likely to significantly affect future periods.

1 SEGMENT DISCLOSURES FROM CONTINUING OPERATIONS

Reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Chief Executive Officer in order to allocate resources to the segment and assess its performance. These business units offer different products and services and are managed separately. Following the Group's reassessment in the prior year of reportable segments under the new Woolworths operating model, the Endeavour Drinks Group was identified as a separate reportable segment (previously included within Australian Food, Liquor and Petrol) and BIG W was identified as a separate reportable segment (previously included within General Merchandise).

The Group's reportable segments are as follows:

- **Australian Food** – procurement of food products for resale to customers in Australia;
- **New Zealand Supermarkets** – procurement of food and liquor products for resale to customers in New Zealand;
- **Endeavour Drinks Group** – procurement of liquor products for resale to customers in Australia;
- **BIG W** – procurement of discount general merchandise products for resale to customers in Australia; and
- **Hotels** – provision of leisure and hospitality services including food and alcohol, accommodation, entertainment and gaming in Australia.

On 18 January 2016, the Company announced that it intended to pursue an orderly prospective exit of the Home Improvement business. Consequently, the Home Improvement business has been classified as a discontinued operation (refer to Note 7) and this segment is no longer presented in the half-year segment disclosures for 2017 and 2016.

On 24 December 2016, the Company entered into a binding agreement to sell the Petrol business to BP for $1.785 billion. Consequently, the Petrol business has been classified as a discontinued operation (refer to Note 7). The Petrol business was previously presented together with Australian Food and is no longer included in the half-year segment disclosures for 2017 and 2016.

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. The revenue from the sale of goods and services included in the Unallocated group relates to EziBuy and is derived from the procurement of general merchandise products for predominately online resale to customers.

The financial performance of the Group, in particular BIG W, is affected by seasonality whereby earnings are typically greater in the first half of the financial year due to the Christmas trading period.

There are varying levels of integration between the Australian Food, Endeavour Drinks Group and Hotels reportable segments. This includes the common usage of property and services and administration functions. Inter-segment pricing is determined on an arm's length basis.

Performance is measured based on segment earnings before interest and tax (EBIT) which is consistent with the way management monitor and report the performance of these segments.

1 SEGMENT DISCLOSURES FROM CONTINUING OPERATIONS (CONTINUED)

HALF-YEAR ENDED 1 JANUARY 2017	AUSTRALIAN FOOD[1] A$M	NEW ZEALAND SUPERMARKETS A$M	ENDEAVOUR DRINKS GROUP[1] A$M	BIG W[2] A$M	HOTELS A$M	UNALLOCATED[3] A$M	CONSOLIDATED FROM CONTINUING OPERATIONS A$M
Revenue from the sale of goods	**18,712.6**	**3,068.9**	**4,319.3**	**2,050.3**	**828.5**	**78.9**	**29,058.5**
Other operating revenue	**102.0**	**2.6**	**–**	**0.3**	**–**	**–**	**104.9**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**	**484.3**	**484.3**
Segment revenue	**18,814.6**	**3,071.5**	**4,319.3**	**2,050.6**	**828.5**	**563.2**	**29,647.7**
Eliminations						**(484.3)**	**(484.3)**
Unallocated revenue – other[4]						**121.8**	**121.8**
Total revenue	**18,814.6**	**3,071.5**	**4,319.3**	**2,050.6**	**828.5**	**200.7**	**29,285.2**
Earnings/(loss) before interest and tax	**811.6**	**154.9**	**302.3**	**(27.2)**	**139.3**	**(79.6)**	**1,301.3**
Financing costs							**(113.5)**
Profit before income tax							**1,187.8**
Income tax expense							**(368.3)**
Profit for the period from continuing operations							**819.5**
Depreciation and amortisation	**283.4**	**57.2**	**38.1**	**39.7**	**55.2**	**51.2**	**524.8**
Impairment of non-financial assets[5]	**–**	**–**	**–**	**21.1**	**–**	**–**	**21.1**
Capital expenditure[6]	**337.0**	**72.1**	**52.1**	**6.7**	**64.8**	**180.6**	**713.3**

HALF-YEAR ENDED 3 JANUARY 2016	AUSTRALIAN FOOD[1] A$M	NEW ZEALAND SUPERMARKETS A$M	ENDEAVOUR DRINKS GROUP[1] A$M	BIG W[2] A$M	HOTELS A$M	UNALLOCATED[3] A$M	CONSOLIDATED FROM CONTINUING OPERATIONS A$M
Revenue from the sale of goods	18,195.0	2,894.6	4,151.6	2,187.1	802.4	84.3	28,315.0
Other operating revenue	97.2	5.2	–	0.4	–	–	102.8
Inter-segment revenue	–	–	–	–	–	623.4	623.4
Segment revenue	18,292.2	2,899.8	4,151.6	2,187.5	802.4	707.7	29,041.2
Eliminations						(623.4)	(623.4)
Unallocated revenue – other[4]						128.5	128.5
Total revenue	18,292.2	2,899.8	4,151.6	2,187.5	802.4	212.8	28,546.3
Earnings/(loss) before interest and tax	942.6	151.3	293.3	72.9	135.1	(72.4)	1,522.8
Financing costs							(132.6)
Profit before income tax							1,390.2
Income tax expense							(416.9)
Profit for the period from continuing operations							973.3
Depreciation and amortisation	264.4	52.3	37.2	43.0	52.9	44.6	494.4
Capital expenditure[6]	254.4	88.0	60.8	28.4	65.1	303.2	799.9

1 Previously reported as Australian Food, Liquor and Petrol; prior period has been restated to exclude Endeavour Drinks Group which is now a separate reportable segment and Petrol which is now a discontinued operation.
2 Previously reported as General Merchandise; prior period has been restated to exclude EziBuy, which is now included in Unallocated.
3 Revenue from the sale of goods in Unallocated group relates to EziBuy.
4 Unallocated revenue is comprised of rent and other revenue from non-operating activities across the Group.
5 Refer to Note 2 for further details on the impairment of non-financial assets.
6 Capital expenditure is comprised of property, plant and equipment additions and intangible asset acquisitions.

2 IMPAIRMENT OF NON-FINANCIAL ASSETS

Testing for impairment

The carrying amounts of the Group's property, plant and equipment, goodwill and intangible assets are reviewed for impairment as follows:

ASSET CLASS	DESCRIPTION
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

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.

During the half-year ended 1 January 2017, Woolworths has reviewed each CGU for indicators of impairment using both internal and external sources of information. This included an assessment of past and future performance against expectations and a review of key assumptions including discount rates and growth rates.

As a consequence, detailed impairment testing has been performed for BIG W. The recoverable amount has been determined using a VIU discounted cash flow model. In assessing VIU, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and risks specific to the asset.

During the period, a charge of $35.3 million has been recorded in branch expenses, $21.1 million of which relates to impairment of store property, plant and equipment, and $14.2 million relating to provisions for onerous leases in respect of BIG W's undiscounted lease commitments of approximately $3.2 billion. These charges are as a result of the deterioration in trading performance during half-year 2017 and an increase in the discount rate to reflect the additional risk associated with BIG W's turnaround strategy.

Key assumptions

Following the recent change in leadership of the business, the development of the BIG W strategic plan is still in progress and is expected to be finalised in the second half of fiscal year 2017. The recoverable amount of BIG W has been determined based on management's current assumptions of the business turnaround strategy including assumed improvements in its operating and financial performance and improved working capital performance over a five year period. When assessing impairment for BIG W, management have assumed a long term terminal growth rate of 2.5% and a pre-tax discount rate of 14.3% (post-tax of 10%).

As at the end of the reporting period, the BIG W recoverable amount of $358.8 million equals its carrying value. Consequently, adverse changes in trading conditions, discount rate or other key assumptions supporting the results of the impairment assessment may result in a further adverse change in the recoverable amount of BIG W and therefore may require further asset impairments and onerous lease provisions on the BIG W store network.

The recoverable amount of BIG W is sensitive to changes in the discount rate, long term terminal growth rate and the terminal year EBIT. Sensitivity analysis was performed to determine the impact on the recoverable amount of reasonably possible changes in key assumptions.

A 100 basis point change in the post-tax discount rate, 200 basis point change in the long term terminal growth rate, or a 20% reduction in the terminal year EBIT, with all other assumptions remaining the same, would result in additional impairment in the range of $50 million to $100 million.

3 DIVIDENDS PAID

	CENTS PER SHARE	TOTAL AMOUNT $M
Final 2016 ordinary (100% franked at 30% tax rate)	**33**	**422.0**
Interim 2016 ordinary (100% franked at 30% tax rate)	**44**	**559.2**
Final 2015 ordinary (100% franked at 30% tax rate)	**72**	**912.0**

4 ISSUED CAPITAL

	HALF-YEAR TO 1 JANUARY 2017		YEAR TO 26 JUNE 2016	
	NUMBER (M)	$M	NUMBER (M)	$M
Share capital				
1,288,163,108 fully paid ordinary shares (26 June 2016: 1,278,758,725)				
Movement:				
Balance at start of period	**1,278.8**	**5,347.0**	1,266.6	5,064.9
Issue of shares as a result of the dividend reinvestment plan	**9.4**	**210.9**	12.2	282.1
Balance at end of period	**1,288.2**	**5,557.9**	1,278.8	5,347.0
Shares held in trust				
Movement:				
Balance at start of period	**4.1**	**(94.8)**	5.8	(155.9)
Issue of shares under employee long-term incentive plans	**(0.7)**	**32.4**	(1.7)	61.1
Balance at end of period	**3.4**	**(62.4)**	4.1	(94.8)

5 FINANCIAL INSTRUMENTS

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 (i.e. derived from unobservable inputs).

5 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments continued

FINANCIAL ASSETS/ FINANCIAL LIABILITIES	FAIR VALUE AS AT 1 JANUARY 2017 $M	FAIR VALUE AS AT 26 JUNE 2016 $M	FAIR VALUE HIERARCHY	VALUATION TECHNIQUE(S) AND KEY INPUT(S)	SIGNIFICANT UNOBSERVABLE INPUT(S)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Listed equity securities	**Assets 72.4**	Assets 77.3	Level 1	Quoted last sale prices in an active market	n/a	n/a
Forward exchange contracts	**Assets 4.8 Liabilities 5.3**	Assets 1.2 Liabilities 30.0	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	**Assets 520.3 Liabilities 169.1**	Assets 584.5 Liabilities 228.3	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	**Liabilities n/a[2]**	Liabilities –	Level 3	Discounted cash flow and merger market basis	Free cash flow forecasts over the valuation period	The higher the free cash flow forecasts, the higher the fair value
					Discount rate	The higher the discount rate, the lower the fair value
Contingent consideration payable	**Liabilities 21.7**	Liabilities 21.8	Level 3	Discounted cash flow – Future cash flows are estimated based on the adjusted cash flows of the acquired business	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.
2 On 24 August 2016, the Company terminated the Joint Venture Agreement with Lowe's and Hydrox, and the associated option contracts arising under the Joint Venture Agreement. Refer to Note 9 for details of the current legal proceedings and confidential private arbitration between the Company and Lowe's in relation to a range of matters arising from their joint venture including the option mechanism.

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

5 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments continued

Reconciliation of Level 3 fair value measurements

	HALF-YEAR TO 1 JANUARY 2017 $M	YEAR TO 26 JUNE 2016 $M
Movement:		
Balance at start of period	**(21.8)**	(918.6)
Change in fair value of put options over non-controlling interests	**–**	886.1
Acquisition of non-controlling interest	**–**	12.1
Foreign exchange gains/(losses) recognised in other comprehensive income	**0.1**	(1.4)
Balance at end of period	**(21.7)**	(21.8)

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.

Capital Management

The AUD 700 million Woolworths Notes II were redeemed on 24 November 2016 at the end of the five year non-call period, using existing bank loan facilities. The undrawn debt capacity was replenished with a new AUD 700 million syndicated bank loan facility in November 2016. This facility comprises two tranches maturing in November 2019 and November 2020 respectively.

6 CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments of the Group at the reporting date are as follows:

	AS AT	
	1 JANUARY 2017 $M	26 JUNE 2016 $M
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	**663.5**	497.4
Later than one year, not later than two years	**9.9**	43.1
Later than two years, not later than five years	**–**	7.1
Total capital commitments for expenditure	**673.4**	547.6

7 DISCONTINUED OPERATIONS

Home Improvement

On 18 January 2016, the Company announced that it intended to pursue an orderly prospective exit of the Home Improvement business. Consequently, the Home Improvement business has been classified as a discontinued operation. During the period, the following events have occurred:

- On 24 August 2016, Masters Home Improvement Australia Pty Limited (Masters) appointed GA Australia Pty Ltd (GA Australia) as exclusive agent to manage the sell-down of Masters inventory. Under the terms of the appointment, GA Australia provided a guarantee for the recovery of a guaranteed percentage of the cost value of Masters inventory, subject to certain adjustments. The net proceeds received were approximately $492 million. All Masters stores ceased trading on or before 11 December 2016;
- On 24 August 2016, the Company granted an exclusive call option over its 66.7% shareholding in Hydrox Holdings Pty Ltd (Hydrox) to Home Investment Consortium Company Pty Ltd as trustee for the Home Investment Consortium Trust (Home Consortium), whereby Home Consortium has proposed to purchase Masters properties through the acquisition of 100% of the shares in Hydrox, subject to Lowe's consent. The Transaction will include 40 Masters freehold trading sites, 21 Masters freehold development sites and 21 Masters leasehold sites, with Woolworths proposing to acquire three Masters freehold sites and take assignment or assume responsibility for the liabilities associated with 12 Masters leases; and
- On 2 October 2016, Hydrox Brands Pty Ltd completed the sale of 100% of the shares in Danks Holdings Pty Limited, the holding company for the Home Timber and Hardware Group (HTH) to Metcash for a headline sale price of $165 million (subject to completion adjustments in accordance with the sale agreement). The sale also resulted in the Group taking assignment of three residual leases of HTH.

The final outcome of the sale of HTH to Metcash and Masters inventory to GA Australia did not have a material impact on the results of the Group for the half-year period.

In addition, on 24 August 2016, the Company terminated the Joint Venture Agreement with Lowe's Companies, Inc., WDR Delaware Corporation (together Lowe's) and Hydrox Holdings Pty Ltd (Hydrox), and the associated option contracts arising under the Joint Venture Agreement (refer to Note 9). As a result, Lowe's non-controlling 33.3% interest in Hydrox has been reinstated as of 24 August 2016. The reinstatement arises as a result of the action of the Company and Lowe's in its capacity as a non-controlling shareholder and, therefore, has been recognised by the Group directly in equity against the General Reserve. From 24 August 2016, Lowe's has been attributed its 33.3% share of the profit and losses of Hydrox.

The financial impact of the transaction with Home Consortium has not been reflected in this Half-Year Financial Report on the basis that Home Consortium has an unexercised call option to purchase the Company's shares in Hydrox, and the transaction outcomes at the date of this Half-Year Financial Report remain uncertain.

The estimates and judgements applied with respect to the recognition of impairment of the Home Improvement assets and associated provisions involve a high degree of complexity. Due to this complexity and the uncertainty of the final outcomes in future periods, there is a significant risk of a material adjustment to the carrying amounts of assets and liabilities. Any changes to carrying values in future periods due to revisions to estimates or assumptions as a result of the final realisation of the Home Improvement assets and liabilities upon exit of the business will be recognised in the Group's profit or loss as part of discontinued operations.

Petrol

On 24 December 2016, the Company entered into a binding agreement to sell its 527 Woolworths-owned fuel convenience sites and 16 committed development sites to BP for $1.785 billion. Consequently, the Petrol business has been classified as a discontinued operation. The transaction is subject to certain conditions including, but not limited to, obtaining Australian Competition and Consumer Commission (ACCC) and Foreign Investment Review Board (FIRB) approval. Completion is expected to occur no earlier than 2 January 2018.

7 DISCONTINUED OPERATIONS (CONTINUED)

Analysis of profit/(loss) for the period from discontinued operations

The results of the Home Improvement and Petrol businesses have been separately disclosed and the comparative financial information in the Consolidated Statement of Profit or Loss and associated Notes and Consolidated Statement of Other Comprehensive Income have been restated to present these businesses as discontinued operations separately from continuing operations.

The half-year profit/(loss) for the Home Improvement and Petrol businesses are set out below, including comparative information:

	HALF-YEAR ENDED	
HOME IMPROVEMENT	1 JANUARY 2017 $M	3 JANUARY 2016 $M
Revenue from the sale of goods	**903.3**	1,148.5
Expenses	**(1,020.9)**	(1,273.5)
Impairment of Home Improvement assets and store exit costs	**–**	(3,249.5)
Loss before interest and income tax	**(117.6)**	(3,374.5)
Net financing costs	**(10.7)**	(1.0)
Loss before income tax	**(128.3)**	(3,375.5)
Income tax (expense)/benefit	**(5.0)**	273.5
Loss for the period from Home Improvement discontinued operations	**(133.3)**	(3,102.0)
PETROL		
Revenue from the sale of goods	**2,361.7**	2,519.3
Expenses	**(2,287.6)**	(2,460.5)
Earnings before interest and income tax [1, 2]	**74.1**	58.8
Net financing costs	**–**	–
Profit before income tax	**74.1**	58.8
Income tax expense	**(22.2)**	(17.6)
Profit for the period from Petrol discontinued operations	**51.9**	41.2
Total loss for the period from discontinued operations	**(81.4)**	(3,060.8)
Total loss from discontinued operations attributable to:		
Equity holders of the parent entity	**(60.4)**	(1,916.3)
Non-controlling interests [3]	**(21.0)**	(1,144.5)
	(81.4)	(3,060.8)

1 Included in the Petrol EBIT for the half-year ended 1 January 2017 are overhead and other costs of $7 million to $10 million (half-year ended 3 January 2016: $7 million to $10 million) that will remain with Woolworths following the completion of the transaction. Woolworths plans to minimise the impact of these costs going forward.

2 Included in the Petrol EBIT for the half-year ended 1 January 2017 is the cost of funding the full 4cpl fuel discount offer of $35.6 million (half-year ended 3 January 2016: $37.8 million). Upon sale completion, Woolworths and BP will equally fund the 4cpl fuel discount offer based on redemption volumes.

3 As part of the terms of the Joint Venture Agreement between the Company, Lowe's and Hydrox, Lowe's held a put option, which became exercisable after 20 October 2015. On 16 January 2016, Lowe's issued a notice setting an exercise date for the option triggering a 13-month notice period after which the option could have been exercised. From this date, Lowe's was no longer entitled to any profits or responsible for any losses of Hydrox. On 24 August 2016, the Company terminated the Joint Venture Agreement and the associated option contracts arising under the Joint Venture Agreement (refer to Note 9). As a result, Lowe's non-controlling 33.3% interest in Hydrox has been reinstated as of 24 August 2016. Lowe's has been attributed its 33.3% share of the profit and losses of Hydrox from that date.

7 DISCONTINUED OPERATIONS (CONTINUED)

Cash flows from/(used in) discontinued operations

The results of cash flows from/(used in) the Home Improvement and Petrol businesses during the half-year period are set out below, including comparative information:

	HALF-YEAR ENDED	
HOME IMPROVEMENT	1 JANUARY 2017 $M	3 JANUARY 2016 $M
Net cash inflow/(outflow) from operating activities	**19.2**	(279.7)
Net cash inflow/(outflow) from investing activities	**157.3**	(94.9)
Net cash (outflow)/ inflow from financing activities	**(4.2)**	134.1
	172.3	(240.5)
PETROL		
Net cash inflow from operating activities	**40.4**	59.1
Net cash outflow from investing activities	**(14.4)**	(21.3)
	26.0	37.8

8 ASSETS HELD FOR SALE

Following the announcement of the exit from the Home Improvement business (refer to Note 7), management has undertaken a plan to pursue an orderly prospective exit from the Home Improvement business. Management has also entered into a binding agreement to sell its 527 Woolworths-owned fuel convenience sites and 16 committed development sites to BP (refer to Note 7). In addition, the Group has a number of property assets that it plans to sell.

The sale of Home Timber and Hardware Group was completed during the period (refer to Note 7). The associated assets and liabilities were previously classified as held for sale at 26 June 2016.

Assets and liabilities relating to the Petrol business, property, plant and equipment relating to Masters and other Group properties held for sale are included in the following table.

	AS AT	
	1 JANUARY 2017 $M	26 JUNE 2016 $M
Property, plant and equipment	**1,136.7**	769.5
Other assets	**199.6**	331.0
Total assets classified as held for sale	**1,336.3**	1,100.5

	AS AT	
	1 JANUARY 2017 $M	26 JUNE 2016 $M
Total liabilities directly associated with assets held for sale	**42.3**	202.6

9 CONTINGENT LIABILITIES

Home Improvement

On 24 August 2016, the Company terminated the Joint Venture Agreement with Lowe's and Hydrox, and the associated option contracts arising under the Joint Venture Agreement. This termination arose as a result of certain breaches by Lowe's of the Joint Venture Agreement. Lowe's denies that it breached the Joint Venture Agreement, and this and other related disputes will be determined by a confidential, private arbitration. That arbitration is ongoing.

As of the date of this Half-Year Financial Report, Lowe's owns 33.3% and Woolworths owns 66.7% of Hydrox. No allowance or provision has been made in this Half-Year Financial Report for payments that may occur or other obligations that may arise as a result of the determination of the arbitral proceedings referred to above.

Other

The Group has entered into guarantees in the normal course of business relating to conditions set out in development applications and for the sale of properties.

State WorkCover authorities also require guarantees against workers' compensation self insurance liabilities. The guarantee is based on independent actuarial advice of the outstanding liability.

The probability of having to make a payment under these guarantees is considered remote.

No provision has been made in the financial statements in respect of these contingencies, however there is a provision of $622.9 million for self-insured risks (26 June 2016: $609.8 million), which includes liabilities relating to workers' compensation claims, that have been recognised in the Consolidated Statement of Financial Position at the reporting date.

10 SUBSEQUENT EVENTS

As at the date of this report, there has not been any matter or circumstance occurring subsequent to the end of the reporting period which would have a material impact on the Group's Half-Year Financial Report at 1 January 2017.

Five Year Summary

PROFIT OR LOSS

Sales	HALF-YEAR ENDED 1 JANUARY 2017[3] 27 WEEKS $M	3 JANUARY 2016[3] 27 WEEKS $M	4 JANUARY 2015[3] 27 WEEKS $M	5 JANUARY 2014 27 WEEKS $M	30 DECEMBER 2012[3] 27 WEEKS $M
Australian Food[1]	**18,712.6**	18,195.0	18,253.3	–	–
Petrol[3]	**–**	–	3,305.8	3,665.0	3,393.2
Australian Food and Petrol	**–**	–	21,559.1	–	–
Endeavour Drinks Group[1]	**4,319.3**	4,151.6	3,947.1	–	–
Australian Food and Endeavour Drinks Group[1]	**–**	–	–	21,476.6	20,487.6
Australian Food, Petrol and Endeavour Drinks Group[1,3]	**–**	–	25,506.2	25,141.6	23,880.8
New Zealand Supermarkets	**3,068.9**	2,894.6	2,789.6	2,665.2	2,312.7
BIG W[1,2]	**2,050.3**	2,187.1	2,272.6	2,388.6	2,447.0
Hotels	**828.5**	802.4	782.4	788.3	759.4
Home Improvement[3]	**–**	–	–	796.4	637.1
Unallocated[2,4]	**78.9**	84.3	92.3	63.3	–
Total continuing operations	**29,058.5**	28,315.0	31,443.1	31,843.4	30,037.0
Petrol[3]	**2,361.7**	2,519.3	–	–	–
Home Improvement[3]	**903.3**	1,148.5	988.1	–	–
Consumer Electronics[3]	**–**	–	–	–	641.6
Discontinued operations[3]	**3,265.0**	3,667.8	988.1	–	641.6
Total Group	**32,323.5**	31,982.8	32,431.2	31,843.4	30,678.6

Earnings/(Loss) before interest and tax (EBIT/LBIT)	HALF-YEAR ENDED 1 JANUARY 2017[3] 27 WEEKS $M	3 JANUARY 2016[3] 27 WEEKS $M	4 JANUARY 2015[3] 27 WEEKS $M	5 JANUARY 2014 27 WEEKS $M	30 DECEMBER 2012[3] 27 WEEKS $M
Continuing operations before significant items[5]					
Australian Food[1]	**811.6**	942.6	–	–	–
Australian Food and Petrol[1,3]	**–**	–	1,626.9	–	–
Endeavour Drinks Group[1]	**302.3**	293.3	268.7	–	–
Australian Food, Petrol and Endeavour Drinks Group[1,3]	**–**	–	1,895.6	1,766.1	1,654.9
New Zealand Supermarkets	**154.9**	151.3	154.3	136.8	124.7
BIG W[1,2]	**(27.2)**	72.9	105.7	109.9	129.5
Hotels	**139.3**	135.1	144.6	163.9	140.8
Home Improvement[3]	**–**	–	–	(64.4)	(58.5)
Total trading operations	**1,380.9**	1,595.2	2,300.2	2,112.3	1,991.4
Unallocated[2,4]	**(79.6)**	(72.4)	(67.8)	(64.3)	(56.7)
Total continuing operations before significant items[5]	**1,301.3**	1,522.8	2,232.4	2,048.0	1,934.7
Discontinued operations before significant items[3,5]					
Petrol[3]	**74.1**	58.8	–	–	–
Home Improvement[3]	**(117.6)**	(125.0)	(103.2)	–	–
Consumer Electronics[3]	**–**	–	–	–	2.5
Total discontinued operations before significant items[3,5]	**(43.5)**	(66.2)	(103.2)	–	2.5
Total Group before significant items[5]	**1,257.8**	1,456.6	2,129.2	2,048.0	1,937.2
Significant items[5]	**–**	(3,249.5)	(148.2)	–	(96.5)
Total Group	**1,257.8**	(1,792.9)	1,981.0	2,048.0	1,840.7

Five Year Summary

PROFIT OR LOSS CONTINUED

EBIT/LBIT to Sales	HALF-YEAR ENDED 1 JANUARY 2017[3] 27 WEEKS %	3 JANUARY 2016[3] 27 WEEKS %	4 JANUARY 2015[3] 27 WEEKS %	5 JANUARY 2014 27 WEEKS %	30 DECEMBER 2012[3] 27 WEEKS %
Continuing operations before significant items[5]					
Australian Food[1]	**4.34**	5.18	–	–	–
Australian Food and Petrol[1,3]	**–**	–	7.55	–	–
Endeavour Drinks Group[1]	**7.00**	7.06	6.81	–	–
Australian Food, Petrol and Endeavour Drinks Group[1,3]	**–**	–	7.43	7.02	6.93
New Zealand Supermarkets	**5.05**	5.23	5.53	5.13	5.39
BIG W[1,2]	**(1.33)**	3.33	4.65	4.60	5.29
Hotels	**16.81**	16.84	18.49	20.80	18.55
Home Improvement[3]	**–**	–	–	(8.09)	(9.18)
Total continuing operations before significant items[5]	**4.48**	5.38	7.10	6.43	6.44
Discontinued operations before significant items[3,5]					
Discontinued operations before significant items[3,5]	**(1.33)**	(1.80)	(10.44)	–	0.39
Total Group before significant items[5]	**3.89**	4.55	6.57	6.43	6.31
Total Group	**3.89**	(5.61)	6.11	6.43	6.00

Profit or loss detail		HALF-YEAR ENDED 1 JANUARY 2017[3] 27 WEEKS	3 JANUARY 2016[3] 27 WEEKS	4 JANUARY 2015[3] 27 WEEKS	5 JANUARY 2014 27 WEEKS	30 DECEMBER 2012[3] 27 WEEKS
Continuing operations before significant items[5]						
Sales	($m)	**29,058.5**	28,315.0	31,443.1	31,843.4	30,037.0
Cost of goods sold	($m)	**(20,742.5)**	(20,246.4)	(22,850.8)	(23,233.0)	(21,941.6)
Gross profit	($m)	**8,316.0**	8,068.6	8,592.3	8,610.4	8,095.4
Gross profit margin	(%)	***28.62***	*28.50*	*27.33*	*27.04*	*26.95*
Cost of doing business (CODB)	($m)	**(7,014.7)**	(6,545.8)	(6,359.9)	(6,562.4)	(6,160.7)
CODB margin	(%)	***24.14***	*23.12*	*20.23*	*20.61*	*20.51*
Selling, general and administration expenses (excluding, rent, depreciation and amortisation)	($m)	**(5,422.9)**	(5,038.2)	(4,871.3)	(5,065.7)	(4,805.2)
EBITDAR	($m)	**2,893.1**	3,030.4	3,721.0	3,544.7	3,290.2
EBITDAR margin	(%)	***9.96***	*10.70*	*11.83*	*11.13*	*10.95*
Rent (including fitout rent)	($m)	**(1,067.0)**	(1,013.2)	(991.7)	(973.9)	(867.7)
EBITDA	($m)	**1,826.1**	2,017.2	2,729.3	2,570.8	2,422.5
EBITDA margin	(%)	***6.28***	*7.12*	*8.68*	*8.07*	*8.07*
Depreciation and amortisation	($m)	**(524.8)**	(494.4)	(496.9)	(522.8)	(487.8)
EBIT	($m)	**1,301.3**	1,522.8	2,232.4	2,048.0	1,934.7
EBIT margin	(%)	***4.48***	*5.38*	*7.10*	*6.43*	*6.44*
Net financing costs	($m)	**(98.9)**	(113.0)	(121.7)	(119.3)	(126.7)
Woolworths Notes interest	($m)	**(14.6)**	(19.6)	(21.5)	(21.4)	(24.7)
Profit before tax and significant items[5]	($m)	**1,187.8**	1,390.2	2,089.2	1,907.3	1,783.3
Taxation	($m)	**(368.3)**	(416.9)	(628.6)	(572.9)	(530.9)
Profit after tax and before significant items[5]	($m)	**819.5**	973.3	1,460.6	1,334.4	1,252.4
Discontinued operations before significant items[3,5]	($m)					
(Loss)/Profit after tax and before significant items[3,5]	($m)	**(81.4)**	(47.2)	(72.8)	–	1.8
Group net profit after tax before significant items[5]	($m)	**738.1**	926.1	1,387.8	1,334.4	1,254.2
Significant items after tax[5]	($m)	**–**	(3,013.6)	(103.7)	–	(94.2)
Group net profit/(loss) after tax	($m)	**738.1**	(2,087.5)	1,284.1	1,334.4	1,160.0
Non-controlling interests	($m)	**(12.8)**	1,114.8	(3.7)	(12.7)	(5.2)
Profit/(Loss) attributable to members of Woolworths Limited after tax	($m)	**725.3**	(972.7)	1,280.4	1,321.7	1,154.8

Five Year Summary

BALANCE SHEET

	AS AT				
	1 JANUARY 2017[3] 27 WEEKS $M	3 JANUARY 2016[3] 27 WEEKS $M	4 JANUARY 2015[3] 27 WEEKS $M	5 JANUARY 2014 27 WEEKS $M	30 DECEMBER 2012[3] 27 WEEKS $M
Inventory	**4,449.2**	4,923.1	4,835.2	4,779.8	4,498.9
Accounts payable	**(5,766.8)**	(5,384.7)	(4,448.8)	(4,693.4)	(5,363.0)
Net investment in inventory	**(1,317.6)**	(461.6)	386.4	86.4	(864.1)
Fixed assets and investments	**7,998.6**	8,842.4	9,906.4	9,847.4	8,838.0
Net assets held for sale[3]	**1,294.0**	359.5	287.4	143.6	182.2
Intangible assets	**5,952.2**	6,254.3	6,432.0	6,280.4	5,637.6
Receivables	**869.8**	1,071.1	1,059.0	874.1	1,032.0
Other creditors[6]	**(5,048.0)**	(4,586.9)	(3,269.4)	(3,191.2)	(3,090.3)
Total funds employed[7]	**9,749.0**	11,478.8	14,801.8	14,040.7	11,735.4
Net tax balances	**1,101.3**	1,093.9	552.7	386.6	406.1
Net assets employed	**10,850.3**	12,572.7	15,354.5	14,427.3	12,141.5
Cash and borrowings[8]	**(1,839.3)**	(3,522.2)	(3,349.6)	(3,432.8)	(2,355.3)
Other financial assets and liabilities[6]	**350.8**	358.1	(818.7)	(896.4)	(1,182.9)
Total net assets	**9,361.8**	9,408.6	11,186.2	10,098.1	8,603.3
Non-controlling interests	**199.6**	320.5	303.0	270.3	269.8
Shareholders' equity	**9,162.2**	9,088.1	10,883.2	9,827.8	8,333.5
Total equity	**9,361.8**	9,408.6	11,186.2	10,098.1	8,603.3

CASH FLOW

	HALF-YEAR ENDED				
	1 JANUARY 2017[3] 27 WEEKS $M	3 JANUARY 2016[3] 27 WEEKS $M	4 JANUARY 2015[3] 27 WEEKS $M	5 JANUARY 2014 27 WEEKS $M	30 DECEMBER 2012[3] 27 WEEKS $M
Continuing and discontinued operations[3]					
EBITDA	**1,825.5**	(1,230.1)	2,516.0	2,570.8	2,328.5
Movement in net investment in inventory	**911.6**	(272.8)	(445.9)	157.8	496.9
Other operating cash flows and other non-cash[9]	**20.5**	3,525.1	208.3	51.9	74.6
Net interest paid	**(132.5)**	(150.9)	(171.4)	(172.0)	(190.4)
Tax paid	**(429.4)**	(618.6)	(598.8)	(564.8)	(507.8)
Operating cash flow	**2,195.7**	1,252.7	1,508.2	2,043.7	2,201.8
Payments for property, plant, equipment and intangible assets	**(754.4)**	(855.4)	(924.8)	(826.7)	(971.2)
Proceeds on disposal of property, plant and equipment, subsidiaries and investments	**367.9**	273.4	673.0	85.3	826.3
Other investing cash flows	**0.1**	(17.1)	(82.2)	(334.8)	(198.7)
Cash flow from operations after investing activities	**1,809.3**	653.6	1,174.2	967.5	1,858.2
Movement in gross debt	**(1,112.5)**	(281.7)	125.0	198.7	1.5
Issue of subsidiary shares to non-controlling interests	**–**	120.0	120.0	60.0	116.0
Dividends paid	**(265.6)**	(802.1)	(796.3)	(776.9)	(722.8)
Dividends paid to non-controlling interests	**(4.7)**	(16.5)	(1.3)	(15.6)	(7.0)
New shares issued	**55.5**	–	6.5	33.7	182.1
Transactions with non-controlling interests	**–**	(12.1)	(13.5)	–	–
Effects of exchange rate changes on balance of cash held in foreign currencies	**0.2**	7.8	13.1	5.8	1.7
Net cash flow	**482.2**	(331.0)	627.7	473.2	1,429.7

Five Year Summary

SHAREHOLDER VALUE

ROFE (pre-tax return on funds employed) [10]	HALF-YEAR ENDED 1 JANUARY 2017 27 WEEKS (%)	3 JANUARY 2016 27 WEEKS (%)	4 JANUARY 2015 27 WEEKS (%)	5 JANUARY 2014 27 WEEKS (%)	30 DECEMBER 2012 27 WEEKS (%)
Group	**12.94**	(3.32)	–	–	–
Group before significant items [5]	**20.09**	22.63	–	–	–

Du Pont Analysis	HALF-YEAR ENDED 1 JANUARY 2017[3] 27 WEEKS (%)	3 JANUARY 2016[3] 27 WEEKS (%)	4 JANUARY 2015[3] 27 WEEKS (%)	5 JANUARY 2014 27 WEEKS (%)	30 DECEMBER 2012[3] 27 WEEKS (%)
Continuing and discontinued operations before significant items [3,5]					
EBIT to sales	**3.89**	4.55	6.57	6.43	6.31
Service burden [11]	**90.13**	90.83	93.24	93.13	92.16
Tax burden [12]	**63.98**	69.98	69.72	69.30	69.96
Asset turn [13]	**1.37**	1.32	1.28	1.32	1.32
Financial leverage [14]	**2.58**	2.66	2.32	2.45	2.79
Return on equity [15]	**7.92**	10.19	12.72	13.45	14.99

Earnings per share		HALF-YEAR ENDED 1 JANUARY 2017[3] 27 WEEKS	3 JANUARY 2016[3] 27 WEEKS	4 JANUARY 2015[3] 27 WEEKS	5 JANUARY 2014 27 WEEKS	30 DECEMBER 2012[3] 27 WEEKS
Ordinary share price closing	($)	**24.10**	24.50	30.63	34.00	29.46
Market capitalisation	($m)	**31,044.7**	31,138.0	38,690.4	42,656.9	36,607.5
Weighted average shares on issue	(m)	**1,282.1**	1,261.8	1,254.9	1,246.1	1,233.3
Normal basic EPS [16]	(cents per share)	**56.6**	(77.1)	102.0	106.1	93.6
Normal basic EPS before significant items [5,16]	(cents per share)	**56.6**	73.4	110.3	106.1	101.3
Normal basic EPS continuing operations before significant items [5,16]	(cents per share)	**61.3**	74.8	114.2	106.1	101.1
Interim dividend [17]	($m)	**438.0**	559.2	846.3	815.6	770.6
Interim dividend [17]	(cents per share)	**34.0**	44.0	67.0	65.0	62.0
Payout ratio	(%)	**60.39**	(57.49)	66.10	61.70	66.73
Payout ratio before significant items [5]	(%)	**60.39**	60.40	61.14	61.70	61.70

SHAREHOLDER VALUE CONTINUED

Growth Rates	1 JANUARY 2017[3] 27 WEEKS (%)	3 JANUARY 2016[3] 27 WEEKS (%)	4 JANUARY 2015[3] 27 WEEKS (%)	5 JANUARY 2014 27 WEEKS (%)	30 DECEMBER 2012[3] 27 WEEKS (%)
	HALF-YEAR ENDED				
Continuing operations before significant items[3,5]					
Sales	**2.63**	(9.95)	(1.26)	6.01	4.81
Sales – excluding Petrol[3]	**–**	–	(0.15)	5.76	5.63
Sales per equivalent week	**2.63**	(9.95)	(1.26)	6.01	4.81
Sales per equivalent week – excluding Petrol[3]	**–**	–	(0.15)	5.76	5.63
EBITDA	**(9.47)**	(26.09)	6.17	6.12	6.26
EBIT	**(14.55)**	(31.79)	9.00	5.86	6.12
Profit before tax	**(14.56)**	(33.46)	9.54	6.95	6.61
Normal basic EPS	**(18.05)**	(34.50)	7.63	4.95	4.12

FINANCIAL STRENGTH

		1 JANUARY 2017[3] 27 WEEKS	3 JANUARY 2016[3] 27 WEEKS	4 JANUARY 2015[3] 27 WEEKS	5 JANUARY 2014 27 WEEKS	30 DECEMBER 2012[3] 27 WEEKS
		AS AT				
Continuing and discontinued operations before significant items[5]						
Service cover ratio[18]	(times)	**10.13**	10.90	14.80	14.56	12.75
Fixed charges cover[19]	(times)	**2.4**	2.5	3.1	3.1	3.0
Sales to inventory[20]	(times)	**6.97**	6.53	6.81	7.09	7.35
Capital expenditure to EBITDA	(%)	**42.32**	42.36	34.71	32.16	40.05
Operating cash flow per share	($)	**1.71**	0.99	1.20	1.64	1.79
Serviced gearing[21]	(%)	**13.58**	24.94	22.30	25.92	25.05
Current assets to current liabilities	(%)	**80.34**	77.70	92.25	90.74	98.98

Five Year Summary

Notes to Five Year Summary

1 Following the Group's reassessment in the prior year of reportable segments under the new Woolworths operating model, Endeavour Drinks Group was identified as a separate reportable segment (previously included within Australian Food, Liquor and Petrol) and BIG W was identified as a separate reportable segment (previously included within General Merchandise). These changes have been reflected in HY17, HY16 and HY15. Prior to HY15, the results of these segments continue to be presented as they were previously reported.

2 Following the separation of EziBuy and BIG W, as a result of the reassessment of reportable segments outlined in Note 1 above, EziBuy is reported within Unallocated. This has been reflected in HY17, HY16, HY15 and HY14.

3 Discontinued Operations consist of the following:
- On 24 December 2016, Woolworths entered into a binding agreement to facilitate the sale of its 527 Woolworths-owned fuel convenience sites and 16 committed development sites to BP for $1.785 billion. For statutory reporting, Petrol business is reported as a discontinued operation from HY17. For comparative purposes, with the exception of the balance sheet, HY16 has been restated to show Petrol as a discontinued operation. HY15, HY14 and HY13 continue to be shown within continuing operations;
- On 18 January 2016, Woolworths announced that it intended to pursue an orderly prospective exit of the Home Improvement business. For statutory reporting, Home Improvement business is reported as a discontinued operation from HY16. For comparative purposes, with the exception of the balance sheet, HY15 has been restated to show Home Improvement as a discontinued operation. HY14 and HY13 continue to be shown within continuing operations; and
- 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 HY12. India Wholesale operations were reported as a discontinued operation from HY13.

4 Unallocated consists of the Group's operating segments that are not separately reportable including EziBuy (for HY17, HY16, HY15 and HY14) as well as various support functions including Property and Head Office costs.

5 Significant items represent:
- in HY16, the $3,249.5 million before tax included in discontinued operations ($3,013.6 million after tax, $1,898.5 million attributable to equity holders of Woolworths Limited and $1,115.1 million attributable to non-controlling interests) relating to the impairment of Home Improvement assets and related store exit costs relating to Woolworths' exit from the Home Improvement business;
- in HY15, costs of $148.2 million before tax ($103.7 million after tax) relating to the General Merchandise transformation provision; and
- in HY13, costs of $63.7 million before tax ($65.7 million after tax) relating to write-offs following the sale of the Consumer Electronics business and the one-off loss of $32.8 million before tax ($28.5 million after tax) on the Shopping Centres Australasia Property Group transaction.

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

6 Other financial assets and liabilities primarily represent put options held by non-controlling interests, Hotels gaming entitlement liability, Hills License and assets and liabilities as a result of hedging per Accounting Standard AASB 9 *Financial Instruments*. In calculating funds employed, the contingent consideration (HY17: $21.7 million, HY16: $21.5 million, HY15: $18.4 million) has been reclassified to other creditors to better reflect the economic nature of this liability to the Group. HY16 and HY15 have also been restated.

7 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 Accounting Standard AASB 9 *Financial Instruments*.

8 Cash and borrowings is gross debt less cash on hand, cash at bank and cash on short term deposit.

9 Other operating cash flows and other non-cash includes working capital movements and non-cash items related to significant items including:
- in HY16, $3,249.5 million relating to the impairment of Home Improvement assets and related store exit costs; and
- in HY15, $148.2 million relating to General Merchandise transformation provisions.

10 Return on funds employed (ROFE) is calculated as EBIT for the previous 12 months as a percentage of average (opening, mid and closing) funds employed. ROFE before significant items is calculated as EBIT for the previous 12 months before significant items as a percentage of average (opening, mid and closing) funds employed. This methodology has been adopted for HY17 and HY16. In previous reporting periods, ROFE was calculated as EBIT for the reporting period as a percentage of average (opening and closing) funds employed. As a result of the change in methodology, ROFE for HY15, HY14 and HY13 has not been presented.

11 Service burden is net profit before income tax (before significant items) expressed as a percentage of EBIT.

12 Tax burden is profit after income tax (before significant items) attributable to shareholders expressed as a percentage of profit before income tax.

13 Asset turn is total sales divided by average (of opening and closing) total assets for the year.

14 Financial leverage is average (of opening and closing) total assets divided by average (of opening and closing) shareholders' equity for the year.

15 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.

16 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*.

17 The current year figure represents the forecast dividend given the shares on issue at the date the half-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.

18 Service cover ratio is EBIT (before significant items) divided by the sum of net financing costs and Hybrid Notes interest.

19 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.

20 Sales to inventory is total sales divided by average (of opening and closing) inventory.

21 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.

Certain comparative amounts have been reclassified to conform with the current half-year's presentation to better reflect the economic nature of the assets and liabilities of the Group.

Woolworths Group