Woolworths Limited

Michael Luscombe
Chief Executive Officer

Tom Pockett
Finance Director

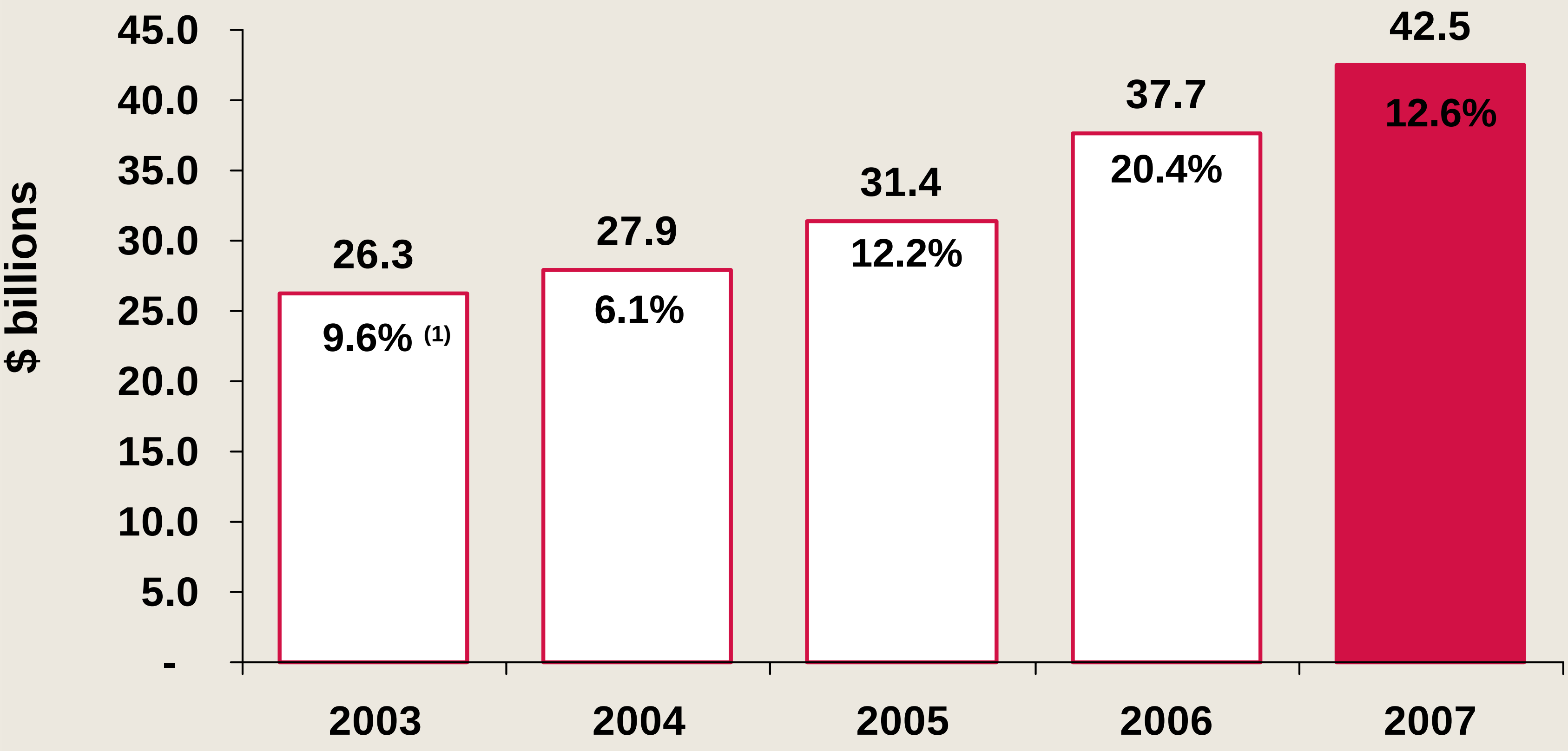
Company Results

Full Year Ended 24 June 2007

Highlights for Financial Year 2007

- Overall an excellent result with sales up 12.6% to $42.5b and net profit after tax up 27.5% to $1,294.0m which is at the top end of our earnings guidance.
- This has been a successful year with strong results in all our businesses.
- The result is the outcome of consistent delivery against our clearly defined strategies.
- This result would not be possible without the many years of hard work in establishing the foundations for the positive momentum that we are currently experiencing.
- We have focussed on reinvesting in all our businesses in 2007.
- We are very well positioned for future growth.
- We plan to accelerate the reinvestment in our business in the coming year, with an accelerated roll-out of many new initiatives that we have been developing.

Sales – continuing strong sales growth



(1) Increase is based on 52 weeks.

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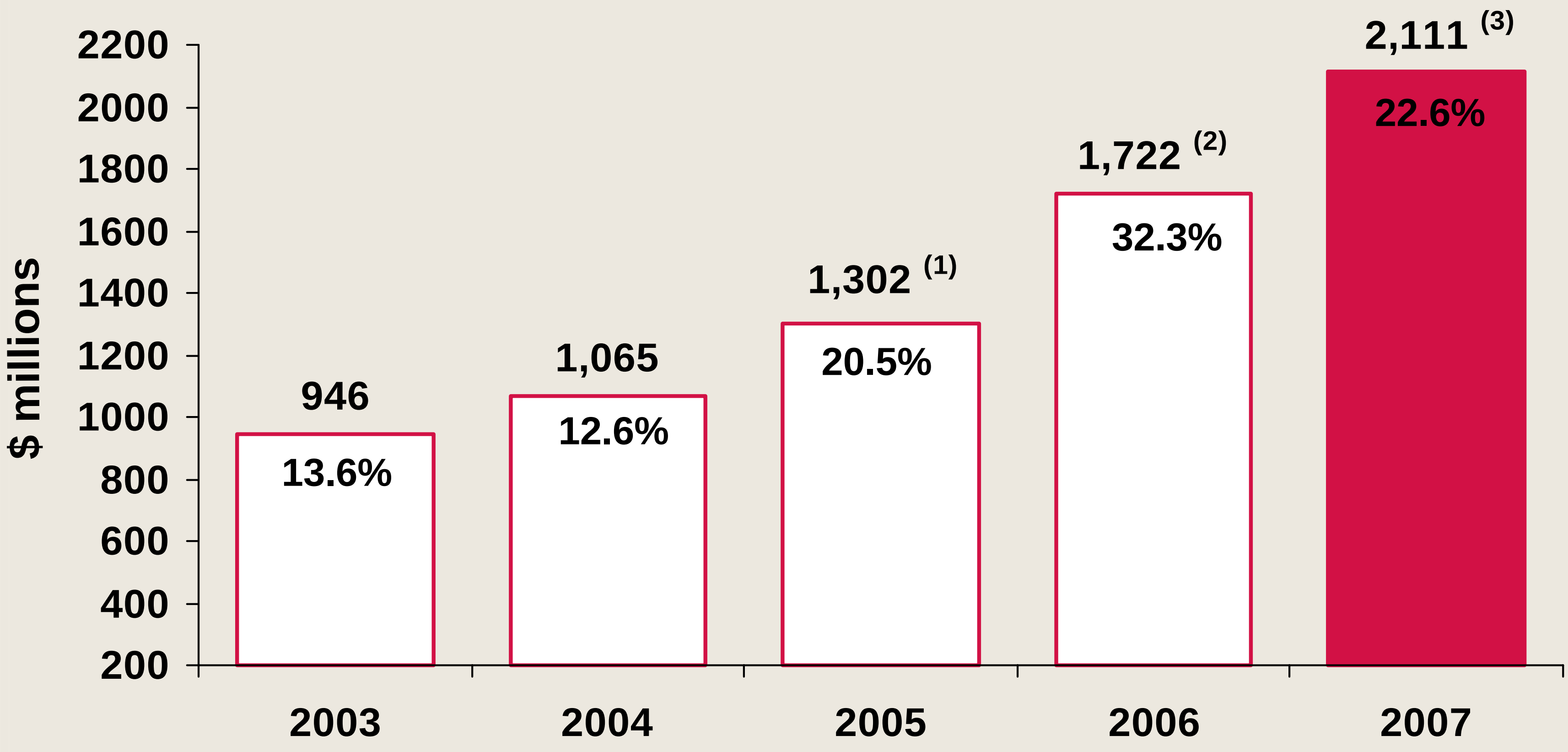
EBIT – up 22.6% growing faster than sales



(1) Includes ALH from 31 October 2004 and MGW from 2 January 2005.
(2) Includes Progressive (NZ) business and 20 Australian ex-FAL store results from 2 November 2005, BMG from 1 July 2005, Taverner Hotel Group from 6 February 2006, and ALH and MGW results for the 52 weeks.
(3) Includes Progressive and Taverner Hotel businesses for the full 52 weeks.

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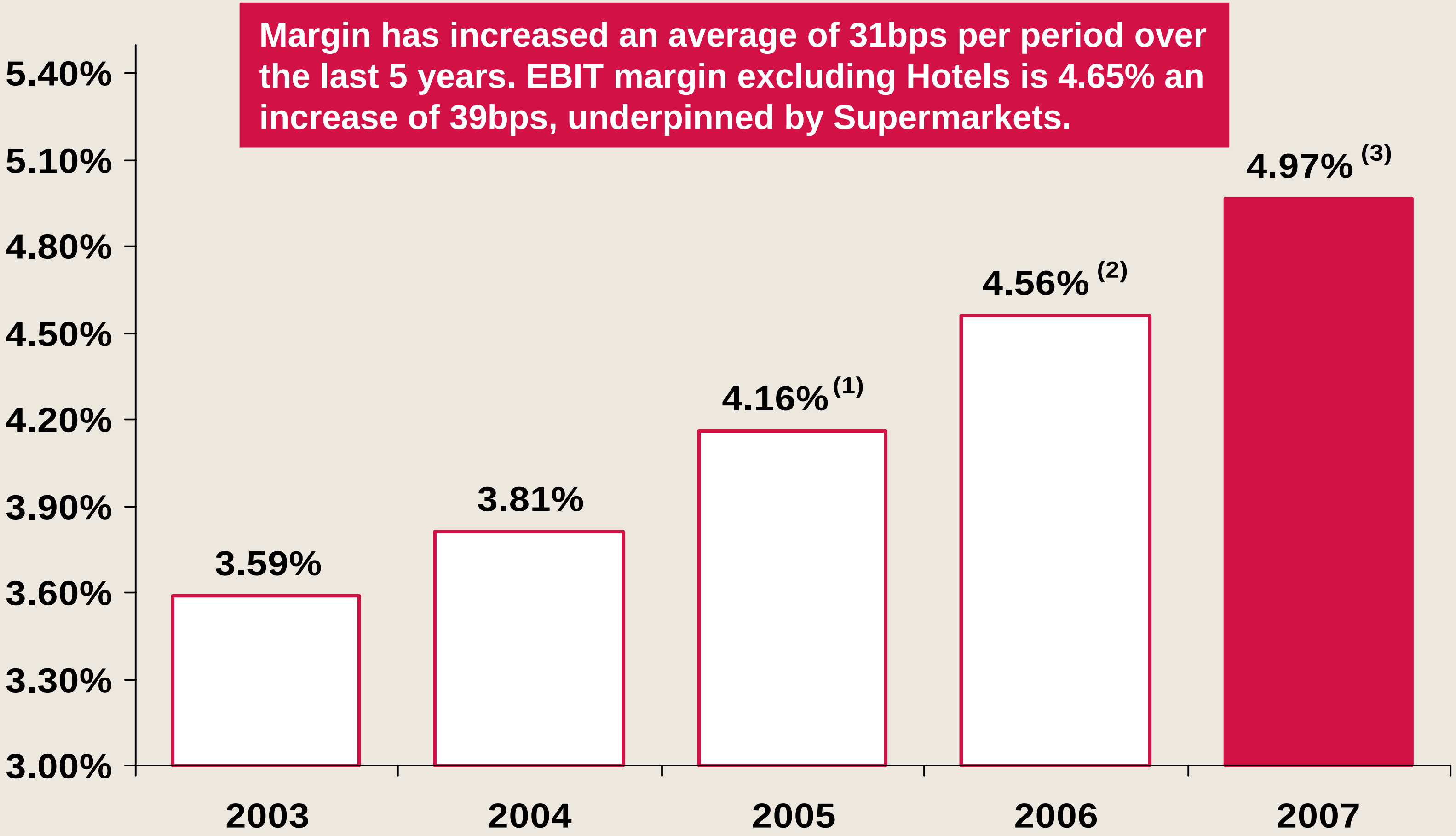
EBIT Margin



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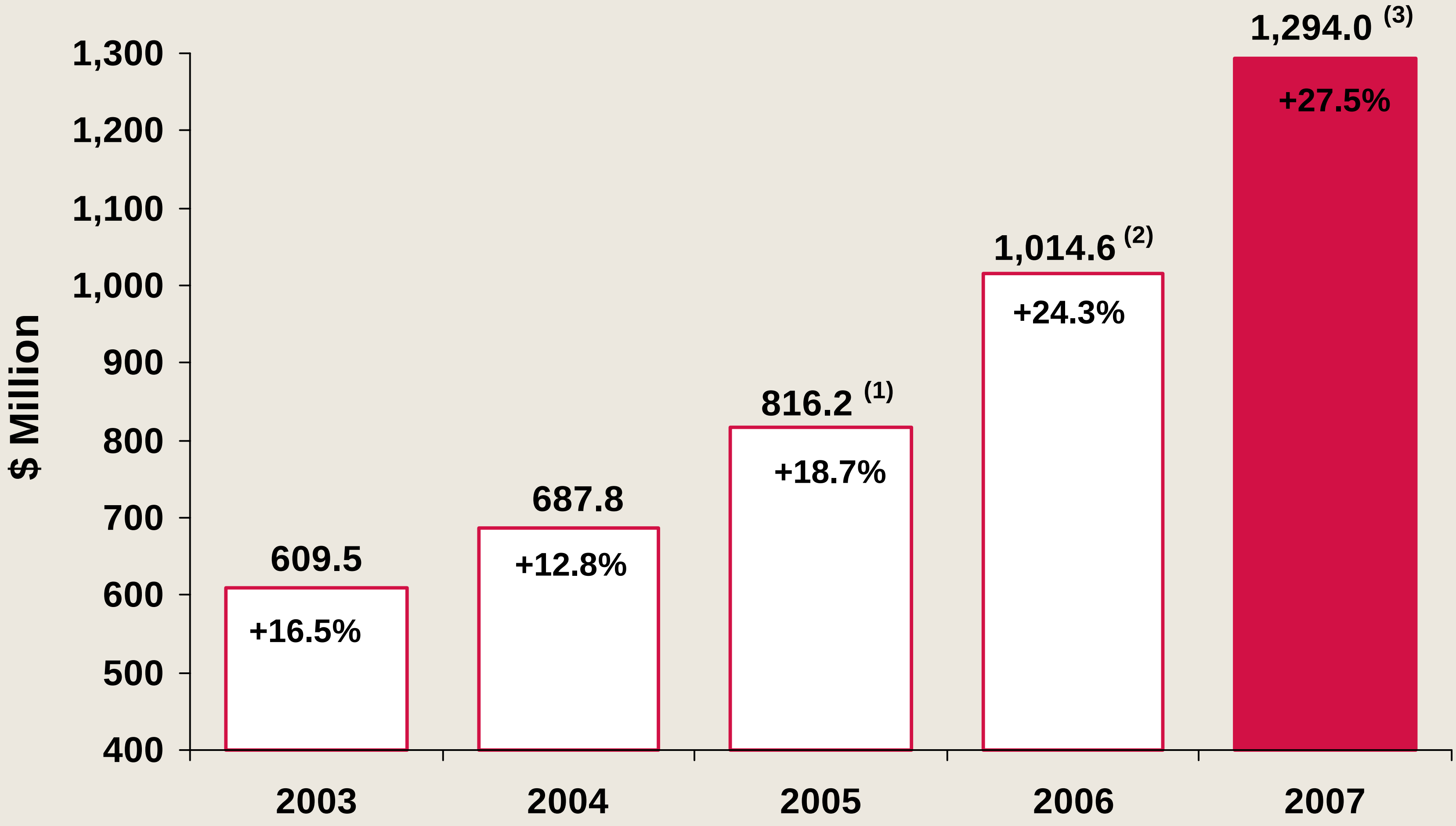
Profit after tax – up 27.5%



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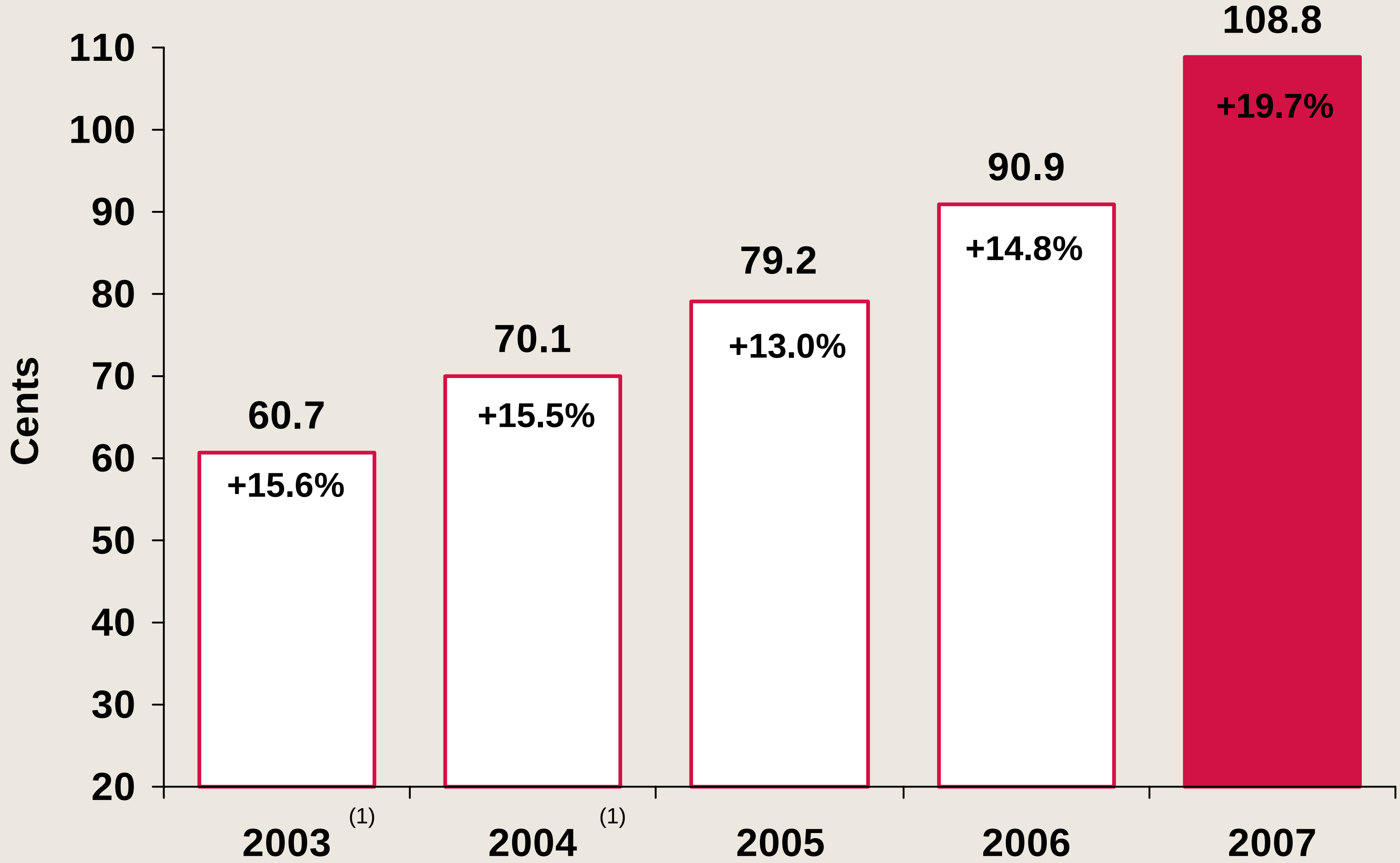
Earnings per share – up 19.7%



REFLECTS STRENGTHENING OF OUR BALANCE SHEET DURING A PERIOD OF MAJOR ACQUISITIONS, INTEGRATION AND BUSINESS CHANGE.

(1) For the period 2003 and 2004 EPS shown is before goodwill amortisation

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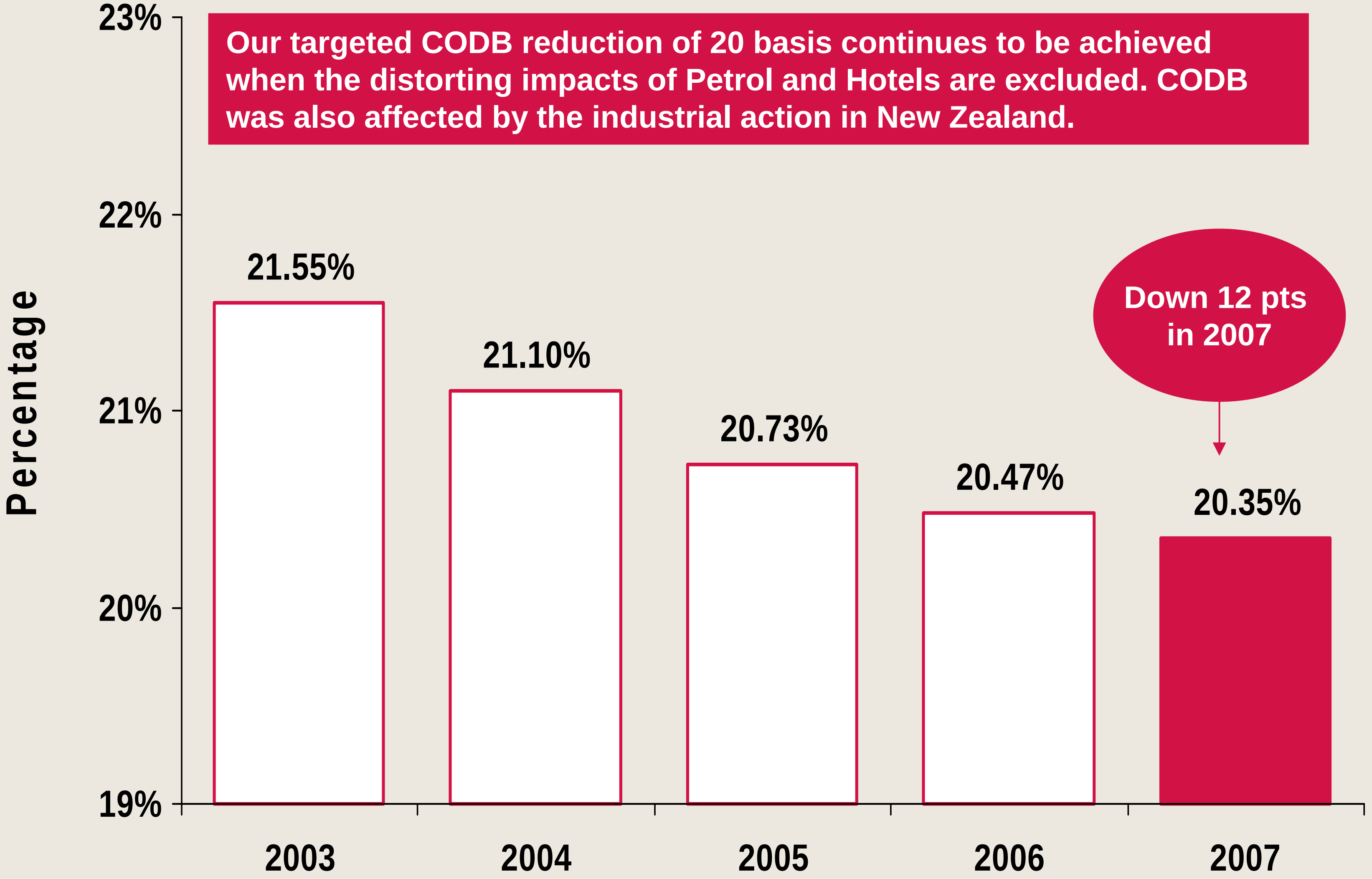
CODB / Sales



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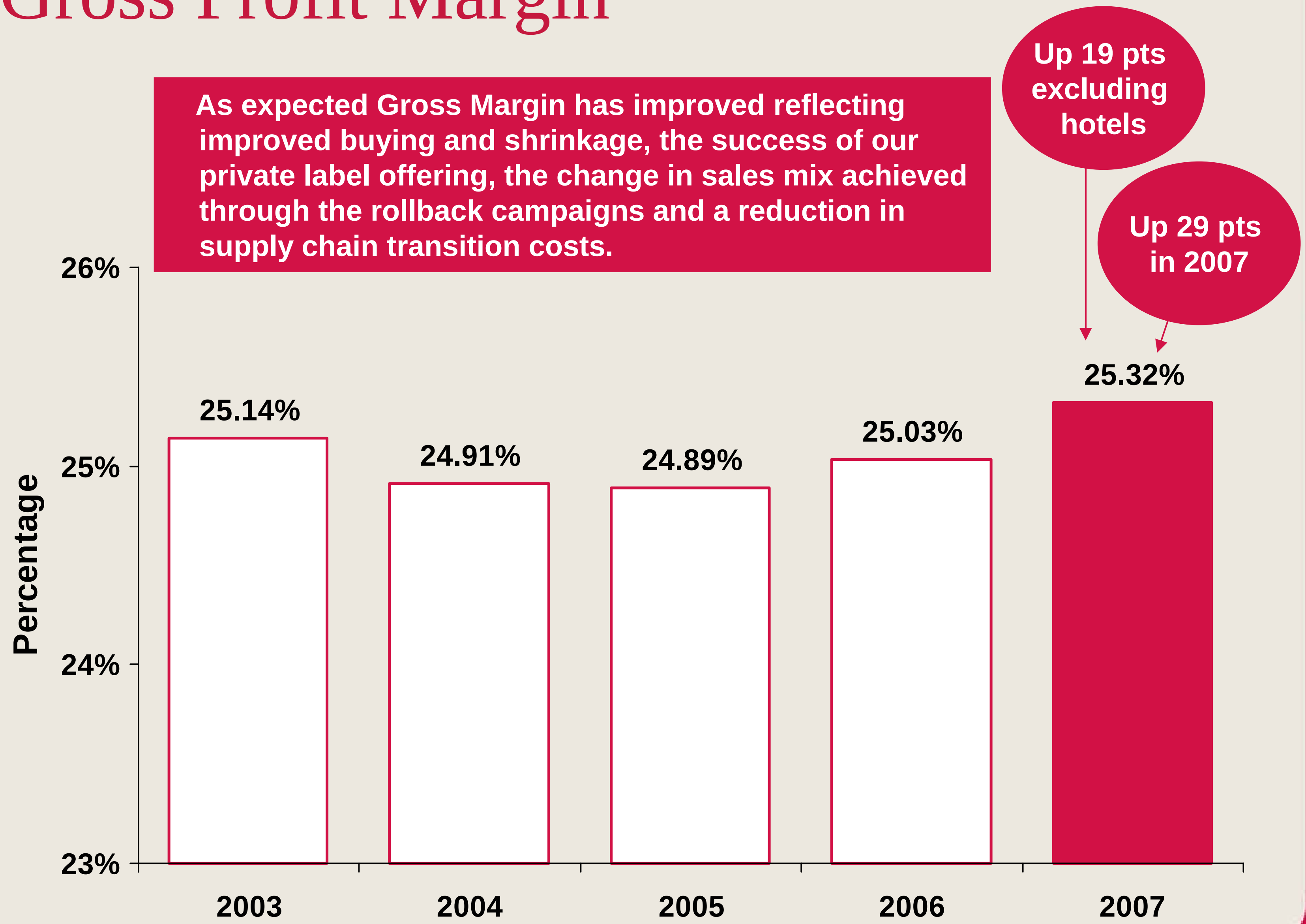
Gross Profit Margin

As expected Gross Margin has improved reflecting improved buying and shrinkage, the success of our private label offering, the change in sales mix achieved through the rollback campaigns and a reduction in supply chain transition costs.



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Sales Summary

Positive momentum in all divisions

$ Millions	FY06	FY07	Increase	Full Year Comp Sales
Australian Food and Liquor	25,458 [1]	27,745	9.0%	6.6%
New Zealand Supermarkets	2,605 [2]	3,940	51.2%	3.3%
Petrol	4,390	4,837	10.2%	5.0% [5]
Total Supermarkets	**32,453**	**36,522**	**12.5%**	
BIG W	3,119	3,465	11.1%	3.4%
Consumer Electronics	1,167	1,310 [4]	12.3%	7.2%
Total General Merchandise	**4,286**	**4,775**	**11.4%**	
Hotels	**850** [3]	**1,032**	**21.4%**	3.2%
Continuing operations	**37,589**	**42,329**	**12.6%**	
Wholesale	145	148	2.1%	
Group Sales	**37,734**	**42,477**	**12.6%**	

(1) Includes sales from 20 Australian ex-FAL store sales from 2 November 2005, BMG Retail Liquor sales from 1 July 2005 and Taverner Retail Liquor sales from 6 February 2006.

(2) Includes sales from Progressive (NZ) business from 2 November 2005.

(3) Includes BMG Hotel sales from 1 July 2005 and Taverner Hotel sales from 6 February 2006.

(4) Includes wholesale sales relating to Woolworths India (Full Year: $25m)

(5) Growth stated reflects comparable sales dollars. Comparable volumes were 4.8%.

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EBIT Summary

$ Millions	FY06	FY07	Change
Australian Food and Liquor	1,286.0	1,597.1	24.2%
New Zealand Supermarkets	108.9	155.1	42.4%
Petrol	53.1	82.9	56.1%
Supermarkets Division	**1,448.0**	**1,835.1**	**26.7%**
BIG W	123.1	138.6	12.6%
Consumer Electronics	64.0	66.8	4.4%
General Merchandise Division	**187.1**	**205.4**	**9.8%**
Hotels	**151.1**	**183.7**	**21.6%**
Total Trading Result	**1,786.2**	**2,224.2**	**24.5%**
Property Income / (Expense) [1]	18.3	(23.8)	(230.1)%
Central Overheads	(84.1)	(91.6)	8.9%
Continuing Operations	**1,720.4**	**2,108.8**	**22.6%**
Wholesale	1.8	2.5	38.9%
Group EBIT	**1,722.2**	**2,111.3**	**22.6%**

[1] Reduction reflects reduced internal income from the supermarket division due to the sale of the DCs and other property divestments.

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Australian Supermarket Division
(Including Liquor & Petrol)

Continued positive momentum and growth in market share

	FY06 [1]	FY07	Change
Sales ($m)	29,848	32,582	9.2%
Gross margin (%)	23.01	23.41	40bps
Cost of Doing Business (%)	18.52	18.25	-27bps
EBIT to sales (%)	4.49	5.16	67bps
EBIT ($ million)	1,339.1	1,680.0	25.5%
Funds Employed ($ million)	2,155.7	2,271.6	5.4%
Average ROFE (%)	66.1%	75.9%	9.8%pts

(1) Includes acquisition of 20 ex-FAL stores from 2 November 2005, BMG Retail from 1 July 2005 and Taverner Retail from 6 February 2006.

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Australian Food & Liquor

Continued positive momentum and growth in market share

- Australian Food & Liquor sales grew 9.0%.
- Food and Liquor comparable store sales grew 6.6% during the year (FY06: 3.7%).
- Inflation levels declined over the year as we cycled the “banana effect”.
- On going investment in our price rollback campaign is delivering value to customers and delivering a strong uplift in sales..
- The result includes $40 million of transition costs (2006: $80 million) associated with moving to the new supply chain arrangements. These costs impact both gross profit margin and CODB.
- Costs reduced by 27bps, assisted by the reduction in transition costs and strong comparable sales which enabled further fractionalisation of costs.
- The lift in gross margins reflects improved buying and shrinkage, the success of our private label offering, the change in the sales mix achieved through the rollback campaigns and a reduction in supply chain transition costs
- EBIT grew faster than sales at 25.5%.
- When the impact of incremental owned imported inventory is excluded, average Inventory days reduced by 0.7 days for the Australian Supermarket division, which is commendable given the impact of moving stock from DSD to DC delivery and the one-off impact of some dual stocking with the opening of the Brisbane distribution centre.
- 22 new Supermarkets opened during the year with trading area growing by 3.6%.

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Liquor

All our liquor operations (Dan Murphy's, BWS and attached liquor) recorded strong growth in sales and profit.

- All our liquor operations have produced strong growth in total sales, comparable sales and profits.
- Group Liquor sales for the year (including ALH group retail liquor sales) were $4.1 billion, reflecting solid comparable sales growth, the contribution from new store openings, and the inclusion of Taverner liquor stores for the full year.
- The strong liquor sales had a modest positive impact on the overall comparable sales for Australian Food & Liquor.
- Dan Murphy's continued to expand with 16 stores opened during the year bringing the total number of Dan Murphy stores to 68. Our target is to have in excess of 150 Dan Murphy stores in four to five years.
- Dan Murphy's provides customers with excellent value for money, extensive product ranging and personalised advice and expertise.
- Woolworths continues to bring greater price competition to the Australian liquor market with customers continuing to benefit from lower prices.
- Woolworths operated 1,027 liquor outlets at the end of the financial year.

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Petrol

Our petrol division, continues to be a good supplemental offer with petrol sites conveniently located near our supermarkets. Strong result with modest lift in margin.

- Petrol sales of $4.8b, up 10.2% on last year.
- Petrol comparable sales increased by 5.0% during the year.
- Comparable volumes increased 4.8%.
- EBIT increased 56.1% to $82.9 million.
- EBIT growth reflects solid volume growth and a return to long term retail margins following a very tight market the previous year.
- EBIT margins have improved slightly from 1.2% to 1.7%.
- 11 new canopies were opened during the year. (excluding alliance sites)
- We now have 505 canopies including 134 co-branded Woolworths/Caltex alliance sites.

New Zealand Supermarkets

A pleasing result with repositioning on track to achieve our objectives.

	FY07 $AUD	FY07 $NZD
Sales	3,940	4,527
Gross Margin (%)	21.77	21.77
Cost of doing business (%)	17.54	17.54
EBIT to sales (%)	4.23	4.23
Trading EBIT ($ million)	166.5	191.3
Less intercompany charges ($ million)	(11.4)	(13.1)
Reported EBIT ($ million)	155.1	178.2
Funds employed ($ million)	2,263.5	2,510.7

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New Zealand Supermarkets

A pleasing result with repositioning on track to achieve our objectives.

- A pleasing result with positive signs evident.
- Comparable store sales increased 3.8% (Q2) 4.9% (Q3) and 4.7% (Q4)
- Operating levels returned to normal post the industrial action in quarter one.
- In the second half we recorded a 4.8% increase in sales and a 12.6% increase in reported EBIT.
- We are currently part way through the planned repositioning of the Progressive business and we remain on track to achieve our objectives:
  - Home Brand was introduced in the first half of the year and has been well received.
  - "Select" private label offering was introduced into the New Zealand market just prior to year end.
  - Buying terms have been improved and we continue to invest in prices to improve our competitiveness, and deliver lower prices and better value to the New Zealand consumer.
  - The systems integration has progressed well.
  - We continue to improve the offering to our customer
- These and other initiatives will ensure that we are well placed to strengthen and grow this business.

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BIG W

Strong result with recent initiatives being endorsed by our customers.

	FY06	FY07	Change
Sales ($ million)	3,119.1	3,465.2	11.1%
Gross margin (%)	29.95	29.80	-15bps
Cost of Doing Business (%)	26.00	25.80	-20bps
EBIT to sales (%)	3.95	4.00	5bps
EBIT ($ million)	123.1	138.6	12.6%
Funds Employed ($ million)	440.2	471.1	7.0%
Average ROFE (%)	30.9	30.4	-0.5%pts

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BIG W

Strong result with recent initiatives being endorsed by our customers.

- Sales for the year of $3.5b, an increase of 11.1%.
- EBIT grew faster than Sales, increasing by 12.6%.
- Comparable store sales growth was 3.4% for the year, with a very strong second half performance of 7.3%.
- This result reflects the endorsement by our customers of the initiatives we have been undertaking.
- Major improvements have been made in our ranging, in response to the changing purchasing aspirations of consumers.
- Gross margins declined 15 basis points as we maintain our everyday low price position in the market.
- Cost of doing business decreased by 20 basis points reflecting strong cost control and the benefits of cost fractionalisation achieved through improved sales.
- 13 new stores were opened during the year, bringing total number of stores to 142.
- Inventory was well managed with average inventory days declining 3.9 days.
- The new store openings was the primary driver of the increase in funds employed.

Consumer Electronics - Australia & NZ

Solid result in a very competitive sector

	FY06	FY07	Change
Sales ($ million)	1,167.1	1,285.0	10.1%
Gross margin (%)	29.39	28.21	-118bps
Cost of Doing Business (%)	23.91	22.68	-123bps
EBIT to sales (%)	5.48	5.53	5bps
EBIT	64.0	71.1	11.1%
Funds Employed ($ million)	296.8	311.9	5.1%
Average ROFE (%)	24.0	23.4	-0.6%pts

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Consumer Electronics – Australia & NZ

Solid result in a very competitive sector. Latest technology at great prices, quality brands and expert service and advice.

- Business reported double digit growth in both revenue and earnings - reflected by a 10.1% sales increase and a 11.1% increase in EBIT.
- Comparable (like for like) sales growth for the year of 7.2%[(1)].
- We achieved strong unit sales growth and improved our market share in a number of key categories, including flat panel TVs, portable PCs and DVD recorders.
- We continue to provide customers with lower prices reflected by the reduction in gross margin by 118 bps.
- CODB reduced by 123 basis points with strong cost control enabling this price re-investment.
- Inventory control was strong with days stock on hand down 1.0 day.
- Funds employed have increased reflecting the growth in store numbers.

(1) After adjusting for the effect of exchange rate movements in the New Zealand dollar. Unadjusted comparable sales was 6.4%

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Consumer Electronics - India

- Our business venture with TATA is still in its infancy with 5 retail stores operating under the “Croma” brand.
- As part of this venture Woolworths Limited provides buying, wholesale, supply chain and general consulting services to TATA.
- The wholesale operations are meeting our expectations and recorded sales of $25 million during the year and made an operating loss of $4.3 million reflecting the initial start up costs.

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Hotels

A pleasing result given the continued influence of smoking bans

	2006	2007	Change
Sales ($ million)	850	1,032	21.4%
Gross margin (%)	82.56	82.45	-11bps
Cost of Doing Business (%)	64.78	64.66	-12bps
EBIT to sales (%)	17.78	17.79	1bp
EBIT ($ million)	151.1	183.7	21.6%

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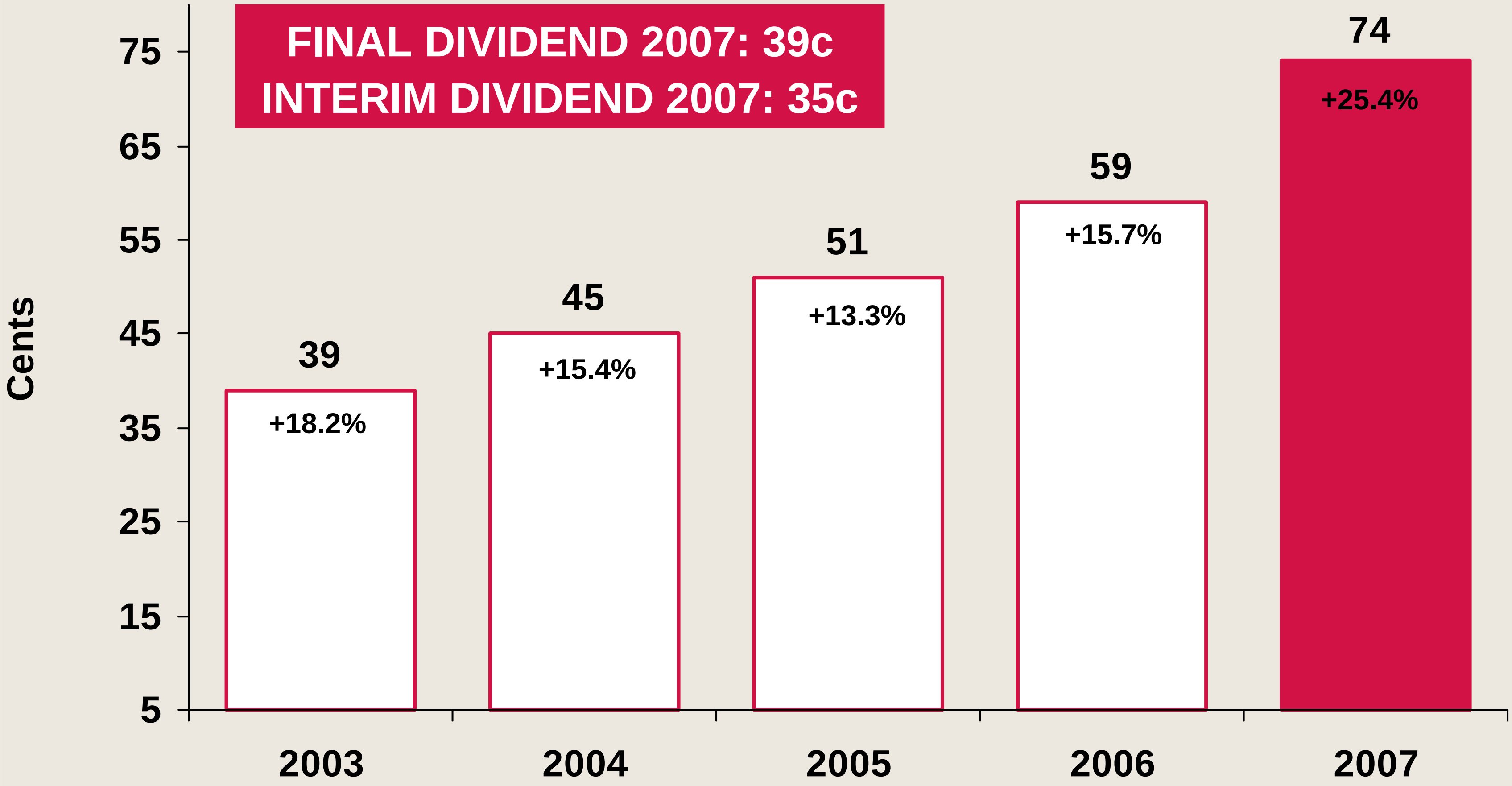
Hotels

A pleasing result given the continued influence of smoking bans

- Hotel sales were $1,032m reflecting good growth in our existing business plus the inclusion of Taverner hotel sales from 6 February 2006.
- Comparable sales were 3.2%. Gaming comparable sales for the full year were flat, offset by strong food sales.
- Our building program incorporating smoking solutions are nearing completion and place us in a good position to manage the move to smoke free hotels.
- We remain cautious during the introduction of further bans in New South Wales and Victoria effective at the commencement of the 2008 year.
- Gross margins decreased by 11 bps. This reduction represents the changing mix of business as gaming revenue growth has been impacted by smoking bans, offset somewhat by better buying terms.
- CODB reduced by 12 basis points reflecting good cost control despite the inclusion of Taverner which has a relatively higher cost structure as the entire Taverner portfolio are leased venues.
- At the end of the year we had a premium portfolio of 263 Hotels, including 8 clubs.

Dividends per share



Dividend Pay-out ratio of 69.1% marginally up on previous years

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Balance Sheet

$ millions	FY06	FY07
Inventory	2,316.1	2,739.2
Trade Payables	(2,778.5)	(3,277.4)
Net investment in inventory	(462.4)	(538.2)
Receivables	1,174.4	490.1
Other creditors	(1,838.7)	(2,038.3)
Working Capital	(1,126.7)	(2,086.4)
Fixed assets and investments	4,172.1	4,886.1
Intangibles	4,759.4	5,003.5
Total Funds Employed	7,804.8	7,803.2
Net Tax Balances	252.3	154.3
Net Assets Employed	8,057.1	7,957.5
Borrowings current	(612.3)	(379.8)
Borrowings non-current	(3,704.0)	(2,690.9)
Cash and deposits	525.9	798.8
Hedge assets & liabilities	(9.1)	(170.9)
Net Repayable Debt	(3,799.5)	(2,442.8)
Net Assets	4,257.6	5,514.7
Shareholders Equity	4,027.8	5,275.3
Minority Shareholders Equity	229.8	239.4
Total Equity	4,257.6	5,514.7

Net investment in inventory down a further $76m

Average inventory down 0.2 days. Days creditors have increased slightly to 45.6 days consistent with the decision not to drive down year end inventory levels

Decrease reflects receipt of monies from sale of DCs

Negative working capital has increased by $960 million or 85%

Increase reflects acquisition of 10% stake in The Warehouse Group (recorded at market value) and normal capital expenditure and depreciation activity

Intangibles increase due to foreign exchange movements on New Zealand intangibles

Net repayable debt has decreased $1.36 billion with strong operating cashflows and the $727m of proceeds from the sale of the DCs

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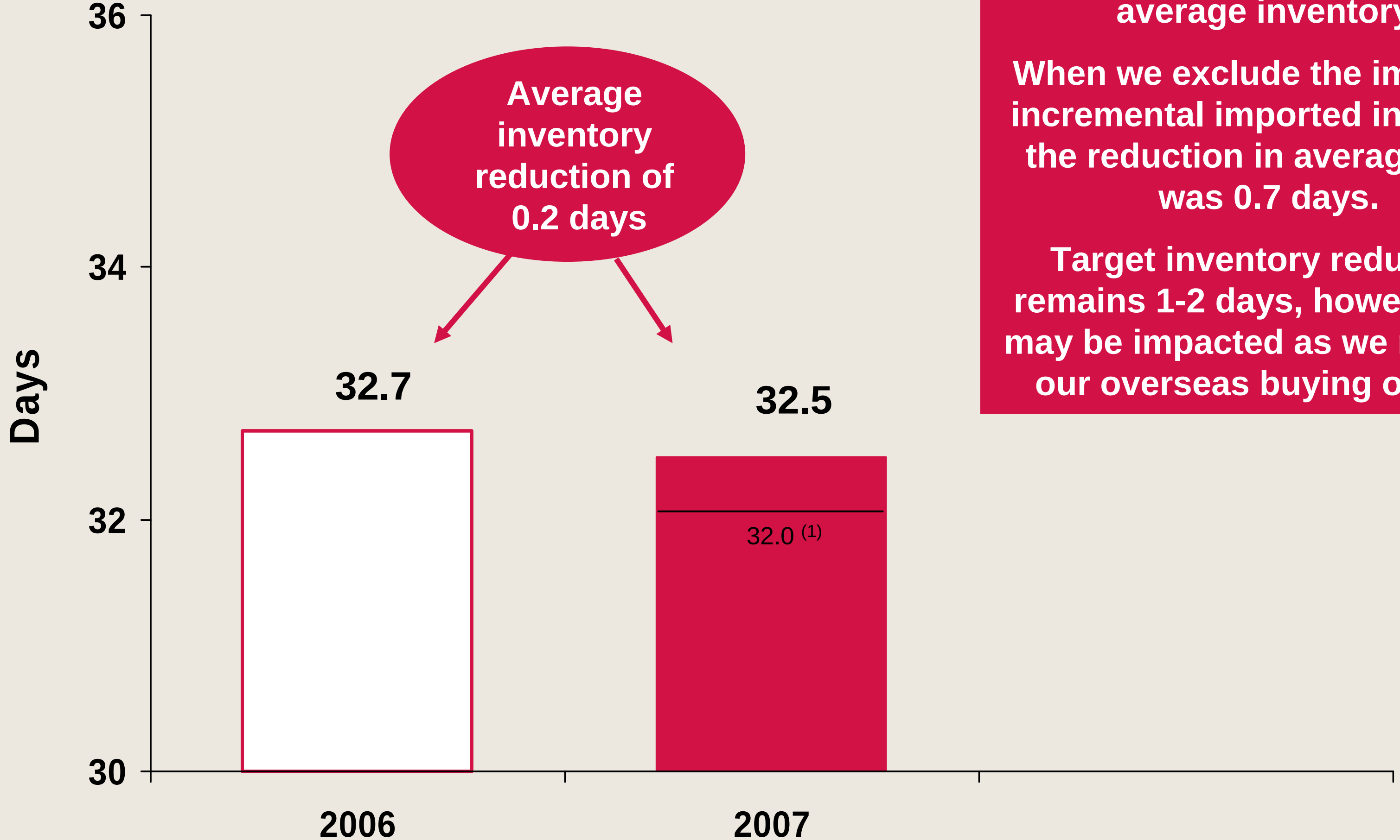
Cash Flow

$ millions	FY06		FY07		
EBITDA	2,244.4		2,700.6		**+20.3%**
Net interest paid	(253.2)		(249.8)		
Taxation paid	(475.3)		(522.4)		
		1,515.9		1,928.4	
Working capital items		205.6		309.7	
Other non-cash items		(16.7)		56.1	
Total cash provided by operating activities		**1,704.8**		**2,294.2**	**+34.6%**
Payments for the purchase of businesses - Other		(179.2)		(204.0)	
Payments for purchase of investments		-		(173.0)	
Payments for normal capex		(1,411.7)		(1,131.0)	
Proceeds on disposal of property plant & equipment		328.7		778.2	
Proceeds from sale of investments		1.0		-	
Dividends received		-		4.7	
Total cash used in investing activities		**(1,261.2)**		**(725.1)**	
Free Cash - excluding major acquisitions		**443.6**		**1,569.1**	
Major Acquisitions debt funded		**(1,464.7)**		**-**	
Free cash - after major acquistions		(1,021.1)		1,569.1	
Net operating Profit after tax **(before minority interest)**		1,026.7		1,311.3	
Free cash Flow before major acquisitions as a % to NPAT		**43%**		**120%**	

Average Inventory Days



Reflects conversion to reporting average inventory.

When we exclude the impact of incremental imported inventory the reduction in average days was 0.7 days.

Target inventory reduction remains 1-2 days, however this may be impacted as we ramp up our overseas buying offices.

Average inventory based on 13 months rolling average.

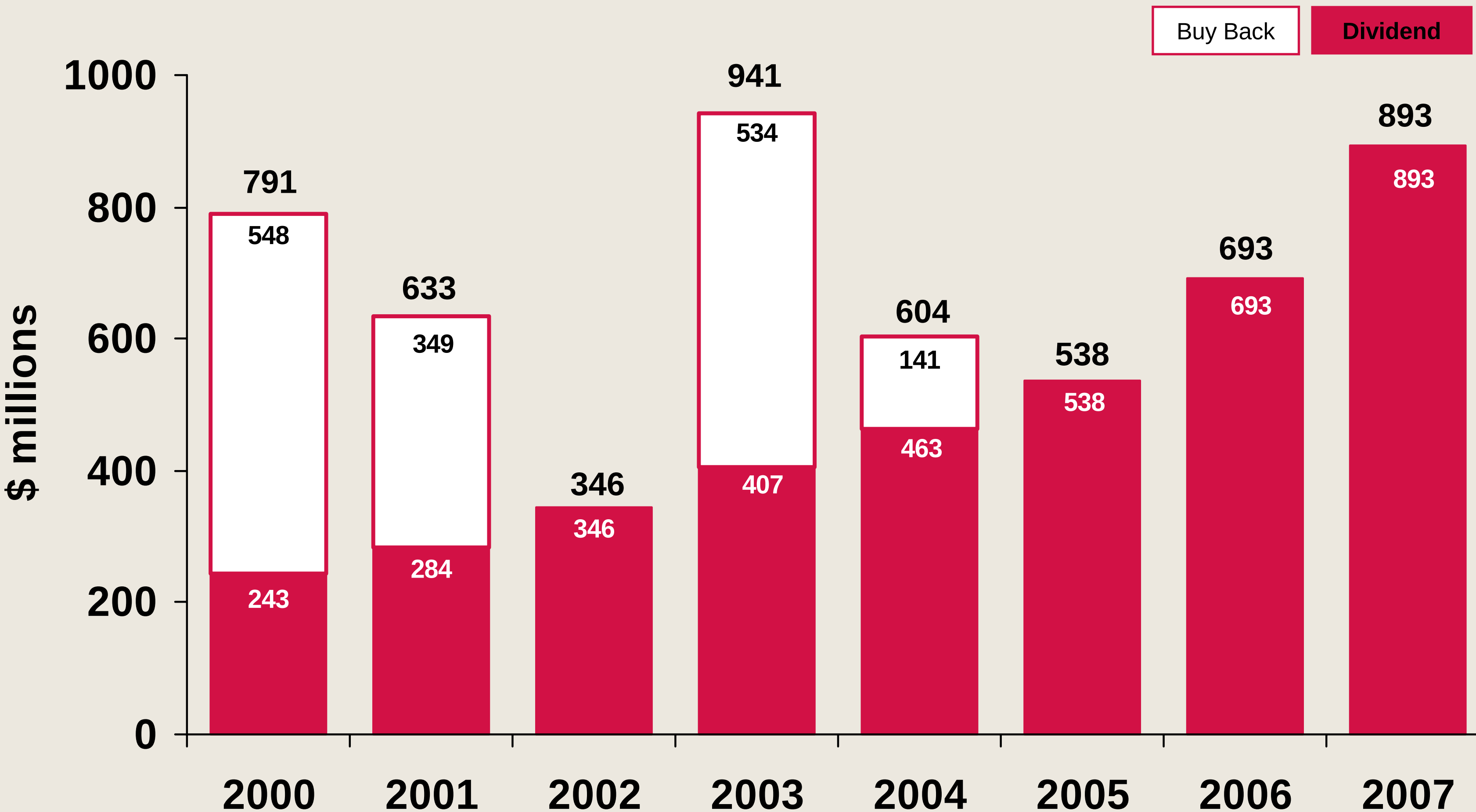
(1) Average inventory days excluding the impact of incremental owned imported inventory.

Capital Management

- Woolworths currently sets its capital structure with the objective of minimising its weighted average cost of capital whilst retaining the flexibility to pursue growth and capital management opportunities. Consistent with these objectives, Woolworths has targeted, achieved and maintained its credit ratings of A- from Standard and Poors and A3 from Moody's Investor Services.
- Woolworths has strengthened its balance sheet and maintained its credit ratings during the recent period of acquisitions, integration and business change. It did so via an underwriting agreement in connection with the WOW DRP which ensured that an amount equal to 100% of all interim and final dividends payable in the calendar years 2005 and 2006 was subscribed for Woolworths' shares. Further, shares were also issued under employee option plans.
- The final dividend paid in October 2006 was the last dividend subject to the underwriting agreement. The underwriting agreement did not apply to the interim dividend paid on 27 April 2007 and nor will it apply to the final 2007 dividend.
- Proceeds of $727 million from the sale of the distribution centres was received during the year and used to repay short term bank debt.
- Franking Credits available for distribution (after the final dividend) is estimated at $757 million.
- In the absence of any further major acquisitions, Woolworths will consider undertaking some form of capital management in the 2008 calendar year.

Shareholder Payouts

Franking credits available for distribution = $757m. (after the final dividend)



PROFIT GROWTH, COUPLED WITH BALANCE SHEET MANAGEMENT, DELIVERED $5,439m PAYOUT TO SHAREHOLDERS OVER LAST 8 YEARS

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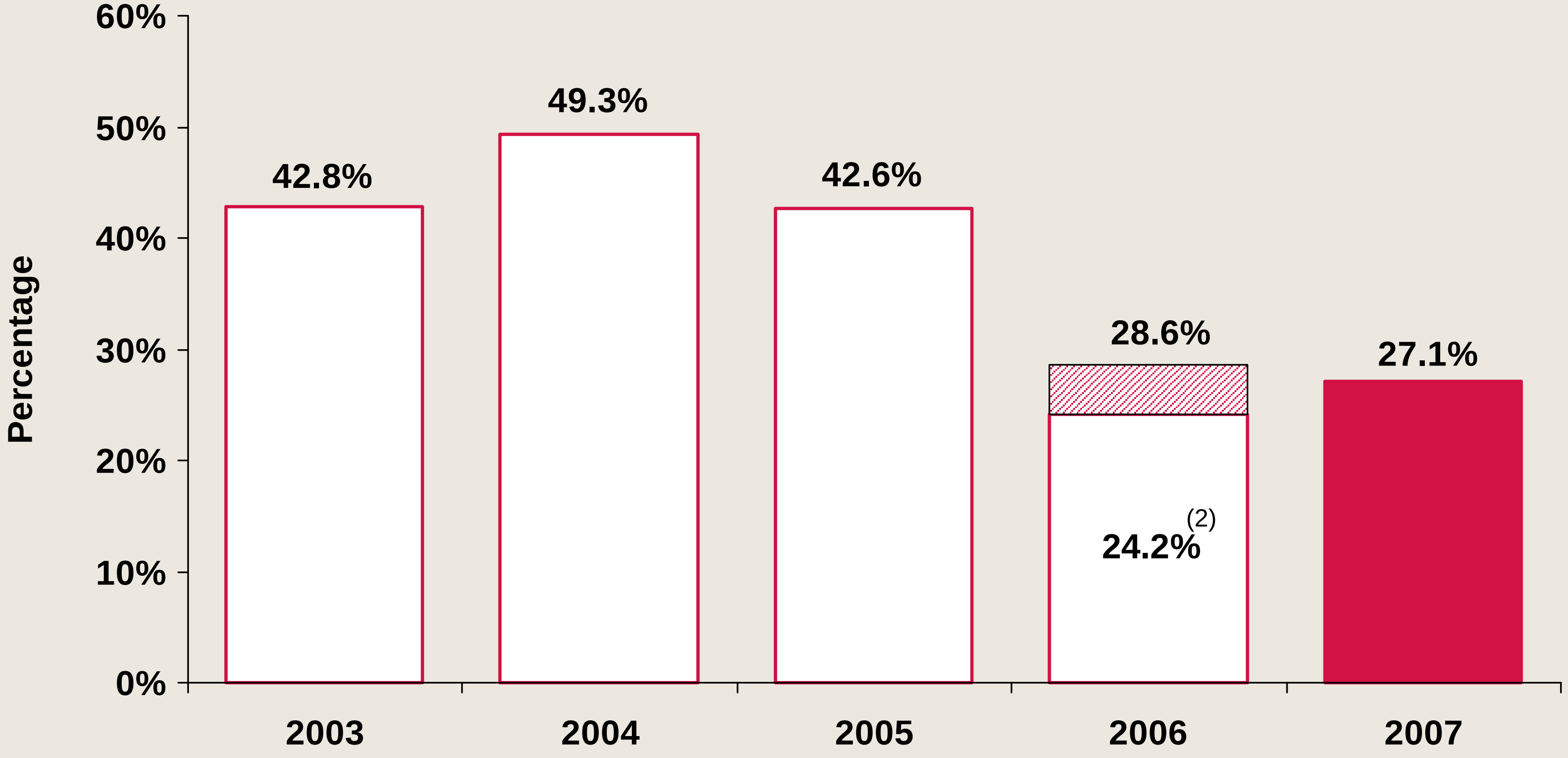
Return on funds employed [1]

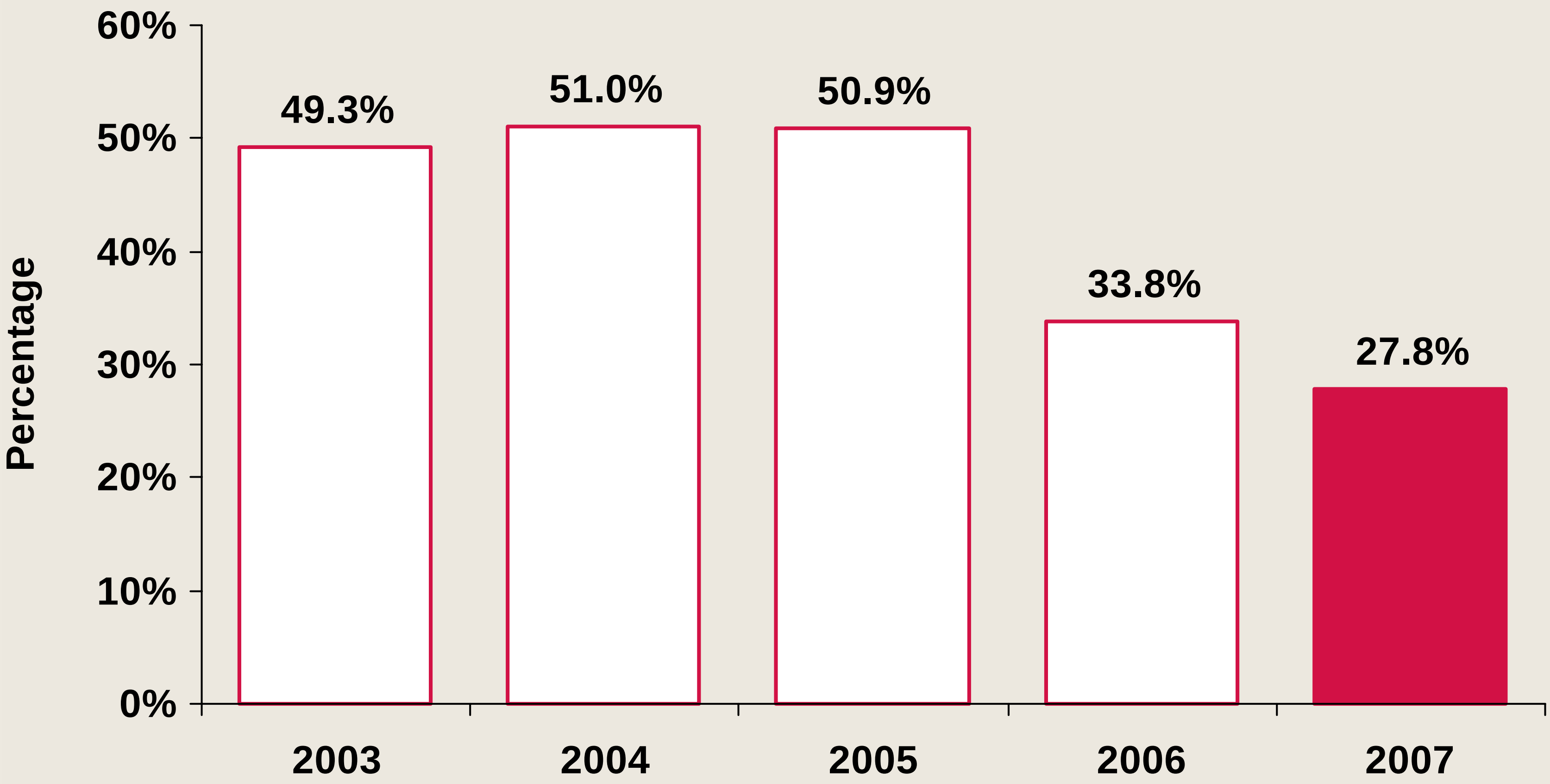


ROFE REFLECTS IMPACT OF SIGNIFICANT ACQUISITIONS DURING THE 2006 YEAR.

(1) Based on average of opening and closing funds employed.

(2) Normalised for the timing of acquisitions.

Return On Equity (1)



AVERAGE ROE DOWN DUE TO THE DRP UNDERWRITING IN 2006 AND OPTIONS BEING EXERCISED

(1) Based on average of opening and closing Shareholders Funds.

Four Year Report Card

In comparison with our regularly expressed goals	FY04	FY05	FY06	FY07
Sales will grow in the upper single digits assisted by bolt-on acquisitions	+6.1%	+12.2%	+20.4%	+12.6%
EBIT will outperform sales growth assisted by cost savings	+12.6%	+20.5%	+32.3%	+22.6%
EPS will outperform EBIT growth assisted by capital management (1)	+15.6%	+13.7% (2)	+14.8% (2)	+19.7 (2)

(1) Our long term EPS objective is that EPS growth will outperform EBIT growth. However in circumstances where we undertake a major acquisition which results in the need to defer our normal capital management initiatives, EPS growth in such periods will not outperform EBIT growth.

(2) EPS growth was impacted by the temporary suspension of our share buy back initiatives as a result of the recent acquisitions. In the absence of further major acquisitions Woolworths will consider undertaking some form of capital management in the 2008 calendar year.

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Growth

Key messages

- The Board and Management of Woolworths are committed to its consistent and clear strategies that have driven our growth to date.
- The skills and commitment of our experienced retail team will drive our continued success.
- With the bulk of the initiatives in our Supermarkets Supply chain now almost complete we continue to be focussed on laying the foundations for sustainable profitable growth.
- We are continually looking for ways to enhance our business by reinvesting the proceeds of our growth and success into even greater value, service levels and quality for our customers.
- We plan to accelerate the reinvestment in our business in the coming year, with an accelerated roll-out of many new initiatives that we have been developing.
- We have significant scope to augment our existing business plans to drive growth, both organically and through the continual evaluation of acquisition opportunities.
- We will maintain and increase our long term cost advantages we have obtained under Project Refresh. The focus remains on continually improving the customer offer rewarding customers with lower prices, better value, range, freshness, service and convenience.
- We will further leverage our core capabilities and scale which are clear drivers of growth.

Growth

Performance targets

Our long term targets are key to this strategy and remain unchanged. Woolworths targets four key areas of performance measurement for its business in the long term, namely:

- Sales will grow in the upper single digits assisted by bolt on acquisitions;
- EBIT growth outperforming sales growth assisted by cost savings;
- EPS growth outperforming EBIT growth assisted by capital management; and
- Maintenance of targeted credit ratings.

Woolworths' long term objective is for EPS growth to outperform EBIT growth. However, when Woolworths undertakes major acquisitions which result in the need to defer its normal capital management initiatives, EPS growth in such periods will not outperform EBIT growth.

Growth

Project Refresh – Lower costs a key enabler

Stage 1: underpinned cost savings to date, pre-requisite for stage 2.

Stage 2: our new logistics program provides us with a significant strategic advantage which will underpin our ability to reduce costs over the next 5 years (targeting minimum 20 bps pa) benefiting both customers and shareholders. We will leverage this technology and knowledge into other areas of our business such as BIG W, Liquor and Progressive in New Zealand and assist in achieving planned synergies from recent acquisitions.

Acquisitions – Bolt-ons have and will continue to assist in driving growth

- Recent acquisitions were FAL, MGW, ALH, BMG, Taverner.
- All add scale and quality to current business portfolio.
- Foodland provides new market with many opportunities.
- Hotels provide us with a new growth segment.

Continuing opportunity to grow market share

- Market share of Food, Liquor and Grocery (FLG) remains below 30% and still low by world standards.
- Independent grocers and speciality food stores hold just under 50%.

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Growth

Defined plans to continue space roll out

- Adding 15-25 new supermarkets each year and expanding existing stores (greater than 3% p.a.).
- Adding 6-10 BIG W stores each year (6% to 8% space rollout p.a.).
- Adding up to 20 Dan Murphy’s stores each year.
- Adding more than 20 stores per year in consumer electronics.
- Hotels will be acquired selectively

Supported by detailed plans for the next three to five years identifying specific sites
Minimal cannibalisation

Leverage scale and store distribution

- Further develop existing and initiate new adjacencies e.g. digital photo, optical, mobile phones and ATMs.

Increased emphasis on private branded goods

- Woolworths Homebrand had sales growth for the year in excess of the grocery market and continues to be Australia’s largest selling grocery brand
- Customer's have shown that they appreciate the exceptional quality and innovation that Select delivers
- Customer support has encouraged us to continue the development of the Select brand into an ever increasing number of new categories
- Woolworths will continue to develop and grow national brands

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Growth

Continued focus on improved in-store execution and service

- Woolworths will continue to focus on improving in-store execution, ranging, stock availability and customer service. In particular, initiatives will be undertaken to enhance the understanding of customers.

Grow new international initiatives

- India consumer electronics.
- Hong Kong (and India) buying offices.

Leverage Woolworths core capabilities

- Retail management expertise – high volume, low margin.
- World class IT/supply chain.
- Low cost culture.
- Acquisitions and integration skills.
- Key business relationships: Caltex, Bruce Mathieson, TATA.

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Sales and Earnings Guidance FY08

We believe we are very well positioned for future growth.

Sales

- For FY08 we anticipate sales to grow in the range of 7% to 10%.

Earnings

- We also anticipate that EBIT will continue to grow faster than sales in FY08.
- Net profit after tax for FY08 is expected to grow in the range of 19% to 23%.

The 2008 financial year is a 53 week trading year and these statements are on a 53 week basis.

Whilst we are pleased with the momentum in the business we are mindful that discretionary spending continues to be influenced by macro-economic factors such as fluctuating petrol prices, interest rate rises and the flow on impacts of the sub prime debt markets in the United States.

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Appendices

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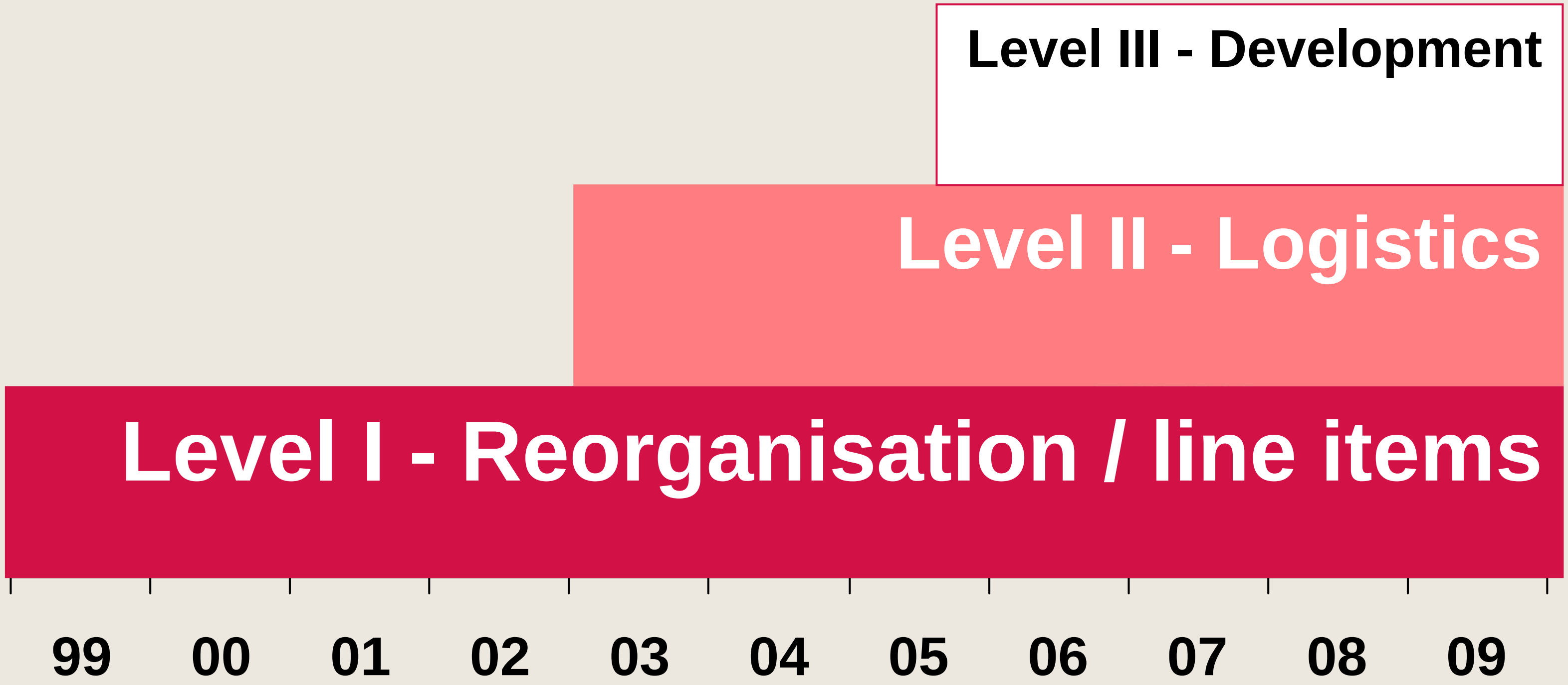
Project Refresh

Cumulative savings $7.3 billion over 8 years



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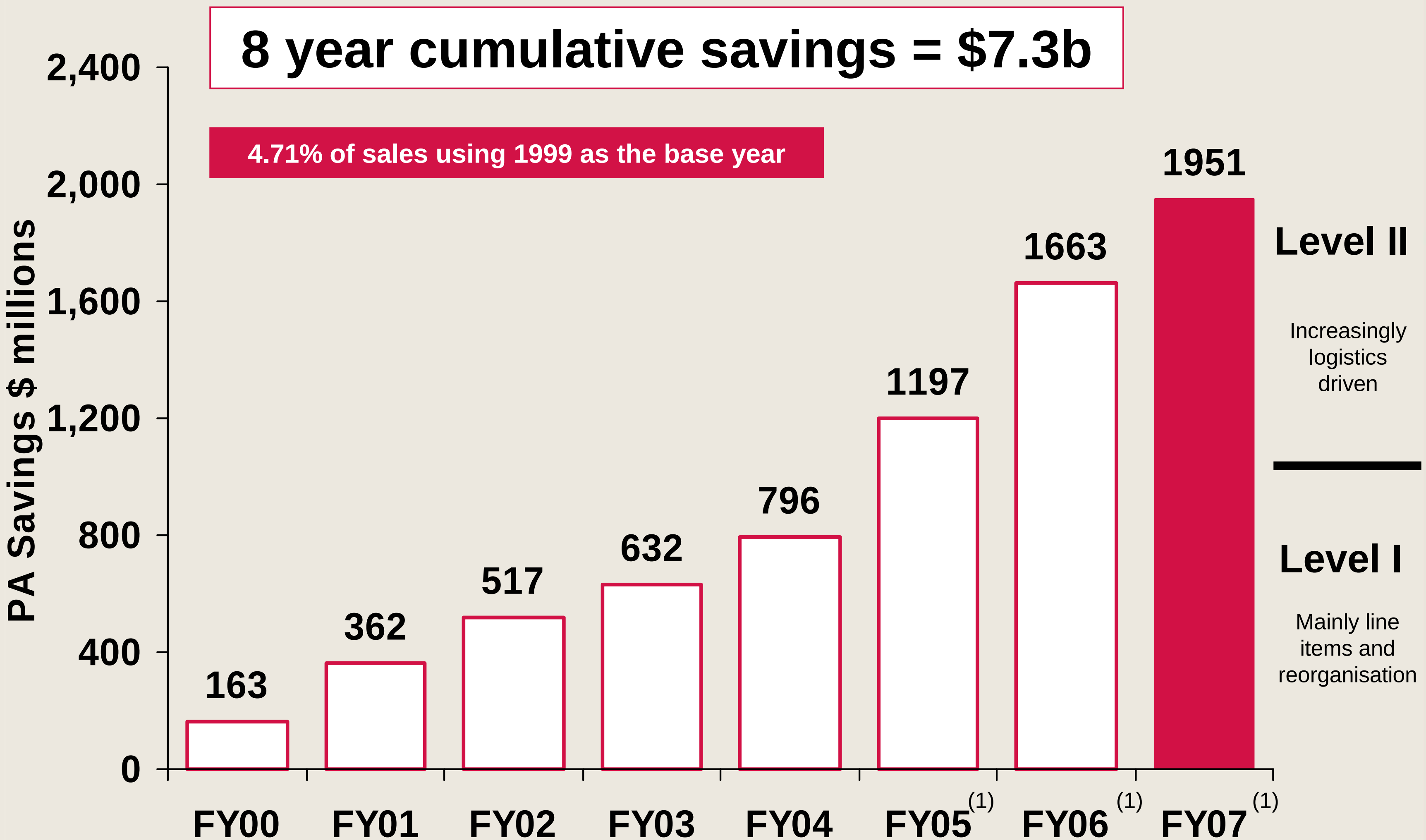
Project Refresh



(1) Excludes Hotels.

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Refresh Level II

- Project Refresh commenced 8 years ago and continues to deliver on going efficiency benefits to the organisation. Over this period the project has generated savings of around 4.71% of sales and measured in dollar terms has achieved cumulative savings in the order of $7.3 billion.
- The majority of the distribution centre network has been completed and is operational.
- Works are underway for the construction of our Melbourne and Sydney Liquor DCs, which we expect to complete in 2008.
- The intellectual property we have developed in our supply chain teams, IT systems and DCs is now being applied to other businesses in Woolworths, including New Zealand Supermarkets, Liquor and BIG W.
- The principal systems that have driven the transformation of our supply chain are Stocksmart (DC forecast based replenishment), AutoStockR (store forecast based replenishment); warehouse management systems and transport management systems. These systems have clearly improved productivity and enabled us to obtain higher levels of “in-stock” performance.
- We are continually focussed on improving the utilisation of these new tools and applying the technology to other areas not originally planned.
- The technology is well established and embedded in the business.
- Further, we have expanded AutoStockR to cover other areas not originally planned because it has been so successful.
- The technology is a key enabler in achieving synergies and future growth from recent acquisitions.

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Capital Expenditure

$ Millions	2006	2007	2008
Pre-Existing Businesses			
New Stores	202	222 [a]	224 [a]
Stay in Business	182	291	315 [b]
Refurbishments	245	246	459 [c]
Supply Chain	155	65	91 [d]
	784	**824**	**1,089**
New Businesses			
Hotels - Acquisitions	165	176	[e]
Hotels - Other	89	72	75
Supermarkets (NZ)	41	57	146 [f]
Normal and On-Going CAPEX	**1,079**	**1,129**	**1,310**
Norwest (net of sale)	7		
Distribution Centres (net of sale)	280	(665)	(97)
Property Developments (net of sales)	105	93	93
NET CAPEX	**1,471**	**557**	**1,306**

Future capital expenditure requirements are estimated to be between $800 million and $1 billion per annum.

Notes

(a) Continuation of store roll-out in Supermarkets, BIG W and Dan Murphy's.
(b) Increase in Stay in Business expenditure is due to investment in Financial Services, Customer engagement and IT Data Centre.
(c) Significant increase in refurbishments in Supermarkets and BIG W in FY08 reflects acceleration of new initiatives.
(d) Supply Chain costs relate to fitout of our liquor distribution centres.
(e) Future acquisitions may occur but these have not been forecast.
(f) NZ expenditure has been increased in 2008 due to a significant increase in planned refurbishments.

Health Ratios

		FY06	FY07
Fixed charges cover	X	2.50	2.72
Days inventory (average) [1]	Days	32.7	32.5
Days creditors (to sales)	Days	44.5	45.6
Return on Funds Employed (ROFE)	%	28.6	27.1
Return on Total Equity	%	32.8	26.8
Return on Shareholders Equity	%	33.8	27.8
Net working capital	$M	(1,126.7)	(2,086.4)

[1] Reflects conversion to reporting average inventory, based on a 13 months rolling average inventory.

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Fixed Charges Cover

	2003	2004	2005	2006	2007
EBIT	945.7	1,065.1	1,302.1	1,722.2	2,111.3
D&A	398.3	407.6	416.0	522.2	589.3
EBITDAR	2,102.7	2,282.5	2,618.3	3,314.5	3,906.9
Interest	41.2	52.8	157.8	246.3	230.5
WINs contingent coupon	41.1	42.9	-	-	-
Rent - base	620.2	664.2	753.8	925.6	1,081.5
Rent - turnover contingent	77.1	79.0	80.6	97.7	99.6
Rent - store fitout	61.4	66.6	65.8	46.8	25.2
Total Fixed Charges	841.0	905.5	1,058.0	1,316.4	1,436.8
Fixed Charges Cover [(1)]	**2.5** x	**2.5** x	**2.5** x	**2.5** x	**2.7** x

[(1)] Covenant x1.75+

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Total Supermarkets
(Including Liquor, Petrol and New Zealand)

	FY06 [1]	FY07	Change
Sales ($m)	32,453	36,521	12.5%
Gross margin (%)	22.93	23.23	30bps
Cost of Doing Business (%)	18.47	18.21	-26bps
EBIT to sales (%)	4.46	5.02	56bps
EBIT ($ million)	1,448.0	1,835.1	26.7%
Funds Employed ($ million)	4,185.0	4,535.1	8.4%

[1] Includes acquisition of Progressive New Zealand and 20 ex-FAL stores.

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Community Responsibility

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Community Responsibility 2007

1. Children's Health
   - $35 million raised for children's hospitals in all States and Territories in last 10 years under the Fresh Future appeal. $4.1 million in FY07
   - Over $1 million raised for children's health charities each year – JDRF, Canteen, Smith Family, Starlight, Cancer & Leukemia Foundation
   - Launch of major healthy eating campaign September 2007 – Fresh Food Kids
   - Fresh Future launched in New Zealand with NZ $1 million target
   - NZ Breakfast for Schools programme with Red Cross launched 2007
2. Local Community Support
   - $3.85 million donated annually by Australian supermarkets for local schools, charities and community groups ($5,000 per store per year)
   - 800 tonnes of food donated to Foodbank each year
   - Extensive recognition, support and matched funding schemes for employees with a passion for community assistance

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Community Responsibility 2007

3. Rural Australia & Sustainable Agriculture

- $3.2 million donated to drought-affected farming families in 2007 via Country Women's Association from the Woolworths National Drought Action Day
- $1.6 million donated to Landcare to run sustainable agriculture initiatives with Australian farmers
- Launch of Woolworths Agricultural Scholarships in conjunction with University of Western Sydney
- Ongoing support for agricultural shows in every state
- National roll-out of Woolworths Australia Day Ambassador Programme sending high achieving Australians to local events
- Launch of $1 million supplier bursary scheme to support the development of new products produced or grown using sustainable practices
- Expansion of Indigenous Community Stores programme in conjunction with the Federal Government to improve the supply of nutritious food to remote aboriginal communities

Community Responsibility 2007

4. Education & Employment
   - 28 years of Woolworths Heritage Posters for Schools
   - Launch of unique mentoring and job placement scheme with Oasis Youth Support Network
   - 8th year supporting Harmony Day – celebrating multicultural diversity
   - Proactive strategies to support the recruitment of special employees and indigenous employees
   - Ongoing financial and project management support of Students in Free Enterprise – enabling college students to establish community outreach programmes
   - Participation in YWCA mentoring scheme for disadvantaged young women in Sydney
5. Total Community Contribution
   - Estimated* value of Woolworths' community commitment in FY07 was $17 million (* analysis by London Benchmarking Group)