

27 February 2015

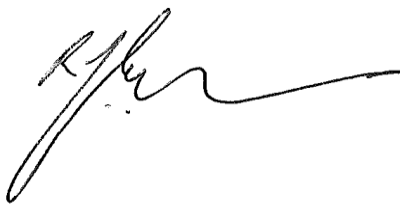
The Manager Companies
Australian Securities Exchange Limited
Company Announcements Office
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

**RE: Woolworths Limited – Half Year Financial Report for the Half Year
ended 4 January 2015.**

Woolworths Limited's Half Year Financial Report, including Appendix 4D, for the 27 weeks to 4 January 2015 is attached, together with an associated media release and interim dividend announcement.

**For and on behalf of
WOOLWORTHS LIMITED**

A handwritten signature in black ink, appearing to read 'R Dammary', with a long horizontal flourish extending to the right.

RICHARD DAMMERY
Chief Legal Officer and Company Secretary

HALF YEAR FINANCIAL REPORT OF WOOLWORTHS LIMITED FOR THE HALF YEAR ENDED

4 JANUARY 2015

ABN 88 000 014 675

This Half Year Financial Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2014 Annual Financial Report and any announcements made to the market during the period.

Current Reporting Period: Half Year ended 4 January 2015 (27 weeks)

Previous Corresponding Period: Half Year ended 5 January 2014 (27 weeks)

CONTENTS

Results for Announcement to the Market for the Half Year Ended 4 January 2015	3
Directors' Report	7
Auditor's Independence Declaration	8
Independent Auditor's Review Report	9
Directors' Declaration	11
Condensed Consolidated Statement of Profit or Loss for the Half Year Ended 4 January 2015	12
Condensed Consolidated Statement of Other Comprehensive Income for the Half Year Ended 4 January 2015	13
Condensed Consolidated Statement of Financial Position as at 4 January 2015	14
Condensed Consolidated Statement of Changes in Equity for the Half Year Ended 4 January 2015	15
Condensed Consolidated Statement of Cash Flows for the Half Year Ended 4 January 2015	16
Notes to the Half Year Financial Report for the Half Year Ended 4 January 2015	17
1. Significant Accounting Policies	17
2. Statement of Compliance	17
3. Basis of Preparation	17
4. Significant Transactions	18
5. Business Acquisitions	18
6. Dividends Paid	18
7. Issued Capital	19
8. Financial Instruments	20
9. Contingent Liabilities	23
10. Capital Expenditure Commitments	24
11. Segment Information	24
12. Subsequent Events	26

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF YEAR ENDED 4 JANUARY 2015

Revenue and Net Profit

		Percentage Change %		Amount \$m
Revenue from ordinary activities	up	1.9	to	32,680.4
Profit from ordinary activities after tax attributable to members ¹	down	3.1	to	1,280.4
Net profit attributable to members ¹	down	3.1	to	1,280.4

¹ At HY15, a provision of \$148.2 million before tax (\$103.7 million after tax) was raised for costs associated with the transformation of the General Merchandise business. The provision largely represents costs associated with the accelerated clearance of inventory in BIG W.

Excluding the impact of the provision, profit from ordinary activities after tax attributable to members and net profit attributable to members increased 4.7%.

Brief Explanation of Revenue, Net Profit and Dividends (Distributions)

Refer to Press Release – Half Year Profit and Dividend Announcement for the 27 weeks ended 4 January 2015.

Details Relating to Dividends (Distributions)

2015 Financial Year	Amount per security	Franked amount per security
Interim dividend	67¢	67¢
Record date for determining entitlement to the dividend:	Interim Dividend: 20 March 2015	

		Date dividend payable/paid	Amount per security ¢
Interim dividend	2015	24 April 2015	67
	2014	24 April 2014	65

Interim dividend (distribution) per security

	4-Jan-15 ¢ per share	5-Jan-14 ¢ per share
Ordinary securities (fully franked at 30% tax rate)	67	65

Interim dividend (distribution) on all securities

	4-Jan-15 \$m	5-Jan-14 \$m
Ordinary securities	846.3 ¹	815.6

¹ 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.

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF YEAR ENDED 4 JANUARY 2015

Details Relating to Dividends (Distributions) (continued)

Other disclosures in relation to dividends (distributions):

On 27 February 2015, the Board of Directors declared an interim dividend of 67 cents per share. The amount that will be paid on 24 April 2015 will be approximately \$846.3 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'.

Dividend Reinvestment Plans

The Dividend Reinvestment Plan shown below 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 number of shares which a shareholder may designate as participating in the DRP. The maximum number of shares which a shareholder (other than broker's nominees and certain trustees) may designate as participating in the DRP is 20,000.

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

23 March 2015

Net Tangible Assets Per Security

	4-Jan-15 ¢ per share	5-Jan-14 ¢ per share
Net tangible assets per security	352.4	282.7
Add:		
Brand names, liquor and gaming licences, customer relationships, distribution rights and property development rights per security	193.8	194.1
Net tangible assets per security adjusted for brand names, liquor and gaming licences, customer relationships, distribution rights and property development rights	546.2	476.8

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF YEAR ENDED 4 JANUARY 2015

Details of Entities Over Which Control Has Been Gained or Lost

Control gained over entities

Name of entity (or group of entities) Hudson Building Supplies Pty Limited

Date control gained 30 September 2014

Name of entity (or group of entities) Nine Mile Holdings Limited ¹
Pudao Trading (Shanghai) Limited ²
Pudao Limited ³
Pudao Limited ⁴
Summergeate Holdings Limited ¹
Summergeate International Trading (Shanghai) Limited ²
Summergeate Limited ³
Summergeate Limited ⁴

¹ Incorporated in British Virgin Islands

² Incorporated in the People's Republic of China

³ Incorporated in Hong Kong

⁴ Incorporated in Macau

Date control gained 28 November 2014

Details of Associates

Name of Entity	Ownership Interest	
	4-Jan-15 %	5-Jan-14 %
Associates		
Gage Roads Brewing Co Limited	25%	25%
The Quantum Group Holdings Pty Limited	50%	50%

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF YEAR ENDED 4 JANUARY 2015

Information on Audit or Review

This Half Year Financial Report is based on accounts to which one of the following applies.

- | | |
|---|---|
| <input type="checkbox"/> The accounts have been audited. | <input checked="" type="checkbox"/> The accounts have been subject to review. |
| <input type="checkbox"/> The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> The accounts have not yet been audited or reviewed. |

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

Not applicable.

Description of dispute or qualification if the accounts have been audited or subjected to review.

Not applicable.

DIRECTORS' 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 4 January 2015. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

Set out below are the names of the Woolworths Limited directors holding office at any time during the half year ended 4 January 2015 and up to the date of this Report:

Non-Executive Directors

R G Waters	Chairman
J R Broadbent	
C Cross	
C J Hrdlicka	
I J Macfarlane	
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)

REVIEW AND RESULTS OF OPERATIONS

Refer to Press Release – Half Year Profit and Dividend Announcement for the 27 weeks ended 4 January 2015.

ROUNDING OF AMOUNTS

The Company is of the kind referred to in Australian Securities and Investments Commission Class Order 98/100, dated 10 July 1998 pursuant to s.341(1) of the *Corporations Act 2001*, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. In accordance with that Class Order, amounts in the Directors' Report and 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 8.

This Report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001* on 27 February 2015.



RALPH WATERS

Chairman



GRANT O'BRIEN

Managing Director and Chief Executive Officer

Sydney, 27 February 2015

AUDITOR'S INDEPENDENCE DECLARATION



Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 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

27 February 2015

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 4 January 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

A handwritten signature in black ink, appearing to read "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "G. Couttas".

G Couttas
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REVIEW REPORT



Deloitte Touche Tohmatsu
A.C.N. 74 480 121 060

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, which comprises the condensed consolidated statement of financial position as at 4 January 2015, the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of cash flows and the condensed 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 11 to 26.

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 the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 4 January 2015 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)



A review of a half year financial report consists of making enquiries, 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.

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 4 January 2015 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "G. Couttas".

G Couttas
Partner
Chartered Accountants
Sydney, 27 February 2015

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 accordance 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



RALPH WATERS

Chairman



GRANT O'BRIEN

Managing Director and Chief Executive Officer

Sydney, 27 February 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 4 JANUARY 2015

	4-Jan-15 \$m	5-Jan-14 \$m
Revenue from the sale of goods and services	32,431.2	31,843.4
Other operating revenue	108.3	92.5
Total revenue	32,539.5	31,935.9
Cost of sales	(23,831.7)	(23,325.5)
Gross profit	8,707.8	8,610.4
Other revenue	140.9	124.6
Branch expenses	(5,350.7)	(5,217.6)
Administration expenses	(1,517.0)	(1,469.4)
Earnings before interest and tax¹	1,981.0	2,048.0
Financial expense	(154.0)	(148.6)
Financial income	10.1	7.9
Net financing costs	(143.9)	(140.7)
Profit before income tax expense	1,837.1	1,907.3
Income tax expense	(553.0)	(572.9)
Profit for the period¹	1,284.1	1,334.4
Profit attributable to:		
Equity holders of the parent entity ¹	1,280.4	1,321.7
Non-controlling interests	3.7	12.7
Profit for the period	1,284.1	1,334.4
Earnings Per Share (EPS)		
Basic EPS (cents per share)	102.0	106.1
Diluted EPS (cents per share)	101.8	105.6
Weighted average number of shares used in the calculation of Basic EPS (million)	1,254.9	1,246.1

The condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes to the Half Year Financial Report.

¹ At HY15, a provision of \$148.2 million before tax (\$103.7 million after tax) was raised for costs associated with the transformation of the General Merchandise business. The provision largely represents costs associated with the accelerated clearance of inventory in BIG W.

Excluding the impact of this amount for the half year ended 4 January 2015:

- Earnings before interest and tax was \$2,129.2 million;
- Profit for the period was \$1,387.8 million; and
- Profit attributable to equity holders of the parent entity was \$1,384.1 million.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 4 JANUARY 2015**

	4-Jan-15 \$m	5-Jan-14 \$m
Profit for the period	1,284.1	1,334.4
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Movement in translation of foreign operations taken to equity	91.0	240.2
Movement in the fair value of cash flow hedges	441.5	57.1
Transfer cash flow hedges to the income statement	(407.4)	(84.8)
Income tax relating to these items	(20.6)	(22.6)
Total items that may be reclassified subsequently to profit or loss	104.5	189.9
Items that will not be reclassified to profit or loss		
Movement in the fair value of investments in equity securities	9.5	6.5
Total items that will not be reclassified to profit or loss	9.5	6.5
Other comprehensive income for the period (net of tax)	114.0	196.4
Total comprehensive income for the period	1,398.1	1,530.8
Total comprehensive income attributable to:		
Equity holders of the parent entity	1,394.1	1,518.2
Non-controlling interests	4.0	12.6
Total comprehensive income for the period	1,398.1	1,530.8

The condensed consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes to the Half Year Financial Report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 4 JANUARY 2015

	Note	4-Jan-15 \$m	29-Jun-14 \$m	5-Jan-14 \$m
Current assets				
Cash and cash equivalents		1,550.3	922.6	1,322.4
Trade and other receivables		940.1	857.0	842.7
Inventories		4,835.2	4,693.2	4,779.8
Other financial assets		90.9	12.7	29.9
		7,416.5	6,485.5	6,974.8
Assets classified as held for sale		287.4	620.6	143.6
Total current assets		7,703.9	7,106.1	7,118.4
Non-current assets				
Trade and other receivables		118.9	108.2	31.4
Other financial assets		564.6	304.7	383.3
Property, plant and equipment		9,721.0	9,600.7	9,660.1
Intangible assets		6,432.0	6,335.0	6,280.4
Deferred tax assets		740.0	681.8	644.6
Total non-current assets		17,576.5	17,030.4	16,999.8
Total assets		25,280.4	24,136.5	24,118.2
Current liabilities				
Trade and other payables		5,795.7	5,937.6	6,065.1
Borrowings		1,147.9	219.5	383.3
Current tax liabilities		187.3	158.9	258.0
Other financial liabilities		192.1	168.2	150.6
Provisions		1,028.4	1,005.3	987.9
Total current liabilities		8,351.4	7,489.5	7,844.9
Non-current liabilities				
Borrowings		3,752.0	4,136.0	4,371.9
Other financial liabilities		1,115.1	1,155.2	971.7
Provisions		594.1	567.4	559.1
Other		281.6	263.0	272.5
Total non-current liabilities		5,742.8	6,121.6	6,175.2
Total liabilities		14,094.2	13,611.1	14,020.1
Net assets		11,186.2	10,525.4	10,098.1
Equity				
Issued capital	7	4,964.0	4,850.1	4,664.7
Shares held in trust		(159.4)	(218.9)	(139.0)
Reserves		278.7	198.2	204.4
Retained earnings		5,799.9	5,423.1	5,097.7
Equity attributable to equity holders of the parent entity		10,883.2	10,252.5	9,827.8
Non-controlling interests		303.0	272.9	270.3
Total equity		11,186.2	10,525.4	10,098.1

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes to the Half Year Financial Report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 4 JANUARY 2015

For the half year ended 4 January 2015

	Issued Capital	Shares Held In Trust	Hedging Reserve	Foreign Currency Translation Reserve	Remuneration Reserve	Asset Revaluation Reserve	Equity Instrument Reserve	General Reserve	Retained Earnings	Equity Attributable to Members of Woolworths Limited	Non- Controlling Interests	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 30 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	-	-	-	-	-	-	-	-	1,280.4	1,280.4	3.7	1,284.1
Other comprehensive income for the period (net of tax)	-	-	23.6	80.6	-	-	9.5	-	-	113.7	0.3	114.0
Total comprehensive income for the period (net of tax)	-	-	23.6	80.6	-	-	9.5	-	1,280.4	1,394.1	4.0	1,398.1
Dividends paid	-	-	-	-	-	-	-	-	(907.1)	(907.1)	(1.3)	(908.4)
Dividends paid - treasury shares	-	-	-	-	-	-	-	-	3.5	3.5	-	3.5
Issue of shares as a result of options exercised under employee long term incentive plans	6.5	-	-	-	-	-	-	-	-	6.5	-	6.5
Issue of shares as a result of the dividend reinvestment plan	107.4	-	-	-	-	-	-	-	-	107.4	-	107.4
Issue of shares under the employee share plan and long term incentive plans	-	59.5	-	-	(59.5)	-	-	-	-	-	-	-
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	-	120.0	120.0
Equity settled share based payments expense	-	-	-	-	29.2	-	-	-	-	29.2	-	29.2
Reclassification of non-controlling interests for recognition of financial liability	-	-	-	-	-	-	-	-	-	-	(95.8)	(95.8)
Transaction with non-controlling interests	-	-	-	-	-	-	-	(3.2)	-	(3.2)	3.2	-
Other	-	-	0.3	-	-	-	-	-	-	0.3	-	0.3
Balance at 4 January 2015	4,964.0	(159.4)	(76.4)	148.3	272.8	16.4	(79.2)	(3.2)	5,799.9	10,883.2	303.0	11,186.2

For the half year ended 5 January 2014

	Issued Capital	Shares Held In Trust	Hedging Reserve	Foreign Currency Translation Reserve	Remuneration Reserve	Asset Revaluation Reserve	Equity Instrument Reserve	General Reserve	Retained Earnings	Equity Attributable to Members of Woolworths Limited	Non- Controlling Interests	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
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	-	-	-	-	-	-	-	-	1,321.7	1,321.7	12.7	1,334.4
Other comprehensive income for the period (net of tax)	-	-	(19.3)	209.3	-	-	6.5	-	-	196.5	(0.1)	196.4
Total comprehensive income for the period (net of tax)	-	-	(19.3)	209.3	-	-	6.5	-	1,321.7	1,518.2	12.6	1,530.8
Dividends paid	-	-	-	-	-	-	-	-	(888.2)	(888.2)	(15.6)	(903.8)
Dividends paid - treasury shares	-	-	-	-	-	-	-	-	3.1	3.1	-	3.1
Issue of shares as a result of options exercised under employee long term incentive plans	33.7	-	-	-	-	-	-	-	-	33.7	-	33.7
Issue of shares as a result of the dividend reinvestment plan	108.3	-	-	-	-	-	-	-	-	108.3	-	108.3
Issue of shares under the employee share plan and long term incentive plans	-	41.5	-	-	(41.5)	-	-	-	-	-	-	-
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	-	60.0	60.0
Equity settled share based payments expense	-	-	-	-	24.3	-	-	-	-	24.3	-	24.3
Reclassification of non-controlling interests for recognition of financial liability	-	-	-	-	-	-	-	-	-	-	(44.2)	(44.2)
Other	-	-	-	-	-	-	-	-	-	-	(14.6)	(14.6)
Balance at 5 January 2014	4,664.7	(139.0)	(54.9)	42.0	273.4	16.4	(72.5)	-	5,097.7	9,827.8	270.3	10,098.1

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the Half Year Financial Report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 4 JANUARY 2015**

	4-Jan-15 \$m	5-Jan-14 \$m
Cash Flows From Operating Activities		
Receipts from customers	35,198.4	34,363.6
Receipts from tenants	19.9	21.1
Payments to suppliers and employees	(32,939.9)	(31,604.2)
Interest and costs of finance paid	(178.4)	(177.0)
Interest received	7.0	5.0
Income tax paid	(598.8)	(564.8)
Net cash provided by operating activities	1,508.2	2,043.7
Cash Flows From Investing Activities		
Proceeds from the sale of property, plant and equipment	673.0	49.3
Payments for property, plant and equipment - property development	(341.8)	(290.5)
Payments for property, plant and equipment (excluding property development)	(557.7)	(515.6)
Payments for intangible assets	(25.3)	(20.6)
Proceeds from the sale of subsidiaries	-	36.0
Payments for the purchase of businesses, net of cash acquired	(82.8)	(337.7)
Payments for the purchase of investments and contingent consideration	(2.5)	-
Dividends received	3.1	2.9
Net cash used in investing activities	(334.0)	(1,076.2)
Cash Flows From Financing Activities		
Proceeds from the issue of equity securities	6.5	33.7
Proceeds from the issue of equity securities in subsidiary to non-controlling interest	120.0	60.0
Transaction with non-controlling interests	(13.5)	-
Proceeds from external borrowings	4,658.1	4,867.6
Repayment of external borrowings	(4,533.1)	(4,668.9)
Dividends paid	(796.3)	(776.9)
Dividends paid to non-controlling interests	(1.3)	(15.6)
Net cash used in financing activities	(559.6)	(500.1)
Net increase in cash and cash equivalents held	614.6	467.4
Effect of exchange rate changes on foreign currency held	13.1	5.8
Cash and cash equivalents at the beginning of the period	922.6	849.2
Cash and cash equivalents at the end of the period	1,550.3	1,322.4

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes to the Half Year Financial Report.

NOTES TO THE HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 4 JANUARY 2015

1. Significant Accounting Policies

Woolworths Limited (the "Company") is a company domiciled in Australia. The condensed consolidated financial report of the Company for the half year ended 4 January 2015 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity" or "Group").

2. Statement of Compliance

The half year financial report for the 27 weeks ended 4 January 2015 ("Half Year Financial Report") is a general purpose 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 condensed consolidated 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 29 June 2014 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*.

The Half Year Financial Report was approved by the Board of Directors on 27 February 2015.

3. Basis of Preparation

This Half Year Financial Report has been prepared on the basis of historical cost, except for derivative financial instruments, financial assets valued through other comprehensive income and other financial liabilities that are measured at revalued amounts or fair values; and is in accordance with ASX Listing Rule 4.2A.3 and the disclosure requirements of ASX Appendix 4D.

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

The Company is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest tenth of a million dollars, unless otherwise stated.

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 29 June 2014. 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 year's presentation to better reflect the economic nature of the assets and liabilities of the Group.

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the half year beginning 30 June 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to significantly affect future periods.

Issued standards and interpretations early adopted

The group has elected to early adopt AASB 9 'Financial Instruments' (AASB 9 (2010) as amended by AASB 2010-7, AASB 2012-6, AASB 2013-9 and AASB 2014-1) effective 30 June 2014. 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 impact on amounts reported in the condensed consolidated Half Year Financial Report as a result of the adoption of the standard. The application of this standard will result in additional disclosures in the consolidated annual financial report for the 52 weeks ended 28 June 2015.

NOTES TO THE HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 4 JANUARY 2015

4. Significant Transactions

2015 financial year

General Merchandise transformation provision

At HY15, a provision of \$148.2 million before tax (\$103.7 million after tax) was raised for costs associated with the transformation of the General Merchandise business. The provision largely represents costs associated with the accelerated clearance of inventory in BIG W.

Sale of freehold properties

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

2014 financial year

There were no significant transactions that occurred during the 2014 financial year.

5. Business Acquisitions

Over the course of the half year, the Group acquired Summergate Fine Wines and Spirits, Hudson Building Supplies, various hotel venues and other businesses. Each acquisition was for 100% of the respective enterprise. Where the acquisitions were made through Hydrox Holdings Pty Ltd, Woolworths' effective share was 66.7% in line with its shareholding.

Total consideration was \$103.6 million. Net assets acquired was comprised mainly of receivables of \$34.2 million, inventories of \$33.6 million, brand names, customer relationships and other intangible assets of \$25.4 million, property, plant and equipment of \$16.9 million, other assets of \$2.5 million and other liabilities of \$49.7 million, with goodwill on acquisition of \$40.7 million. Goodwill has arisen on acquisition of these businesses primarily because of their capacity to generate recurring revenue streams. The fair values of assets and liabilities acquired have been determined on a provisional basis as at the end of the reporting period.

6. Dividends Paid

	4-Jan-15 \$m	29-Jun-14 \$m	5-Jan-14 \$m
Final dividend in respect of 2014 year of 72 cents (2013: 71 cents) per fully paid ordinary share 100% franked at 30% tax rate (2013: 100%)	907.1	-	888.2
Interim dividend in respect of 2014 year of 65 cents (2013: 62 cents) per fully paid ordinary share 100% franked at 30% tax rate (2013: 100%)	-	815.6	-

NOTES TO THE HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 4 JANUARY 2015

7. Issued Capital

	4-Jan-15 \$m	5-Jan-14 \$m
Issued and paid up share capital		
1,263,154,987 fully paid ordinary shares (5 January 2014: 1,254,616,061)		
Fully paid ordinary shares carry one vote per share and the right to dividends		
Reconciliation of fully paid share capital		
Balance at beginning of period	4,850.1	4,522.7
Issue of shares as a result of options exercised under employee long term incentive plans	6.5	33.7
Issue of shares as a result of the dividend reinvestment plan	107.4	108.3
Balance at end of period	4,964.0	4,664.7
	4-Jan-15 No. (m)	5-Jan-14 No. (m)
Reconciliation of fully paid share capital		
Balance at beginning of period	1,259.8	1,250.2
Issue of shares as a result of options exercised under employee long term incentive plans	0.3	1.3
Issue of shares as a result of the dividend reinvestment plan	3.1	3.1
Balance at end of period	1,263.2	1,254.6
	4-Jan-15 \$m	5-Jan-14 \$m
Shares held in trust		
Reconciliation of shares held in trust		
Balance at beginning of period	(218.9)	(180.5)
Issue of shares under the employee share plan and long term incentive plans	59.5	41.5
Balance at end of period	(159.4)	(139.0)
	4-Jan-15 No. (m)	5-Jan-14 No. (m)
Reconciliation of shares held in trust		
Balance at beginning of period	7.8	5.8
Issue of shares under the employee share plan and long term incentive plans	(3.1)	(1.6)
Other shares acquired by the Woolworths Employee Share Trust	-	1.6
Balance at end of period	4.7	5.8

NOTES TO THE HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 4 JANUARY 2015

8. Financial Instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

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	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
	4-Jan-15	5-Jan-14				
Listed equity securities	Assets \$149.4m	Assets \$152.6m	Level 1	Quoted last sale prices in an active market	n/a	n/a
Forward exchange contracts and foreign currency options	Assets \$25.8m Liabilities \$7.9m	Assets \$14.2m Liabilities \$5.7m	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 swaps	Liabilities \$282.7m	Liabilities \$221.6m	Level 2	Discounted cash flow Future cash flows are estimated based on market forward interest rates as at the end of the reporting period and the contract interest rates, discounted at a rate that reflects the credit risk of the various respective counterparties	n/a	n/a

**NOTES TO THE HALF YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED 4 JANUARY 2015**

8. Financial Instruments (continued)

Financial assets/ financial liabilities	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
	4-Jan-15	5-Jan-14				
Cross currency swaps	Assets \$444.3m Liabilities \$41.1m	Assets \$211.7m Liabilities \$98.7m	Level 2	Discounted cash flow Future cash flows are estimated based on a combination of market forward exchange rates and market forward interest rates as at the end of the reporting period and the contract forward exchange and interest 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 \$882.9m	Liabilities \$702.8m	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
					The discount rate applied to the free cash flow forecasts and terminal value	The higher the discount rate, the lower the fair value
Contingent consideration payable	Liabilities \$18.4m	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
					The discount rate applied to the probability-adjusted cash flows	The higher the discount rate, the lower the contingent consideration payable

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

NOTES TO THE HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 4 JANUARY 2015

8. Financial Instruments (continued)

Lowe's Companies, Inc. ('Lowe's') put option

Woolworths Limited owns 66.7% of Hydrox Holdings Pty Ltd (Hydrox) with the remaining 33.3% held by Lowe's. As part of the terms of the Agreement between the parties which was entered in the 2010 financial year, Lowe's holds a put option, which originally could be exercised after the fourth anniversary of the Agreement (i.e. after 20 October 2013). In the 2013 financial year, Lowe's agreed to amend the Agreement such that the option could not be exercised for five years (i.e. after 20 October 2014) and in the 2014 financial year agreed to a further amendment such that the option cannot be exercised for six years (i.e. after 20 October 2015).

Further, in August 2014, Lowe's agreed to amend the terms of the put option such that the opening date for the put option exercise period is now deferred indefinitely.

From October 2015, 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.

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 Market Value.

The Fair Market Value of the equity in Hydrox was determined based on a discounted cash flow ('DCF') methodology using the Board approved strategic plan. Cash flows beyond the five year period were extrapolated using estimated growth rates, which are based on the Group's estimates taking into consideration past historical performance as well as expected long term operating conditions. Long term growth rates do not exceed the long term average growth rate for the industry. The forecast cash flows over the explicit forecast period and terminal value were discounted to present value using a post-tax discount rate in the range of 10.5% to 11.5%. Discount rates are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs and include a risk premium given the business remains in its development phase. Other assumptions are determined with reference to external sources of information and use consistent and conservative estimates for variables such as terminal cash flow multiples.

The value of the put option remains materially consistent with 33.3% of the Fair Market Value of Hydrox.

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 \$57.2 million (FY14: decrease/increase by \$53.0 million).

Other put options

This relates to a put option granted to the non-controlling interest in a subsidiary of Pinnacle Liquor Group Pty Limited. In the prior period, it also included a put option granted to the non-controlling interest in a subsidiary of Hydrox Holdings Pty Ltd, which was exercised in October 2014.

Reconciliation of Level 3 fair value measurements

	4-Jan-15 \$m	5-Jan-14 \$m
Opening balance	(800.6)	(642.4)
Issue of equity in subsidiary to non-controlling interest and loss attributable to non-controlling interest	(95.8)	(44.2)
Put option granted to non-controlling interest	-	(16.2)
Acquisition of non-controlling interest	13.5	-
Contingent consideration payable arising from acquisition of business	(18.4)	-
Balance at the end of the period	(901.3)	(702.8)

NOTES TO THE HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 4 JANUARY 2015

8. Financial Instruments (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The carrying value of cash and cash equivalents, financial assets and non-interest bearing monetary financial liabilities of the Consolidated Entity approximates their fair value and as such they have been omitted from these disclosures.

The fair value of other monetary financial assets and liabilities is based upon market prices where a market exists or the expected future cash flows, discounted where appropriate by current interest rates for assets and liabilities with similar risk profiles.

	4-Jan-15		5-Jan-14	
	Carrying amount \$m	Fair value \$m	Carrying amount \$m	Fair value \$m
Financial assets/(liabilities)				
Banks loans ^{1,2}	(246.2)	(242.3)	(382.2)	(377.2)
Other loans ^{1,2,3}	(4,703.8)	(4,695.9)	(4,426.3)	(4,415.2)
Total	(4,950.0)	(4,938.2)	(4,808.5)	(4,792.4)

For the half year ended 4 January 2015, the carrying amount for financial liabilities is based on the principal outstanding adjusted for:

¹ Interest accruals on outstanding debt (total of \$37.5 million)

² Unamortised borrowing costs (total of \$12.6 million)

³ Effect of revaluation of USD borrowings (total of \$255.1 million)

9. Contingent Liabilities

	4-Jan-15 \$m	5-Jan-14 \$m
Contingent liabilities		
Bank guarantees ¹	60.4	53.0
Workers' compensation self-insurance guarantees ²	705.0	768.8
Outstanding letters of credit issued to suppliers	3.1	7.3
Other	3.0	6.5
	771.5	835.6

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.

NOTES TO THE HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 4 JANUARY 2015

9. Contingent Liabilities (continued)

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. Given the limited availability of data relating to the specific application of the cable and the range of possible remediation outcomes, a reliable estimate as to the cost associated with remediation or other action required at this time is not possible.

10. Capital Expenditure Commitments

Capital expenditure commitments were as follows:

	4-Jan-15 \$m	5-Jan-14 \$m
Estimated capital expenditure under firm contracts, not provided for in these financial statements, payable:		
Not later than one year	621.0	535.4
Later than one year, not later than two years	0.7	-
	621.7	535.4

11. Segment Information

Reportable segments are identified on the basis of internal reports on the components of the Group that are regularly reviewed by the Chief Operating Decision Maker 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
- **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.

NOTES TO THE HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 4 JANUARY 2015

11. Segment Information (continued)

Segment disclosures	Australian Food, Liquor & Petrol ⁽¹⁾		New Zealand Supermarkets		General Merchandise ⁽²⁾		Hotels ⁽³⁾		Home Improvement		Unallocated ⁽⁴⁾		Total Group	
	HY15 \$A m	HY14 \$A m	HY15 \$A m	HY14 \$A m	HY15 \$A m	HY14 \$A m	HY15 \$A m	HY14 \$A m	HY15 \$A m	HY14 \$A m	HY15 \$A m	HY14 \$A m	HY15 \$A m	HY14 \$A m
Business segments														
Sales to customers	25,506.2	25,141.6	2,789.6	2,665.2	2,364.9	2,451.9	782.4	788.3	988.1	796.4	-	-	32,431.2	31,843.4
Other operating revenue	102.4	87.9	5.5	4.6	0.4	-	-	-	-	-	-	-	108.3	92.5
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	490.3	385.6	490.3	385.6
Segment revenue	25,608.6	25,229.5	2,795.1	2,669.8	2,365.3	2,451.9	782.4	788.3	988.1	796.4	490.3	385.6	33,029.8	32,321.5
Eliminations	-	-	-	-	-	-	-	-	-	-	(490.3)	(385.6)	(490.3)	(385.6)
Unallocated revenue ⁽⁵⁾											140.9	124.6	140.9	124.6
Total revenue	25,608.6	25,229.5	2,795.1	2,669.8	2,365.3	2,451.9	782.4	788.3	988.1	796.4	140.9	124.6	32,680.4	32,060.5
Segment earnings before interest and tax	1,895.6	1,766.1	154.3	136.8	109.7	120.5	144.6	163.9	(103.2)	(64.4)	(71.8)	(74.9)	2,129.2	2,048.0
General merchandise transformation provision													(148.2)	-
Earnings before interest and tax													1,981.0	2,048.0
Net financing cost													(143.9)	(140.7)
Profit before income tax expense													1,837.1	1,907.3
Income tax expense													(553.0)	(572.9)
Profit after income tax expense													1,284.1	1,334.4
Segment depreciation and amortisation	311.8	307.1	48.9	49.3	47.4	51.3	49.6	53.5	38.1	27.4	39.2	34.2	535.0	522.8
Capital expenditure ⁽⁶⁾	337.3	325.1	71.9	55.0	25.0	319.7	99.1	53.7	202.6	201.7	279.9	252.2	1,015.8	1,207.4

(1) Australian Food, Liquor & Petrol is comprised of supermarket and liquor stores, wholesale food and liquor in Australia, and petrol canopies. Petrol was previously disclosed as a separate segment. The HY14 comparative has been restated accordingly.

(2) General Merchandise includes BIG W and EziBuy.

(3) Hotels is comprised of on-premise liquor sales, food, accommodation, gaming and venue hire.

(4) Unallocated is comprised of corporate head office and the property division.

(5) Unallocated revenue is comprised of rent and other revenue from operating activities across the Group.

(6) Capital expenditure is comprised of property, plant and equipment and intangible asset additions.

**NOTES TO THE HALF YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED 4 JANUARY 2015**

12. Subsequent Events

There have been no events subsequent to the balance date which would have a material impact on the Company's Half Year Financial Report at 4 January 2015.

27 February 2015

HALF YEAR PROFIT AND DIVIDEND ANNOUNCEMENT FOR THE 27 WEEKS ENDED 4 JANUARY 2015

STEADY GROWTH IN PROFIT NEW LEADERSHIP AND FORWARD INVESTMENT IN SUPERMARKETS

Net Profit After Tax Before Significant Items¹, up 4.7%

Earnings Per Share Before Significant Items¹, up 4.0%

FY15 Half Year Key Financial Highlights

Before Significant Items¹

- Sales of \$32.4 billion, up 1.8% or 3.4% excluding Petrol²
- Earnings Before Interest and Tax of \$2,129.2 million, up 4.0%
- Net Profit After Tax of \$1,384.1 million, up 4.7%
- Earnings per Share of 110.3 cents, up 4.0%
- Fully franked HY15 dividend of 67 Cents Per Share

After Significant Items¹

- Net Profit After Tax of \$1,280.4 million, down 3.1%
- Earnings per Share of 102.0 cents, down 3.9%

Note: This announcement contains certain non-IFRS measures that Woolworths believes are relevant and appropriate to understanding its business. Refer to Appendix One for further information.

Woolworths Limited Chief Executive Officer, Grant O'Brien said: "Woolworths Limited today reported growth in net profit after tax before significant items¹ of 4.7% for the first half of FY15.

"In Australian Food, Liquor and Petrol, earnings before interest and tax increased 7.3% on the prior half year. The sales momentum in October and November showed improvement, however trading in December was subdued and this trend continued into January.

"Cost savings have enabled us to continue to invest in lower prices. In Australian Supermarkets, customers benefited from lower average prices as reflected by deflation of 1.8% for the half year.

"We have created a new leadership team and structure in our Supermarkets business following the resignation of Tjeerd Jegen, with Brad Banducci appointed as Managing Director, Australian Food and Liquor. Dave Chambers has been appointed Director, Woolworths Supermarkets, reporting to Brad. Brad will maintain leadership of the Woolworths Liquor Group until a new appointment has been made.

"Liquor continues to perform well and is the clear market leader across its formats on price, offer, convenience and innovation.

"In Petrol, as announced during the half, we have made changes to our agreement with Caltex which enable us to focus our efforts on our operated sites and deliver further improvements to our convenience offer.

"Countdown Supermarkets continued to deliver profit growth despite price deflation and ongoing subdued grocery market conditions in New Zealand.

"As previously advised, the General Merchandise result has continued to be impacted by our ongoing BIG W business transformation. A key part of this transformation is to accelerate the alignment of our inventory to our customer strategy. A provision of \$148.2 million (\$103.7 million after tax) has been raised primarily to facilitate this.

"Hotel earnings were impacted by the additional Victorian gaming tax which came into effect in May 2014 as well as the divestment of a portfolio of freehold Hotel sites in October. Excluding these, earnings before interest and tax was in line with the prior year.

"Home Improvement continues to deliver against the plan announced in August, focused on a new store format, range improvements and a revised store roll out plan. December store openings in Adelaide and Brisbane featuring elements of the new format are delivering encouraging early results.

"Online sales increased more than 20% on the previous half year and were \$1.4 billion in calendar 2014. We continue to lead the market in innovation, having launched 'Dan Murphy's Connections' and the 'Simply Collect' partnership with eBay.

"During the half we accelerated cost reduction initiatives and are driving greater efficiency through the early stages of Mercury 2. Implementing further cost reduction initiatives across the business will be a key focus for the second half of FY15 and beyond.

“A strategic review of Australian Supermarkets performance confirmed the considerable opportunities for performance improvement, future growth and the need for continued disciplined investment in value for customers to maintain our market leadership and drive sales momentum.

“While there is a clear path to meet the guidance provided of net profit after tax of 4-7% in FY15, we have decided to provide ourselves with additional flexibility to make the necessary investments to deliver on our long term plans and the associated shareholder value creation. These investments will impact second half FY15 results and as a result we are amending guidance.

“In addition, in line with industry practice, we will ensure a fully informed market by reference to analyst consensus rather than providing specific guidance. At present the range of analyst net profit after tax growth forecasts for FY15 is 1.8-6.6%. Factoring in the investment initiatives now planned, our current expectations are that growth in FY15 net profit after tax before significant items¹ will be towards the lower end of this range.

“The investment in Australian Supermarkets will span all aspects of the customer offer and will be funded in part by a pipeline of cost savings in excess of \$500 million, which we are currently building. We will provide further details of our plans at the Investor Strategy Day which is being scheduled for May 6 in Sydney.”

Woolworths Limited Chairman, Ralph Waters, said: “The Board has announced a half year dividend of 67 cents per share, up from 65 cents in the prior year and I am confident that the actions announced today to protect our market leading position will deliver sustainable returns for both customers and shareholders into the future.”

PROGRESS AGAINST OUR FOUR STRATEGIC PRIORITIES

Our four Strategic Priorities continue to be fundamental to delivering growth while also ensuring the business is well placed to generate strong returns for our shareholders into the future. Progress during HY15 included:

1. Extend our leadership in Food and Liquor

- **Continued profit growth in Australian Food, Liquor and Petrol** with EBIT growth of 7.3%
- **Improved value to customers** as we further invest in price through key shelf price and promotional campaigns. Average price deflation was 1.8% for the half year
- **Provided more convenient access** both in-store with 16 new Australian supermarkets (net) and six new Dan Murphy's (net), and Online. We served on average 21.4 million Australian Food and Liquor customers per week
- **Improved our offer** with the completion of 33 Australian supermarket refurbishments during the half and a further 30 planned for the second half
- **Enhanced Australia's leading liquor offer** with the launch of 'Dan Murphy's Connections', providing customers with an extended range, including hard to find niche liquor products. Danmurphys.com.au is Australia's most visited liquor website
- **Delivered savings to customers in Countdown New Zealand** with improved price perception, customer numbers and units sold since the start of our price down campaigns in October 2013
- **Strengthened our Petrol offer** with a further 49 canopies and forecourts refreshed to provide increased access to diesel and premium fuels. Simplification of the Caltex alliance will enable further improvements to our convenience offer

2. Maintain our track record of building new growth businesses

- **Australia's fastest growing Home Improvement offer** with good progress on the new Masters store format and range and refocused store roll out initiatives. Announced a strategic partnership with Hills Limited
- **Cemented our position as Australasia's largest domestic online retailer** with Online sales increasing more than 20%
- **Continued to lead on innovation** through our recently announced 'Simply Collect' partnership with eBay and extended access to Click & Collect services, with BIG W and EziBuy orders now able to be collected from 47 Australian Supermarket locations
- **Acquisition of Hudson Building Supplies and Belmont Timber and Hardware** that has increased our trade presence in New South Wales, Queensland and Victoria
- **Acquired Summergate Fine Wines and Spirits** a leading wine and drinks distributor in China which will leverage our liquor and supply chain expertise

3. Put in place the enablers for a new era of growth

- **Next generation logistics and technology development** that will greatly enhance efficiency as we progress Mercury 2 plans
- **Better understanding our customers** through the launch of our market leading customer insight tool 'Checkout' to a range of trading partners
- **Continued to strengthen our world class retail team** with the appointment of Matt Stanton as Chief Transformation Officer as well as a number of senior appointments in BIG W and Masters

4. Act on our portfolio to maximise shareholder value

- **Accelerating the transformation of BIG W** with a plan to accelerate the alignment of our inventory to our customer strategy. A provision has been raised primarily to facilitate this
- **Continued to roll out voluntary pre-commitment functionality** on electronic gaming machines in our Hotels with scheduled completion during FY16
- **Continued divestment of property as market opportunities arise** with the sale and leaseback of 54 freehold Hotel sites in October 2014, one of the largest hotel portfolio sales in Australian history

BUSINESS PERFORMANCE

Earnings Before Interest and Tax (EBIT)

\$ million	HY15 (27 weeks)	HY14 (27 weeks)	Change
Before Significant Items¹			
Australian Food, Liquor and Petrol	1,895.6	1,766.1	7.3%
New Zealand Supermarkets (AUD)	154.3	136.8	12.8%
<i>New Zealand Supermarkets (NZD)</i>	<i>169.1</i>	<i>164.4</i>	<i>2.9%</i>
General Merchandise	109.7	120.5	(9.0)%
Hotels	144.6	163.9	(11.8)%
Home Improvement	(103.2)	(64.4)	60.2%
Central Overheads	(71.8)	(74.9)	(4.1)%
Group EBIT (before significant items¹)	2,129.2	2,048.0	4.0%
Significant Items¹ (before tax)			
General Merchandise transformation provision	(148.2)	-	n.c
Group EBIT (after significant items¹)	1,981.0	2,048.0	(3.3)%

Net Profit After Tax (NPAT)

\$ million	HY15 (27 weeks)	HY14 (27 weeks)	Change
Group net profit after income tax and non-controlling interests (before significant items¹)	1,384.1	1,321.7	4.7%
Significant items¹ (after tax)			
General Merchandise transformation provision	(103.7)	-	n.c
Group net profit after income tax and non-controlling interests (after significant items¹)	1,280.4	1,321.7	(3.1)%

GROUP INCOME STATEMENT PERFORMANCE

Sales were \$32.4 billion, an increase of 1.8% on the prior half year or 3.4% excluding Petrol which was impacted by changes to the Woolworths-Caltex alliance² and declining fuel sell prices as a result of falling global oil prices. Details of HY15 sales by quarter are provided in Appendix Two.

Gross profit (before significant items¹) as a percentage of sales increased 20 bps on the prior half year to 27.24% despite investment in lower prices which led to declining margins in both Australian Food and Liquor and New Zealand Supermarkets. The increased Group margin reflects changes in sales mix away from lower margin divisions, falling wholesale fuel prices following progressive declines in global oil prices, improvements in buying, growth in exclusive brand ranges and reduced shrinkage.

Cost of doing business (CODB) (before significant items¹) as a percentage of sales increased 6 bps on the prior half year to 20.67%, impacted by additional net costs following the sale and leaseback of 54 freehold Hotel properties as well as the roll out of 96 new stores. This was offset by cost savings and improved efficiency across store operations and support functions as well as some benefit following the repeal of the carbon tax. Australian Food, Liquor and Petrol CODB as a percentage of sales decreased 12 bps compared to the prior half year.

Earnings before interest and tax (before significant items¹) increased 4.0% on the prior half year to \$2,129.2 million, underpinned by 7.3% EBIT growth in Australian Food, Liquor and Petrol.

Net financing costs increased 2.3% on the prior half year, impacted by lower capitalised interest associated with fewer active property development sites.

Net profit after tax and non-controlling interests (before significant items¹) increased 4.7% on the prior half year to \$1,384.1 million, with corresponding earnings per share (EPS) up 4.0% to 110.3 cents.

On a statutory basis, after reflecting the General Merchandise transformation provision¹, NPAT decreased 3.1% to \$1,280.4 million with corresponding EPS down 3.9% to 102.0 cents.

AUSTRALIAN FOOD, LIQUOR AND PETROL

	HY15 (27 weeks)	HY14 (27 weeks)	Change
Sales (\$ million)			
Food and Liquor	22,200	21,477	3.4%
Petrol*	3,306	3,665	(9.8)%
Food, Liquor and Petrol*	25,506	25,142	1.4%
EBIT (\$ million)			
Food, Liquor and Petrol	1,895.6	1,766.1	7.3%
Funds Employed (\$ million)	4,678.7	4,312.8	8.5%
Gross Margin (%)	25.46	25.17	29 bps
Cost of Doing Business (%)	18.03	18.15	(12) bps
EBIT to Sales (%)	7.43	7.02	41 bps
Return on Average Funds Employed (%)	40.96	40.89	7 bps

* Petrol sales are not comparable with the prior half year given changes to the Woolworths-Caltex alliance that became effective during Q2'15²

Trading Performance

Australian Food and Liquor sales for the half year were \$22.2 billion, an increase of 3.4% on the previous year. Comparable sales increased 1.7%. The sales momentum in October and November showed improvement, however trading in December was subdued and this trend continued into January. While our 'Cheap Cheap' campaign has been well received by customers, our promotional programs were not as successful as we expected and we did not see the improvement in price perception we anticipated during the quarter. We also should have invested more into in-store service during the critical Christmas trading period.

Cost savings have enabled us to continue to invest in lower prices for customers as reflected by deflation of 1.8% for the half year (Q2'15: deflation of 1.6%; Q1'15: deflation of 2.0%) when the effects of promotions and volumes are included.

The standard shelf price movement index³ which excludes the significant investment in price and promotional activity increased 4.0% for the half year (Q2'15: 3.5%; Q1'15: 4.6%), driven by the increase in tobacco excise.

Liquor continued to perform well across all three formats – Dan Murphy's (Destination), BWS (Convenience) and The Wine Quarter (Online and Direct). Total Liquor sales for the half year (including ALH Group on premise liquor sales) of \$4.2 billion represent an increase of 4.0% on the previous year.

Petrol sales for the half year were \$3.3 billion, a decrease of 9.8% on the previous year (volumes decreased by 6.8%), impacted by declining average fuel sell prices (unleaded HY15: 142.0 cpl; HY14: 150.2 cpl) and changes to the Woolworths-Caltex alliance after which sales from Caltex operated sites are no longer recognised by Woolworths².

Australian Food, Liquor and Petrol (continued)

The revised arrangements with Caltex which became effective during Q2'15 will enable us to focus our efforts on our operated sites and deliver further improvements to our convenience offer. Woolworths customers will continue to benefit from Woolworths fuel discount redemption offers in the majority of Caltex-operated sites which have been rebranded as 'Star Mart' or 'Star Shop' convenience stores. The new arrangements do not have a material profit impact on the Woolworths Group².

Comparable sales (dollars) decreased 6.6% for the half year and comparable volumes declined 3.4%, impacted by reduced fuel discount activity following the undertaking to the Australian Competition and Consumer Commission (ACCC) which limited fuel discounts available to customers.

Despite the lower fuel volumes, solid growth in non-fuel categories continued with total merchandise sales for the half year increasing 9.4% and comparable merchandise sales increasing 6.2%, reflecting improved ranging and more effective promotional activity.

Australian Food, Liquor and Petrol (FLP) gross margin increased 29 bps, driven by a change in sales mix away from the lower margin Petrol sales and assisted by falling wholesale fuel prices following progressive declines in global oil prices, improvements in buying, growth in exclusive brand ranges and reduced shrinkage. Australian Food and Liquor gross margin declined as a result of price investment which was enabled through CODB savings.

FLP CODB as a percentage of sales decreased 12 bps on the prior half year driven by cost savings and improved efficiency across store operations and support functions as well as some benefit from repeal of the carbon tax. This was achieved despite lower than anticipated sales which limited the ability to fractionalise costs and the large number of new stores yet to reach mature trading levels.

FLP EBIT of \$1,895.6 million increased 7.3% on the previous half year, with the EBIT margin increasing 41 bps.

Return on Average Funds Employed (ROFE) for FLP increased 7 bps on the prior half year, reflecting EBIT growth and continued investment in the roll out of new supermarkets, liquor outlets and petrol canopies.

NEW ZEALAND SUPERMARKETS

\$NZD	HY15 (27 weeks)	HY14 (27 weeks)	Change ⁴
Sales (\$ million)	3,054	3,020	1.1%
EBIT (\$ million)	169.1	164.4	2.9%
Funds Employed (\$ million)	3,173.9	3,137.7	1.2%
Gross Margin (%)	23.19	23.25	(6) bps
Cost of Doing Business (%)	17.65	17.81	(16) bps
EBIT to Sales (%)	5.54	5.44	10 bps
Return on Average Funds Employed (%)	5.43	5.17	26 bps

Trading Performance

New Zealand Supermarkets' sales for the half year were NZ\$3.1 billion, an increase of 1.1%⁴ on the previous year (4.7% increase in AUD). Comparable sales decreased 0.3%⁴ and reflect further investment in price for the benefit of our customers as well as ongoing subdued grocery market conditions.

The Countdown Supermarkets food price index showed deflation for the half year of 0.3% (Q2'15: deflation of 0.5%; Q1'15: zero), with deflation across a number of key categories including Grocery and Bakery.

Gross margin decreased 6 bps⁴ on the previous half year. While the reinvestment in price as part of our 'Price Lockdown' and 'Price Drop' campaigns has impacted margins, strengthened customer price perception results, customer numbers and units sold since the launch of these campaigns indicates their success as we progress with the transformation of this business.

CODB as a percentage of sales decreased 16 bps⁴ on the previous half year, reflecting strong cost management particularly across support functions.

EBIT increased 2.9%⁴ on the previous half year to NZ\$169.1 million.

ROFE was 26 bps⁴ higher than the prior half year, reflecting EBIT growth and continued investment in new stores and refurbishments.

GENERAL MERCHANDISE

	HY15 (27 weeks)	HY14 (27 weeks)	Change
<i>Before Significant Items¹</i>			
Sales (\$ million)	2,365	2,452	(3.5)%
EBIT (\$ million)	109.7	120.5	(9.0)%
Funds Employed (\$ million)	968.8	1,092.7	(11.3)%
Gross Margin (%)	33.84	32.90	94 bps
Cost of Doing Business (%)	29.20	27.99	121 bps
EBIT to Sales (%)	4.64	4.91	(27) bps
Return on Average Funds Employed (%)	9.98	11.56	(158) bps
<i>After Significant Items¹</i>			
EBIT (\$ million)	(38.5)	120.5	n.c

Trading Performance

The BIG W transformation continued during HY15, impacting our trading results as expected. Sales for the half year of \$2.4 billion, a decrease of 3.5% on the previous year, were also impacted by declining consumer sentiment, ongoing price deflation (HY15: 3.5%) and inventory clearance activity. Comparable store sales decreased 5.4%.

The 94 bps gross margin improvement (before significant items¹) reflects the inclusion of EziBuy for the entire half year period as well as shifts in sales mix towards higher margin apparel, improvements in buying and lower shrinkage costs which were partially offset by price markdowns and clearance activity.

CODB (before significant items¹) as a percentage of sales increased 121 bps on the prior half year, reflecting the inclusion of EziBuy for the entire half year period and the lower sales.

The challenging environment and ongoing impacts of the transformation resulted in a disappointing EBIT (before significant items¹) of \$109.7 million, a decrease of 9.0% on the previous half year.

ROFE (before significant items¹) decreased 158 bps, impacted by lower EBIT and the inclusion of EziBuy for the entire half year.

We previously stated that FY15 would be a year of significant change under the new leadership of Alistair McGeorge as the business transformation continues. While the HY15 result was disappointing, encouraging signs are evident from recent initiatives as reflected through increased profitability during the second quarter (before significant items¹) despite the declining sales growth.

While the fundamental principles of the BIG W strategy remain sound, a key part of the BIG W transformation is to accelerate the alignment of our inventory to our customer strategy. A provision of \$148.2 million (\$103.7 million after tax) has been raised primarily to facilitate this.

While clearance activity will continue to impact existing store sales and profitability in the short term, we remain confident the business will return to profit growth from FY16.

HOTELS

	HY15 (27 weeks)	HY14 (27 weeks)	Change
Sales (\$ million)	782	788	(0.8)%
EBIT (\$ million)	144.6	163.9	(11.8)%
Gross Margin (%)	83.22	82.75	47 bps
Cost of Doing Business (%)	64.73	61.95	278 bps
EBIT to Sales (%)	18.49	20.80	(231) bps

Trading Performance

Hotel sales for the half year were \$782 million, a decrease of 0.8% on the previous year with comparable sales decreasing by 1.4%. Excluding the impact of the additional Victorian gaming tax which came into effect in May 2014, sales increased 0.8% and comparable sales increased 0.1%. Trading in Victoria and Queensland, where the majority of hotel sites are located, remained subdued for much of the half.

Gross margin increased 47 bps on the prior half year, assisted by changes in sales mix as well as improvements in buying.

CODB as a percentage of sales increased 278 bps on the prior half year, impacted by additional rental expense (net of depreciation savings) following the sale and leaseback of 54 freehold Hotel sites in October 2014, costs associated with the acquisition of three new Hotels and the lower sales resulting from the Victorian gaming tax changes.

EBIT decreased 11.8% on the previous half year to \$144.6 million. Excluding the impact of the additional Victorian gaming tax and the additional net rental expense following the sale of the hotel sites, EBIT was in line with the prior year.

HOME IMPROVEMENT

\$ million	HY15 (27 weeks)	HY14 (27 weeks)	Change
Sales			
Masters	505	393	28.5%
Home Timber and Hardware	483	403	19.9%
Home Improvement	988	796	24.1%
EBIT			
Masters	(112.2)	(71.9)	56.1%
Home Timber and Hardware	9.0	7.5	20.0%
Home Improvement	(103.2)	(64.4)	60.2%

Trading Performance

Home Improvement sales for the half year were \$988 million, an increase of 24.1% on the previous year.

Masters sales for the half year were \$505 million, an increase of 28.5%. Masters stores have traded on average for 22 months at HY15.

While sales continue to be impacted by clearance activity as we commence implementation of the changes we outlined in August, the roll out of key initiatives such as improved store formats and range, and a refocused store roll out plan together with successful promotional activity have driven an increase in customer visits.

Home Timber and Hardware sales for the half year were \$483 million, an increase of 19.9% on the previous half year, driven by sales from recent store acquisitions as well as strong growth from a number of recently refurbished stores.

Matt Tyson and his team continue to lead Masters out of its start-up phase and we remain committed to making the Home Improvement business a material profit contributor for the Group.

OVERHEADS, CASH FLOW AND BALANCE SHEET

Central Overheads

Central Overheads were \$71.8 million for the half year (HY14: \$74.9 million), with underlying costs well controlled and broadly in line with the prior year.

Balance Sheet

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

- **Closing inventory** increased 1.2%, driven by new store openings, in particular 27 Australian Supermarkets (net), 13 Masters and 11 Dan Murphy's (net) stores and increased global sourcing. This was partially offset by the inventory component of the General Merchandise transformation provision. Closing inventory decreased 0.4 days to 38.5 days. Average inventory increased 1.2 days or decreased 0.7 days after excluding Home Improvement and incremental global sourced inventory
- **Net investment in inventory** increased \$300.0 million, impacted by a lower HY15 trade payables balance, with Australian Food and Liquor inventory purchased and paid for earlier in December in anticipation of a stronger sales result and also given a focus on reducing inventory purchasing in General Merchandise and Home Improvement
- **Fixed assets and investments** increased \$202.8 million to \$10,193.8 million, reflecting ongoing property development and capital expenditure, with 163 new stores added to the network and 209 refurbishments undertaken since the prior half year
- **Intangible assets** increased \$151.6 million to \$6,432.0 million, primarily reflecting increased intangible assets in our New Zealand Supermarkets business attributable to the stronger New Zealand dollar and the acquisition of Summergate Fine Wines and Spirits, Hudson Building Supplies and Belmont Timber and Hardware
- **Net repayable debt** (which includes cash, borrowings, hedge assets and liabilities) decreased \$321.7 million to \$3,211.2 million, reflecting \$673.0 million of proceeds from the sale of property (primarily the sale of 54 freehold Hotel sites) offset by the higher net investment in inventory
- **Other financial liabilities** increased \$179.2 million to \$975.5 million, primarily reflecting an increase in the value of the Lowe's put option in our Home Improvement business to \$866.7 million
- **Shareholders' equity** increased \$1,055.4 million to \$10,883.2 million primarily reflecting profits generated by the Group offset by the payment of dividends
- **Return on Average Funds Employed (ROFE)** before significant items¹ was 14.5%, a decrease of 47 bps or an increase of 14 bps after excluding the investment in our Home Improvement business

Overheads, Cash Flow and Balance Sheet (continued)

Cash Flow

Free cash flow generated by the business (before the payment of dividends and movements in borrowings) was \$1,280.7 million after the acquisition of businesses and ongoing capital expenditure.

Cash flow from operating activities before interest and tax was \$2,278.4 million. The comparison to the prior half year is impacted by differences in the timing of creditor payments relative to the reporting date, a lower HY15 trade payables balance with Australian Food and Liquor inventory purchased and paid for earlier in December in anticipation of a stronger sales result and incremental investment in global sourced inventory. These factors are predominantly timing issues only.

Our **cash realisation ratio**⁵ before significant items¹ was 86% after adjusting for differences in the timing of creditor payments.

Net interest paid of \$171.4 million was in line with the prior half year.

Tax payments increased to \$598.8 million for the half year (HY14: \$564.8 million) driven by a higher tax instalment rate in FY15.

Cash used in investing activities was \$334.0 million, a decrease of \$742.2 million on the prior half year. During the period, cash proceeds of \$603.0 million were received from the sale of 54 freehold Hotel sites with a further \$70.0 million received from the sale of other property. Payments for the purchase of businesses were \$82.8 million, reflecting the acquisition of Summergate Fine Wines and Spirits, Hudson Building Supplies, Belmont Timber and Hardware and other Hotel acquisitions.

Expenditure on property development of \$341.8 million was higher than the prior half year (HY14: \$290.5 million) driven by increased property acquisition spend to support our future store network.

Expenditure on property, plant and equipment of \$557.7 million was higher than the prior half year (HY14: \$515.6 million) and included continued investment in new stores and refurbishments as well as investment in new merchandising systems, the replacement of our gaming systems in line with our commitment to introduce voluntary pre-commitment functionality, further enhancement of our online businesses and spend associated with the early stages of Mercury 2.

Cash contributions from Lowe's in relation to our Home Improvement business were \$120.0 million (HY14: \$60.0 million).

Proceeds from share issues of \$6.5 million were lower than the prior half year (HY14: \$33.7 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.

We have maintained our investment grade credit ratings by Standard & Poor's (A- since 2001) and Moody's (A3 since 2005)⁶. Our **fixed charges cover ratio**⁷ before significant items¹ of 3.1 times remains in line with HY14.

CAPITAL MANAGEMENT

Dividends

Payment of the October 2014 and April 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 \$2.1 billion of franking credits available for future distribution.

Debt Financing and Maturities

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

A US\$100 million (fully hedged at A\$127.1 million) tranche of the US\$500 million US Private Placement matures in April 2015. This will be repaid using surplus cash flow or undrawn committed bank loan facilities.

In December 2014, a total of A\$1.1 billion in committed bank loan facilities was terminated. 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.

At the end of the half year, Woolworths had \$2.4 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 half.

Defined Plans to Continue Space Roll Out

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

	HY15 Net Store Openings (incl. acquisitions)	Long Term Target (Net)
Australian Supermarkets	16	<ul style="list-style-type: none"> – 20 – 30 new full range supermarkets per annum – 34 planned for FY15 (including 8 small format stores)
New Zealand Supermarkets Countdown	3	<ul style="list-style-type: none"> – 3 – 5 new supermarkets per annum – 6 planned for FY15
Franchise Stores	1	<ul style="list-style-type: none"> – 2 planned for FY15
Dan Murphy's	6	<ul style="list-style-type: none"> – 10 – 15 new stores per annum – 11 planned for FY15
BWS (including attached)	18	<ul style="list-style-type: none"> – 6 – 10 new standalone stores per annum – 2 standalone and 19 attached stores planned for FY15
Summergeate	2	
Petrol	(124)	<ul style="list-style-type: none"> – Grow to support the Supermarket new store strategy – 14 planned for FY15 – HY15 net decline of 124 stores due to changes to the Woolworths-Caltex alliance²
General Merchandise BIG W	1	<ul style="list-style-type: none"> – 2 – 5 new BIG W stores per annum – 2 planned for FY15
EziBuy	1	
Hotels (ALH Group)	1	<ul style="list-style-type: none"> – Acquire as appropriate opportunities arise
Home Improvement Masters	2	<ul style="list-style-type: none"> – Plan to open approx 6-11 Masters stores per year for the next few years – 11 planned for FY15
Home Timber and Hardware (Retail)	16	<ul style="list-style-type: none"> – Acquire as appropriate opportunities arise

OUTLOOK

A strategic review of Australian Supermarkets performance confirmed the considerable opportunities for performance improvement, future growth and the need for continued disciplined investment in value for customers to maintain our market leadership and drive sales momentum.

While there is a clear path to meet the guidance provided of net profit after tax of 4-7% in FY15, we have decided to provide ourselves with additional flexibility to make the necessary investments to deliver on our long term plans and the associated shareholder value creation. These investments will impact second half FY15 results.

The investment in Australian Supermarkets will span all aspects of the customer offer and will be funded in part by a pipeline of cost savings in excess of \$500 million, which we are currently building. We will provide further details of our plans at the Investor Strategy Day which is being scheduled for May 6 in Sydney.

- Ends -

For further information contact:

Media
Claire Kimball, Corporate Communications
+ 61 432 696 650

Investors and Analysts
David Marr, Chief Financial Officer
+ 61 2 8885 1105

Sales Summary – HY15 and Q2'15

Group Sales – Half Year

\$ million	HY15 (27 weeks)	HY14 (27 weeks)	Change
Australian Food and Liquor	22,200	21,477	3.4%
Petrol (dollars)*	3,306	3,665	(9.8)%
Petrol (litres)*	2,373	2,547	(6.8)%
Australian Food, Liquor and Petrol*	25,506	25,142	1.4%
New Zealand Supermarkets (AUD)	2,790	2,665	4.7%
New Zealand Supermarkets (NZD)	3,054	3,020	1.1%
General Merchandise	2,365	2,452	(3.5)%
Hotels	782	788	(0.8)%
Masters	505	393	28.5%
Home Timber and Hardware	483	403	19.9%
Home Improvement	988	796	24.1%
Group Sales	32,431	31,843	1.8%
Group Sales (excluding Petrol)	29,125	28,178	3.4%

Group Sales – Second Quarter

\$ million	Q2'15 (13 weeks)	Q2'14 (13 weeks)	Change
Australian Food and Liquor	11,185	10,876	2.8%
Petrol (dollars)*	1,461	1,734	(15.7)%
Petrol (litres)*	1,075	1,201	(10.5)%
Australian Food, Liquor and Petrol*	12,646	12,610	0.3%
New Zealand Supermarkets (AUD)	1,424	1,372	3.8%
New Zealand Supermarkets (NZD)	1,553	1,536	1.1%
General Merchandise	1,308	1,391	(6.0)%
Hotels	383	385	(0.5)%
Masters	267	211	26.5%
Home Timber and Hardware	249	194	28.4%
Home Improvement	516	405	27.4%
Group Sales	16,277	16,163	0.7%
Group Sales (excluding Petrol)	14,816	14,429	2.7%

* Petrol sales and litres are not comparable with the prior half year given changes to the Woolworths-Caltex alliance that became effective during Q2'15²

Group Profit and Loss for the 27 weeks ended 4 January 2015

\$ million	HY15 (27 weeks)	HY14 (27 weeks)	Change
Before Significant Items¹			
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	3,684.2	3,544.7	3.9%
Rent	(1,020.0)	(973.9)	4.7%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2,664.2	2,570.8	3.6%
Depreciation and amortisation	(535.0)	(522.8)	2.3%
Earnings before interest and tax (EBIT)	2,129.2	2,048.0	4.0%
Net financial expenses ⁱ	(143.9)	(140.7)	2.3%
Income tax expense	(597.5)	(572.9)	4.3%
Net profit after income tax	1,387.8	1,334.4	4.0%
Non-controlling interests	(3.7)	(12.7)	(70.9)%
Group net profit after income tax and non-controlling interests (before significant items¹)	1,384.1	1,321.7	4.7%
Significant Items¹ (after tax)			
General Merchandise transformation provision	(103.7)	-	n.c
Group net profit after tax, non controlling interests (after significant items¹)	1,280.4	1,321.7	(3.1)%
MARGINS - Before Significant Items¹			
Gross Profit (%)	27.24	27.04	20 bps
Cost of Doing Business (%)	20.67	20.61	6 bps
EBIT (%)	6.57	6.43	14 bps
EARNINGS PER SHARE (EPS) AND DIVIDENDS			
Weighted average ordinary shares on issue (million)	1,254.9	1,246.1	0.7%
Ordinary EPS (cents) – before significant items ¹	110.3	106.1	4.0%
Ordinary EPS (cents) – after significant items ¹	102.0	106.1	(3.9)%
Diluted EPS (cents) – before significant items ¹	110.0	105.6	4.2%
Diluted EPS (cents) – after significant items ¹	101.8	105.6	(3.6)%
Interim dividend per share (cents) ⁱⁱ	67	65	3.1%
ⁱ Net financial expenses			
Interest expense	(174.2)	(179.0)	(2.7)%
Less interest capitalised	27.4	40.0	(31.5)%
Net interest expense	(146.8)	(139.0)	5.6%
Dividend income	3.1	2.9	6.9%
Foreign exchange loss	(0.2)	(4.6)	(95.7)%
Net financial expenses	(143.9)	(140.7)	2.3%

ⁱⁱ Interim 2015 dividend payable on 24 April 2015 will be fully franked at 30%

Group Balance Sheet as at 4 January 2015

\$ million	HY15 4 Jan 2015	HY14 5 Jan 2014	Change HY15/HY14	FY14 29 Jun 2014
Inventory	4,835.2	4,779.8	1.2%	4,693.2
Trade Payables ⁱ	(4,448.8)	(4,693.4)	(5.2)%	(4,588.4)
Net Investment in Inventory	386.4	86.4	347.2%	104.8
Receivables	1,059.0	874.1	21.2%	965.2
Other Creditors	(3,251.0)	(3,191.2)	1.9%	(3,184.9)
Working Capital	(1,805.6)	(2,230.7)	(19.1)%	(2,114.9)
Fixed Assets and Investments	10,193.8	9,991.0	2.0%	10,394.5
Intangible Assets	6,432.0	6,280.4	2.4%	6,335.0
Total Funds Employed	14,820.2	14,040.7	5.6%	14,614.6
Net Tax Balances	552.7	386.6	43.0%	522.9
Net Assets Employed	15,372.9	14,427.3	6.6%	15,137.5
Net Repayable Debt	(3,211.2)	(3,532.9)	(9.1)%	(3,731.6)
Other Financial Liabilities ⁱⁱ	(975.5)	(796.3)	22.5%	(880.5)
Total Net Assets	11,186.2	10,098.1	10.8%	10,525.4
Non-controlling Interests	303.0	270.3	12.1%	272.9
Shareholders' Equity	10,883.2	9,827.8	10.7%	10,252.5
Total Equity	11,186.2	10,098.1	10.8%	10,525.4
KEY RATIOS				
Closing Inventory Days (based on COGS)	38.5	38.9	(0.4) days	38.6
Closing Creditor Days (based on sales) ⁱ	44.9	46.8	(1.9) days	46.6
Return on Average Funds Employed (ROFE) (before significant items ¹) ⁱⁱⁱ	14.5%	14.9%	(47) bps	27.0%

ⁱ HY15 trade payables were impacted by differences in the phasing of purchases in anticipation of a stronger sales result

ⁱⁱ Other financial liabilities primarily represent put options held by non-controlling interests and the Hotels gaming entitlement liability resulting from the FY13 changes to the Victorian gaming regulations

ⁱⁱⁱ ROFE (before significant items¹) ⁱⁱⁱ increased 14 bps excluding the investment in our Home Improvement business

Group Cash Flow for the 27 weeks ended 4 January 2015

\$ million	HY15 (27 weeks)	HY14 (27 weeks)	Change
EBITDA before Significant Items¹	2,664.2	2,570.8	3.6%
Significant items ¹ – General Merchandise transformation provision	(148.2)	-	
EBITDA – Total	2,516.0	2,570.8	(2.1)%
Net increase in inventory	(225.1)	(511.2)	
Net (decrease)/increase in accounts payable	(220.8)	669.0	
Net change in other working capital and non-cash ⁱ	208.3	51.9	
Cash from Operating Activities before interest and tax	2,278.4	2,780.5	(18.1)%
Net interest paid (including cost of Woolworths Notes)	(171.4)	(172.0)	
Tax paid	(598.8)	(564.8)	
Total cash provided by Operating Activities	1,508.2	2,043.7	(26.2)%
Proceeds from the sale of property, plant and equipment	673.0	49.3	
Proceeds from the sale of businesses	-	36.0	
Payments for the purchase of businesses	(82.8)	(337.7)	
Payments for property, plant and equipment – property development	(341.8)	(290.5)	
Payments for property, plant and equipment – other	(557.7)	(515.6)	
Payments for intangible assets	(25.3)	(20.6)	
Payments for the purchase of investments and contingent consideration	(2.5)	-	
Dividends received	3.1	2.9	
Total cash used in Investing Activities	(334.0)	(1,076.2)	(69.0)%
Lowe's cash contributions (Home Improvement)	120.0	60.0	
Transactions with non-controlling interests	(13.5)	-	
Free Cash Flow before equity related financing activities	1,280.7	1,027.5	
Proceeds from share issues	6.5	33.7	
Dividends paid (including to non-controlling interests)	(797.6)	(792.5)	
Free Cash Flow after equity related financing activities	489.6	268.7	

ⁱ Non-cash movements include the General Merchandise transformation provision¹ recognised at HY15

Appendix One: ASIC Regulatory Guide 230 Disclosing non-IFRS financial information

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Woolworths is required to make a clear statement about the non-IFRS information included in the Half Year Profit and Dividend Announcement ('Profit Announcement') for the 27 weeks ended 4 January 2015.

In addition to statutory reported amounts, the following non-IFRS measures are used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments.

Non-IFRS measures used in describing the business performance include:

- Earnings before interest and tax (EBIT)
- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)
- Fixed charges cover ratio
- Cost of doing business
- Comparable sales

Non-IFRS measures used in describing the balance sheet and cash flow statement include:

- Funds employed
- Cash flow from operating activities before interest and tax
- Free cash flow
- Free cash flow before equity related financing activities
- Free cash flow after equity related financing activities
- Cash realisation ratio

The above non-IFRS measures may also be referred to before significant items¹.

The Directors consider that these performance measures are appropriate for their purposes and present meaningful information on the underlying drivers of the business.

Many of the measures used are common practice in the industry within which Woolworths operates.

The Profit Announcement has not been audited in accordance with Australian Auditing Standards.

Appendix One: ASIC Regulatory Guide 230 Disclosing non-IFRS financial information (continued)

The following table provides a reconciliation of EBIT, NPAT and EPS before significant items¹ to the statutory statement of profit and loss.

\$ million	HY15 (27 weeks)	HY14 (27 weeks)	Change
EBIT			
EBIT – before significant items¹	2,129.2	2,048.0	4.0%
<i>Other items included in statutory EBIT:</i>			
General Merchandise transformation provision (before tax) ¹	(148.2)	-	
Statutory EBIT	1,981.0	2,048.0	(3.3)%
NPAT			
Profit after income tax and non-controlling interests – before significant items¹	1,384.1	1,321.7	4.7%
<i>Other items included in statutory NPAT:</i>			
General Merchandise transformation provision (after tax) ¹	(103.7)	-	
Statutory profit attributable to equity holders of the parent entity	1,280.4	1,321.7	(3.1)%
Ordinary EPS			
Profit after income tax and non-controlling interests – before significant items¹ (as above)	1,384.1	1,321.7	4.7%
<i>Weighted average ordinary shares on issue</i>	<i>1,254.9</i>	<i>1,246.1</i>	
Ordinary EPS (cents) – before significant items¹	110.3	106.1	4.0%
Statutory profit attributable to equity holders of the parent entity (as above)	1,280.4	1,321.7	(3.1)%
<i>Weighted average ordinary shares on issue</i>	<i>1,254.9</i>	<i>1,246.1</i>	
Ordinary EPS (cents)	102.0	106.1	(3.9)%
Diluted EPS			
Profit after income tax and non-controlling interests – before significant items¹ (as above)	1,384.1	1,321.7	4.7%
<i>Weighted average ordinary shares on issue</i>	<i>1,257.9</i>	<i>1,251.1</i>	
Diluted EPS (cents) – before significant items¹	110.0	105.6	4.2%
Statutory profit attributable to equity holders of the parent entity (as above)	1,280.4	1,321.7	(3.1)%
<i>Weighted average ordinary shares on issue</i>	<i>1,257.9</i>	<i>1,251.1</i>	
Diluted EPS (cents)	101.8	105.6	(3.6)%

Appendix Two: Quarterly Sales Summary

Total Sales Growth %

	Q1'15	Q2'15	HY15
Australian Food and Liquor	3.9	2.8	3.4
Petrol (dollars)*	(4.5)	(15.7)	(9.8)
Petrol (litres)*	(3.6)	(10.5)	(6.8)
Australian Food, Liquor and Petrol*	2.6	0.3	1.4
NZ Supermarkets (AUD)	5.6	3.8	4.7
NZ Supermarkets (NZD)	1.1	1.1	1.1
General Merchandise	(0.4)	(6.0)	(3.5)
Hotels	(1.0)	(0.5)	(0.8)
Home Improvement	20.7	27.4	24.1
Total Group	3.0	0.7	1.8
Total Group (excluding Petrol)	4.1	2.7	3.4

* Petrol sales and litres are not comparable with the prior half year given changes to the Woolworths-Caltex alliance that became effective during the second quarter²

Comparable Sales Growth (%)

	Q1'15	Q2'15	HY15
Australian Food and Liquor	2.1	1.2	1.7
Petrol (dollars)	(6.1)	(7.3)	(6.6)
Petrol (litres)	(5.2)	(1.1)	(3.4)
NZ Supermarkets (NZD)	(0.1)	(0.5)	(0.3)
General Merchandise	(4.1)	(6.5)	(5.4)
Hotels	(1.7)	(1.1)	(1.4)

Appendix Three: Five Year Store and Trading Area Analysis

Half Year Ended 4 January 2015 STORES (number)	2015 HALF YEAR	2014 FULL YEAR	2013 FULL YEAR	2012 FULL YEAR	2011 FULL YEAR
NSW & ACT	289	282	271	262	255
QLD	227	222	209	203	194
VIC	229	226	221	214	203
SA & NT	80	81	78	78	76
WA	91	88	88	85	83
TAS	31	32	30	30	29
Supermarkets in Australia ⁱ	947	931	897	872	840
New Zealand Supermarkets ⁱⁱ	174	171	166	161	156
Total Supermarkets	1,121	1,102	1,063	1,033	996
Thomas Dux	10	11	11	11	11
Freestanding Liquor (incl. Dan Murphy's)	356	349	339	329	305
Attached Liquor ⁱⁱⁱ	521	509	490	477	457
ALH Retail Liquor Outlets	549	544	526	507	488
Summergate	2	-	-	-	-
Caltex/WOW Petrol	-	131	131	132	132
Woolworths Petrol – Australia	509	502	482	467	449
Total Food, Liquor and Petrol	3,068	3,148	3,042	2,956	2,838
BIG W	183	182	178	172	165
Dick Smith	-	-	-	-	390
Tandy	-	-	-	-	4
EziBuy	5	4	-	-	-
Total General Merchandise Division	188	186	178	172	559
Hotels (includes clubs)	330	329	326	294	282
Home Timber and Hardware (Retail)	44	28	26	21	19
Masters	51	49	31	15	-
Total Continuing Operations	3,681	3,740	3,603	3,458	3,698
Discontinued Operations (Dick Smith and Tandy)	-	-	-	348	-
Total Group	3,681	3,740	3,603	3,806	3,698
Wholesale customer stores					
Dick Smith	-	-	-	-	3
Progressive	60	59	55	54	51
Croma (Consumer Electronics India)	-	-	-	77	64
Home Timber and Hardware (Wholesale)	459	475	490	518	543
Statewide Independent Wholesale	220	220	220	220	220
Total wholesale customer stores	739	754	765	869	881
Trading Area (sqm)					
Supermarkets Division – Australia ^{iv}	2,574,357	2,522,981	2,413,527	2,318,756	2,202,620
Supermarkets Division – New Zealand ^v	393,835	386,818	372,373	351,744	333,274
General Merchandise Division ^{vi}	1,049,724	1,042,927	1,016,086	1,107,732	1,086,082

Store Movements July 14 – January 15

New Stores – incremental

20

Closures – permanent

(4)

Net New Stores

16

ⁱ Australian Supermarkets

ⁱⁱ New Zealand Supermarkets

5

(2)

3

ⁱⁱⁱ Attached liquor stores were previously not reported separately

^{iv} Excludes Langton's, Cellarmasters, Petrol, Wholesale and ALH Group Retail (BWS). From HY15, also excludes Attached Liquor.

^v Excludes Gull and franchise stores

^{vi} Includes BIG W, EziBuy, Dick Smith and Tandy in the periods these businesses were owned by Woolworths

Appendix Four: New Stores and Refurbishments

Half Year

	Gross New Stores (incl acquisitions)	Net New Stores (incl acquisitions)	Refurbishments
Australian Supermarkets	20	16	33
Thomas Dux	-	(1)	-
Liquor (including attached)	39	26	55
New Zealand Supermarkets	5	3	3
Petrol *	7	(124)	25
BIG W	1	1	1
EziBuy	1	1	-
Hotels	3	1	17
Masters	2	2	-
Home Timber and Hardware (Retail)	18	16	-
Total	96	(59)	134

Second Quarter

	Gross New Stores (incl acquisitions)	Net New Stores (incl acquisitions)	Refurbishments
Australian Supermarkets	10	7	20
Thomas Dux	-	-	-
Liquor (including attached)	20	17	27
New Zealand Supermarkets	3	3	2
Petrol *	-	(130)	8
BIG W	-	-	1
EziBuy	-	-	-
Hotels	2	2	11
Masters	2	2	-
Home Timber and Hardware (Retail)	-	-	-
Total	37	(99)	69

* Decline in Petrol sites due to changes to the Woolworths-Caltex alliance²

Endnotes

n.c Not comparable

¹ At HY15, a provision of \$148.2 million before tax (\$103.7 million after tax) was raised for costs associated with the transformation of the General Merchandise business. The provision largely represents costs associated with the accelerated clearance of inventory in BIG W and has been treated as a significant item.

There were no significant items in HY14.

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

² Petrol sales and volumes are not comparable with the prior half year given changes to the Woolworths-Caltex alliance that became effective progressively during Q2'15.

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.

Between January and June 2015, up to an additional 12 Caltex-operated 'Star Mart' or 'Star Shop' sites will begin to offer Woolworths fuel discount redemptions. Once fully implemented by the end of the 2015 financial year, Woolworths petrol discounts will be redeemable at approximately 100 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 are 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 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.

⁷ 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.

FIVE YEAR ANALYSIS

PROFIT AND LOSS Weeks	H-2015 27	H-2014 27	H-2013 27	H-2012 ⁽¹⁾ 27	H-2011 ⁽¹⁾ 27
SALES (\$m)					
Australian Food and Liquor	22,200.4	21,476.6	20,487.6	19,570.6	18,771.9
Petrol	3,305.8	3,665.0	3,393.2	3,434.0	2,944.5
Australian Food, Liquor and Petrol	25,506.2	25,141.6	23,880.8	23,004.6	21,716.4
Supermarkets NZ	2,789.6	2,665.2	2,312.7	2,244.0	2,183.4
General Merchandise	2,364.9	2,451.9	2,447.0	2,361.9	2,392.0
Consumer Electronics ⁽¹⁾	-	-	-	-	1,044.7
Total General Merchandise	2,364.9	2,451.9	2,447.0	2,361.9	3,436.7
Hotels	782.4	788.3	759.4	635.8	611.9
Home Improvement ⁽²⁾	988.1	796.4	637.1	-	-
Unallocated ⁽³⁾	-	-	-	412.4	354.3
Total continuing operations	32,431.2	31,843.4	30,037.0	28,658.7	28,302.7
Discontinued operations ⁽¹⁾	-	-	641.6	1,066.4	-
Total Group	32,431.2	31,843.4	30,678.6	29,725.1	28,302.7
EARNINGS BEFORE INTEREST AND TAX (\$m)					
Continuing operations before significant items ⁽⁴⁾					
Australian Food, Liquor and Petrol	1,895.6	1,766.1	1,654.9	1,560.9	1,468.2
Supermarkets NZ	154.3	136.8	124.7	118.5	108.6
General Merchandise	109.7	120.5	129.5	119.6	125.0
Consumer Electronics ⁽¹⁾	-	-	-	-	22.3
Total General Merchandise	109.7	120.5	129.5	119.6	147.3
Hotels	144.6	163.9	140.8	116.2	111.9
Home Improvement ⁽²⁾	(103.2)	(64.4)	(58.5)	-	-
Total trading operations	2,201.0	2,122.9	1,991.4	1,915.2	1,836.0
Central overheads ⁽³⁾	(71.8)	(74.9)	(56.7)	(92.0)	(49.0)
Total continuing operations before significant items ⁽⁴⁾	2,129.2	2,048.0	1,934.7	1,823.2	1,787.0
Discontinued operations ⁽¹⁾	-	-	2.5	22.2	-
Discontinued operations before significant items ^{(1),(4)}	-	-	2.5	22.2	-
Total Group before significant items ⁽⁴⁾	2,129.2	2,048.0	1,937.2	1,845.4	1,787.0
Significant items ⁽⁵⁾	(148.2)	-	(96.5)	(300.0)	-
Total Group	1,981.0	2,048.0	1,840.7	1,545.4	1,787.0
EBIT TO SALES (%)					
Continuing operations before significant items ⁽⁴⁾					
Australian Food, Liquor and Petrol	7.43	7.02	6.93	6.79	6.76
Supermarkets NZ	5.53	5.13	5.39	5.28	4.97
General Merchandise	4.64	4.91	5.29	5.06	5.23
Consumer Electronics ⁽¹⁾	-	-	-	-	2.13
Hotels	18.49	20.80	18.55	18.27	18.28
Home Improvement ⁽²⁾	(10.44)	(8.09)	(9.18)	-	-
Total continuing operations before significant items ⁽⁴⁾	6.57	6.43	6.44	6.36	6.31
Discontinued operations ⁽¹⁾	-	-	0.39	2.08	-
Discontinued operations before significant items ^{(1),(4)}	-	-	0.39	2.08	-
Total Group before significant items ⁽⁴⁾	6.57	6.43	6.31	6.21	6.31
Total Group	6.11	6.43	6.00	5.20	6.31
PROFIT & LOSS DETAIL (\$m)					
Continuing operations before significant items ⁽⁴⁾					
Sales	32,431.2	31,843.4	30,037.0	28,658.7	28,302.7
Cost of goods sold	(23,597.0)	(23,233.0)	(21,941.6)	(21,111.6)	(20,932.6)
Gross profit	8,834.2	8,610.4	8,095.4	7,547.1	7,370.1
Gross profit margin (%)	27.24	27.04	26.95	26.33	26.04
Cost of doing business (CODB)	(6,705.0)	(6,562.4)	(6,160.7)	(5,723.9)	(5,583.1)
CODB margin (%)	20.67	20.61	20.51	19.97	19.73
Selling, general and admin expenses (excluding, rent, depreciation and amortisation)	(5,150.0)	(5,065.7)	(4,805.2)	(4,473.0)	(4,347.3)
EBITDAR	3,684.2	3,544.7	3,290.2	3,074.1	3,022.8
EBITDAR margin (%)	11.36	11.13	10.95	10.73	10.68
Rent (including fitout rent)	(1,020.0)	(973.9)	(867.7)	(794.3)	(795.5)
EBITDA	2,664.2	2,570.8	2,422.5	2,279.8	2,227.3
EBITDA margin (%)	8.21	8.07	8.07	7.96	7.87
Depreciation and amortisation	(535.0)	(522.8)	(487.8)	(456.6)	(440.3)
EBIT	2,129.2	2,048.0	1,934.7	1,823.2	1,787.0
EBIT margin (%)	6.57	6.43	6.44	6.36	6.31
Net financing costs	(122.4)	(119.3)	(126.7)	(136.6)	(113.4)
Woolworths Notes interest	(21.5)	(21.4)	(24.7)	(13.9)	(18.6)
Profit before tax and significant items ⁽⁴⁾	1,985.3	1,907.3	1,783.3	1,672.7	1,655.0
Taxation	(597.5)	(572.9)	(530.9)	(482.1)	(479.4)
Profit after tax and before significant items ⁽⁴⁾	1,387.8	1,334.4	1,252.4	1,190.6	1,175.6
Discontinued operations ⁽¹⁾	-	-	1.8	15.6	-
Profit after tax and before significant items ^{(1),(4)}	-	-	1.8	15.6	-
Group net profit after tax before significant items ⁽⁴⁾	1,387.8	1,334.4	1,254.2	1,206.2	1,175.6
Significant items after tax ⁽⁴⁾	(103.7)	-	(94.2)	(231.2)	-
Group net profit after tax	1,284.1	1,334.4	1,160.0	975.0	1,175.6
Non-controlling interests	(3.7)	(12.7)	(5.2)	(8.1)	(13.9)
Profit attributable to members of Woolworths Limited after tax	1,280.4	1,321.7	1,154.8	966.9	1,161.7

FIVE YEAR ANALYSIS

BALANCE SHEET (\$m)	H-2015	H-2014	H-2013	H-2012 ⁽¹⁾	H-2011 ⁽¹⁾
Weeks	27	27	27	27	27
Inventory	4,835.2	4,779.8	4,498.9	4,111.5	3,989.6
Accounts payable	(4,448.8)	(4,693.4)	(5,363.0)	(4,739.8)	(4,608.3)
Net investment in inventory	386.4	86.4	(864.1)	(628.3)	(618.7)
Fixed assets and investments	10,193.8	9,991.0	9,020.2	9,423.7	8,296.8
Intangible assets	6,432.0	6,280.4	5,637.6	5,206.5	4,975.0
Receivables	1,059.0	874.1	1,032.0	911.4	797.3
Other creditors	(3,251.0)	(3,191.2)	(3,090.3)	(2,667.9)	(2,567.5)
Total funds employed ⁽⁵⁾	14,820.2	14,040.7	11,735.4	12,245.4	10,882.9
Net tax balances	552.7	386.6	406.1	344.1	238.6
Net assets employed	15,372.9	14,427.3	12,141.5	12,589.5	11,121.5
Cash and borrowings ⁽⁶⁾	(3,349.6)	(3,432.8)	(2,355.3)	(3,757.8)	(2,929.6)
Other financial assets and liabilities	(837.1)	(896.4)	(1,182.9)	(738.3)	(698.0)
Net assets continuing operations	11,186.2	10,098.1	8,603.3	8,093.4	7,493.9
Net assets discontinued operations ⁽¹⁾	-	-	-	133.8	-
Total net assets	11,186.2	10,098.1	8,603.3	8,227.2	7,493.9
Non-controlling interests	303.0	270.3	269.8	262.3	256.8
Shareholders' equity	10,883.2	9,827.8	8,333.5	7,964.9	7,237.1
Total equity	11,186.2	10,098.1	8,603.3	8,227.2	7,493.9
CASH FLOW (\$m)					
Continuing and discontinued operations ⁽¹⁾					
EBITDA	2,516.0	2,570.8	2,328.5	2,014.2	2,227.3
Movement in net investment in inventory	(445.9)	157.8	496.9	4.8	137.1
Other operating cash flows and other non cash	208.3	51.9	74.6	296.5	76.0
Net interest paid	(171.4)	(172.0)	(190.4)	(187.7)	(151.5)
Tax paid	(598.8)	(564.8)	(507.8)	(455.7)	(423.1)
Operating cash flow	1,508.2	2,043.7	2,201.8	1,672.1	1,865.8
Payments for property, plant, equipment and intangible assets	(924.8)	(826.7)	(971.2)	(1,259.9)	(1,018.6)
Proceeds on disposal of property, plant and equipment and subsidiaries	673.0	85.3	826.3	72.9	68.4
Other investing cash flows	(82.2)	(334.8)	(198.7)	(126.2)	(129.7)
Cash flow from operations after investing activities	1,174.2	967.5	1,858.2	358.9	785.9
Movement in gross debt	125.0	198.7	1.5	(489.9)	880.4
Issue of subsidiary shares to non-controlling interests	120.0	60.0	116.0	121.0	74.6
Dividends paid	(796.3)	(776.9)	(722.8)	(688.7)	(662.4)
Dividends paid to non-controlling interests	(1.3)	(15.6)	(7.0)	(5.4)	(4.7)
Buyback of shares	-	-	-	-	(737.9)
New shares issued	6.5	33.7	182.1	122.6	97.1
Transactions with non-controlling interests	(13.5)	-	-	-	-
Effects of exchange rate changes on balance of cash held in foreign currencies	13.1	5.8	1.7	(0.4)	(6.9)
Net cash flow	627.7	473.2	1,429.7	(581.9)	426.1

FIVE YEAR ANALYSIS

SHAREHOLDER VALUE Weeks	H-2015 27	H-2014 27	H-2013 27	H-2012 ⁽¹⁾ 27	H-2011 ⁽¹⁾ 27
ROFE (Pre-tax return on funds employed) (%) ⁽⁷⁾					
Group normal	13.46	14.94	15.03	12.79	16.66
Continuing operations before significant items ⁽⁴⁾	14.47	14.94	15.81	15.44	16.66
DU PONT ANALYSIS (before significant items) (%) ⁽⁴⁾					
EBIT to sales	6.57	6.43	6.31	6.21	6.31
Service burden ⁽⁸⁾	93.24	93.13	92.16	91.80	92.61
Tax burden ⁽⁹⁾	69.72	69.30	69.96	70.72	71.03
Asset turn ⁽¹⁰⁾	1.28	1.32	1.32	1.37	1.43
Financial leverage ⁽¹¹⁾	2.32	2.45	2.79	2.73	2.74
Return on equity ⁽¹²⁾	12.72	13.45	14.99	15.04	16.05
EARNINGS PER SHARE					
Ordinary share price closing (\$)	30.63	34.00	29.46	25.10	26.97
Market capitalisation (\$m)	38,690.4	42,656.9	36,607.5	30,795.1	32,711.6
Weighted average shares on issue (m)	1,254.9	1,246.1	1,233.3	1,217.8	1,220.3
Normal basic EPS (cents per share) ⁽¹³⁾	102.0	106.1	93.6	79.4	95.2
Normal basic EPS before significant items (cents per share) ^{(4),(13)}	110.3	106.1	101.3	98.4	95.2
Normal basic EPS continuing operations before significant items (cents per share) ^{(4),(13)}	110.3	106.1	101.1	97.1	95.2
Interim dividend (\$m) ⁽¹⁴⁾	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
Payout ratio (%)	66.10	61.70	66.73	74.87	59.52
Payout ratio before significant items (%) ⁽⁴⁾	61.14	61.70	61.70	60.42	59.52
Price/earnings ratio (times)	30.03	32.05	31.47	31.61	28.33
Price/earnings ratio before significant items (times) ⁽⁴⁾	27.77	32.05	29.09	25.51	28.33
Price/operating cash flow ratio (times)	25.53	20.73	16.46	18.32	17.63
GROWTH RATES (continuing operations before significant items) (% increase) ⁽⁴⁾					
Sales	1.85	6.01	4.81	5.14	4.04
Sales per equivalent week	1.85	6.01	4.81	5.14	4.04
EBITDA	3.63	6.12	6.26	4.11	6.61
EBIT	3.96	5.86	6.12	3.32	6.17
Profit before tax	4.09	6.95	6.61	2.41	5.20
Normal basic EPS	3.96	4.95	4.12	3.36	6.91
FINANCIAL STRENGTH (before significant items) ⁽⁴⁾					
Service cover ratio (times) ⁽¹⁵⁾	14.80	14.56	12.75	12.19	13.54
Fixed charges cover (times) ⁽¹⁶⁾	3.1	3.1	3.0	3.0	3.2
Sales to inventory (times) ⁽¹⁷⁾	6.81	7.09	7.35	7.21	7.62
Capital expenditure to EBITDA (%)	34.71	32.16	40.05	54.43	45.73
Operating cash flow per share (\$)	1.20	1.64	1.79	1.37	1.53
Serviced gearing (%) ⁽¹⁸⁾	22.30	25.92	25.05	33.34	31.69
Current assets to current liabilities (%)	92.25	90.74	98.98	85.07	78.91

FIVE YEAR ANALYSIS

NOTES TO STATISTICS

1. 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 half year 2012. India Wholesale operations were reported as a discontinued operation from half year 2013. For comparative purposes within this summary, with the exception of the balance sheet, half year 2012 was adjusted to include India Wholesale as a discontinued operation. Half year 2011 balances are consistent with the way they were reported at half year 2011 (that is, do not reflect any restatement of the profit and loss for discontinued operations).
2. Prior to half year 2013, Home Improvement was included in the 'Unallocated' category.
3. Unallocated/ Central overheads consists of the Group's operating segments that are not separately reportable (Home Improvement prior to half year 2013) as well as various support functions including Property and Head Office costs.
4. Significant items represent:
 - in HY15, the \$148.2m before tax (\$103.7m after tax) General Merchandise transformation provision
 - in HY13, the \$63.7m before tax (\$65.7m after tax) write-off following the sale of the Consumer Electronics businesses
 - in HY13, the one-off loss of \$32.8m before tax (\$28.5m after tax) on the Shopping Centres Australasia Property Group transaction
 - in HY12, the \$300.0m before tax (\$231.2m after tax) 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.
5. 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*.
6. Cash and borrowings is gross debt less cash on hand, cash at bank and cash on short term deposit.
7. Return on funds employed (ROFE) is EBIT as a percentage of average (of opening and closing) funds employed for the half year. For comparability, the continuing operations ratio excludes Consumer Electronics Australia, New Zealand and India from half year 2012.
8. Service burden is net profit before income tax expressed as a percentage of EBIT.
9. Tax burden is profit after income tax attributable to shareholders expressed as a percentage of profit before income tax.
10. Asset turn is total sales divided by total assets for the half year.
11. Financial leverage is total assets divided by shareholders' equity for the half year.
12. Return on equity is profit after income tax attributable to shareholders, divided by shareholders' equity for the half year.
13. 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 period. The weighted average number of shares on issue has been calculated in accordance with Accounting Standard *AASB 133 Earnings per Share*.
14. 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.
15. Service cover ratio is EBIT divided by the sum of net financing costs and Hybrid Notes interest.
16. Fixed charges cover is EBITDAR divided by rent and interest costs. Rent and interest costs include capitalised interest but exclude foreign exchange gains/losses and dividend income.
17. Sales to inventory is total sales divided by average (of opening and closing) inventory.
18. 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 re-classified to conform with the current year's presentation to better reflect the economic nature of the assets and liabilities of the Group.