



WOOLWORTHS LIMITED

A.B.N. 88 000 014 675

Rewarding shareholders

2001 CONCISE REPORT TO SHAREHOLDERS



'We're all here to deliver to our customers a better shopping experience - each and every time.'

Focussed, motivated, delivering

Woolworths has 320,000 shareholders, and around 50,000 of them are our employees. This year we will welcome 7,500 new faces into the Company from Franklins and Tandy. We now employ more than 140,000 people including more than 50,000 young people, in 1,400 stores all around Australia. Our major brands are 'Woolworths - the Fresh Food People' Supermarkets, the BIG W chain of general merchandise stores and in the consumer electronics area we trade through Dick Smith and Tandy.

Delivering

Cost savings allowed us to reward both customers and shareholders.

- Sales up 10.1% to \$20.9 billion
- Earnings before interest and tax up 13.7%
- Average return on funds employed up to 35.0%
- Normal operating profit after tax up 17.7% to \$428.4 million
- Earnings per share up 24.1% to 40.2 cents
- Dividend per share up 17.4% to 27 cents
- Gross margin rolled back 1.43% in the last two years with lower prices passed on to customers



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James Strong
Chairman

On behalf of your Board and Management, I am pleased to provide my first report to you. This has been another excellent year for Woolworths Limited. For the last two years we have been talking about growth in Earnings per Share (EPS), Total Shareholder Returns and ‘Project Refresh’ under Chief Executive Officer Roger Corbett and his team. Whilst I must emphasise that this is but the second instalment in a long term improvement plan, it is pleasing to see the critical EPS measure growing three to four times faster than it did in the previous five years. This improvement has been reflected in an increase in the share price of over 70% in the last 12 months. The results have been in line with our plans and reflect a focussed and motivated company. ▶

	Previous five years average	Last year	This year
Sales	+10.0%	+8.4%	+10.1%
Earnings before interest and tax (EBIT)	+11.1%	+15.2%	+13.7%
Net profit after tax	+9.3%	+16.5%	+17.7%
Earnings per share (EPS)	+6.6%	+18.8%	+24.1%
Dividends per share	+8.4%	+27.8%	+17.4%

In 1999, the Board and Management committed to improving the Return on Funds Employed (ROFE), which had fallen from the high 20% range to 24% in 1999. The 2000 ROFE rose to 29% and this year it reached 35%.

The improvement in this important indicator of financial efficiency is most pleasing.

The focus on continued improvement in EPS and shareholder returns permeates all

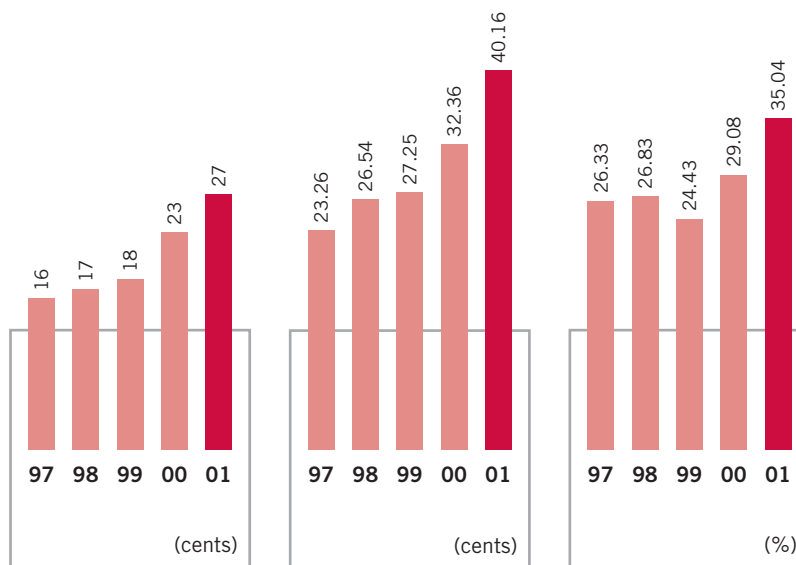
aspects of our business. Whether managing a supermarket, reducing costs under 'Project Refresh' or controlling inventory in the supply chain, the clear connection with maximising returns to shareholders and thus share price is emphasised. With around 50,000 employee shareholders, Woolworths has one of the two largest employee shareholder bases in Australia.

During the year we completed our second off-market share buy-back. This time 40 million shares, or 3.8% of the issued capital, was purchased for \$348 million at \$8.70 per share. This has the effect of increasing EPS and the share price.

We also sold the Crazy Prices chain, further refining our emphasis on core businesses. Additions to our core businesses were achieved by the acquisition of the Tandy consumer electronics chain and the agreement to acquire 67 former Franklins supermarkets.

Over the last two years we have seen costs fall 1.73% as a percent of sales, with 1.43% going to benefit customers and 0.30% going to benefit shareholders. This has not only strengthened our business and increased our sales, but also reduces food and general merchandise price inflation by more than 1%.

We are living and working in a world of globalisation and continuous change, and we need to keep benchmarking ourselves internationally. In some areas we are seeing gradually reducing regulation, such as trading hours, and in some areas we are seeing pressures to maintain regulation, such as liquor. Our success in reducing costs and improving our offer to customers is obviously appreciated by our customers who vote with their feet and their patronage. I would encourage our 320,000 shareholders and our 13 million customers a week to remind everyone that their right to make their own shopping choices is in everyone's best interests.



Dividends per share

Ordinary EPS

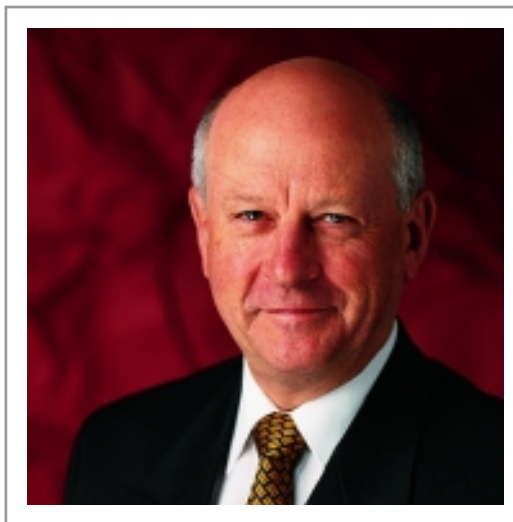
ROFE
(before abnormals)

Woolworths has an increasingly important role to play in the Australian community, both in regional areas and the bush. Your Board is aware of this responsibility and will look for ways to be more effective in carrying out those responsibilities.

Last year saw two new external directors join the Board – Dr Roderick Deane and myself. This year saw the Chairman John Dahlsen and, more recently, the Deputy Chairman John Phillips retire. Both John Dahlsen and John Phillips were on the Board at the time of the public float in 1993 and contributed immensely in growing the business over the following years. Our sincere thanks and best wishes go with both 'Johns' for the valuable contribution they have made to Woolworths.

My thanks go to my fellow Board members and to Roger Corbett and his team of over 140,000 employees for delivering a very good result in 2000/1. We are very focussed on growing Woolworths profitably and growing shareholder value.

James Strong
Chairman



Roger Corbett
Group Managing Director/
Chief Executive Officer

I welcome the opportunity to report to our shareholders

The 24.1% increase in Earnings Per Share to 40.2 cents and the 17.4% increase in Dividend Per Share to 27 cents, are concrete evidence of the increasing strength of the Woolworths Limited business.

In particular, it is pleasing to report costs falling by 0.87% of turnover (\$182 million) of which 13% (\$23 million or 0.11%) has been passed onto our shareholders, and 87% (\$159 million or 0.76%) to customers in lower prices and product mix. In so doing we are able to serve our twin goals of increasing shareholder returns and giving greater customer satisfaction, which in turn drives volume to the further benefit of our shareholders.

We have particularly focussed on three aspects of our business – growing sales, reducing costs of doing business and streamlining the balance sheet.

As evidence of this, our market share has grown, costs have risen at a little over half the rate sales have grown, and average return on funds employed (ROFE) has increased sharply. ▶

Highlights

- Average Return on Funds Employed (ROFE) rose from 29.08% to 35.04%
- Average Return on Investment (ROI) rose from 28.92% to 43.19%
- Sales up 10.1% to \$20,915 million
- Earnings before interest, depreciation, amortisation and taxation (EBITDA) up 11.6% to \$1,016.3 million
- Earnings before Interest and Taxation (EBIT) up 13.7% to \$706.6 million
- Net Operating Profit after Taxation and servicing Income Notes (NPaT) up 17.7% to \$428.4 million
- Total Profit after taxation, abnormal items & outside equity interests up 44.8% to \$428.0 million
- Earnings per Share (EPS) up 24.1% to 40.16 cents
- Final Dividend per Share (DPS) 15 cents, to bring total DPS for year to 27 cents, up 17.4%

Group results summary

Earnings before interest and tax (EBIT)

	Current \$m	Previous \$m	Increase %
Food, liquor and groceries	614.0	534.0	15.0
Petrol	4.6	(1.0)	-
Total Supermarkets	618.6	533.0	16.0
BIG W	83.4	74.3	12.3
Consumer electronics	30.8	26.0	18.7
Total General merchandise	114.2	100.3	13.9
Wholesale	5.0	2.9	72.2
Total trading result	737.8	636.2	16.0
Property	33.1	24.8	33.2
Central overheads	(59.0)	(50.2)	17.5
Continuing operations	711.9	610.8	16.5
Discontinued operations	(5.3)	10.8	-
Group EBIT	706.6	621.6	13.7

Sales/profit/returns

	Current \$m	Previous \$m	Change %
Sales			
Food, liquor and groceries	16,772.3	15,251.3	10.0
Petrol	747.1	472.5	58.1
Total Supermarkets	17,519.4	15,723.8	11.4
BIG W	2,069.8	1,913.9	8.2
Consumer electronics	418.0	338.2	23.6
Total General merchandise	2,487.8	2,252.1	10.5
Wholesale	697.8	675.3	3.4
Continuing operations	20,705.0	18,651.2	11.0
Discontinued operations	210.1	337.6	
Group sales	20,915.1	18,988.8	10.1
Margins			
Gross profit	25.60%	26.36%	-0.76% pts
Cost of doing business	22.22%	23.09%	-0.87% pts
EBIT to sales	3.38%	3.27%	+0.11% pts

Sales/profit/returns (continued)

	Current \$m	Previous \$m	Change %
Profit			
Earnings before interest, tax, depreciation amortisation and rent (EBITDAR)	1,616.3	1,457.1	10.9
Rent	600.0	546.7	9.7
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,016.3	910.4	11.6
Depreciation	300.6	282.8	6.3
Goodwill amortisation	9.1	6.0	51.7
Earnings before interest and tax (EBIT)	706.6	621.6	13.7
EBIT to sales	3.38%	3.27%	+0.11% pts
Net interest expense – Note 1	13.1	27.8	
WINS distribution	47.7	26.1	
Operating income tax expense	217.4	203.6	
Net operating profit after income tax	428.4	364.1	17.7
Abnormal items before income tax	–	(93.9)	
Abnormal income tax expense	–	33.8	
Adjustment to tax rates	–	(8.4)	
Abnormal items after income tax	–	(68.5)	
Outside equity interests	(0.4)	(0.1)	
Total profit after tax, abnormal items and outside equity interests	428.0	295.5	44.8
Funds employed	2,117.6	1,915.3	10.6
ROFE	35.04%	29.08%	5.96% pts
ROI	43.19%	28.92%	
Weighted average ordinary shares on issue (million)	1,065.8	1,125.0	-5.2
Ordinary earnings per share (cents)	40.16	32.36	24.1
Earnings per share pre Goodwill (cents)	41.01	32.89	24.7
Interim dividend per share (cents)	12.0	10.0	
Final dividend per share (cents) – Note 2	15.0	13.0	
Total dividend per share (cents)	27.0	23.0	17.4

Note 1 – Interest capitalisation \$11.9m (LY \$5.8m).

Note 2 – Final dividend payable 5 October 2001 will be fully franked at 30%

Supermarket group

Good progress was made again this year in improving our offering to customers and in lowering our costs. This was evidenced by sales growing by 11.4% (+10.0% excluding petrol) which was faster than the industry average, resulting in market share growth and improved profitability. By the year end our market share of Food Liquor and Grocery (FLG) had grown by 1.0% from 24.6% to 25.6%.

Much remains to be done in continuing to build upon our improvements to date. Last year's change to central shared service buying and this year's Supermarket operations restructuring along regional lines are examples of such improvement.

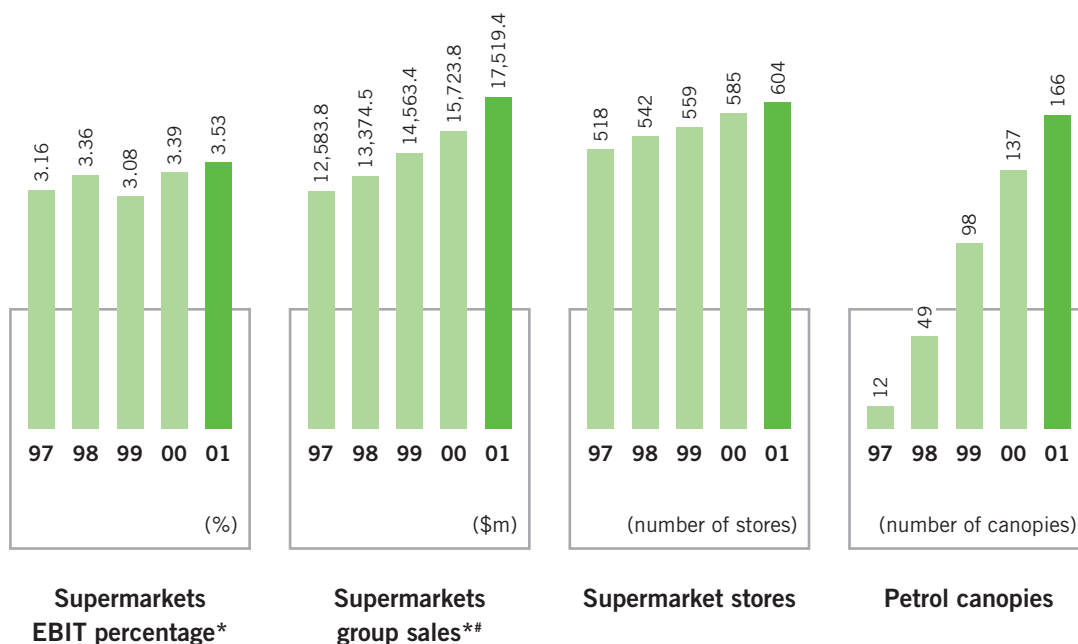
A highlight of the year was the agreement to acquire 67 former Franklins stores, to be progressively delivered through the first half of the 2001/2 year. This followed the announcement that the number three supermarket operator in Australia was closing down and selling its 284 stores in a piecemeal fashion. We have already taken delivery of 41 and reopened 29 of the 67 stores. The 67 stores are expected to add around \$1.5 billion to a full year sales, to be earnings neutral in the 2001/2 year, and to be earnings positive in the 2002/3 year.

Supermarket group (continuing operations, including petrol)	2001	2000*	Change
Sales (\$m)	17519.4	15723.8	+11.4%
Gross margin (%)	25.00	25.38	-0.38 pts
Cost of doing business (%)	21.47	21.99	-0.52 pts
EBIT to sales (%)	3.53	3.39	+0.14 pts
EBIT (\$m)	618.6	533.0	+16.0%
Funds employed (\$m)	1312.6	1262.0	+4.0%
Average return on funds employed (%)	48.1	39.8	+8.3 pts

* Comparatives have been adjusted to exclude the impact of wholesale sales tax.

Research shows that by international standards, the Australian food liquor and grocery market is much less concentrated than the USA or the UK.

We welcome more than 7,000 Franklins staff who are joining the Woolworths team as colleagues, and assure the previous Franklins customers that they will continue to receive



* Figures adjusted to reflect continuing operations.

Prior year sales adjusted to exclude wholesale sales tax.

lower prices, whilst enjoying a wider range, better service and a greater in-stock position from Woolworths. Initial market research following the reopening of former Franklins stores has shown that customers are delighted with their new Woolworths stores. Research showed 57% of customers positive to the change to Woolworths (13% negative).

At the time this report goes to print we have 635 supermarkets, including 29 supermarkets converted from former Franklins stores.

Supermarket performance

All States improved their performance with good sales gains, improved costs and better working capital control evident. In all, 26 new supermarkets were opened, with the closure of 7 smaller stores during the year bringing the total number to 604. Total trading area grew 4.6% and comparable (like for like) sales growth was 6.3%.

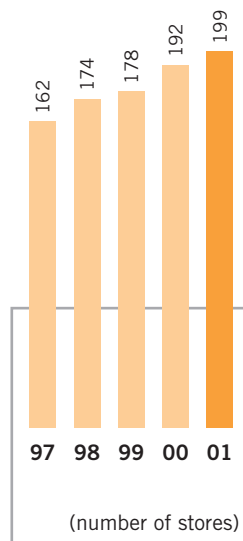
New South Wales and Australian Capital Territory (ACT) Supermarkets produced a much improved sales result with customers responding well to a stronger product offer.

Queensland Supermarkets again had an exceptional year achieving record results in all aspects of the business.

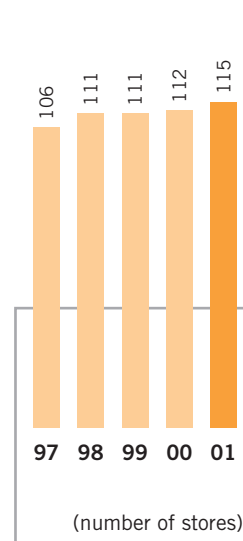
Victorian Supermarkets recorded another good result, assisted by the State lift in economic performance in the second half of the year.

South Australian Supermarkets performed very well throughout the entire year, and it was pleasing to note that sales improved as the year progressed. The acquisition of the Booze Bros liquor chain also strengthened the business.

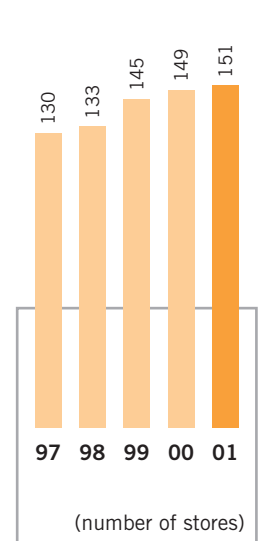
West Australian Supermarket profits grew strongly during the year. The acquisition of Advantage supermarkets profitably broadened our business whilst bringing lower prices to our customers.



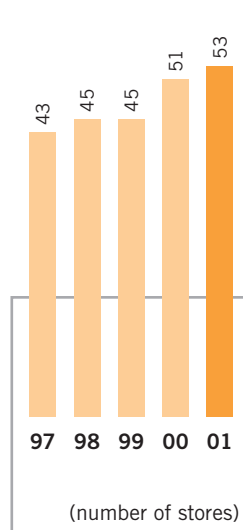
Supermarket stores:
NSW and ACT



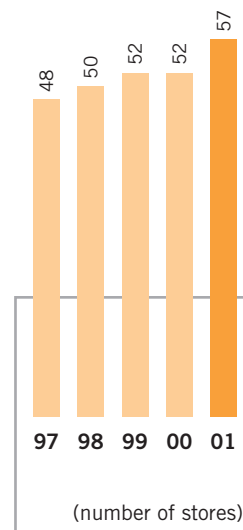
Supermarket stores:
QLD



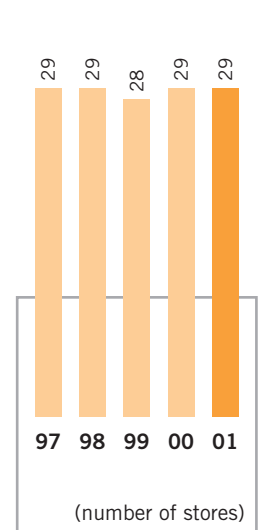
Supermarket stores:
VIC



Supermarket stores:
SA and NT



Supermarket stores:
WA



Supermarket stores:
TAS

Tasmanian Supermarkets did well in a slow growth State economy. Pricing was lowered in order to improve the offering to our customers and sales responded positively to this initiative. The Roelf Vos and Purity branding was successfully realigned as 'Woolworths' throughout Tasmania during the year.

At year end, we completed a conversion of our Supermarket operations from state based to regional, improving our efficiencies, lowering costs and further enhancing our offer to customers. ■

General merchandise group

Sales for this Division rose 10.5% to \$2,488 million as:

- BIG W sales grew 8.1%
- Consumer Electronics sales grew 23.6% (+16.4% excluding Tandy).

These businesses achieved increased sales, profit and return on investment. The 6.3% comparable (like for like) store sales growth by BIG W was particularly pleasing when contrasted with the overall market.

BIG W

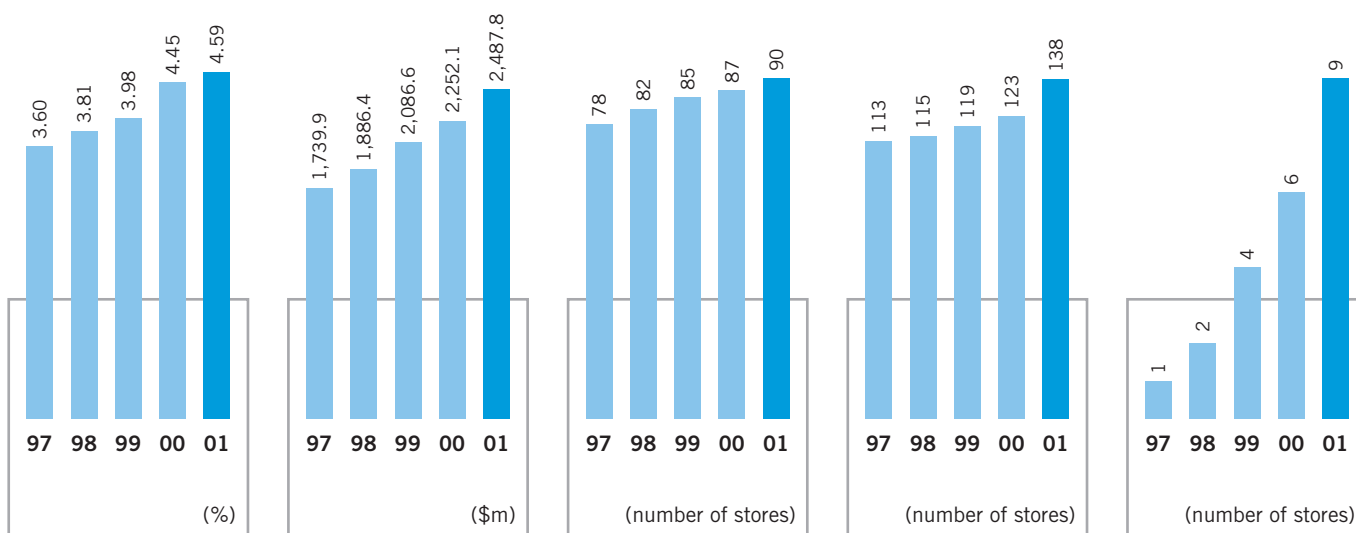
BIG W showed strong profit growth with good stock and cost control. Three new stores were opened during the year bringing the chain to 90 stores and adding 3% to the total trading area. BIG W's market share increased in a difficult market.

Dick Smith Electronics

Dick Smith Electronics had another excellent year with increased entertainment product category sales replacing mobile phones as the main source of growth. The chain increased to 369 stores with three new PowerHouse formats, the opening of 15 smaller Dick Smith stores and the acquisition of 222 Tandy stores. The chain of nine PowerHouse stores is proving to be very successful and has significant potential for growth. The stores will continue to stand uniquely in the market – servicing their discrete customer groups. ■

General merchandise group (continuing operations)	2001	2000	Change
Sales (\$m)	2487.8	2252.1	+10.5%
Gross margin (%)	32.72	32.89	-0.17% pts
Cost of doing business (%)	28.13	28.44	-0.31% pts
EBIT to sales (%)	4.59	4.45	+0.14% pts
EBIT (\$m)	114.2	100.3	+13.9%
Funds employed (\$m)	482.2	350.6	+37.5%*
Average return on funds employed (%)	27.4	26.5	+0.9% pts

* Increase due to Tandy acquisition.



General merchandise EBIT percentage*

General merchandise sales**

BIG W stores

Dick Smith Electronics regular stores

Dick Smith Electronics PowerHouse stores

* Figures adjusted to reflect continuing operations.

Prior year sales adjusted to exclude wholesale sales tax.

Other activities

Wholesaling

This Division covers Australian Independent Wholesalers (AIW) trading in Queensland, NSW and Victoria, and Statewide Independent Wholesalers (SIW) which is 60% owned and trades in Tasmania. Over the last two years, our wholesaling business has made considerable progress and now covers its cost of capital. We continue to believe that Woolworths remaining in wholesaling serves a useful competitive purpose, although we have considered entertaining a partnership in the AIW business as a possibility.

Liquor

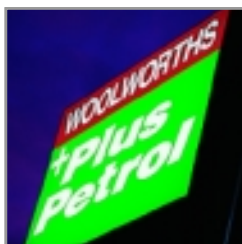
Liquor sales were strong with Dan Murphy making a larger contribution to overall profits. In June 2001, we announced the restructure of the Woolworths liquor business. The current brands – Woolworths Liquor, Safeway Liquor, Cheaper Liquor, Mac's Liquor, Dan Murphy's, Liberty Liquor and a number of fine wine stores, are being progressively folded into one of four distinctive formats: 'Dan Murphy' destination outlets, 'Woolworths Liquor' attached to supermarkets, 'BWS' neighbourhood stores and 'First Estate' fine wine stores.

Wholesale	2001	2000	Change
Sales (\$m)	697.8	675.3	+3.4%
EBIT to sales (%)	0.72	0.43	+0.29% pts
EBIT (\$m)	5.0	2.9	+72.3%
Funds employed (\$m)	57.1	53.2	+7.3%
Average return on funds employed (%)	9.1	5.5	+3.6% pts

Plus Petrol

The Plus Petrol chain continued to expand and to broaden its discounted petrol offer to more of our customers across Australia. By the year end, the chain had reached 166 canopies. The conversion of a further 69 ex-Liberty Oil canopies was agreed and contracted for after year-end, to be added progressively to the chain. As of today, we have 181 canopies operating, including the first 12 from Liberty Oil.

The petrol business, which we see as an adjunct to our main retailing offer, improved during the year. It made a profit of \$4.6 million, before accounting for the costs of the discount and the benefits of incremental store sales. These benefits exceed the cost of the discount, which is given to Woolworths customers spending more than \$30 in our stores. More volume from existing and new outlets will further improve the economics of this business.



Woolworths opened its first Plus Petrol site in 1996 in Dubbo. Plus Petrol provides more convenient and overall lower fuel prices than its competitors. Plus Petrol is increasing competition and customers are saving valuable dollars at the petrol pump.



We have substantially added to our stand-alone liquor chain and have introduced a re-branding strategy to better focus on individual customer preferences. Liquor sales are making a larger contribution to overall profit.

Ezy Banking

Customers have responded very favourably to Woolworths Ezy Banking, our venture supported by Commonwealth Bank of Australia. Initially, we anticipated opening 500,000 accounts in the first five years, however to date, over 500,000 accounts have been opened in a little under two years. Our aim is to increase usage of the account by customers as their primary financial relationship. Cost savings and profits derived from Ezy Banking have been passed on to customers by way of rewards and no bank fees. This makes banking a virtually risk and capital free, breakeven operation, which over time, will increasingly drive customer traffic through our stores.

Homeshop and Internet

In business to consumer (B2C) e-commerce, we continue to pursue our store based Homeshop model. In addition, during the year we acquired 38% of GreenGrocer.com.au, which is based on a central stock picking model. We are continuing to learn and experiment in this important new channel.

For business to business (B2B) internet activities, we are members of the international WWRE consortium in partnership with the majority of the world's largest retailers; whilst in Australia, our Cyberlynx horizontal B2B exchange is performing well.

A large amount of work has been completed in the B2B e-commerce area in the current financial year, converting large numbers of our suppliers onto electronic trading in the areas of ordering, payment and remittance advices. This area has provided significant benefits to both Woolworths and our suppliers and there is still scope for further efficiencies to be gained. ■

The Refresh journey

Project Refresh

This far reaching initiative covers all aspects of our business as we examine everything we do with a view to saving costs, increasing sales and improving effectiveness. In particular, the areas of cost savings cover:

- Examination of all line item expenses;
- Improvements to the total supply chain and its over-arching information technology (IT); and
- Functional reorganisation to a national or shared service basis whilst increasing regional and in-store empowerment.

Earlier this year we announced that we expect annual savings as a result of this initiative to reach \$185 million, of which \$50 million had been realised. In the global environment which influences all aspects of our business and against which we continuously benchmark ourselves, change and cost saving are perpetual. Initially, as a result of 'Project Refresh' and increasingly as a consequence of continuous change, we now expect annual savings over the next five years to increase to approximately 1% of sales. That is further savings exceeding \$200 million per annum.

Supermarkets Buying and Marketing

The 'Project Refresh' changes began in August 1999 with a review of how we conduct our Supermarkets buying and operations. This resulted in a decision to change our organisational structure from a divisionally based group of businesses in each State to a single, functionally based business. The first concrete realisation of this structural change was effected in June 2000, when Supermarkets moved to a national shared service environment for Buying and Marketing.

In line with our objectives of improving the ranging, layout, competitive pricing and promotional offer to our customers, this was

the first major approach to a centralised management environment in Supermarkets. It laid the foundations for a streamlined management structure in Finance, Human Resources, Operations and Supply Chain.

In its first full year of operations, Supermarkets Buying and Marketing put in place new measures to improve communication throughout stores, including the in-house television program – WOW TV, and Merchant of the Year competitions to encourage competition between store teams to build the best store displays and gain the best incremental sales.

Supplier relations

The quality of our relationship with our supplier partners is an important ingredient in providing a continually improving offer to our customers.

Our supplier focus groups that have been run each quarter demonstrate an improving supplier relationship and a genuine focus on sales with our suppliers. Suppliers have been pleased with the consistency and uniformity of our interaction. Feedback shows improving supplier relationships with a genuine mutual focus on increasing sales.

Later in the year, we will be hosting a dinner to thank our suppliers and present the Suppliers of the Year Awards. These Awards provide us with a great opportunity to recognise the outstanding teamwork between Woolworths and its many suppliers.

Supply Chain

A high level strategy for the Woolworths Supply Chain has been based upon Woolworths strong existing supply chain network, and on world's best practice, developed during study tours of major retailers in Europe and the USA. Implementation plans for the strategy are being developed, and will be phased in over the next five years.



Our supply chain is defined as the 'end to end' linkage of the activities of buying and marketing and store operations. In simple terms, the supply chain strategy focus is on being store friendly. This will ensure that the appropriate products get on the shelf faster and cheaper whilst using less inventory.

A significant amount of supply chain work in the financial year revolved around the development of IT systems to support inventory management in the Supermarket Division. Four major projects underway are IT systems to support:

- Ordering of merchandise into our distribution centres;
- Ordering of merchandise into our stores;
- Better visibility of stock holding across the Company and
- Better management of stock delivered directly to our stores from suppliers.

Other projects undertaken in the year under review include:

- Development, and implementation of supply chain integration plans for the converted former Franklins stores;
- Rationalisation of the Victorian distribution facilities, including closure of one site and a major upgrade to the Mulgrave Distribution Centre;
- Centralisation of the Dick Smith Electronics (DSE) distribution facilities from a multi-site to a one-site operation, based at Chullora in Sydney;
- Development of integration plans for the Tandy Electronics supply chain into the DSE business;
- Extension of the BIG W Warwick, Queensland distribution facility to handle increased volumes as this business expands;
- Brismeat operation – design, tender and commencement of works to refurbish and extend the Ipswich Meat Facility.

Merchandise logistics

During the financial year, the Woolworths Supply Chain Merchandise Logistics Department was formed, with the aim of working with our suppliers to improve the flow of their merchandise through the supply chain. This

is an area with potential to remove substantial costs, for both suppliers and for Woolworths.

Woolworths transport

The Woolworths National Transport Department was formed as part of the new supply chain structure. This group has identified a number of strategic initiatives that will be positive for the Woolworths group and work has commenced on implementation of these initiatives. The National Transport Department has also provided a national approach to transport contract management, with performance based service level agreements, which are providing immediate benefits to the company.

Information Technology (IT)

Supply chain system improvement was the main focus for IT. We have a major development program under way over the next three years, that enables and supports our overall supply chain strategy. The main achievements in the last year were:

- The implementation of a new warehouse replenishment system (StockSmart) to better control the inventory levels of our every day stock;
- The pilot of a promotional warehouse replenishment system;
- The pilot of an automated store replenishment system (AutoStockR); and
- The development of more sophisticated systems to control the ordering and delivery of direct store deliveries.

We are confident that in the next year, as we roll out the pilot systems, we will gain significant improvements in our in-stock position, as well as a reduction in our overall stock levels.

We have rolled out a new stores 'back-office' infrastructure to over 600 supermarkets.



The Woolworths Vendor Quality Management Standard specifies the minimum standard we seek to achieve in relation to the production, storage, packaging and handling of the high quality products we sell.

This provides a standard, Microsoft Windows platform, in every supermarket which will be the basis for many new in-store IT applications in the coming years.

BIG W has also implemented a new merchandise planning system based on the 'Arthur' package. This provides improved visibility of the planning and ordering of seasonal merchandise with a consequent improvement in stock turns and markdowns.

Quality/Safety – WVQMS

Woolworths makes a commitment to its customers that the products we sell are of high quality, value for money, safe and nutritious. To help us meet customer expectations, we have developed the 'Woolworths Vendor Quality Management Standard' which was reviewed and re-published in the year under review. The Standard specifies the minimum controls our vendors or suppliers must have over the purchasing, production, storage, packaging and handling process. Working together to produce appropriate standards – Woolworths and its vendors define and agree acceptable product specifications – how it is to be presented or packed and the key criteria for product safety and quality to provide the best product and service possible for customers. Our customers can feel confident that certified Woolworths vendors want the best for them and vendors can grow their businesses – while ensuring increased quality and safety of the food we sell to our customers.

Goods and Services Tax (GST)

The introduction and implementation of GST in July 2000, six days after the previous financial year end, caused disruption in the Australian retail market. Woolworths was however, very well prepared and all stores opened for business on time on the first morning. Slightly over half our products are subject to 10% GST. Our total product basket across all of our businesses, following the introduction of GST, showed a small increase in the order of 0.4% in prices to our customers. Cost savings, more than three-quarters of which were passed on to our customers, resulted in overall price reductions of greater than 0.4%. The reduction in our gross profit margins, as a result of the majority of cost savings over two years being passed on to our customers, totalling almost 1.43% of selling prices, contributed to raising living standards in Australia. This equates to some \$400 million of savings our customers have enjoyed over two years.

Environment

Responsible environmental management is considered to be important in our business and as a result Woolworths, in the last financial year, has undertaken many projects in an effort to reduce our environmental impact. Areas that have been concentrated on are the reduction of energy consumption; the minimisation of waste; increasing our recycling efforts; and the use of alternative fuels.





50,000 employees are also shareholders in the company. They benefit from the continued increase in earnings per share, dividends and share price.

Key actions include:

National Packaging Covenant

Through our involvement in the National Packaging Covenant, Woolworths will pursue a 'lifecycle' approach to the management of packaging waste. This approach recognises the fact that retailers are an important link in the packaging supply chain – connecting product manufacturers with the general community.

Green waste program

In 2001 Woolworths began a major program to reduce fruit and vegetable waste going to landfill by encouraging Supermarkets to work with local farmers to recycle green waste as animal feed and fertiliser. In the year under review Woolworths also started a project to recycle 25 tonnes of green waste from supermarkets around Sydney at a worm farm in Bringelly, where it is turned into an organic soil conditioner. Woolworths is now looking to expand the program to Wollongong and Newcastle.

Check-out bag minimisation

Woolworths was the first Australian retailer to introduce recycling of plastic shopping bags in the mid 1980s. Woolworths has now launched a 'Think 8' program which aims to reduce the number of checkout bags used by 20%, by increasing the average number of items per bag from four to eight.

Through the Australian Retailers Association, Woolworths is working with Environment Australia and Clean Up Australia in mounting a national Plastic Bag Awareness Week to encourage customers to bring bags back for recycling and to consider alternatives to plastic checkout bags.

Energy Smart program

An 'Energy Smart' program was launched in all Supermarkets last year, with the aim

of reducing electricity usage on a continual basis. The program involves increasing staff awareness of energy smart practices and also investigating the use of energy-efficient equipment and technology.

Alternative fuels program

Woolworths is working together with our transport service provider and the Australian Greenhouse Office to improve environmental performance in our transport operations. We are currently undertaking a pilot study on the use of gas powered trucks for transporting groceries from our distribution centres to our supermarkets. The new trucks run on compressed natural gas (CNG), which produces fewer greenhouse gases and less pollution than diesel fuel.

People Development

The Woolworths people philosophy is embodied in 'The Woolworths Way' which describes our culture, values and beliefs as a major Australian company with around 140,000 people in our team.

*'We take pride in ourselves
– we DO make the difference.'*

'We're a team working towards a common goal, and learning from each other through coaching and listening.'

'We live by mutual respect and honesty.'

'We encourage initiative, recognise and reward success, and create an environment where everyone can succeed.'

'We encourage our egalitarian culture.'

It's been an exciting year for our people in Woolworths. We are welcoming over 7,500 people from Franklins and Tandy into our business, and in our continuing commitment to 'Project Refresh' objectives, the Human Resources (HR) function has been re-structured

across Australia to invest in people skills, and refine our work practices to ensure maximum efficiency and customer satisfaction.

In our continuing commitment to our 'Project Refresh' goals of increasing shareholder returns and giving greater customer satisfaction, this year saw the re-focussing and re-structure of both the Store Operations and HR Functions throughout the business.

This re-structuring provided increased opportunities for career advancement for people at all levels across Australia as we re-designed positions to ensure we improve our communication, invest in people skills, and refine our work practices to ensure maximum efficiency and customer satisfaction.

To achieve this focus we have put a major emphasis on safety in all our locations, and have revised our appraisal and incentive schemes to reward improved managerial leadership, financial performance and productivity.

As we expand as a company, and develop new products and processes, training and development of our people has been a major focus at all levels.

As a Registered Training Organisation, we have continued our commitment to Traineeships, and we have people undertaking Certificate II, Certificate III, and for the first time this year, Certificate IV trainees going through the new Woolworths Training package.

We have increased the number of Traineeships in our Supply Chain group, and now have some 400 Certificate III Trainees currently undertaking the Transport and Distribution qualification.

A number of our apprentice butchers and bakers have again won industry awards throughout the year.

We have continued to provide On-Line Training packages through our intranet which allows further flexibility in our delivery of training across Australia.

To ensure an understanding and commitment to our values over 200 focus groups were conducted across Australia with people in our stores, offices and distribution centres. The Woolworths Way means delivering service to our customers, the community, and our suppliers, and providing our shareholders with the greatest possible return on their investment.

Employee Share Plans

We have around 50,000 people in our Employee Share Plans across all of our businesses. Woolworths has one of the largest employee shareholder bases in Australia.

To recognise and reward the new members of the Woolworths team who joined us from Franklins and Tandy, those qualifying employees will participate in a special Employee Share Issue Plan offer of 75 Woolworths shares.

Community

The 'Woolworths in the Community' Program gives us an opportunity to give back something to the communities which have supported us for more than 76 years. Woolworths is proud to be a part of every community in which it operates.

As a major Australian provider of goods and services, we are very much aware of our responsibility to support the communities we depend on. Through our customers and staff we are very familiar with the problems and issues which are important to address in ensuring the continued growth and prosperity of those communities. We are concerned about the many problems now facing the rural and regional areas of Australia where we employ



In one of Australia's biggest fundraising success stories, Woolworths employees have helped raise almost \$12 million for Children's Hospitals across Australia over the past five years.

some 40,000 people. We have undertaken to work with various associations who are providing programs that seek to remove some of the underlying causes of long term unemployment across the nation. These programs generally address issues relating to education, employment, and family support.

Woolworths is also undertaking a number of initiatives to foster aboriginal employment in both regional and metropolitan areas.

In the year under review:

Helping Children's Hospitals

In one of Australia's biggest fundraising success stories, Woolworths employees have helped raise almost \$12 million for Children's Hospitals across Australia over the past five years.

YWCA/Woolworths Youth Partnership

Woolworths is helping to pioneer a program to support disadvantaged children and young people in Lismore, NSW.

The Bundanon/Caliburn Trust sponsorship

Woolworths is sponsoring arts experiences for students in Western Sydney in partnership with the NSW Department of Education and Training and the Arthur Boyd Bundanon Trust.

Opening doors for special employees

Woolworths is continuing to work closely with employment agencies to place people with disabilities in long term rewarding careers.

Supporting Australia Day

Woolworths sponsors the NSW Australia Day Ambassador Program, where high achieving Australians join in community celebrations across the State in celebrating what it is to be Australian.

Heritage posters for school children

Each Australia Day, for the past 25 years Woolworths Heritage posters are distributed free to primary schools across the nation.

Fundraising through our stores

Around \$1.2 million has been raised over the past year for the Australian Red Cross, the Guide Dogs Association, the Smith Family and the Cancer Council through the sale of charity merchandise in our stores.

Woolworths Fresh Produce Expos

Through our sponsorship of Fresh Produce Expos at agricultural shows, Australian growers have the chance to showcase their top quality fruit and vegetables to millions of customers.

SIFE (Students in Free Enterprise)

A unique global organisation which, through the support of businesses such as Woolworths, helps students to set up business projects which will benefit the community.

Acquisitions

In a year of significant acquisition activity we purchased:

- Tandy consumer electronics chain of 222 stores for \$112 million;
- Liberty Liquor chain for \$72 million;
- 38% of GreenGrocer.com.au for \$18 million;
- Booze Bros liquor chain in South Australia for \$12 million;
- 69 Liberty Oil petrol outlet leases to be delivered during FY02; and
- 67 Franklins stores for \$360 million (including refurbishment costs) to be delivered in the first half of FY02.

These acquisitions will be synergistic to our existing businesses and are expected to meet our high financial hurdle rates as valuable 'bolt-on' additions to our core businesses.



The acquisition of Tandy electronics in April 2001 was an important expansion of a core business for the Woolworths Limited group of companies.

Growth

We see a considerable number of opportunities for continuing growth in both revenues and earnings. Following the opening of 26 supermarkets in FY01, and the absorption of 67 former Franklins supermarkets, it is anticipated that we will continue to add 15–25 new supermarkets each year for the foreseeable future.

BIG W has the ability to expand its chain in the order of 5 new stores each year from 91 to 130, whilst the Dick Smith PowerHouse can grow at around 5 each year from 9 to over 35 stores.

The Plus Petrol business presently has 179 outlets and will grow to over 250 with the addition of the Liberty Oil outlets.

Woolworths has considerable further latent potential to grow sales in existing core businesses. We have a relatively low share of the national fresh food market; a significant number of our newer stores are yet to achieve optimum sales; there are opportunities for new formats; there is a trend toward gradual deregulation of trading hours and of product restrictions, and there are opportunities in electronic commerce.

Following the recent acquisitions of the former Franklins Supermarkets; the Tandy consumer electronics chain, and the Liberty Oil chain, we will be concentrating over the next year, upon profitably integrating these acquisitions into our business. Further acquisitions may be examined, but will be pursued only if they demonstrably add to shareholder value and returns.

Sale of businesses

In continuing the simplification of our business and our focus on core activities, we sold the 'Crazy Prices' general merchandise chain late in the financial year. This followed

the sale of the Rockmans fashion chain and the Chisholm meat, printing and packaging businesses in the previous year.

Abnormal Items

There were no significant abnormal charges or credits to profit during the year. This followed a \$68.5 million charge after income tax the previous year.

Capital Management

Our normal capital expenditure on fixed assets during the year was \$534 million. A further \$235 million was spent on acquisitions. Some \$96 million of the new store fixed assets were leased in order to improve financial efficiency.

Looking forward, we expect a significantly greater proportion of capital expenditure on IT and supply chain assets.

The total level of ongoing annual capital expenditure is expected to be in the range of \$500 to \$550 million per annum (FY01 \$534 million).

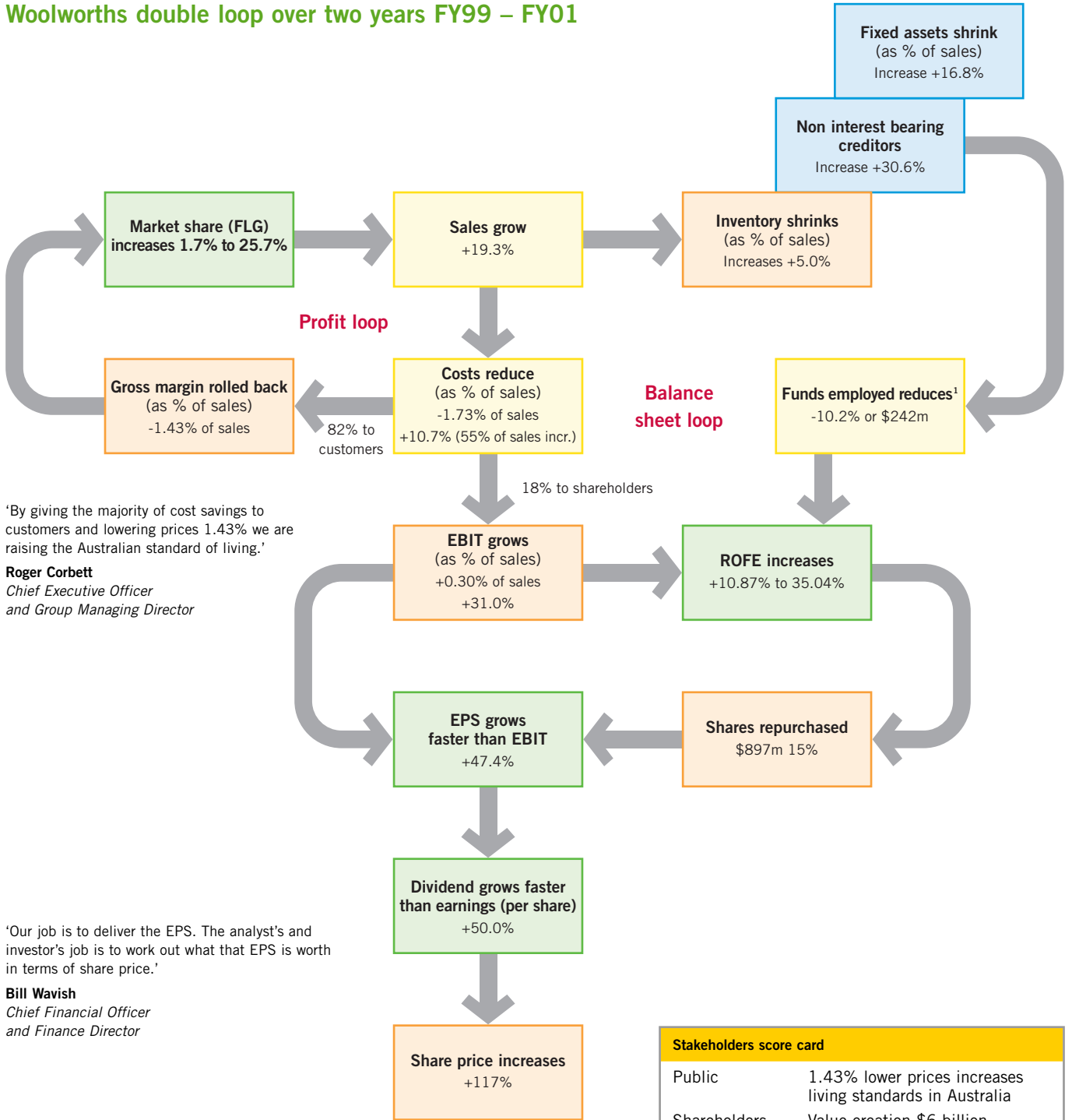
Our focus on controlling all assets in the Balance Sheet, including inventory and capital expenditure, has resulted in funds employed by the Company increasing by \$202 million or 10.6% at the year end. This was less than the \$235 million cost of all acquisitions made during the year.

This focus assisted the Company in funding a second major off-market buy-back, this time of 40 million of the Company's shares, or 3.8% of issued capital, for \$348 million.

Despite this, the improvement in share price following the buy-back by more than 3.8%, again meant a net increase in market capitalisation. We are again delighted with the overwhelming shareholder and expert analyst support for the buy-backs.



Woolworths double loop over two years FY99 – FY01



'By giving the majority of cost savings to customers and lowering prices 1.43% we are raising the Australian standard of living.'

Roger Corbett
Chief Executive Officer
and Group Managing Director

'Our job is to deliver the EPS. The analyst's and investor's job is to work out what that EPS is worth in terms of share price.'

Bill Wavish
Chief Financial Officer
and Finance Director

¹ Funds employed have fallen despite investing over \$300 million in acquisitions.

Following the agreement late in the year to buy the former Franklins stores, the Company was, for the first time rated by Standard and Poors, achieving an A- grade. At the year-end the net repayable debt was only \$388 million. The cost of former Franklins stores and their refurbishment of \$360 million will be progressively paid during the new financial year. Having regard to seasonal fluctuations, we currently expect net repayable debt to vary between \$400 million and \$1,000 million in a business turning over \$400 million per week. With shareholders' funds of around \$1,000 million and perpetual notes of \$583 million, the gearing remains comfortable. The key prudential ratios are:

- Fixed charges ratio at x2.40 (well ahead of the x2.20 internal guideline and the x1.75 banking covenant).
- Net repayable debt to EBIT ratio of x0.4 (well ahead of the x3.0 banking covenant).

The Company continues to keep share buy-backs under review and has agreed to buy-back on-market the equivalent of the shares issued under the Dividend Reinvestment Plan (DRP) plus 1% of issued capital. The Board of Woolworths seeks to be a leader in Australia with its focus on both Corporate Governance and Shareholder Value. Our adherence to latest international standards with regular EPS guidance to the market, and our two off-market buy-backs, are evidence of this focus.

Discount on Dividend Reinvestment Plan (DRP)

Participation in the DRP by over 146,000 shareholders, demonstrates that the DRP is popular, particularly among retail investors. The Directors have decided to retain the DRP but, consistent with market practice, to reduce the discount to 2.5%. This reduced discount

will apply from the Final Dividend paid on 5 October 2001.

Current Trading and Future Outlook

The new financial year has begun satisfactorily following a better than expected final quarter sales in the previous year.

In the first eight weeks of the new financial year, Supermarket Group sales (excluding Petrol) have grown at 8.7% (FY01 yr 10.0%; Q1 9.2%), General Merchandise Group sales (adjusted to exclude Crazy Prices) increased very satisfactorily at over 15% (FY01 yr 10.5%), and Wholesale sales have grown at over 10% (FY01 yr 3.4%). Overall sales (adjusted to exclude discontinued businesses) are up 10% (FY01 yr 11%).

It is too early to draw any detailed conclusions as to the implications of these numbers for the full year. We should be in a better position to judge and report upon our progress by the time of the Annual General Meeting to be held in Brisbane on 23 November 2001.

My thanks go to all those who contributed to another excellent year for Woolworths – our customers, suppliers, employees and shareholders.



Roger Corbett
Group Managing Director and
Chief Executive Officer



Corporate Support Group

From left to right:

Naum Onikul

Chief General Manager Supermarket Operations

Rohan Jeffs

General Manager Corporate Services

Gary Reid

General Manager Business Development

Dick McMorrone

Chief General Manager General Merchandise

Roger Corbett

Group Managing Director/Chief Executive Officer

Bill Wavish

Finance Director

Judy Howard

General Manager Human Resources

Steve Bradley

General Manager Corporate IT

Michael Luscombe

General Manager Supply Chain

Bernie Brookes

Chief General Manager
Supermarket Buying and Marketing





Supermarket Executive Team

Hans Sidler

General Manager Petrol

Tom Flood

General Manager, Supermarket Operations

Tony McFadzean

General Manager, Liquor

Peter Pokorny

General Manager, Fresh Foods

Greg Foran

General Manager, Merchandising Logistics,
General Merchandise and Private Label

Penny Winn

General Manager, Supermarket Retail Support



General Merchandise Executive Team

Marty Hamnett

General Manager, BIG W

Jeff Grover

Managing Director, Dick Smith Electronics

James Aylen

General Manager, Merchandise, BIG W

Garry Smith

General Manager, Stores, BIG W

Michael Lamb

General Manager, Finance, BIG W



more fresh



▲ This year we will welcome 7,500 new faces into the Company from Franklins supermarkets and Tandy Electronics. We will direct our efforts towards the on-going strengthening of a healthy, performance based, and enjoyable workplace, where we continue to develop and grow our people, and measure and reward their performance fairly and consistently.

▲ In the year under review a new operating structure for Supermarkets and Human Resources was framed to move business decisions and accountabilities as close as possible to the front line with Supermarket store management the focal point of the structure. Ten regions have replaced the former State-based structure for Supermarket operations.

The new regions establish efficient spans of management, with additional training and career development support.

faces

In our continuing commitment to our business improvement 'Refresh' goals of increasing shareholder returns and giving greater customer satisfaction – this year saw the re-focussing and re-design of Human Resources and Supermarket Operations.



▲ Special programs for young people are one of many initiatives in place across our business to extend workplace opportunities and enrich our workforce.



▲ 'The Woolworths Way' embodies the values that are the underlying beliefs governing our behaviour and the way we do business. At Woolworths we expect our people to especially reflect our customer care values:

- Making sure we're always focussed on what the customer wants and expects.
- Getting the most detailed information on what our customers buy, how often, what they like and what they think of us and then using that information to drive our decisions.
- Really believing that the customer comes first.
- Being quick in responding to customers' requests and concerns and resolving any problems.

...in a focus



▲ **BIG W** is continuing to grow its business – offering customers national branded merchandise at every day low prices. **BIG W** stores opening in regional areas like Ballarat offer up to 30 major departments ranging from the increasingly popular garden centres, toys, cosmetics, hardware, kitchenware and manchester.

▶ Around 7,000 new Ezy Banking customers are signing up every week for our Supermarket banking offer. Woolworths Ezy Banking celebrated its first national birthday in August 2001 with over 500,000 customers signed up.

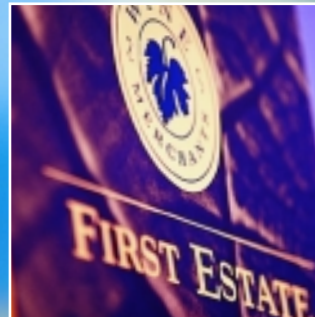


▲ Our three consumer electronics formats are catering for different customer demands. Dick Smith Electronics stores are high profile neighbourhood destinations with an electronics mass market target. The DSE PowerHouse offers a huge range and the Tandy stores are largely mall-based with a less 'technical' presentation of everyday items.



seed business

Following the acquisition of certain Franklins Supermarkets, the Tandy consumer electronics chain, and Liberty Oil leases, we will be concentrating upon profitably integrating these businesses into Woolworths.



▲ In its first full year of operations – the Supermarkets' nationally focussed Buying and Marketing office was able to maintain 'close to the ground' advantages of our former State based buying environment while reducing costs and cutting duplication. Positive feedback from suppliers indicates that our relationships with them are now more consistent and that they enjoy the benefits of working with our strong team of expert merchants.

▲ Our Liquor business is expanding – First Estate – Woolworths' new format for its fine wine stores – opened its first outlet. The new brand is part of the redesign of the total Woolworths liquor business. The current liquor brands are being progressively folded into one of four distinctive formats – Woolworths Liquor (the integrated liquor departments within a supermarket); First Estate; BWS (offering a popular range of liquor at competitive prices) and Dan Murphy's (continuing to offer the widest range at everyday low prices).

...delivering

As the competitor environment continually changes we will continue to grow only if we can continue to satisfy our customers every day.



▲ In talking to our customers about their wants and needs, it is clear that families in our community still want three things above all else: – Quality, Choice and Convenience. In response to those demands Woolworths aims to deliver what our customers keep coming back for – wide ranges of goods at competitive prices and at a convenient time and place.

▶ Improving the efficiency of our national logistics and distribution network will be a major focus of our Refresh program for the Supply Chain Division. In the year under review, extension works to the BIG W Warwick Distribution Centre were built to handle increased volumes as this business expands.



▲ Woolworths HomeShop delivers to customers in Sydney and Canberra. In fiscal 2001 Woolworths announced a strategic shareholding of 38% in GreenGrocer.com.au.



every day.



▲ Woolworths is committed to supporting Australia's world class producers and growers. That's why we purchase just about all of our meat, fruit and vegetables and dairy products from Australian suppliers. Our relationships with growers and suppliers are fundamentally important as all of us across the supply chain work to deliver the best we can to customers.

▲ From a Distribution Centre operations perspective, the financial year focussed on developing a consistent approach to managing distribution facilities across Australia. This consistency has been developed from a people management, financial management and operational management perspective. The aim of this consistent approach is to deliver a better service to our stores and to our customers.



James Strong

Roderick Deane

Diane Grady

Roger Corbett

James Alexander Strong

Chairman

Non-executive, Member Audit Committee, Personnel Policy Committee, Corporate Governance Committee

Mr Strong is also Chairman of NRMA Insurance Group Limited. He was the Chief Executive and Managing Director of Qantas Airways Limited until March 2001, and previously the Chief Executive of Australian Airlines Limited, Managing Partner and National Chairman of Corrs Chambers Westgarth Solicitors and Group Chief Executive of DB Group Limited (New Zealand). He is also a member of the Boards of various Arts and Sporting organisations. He was appointed a Director of Woolworths Limited in March 2000 and was appointed Chairman on 6 April 2001. Age 57.

Roderick Sheldon Deane

PhD, BCom (Hons), LLD (Honorary), FCA, FCIM, FNZIM

Non-executive Director

Member Audit Committee and Corporate Governance Committee

Dr Deane is Chairman of Telecom Corporation of New Zealand Limited (having previously held the position of Chief Executive and Managing Director for seven years). He is also the Chairman of Fletcher Building Limited, Te Papa Tongarewa (The Museum of New Zealand), ANZ Banking Group (New Zealand) Limited, and is a Director of Australia and New Zealand Banking Group Limited, Australia and TransAlta Corporation (Canada). He was appointed a Director in April 2000. Age 60.

Diane Jennifer Grady BA (Hons), MA, MBA

Non-executive Director

Chairman Personnel Policy Committee, Member Corporate Governance Committee

Ms Grady was appointed Chairman of GreenGrocer.com.au in March 2001 and is also a Director of Lend Lease Corporation, Lend Lease U.S. Office Trust, Wattyl Limited and a Trustee of the Sydney Opera House. Previously, Ms Grady was a partner at McKinsey and Co. where she led the firm's Retailing and Consumer Goods practice in Australia. In that capacity, she advised retailing clients in Australia, the USA and the UK on strategic, organisational and operational issues. She also assisted six major consumer goods companies in Australia in developing strategies and trade terms for their major retail accounts. In addition, Ms Grady was a global leader of McKinsey's Change Management and Organisation Practice. Appointed non-executive Director in July 1996. Age 53.

Roger Campbell Corbett B Com, FAIM, FRMIA

Group Managing Director and Chief Executive Officer

Mr Corbett was appointed Group Managing Director and Chief Executive Officer in January 1999, having been Chief Operating Officer since July 1998, Managing Director, Retail since July 1997 and Managing Director of BIG W since May 1990. He has had over 40 years experience in retail and was previously Director of Operations and a Director of David Jones (Australia) Pty Limited as well as Merchandising and Stores Director and a Director of Grace Bros. He was appointed a Director in 1990. Age 59.



John Ballard

Adrienne Clarke

Leon L'Huillier

Bill Wavish

John Charles Ballard MBA, FAICD

Non-executive Director

Chairman Board of Trustees, Woolworths Group Superannuation Scheme, Member Corporate Governance Committee

Mr Ballard is a Director of CSR Limited, Chairman of Watty! Limited and a Trustee of the Sydney Opera House. He was previously Managing Director, Asia Pacific, for United Biscuits Limited and Managing Director Snack Foods, for Amatil Limited (now Coca-Cola Amatil Limited). He was appointed a Director in September 1997. Age 55.

Adrienne Elizabeth Clarke AO PhD, FAA, FTSE

Non-executive Director

Member Personnel Policy Committee and Corporate Governance Committee

Professor Clarke is a Director of WMC Limited, Tridan Limited and Hexima Limited. She is Laureate Professor at the University of Melbourne with a distinguished record of achievement in the Sciences of Botany and Biology. She is currently Ambassador for Biotechnology for the Victorian Government and was previously Chairman of the CSIRO Board (1991–1996). She is a Member of the Prime Minister's Supermarket to Asia Council and Member of the Federal Government's Trade Policy Advisory Group. She was appointed a Director in July 1994. Age 63.

Leon Michael L'Huillier B Com (Hons), MBA, M Phil

Non-executive Director

Chairman Audit Committee, Member Corporate Governance Committee

Mr L'Huillier is a Director of IOOF Limited and Chairman, the Co-Operative Research Centre for Eye Research and Technology. He is an experienced Chief Executive in the grocery manufacturing and liquor industries, most recently as the CEO of Lion Nathan Australia. He also has broad experience as a non-executive and executive Director of major businesses in warehousing, distribution and logistics, property, and financial services.

He was previously a Director of MPG Logistics (now part of Mayne Logistics) and was the former Chairman of the Australian Prime Property Fund, one of Australia's largest retail shopping centre groups. He is a former Director of MLC Limited and Challenge Bank Limited. He was appointed a Director in September 1997. Age 58.

William Paul Renton Wavish

CMANZ, CA (NZ), ACIS, ANZIM

Finance Director

Mr Wavish was appointed Chief Financial Officer in April 1999. He has had a range of CEO, COO, CFO and Chairman positions in Australia and Hong Kong covering retailing, property development, acquisitions and consulting, manufacturing and fast moving consumer goods. In particular, he was Chief Financial Officer of the Dairy Farm Group and later Chief Operating Officer for North Asia for the supermarket, food, manufacturing and retailing group. He was appointed a Director in June 2000. Age 53.

This Report is given by the Directors in respect of Woolworths Limited (the Company) and the consolidated entity consisting of the Company and the entities it controlled (the Group) for the financial period ended 24 June 2001. ▶

The Directors

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

Non-executive Directors	
J A Strong	Chairman
J C Ballard	
A E Clarke	
R S Deane	
D J Grady	
L M L'Huillier	
J C Dahlsen	Retired as a Director and Chairman on 6 April 2001
M J Phillips	Retired as a Director and Deputy Chairman on 31 August 2001
Executive Directors	
R C Corbett	Group Managing Director and Chief Executive Officer
W P R Wavish	Finance Director

The experience, qualifications and special responsibilities of each of the Directors are set out against their respective names on pages 30 and 31.

Principal activities

The principal activities during the period, of the consolidated entity, constituted by the Company and the entities it controlled from time to time during the period, consisted of food, general merchandise and specialty retailing through chain store operations.

As indicated in the Group Managing Director's Report and this Report, during the period, the Company disposed of its interest in its Crazy Prices business; agreed to purchase 67 Franklins stores and acquired 224 Tandy stores and 43 Liberty Liquor stores.

Otherwise, no significant change in the nature of the activities of the Company and its entities occurred during the period.

Consolidated results and review of operations

The net amount of consolidated profit for the financial period after provision for income tax and Woolworths Income Notes (WINS) distributions attributable to members of the Company and its controlled entities was \$428 million (2000: \$295.5 million). No abnormal expenses were incurred by the consolidated entity in the period (2000: \$93.9 million).

A review of the operations of the consolidated entity and its principal businesses during the financial period and the results of those operations are set out in the Chairman's Report and the Group Managing Director's Report on pages 2 to 21, inclusive.

	Franking rate %	Cents per share	Total paid/ payable \$m
Final 2000 Dividend paid on 5 October 2000	34	13	137.8
Interim 2001 Dividend paid on 27 April 2001	34	12	128.7
Buyback Special Dividend paid on 22 June 2001	34	5.82	232.9
Final 2001 Dividend payable on 5 October 2001	30	15	155.4

Dividends

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

Significant changes in the state of affairs

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

- (A) A net decrease in the issued share capital of the Company of 24,533,115 fully paid ordinary shares as a result of:
- (i) the issue on 5 October 2000 of 4,316,701 and on 27 April 2001 of 3,267,690 fully paid ordinary shares pursuant to the Dividend Reinvestment Plan in respect of the 2000 Final Dividend and 2001 Interim Dividend, respectively;
 - (ii) the issue on various dates of a total of 4,661,069 fully paid ordinary shares pursuant to the Employee Share Plan;
 - (iii) the issue on various dates of 1,795,156 fully paid ordinary shares as a result of the exercise of options

held by a number of executives under the Executive Share Option Plan and Senior Executive Service Contracts;

- (iv) the issue on 26 March 2001 of 1,450,950 fully paid ordinary shares pursuant to the Employee Share Issue Plan;
 - (v) the buy-back of 40,024,681 fully paid ordinary shares pursuant to the Buy-back Offer dated 21 May 2001 at \$8.70 per share.
- (B) The grant of 3,195,000 options under the Executive Option Plan on 1 July 2001.

Matters subsequent to the end of the financial period

- (A) On 27 August 2001 the Directors declared a Final Dividend of 15 cents per share, fully franked at 30% tax rate, on each of the issued ordinary shares of the Company. The Final Dividend is payable on 5 October 2001.
- (B) In September 2001 the Company announced its intention to acquire Woolworths Limited shares, on an on-market buy-back basis, equivalent to the number of shares issued under the Dividend Reinvestment Plan plus 1% of the issued capital.

Except for the matters disclosed in the Chairman's Report and the Group Managing Director's Report on pages

2 and 3 and on pages 4 to 21 of this Report there is, at the date of this Report, no other matter or circumstance which has arisen since 24 June 2001 that has significantly affected or may significantly affect:

- (i) the operations in future financial periods subsequent to the financial period ended 24 June 2001, of the consolidated entity constituted by the Company and the entities it controls from time to time; or
- (ii) the results of those operations in future financial periods; or
- (iii) the state of affairs, in future financial periods, of the consolidated entity.

Likely developments and expected results of operations

Other than comments on likely developments or expected results of certain of the operations of the consolidated entity which are included in the Chairman's Report and the Group Managing Director's Report on pages 2 to 21, in the opinion of the Directors, further information on likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years have been omitted as the Directors believe it would be likely to result in unreasonable prejudice to the Group's interests if such further information were included in this Report.

Meetings of Directors

The table below sets out the number of meetings of the Company's Directors (including meetings of Committees of Directors) held during the financial period ended 24 June 2001 and the number of meetings attended by each Director of the Company at those meetings.

Director	Meetings of Directors held whilst a Director Held/Attended	Meetings of Audit Committee Held/Attended	Meetings of Personnel Policy Committee Held/Attended	Meetings of Corporate Governance Committee Held/Attended	Meetings of other committees Held/Attended
* J C Dahlsen ^{1,2,3,5}	10/7	7/5	7/5	10/7	4/4
J C Ballard ^{3,4}	12/12			12/12	
A E Clarke ^{2,3}	12/10		9/9	12/10	
R C Corbett ⁵	12/12				4/4
D J Grady ^{2,3}	12/12		9/9	12/12	
L M L'Huillier ^{1,3}	12/11	7/7		12/11	
M J Phillips ^{1,3}	12/12	7/7		12/12	
J A Strong ^{1,2,3}	12/10	3/3	3/3	12/10	
R S Deane ³	12/11			12/11	
W P R Wavish	12/11				

* Mr J Dahlsen retired as a Director on 6 April 2001.

1 Member Audit Committee

2 Member Personnel Policy Committee

3 Member Corporate Governance Committee

4 Mr J C Ballard is Chairman of the Board of Trustees of the Woolworths Group Superannuation Scheme.

5 These are ad hoc Committees which attended to special and administrative matters on behalf of the Board.

Directors interests in shares/options

Particulars of Directors' relevant interests in shares in the Company or options to acquire unissued shares in the Company at the date of this report are set out below:

Director	Relevant interest in ordinary shares in Woolworths Limited	Options to acquire unissued ordinary shares in Woolworths Limited
J A Strong	10,288	–
J C Ballard*	47,921	–
A E Clarke	26,526	–
R C Corbett**	118,165	2,271,000
D J Grady	23,924	–
L M L'Huillier*	112,044	–
R S Deane	40,000	–
W P R Wavish	10,560	1,200,000

* These relevant interests comprise superannuation fund, trust, or other ownership structure as appropriate.

** The number of options granted to Mr R Corbett do not include 1 million options agreed to be granted under his Service Contract dated September 2001 and which are to be submitted to shareholders for approval at the 2001 Annual General Meeting.

Directors' and Executive Officers' Emoluments

The Personnel Policy Committee is responsible for advising the Board on the remuneration policies and practices of the Company to ensure that they are consistent with its financial and strategic goals and human resource objectives.

The Committee has continued throughout the year to review the remuneration structure and levels to ensure they meet these goals and objectives.

Non-executive Directors

Non-executive Directors' fees are determined by the Board within the aggregate amount

approved by the shareholders. The current maximum aggregate amount which may be paid in Directors' fees, as approved at the Annual General Meeting on 20 November 2000, is \$1,250,000 per annum.

The amount of Directors' fees payable to each of the non-executive Directors is determined having regard to independent expert advice. No Directors' fees are paid to executive Directors.

At the date of this Report, the amount of Directors' fees paid to each non-executive Director is \$95,000 per annum. The Chairman receives a multiple of 3 times and the previous Deputy Chairman received a multiple of 1.75 times this amount.

No additional fees are paid to Directors for their participation in Board Committees or other Board activities and responsibilities.

On appointment, non-executive Directors agree to limit their total listed public company directorships to no more than seven, as part of the Directors' Retirement Deed provisions, which each of the non-executive Directors has executed with the Company.

Under these Deeds, each non-executive Director who has been appointed for at least 3 years, is entitled to receive an allowance, on retirement as a Director. The maximum amount of the allowance is equivalent to five times the average annual emoluments of the non-executive Director (excluding out-of-pocket expenses) over the three years prior to the retirement date. The maximum entitlement accrues after ten years service as a non-executive Director and is reduced, pro rata, for periods of service less than ten years with no entitlement for periods of service of less than three years. The amount is in addition to contributions

made pursuant to the Superannuation Guarantee legislation.

The details of each non-executive's Directors' emoluments during the financial period are set out below:

Directors' emoluments for the financial period to 24 June 2001

Director	Directors' fees \$	Superannuation contributions \$	Other	Total \$
J C Dahlsen	266,768	8,480	1,039,856 *	1,315,105
M J Phillips	164,791	4,214	–	169,005
J C Ballard	93,333 **	7,466	–	100,799
A E Clarke	71,958 **	7,466	–	79,424
D J Grady	93,333	7,466	–	100,799
L M L'Huillier	93,333	7,466	–	100,799
J A Strong	92,500 **	7,400	–	99,900
R S Deane	92,500	7,400	–	99,900

* Mr J C Dahlsen retired on 6 April, 2001. This amount comprises \$1,036,128 by way of a Retirement Allowance upon the retirement of Mr J C Dahlsen as a Director and Chairman after 8 years and 8 months service including 3 years and 10 months as Chairman. The amount is calculated in accordance with the formula set out in the Directors' Retirement Deed between the Company and Mr J C Dahlsen, details of which are set out above.

** These Directors 'sacrificed' a proportion of their fees towards shares in the Company under the Non-Executive Directors Share Plan.

Executive Directors' and Executive Officers' Remuneration

The structure of remuneration for the Chief Executive Officer and Senior Executives is described below and it is the role of the Personnel Policy Committee to advise the Board on these as part of the Company's remuneration policies and practices. An outline of the Committee's role in this regard is set out on pages 42 and 43 of this Report.

The remuneration policy for Senior Executives is structured to provide fixed and variable remuneration. The fixed remuneration comprises salary, superannuation contributions, (under the terms of the Woolworths Group Superannuation Scheme), the use of a fully maintained motor vehicle and car parking facilities or in some instances, a car allowance.

The variable remuneration comprises an annual cash incentive bonus under the Short Term Incentive Plan (STIP) payable upon achievement of Key Performance Indicators (KPIs), which set financial and trading performance targets for the year under review. These are adjusted to meet the specific objectives of each main business for which the Executive is responsible.

Group, Divisional and major business performance for the financial period has resulted in incentive bonus payments under the STIP for a substantial number of Managers and Executives in the Group on the basis of achievement of each KPI, at various levels, for each business.

In the financial period, the Personnel Policy Committee continued its review of the STIP and as a result of the Committee's recommendations, the Board has agreed to further changes to the KPI targets to more closely align Executives remuneration with their respective business performance targets, other strategic business measures and their individual objectives.

The STIP, together with the limitation on increases in fixed remuneration (salary and superannuation) has emphasised a structure which provides a more 'at risk' reward, by way of a higher overall remuneration for superior and consistent performance, across each of the KPIs and designated objectives.

The Executive Option Plan, which was approved by shareholders at the 1999 Annual General Meeting ('AGM') is the other major component of the remuneration strategy. Under this Long Term Incentive Plan ('LTIP'), 32,715,000 options were issued in April 2000 to over 300 Executives with a grant date of 1 July 1999 and subject to other vesting and exercise conditions as approved by shareholders. In May 2001 a further 3,195,000 options were

Executive Directors' and Executive Officers' emoluments

	Salary \$	Performance incentive bonus ¹ \$	Other benefits ² \$	Superannuation contributions ³ \$	Termination payments \$	Total emoluments (excluding the value of options granted) \$	Number of vested options granted ⁴ \$	Value of vested options granted ⁵ \$
Executive Directors								
R C Corbett	932,256	703,946	32,686	139,838	–	1,808,726	333,000	340,326
W P R Wavish	616,666	406,555	30,973	92,500	–	1,146,695	120,000	122,640
Executive Officers								
G Steele*	–	–	–	–	1,400,731	1,400,731	–	–
G Andersen*	25,000	591,898	–	26,250	384,449	1,027,597	34,631	35,392
T Roberts*	179,166	142,050	13,638	26,875	563,091	924,820	92,753	94,794
K R McMorrone	500,000	350,000	27,785	74,999	–	952,784	100,000	102,200
N J Onikul	463,199	322,800	23,785	127,249	–	937,035	100,000	102,200
B Brookes	444,666	261,123	33,134	66,250	–	805,174	100,000	102,200
M Luscombe ⁶	441,666	258,240	34,454	66,250	–	800,611	80,000	83,990
R Jeffs	385,000	79,680	24,636	206,020	–	695,336	60,000	61,320

* Each of these Executives terminated their employment prior to or during the period and received during the period termination payments based on accrued statutory and contracted entitlements and/or contracted bonus arrangements as part of the terms of sale of the businesses for which they were responsible.

1 Performance incentive bonus (STIP) payments made in the financial period to 24 June 2001 and based on performance for the financial period to 25 June 2000. STIP bonus payments in respect of the year to 24 June 2001 will be made in September 2001.

2 Other benefits include the cost to the company of motor vehicles, car parking or car allowances, where these are applicable. These amounts include fringe benefits tax, where applicable.

3 Superannuation Contributions comprise Company and deemed Member Contributions and any Additional Voluntary Contributions (AVCs) paid into the Executives' account in the Company's Superannuation Scheme in lieu of salaries or performance incentive bonuses.

4 These options comprise only those which were granted under the Executive Option Plan in a prior period and which have met the performance hurdles for the financial period, as set out below. The remainder are shown on page 39. The options issued to Mr R C Corbett were approved by shareholders at the 1999 AGM. Those issued to Mr W Wavish and the other Executive Officers were granted pursuant to the Executive Option Plan which was approved by shareholders at the 1999 AGM.

5 Vested options have been independently valued using the Black-Scholes valuation methodology as at the date of grant. The valuation takes into account the price at grant date, the exercise price, a deemed term of the option of 5 years, the volatility in the price of underlying shares and expected dividends. The emoluments in the table above do not include amounts representing the value of non-vested options granted during a prior financial period as they are subject to performance hurdles for each subsequent financial period and it is not considered appropriate to value the options prior to the performance hurdles being achieved. They also do not include options which have vested during a prior period as they relate to the prior periods performance.

Note: These benefits do not include those which may accrue under the Service Contracts referred to on pages 35 and 39 as the entitlement to the benefits has not arisen.

6 The vested options were granted to M Luscombe in two tranches – 70,000 in July 1999 and a further 10,000 in July 2000.

granted under the LTIP to 51 newly appointed or promoted Executives.

Each grant of options under the LTIP is subject to performance hurdles. There is an Earnings Per Share performance hurdle for 50% of the total grant which requires Earnings Per Share growth at 8% per annum compound and a market comparative Total Shareholder Return Hurdle measured over a 5 year period for the remaining 50% of the grant. Full

details of these performance hurdles were provided to shareholders before the LTIP was approved.

Senior Executives and certain other Executives have also entered into Service Contracts which provide for a retention based bonus, which is available upon expiry of the agreed term of each Contract, provided the Executive meets the Contract performance requirements. The bonus for Senior Executives is provided in the

form of options or shares in the Company, as approved by shareholders at the 1999 AGM.

The 1999 AGM also approved the establishment of two new Plans entitling non-executive Directors and Executives to acquire fully paid ordinary shares in the Company, at market value and on an on-market acquisition basis, through the sacrifice of a proportion of their Directors' fees, or Executive salary or STIP. Shares have been acquired under both of these Plans during the period. These Plans are intended to encourage increased share ownership and retention, by Directors and Executives, of shares in the Company, to more closely align their interests with those of shareholders.

Both the STIP and LTIP are aimed at acquiring appropriate hurdles for achievement of performance based variable remuneration to provide rewards to Executives which are commensurate with measurable improvements in Company and business unit performance, across all of the critical financial and operating measures and strategic objectives, as well as being measured against designated minimum gains in shareholder value and in particular EPS growth and TSR.

Details of the nature and amount of each element of the emoluments of the Executive Directors and of the five additional Executive Officers for the Group and the Company receiving the highest emoluments for the financial period are detailed on page 37 together with details of options issued to those Executive Directors and Executives during the financial period. No options were issued to non-executive Directors during that period.

In addition to the emoluments disclosed, Directors and Executive Officers are eligible to receive a discount on private purchases

from stores operated by the Group in line with that available to all employees of the Group.

Share options

During the financial period ended 24 June 2001 and up to the date of this Report there were 3,195,000 options granted over unissued ordinary shares in the Company under the Executive Option Plan. Of these 100,000 were granted to one of the named Executives on page 37 as part of his remuneration. No options were granted to non-executive Directors. Mr R Corbett was granted 1 million options subject to approval by shareholders at the 2001 AGM.

As at the date of this Report there are 37,990,000 options outstanding to acquire unissued fully paid ordinary shares in the Company, particulars of the issue prices and the expiry dates of which are referred to on page 39. During or since the financial period and up to the date of this Report 2,145,186 fully paid ordinary shares in Woolworths Limited have been issued by virtue of the exercise of certain of those options granted under the previous Executive Share Option Plan or Senior Executive Service Contracts both of which have since been replaced. Details of amounts paid on the exercise of each of those shares is set out below.

Number of shares issued	Amount paid per share
975,000	\$3.27
850,000	\$3.55
47,937	\$5.11
65,896	\$5.16
201,353	\$5.87
5,000	\$6.17

No person entitled to exercise any option granted under the ESOP, EOP or the ESC has or had, by virtue of the option, a right

Options over unissued fully paid ordinary shares in Woolworths Limited granted and outstanding under Executive Share Option Plan (ESOP); Executive Option Plan (EOP) and Senior Executive Service Contracts (ESC)

Option grant date	Plan type	Option expiry date	Options outstanding	Number of holders	Issue/exercise price \$
24 Feb 1997	ESOP	24 Feb 2002	90,000	5	3.55
17 Nov 1997	ESC	17 Nov 2002	225,000	2	4.57
2 Mar 1998	ESOP	2 Mar 2003	1,583,000	189	5.87
1 Mar 1999	ESOP	1 Mar 2004	1,775,000	226	5.16
1 July 1999	EOP	1 July 2009***	31,222,000**	288*	5.11
1 July 2000	EOP	1 July 2010***	3,095,000**	48*	6.17
Total			37,990,000		

* Including the Executive Directors and Executive Officers named on page 37.

** These options are subject to performance hurdles other than set out on page 37, are non-vested options.

*** This is the latest date for exercise of options. EOP rules specify earlier available dates for exercise.

Options on issue to Executive Directors

Director	Number of options held	Exercise price \$	Date options granted	Date options exercisable	Date options expire
R C Corbett*	48,000	5.87	2 Mar 1998	2 Mar 2002	2 Mar 2003
	175,000	4.57	17 Nov 1997	17 May 2002	17 Nov 2002
	48,000	5.16	1 Mar 1999	1 Mar 2003	1 Mar 2004
	2,000,000	5.11	1 July 1999	1 July 2003**	1 July 2004
W P R Wavish	1,200,000	5.11	1 July 1999	1 July 2003**	1 July 2009

* The options granted to Mr R Corbett do not include 1,000,000 options at an exercise price of \$7.84, which are subject to approval of shareholders at the 2001 AGM.

** The date of exercise is in relation to a proportion only of the options granted, as set out in EOP Rules, over the period of 3 to 5 years, respectively, and are subject to performance hurdles as set out on page 36 and 37.

to participate in any share issue of any other body corporate.

Environmental regulation

Except as set out below, the operations of the Group are not subject to any particular and significant environmental regulation under a law of the Commonwealth of Australia or of any of its States or Territories.

The ‘Woolworths Plus Petrol’ operations are subject to regulations and standards governing the construction and operation of the facilities relating to the storage and dispensing of petroleum products.

The Group may also from time to time be subject to various State and Local Government food licensing requirements and environmental and town planning regulations incidental to the development of shopping centre sites.

As outlined in the Group Managing Director’s Report on pages 15 and 16, the Supermarket Division has implemented a number of environmental initiatives involving the recycling of store and distribution centre plastic, green and cardboard waste and the use of ‘environmentally friendly’ refrigerant gases.

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

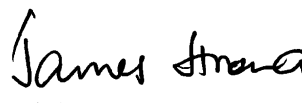
Directors' and Officers' indemnity/insurance

- (i) The Constitution of the Company provides an indemnity (to the maximum extent permitted by law) in favour of each Director of the Company referred to on page 32 of this Report; the Company Secretary, previous directors and secretaries and all previous and present executive officers ('Officers'), against any liability to third parties (other than related Woolworths Group companies) incurred on or after 15 April 1994 by such Officers unless the liability arises out of conduct involving a lack of good faith. The indemnity includes costs or expenses incurred by an Officer in successfully defending proceedings or in connection with an application in which the court grants relief to the specified persons under the Corporations Act 2001.
- (ii) Each Director has entered into Deeds of Indemnity and Access which provide for indemnity against liability as a Director, except to the extent of indemnity under an insurance policy or where prohibited by statute. The Deed also entitles the Director to access Company documents and records, subject to undertakings as to confidentiality.
- (iii) During or since the end of the financial period, the Company has paid or agreed to pay a premium in respect of a contract of insurance insuring Officers (and any persons who are Officers in the future) against certain liability incurred in that capacity. Disclosure of the total amount of the premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.


Rounding of amounts

The Company is of a kind referred to in Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998 pursuant to section 341(1) of the Corporations Act 2001 relating to the 'rounding off' of amounts in the Financial Report and Directors' Report. In accordance with that Class Order, amounts therein have been rounded off to the nearest tenth of a million dollars except where otherwise indicated.

This Report is made out in accordance with a Resolution of the Directors of the Company on 14 September 2001.



J A Strong
Director



R C Corbett
Director

Board responsibilities and objectives

The Board of Directors of the Company acknowledges its accountability to shareholders for the creating of shareholder value and the safeguarding of shareholders' funds. The Board aims to achieve these objectives through the adoption and monitoring of corporate strategies, plans, policies and performance; the review of Chief Executive Officer and senior management performance, conduct and reward; the monitoring of the major risks of the Company's businesses and by ensuring the Company has policies and procedures to satisfy its legal and ethical responsibilities.

Composition of the Board/Committees

The Board has adopted a policy of ensuring that it is composed of a majority of non-executive Directors who, with the executive Directors, comprise an appropriate mix of skills to provide the necessary breadth and depth of knowledge and experience to meet the Board's objectives. With the exception of the Chief Executive Officer and the Finance Director, all of the Directors are non-executive Directors. The Chairman is selected from the non-executive Directors each of whom are appointed to the Corporate Governance Committee. The non-executive Directors are also appointed to one of the Audit Committee, the Personnel Policy Committee or to the Board of Trustees of the Company's Superannuation Scheme. The Audit Committee and Personnel Policy Committee have each adopted comprehensive Charters defining their role and responsibilities, as summarised in this Report.

Directors Policy Statements

The Directors have approved and adopted Policy Statements setting out their fiduciary duties relating to:

- exercise of due care and diligence;
- ensuring disclosure of material matters;
- dealing with conflict of interest and duties;
- access to information and independent advice;
- confidentiality;
- dealing in securities of the Company and insider trading; and
- fair, open, ethical and honest standards of conduct and dealing.

Directors independent advice

The Directors, the Board and the Board Committees are empowered to seek external professional advice, as considered necessary, at the Company's expense, subject to prior consultation with the Chairman. If appropriate, any advice so received will be made available to all Directors.

Corporate Governance Committee

The Corporate Governance Committee consists of the non-executive Directors and its main responsibilities are to review all matters relating to corporate governance including the composition, criteria for membership, appointment, retirement and performance of the Board of Directors, the Board Committees and the Chief Executive Officer of the Company.

Audit Committee

The Audit Committee of Directors is comprised of non-executive Directors who, at the date of this Report, are: Messrs L M L'Huillier (Chairman), J A Strong and R S Deane.

The Audit Committee's role is to:

- 1 review and monitor internal financial controls to ensure they are adequate and effective to minimise financial and other major operating risks;

- 2 satisfy itself with regard to the integrity and prudence of procedures for management control, including the review of management policies and/or practices;
- 3 review and assess the adequacy of compliance with all regulatory requirements and generally accepted accounting principles;
- 4 review the scope and effectiveness of the internal and external audit functions and to review findings and issues brought to its attention and investigate and report to the Board on appropriate action in response;
- 5 review the appointment, performance and remuneration of the external auditors;
- 6 monitor the management of identified risks and identify any new risks and action to be taken for their control;
- 7 provide to the Board regular reports on risk management review.

The Audit Committee has, during the year, reviewed and approved an Internal Business Audit Plan incorporating a comprehensive business review process in respect of the internal audit management functions.

The Audit Committee meets with the external Auditors and senior management to review the half yearly and annual financial statements and reports and also meets regularly to review progress in and reports arising from the Internal Business Audit Plan as well as specific issues or matters which may arise from the internal and external audit process. The external Auditors have direct access to the Audit Committee, if necessary, without management involvement. The Committee reports to the Board after each Committee meeting.

Personnel Policy Committee

The Personnel Policy Committee of Directors is comprised of non-executive Directors, who at the date of this Report are: Ms D J Grady (Chair), Prof A E Clarke and Mr J A Strong.

The Personnel Policy Committee's role is to ensure that the remuneration policies and practices of the Company are consistent with its strategic and financial goals and human-resource objectives.

In carrying out this role the Committee operates independently of senior management of the Company in its recommendations to the Board in relation to:

- 1 reviewing the Company's overall remuneration policies and strategies;
- 2 reviewing, on an annual basis, the Management/Executive Salary and Remuneration Programme and Senior Executive/Chief Executive Officer remuneration structure and levels, including the Short Term Incentive Plan providing for performance related incentive bonuses and the Executive Option Plan allocations;
- 3 reviewing performance evaluation procedures for the Chief Executive Officer and Senior Executives;
- 4 monitoring the Chief Executive Officer and Senior Executive Appraisal and Succession Planning Programmes and ensuring the Executive Development Programmes are appropriate to the Company's needs;
- 5 determining and monitoring the effectiveness of the major elements of the remuneration packages and other terms and conditions of appointment and continuing employment of Senior Executives of the Company;

6 Reviewing and recommending, on independent advice, non-executive Directors' remuneration, for approval by Executive Directors, (within the maximum amount approved by shareholders) and their retirement benefits in accordance with a shareholder approved scheme, the Constitution of the Company and the Corporations Law.

The Personnel Policy Committee meets on a regular basis to carry out its responsibilities.

During the financial period and up to the date of this Report, the Committee has continued its review of the overall remuneration structure for Senior Management and Executive levels. The objective of this review was to make the remuneration for management more performance based and to align their interests more closely with those of the Company's shareholders through growth in shareholder returns.

This review has resulted in adjustments to both the short term incentive plan (STIP) and long term incentive plan (LTIP) structures. Details of these changes are set out in the Directors' Statutory Report on pages 36 to 38.

The Committee will continue to closely monitor the application of these changes to the remuneration structure to ensure they meet the Committee's objectives in attracting and retaining the highest calibre of management to operate and grow the Company; to align their interests as closely as possible to those of our shareholders and to provide rewards to Executives and Management commensurate with increases in shareholder wealth.

Other committees

In addition to these Standing Committees, the Board appoints Directors, as necessary, to act as a committee to deal with special and administrative matters.

Risk management

Management of risk is an essential element of the Company's strategy. Within the common policy framework and controls set by the Company, a Business Risk Management team was established to identify, assess and control material risks across the Group. Each business unit is responsible for the implementation of policies and procedures to manage those risks.

The policies relating to Business Risk Management – including interest rate risk; credit risk and liquidity risk as well as legislative risk, continue to be monitored by the Audit Committee.

Corporate conduct

The Board has endorsed the Company's longstanding policies applicable to all levels of management in the following key areas:

- 1 Business Conduct/Ethics
- 2 Trade Practices/Fair Trading Practices
- 3 Tendering and Supply arrangements
- 4 Trading in Company Shares/Options
- 5 Conflicts of Interest/Confidentiality
- 6 Gifts and Gratuities/Political Donations
- 7 Occupational Health and Safety/Discrimination
- 8 Equal Employment Opportunity

These policies apply to all employees and set out the standards within which they are expected to act. The policies are aimed at the maintenance of standards of honesty, integrity and fair dealing by all employees in their dealings with customers, suppliers, the community, competitors and each other in the performance of their duties and responsibilities.



Bill Wavish
Finance Director

Financial statements

The year to June 2001 represents the second year under ‘Refresh’, an ongoing and perpetual cost reduction programme. We aim to balance delivery of shareholder value through significantly increased earnings per share and dividends, together with a prudent balance sheet and reinvestment of savings into prices to secure further and future growth.

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A copy of the full financial report and auditors' report will be sent to any shareholder free of charge on request to the Share Registrar, contact details for whom are set out inside the back cover.

Five year analysis

	2001 52 weeks	2000 52 weeks	1999 52 weeks	1998 52 weeks	1997 53 weeks
Profit and loss					
Sales¹ (\$m)					
Food, liquor and groceries	16,772.3	15,251.3	14,247.0	13,374.5	12,583.8
Petrol	747.1	472.5	316.4	–	–
Total supermarkets	17,519.4	15,723.8	14,563.4	13,374.5	12,583.8
BIG W	2,069.8	1,913.9	1,788.0	1,644.5	1,516.8
Consumer electronics	418.0	338.2	298.6	241.9	223.1
General merchandise	2,487.8	2,252.1	2,086.6	1,886.4	1,739.9
Wholesale	697.8	675.3	520.7	388.8	151.5
Total trading operations	20,705.0	18,651.2	17,170.7	15,649.7	14,475.2
Discontinued operations ²	210.1	337.6	356.6	351.4	324.5
Total group	20,915.1	18,988.8	17,527.3	16,001.1	14,799.7
EBIT³ (\$m)					
Food, liquor and groceries	614.0	534.0	451.5	453.2	397.6
Petrol	4.6	(1.0)	(2.9)	(3.9)	–
Total supermarkets⁴	618.6	533.0	448.6	449.3	397.6
BIG W	83.4	74.3	62.2	56.2	48.0
Consumer electronics	30.8	26.0	20.8	15.7	14.6
General merchandise	114.2	100.3	83.0	71.9	62.6
Wholesale	5.0	2.9	(2.1)	(9.7)	(4.2)
Total trading operations	737.8	636.2	529.5	511.5	456.0
Net property income	33.1	24.8	33.0	22.3	15.1
Head office overheads	(59.0)	(50.2)	(40.5)	(33.9)	(45.1)
Total unallocated⁵	(25.9)	(25.4)	(7.5)	(11.6)	(30.0)
Continuing operations	711.9	610.8	522.0	499.9	426.0
Discontinued operations	(5.3)	10.8	17.4	16.3	23.0
Total group	706.6	621.6	539.4	516.2	449.0
EBIT to sales (%)					
Supermarkets	3.53	3.39	3.08	3.36	3.16
General merchandise	4.59	4.45	3.98	3.81	3.60
Wholesale	0.72	0.43	(0.40)	(2.49)	(2.77)
Total	3.38	3.27	3.08	3.23	3.03

Five year analysis

	2001 52 weeks	2000 52 weeks	1999 52 weeks	1998 52 weeks	1997 53 weeks
Profit and loss (\$m)					
Sales	20,915.1	18,988.8	17,527.3	16,001.1	14,799.8
Cost of goods sold	15,561.0	13,983.4	12,790.3	11,710.4	10,856.4
Gross profit	5,354.1	5,005.4	4,737.0	4,290.7	3,943.4
Gross profit margin	25.60%	26.36%	27.03%	26.82%	26.64%
Branch and administration expenses (excluding rent, depreciation and amortisation)	(3,737.7)	(3,548.3)	(3,400.0)	(3,072.4)	(2,866.4)
EBITDAR	1,616.4	1,457.1	1,337.0	1,218.3	1,076.9
EBITDAR margin	7.73%	7.67%	7.63%	7.61%	7.28%
Rent	(600.0)	(546.7)	(527.7)	(479.4)	(442.1)
EBITDA	1,016.4	910.4	809.3	738.9	634.8
Depreciation	(300.7)	(282.8)	(265.0)	(219.9)	(184.1)
Amortisation of goodwill	(9.1)	(6.0)	(4.9)	(2.8)	(1.7)
EBIT	706.6	621.6	539.4	516.2	449.0
Interest	(13.1)	(27.8)	(45.5)	(42.8)	(41.2)
WINS distribution	(47.7)	(26.1)	–	–	–
Net profit before tax	645.8	567.7	493.9	473.4	407.8
Taxation	(217.4)	(203.6)	(181.3)	(172.7)	(149.5)
Normal net profit after tax	428.4	364.1	312.6	300.7	258.3
Adjustment for change in company tax rate	–	(8.4)	–	–	–
Abnormal items after tax	–	(60.1)	(55.3)	(21.1)	–
Outside equity interests	(0.4)	(0.1)	(0.3)	(0.2)	(0.3)
Operating net profit attributable to the members of Woolworths Limited after WINS	428.0	295.5	257.0	279.4	258.0

Balance sheet (\$m)

Funds employed

Inventory	1,731.8	1,648.3	1,652.6	1,562.4	1,488.3
Accounts payable	(1,666.4)	(1,571.8)	(1,281.1)	(1,202.7)	(1,101.1)
Net investment in inventory	65.4	76.5	371.5	359.7	387.2
Other assets	320.0	443.5	424.7	342.6	301.6
Other creditors	(855.5)	(798.8)	(653.1)	(536.8)	(485.2)
Fixed assets	2,587.7	2,194.1	2,216.3	1,890.2	1,589.3
Total funds employed⁶	2,117.6	1,915.3	2,359.4	2,055.7	1,792.9
Net tax balances	(49.0)	(64.4)	(28.3)	(52.6)	(85.0)
Provision for dividend	(155.4)	(137.8)	(115.2)	(102.6)	(101.1)
Net assets employed	1,913.2	1,713.1	2,215.9	1,900.5	1,606.8
Net debt ⁷	(387.6)	(82.2)	(731.3)	(527.9)	(381.1)
Total equity	1,525.6	1,630.9	1,484.6	1,372.6	1,225.7
Woolworths income notes	(583.0)	(583.0)	–	–	–
Outside equity interest	(3.7)	(3.3)	(3.2)	(2.9)	(2.5)
Shareholders funds	938.9	1,044.6	1,481.4	1,369.7	1,223.2

	2001 52 weeks	2000 52 weeks	1999 52 weeks	1998 52 weeks	1997 53 weeks
Cash flow (\$m)					
EBITDA	1,016.4	910.4	809.3	738.9	634.8
Movement in net investment in inventory	34.6	276.1	4.6	28.3	52.5
Other operating cash flows	8.7	56.7	(11.5)	(22.3)	59.8
Net interest paid	(25.0)	(33.6)	(53.7)	(42.8)	(41.1)
Tax paid	(225.7)	(142.7)	(174.7)	(193.1)	(46.2)
Operating cash flow	809.0	1,066.9	574.0	509.0	659.8
Gross capital expenditure	(537.4)	(420.8)	(764.9)	(685.0)	(699.4)
Proceeds on disposal	173.1	111.0	145.7	157.7	129.2
Other investing cash flows	(185.0)	16.8	(32.0)	3.2	(19.6)
Free cash flow	259.7	773.9	(77.2)	(15.1)	70.0
Movement in gross debt	211.5	(519.8)	290.9	221.0	53.2
Woolworths income notes	–	583.0	–	–	–
WINS distribution	(47.7)	(24.7)	–	–	–
Dividends paid	(212.1)	(173.5)	(154.1)	(153.3)	(96.1)
Share buybacks	(349.4)	(548.4)	–	–	–
New shares issued	44.0	26.9	22.7	23.3	12.3
Net cash flow	(94.0)	117.4	82.3	75.9	39.4

Shareholder value

ROFE⁸ (Pre-tax return on funds employed)

Before abnormals	35.04	29.08	24.43	26.83	26.33
After abnormals	35.04	24.69	20.52	25.11	26.33

Du Pont analysis (abnormals excluded)

EBIT to sales	3.38	3.27	3.08	3.23	3.03
Debt burden ⁹	91.40	91.33	91.56	91.71	90.83
Tax burden ¹⁰	66.34	64.14	63.29	63.52	63.34
Asset turn ¹¹	4.23	3.99	3.99	4.18	4.44
Financial leverage ¹²	4.99	3.77	3.08	2.94	2.82
Return on investment ¹³	43.19	28.92	21.88	23.15	21.88

Earnings per share

Ordinary share price closing	10.85	6.18	5.0	5.28	4.31
Market capitalisation (\$m)	11,235.2	6,550.8	5,764.2	6,019.2	4,842.5
Weighted average shares on issue	1,065.8	1,125.0	1,146.2	1,132.4	1,109.4
Normal basic EPS	40.16	32.36	27.25	26.54	23.26
Total basic EPS ¹⁴	40.16	26.27	22.42	24.67	23.26
EPS pre goodwill amortisation	41.01	32.89	27.67	26.78	23.41
Interim dividend	12.0	10.0	8.0	8.0	8.0
Final dividend	15.0	13.0	10.0	9.0	8.0
Total dividend	27.0	23.0	18.0	17.0	16.0
Payout ratio (before abnormals) %	66.37	66.88	66.28	64.34	69.53
Payout ratio (after abnormals) %	66.37	82.40	80.63	69.26	69.53
Price/earnings ratio (times)	27.0	23.5	22.3	21.4	18.5
Price/cash flow ratio (times)	14.28	6.50	10.00	11.70	73.00

Five year analysis

	2001 52 weeks	2000 52 weeks	1999 52 weeks	1998 52 weeks	1997 53 weeks
Growth rates (% increase)					
Sales	10.14	8.34	9.54	8.12	11.34
Sales per equivalent week	10.14	8.34	9.54	10.20	9.23
Same store sales	6.31	4.74	3.99	4.28	4.39
Sales per square metre	6.22	4.39	1.81	3.61	1.58
EBITDA	11.63	12.49	9.53	16.40	15.38
EBIT	14.04	15.24	4.49	14.97	14.60
NPBT	13.76	14.94	4.33	16.09	13.09
NPAT	44.84	14.98	(8.02)	8.29	10.45
Normal EPS	24.12	18.75	2.68	14.10	6.60
Financial strength					
Interest cover ratio	11.62	11.53	11.85	12.06	10.90
Fixed charges cover	2.40	2.40	2.30	2.30	2.19
Sales to inventory ¹⁵	12.38	11.51	10.90	10.49	10.34
Gross capital expenditure to EBITDA (%)	52.88	46.22	94.52	92.71	110.17
Operating cash flow per share	0.76	0.95	0.50	0.45	0.59
Gearing ¹⁶ (%)	20.26	4.80	33.01	27.80	23.72
Current assets to current liabilities (%)	80.71	90.37	109.85	110.81	106.43
Total liabilities to net tangible assets ¹⁷	71.90	64.88	67.86	65.20	64.53
Productivity					
Stores (number)					
Supermarkets					
NSW and ACT	199	192	178	174	162
Queensland	115	112	111	111	106
Victoria	151	149	145	133	130
South Australia and Northern Territory	53	51	45	45	43
Western Australia	57	52	52	50	48
Tasmania	29	29	28	29	29
Total supermarkets	604	585	559	542	518
Freestanding liquor	130	41	42	38	38
Plus Petrol	166	137	98	49	12
General merchandise					
BIG W	90	87	85	82	78
Dick Smith Electronics	138	123	119	115	113
Powerhouse	9	6	4	2	1
Tandy	222	–	–	–	–
Crazy Prices	–	135	117	101	86
Rockmans	–	–	258	257	252
Total	1,359	1,114	1,282	1,186	1,098

	June 00	Opened/acquired	Closed/sold	June 01
Stores (movement)				
Supermarkets				
New South Wales	192	10	3	199
Queensland	112	3	–	115
Victoria	149	5	3	151
South Australia and Northern Territory	51	3	1	53
Western Australia	52	5	–	57
Tasmania	29	1	1	29
Total Supermarkets movements	585	27	8	604
Freestanding Liquor	41	90	1	130
Plus Petrol	137	29	–	166
General merchandise				
Big W	87	3	–	90
Crazy Prices/Variety	135	9	144	0
Dick Smith Electronics	123	15	–	138
Dick Smith PowerHouse	6	3	–	9
Tandy	–	223	1	222
Total store movements	1,114	399	154	1,359

	2001 52 weeks	2000 52 weeks	1999 52 weeks	1998 52 weeks	1997 53 weeks
Area (sqm)					
Supermarkets	1,317,840	1,254,744	1,206,202	1,149,431	1,105,518
General merchandise	602,718	614,515	619,333	589,029	552,645
Total	1,920,558	1,869,259	1,825,535	1,738,460	1,658,163
Sales per square metre					
Supermarkets (excluding petrol)	12,727.1	12,154.9	11,811.5	11,635.8	11,382.7
General merchandise	4,127.6	3,664.8	3,369.1	3,202.6	3,148.3
Total	10,028.4	9,363.8	8,947.3	8,778.4	8,638.3

Notes to statistics

- Sales for prior periods have been restated to exclude WST.
- Discontinued operations includes Chisholm Manufacturing and Crazy Prices sold in 2001 and Rockman sold in 2000.
- EBIT for the periods 1998 to 2000 are as previously reported ie excluding individually significant non-recurring items (previously described as abnormal items).
- Supermarket EBIT for prior periods has been restated to reflect IT costs previously reported as unallocated.
- Unallocated expense represents corporate costs relating to the Woolworths group as a whole, and profits derived by the group's corporate property division including the disposal of development properties. These amounts are not identifiable against any particular operating segment and accordingly they remain unallocated, as required by Accounting Standard AASB 1005.
- Funds Employed is net assets excluding net tax balances, provision for dividends and net debt.
- Net debt is gross debt less cash on hand, cash at bank and cash on short term deposit.
- Return On Funds Employed (ROFE) is EBIT as a percentage of average funds employed for the year.
- Debt burden is net operating profit before income tax expressed as a percentage of EBIT before abnormal items.
- Tax burden is normal profit after income tax expressed as a percentage of normal profit before income tax.
- Asset turn is Total Sales divided by average Total Assets for the year.
- Financial leverage is average Total Assets divided by average Shareholders Funds for the year.
- Return on investment is net profit after income tax, divided by average Shareholders Funds for the year.
- Total basic earnings per share is net profit after income tax attributable to Members of the Company after WINS distribution, divided into the weighted average number of ordinary shares on issue during the year. The weighted average number of ordinary shares on issue has been calculated in accordance with Accounting Standard AASB 1027. Fully diluted EPS is not significantly different from basic EPS.
- Sales to inventory is total sales for the period divided by average inventory.
- Gearing is net repayable debt divided by net repayable debt plus total equity.
- Total Liabilities excludes deferred income tax liability and provision for dividend and includes outside equity interests.

Statement of financial performance

Discussion and analysis of the statement of financial performance

Sales

The consolidated entity's revenue from the sale of goods for the 52 weeks ended 24 June 2001 excluding GST was \$20,915.1 million (2000: \$20,019.9 million), an increase of 4.47% on the previous period.

Sales revenue for the 2001 period is reported exclusive of the wholesale sales tax (WST) whereas sales revenue for the 2000 period was reported inclusive. After adjusting last years sales revenue to exclude WST the comparable sales increase is 10.1%.

Sales growth has been underpinned by same store sales increases of 6.3% and net new store openings, which added 2.7% to total trading area. Excluding Crazy Prices stores, which were sold in June 2001, the trading area of the consolidated entity grew by 7.0%.

Sales revenue adjusted for the removal of WST and discontinued operations (Crazy Prices and Chisholm Manufacturing), increased across all segments with Supermarket sales (including petrol) up 11.4%, General Merchandise sales up 10.5% and Wholesale sales up 3.3%, on the previous 52 week period.

Earnings before interest and tax (EBIT)

EBIT for the current period was \$706.6 million (2000: \$527.7 million). This included a charge for individually significant non-recurring items of \$4.4 million (2000: \$93.9 million) comprised as follows:

	2001 \$m	2000 \$m
Net loss/(gain) on disposal of businesses	12.7	(11.0)
Reversal of provision for writedown in value of assets	(9.3)	(20.7)
GST implementation cost	–	53.2
Rationalisation, restructuring and Project Refresh costs	1.0	72.4
	4.4	93.9

Excluding these items EBIT rose from \$621.6 million to \$711.0 million. EBIT growth was underpinned by a combination of strong sales growth and a reduction in costs. As a percentage of sales (adjusted for the removal of WST), cost of doing business for the group fell by 0.87%. Gross margin percentage (on WST adjusted sales) was rolled back by 0.76% as cost savings were substantially passed on to customers through lower selling prices. EBIT margin excluding the individually significant non-recurring items (EBIT as a percentage of sales) increased from 3.27% to 3.40%.

Each business segment experienced EBIT growth with the Supermarket division up 16.0% to \$618.6 million, General Merchandise up 13.9% to \$114.2 million and Wholesale up 72.4% to \$5.0 million.

Small losses were incurred by Crazy Prices and Chisholm Manufacturing, which were sold during the year.

Central overheads fell from \$144.1 million to \$59.0 million in the 52 weeks ended 24 June 2001. These include the individually significant non-recurring items noted above.

Property income increased 33.5% to \$33.1 million mainly due to increases in rental income. Property income included a \$1.0 million net gain on disposal of property (last year property income included a loss of \$5.6 million).

Return on funds employed (ROFE)

ROFE measures the amount of EBIT generated from the average funds employed in the year. In 2001 ROFE was 35.04% up from 29.08%.

Net finance costs

Net finance costs reduced from \$27.8 million in the previous period to \$13.1 million in the current period. The decline in net finance costs is due mainly to a reduction in average net repayable debt in the 2001 period. Strong cash flows from operations and the issuance of \$600 million of Woolworths Income Notes (WINS) midway through the prior year were key factors in reducing average net repayable debt.

During the year \$11.9 million (2000: \$5.8 million) of borrowing costs were capitalised into qualifying development assets.

The weighted-average cost of funds increased to 7.58% from 6.89% in 2000 in line with the rise in the general level of interest rates.

Income tax expense

The consolidated entity's effective tax rate fell from 35.6% in the previous year to 31.3% in the current year. Australian Company tax rates were lowered from 36% in 2000 to 34% in 2001. A 2.7 percentage point reduction from the headline rate of 34% was attributable to permanent differences, the most significant being the deductibility of WINS distributions.

Woolworths Income Notes (WINS) distribution

On 2 December 2000, Woolworths Limited issued quasi-equity securities with an aggregate face value of \$600.0 million. Holders of these securities receive a distribution that is calculated and paid quarterly in arrears, at a margin of 2.00% over the 90 day bank bill swap rate at the beginning of the relevant quarter. As the WINS possess the characteristics of equity, the payment is considered to be a distribution from retained earnings, rather than an expense.

WINS distributions of \$47.7 million include provision for distributions payable at the end of the last quarter, calculated at the current rate of 7.02%. The increase over the prior year (\$26.1 million) is due to distributions covering the whole financial period in 2001 compared to the period from 2 December 1999 to 25 June 2000 in the prior period, and the effect of changing interest rates as noted above.

Dividends paid or provided for

Excluding the special dividend, dividends paid and provided in the 2001 period at 27 cents per share increased 17.4% on the previous period (23 cents per share). The dividend pay-out ratio remained virtually unchanged from 2000 at 66.4% (2000 ratio was 66.9%) excluding individually significant non-recurring items and after allowing for the servicing of WINS.

A special dividend of \$5.82 (2000: \$2.47) amounting to \$232.9 million (2000: \$247.0 million) per fully paid ordinary share was paid to shareholders participating in an off market buy-back completed on 22 June 2001 (2000: 7 April 2000).

Earnings per share (EPS)

Basic earnings per share increased 52.9% from 26.27 cents per share in 2000 to 40.16 cents per share in 2001. Excluding individually significant items, EPS would have been 40.57 cents (2000: 32.36 cents) an increase of 25.4%. The growth in EPS was attributable to a 44.8% increase in operating net profit attributable to members after WINS distributions and the effects of the off market share buy-back completed in April 2000.

Statement of financial performance

	Note	Consolidated	
		52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m
Revenue from sale of goods	2a	20,915.1	* 20,019.9
Other operating revenue	2a	473.6	372.4
Total revenue from operations		21,388.7	20,392.3
Cost of sales		(16,034.6)	(15,353.7)
Gross profit		5,354.1	5,038.6
Other revenue from ordinary activities	2b	260.2	165.4
Share of loss in associated company accounted for using the equity method		(1.5)	-
Branch expenses		(3,648.3)	(3,402.1)
Administration expenses		(1,257.9)	(1,274.2)
Earnings before interest and tax		706.6	527.7
Interest expense		(23.8)	(36.7)
Interest income		10.7	8.9
Profit from ordinary activities before income tax expense		693.5	499.9
Income tax expense		(217.4)	(178.2)
Net profit from ordinary activities after income tax expense		476.1	321.7
Net profit attributable to outside equity interests		(0.4)	(0.1)
Operating net profit attributable to the members of Woolworths Limited		475.7	321.6
Decrease (increase) in foreign currency translation reserve		1.1	(0.6)
Decrease in asset revaluation reserve		-	(15.1)
Total revenue, expense and valuation adjustments attributable to members of Woolworths Limited recognised directly in equity		1.1	(15.7)
Total changes in equity other than those resulting from transactions with owners as owners		476.8	305.9
Earnings per share (EPS)			
Basic EPS		40.16	26.27
Weighted average number of shares used in the calculation of basic EPS (million)		1,065.8	1,125.0
Diluted EPS is not materially different			
Reconciliation of retained profits			
Retained profits at beginning of period		368.9	562.6
Net profit attributable to the members of Woolworths Ltd		475.7	321.6
Woolworths income notes distribution		(47.7)	(26.1)
Dividends paid or provided	3	(284.1)	(243.5)
Special dividend of \$5.82 (2000: \$2.47) per fully paid ordinary share paid to shareholders participating in off market buy-backs	3	(232.9)	(247.0)
Adjustment due to initial adoption of new accounting standard		-	1.3
Retained profits at end of period		279.9	368.9

The statement of financial performance should be read in conjunction with the discussion and analysis on pages 50 to 51 and notes to the concise financial report set out on pages 57 to 60.

* Sales for the 52 weeks ended 25 June 2000 include wholesale sales tax (WST). Sales adjusted to exclude WST were \$18,988.8 million

Statement of financial position

Discussion and analysis of the statement of financial position

Total assets

Total assets of the consolidated entity increased by \$266.4 million to \$5,083.2 million. Inventory growth at 5.1% was approximately half the rate of sales growth (after adjustment to exclude WST). Capital expenditure directed at stay in business activity was more than covered by depreciation. Growth in assets occurred through acquisitions which included Tandy Electronics, Liberty Liquor, Advantage Supermarkets, a 38.1% share in GreenGrocer.com.au and other smaller businesses which in aggregate added a further \$299 million. Total property plant and equipment increased by 2.9%, significantly less than the rate of sales growth.

Liabilities excluding interest bearing liabilities (borrowings)

Current Liabilities excluding borrowings increased by \$152.7 million. This increase was predominantly in accounts payable and accruals, which grew by \$159.3 million or 8.4%, slightly less than sales growth (after adjustment to exclude WST).

The increase in non-current liabilities excluding borrowings was principally due to an increase in provisions for self-insured risks up from \$66.1 million to \$91.8 million. Most of this increase is a result of New South Wales operations moving to self-insurance for workers compensation during the 2001 period.

Borrowings

As at 24 June 2001, net repayable debt (interest bearing liabilities net of cash amounts held) was \$387.6 million, an increase of \$305.4 million on the previous period. This increase is the result of:

- 1 Expenditure on the acquisitions of Tandy Electronics and Liberty Liquor late in the 2001 period at a cost of \$112.6 million and \$71.7 million respectively.
- 2 Share buy-back completed on 22 June 2001 at a cost of \$349.4 million.

Gearing

Gearing (net repayable debt/net repayable debt plus total equity) increased from 4.8% to 20.3%.

Borrowing facilities

At 24 June 2001, the consolidated entity had committed borrowing facilities amounting to \$964.5 million with an average maturity of 3.4 years, and uncommitted credit lines in the Short Term Money Market. At 24 June 2001, \$607.6 million of committed facilities were unused and the consolidated entity had \$256.0 million of cash on hand, in bank accounts and on deposit.

Contributed equity (issued share capital)

Contributed equity reduced by a net \$17.8 million during the period, to \$476.2 million. Movements were as follows:

- 1 Shares repurchased and cancelled through an off market buy-back of 40.0 million shares, representing 4% of ordinary shares on issue on that date. The offer price comprised a return of capital and a fully franked dividend, with the return of capital having a total value of \$115.3 million. Costs of \$1.2 million relating to the buy-back offer were charged against contributed equity.
- 2 Shares issued pursuant to the dividend reinvestment plan (7.6 million shares), employee share plan (4.6 million shares), employee share issue plan (1.5 million shares) and executive share option plan (1.8 million shares), with aggregate proceeds amounting to \$98.7 million.

Woolworths Income Notes

The Woolworths Income Notes (WINS) balance has not altered since the end of June 2000.

Statement of financial position

	Note	Consolidated	
		As at 24 June 01 \$m	As at 25 June 00 \$m
Current assets			
Cash		256.0	350.0
Receivables		194.9	164.0
Inventories		1,731.8	1,648.3
Property, plant and equipment		126.8	98.0
Other		79.0	84.8
Total current assets		2,388.5	2,345.1
Non-current assets			
Receivables		44.2	47.7
Investments accounted for using the equity method		16.8	-
Other financial assets		1.4	1.4
Property, plant and equipment		2,130.7	2,096.1
Intangibles		313.4	145.0
Deferred tax assets – timing differences		187.7	181.0
Other		0.5	0.5
Total non-current assets		2,694.7	2,471.7
Total assets		5,083.2	4,816.8
Current liabilities			
Accounts payable		1,666.4	1,571.8
Accruals		399.0	334.3
Interest bearing liabilities		341.7	129.9
Current tax liabilities		125.0	107.2
Provisions		427.3	451.7
Total current liabilities		2,959.4	2,594.9
Non-current liabilities			
Interest bearing liabilities		301.9	302.3
Deferred tax liabilities		111.7	137.8
Provisions		184.6	150.9
Total non-current liabilities		598.2	591.0
Total liabilities		3,557.6	3,185.9
Net assets		1,525.6	1,630.9
Equity			
Contributed equity	5	476.2	494.0
Reserves		182.8	181.7
Retained profits		279.9	368.9
Equity attributable to the members of Woolworths Limited		938.9	1,044.6
Woolworths Income Notes	6	583.0	583.0
Outside equity interest in controlled entities:			
Reserves		0.9	0.9
Retained profits		2.8	2.4
Total outside equity interest		3.7	3.3
Total equity		1,525.6	1,630.9

The statement of financial position should be read in conjunction with the discussion and analysis on page 53 and notes to the concise financial report set out on pages 57 to 60.

Statement of cash flows

Discussion and analysis of the statement of cash flows

Cash flows from operations

Cash flows from operations in the 2001 period were \$809.0 million, a decrease of \$257.9 million from the 2000 period. Earnings before interest, tax, depreciation and amortisation (EBITDA) before individually significant non-recurring items grew 11.6%. The net investment in inventory (inventory less accounts payable) declined producing cash inflows of \$34.6 million, a moderate reduction compared with the decline of \$276.0 million recorded in the 2000 period. This large reduction and consequent cash inflow in the 2000 period saw the number of days inventory on hand reduced by 4 days and certain creditors payment terms brought back into line with company policy and should be considered unusual.

Cash flows from investing activities

The net cash outflow from investing activities was \$549.3 million compared with \$293.0 million in the 2000 period. The increase was the result of significant acquisition activity in the year with \$257.0 million spent compared with \$23.2 million spent in the 2000 period. Businesses acquired were Tandy (\$112.6 million), Liberty Liquor (\$71.7 million), Advantage Supermarkets (\$21.2 million) and various other freestanding Supermarket and liquor businesses (\$51.5 million).

The Company also acquired a 38.1% share in GreenGrocer.com.au at a cost of \$18.3 million.

Cash flows from financing activities

Net cash used in financing activities was \$353.7 million (2000: \$656.5 million). The Company increased its borrowings by \$211.4 million which, together with cash flows from operations were used primarily to fund business acquisitions of \$257.0 million, an off market share buy-back costing \$349.4 million and capital expenditure of \$537.4 million.

Fixed charges cover

The fixed charges cover which is a measure of the consolidated entity's ability to meet its major fixed costs remained unchanged from the 2000 period at 2.40 times.

Debt to cash flow

Debt to cash flow measures the time in years that cash flows generated from earnings would take to repay the net repayable debt. This ratio was 0.38 years in the 2001 period, down from 0.53 years in 2000.

Statement of cash flows

	Consolidated	
	52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m
Cash flows from operating activities		
Receipts from customers	22,075.7	20,031.0
Receipts from vendors and tenants	439.9	297.1
Payments to suppliers and employees	(21,455.9)	(19,084.9)
Interest and other borrowing costs paid	(35.7)	(42.5)
Interest received	10.7	8.9
Income tax paid	(225.7)	(142.7)
Net cash provided by operating activities	809.0	1,066.9
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	173.1	111.0
Proceeds from the sale of businesses	76.1	39.5
Payments for property, plant and equipment	(537.4)	(401.2)
Payment for purchase of investments	(18.3)	-
Advances of employee loans	(30.8)	(19.1)
Payment for purchase of businesses	(257.0)	(23.2)
Proceeds from assignment of employee loans	45.0	-
Net cash used in investing activities	(549.3)	(293.0)
Cash flows from financing activities		
Proceeds from issue of shares	44.0	26.9
Payments for buy-back of shares	(349.4)	(548.4)
Proceeds from issue of Woolworths Income Notes	-	583.0
(Repayment of)/proceeds from short term deposits	0.1	(0.2)
Proceeds from external borrowings	3,187.0	1,685.7
Repayment of external borrowings	(2,975.6)	(2,205.3)
Dividends paid	(212.1)	(173.5)
Woolworths Income Notes distribution	(47.7)	(24.7)
Net cash used in financing activities	(353.7)	(656.5)
Net increase/(decrease) in cash held	(94.0)	117.4
Cash at the beginning of the financial period	350.0	232.6
Cash at the end of the financial period	256.0	350.0
Non-cash financing and investing activities		
Dividend reinvestment plan		
In accordance with the Company's Dividend Reinvestment Plan 21% of the dividend paid was reinvested in the shares of the Company.		
Dividends paid (excluding special buy-back dividend)	266.8	220.8
Issuance of shares under the Plan	(54.7)	(47.3)
Net cash outflow	212.1	173.5

The statement of cash flows should be read in conjunction with the discussion and analysis on page 55 and notes to the concise financial report set out on pages 57 to 60.

Notes to the concise financial statements

1 Basis of preparation of the concise financial report

This concise financial report has been prepared in accordance with Accounting Standard AASB 1039 'Concise Financial Reports', applicable Urgent Issues Group Consensus Views, and the Corporations Act 2001. The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the 52 weeks ended 24 June 2001. Other information contained in the concise report is also consistent with the entity's full financial report. The concise report does not and cannot be expected to, provide as full an understanding of the financial performance, financial position, financing and investing activities of the consolidated entity as the full financial report.

A full description of the accounting policies adopted by the consolidated entity is provided in the 2001 financial statements, which form part of the full financial report. The accounting policies of the consolidated entity are consistent with those of the previous years except as noted below.

The consolidated entity has adopted the presentation and disclosure requirements of Accounting Standards AASB 1018 'Statement of Financial Performance', AASB 1034 'Financial Report Presentation and Disclosures' and AASB 1040 'Statement of Financial Position' for the first time in the preparation of this financial report. In accordance with the requirements of these new/revised standards, comparative amounts have been reclassified in order to comply with the new presentation format. The reclassification of comparative amounts has not resulted in a change in the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity, or the net profit/loss of the company or consolidated entity as reported in the prior year financial report.

The financial periods of the consolidated entity end on the last Sunday in June of each year. The financial period of the consolidated entity ended on 24 June 2001, which comprised 52 weeks. The corresponding financial period to 25 June 2000 comprised 52 weeks.

Change in accounting policy

Until 27 June 1999, different classes of non-current asset were carried at a variety of historical cost and valuation. With the exception of freehold land and buildings, which were revalued at approximately 3 yearly intervals, there was no regular policy to ensure that the valuations were current.

On applying AASB 1041, with effect from 28 June 1999, the consolidated entity elected to revert to the cost basis for measuring all non-current assets. The directors chose this option because they considered that the cost of complying with the alternative policy permitted by AASB 1041 of revaluing non-current assets with sufficient regularity to ensure that the carrying amount of each item does not materially differ from its fair value at the reporting date would exceed the benefits that would be gained.

In reverting from a revaluation to a cost basis, the carrying amount as at 27 June 1999 of all classes of non-current asset other than development properties and leasehold improvements has been deemed to be their cost. For leasehold improvements, adjustments were made to reinstate the amounts of accumulated amortisation that had previously been written back against the asset cost upon revaluation. The adjustments did not result in any change in the carrying value of the leasehold improvements. For development properties, retrospective adjustments were made to measure them at their cost of acquisition less any accumulated depreciation and recoverable amount write-downs, as if they had always been measured using the cost basis.

The retrospective adjustments made at the beginning of the previous year were:

- a reduction in the consolidated carrying value of development properties of \$13.8 million
- an increase in consolidated retained profits of \$1.3 million, and
- a reduction in the consolidated asset revaluation reserve of \$15.1 million.

In the current year the directors elected under S334(5) of the Corporations Act 2001 to apply the July 2001 revised Accounting Standard AASB 1041 'Revaluation of Non-Current Assets' for the financial year, even though the standard is not required to be applied until annual reporting periods ending on or after 30 September 2001.

Revision of accounting estimates

Liquor licences are amortised over their estimated useful life. The estimate of the useful life of liquor licences has been reassessed. Liquor licences, which were previously considered to have a useful life of 20 years, are now considered to have an indefinite useful life. As a consequence, no amortisation of liquor licences has been charged for the year ended 24 June 2001. Had a change in estimate not taken place then an amount of \$2.4 million would have been charged in the year to 24 June 2001.

Notes to the concise financial statements

	Consolidated	
	52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m

2 Profit from ordinary activities

Profit from ordinary activities before income tax includes the following items of revenue and expense:

(a) Operating revenue

Revenue from the sale of goods:

Other parties	20,915.1	20,019.9
Other operating revenue – rebates, discounts received and other	473.6	372.4

Interest:

Other parties	10.7	8.9
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Total operating revenue	21,399.4	20,401.2
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(b) Other revenue from ordinary activities

Rent:

Other parties	11.0	9.9
---------------	------	-----

Gross proceeds from disposal of non-current assets	173.1	111.0
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Gross proceeds on sale of businesses	76.1	44.5
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Total other revenue from ordinary activities	260.2	165.4
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Total revenue	21,659.6	20,566.6
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3 Dividends paid or provided

Final dividend of 15 cents (2000: 13 cents) per fully paid ordinary share proposed to be paid 5 October 2001 (2000: 5 October 2000) 100% franked at 30% tax rate (2000: 34%)	155.4	137.8
--	-------	-------

Interim dividend of 12 cents (2000: 10 cents) per fully paid ordinary share paid 27 April 2001 (2000: 28 April 2000) 100% franked at 34% tax rate (2000: 36%) (Class C)	128.7	105.7
---	-------	-------

Special dividend of \$5.82 (2000: \$2.47) per fully paid ordinary share paid 22 June 2001 (2000: 7 April 2000) to shareholders participating in the off market share buy-back 100% franked at 34% (2000: 36%) (Class C)	232.9	247.0
---	-------	-------

Total dividends paid or provided	517.0	490.5
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Dividends paid in cash or satisfied by the issue of new shares under the Dividend Reinvestment Plan during the years ended 24 June 2001 and 25 June 2000 were as follows:

Paid in cash:

Final and interim dividends	212.1	173.5
-----------------------------	-------	-------

Special buy-back dividend	232.9	247.0
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Satisfied by the issue of new shares	54.7	47.3
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	499.7	467.8
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Franked dividends

The franked portions of the dividends proposed as at 24 June 2001 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending June 2002.

Franking credits available for the subsequent financial year 30% (2000: 34%) franking credits	402.2	417.8
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The above amounts represent the balances of the franking accounts as at the end of the financial period, adjusted for:

- Franking credits that will arise from the payment of income tax payable at the end of the financial period.
- Franking debits that will arise from the payment of dividends proposed at the end of the financial period.

	Supermarkets		General merchandise		Wholesale		Discontinued operations		Consolidated	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m	2001 \$m	2000 \$m	2001 \$m	2000 \$m	2001 \$m	2000 \$m
4 Segment disclosures										
Industry segments										
Sales to customers	17,519.4	16,499.0*	2,487.8	2,444.7*	697.8	716.5*	210.1	359.7*	20,915.1	20,019.9*
Unallocated revenue									733.8	537.8
Total revenue excluding interest	17,519.4	16,499.0	2,487.8	2,444.7	697.8	716.5	210.1	359.7	21,648.9	20,557.7
Segment operating profit	618.6	533.0	114.2	100.3	5.0	2.9	(5.3)	10.8	732.5	647.0
Unallocated expenses										
– Property									33.1	24.8
– Head office									(59.0)	(144.1)
Net interest									(13.1)	(27.8)
Operating profit before income tax									693.5	499.9
Segment assets	2,727.0	2,492.1	788.5	647.4	156.7	179.1	–	95.8	3,672.2	3,414.4
Unallocated									1,411.0	1,402.4
Total assets									5,083.2	4,816.8

* Sales for the 52 weeks ended 25 June 2000 include wholesale sales tax (WST).
Sales adjusted to exclude WST were as follows:

Supermarkets	15,723.8
General merchandise	2,252.1
Wholesale	675.3
Discontinued operations	337.6
Total	18,988.8

Inter segment pricing is determined on an arms length basis.

The consolidated entity operates predominantly in Australia. More than 99% of revenue, operating profit before income tax and total assets relate to operations within Australia.

The periods reported are for the 52 weeks ended 24 June 2001 and 25 June 2000, respectively.

	Consolidated	
	52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m

5 Contributed equity

Issued and paid-up share capital

Fully paid ordinary shares:

1,035,461,356 (2000: 1,059,994,471)	476.2	494.0
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Fully paid ordinary shares carry one vote per share.

Off-market buy-back of ordinary shares

On 22 June the company completed an off market buy-back of 40,024,681 shares, representing 4% of ordinary shares on issue on that date. The offer price comprised a return of capital and a fully franked dividend, with the return of capital having a total value of \$115.3 million. Costs of \$1.2 million relating to the buy-back offer were charged against issued capital.

Notes to the concise financial statements

	Consolidated	
	52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m

6 Woolworths Income Notes

Issued and paid-up quasi-equity securities

Fully paid, on issue:

6,000,000 securities of \$100 face value each	583.0	583.0
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The Woolworths Income Notes (WINS) are perpetual and have no maturity date, and will not be repaid other than on a winding up of the Company, or at Woolworths' option in certain defined circumstances.

The holders of WINS are entitled to a distribution calculated and paid quarterly in arrears, at a margin of 2.00% over the 90 day bank bill swap rate at the beginning of the relevant quarter. The payment of this distribution is contingent upon the Company having sufficient distributable profits in the previous financial period. Dividends may not be paid on Woolworths ordinary shares after non-payment of a distribution until four subsequent quarterly distributions have been made, or the missed distributions have been made up.

7 Contingent liabilities

The details and estimated maximum amounts of contingent liabilities which may become payable are shown below. No provision has been made in the financial statements in respect of these contingencies.

Guarantees

Trading guarantees	8.4	6.8
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Workers' compensation self-insurance guarantees	128.3	101.7
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Unsecured guarantees in respect of performance covenants in tenancy and other contracts. The total amount of these guarantees is indeterminable but no event has or is anticipated to occur that would result in crystallisation of the liability.

–

Under the terms of a Deed of Cross Guarantee, the Company has guaranteed the debts of certain controlled entities, thereby relieving them of the need to prepare financial statements under ASIC Class Order 98/1418.

–

Litigation

Litigation in progress or threatened against the Company and certain of its controlled entities	4.5	4.5
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Other

Outstanding letters of credit issued to suppliers	15.8	23.5
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8 Events subsequent to balance date

Since 24 June 2001 and in accordance with an agreement entered into on 4 June 2001, the consolidated entity has completed the acquisition of 41 Franklins stores at a cost of \$176.3 million.

On 6 July 2001, the consolidated entity agreed to lease 69 Liberty Oil outlets in NSW, Victoria, Queensland, South Australia, Western Australia and Tasmania, which will be progressively converted to Woolworths' Plus Petrol sites.

Since 24 June 2001 the consolidated entity has executed agreements with a number of banks increasing its unsecured revolving credit facilities from \$835 million to \$1,060 million.

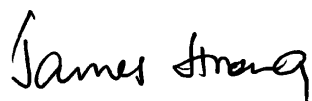
The financial effects of the above transactions have not been brought to account in the financial statements for the 52 weeks ended 24 June 2001.

Directors' declaration

The Directors declare that in their opinion, the concise financial report of the consolidated entity which comprises Woolworths Limited and its controlled entities, for the financial period ended 24 June 2001 as set out on pages 50 to 60 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the financial period ended 24 June 2001.

This Declaration is made on the 14th day of September 2001 in accordance with a resolution of the Directors.



J A Strong
Chairman



R C Corbett
Group Managing Director

Independent audit report

To the members of Woolworths Limited

Scope

We have audited the concise financial report of Woolworths Limited for the financial year ended 24 June 2001 as set out on pages 50 to 61, in order to express an opinion on it to the members of the Company. The concise financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the concise financial report.


Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Woolworths Limited for the year ended 24 June 2001. Our audit report on the full financial report was signed on 14 September 2001, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 'Concise Financial Reports' issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the concise financial report of Woolworths Limited complies with Accounting Standard AASB 1039 'Concise Financial Reports'.



Deloitte Touche Tohmatsu
Chartered Accountants

G Coultas
Partner

Sydney, 14 September 2001

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

Shareholder information

The shareholder information set out below was applicable as at 14 September 2001.

Distribution of equity securities

(a) Analysis of numbers of shareholders by size of holding:

Range of fully paid ordinary (FPO) shares/options	Number of FPO holders	Number of FPO shares	Number of option holders*
1 – 1,000	148,589	61,946,016	
1,001 – 5,000	125,860	231,283,321	22
5,001 – 10,000	11,699	83,232,644	10
10,001 – 100,000	5,480	110,802,398	267
100,001 – and over	242	548,558,466	72
	291,870	1,035,822,845	371

* Details of options over unissued FPO Shares are set out in the Directors Statutory Report on page 39.

(b) There were 8,826 holders of less than a marketable parcel of ordinary shares.

20 largest shareholders

The names of the 20 largest holders of shares are listed below:

Name	Fully paid ordinary shares	Percentage of issued capital
1 Chase Manhattan Nominees Limited	128,488,002	12.45
2 Westpac Custodian Nominees Limited	94,471,338	9.15
3 National Nominees Limited	82,217,241	7.96
4 Citicorp Nominees Pty Limited	24,561,846	2.38
5 Queensland Investment Corporation	18,965,555	1.84
6 AMP Life Limited	18,905,966	1.83
7 Woolworths Custodian Pty Limited	16,606,419	1.61
8 ANZ Nominees Limited	10,983,290	1.06
9 The National Mutual Life Association of Australasia Limited	9,574,938	0.93
10 MLC Limited	9,204,389	0.89
11 HSBC Custody Nominees (Australia) Limited	8,595,639	0.83
12 Commonwealth Custodial Services Limited	5,934,717	0.57
13 Cogent Nominees Pty Limited	4,378,935	0.42
14 Zurich Australia Limited	4,097,613	0.40
15 Westpac Financial Services Limited	3,660,556	0.35
16 Cogent Nominees Pty Limited	3,372,122	0.33
17 NRMA Nominees Pty Limited	3,250,218	0.31
18 Commonwealth Life Limited	3,206,904	0.31
19 JP Morgan Custodial Services Pty Limited	3,038,505	0.29
20 Tower Australia Limited	2,882,654	0.28

Substantial shareholders

As at 14 September 2001 there was one (1) Substantial shareholder in the Company.

Unquoted equity securities

As at 14 September 2001 there were 37,990,000 options granted over unissued ordinary shares in the Company to employees.

Woolworths Income Notes (WINS)

The Company announced to the Australian Stock Exchange on 2 December 1999 of an issue of 6,000,000 Woolworths Income Notes.

Voting rights

On a show of hands, at a General Meeting of the Company, every member present in person or by proxy shall have one vote and upon a poll each person present in person or by proxy shall have one vote for each ordinary share held.

Shareholder enquiries

Shareholders with enquiries about their shareholdings should contact Woolworths Limited's external Share Registrar: Computershare Investor Services Pty Limited by telephone on 1300 368 664 or by facsimile on (02) 8234 5050.

Shareholders can access details about their shareholding via the Shareholder Centre on Woolworths Limited website at www.woolworthslimited.com.au.

Changed your address?

If you change your address, please promptly notify our Share Registrar in writing. Please quote your Shareholder Reference Number and your old address as added security. Change of address advice forms can be downloaded via the Shareholder Centre on Woolworths Limited website at www.woolworthslimited.com.au.

Shareholder information

For any queries about Woolworths Limited please contact:

Shareholder Relations	
Level 5, 540 George Street	Telephone: (02) 9323 1538
Sydney NSW 2000	Facsimile: (02) 9323 1594
Australia	

Final dividend

The final dividend of 15 cents per share will be paid on 5 October 2001, to shareholders entitled to receive dividends and registered on 12 September 2001 (record date).

Direct payment to shareholders' accounts

Dividends may be paid directly into bank, building society or credit union accounts in Australia. Payments are electronically credited on the dividend payment date and confirmed by mailed payment advice. Shareholders who want their dividends paid this way should advise Woolworths Limited's external Share Registrar in writing by the record date. Application forms are available from Woolworths Limited's external share registrar, or can be downloaded from Woolworths Limited website.

If you subsequently change your bank account, please promptly notify the share registrar in writing quoting your old bank account number as an added security check.

Dividend reinvestment plan

Eligible shareholders may elect to participate in the Plan in respect to all or part of their shareholding, subject to any maximum and/or minimum number of shares to participate in the Plan that the Directors may specify. There is currently no minimum but the maximum number of shares which a shareholder (other than a broker's clearing accounts, nominees and certain trustees) may designate as participating in the Plan is 20,000. Application forms are available from Woolworths Limited's external share registrar, or can be downloaded from Woolworths Limited website.

Uncertificated share register

The Share Register is wholly uncertificated. Shareholder statements are issued to you within five business days after the end of any month in which transactions are registered in respect of your shareholding.

Woolworths communications

As well as this Annual Report, Woolworths communications for shareholders include:

- The Chairman's Address to the Annual General Meeting.
- The Results Summary, which reports on the half year results and is mailed with the interim dividend in April.
- Our Internet site, www.woolworthslimited.com.au, provides investors with information about Woolworths Limited, including copies of Annual Reports, Chairman's Address, Half Year Results Summary and Releases to the ASX by the Company.

Shareholder information

Removal from the annual report mailing list

Shareholders who do not want to receive the Annual Report should advise Woolworths Limited's Share Registrar in writing. These shareholders will continue to receive all other shareholder information, including Notices of all Annual General Meetings.

Stock exchange listings

Woolworths Limited ordinary shares are listed on the Australian Stock Exchange.

American depository receipts

Woolworths Limited shares may be traded in sponsored American Depository Receipts form in the United States.

History of dividend paid

Date of dividend	Type	Cents per share	Franking Rate	DRP Price
30 Nov 1993	Final	6 cents	39%	\$2.951447
29 Apr 1994	Interim	6 cents	39%	\$2.885597
30 Nov 1994	Final	6 cents	39%+33%	\$2.604966
28 Apr 1995	Interim	6 cents	33%	\$2.722008
17 Nov 1995	Final	8 cents	39%+33%	\$2.895650
26 Apr 1996	Interim	7 cents	33%	\$2.865076
12 Nov 1996	Final	8 cents	36%	\$2.583203
24 Apr 1997	Interim	7 cents	36%	\$3.219037
15 Oct 1997	Final	9 cents	36%	\$3.938956
24 Apr 1998	Interim	8 cents	36%	\$5.345073
9 Oct 1998	Final	9 cents	36%	\$5.176125
30 Apr 1999	Interim	8 cents	36%	\$4.83
5 Oct 1999	Final	10 cents	36%	\$5.19
28 Apr 2000	Interim	10 cents	36%	\$4.92
5 Oct 2000	Final	13 cents	34%	\$6.61
27 Apr 2001	Interim	12 cents	34%	\$7.99
5 Oct 2001	Final	15 cents	30%	\$10.98

Shareholders' calendar

2001

October

5th Payment date for Final Dividend

November

23rd Annual General Meeting
Plaza Ballroom
Brisbane Convention & Exhibition Centre
Cnr Glenelg & Merivale Streets
South Brisbane Queensland

December

17th Interest Payment on Woolworths
Income Notes

2002

January/February

- Announcement of 2nd quarter sales results
- Half Year Results announcement

March

15th Interest Payment on Woolworths Income Notes

April

- Record date for Interim Dividend
- Payment of Interim Dividend
- Mailing of Summary of Half Year Results
- Announcement of 3rd quarter sales results

June

- 17th Interest Payment on Woolworths Income Notes

July

- Announcement of 4th quarter sales results

August/September

- Preliminary Full Year Results and Final Dividend announcement

* Note timing of events can be subject to change

Directory

Woolworths Limited

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Sydney NSW 2000
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Fax: (02) 9323 1599
Website: www.woolworthslimited.com.au

National Supermarkets

Supermarket Operations
13 Redmyre Road
Strathfield NSW 2135
Tel: (02) 8732 5555
Fax: (02) 8732 5580
Website: www.woolworths.com.au

National Supermarkets

Shared Services
Cnr Fairfield and Dursley Roads
Yennora NSW 2165
Tel: (02) 9892 7111
Fax: (02) 9892 7171
Website: www.woolworths.com.au

Ezy Banking

Level 3
540 George Street
Sydney NSW 2000
Tel: 13 7288
Website: www.ezybanking.com.au

Woolworths +Plus Petrol

20-26 Scrivener Street
Warwick Farm NSW 2170
Tel: (02) 8778 2655
Fax: (02) 8778 2670

Dan Murphy's

789 Heidelberg Road
Alphington VIC 3078
Tel: (03) 9497 3388
Fax: (03) 9497 2782

BIG W

3 City View Road
Pennant Hills NSW 2120
Tel: (02) 9847 1000
Fax: (02) 9847 1500
Website: www.bigw.com.au

Dick Smith Electronics

2 Davidson Street
Chullora NSW 2190
Tel: (02) 9642 9100
Fax: (02) 9642 9111
Website: www.dse.com.au

Australian Independent Wholesalers

20-26 Scrivener Street
Warwick Farm NSW 2170
Tel: (02) 8778 2677
Fax: (02) 8778 2680

Secretary

Rohan K S Jeffs
BA, LLB, LLM, FCIS, FCIM

Share Registrars

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000
Tel: 1300 368 664
Fax: (02) 8234 5050
Website: www.computershare.com.au

Auditor

Deloitte Touche Tohmatsu
Level 3
225 George Street
Sydney NSW 2000

Principal registered office in Australia

Level 5
540 George Street
Sydney NSW 2000
Tel: (02) 9323 1555



Visit us at ▶ www.woolworthslimited.com.au