09

ANNUAL REPORT

WOOLWORTHS LIMITED

ABN 88 000 014 675

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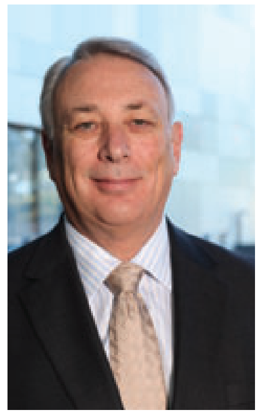
ABOUT THIS REPORT

Woolworths Limited is built on some of the most recognisable and trusted brands in retailing. Our retailing expertise stretches across food and grocery, liquor, petrol, general merchandise and consumer electronics, serving more than 24 million customers weekly across Australia and New Zealand.

Woolworths is more than just the face at the checkout. We are part of a large network that includes our own people, our customers, our shareholders, our supply chain and the communities in which we operate.

Our company is built for sustainable results over the long term and our strategies are being delivered consistently across our divisions. Our goal is to continue to grow our business and deliver opportunities to our employees and value to our customers and shareholders.

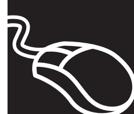


MICHAEL LUSCOMBE
MANAGING DIRECTOR
AND CHIEF
EXECUTIVE OFFICER

Woolworths maintained its confidence and certainty in the Australian economy during the year and remains very optimistic about the country's ability to withstand the extraordinary fiscal events that have taken place.

By continuing to grow our company, create employment and deliver choice and value to customers, we will be well positioned to reach our 100th birthday in 2024 as a vibrant, strong and dynamic Australian company.

You can also view this report online



www.woolworthslimited.com.au

HIGHLIGHTS

SALES
INCREASED TO
$49.6 BILLION

+7.5%

ON A COMPARABLE
52 WEEK BASIS

+8.5%

EXCLUDING PETROL SALES

EARNINGS
PER SHARE
INCREASED TO
150.7 CENTS

+11.7%

NET PROFIT
AFTER TAX
INCREASED TO
$1,835.7 MILLION

+12.8%

EARNINGS
BEFORE INTEREST
AND TAX
INCREASED TO
$2,815.5 MILLION

+11.3%

DIVIDEND
PER SHARE
INCREASED TO
104 CENTS

+13.0%

6 BASIS POINTS INCREASE IN
COST OF DOING BUSINESS
– GREATER THAN 20 BASIS
POINTS REDUCTION AFTER
NORMALISING FOR PETROL,
HOTELS AND PRIOR YEAR
PROPERTY PROFITS

Despite this climate of uncertainty, Woolworths worked hard to invigorate its team with a sense of confidence and optimism and maintained its efforts to invest in new jobs and infrastructure. As a result, the company delivered an outstanding financial performance across all divisions.

CHAIRMAN'S REPORT

THE YEAR IN REVIEW

The Board and management team of Woolworths Limited are delighted again to report on a very successful year of trading. The 2009 results were achieved in a challenging economic environment and are a tribute to the energy and determination of the entire Woolworths team.

The effects of the financial crisis were felt around the world, with discretionary spending severely curtailed by falling consumer confidence. The Australian Government stimulus packages provided a welcome boost to the retail sector, which employs more than 15% of the total Australian workforce.

In this climate of uncertainty, the management worked hard to project and invigorate a sense of confidence and optimism, and we continued investment in new jobs and infrastructure for growth.

As a result, the company delivered an excellent financial performance across all divisions.

FINANCIAL RESULTS

Net Profit After Tax reached $1,835.7 million, an increase of 12.8%. Continued investment in our premises and facilities has enabled Woolworths to maintain its momentum. Customers have appreciated the benefits, with sales revenue increasing by 7.5% to just under $50 billion. Earnings per share increased by 11.7% to 150.7 cents.

ENHANCING SHAREHOLDER VALUE

The Board decided on a 13% increase in shareholder dividends to 104 cents per share, reflecting our success in providing improved shareholder returns.

With a strong balance sheet, stable debt profile and strong credit ratings, Woolworths has established an excellent platform to support further growth, both in its core business activities and for potential new areas.

The Board and Senior Management Group consider new opportunities on a regular basis, with full regard for risk evaluation. Strategic initiatives have been undertaken in a disciplined manner, and the company has a track record of a prudent approach to growth and expansion.

Our recent decision to enter the Australian hardware and home improvement market is a logical progression for Woolworths, and is intended to enable the company to deliver value for its shareholders well into the future.

RESPONSIBLE PERFORMANCE

As a large and diverse organisation, our operations can affect a wide range of interests. Corporate Governance and Corporate Responsibility are key areas for Woolworths. The Board is pleased with the leadership position the Company is adopting on issues such as compliance, environmental sustainability and community investment.

Woolworths' first comprehensive Corporate Responsibility Report, meeting the highest international reporting standards, was released in November 2008.

A WINNING TEAM

In a year characterised by widespread employment uncertainty, Woolworths has been aware of the importance of safeguarding jobs in an economic downturn. Through Michael Luscombe's exemplary leadership, the company has built a confident, resilient and success-driven culture amongst its 191,000 strong workforce and continues to attract, retain and develop thousands of people each year. This positive culture is one of the Group's core strengths, and a source of competitive advantage.

BOARD REVIEW

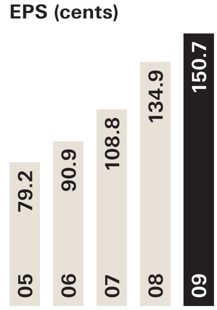
During the year, the Woolworths Board conducted an extensive review of its performance and succession plans, utilising an external facilitator.

On behalf of my fellow Board members I would like to thank the entire Woolworths team for their commitment and dedication. In particular, my congratulations to Michael and his team for steering the Company through another successful year, putting us in an excellent competitive position for the future.

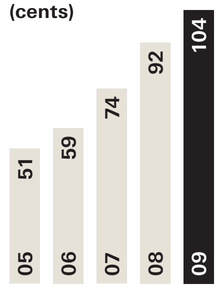
JAMES STRONG
CHAIRMAN

Earnings and dividends per share 2009

EPS (cents)



Dividend per share (cents)



2009 was another successful year for Woolworths in which our full year results came in at the upper end of our forecasted range. This is a remarkable result, achieved despite tough macro-economic conditions resulting from the global financial crisis.

MANAGING DIRECTOR'S REPORT

CORE BUSINESS PERFORMANCE

2009 was another successful year for Woolworths in which our full year results came in at the upper end of our forecasted range. This is a remarkable result, achieved despite tough macro-economic conditions resulting from the global financial crisis. The reliable strength of our business was reinforced as we adapted to declining consumer confidence, yet at the same time maintained our strategic focus on long term, sustainable growth, job creation and investment.

The strong performance of Woolworths in financial year 2009 also reflects the success of our constantly evolving retail offer. By listening to what our customers want from their shopping experience, we have continued our investment in stores, prices and services to ensure that each brand's offer remains optimal. In the competitive market we operate in, we recognise that we cannot afford to rest on our laurels. Customers vote with their wallets every time they go shopping and we want them to keep voting for us. Moving forward we will continue to refine all our brands to meet changing customer expectations.

In the **Australian Supermarket division**, investment in lower prices, capital investment in new store openings and acceleration in refurbishment of existing stores was rewarded with a strong increase in sales and earnings. During the year we opened 28 new stores, launched new brand livery and refurbished 138 supermarkets to our 2010c format. The success of the new format continues to meet our expectations.

Liquor continues to perform well, with strong growth in sales and profit from all three banners. A net 77 stores were opened during the year and we have continued to expand our range of exclusive liquor brands and private label products. Two new liquor distribution centres in Melbourne and Sydney came on stream this year, with a third centre in Queensland under development.

Our **Consumer Electronics** business also commenced a transformation this year with a repositioning strategy that is already producing outstanding results. Customer response to the new brand, ranging and store format has been excellent, as evidenced by an EBIT increase of 54% on last year (on a 52 week basis) in the Australian Consumer Electronics business.

BIG W performed extremely well this year and – with a reinvigorated store format – the business was well placed to take advantage of the uplift in discretionary spending associated with the financial stimulus packages. BIG W has now delivered 11 consecutive quarters of positive comparable sales and is now Australia's largest department store in terms of sales revenue.

In our **Petrol division**, sales were down marginally due to a drop in petrol prices. However petrol margins were higher reflecting strong volume growth due to our commitment to offer competitive prices to all our customers across all our sites, the successful rollout of the Everyday Rewards program and increased non-fuel sales. We also launched our epump payment system this year, providing added convenience to Everyday Money credit card holders who are able to pay for their petrol at the bowser.

In **New Zealand**, our supermarket division also had a good year of solid sales growth despite the poor economic conditions. We have significantly transformed the New Zealand supermarkets business with new systems, harmonised buying processes, private label roll out and an enhanced focus on fresh food. Operational improvements and cost efficiencies are now beginning to gain traction.

Hotels were impacted by falling levels of discretionary spending but, thanks to a focus on cost control, our business was well positioned to weather the market conditions.

REWARDING CUSTOMERS

Rewarding our customers for shopping with us is an integral part of our offer. In addition to the regular petrol discount, our Everyday Rewards program now also offers Qantas Frequent Flyer points. More than 3.8 million people are signed up to Everyday Rewards and the tie-in with Qantas will be a further boost to the scheme.

As a trusted retailer, renowned for delivering value and convenience, Woolworths has a number of opportunities to leverage these qualities into new categories. During the year, we launched our new financial services offer with the Everyday Money Credit Card. In August, we introduced a pre-paid mobile phone service called Everyday Mobile. Both products have been well received by customers.

By continuing to grow our company, create employment and deliver choice and value to customers, we will be well positioned to reach our 100th birthday in 2024 as a vibrant, strong and dynamic Australian company.

CAREFUL AND CONSIDERED GROWTH

Despite our growth and success to date, Woolworths has a responsibility to innovate and grow in order to continue rewarding shareholders over the long term. Growth opportunities exist both in our core business, via acquisition and via the development of adjacency opportunities and Woolworths will continue to explore all avenues to augment value.

A key plank of our future growth strategy was announced in August 2009 – a two tiered entry into Australia's $24 billion hardware and home improvement sector at both a wholesale and retail level. As part of this strategy, Woolworths and Lowe's have offered to acquire Danks Group Limited, an historic Australian company focused on supply and distribution of hardware products to independent hardware retailers in Australia. Woolworths has also entered into a joint venture with leading US home improvement company, Lowe's, to develop a unique, greenfield, destination home improvement retail offer.

Two liquor-related acquisitions were also made this year. We purchased 25% of Gage Roads Brewery in order to provide new opportunities to expand our private label beer offer and also acquired online fine wine auction business Langton's, which complements the fine wine offer from Dan Murphy's and broadens our customer reach.

We are also focused on expanding our successful **Thomas Dux Grocer** format. In July we acquired seven existing store leases and a development site from Macro Wholefoods, which provide us with a good platform to grow our store network in Sydney and Melbourne.

All the initiatives we have entered into in the past year reflect our strong track record of carefully considering, then pursuing, sound growth opportunities while retaining momentum in our core business. We will only consider growth opportunities that are in the long term interests of our shareholders and will support the attainment of long term, sustainable profitability.

GROUNDED APPROACH

While we continue to canvas new opportunities, our priority is always to protect and enhance our core businesses. Despite our position in the local market, we are very aware that our success depends on the shopping choices that ordinary Australians and New Zealanders make every day. For this reason, we continue to adapt and evolve to our customers needs.

Thankfully, we have very responsible and capable management, operational and support teams in place across all our businesses and brands. Our success is a measure of the skill and commitment of those teams and my thanks go to each one of them and their families.

Woolworths maintained its confidence and surety in the Australian economy during the year and remains very optimistic about the country's ability to withstand the extraordinary fiscal events that have taken place. As such, we worked hard to create thousands of new and secure jobs right across the country and have increased our spending on training and development. By continuing to grow our company, create employment and deliver choice and value to customers, we will be well positioned to reach our 100th birthday in 2024 as a vibrant, strong and dynamic Australian company.

MICHAEL LUSCOMBE
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

HIGHLIGHTS

ESTABLISHING LEADERSHIP IN CORPORATE RESPONSIBILITY

At Woolworths we are conscious of our responsibilities as a major retailer – serving millions of customers each and every day in communities across Australia and New Zealand.

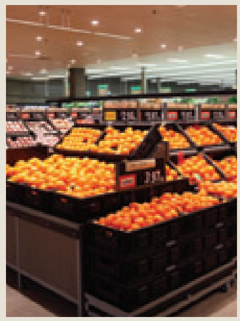
With that profile comes not only a responsibility to understand and manage our impacts, but also an opportunity to achieve lasting and beneficial change that extends beyond our own operations.

2009 Corporate Responsibilty Report available November 2009

During the year, we have had some important achievements within the areas of **Corporate Responsibility**. In November 2008, we published our annual Corporate Responsibility Report detailing our achievements towards our Sustainability Strategy (2007–2015). This report is available at **www.woolworthslimited.com.au**. An updated report will be issued in November 2009.

OVER THE PAST FOUR YEARS WE HAVE REDUCED OUR LTIFR BY 54%

Woolworths continues to maintain its focus and drive to achieve best practice in safety and health performance. Our aspiration for safety within Woolworths is **"Destination ZERO"**, zero harm to our people, our property and our community. We recognise that the journey to achieve and sustain world-class safety performance has no end. It is a continual focus with our aim being to prevent all incidents. In FY09 we achieved a reduction in our Lost Time Injury Frequency Rate (LTIFR) of 19% from the previous year. Over the past four years we have reduced our LTIFR by 54% and we are targeting further reductions in FY10.



We have incorporated into our standard refurbishment plans measures designed to make existing stores more **energy efficient** and have introduced initiatives in transportation to reduce CO_2 emissions per carton of goods delivered. We have continued the renewal of our 3,000-strong company car fleet, phasing out 6 cylinder petrol vehicles with more fuel-efficient turbo diesels and hybrid cars. We have implemented a Water Wise project nationally which has included fitting stores with water-efficient fittings and introducing large scale harvesting measures at our distribution centres. We have progressed well against our targets for the transition from cardboard boxes to reusable crates in our supply chain and reducing the amount of food waste being sent to landfill.

1,080 EMPLOYEES ACCESSED PAID PARENTAL LEAVE

At the time of launch in May 2008, Woolworths was the largest private sector employer to introduce **Paid Parental Leave**. 1,080 Woolworths employees have accessed this benefit.

Our ongoing commitment to training and development

In line with our continued commitment to the **training and development** of our staff, the training spend in FY09 has increased to $68 million, an increase of 9% on last year. Total trainee and apprentice numbers also grew by 1,635 to reach a total of 6,695 in FY09.

From a governance perspective, we continue to focus on **Compliance and Risk Management** disciplines both at the Board and senior management level.

Our **support of the community** has remained strong through activities like the Backing Our Farmers program (running for the third year and raising more than $7 million in FY09); the Fresh Food Kids Hospital Appeal and Community Grants for children's health and wellbeing; and our ongoing support of the expanding Australia Day Ambassadors Program in local communities. We expect this year will represent Woolworths' largest ever community investment in dollar terms and will be fully reported in the Corporate Responsibility Report in November.

INVESTMENT IN OUR CORE BUSINESSES

We have continued to focus on our **customers** and their evolving needs and expectations and are deploying this knowledge into our core business by improving stores, bettering the shopping experience, developing our range and implementing new merchandising initiatives.

Our refurbishment activity in Supermarkets, BIG W and Consumer Electronics is making an important contribution to an enhanced shopping experience for our customers. At the time of this release we have approximately 40% of Australian Supermarkets, 13% of New Zealand Supermarkets, 15% of BIG W and 17% of Consumer Electronics converted to the new formats. We will continue to evolve these new formats to ensure they continue to meet changing customer needs.

The launch of **new brand logos** for Supermarkets and Consumer Electronics is further reinvigorating our offer to customers. The new brand livery also complements the store refurbishment program for those brands.

The development of our **private label range and controlled brands** continues, with all our ranges gaining strong customer acceptance. The growth in private label products exceeds our overall sales growth, which is a strong endorsement of their quality and value for money and also demonstrates good levels of repeat purchase. Sales of Homebrand have been particularly pleasing as customers opt for more budget-friendly products.

In **New Zealand Supermarkets**, the major business transformation involving the conversion to Woolworths' core systems has been completed and the initial results are showing operational improvements and cost efficiencies. Following the success of the trial of the 2010c format and the introduction of Woolworths' standard racking, the refurbishment program has been accelerated. At June 2009, 20 stores had been refurbished to 2010c format and half of the stores have the new racking. The results have seen improved sales and profits in the second half of the year. Particularly pleasing was the improvement in the business in the second half of the year with trading EBIT increasing 17.3% (adjusting for the 53 weeks last year).

The investment in our **BIG W** business continues to pay dividends, with the BIG W offer being well positioned to take advantage of the Federal Government's stimulus packages in FY09.

In **Consumer Electronics** we are taking a similar path to that taken with BIG W. Having completed a strategic review of this business, the outcomes achieved in our new format Dick Smith stores have been extremely pleasing, reflecting strong customer acceptance of the new refreshed offer with rollout now underway. The benefits of this rollout will continue to be seen in future periods. While EBIT was down overall, it is encouraging that the Australian Consumer Electronics business delivered a solid turnaround in the second half, with EBIT increasing by 54% on last year (on a 52 week basis). This is due to the success of the rebranding of the Dick Smith business, the continued rollout of new store formats and an improvement in gross margin relative to the first half.

NEW CUSTOMER INITIATIVES

The highly popular **"Everyday Rewards" program** received a major boost in June 2009 with the opportunity for our customers to earn Qantas Frequent Flyer points on their Everyday Rewards Card. Over 1.2 million of the 3.8 million registered Everyday Rewards cardholders have already registered for this benefit and the program has been extended to include BIG W, with other banners to follow. Everyday Rewards is increasingly influencing the way we communicate with our customers, with many of them now conversing with us over the web, and choosing to receive offers and other information direct to their email inbox.

Woolworths entered the prepaid mobile market and received a warm reception from customers with the launch of **"Everyday Mobile"** in August 2009. The Everyday Mobile service was developed in partnership with Optus within a Mobile Virtual Network Operator (MVNO) framework and utilises the Optus mobile network. It is targeted firmly at Woolworths' shoppers and their families who favour talk and text in a prepaid format.

The **"Everyday Money"** credit card was launched during the year and continues to gain new accounts in what are difficult economic conditions. This is a reflection of the product's innovative features and appeal to the Woolworths shopper. It has received a number of industry awards and, in particular, features world class contactless payment technology which can be used at our epump 'pay at pump' facility at Woolworths petrol locations.

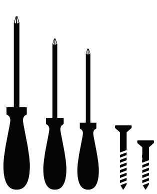
Woolworths partners with Qantas with the Everyday Rewards program.

STRATEGIC INVESTMENTS FOR GROWTH

Entering the $24 billion hardware sector

In August 2009, we announced our entry into the $24 billion hardware sector through a recommended takeover of Danks Holdings Limited; the development of a network of destination home improvement stores; and a joint venture agreement with leading US home improvement retailer Lowe's Companies Inc.

The new multi format strategy will be based on a combination of significant local and international industry expertise; the right range representing value and choice; and a mix of convenient traditional hardware store formats and large destination home improvement stores to broaden consumer choice.

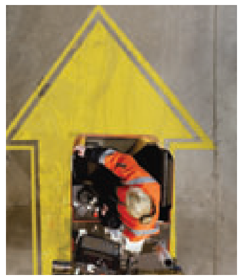


The acquisition of **Langton's** during the year has boosted our premium wine offer in our liquor business. The recent purchase of a 25% stake in **Gage Roads Brewery** has positioned us well to continue to increase our private label offer in liquor.

The recent acquisition from **Macro Wholefoods** of seven existing store leases and a development site will allow expansion of the Thomas Dux format in Sydney and Melbourne. The Macro private label will be progressively rolled out across a large part of our Supermarket network during FY10.

Macro private label rolling out during FY10.

SUPPLY CHAIN CONTINUES TO DELIVER FINANCIAL BENEFITS



The intellectual property we have developed in our supply chain teams, IT systems and distribution centres is now being applied to other businesses in Woolworths, including New Zealand Supermarkets, BWS, Dan Murphy's, BIG W and Consumer Electronics.

We opened two new **liquor distribution centres** in Sydney (July 2008) and Melbourne (September 2008) and completed the rollout of AutoStockR (store forecast based replenishment) into our Free Standing Liquor Stores (BWS and Dan Murphy's). We have recently secured a Queensland Liquor distribution centre which will see Woolworths commence distribution of liquor in Queensland during the next 12 months. These initiatives will deliver tangible benefits to the liquor business in the coming years.

EXCELLENT PLATFORM FOR CONTINUED INVESTMENT IN FUTURE GROWTH

We have a **strong track record of growth** while maintaining momentum in our core business. Woolworths has developed a capability to enter and develop new categories and new businesses and integrate them successfully. Examples in recent years include Liquor, Petrol, private label, Hotels and New Zealand Supermarkets.

Woolworths believes there are opportunities to fill gaps in its existing category reach within Australia and New Zealand by acquiring or partnering with existing businesses with strong brands and talented, motivated management teams. Woolworths has demonstrated partnering success with ALH. Woolworths also continues to look at opportunities outside Australia.

Growth initiatives include:

1 continuing to develop initiatives to drive our core business and reinvigorate our offer to ensure a long term sustainable business;

2 clear, defined plans for space growth for all businesses;

3 continuing to leverage the intellectual property in our supply chain;

4 investment in new categories; and

5 a disciplined and targeted strategy for acquisitions and partnerships.

THE RESULTS IN BRIEF

	FY09 52 weeks $m	*FY08 53 weeks $m*	*Change Statutory 52 vs 53 weeks*	*Change Normalised 52 vs 52 weeks*
SALES				
Australian Food and Liquor	**32,810**	30,501	7.6%	9.6%
New Zealand Supermarkets (NZD)	***4,957***	*4,859*	*2.0%*	*3.9%*
New Zealand Supermarkets	**4,034**	4,170	(3.3%)	(1.5%)
Petrol	**5,482**	5,642	(2.8%)	(0.5%)
Supermarket division	**42,326**	40,313	5.0%	7.0%
BIG W	**4,267**	3,916	9.0%	10.5%
Consumer Electronics – Australia and New Zealand	**1,537**	1,427	7.7%	9.6%
Consumer Electronics – India	**187**	104	79.8%	83.3%
Consumer Electronics – Total	1,724	1,531	12.6%	14.6%
General Merchandise division	**5,991**	5,447	10.0%	11.7%
Hotels	**1,110**	1,113	(0.3%)	1.6%
Continuing operations	**49,427**	46,873	5.4%	7.5%
Wholesale division	**168**	162	3.7%	5.7%
Group sales	**49,595**	47,035	5.4%	7.5%
Group sales (excluding Petrol)	**44,113**	41,393	6.6%	8.5%
EARNINGS BEFORE INTEREST & TAX (EBIT)				
Australian Food and Liquor	**2,202.6**	1,913.7	15.1%	17.4%
New Zealand Supermarkets (NZD)	***194.9***	*189.6*	*2.8%*	*4.8%*
New Zealand Supermarkets	**153.9**	169.2	(9.0%)	(7.4%)
Petrol	**87.5**	81.9	6.8%	9.5%
Supermarket division	**2,444.0**	2,164.8	12.9%	15.1%
BIG W	**200.2**	161.2	24.2%	25.9%
Consumer Electronics – Australia and New Zealand	**55.1**	68.1	(19.1%)	(17.6%)
Consumer Electronics – India	**(4.3)**	(5.0)	(14.0%)	(12.1%)
Consumer Electronics – Total	**50.8**	63.1	(19.5%)	(18.0%)
General Merchandise division	**251.0**	224.3	11.9%	13.6%
Hotels	**218.0**	215.1	1.3%	3.3%
Total trading result	**2,913.0**	2,604.2	11.9%	14.0%
Property expense	**(7.2)**	(16.6)	(56.6%)	(56.6%)
Central overheads	**(111.6)**	(112.8)	(1.1%)	2.3%
Other significant items[1]	**17.0**	49.7	(65.8%)	(65.8%)
Continuing operations	**2,811.2**	2,524.5	11.4%	13.4%
Wholesale division	**4.3**	4.3	–	1.8%
Group EBIT	**2,815.5**	2,528.8	11.3%	13.4%

(1)
2008 includes the profit on sale of certain properties ($49.7 million). 2009 includes release of provision ($17.0 million).

	FY09 52 weeks $m	FY08 53 weeks $m	Change Statutory 52 vs 53 weeks	Change Normalised 52 vs 52 weeks
PROFIT				
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	**4,954.6**	4,494.8	10.2%	
Rent	**(1,409.7)**	(1,315.9)	7.1%	
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**3,544.9**	3,178.9	**11.5%**	**13.6%**
Depreciation and amortisation	**(729.4)**	(650.1)	12.2%	
Earnings before interest and tax (EBIT)	**2,815.5**	2,528.8	**11.3%**	**13.4%**
Net financing costs [1][2]	**(189.2)**	(191.3)	(1.1%)	
Operating income tax expense	**(766.3)**	(686.0)	11.7%	
Net operating profit after income tax	**1,860.0**	1,651.5	**12.6%**	
Minority interests	**(24.3)**	(24.7)	(1.6%)	
Total profit after tax and minority interests	**1,835.7**	1,626.8	**12.8%**	**14.9%**
Gross profit margin	**25.66%**	25.30%	0.36%pts	
Cost of doing business	**19.98%**	19.92%	0.06%pts	
EBIT to sales	**5.68%**	5.38%	0.30%pts	
RETURNS				
Funds employed (period end)	**9,319.3**	8,315.9	12.1%	
ROFE (average)	**31.9%**	31.4%	0.5%pts	1.1%pts
Weighted average ordinary shares on issue (million)	**1,218.0**	1,206.0	1.0%	
Ordinary earnings per share (cents)	**150.7**	134.9	11.7%	13.8%
Diluted earnings per share (cents)	**149.7**	133.6	12.1%	
Interim dividend per share (cents)	**48**	44	9.1%	
Final dividend per share (cents)[3]	**56**	48	16.7%	
Total dividend per share (cents)	**104**	92	13.0%	

(1)
Breakdown of net financing costs

Interest expense	(239.6)	(214.0)	12.0%
Less interest capitalised	17.4	4.4	295.5%
Net interest expense	(222.2)	(209.6)	6.0%
Dividend income	7.8	14.7	(47.0%)
Foreign exchange gain	25.2	3.6	600.0%
Net financing costs	**(189.2)**	**(191.3)**	**(1.1%)**

(2)
Reconciliation of net interest expense to interest paid

Interest expense	**(239.6)**	**(214.0)**	**12.0%**
Change in interest accrual	(1.0)	(1.4)	n/a
Realised exchange (losses)	(3.8)	(0.1)	n/a
Net interest cost per the cash flow	**(244.4)**	**(215.5)**	**13.4%**

(3)
Final dividend payable on 9 October 2009 will be fully franked at 30%.

SUPERMARKETS

Investment in lower prices, capital investment in new store openings and acceleration in refurbishment of existing stores was rewarded with a strong increase in sales and earnings.

AUSTRALIAN SUPERMARKET DIVISION (INCLUDING LIQUOR AND PETROL)

For the full year Australian Supermarket division sales increased 8.0%[1], of which Food and Liquor sales grew 9.6%[1]. EBIT grew faster than sales, increasing by 17.0%[1]. The Australian Supermarket division's EBIT margin increased from 5.52% to 5.98%, an increase of 46 bps.

The increase in funds employed reflects the store openings and acceleration of refurbishment activity since December 2007. Inventory levels continue to be well managed. Excluding the impact of incremental owned imported inventory, the impact of incremental liquor stock in the new warehouses and petrol, inventory days reduced by 0.6 days (2008: reduced 0.7 days).

The reduction in Return on Funds Employed primarily reflects accelerated capex on refurbishments, the benefits of which commence in the year of the refurbishment and continue to flow through into future years.

AUSTRALIAN FOOD AND LIQUOR

Australian Food and Liquor delivered another solid result, with sales growth of 9.6%[1] and EBIT growth exceeding sales growth. Comparable sales have remained strong at 7.4% (Inflation 4.1%) (FY08: 6.3%; Inflation 2.9%). We continue to make gains in market share, with solid increases in key measures such as customer traffic, basket size and items sold.

During the year we refurbished 138 supermarkets to our 2010c format (FY08:160). The success of this new format continues to achieve business case expectations with improvements in both sales and gross margin. At August 2009, we had approximately 40% of stores in this new format, with plans for a further 103 stores in FY10 (including refurbishments). The 2010c format continues to evolve with refinements that improve performance and build on customer feedback. These will continue to evolve as customer behaviours and trends change.

The highly popular "Everyday Rewards" program received a major boost in June 2009 with the opportunity for our customers to earn Qantas Frequent Flyer points on their Everyday Rewards card.

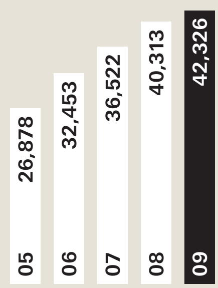
AUSTRALIAN SUPERMARKET DIVISION SALES HAVE INCREASED BY

8.0%[1]

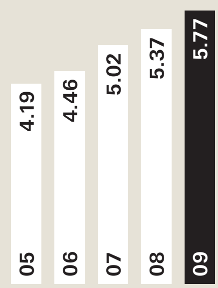
AUSTRALIAN SUPERMARKET DIVISION (INCLUDING LIQUOR AND PETROL)

	FY08 (53 weeks)	FY09 (52 weeks)	Change (52 vs 53 weeks)	Normalised Change (52 vs 52 weeks)
Sales ($ million)	36,143	38,291	5.9%	8.0%
Gross Margin (%)	23.45	24.07	62 bps	
Cost of Doing Business (%)[2]	17.93	18.09	16 bps	
EBIT to sales (%)	5.52	5.98	46 bps	
EBIT ($ million)	1,995.6	2,290.1	14.8%	17.0%
Funds Employed ($ million)	2,805.4	3,310.8	18.0%	
Return on Funds Employed (%)	78.6	74.9	(3.7% pts)	(2.2% pts)

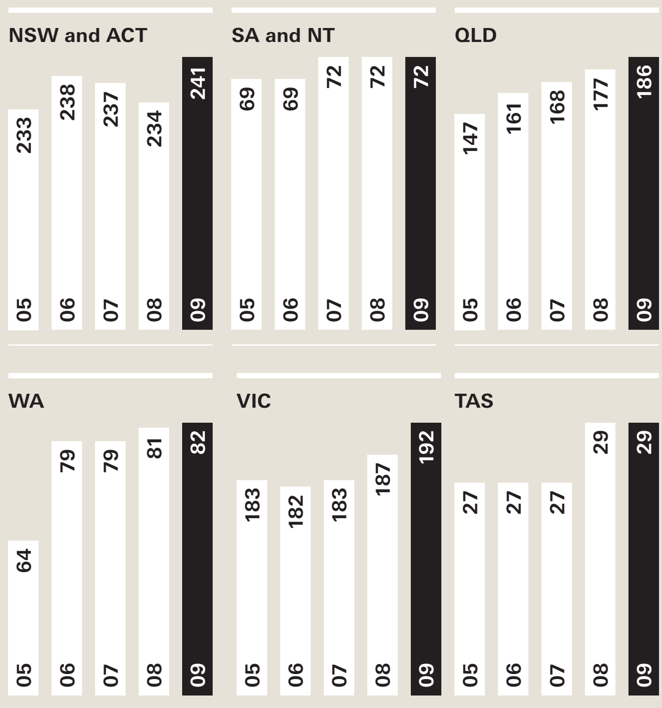
Sales ($m)[3]



EBIT (%)[3]



Store numbers Australian Supermarkets



(1)
Adjusted to reflect the removal of the 53rd week in FY08. Including the 53rd week in FY08 full year sales growth for Australian Supermarket division was 5.9% and for Australian Food and Liquor was 7.6%.

(2)
CODB increase is distorted by Petrol sales.

(3)
Includes Australian Supermarkets, Liquor, Petrol and New Zealand Supermarkets.

The growth in private label products exceeds our overall sales growth, which is a strong endorsement of their quality and value for money and also demonstrates good levels of repeat purchase. Sales of Homebrand have been particularly pleasing as customers opt for more budget-friendly products.

The expansion of our private label range continues, with Homebrand, Select, Freefrom, Naytura and Organics gaining strong customer acceptance.

Our inventory management systems continue to provide reduced inventory levels and an improved in-stock position. The financial benefits from our supply chain are still being realised, with further efficiencies available as our infrastructure matures.

Woolworths' objective is, and has consistently been, to build and maintain a sustainable business by reducing costs, improving value and lowering prices. The improvement in Food and Liquor gross margin is attributable to several factors:
– the change in sales mix achieved through initiatives such as price Rollback campaigns;
– the success of Woolworths Select private label;
– improvements in buying, including benefits gained through increased activity through our overseas buying offices; and
– further reduction in direct store deliveries.

These improvements are offset by continual investment in lowering prices.

Australian Food and Liquor has achieved a strong CODB reduction, assisted by continued fractionalisation of fixed costs being achieved through solid sales growth.

We opened 28 new Supermarkets during the year, ahead of our targeted range of 15 to 25 stores. Total trading area in Australian Food and Liquor grew by 4.7% which is also in excess of the targeted range of 3.0% per annum.

We are looking to continue our success initiated last year with Platinum Blonde, with our recently acquired 25% interest in the Gage Roads Brewery providing a base for the further rollout of private label beer.

TOTAL LIQUOR SALES FOR THE YEAR WERE

$5.2 BILLION

(1)
Total liquor sales include sales from Supermarkets attached liquor, BWS, Dan Murphy's and ALH bar sales.

(2)
FY08 sales for 53 week period.

Strong growth in Liquor sales and profit from all three banners.

LIQUOR

All existing liquor operations, including Dan Murphy's, BWS and attached liquor, continue to perform well and recorded strong growth in both sales and profits. Total liquor sales for the year were \$5.2 billion(1) (FY08: \$4.7 billion(2)), reflecting solid comparable sales growth and the contribution from new store openings. We continue to expand our range of exclusive brands and private labels which are well accepted by our customers. Our low-carb beer "Platinum Blonde", launched in July 2008, has performed very well. Recently we acquired a 25% interest in the Gage Roads Brewery which provides a base for the further rollout of private label beer.

During the year we acquired Langton's, an online wine auction business. Langton's complements the Dan Murphy's fine wine offer and both broaden and deepen our customer reach.

Part of the improvement in gross margin of the Australian Supermarkets division reflects the reduction in direct store deliveries after our two new liquor distribution centres opened. This change has also resulted in a slight increase in CODB in the liquor division.

The Liquor business opened net 77 stores during FY09 (37 BWS, 15 Dan Murphy's and 25 Supermarkets attached liquor stores). Dan Murphy's has a total number of 104 stores as at the end of June 2009. Sites and licences have been obtained to operate a strong national network of 150 Dan Murphy's stores around Australia. Dan Murphy's provides customers with excellent value for money, extensive product ranging, personalised service and expertise.

At the end of the year, Woolworths Limited operated 1,154 liquor outlets.

FOR THE FULL YEAR PETROL SALES WERE

$5.5 BILLION

(1)
Adjusted to reflect the removal of the 53rd week in FY08. Including the 53rd week in FY08 full year sales declined 2.8%.

PETROL

For the full year, Petrol sales were $5.5 billion, a decrease of 0.5%[1], reflecting lower petrol prices. Petrol comparable sales decreased by 4.3% during the year (21.9% decrease in the fourth quarter), with comparable volumes increasing 1.2% over the year (FY08: 0.6%). Average sell prices were 21 cents per litre lower than the previous year in the last three quarters.

The increase in comparable volumes reflects our commitment to offer competitive prices to our customers across all of our sites and the success of the nationwide rollout of our Everyday Rewards program.

Petrol EBIT was stronger than last year, reporting a result of $87.5 million (FY08: $81.9 million). EBIT margins were higher at 1.6% (FY08: 1.5%), reflecting the solid volume growth and increased non-fuel sales through new and existing canopies.

At the end of the financial year we had 542 petrol stations, including 133 Woolworths/Caltex alliance sites. We opened an additional 21 petrol canopies during the year.

During the year our contactless "pay at pump" facility called "epump" was launched in over 300 Woolworths' petrol locations. This new and convenient payment facility has been popular with Everyday Money credit card holders due to the reduced time taken to fill up and pay and is helping to ease congestion at our popular sites.

Everyday Money continues to gain new accounts

The "Everyday Money" credit card was launched during the year and continues to gain new accounts in what are difficult economic conditions. This is a reflection of the product's innovative features and appeal to the Woolworths shopper. It has received a number of industry awards and, in particular, features world class contactless payment technology which can be used at our epump "pay at pump" facility at Woolworths petrol locations.

NEW ZEALAND

New store growth is gaining momentum with 23 sites in the pipeline, three opening in FY10.

Overall New Zealand had a balanced result in an economy that has had five quarters of GDP decline. New Zealand Supermarkets achieved sales of NZ$5.0 billion for the year, which represents a 3.9%[1] increase on the prior year. Comparable sales for the year were solid at 3.6%, with inflation at 5.8%.

EBIT growth was 4.1%[1], slightly higher than sales. EBIT margins were maintained. CODB was well managed and, as a percentage of sales remained flat. This is a good outcome given the increases in the minimum youth wage and increased post-retirement payments, over and above the minimum obligation under the "KiwiSaver" scheme. Gross margin increased slightly by 3bps with further price re-investment, offset by improved buying. EBIT in Australian dollars was $153.9 million, down 9% due to movements in the Australian/New Zealand dollar exchange rate. Average inventory levels were up 3.8 days on last year. Excluding incremental imports, inventory was up 0.9 days. Following the system implementation significant effort has gone into improving the inventory position and we expect this to improve during FY10.

Particularly pleasing was the improvement in the business in the second half of the year, with trading EBIT increasing 17.3%[1] over the second half last year and comparable sales in the last quarter increasing by 5.5% (Easter adjusted).

The overall return on the investment in New Zealand Supermarkets exceeds our weighted average cost of capital (after tax) when the returns from New Zealand are added to the harmonisation buying benefits obtained in Australia and the finance and integration structuring put in place at the time of acquisition.

The planned repositioning of our business in New Zealand is on track to achieve its objectives. Our business foundation transformation has been completed in line with the original three year time-line. The second half EBIT reflects the flow of benefits from three years of hard work. At the time of the acquisition it was well understood that the business required a significant amount of work to enable it to compete effectively over the long term, hence our statement at the time of acquisition that it would take three years to put New Zealand

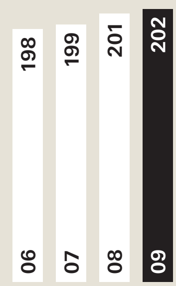
NEW ZEALAND SUPERMARKETS

	FY08 (53 weeks) $NZD	FY09 (52 weeks) $NZD	Change (52 vs 53 weeks) $NZD	Normalised Change (52 v 52 weeks) $NZD
Sales ($ million)	4,859	4,957	2.0%	3.9%
Gross Margin (%)	21.87	21.90	3 bps	
Cost of Doing Business (%)[2]	17.68	17.70	2 bps	
EBIT to sales (%)[2]	4.19	4.20	1 bps	
Trading EBIT ($ million)	203.7	208.1	2.2%	4.1%
Less intercompany charges ($ million)	(14.1)	(13.2)	(6.4%)	
Reported EBIT ($ million)	189.6	194.9	2.8%	4.8%
Funds Employed ($ million)	2,630.2	2,846.9	8.2%	

(1)
Adjusted to reflect the removal of the 53rd week in FY08.

(2)
Excludes intercompany charges.

Store numbers New Zealand (including franchises)



Supermarkets into a competitive position. The Progressive business was three separate businesses that had not been integrated, was not competing effectively on price, its buying terms were higher than its competitors and it had suffered from a lack of capital investment over many years in particular store refurbishments.

Significant progress and achievements have been made as follows:

– total systems replacement. These systems were replaced with the Australian Supermarkets systems. This involved an overhaul of work practices and required an extensive re-training exercise;
– repositioning of price by investing the benefits from the initial harmonisation of buying terms, allowing the business to be significantly more competitive;
– increased focus on Fresh with the introduction of Woolworths quality standards, team restructure and training;
– private label introduced. The majority of Homebrand and Select products rolled out with very strong customer acceptance and recognition of the quality of the offer;
– commenced improvement in supply chain with store service levels now improving towards Australian levels;

In New Zealand Supermarkets, the major business transformation involving the conversion to Woolworths' core systems has been completed and the initial results are showing operational improvements and cost efficiencies. Following this success the refurbishment program has been accelerated.

TOTAL SALES ACHIEVED FOR THE YEAR WERE

NZ $5.0

BILLION

– reinvestment in our existing store network is well underway. 24 refurbishments were carried out during the year together with 67 stores receiving new shelving. Customers have reacted well with sales results above the network growth with very good results out of the new generation Countdown;
– the human resource area has achieved important milestones with labour turnover significantly down, greatly improved union relationships and improved safety metrics;
– new store growth is gaining momentum with 23 sites in the pipeline, three opening in FY10;
– one new Countdown store and two franchise stores were added during the year. This, combined with refurbishment activity, resulted in selling space growing by 2.5%; and
– there is a solid opportunity to add additional trading space over the next five years with new stores and additional trading space from our refurbishment program with 72 of our supermarkets being less than 2,000 sqm.

While a large amount has been achieved there remains much more to do. Leveraging on the business repositioning initiatives above will be a big priority and will underpin continuing success in New Zealand in building a long term sustainable business.

BIG W

The investment in our BIG W business continues to pay dividends with the BIG W offer being well positioned to take advantage of the Federal Government's stimulus packages in FY09.

This is the third consecutive year that BIG W has delivered double digit increases in both revenue (adjusting for the 53 week last year) and earnings. Sales grew by 10.5%(1). Comparable sales for the full year were 7.1% (FY08: 4.7%). EBIT grew faster than sales, increasing by 25.9%(1) to $200.2 million, a significant milestone for BIG W.

A significant repositioning of BIG W has occurred in the last three years. These changes have strengthened the BIG W brand receiving strong support from our customers which is evident in these financial results.

At BIG W the consumer can *"Live BIG for Less"*. Our tagline is supported by a strong value proposition where we offer *"Low Prices, The Whole Shop, The Whole Time"*. The repositioning of our offer over recent years ensured we were well placed to take advantage of the government stimulus packages during FY09. In the current environment the consumer is focused on value and we are confident that the customers that have shopped with us have recognised the BIG W value proposition. We continue to maintain BIG W's everyday low price position and continue to lead the market on price.

During the year we continued to improve our store network, undertaking 12 refurbishments (FY08: 16) and plan to undertake a similar number in FY10. We have also retrofitted a large number of key merchandising initiatives across our network. These results are an endorsement by customers of the improvements that we have been making and will continue to make.

The decrease in gross margins reflects changes in sales mix, continued reinvestment in price in a number of key areas and cost price pressures associated with the volatile exchange rate during the year. The improvement in gross margin in the second half is a direct result of strong inventory management with reduced markdown activity required to clear seasonal stock.

CODB has reduced 97 bps over the year with a continued focus on cost control and the benefits of cost fractionalisation achieved through strong sales. BIG W will continue to focus on cost reduction.

Average inventory levels were well managed, being down 3.6 days on last year.

Five BIG W stores were opened in the year (1H09: 4 stores, 2H09: 1 store), taking the total number of stores in the division to 156, including one of our largest stores in Robina in Queensland (8,090 sqm).

The increase in funds employed reflects the opening of new stores and the refurbishment activity during the year.

A significant repositioning of BIG W has occurred in the last three years. These changes have strengthened the BIG W brand receiving strong support from our customers, which is evident in these financial results.

EBIT GREW FASTER THAN SALES, INCREASING BY

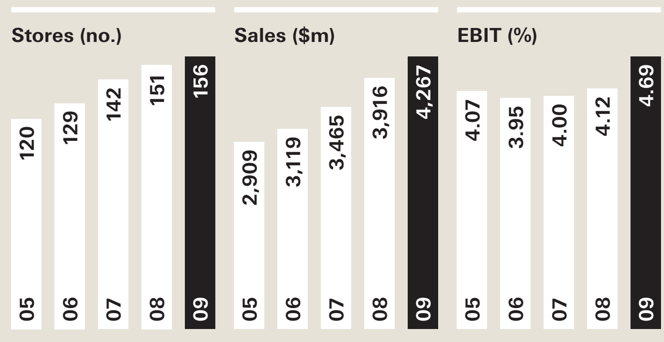
25.9%(1)

(1) Adjusted to reflect the removal of the 53rd week in FY08. Including the 53rd week in full year, sales growth was 9.0%.

We have retrofitted a large number of key merchandising initiatives across our network. These results are an endorsement by customers of the improvements that we have been making and will continue to make.

BIG W

	FY08 (53 weeks)	FY09 (52 weeks)	Change (52 vs 53 weeks)	Normalised Change (52 vs 52 weeks)
Sales ($ million)	3,916	4,267	9.0%	10.5%
Gross margin (%)	29.99	29.59	(40 bps)	
Cost of Doing Business (%)	25.87	24.90	(97 bps)	
EBIT to sales (%)	4.12	4.69	57 bps	
EBIT ($ million)	161.2	200.2	24.2%	25.9%
Funds Employed ($ million)	540.7	634.2	17.3%	
Return on Funds Employed (%)	31.9	34.1	2.2% pts	2.7% pts



CONSUMER ELECTRONICS

Our transformation and repositioning strategy this year, is already producing outstanding results, with excellent customer response to the new brand, ranging and store format.

Sales for the full year reached $1.5 billion, a 9.6%[1] increase on last year with comparable store sales increasing by 6.3% (Australia 7.3%, New Zealand 2.0%). Comparable sales for our Australian Dick Smith stores (excluding PowerHouse and Tandy) were 13.4%.

Whilst EBIT was down overall, it is encouraging that the Australian Consumer Electronics business delivered a solid turnaround in the second half, with EBIT increasing by 54%[1] on last year due to the success of the rebranding of the Dick Smith business, the continued rollout of new store formats, improved range and merchandise and an improvement in gross margin relative to the first half. The market continues to be challenging in New Zealand. Costs were well controlled in both Australia and New Zealand.

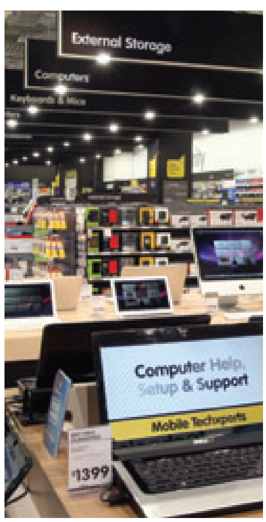
Good progress is being made in repositioning the Consumer Electronics business. The key initiatives are:

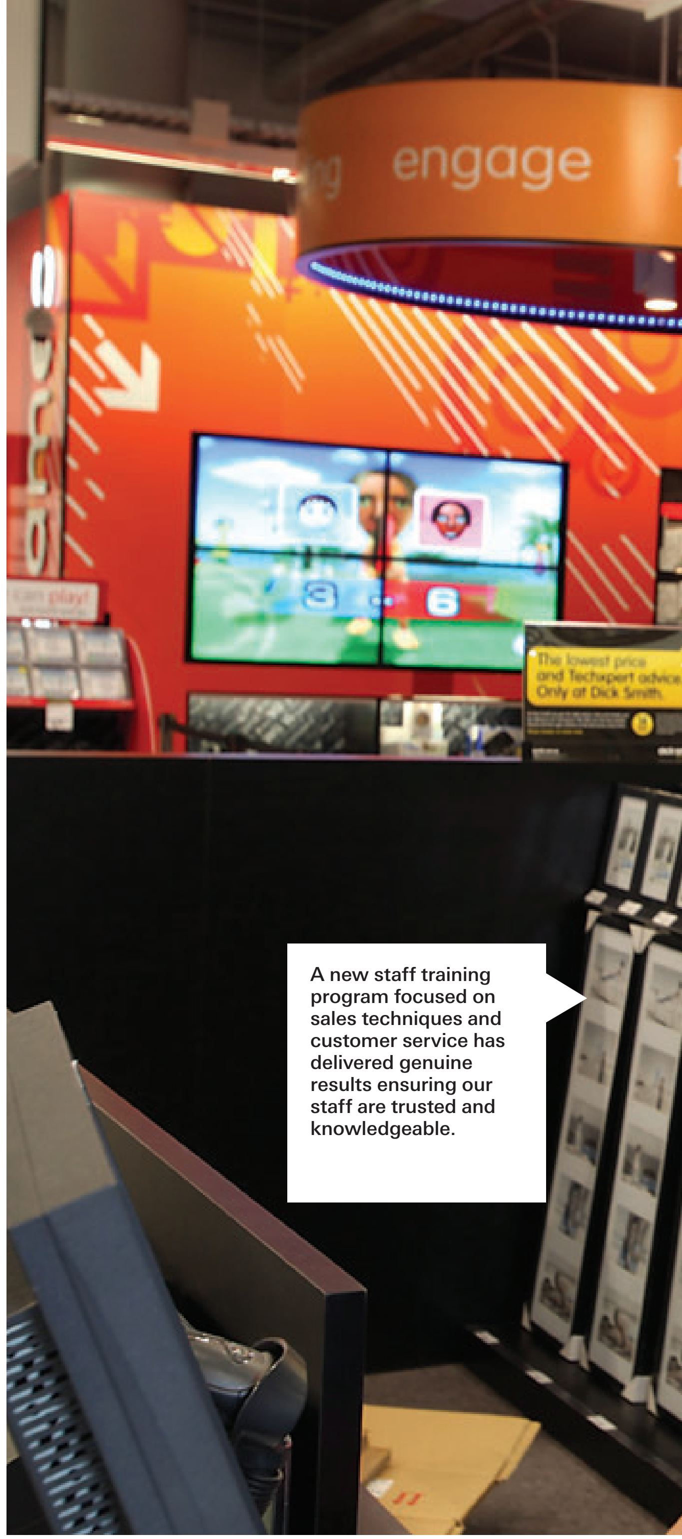
- **Rollout of new format stores:** Results achieved in our new format Dick Smith stores have been extremely pleasing, reflecting strong customer acceptance of the new refreshed offer. Sales growth in the 77 stores (HY09: 33 stores) we have completed was well in excess of the network. We have recently opened two new format stores in New Zealand and will continue to trial this new format in the coming months.
- **Improvements to our range:** As we did in BIG W, we have commenced repositioning our range to be more relevant to the consumer. We now offer a wide range of technology products from the leading brands. Key categories include computer and office equipment, TV and video, gaming, MP3 and audio, navigation, cameras and phones.
- **New branding:** We have commenced the rollout of a more contemporary logo and signage across the business. The "Dick Smith – Talk to the Techxperts" logo and signage has a more contemporary look and feel and is being rolled out across our network. We will complete our transition out of the PowerHouse brand over the next month and over the next two years we will transition out of the Tandy brand and consolidate under Dick Smith.
- **New price promise:** "Techxpert advice and the best price" builds on an existing strength, being our product knowledge and expert advice and reinforces the value of our offering.
- **Investment in our people:** Improvements in recruitment, retention initiatives, training and support for our people are underway. A new staff training program focused on sales techniques and customer service has delivered genuine results ensuring our staff are trusted and knowledgeable.

We have commenced repositioning our range to be more relevant to the consumer. We now offer a wide range of technology products from the leading brands. Key categories include computer and office equipment, TV and video, gaming, MP3 and audio, navigation, cameras and phones.

SALES FOR THE FULL YEAR INCREASED BY

9.6%[1]

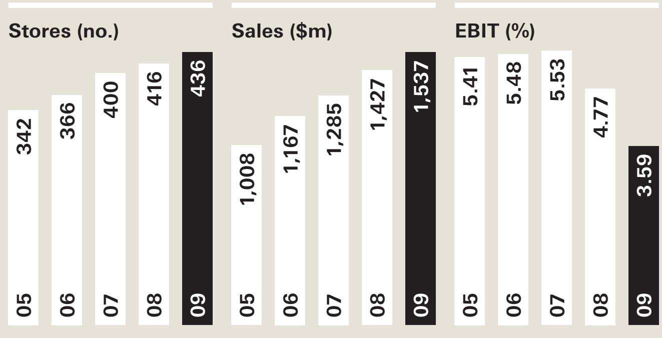




A new staff training program focused on sales techniques and customer service has delivered genuine results ensuring our staff are trusted and knowledgeable.

CONSUMER ELECTRONICS (AUSTRALIA AND NEW ZEALAND)

	FY08 (53 weeks)	FY09 (52 weeks)	Change (52 vs 53 weeks)	Normalised Change (52 vs 52 weeks)
Sales ($ million)	1,427	1,537	7.7%	9.6%
Gross margin (%)	27.49	26.32	(117 bps)	
Cost of Doing Business (%)	22.72	22.73	1 bps	
EBIT to sales (%)	4.77	3.59	(118 bps)	
EBIT ($ million)	68.1	55.1	(19.1%)	(17.6%)
Funds Employed ($ million)	338.9	356.9	5.3%	
Return on Funds Employed (%)	20.9	15.8	(5.1%pts)	(4.7% pts)



During the year, 51 new stores were opened, taking total stores to 436. The high level of new store openings in the year has impacted our ability to fractionalise costs as new stores ramp up to maturity. As a result, CODB has increased 1 bp when compared to the previous year.

Average inventory days were down 2.1 days, which is pleasing given the significant number of new store openings during the year.

Funds employed have increased reflecting the growth in store numbers and an increase in working capital.

The "Dick Smith – Talk to the Techxperts" logo and signage is being rolled out across our network.

(1)
Adjusted to reflect the removal of the 53rd week in FY08. Including the 53rd week in FY08, full year sales growth was 7.7%.

INDIA

The business venture with TATA is still growing, with 33 retail stores operating under the "Croma" brand, serviced by six distribution centres which we operate. 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 $187 million during the year and made an operating loss of $4.3 million.

HOTELS

Thanks to a focus on cost control, our Hotels business was well-positioned to weather the market conditions.

FOR THE FULL YEAR HOTEL SALES WERE

$1.1

BILLION

(1)
Adjusted to reflect the removal of the 53rd week in FY08. Including the 53rd week in FY08, full year sales declined 0.3%.

Hotel sales of $1.1 billion represented an increase of 1.6%(1) with overall comparable sales growth of 0.7%. Comparable gaming sales for the year were up 2.7%, which is a pleasing result in a difficult trading environment.

Gross margins have increased by 76 bps reflecting the change in sales mix within the hotel network. Growth in gaming exceeded that achieved in bars and food resulting in an overall improvement in margin.

CODB was well controlled in a difficult trading environment. Excluding the impact of a small development profit ($5.4 million) last year, CODB was in line with last year.

Smoking bans have now completely cycled in all states. The ALH business has proved reasonably resilient, a reflection of the premium nature of the hotel portfolio and the quality of management.

A further net nine properties were added during the year taking the total number of hotels to 280 and a total of 1,372 accommodation rooms.

It should be noted that under a revised accounting standard, AASB3 Business Combinations, acquisition costs (including stamp duty) arising from hotel acquisitions will be required to be written off in the year of acquisition from July 2009, as opposed to the current accounting treatment under which it is capitalised.

HOTELS

	FY08 (53 weeks)	FY09 (52 weeks)	Change (52 vs 53 weeks)	Normalised Change (52 vs 52 weeks)
Sales ($ million)	1,113	1,110	(0.3%)	1.6%
Gross margin (%)	82.28	83.04	76 bps	
Cost of Doing Business (%)	62.96	63.41	45 bps	
EBIT to sales (%)	19.32	19.63	31 bps	
EBIT ($ million)	215.1	218.0	1.3%	3.3%

CAPITAL MANAGEMENT

We are focused on enhancing shareholder value and maintaining a capital structure that will preserve our capital strength giving us the flexibility to pursue further growth opportunities.

CENTRAL OVERHEADS, PROPERTY INCOME/EXPENSE

For the full year, central overheads have reduced by $1.2 million (1.1%). The reduced property expense reflects slightly lower levels of income attributable to the completed developments previously sold.

Other significant items include the release of a provision no longer required ($17.0 million) and the prior year included the profit on sale of certain properties ($49.7 million).

NET INTEREST EXPENSE AND TAX EXPENSE

Net interest expense of $222.2 million has increased from the prior year ($209.6 million) as a result of higher debt levels reflecting the funding of planned capital expenditure. This was offset partially by an increase in capitalised interest from a change in accounting standard requiring interest costs associated with all development assets to be capitalised and an increase in property development activity.

Tax expense is 29.2% down slightly from 29.3% last year, reflecting the benefit of the investment allowance and other minor tax differences.

BALANCE SHEET AND CASH FLOW

Cash flow from operations remains strong reflecting solid earnings growth however cash flow from operating activities was slightly down impacted by timing of creditor payments as well as higher interest and tax payments due to a higher level of tax instalments and a one off deduction taken last year.

Key balance sheet movements are explained as follows:

– The year end inventory balance increased by 9.4% which is above the normalised sales growth of 7.5%. This reflects the impacts of the new Liquor DCs opened in the first half and higher indent stock level.
– Trade creditors have increased with inventory and general business growth.
– Other creditors have increased by $222.3 million, reflecting increases in employee provisions and superannuation liabilities, primarily as a result of the drop in bond rates increasing long service leave and defined benefit liabilities and general business growth. There were also increases in occupancy and lease accruals resulting from new distribution centres and increases in stores numbers and performance. GST accruals also increased from the prior year due to timing of payments.
– Negative working capital has increased $91.2 million to $2,436.0 million.
– Fixed assets and investments increased from $5,825.5 million to $6,822.2 million, primarily reflecting the increase in capital expenditure offset by depreciation.
– Intangibles increased by 2.0% from $4,835.2 million to $4,933.1 million, reflecting foreign exchange movements in respect of the New Zealand goodwill and intangibles. Other additions reflect the purchase of individual hotels, stores and liquor licences.
– Net repayable debt (which includes cash) has increased by $282.0 million (by 12.9%) to $2,463.1 million, reflecting the increased capital expenditure activity.
– Part of the increase in borrowings is the mark to market of the USD debt (movement from June 2008 to June 2009 is $223.5 million). While this is fully hedged the equivalent movement in the hedging asset is recorded in hedge assets and liabilities.

ROFE (average) increased from 31.4% to 31.9%.

CAPITAL MANAGEMENT

Woolworths currently sets its capital structure with the objectives of enhancing shareholder value through minimising its weighted average cost of capital while retaining flexibility to pursue growth and capital management opportunities. Consistent with these objectives, Woolworths has maintained its credit ratings of A– from Standard and Poor's and A3 from Moody's Investor Services.

To the extent consistent with these objectives and target ratings, Woolworths will from time to time undertake capital return strategies that seek to increase EPS and distribute franking credits to shareholders, mainly through ordinary dividends and share buybacks. Since 2001, $7,050 million, comprising off and on-market buybacks and dividends, has been returned to shareholders (including the final dividend for the financial year ending 28 June 2009).

Franking credits available for distribution after 28 June 2009 are estimated to be $1,123.5 million (following payment of the final dividend).

Our focus on enhancing shareholder value and maintaining a capital structure that will preserve our capital strength, giving us the flexibility to pursue further growth opportunities remains unchanged. While capital management remains an important issue, given the uncertainty in the debt and equity markets and the economy, it is not intended to implement any capital management activity at this time. While economic confidence appears to be building, there are still significant challenges ahead. Nearly all developed countries are in recession and many companies are repairing balance sheets and deleveraging. Until much greater certainty exists in regard to economic recovery, prudence would dictate not returning capital. Capital management including a share buyback will be continually assessed in the context of growth initiatives and the capital market environment and the maintenance of our credit ratings. Our balance sheet, debt profile and strength of our credit ratings ensure we are very well placed for future growth both organically and through acquisition.

A small amount of debt (AUD 300 million) in domestic Medium Term Notes matured in September 2008 and was refinanced within existing debt facilities. As at 28 June 2009, undrawn committed bank debt facilities available to Woolworths Limited totalled $3.37 billion.

FOR THE FULL YEAR, CENTRAL OVERHEADS HAVE REDUCED BY

$1.2

MILLION

In May 2009, a new syndicated bank debt facility totalling US$700 million was established with participation mainly by Asian banks. The facility included a combination of fully drawn term debt and revolving debt, in USD, AUD and JPY, with a tenure of three years. The term drawings have been fully hedged against movements in interest rates, and the amounts drawn in USD and JPY have been hedged against fluctuations in exchange rates. As stated previously, these committed working capital facilities replaced existing uncommitted facilities.

The maturity profile of our debt facilities is such that there is no immediate need to refinance any long term debt in the current financial year with the next maturity being A$350 million in March 2011.

SUPPLY CHAIN AND LOGISTICS INITIATIVES

Woolworths has completed the majority of the end-to-end supply chain program in Australian Supermarkets and Liquor. During the year we announced the final plans of the program which involve the construction of the Tasmanian Regional Distribution Centre (RDC) which will begin later this year. The eight year investment in supply chain is now clearly generating significant returns well beyond original expectations. The intellectual property we have developed in our supply chain teams, IT systems, distribution centres (DC), transport operations and replenishment continues to be applied to other parts of the Woolworths business. We are continuing to roll out an asset optimisation program across the network, including New Zealand, to further maximise the returns on our investment.

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 significantly improved productivity, enabling higher levels of "in stock" performance, which delivers a competitive advantage.

The development of our Supermarket and Liquor supply chain is now substantially complete, with the successful commissioning of both the Melbourne and Sydney Liquor DCs. The ambient and produce sections of the Tasmania RDC are expected to be completed by February 2011 and we recently secured a Queensland liquor DC. AutoStockR was successfully rolled out into our free standing liquor stores (BWS and Dan Murphy's) during the year.

The financial benefits of this program are significant and the financial returns will continue to be seen over future years as the DC infrastructure reaches mature efficiency levels and transition costs come to an end. All DCs, including those established in FY09, are exceeding their projected business cases. These benefits will underpin our targeted and consistent reduction in CODB. For stores, the introduction of time phased replenishment, store restocking capabilities along with the successful rollout of produce crates has further reduced costs.

Despite the significant work undertaken in this area there are still improvements and therefore benefits to obtain and enhance efficiency in our supply chain and logistics operations.

The rollout of the outbound Metro Transport Model (MTM) continued during FY09. This involves Woolworths' ownership of specifically designed trailers and the deployment of industry leading capacity planning, optimisation and freight tracking systems. This will allow us to optimise transport from our DCs to stores and enable backloading capability. MTM has been successfully implemented in Sydney and Adelaide and will shortly operate in Perth and Brisbane. The efficiency of inbound freight is being improved through our primary freight business, enabled by our inbound Transport Management System (TMS). Woolworths' primary freight business has been very effective and continues to outperform industry benchmarks.

During the year we began a two year project to refurbish our automated DCs at Hume (VIC) and Minchinbury (NSW); we also completed an extension of the Perth RDC. In addition we have begun a 2020 Network Vision project which is being supported by a full optimisation review, with the objective of maintaining a position as a world leader in retail logistics.

New Zealand Supermarkets

During the year a successful rollout of StockSmart and AutoStockR was completed. We are now in the process of rolling out a supply chain strategy that will improve the service and cost performance of our logistics operations and will be progressively implemented over the next three years.

BIG W

The Quicksilver program is focused on transforming the flow of merchandise to stores to support BIG W get the right product, to the right stores, at the right time. The program is progressing on schedule with significant progress being made on a number of key initiatives in the last year. These initiatives include developing and implementing more advanced store forecast based replenishment systems that build on the capabilities of AutostockR with a number of pilot stores currently operational; enhanced merchandise planning capability; finalising the planning for the third BIG W distribution centre; and continued development of our capabilities in overseas logistics. These initiatives are necessary to support BIG W's future business growth.

Consumer Electronics

Consumer Electronics completed a comprehensive review of its Australian supply chain, utilising the work done in Australian Supermarkets which has led to the recommendation for a new distribution centre in Sydney to service the entire store network. The DCs in India continue to deliver efficiency improvements and are well placed to support the retail expansion.

Global sourcing

Our global sourcing operations continue to grow strongly and are providing significant benefits. We have made good progress on developing our international logistics capability to support our growth plans. Included in this development was a major review of our international logistics network, resulting in a reduction in the number of consolidation partners to two. We have also increased the number of consolidation facilities employed to support an improved flow of merchandise and introduced a single, comprehensive order tracking system. Further development will continue. We are operating sourcing offices in Hong Kong and Shanghai to cover the China and South-east Asia region and are in the process of establishing an office in India to cover the subcontinent region.

STRATEGY AND GROWTH

Woolworths' vision is to continue to drive its retail business enhancing shareholder value, bringing to customers greater convenience, quality, lower prices and better value, range, freshness and service.

Woolworths' vision is to continue to drive its retail business enhancing shareholder value, bringing to customers greater convenience, quality, lower prices and better value, range, freshness and service.

The Board and Management of Woolworths are committed to its consistent and clear strategies that have driven growth to date and will continue to deliver growth into the future. The strategy is clear and the experienced retail team has the skills and commitment to drive continued success.

Our long term cost advantages obtained under Project Refresh will be maintained and increased. The focus remains on building a sustainable business by continually improving the customer offer, rewarding customers with lower prices, better value, quality, range, freshness, service and convenience.

The foundations for sustainable profitable growth are well established. There are significant growth opportunities in all our businesses.

We will continue the expansion of our private label range with our brands such as Select shown here.

There are several key elements that underpin our strategy:

- We have clearly stated long term performance targets.
- We have defined plans for space growth, with minimal cannibalisation expected.
- There is continuing opportunity to grow market share in all our businesses in both Australia and New Zealand. Woolworths' market share of Australian Food Liquor and Grocery remains below 31%. Independent grocers and speciality stores hold just under 50% in Australia.
- We have completed a substantial portion of the end-to-end supply chain program in Australian Supermarkets. The financial benefits of this world class supply chain will continue over future years. This intellectual property is being leveraged across other divisions.
- We have a strong track record of growth – through reinvestment in our existing business, development of new categories, new businesses and adjacencies and continually reinvigorating our offer. This has been demonstrated across each of our businesses and will continue.
- There is significant opportunity for Woolworths to leverage its scale and store distribution to introduce new products, services, categories and formats.
- Numerous opportunities exist to drive future growth by continuing to reinvest in the business.

Expansion opportunities

Woolworths is one of the top 25 retailers in the world. Woolworths' core strengths include its world class supply chain capability, low cost culture and its depth of people talent.

There are many opportunities for Woolworths to build on these strengths and augment our existing business plans to drive growth both organically and through the continual evaluation of acquisition opportunities. There are also opportunities to utilise the intellectual property that we have developed in our supply chain and retailing systems to other businesses. We have a depth of people talent with significant retail knowledge and experience. We are confident that these attributes provide the platform for future growth.

Any domestic or international opportunities considered must take advantage of these core strengths and would be high volume, low margin businesses. Any international expansion would have full oversight from the Board, be undertaken in a prudent and disciplined fashion and meet the hurdles required for all our capital investment decisions in order to build shareholder value.

There is significant opportunity to leverage our intellectual property we have developed in our supply chain teams, IT systems, DCs and transport operations is now being applied to other businesses in Woolworths, including New Zealand Supermarkets, Liquor, BIG W and Consumer Electronics.

In our existing businesses there are a number of **key growth initiatives currently underway**:

- Continued investment in **price, range, merchandise and quality** across all our brands.
- Continued development of **private label** in all our trading divisions. The expansion of our range continues with our brands such as Homebrand, Select, Freefrom, Naytura, Organics, Platinum Blonde, Dick Smith, Coco Belgium, Allsorts and Dymple ranges gaining strong customer acceptance.
- We have made and will continue to make progress on initiatives that are enhancing our understanding of what the customer wants, through **increased market research capability and data analysis**. Our Everyday Rewards card incorporating our petrol discount and Qantas Frequent Flyer points is a significant step in achieving this objective.
- We continue to invest in our **financial services capabilities**, with a well developed product roadmap that leverages our cards program, with plans to offer our customers general insurance and the convenience of a financial services portal.
- We will continue **the refurbishment activity** in Supermarkets, BIG W and Consumer Electronics. Capital expenditure for the FY10 is expected to be similar to FY09 at approximately $1.9 billion.
- We will continue with **bolt-on acquisitions** to enhance our existing offers (e.g. Langton's, Gage Roads and Macro).
- We continue to expand our **global sourcing** activities. As we increase our capabilities in this area we continue to secure cost price savings and improvements in both quality and range.
- There is significant opportunity to **leverage our supply chain expertise**. The intellectual property we have developed in our supply chain teams, IT systems, DCs and transport operations is now being applied to other businesses in Woolworths, including New Zealand Supermarkets, Liquor, BIG W and Consumer Electronics.
- Woolworths continues to focus on improving in-store execution, ranging, stock availability and customer service.

In the coming year, we will continue the reinvestment in our store network, both through new store openings and the level of refurbishment activity. Our new concept stores' rollout continues in Supermarkets and BIG W and the rollout in Consumer Electronics and New Zealand Supermarkets will accelerate in FY10.

Performance targets

Long term targets remain unchanged. Woolworths continues to target the following key areas of performance measurement for its business in the long term, namely:

- sales (excluding Petrol) to 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 over the longer term;
- CODB reduction of 20 bps per annum (minimum) – when Petrol and Hotels are excluded. This is underpinned by our supply chain capabilities; and
- maintenance of targeted credit ratings.

Defined plans to continue space rollout

In the coming year, we will continue the reinvestment in our store network, both through new store openings and the level of refurbishment activity. Our new concept stores' rollout continues in Supermarkets and BIG W and the rollout in Consumer Electronics and New Zealand Supermarkets will accelerate in FY10.

Space rollout is supported by detailed plans for the next 3–5 years identifying specific sites. Minimal cannibalisation is expected.

One of our key growth initiatives currently underway is the continued development of private label in all our trading divisions. The expansion of our range continues with our brands such as Homebrand, Select, Freefrom, Naytura, Organics, Platinum Blonde, Dick Smith, Coco Belgium, Allsorts and Dymple ranges gaining strong customer acceptance.

CURRENT TRADING

Early trading in July and August has been pleasing. Australian Food and Liquor continues to perform well. BIG W, Consumer Electronics and Hotels trading has been tighter than the prior year with these businesses cycling buoyant sales in FY09. New Zealand continues to improve.

FUTURE OUTLOOK

Australia has faired well to date in the global financial crisis, assisted by significant government spending during the previous 12 months. This spending will not be replicated to the same degree in FY10. Discretionary spending will continue to be influenced by macro-economic factors, such as interest rates, petrol prices and confidence around employment. As a result, consumer confidence levels and therefore spending are very difficult to predict for the FY10 year.

On this basis we provide the following guidance:

- we expect overall group sales to grow in the upper single digits (excluding Petrol sales) in FY10;
- we also expect that EBIT will continue to grow faster than sales in FY10; and
- we also expect net profit after tax for FY10 will grow in the range of 8% to 11%.

This guidance excludes the effects of the hardware strategy recently announced.

Gross store openings in FY09		Target
Australian Supermarkets	28	15–25 new Supermarkets per annum 3%+ space growth
New Zealand Supermarkets	3	3–5 new Supermarkets per annum 23 sites have been secured for future development
Dan Murphy's	16	Target of 150 stores
BWS	57	Plans to open 10 stores (net) per annum
Petrol	21	Will grow supporting the Supermarket rollout strategy
BIG W	5	4–5 stores per annum targeting 200+ stores
Consumer Electronics	51	Plans to convert all Consumer Electronics stores to the new concept format within approximately two years
Hotels (ALH Group)	12	Acquired selectively as opportunities arise

We will continue with bolt-on acquisitions such as Macro Wholefoods to support the rollout of our Thomas Dux stores in New South Wales and Victoria to enhance our existing offers.

James Alexander Strong, AO

Chairman

Member: Audit, Risk Management and Compliance Committee, Corporate Governance Committee and People Policy Committee.

Mr Strong is currently Chairman of Insurance Australia Group Limited (IAG), having been a director since August 2001 and of the Australia Council for the Arts. He is also a Director of Qantas Airways Limited since July 2006 and of IAG Finance (NZ) Limited since November 2004. Mr Strong is also a member of the board of various sporting organisations.

Mr Strong was the Chairman and a director of Rip Curl Group Pty Ltd until November 2008.

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).

Mr Strong was appointed a Director of Woolworths Limited in March 2000 and Chairman in April 2001.
Age: 65.

Michael Gerard Luscombe

Managing Director and Chief Executive Officer

Mr Luscombe is a graduate of Monash University.

Mr Luscombe is a long term employee of Woolworths. His career extends over 30 years, starting as a Management Trainee in Woolworths Victoria.

He was appointed Managing Director and Chief Executive Officer in October 2006. Prior to that he held positions as Chief Operating Officer, Director of Supermarkets, Chief General Manager Supermarkets, Buying and Marketing, General Manager Supply Chain, General Manager Buying Long Life Products for Supermarkets, Safeway Merchandising and Marketing Manager, Senior Category Manager, Safeway Retail Operations Manager, Area Manager, Training and Development Manager, and Store Manager.

Mr Luscombe is also Chair of the Australian National Retailers' Association and a Director of The Consumer Goods Forum, the peak global body for food/grocery retailers and manufacturers.

Mr Luscombe was appointed a Director of Woolworths Limited in June 2006.
Age: 56

Thomas (Tom) William Pockett

Finance Director

Mr Pockett was educated in Sydney, receiving a Bachelor of Commerce degree from the University of New South Wales. He is a member of the Group of 100 and was the National President from August 2000 to January 2003. He is a Fellow of the Institute of Chartered Accountants in Australia (FCA) and was a member of the Financial Reporting Council from March 2003 to March 2006.

Mr Pockett joined Woolworths Limited as Chief Financial Officer in August 2002. He previously held the position of Deputy Chief Financial Officer at the Commonwealth Bank of Australia (CBA). Prior to his role with the CBA, he was with Lend Lease Corporation Ltd. Whilst at Lend Lease he held several senior finance roles in different companies across the Lend Lease Group, including Property and Financial Services, with his last position before moving being General Manager Finance for Lend Lease Corporation Ltd.

Prior to Lend Lease, he was with Chartered Accounting firm Deloitte.

Mr Pockett was appointed a Director of Woolworths Limited in November 2006.
Age: 51.

John Frederick Astbury
FAICD

Member: Audit, Risk Management and Compliance Committee, and Corporate Governance Committee.

Mr John Astbury was previously a Director of AMP Limited from September 2004 to October 2007 and of Insurance Australia Group Limited from July 2000 to August 2007. He was also the Finance Director of Lend Lease Corporation Ltd and a Chief General Manager, National Australia Bank Limited. He has had a long career in banking and financial services in both the UK and Australia.

Mr Astbury was appointed a Director of Woolworths Limited in January 2004.
Age: 65.

Diane Jennifer Grady, AM
(BA Hons, MA, MBA)

Member: Audit, Risk Management and Compliance Committee and Corporate Governance Committee.

Ms Grady is an independent Non-executive Director with extensive experience on major public company and not-for-profit boards. She is currently a director of Bluescope Steel Limited and Goodman Group, and formerly of Lend Lease Corporation Ltd, Wattyl Limited and the Sydney Opera House Trust. She is a senior adviser to McKinsey & Co., and Chairman of the Council of Governors of Ascham school. Previously, she was a partner with McKinsey & Co, consulting for over 15 years to clients in a broad range of industries on strategic and organisational issues. At McKinsey, Ms Grady was a worldwide leader of the firm's Organisation and Change Management practice. In Australia, she led the Consumer Goods, Retailing and Marketing Practice, where she assisted clients with growth and customer service strategies.

Ms Grady earned an MBA from Harvard Business School; a Masters in Chinese Studies from the University of Hawaii (East West Centre Fellowship) and a Bachelor of Arts degree from Mills College, Oakland, California (History Prize).

Ms Grady was appointed a Director of Woolworths Limited in July 1996.
Age: 61

Ian John Macfarlane, AC
BEc (Hons), MEc

Member: Audit, Risk Management and Compliance Committee and Corporate Governance Committee

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

Mr Macfarlane is also a director of ANZ Banking Group Limited (since 2007), Leighton Holdings Limited (since 2007) and of the Lowy Institute for International Policy (since 2004). He is a member of the International Advisory Board of Goldman Sachs (since 2007) and the Asian Advisory Board of Champ Private Equity (since 2008).

Mr Macfarlane was appointed a Director of Woolworths Limited in January 2007. Age: 63.

Leon Michael L'Huillier
BCom (Hons), MBA, MPhil

Member: Corporate Governance Committee; People Policy Committee member since 19 September 2008; member of Audit, Risk Management and Compliance Committee until 19 September 2008; and Chairman of the Audit, Risk Management and Compliance Committee from October 2001 to February 2006; Chairman of the Woolworths Group Superannuation Plan's Policy Committee. Director of ALH Group Pty Ltd and Chairman of its Audit Committee.

Mr L'Huillier is an experienced Chief Executive and company director in the grocery and liquor industries. He commenced his business career with Myer and is a former CEO of Lion Nathan Australia. He has substantial experience as a non-executive director of major organisations in transport and logistics, property and financial services. He was previously a member of the Policy Board of PriceWaterhouse, Chairman and Chief Executive of the Transport Accident Commission, a director of MPG Logistics, and former Chairman of the Australian Property Fund, a group with interests in major retail shopping centres. He is a former director of MLC Limited and Challenge Bank Limited.

Mr L'Huillier was appointed a Director of Woolworths Limited in September 1997. Age: 66

Roderick Sheldon Deane
PhD, BCom (Hons), FCA, FCIM, FNZIM

Dr Roderick Deane has an honorary LLD from Victoria University of Wellington. Chairman, People Policy Committee and Member, Corporate Governance Committee.

Dr Deane is the Chairman of Fletcher Building Limited (2001 to date), the New Zealand Seed Fund (2000 to date) and the IHC Foundation (2006 to date). He is Patron of New Zealand's largest charitable organisation, the IHC. He was previously Chairman of Telecom Corporation New Zealand Limited (1999–2006, having been CEO 1992–1999), Te Papa Tongarewa, The Museum of New Zealand Limited (2000–2006) and ANZ National Bank Limited (1999–2006), a Director of ANZ Banking Group Limited (1994–2006) and TransAlta Corporation (2000–2003), Chief Executive of the Electricity Corporation of NZ Limited (1987–2002), Chairman of State Services Commission (1986–87), Deputy Governor of the Reserve Bank of NZ (1982–86), Chairman of the City Gallery Wellington Foundation (1998–2006) and Professor of Economics & Management at Victoria University of Wellington (2000–2003).

Dr Deane was appointed a Director of Woolworths Limited in April 2000. Age: 68.

Alison Mary Watkins
BComm, FCA, FSIA, MAICD

Chairman, Audit, Risk Management and Compliance Committee; Member, People Policy Committee and Corporate Governance Committee.

Ms Alison Watkins holds a Bachelor of Commerce from the University of Tasmania, is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Services Institute of Australasia.

Ms Watkins is Chief Executive Officer of investment and funds management business the Bennelong Group and a director of ANZ Banking Group Limited (appointed November 2008). She is President of the Victorian Division of the Australian Institute of Company Directors (AICD) and a member of the national board of AICD.

Her recent career also includes leadership roles in retail, agriculture and food processing. She was previously a Non-executive Director of Just Group Limited (from March 2004 to February 2007) and of National Food Industry Strategy Limited. She was Chief Executive of Berri Limited, Chairman of Mrs Crocket's Kitchen Pty Ltd and a member of the Corish Review Group, which developed a national policy blueprint for agriculture and food processing. Previously, she held senior roles with ANZ Banking Group Limited and with McKinsey and Company, including as a partner of the firm.

Ms Watkins was appointed a Director of Woolworths Limited in January 2007. Age: 46.

Michael Luscombe
Managing Director and
Chief Executive Officer

Tom Pockett
Finance Director

Greg Foran
Director of
Supermarkets,
Liquor and Petrol

Julie Coates
General Manager
Big W

Peter Horton
Group General
Counsel and
Company Secretary

Steve Greentree
General Manager
Liquor

Ramnik Narsey
General Manager
Petrol

Marty Hamnett
General Manager
Supermarket
Operations

Luke Dunkerley
General Manager
Marketing
Supermarkets
and Corporate

Ian McDonald
General Manager
Global Sourcing

Geoff Thomas
General Manager
Logistics

Grant O'Brien
General Manager
New Business
and Business
Development

Kim Schmidt
Director Human
Resources

Andrew Hall
Director
Corporate and
Public Affairs

Bruce Mathieson
Chief Executive Officer
ALH Group

Debra Singh
General Manager
Consumer
Electronics

Ralph Kemmler
Director of Property

Mark Fleming
General Manager
Business Planning
and Corporate Finance

Bert Van der Velde
General Manager
Special Projects

Peter Smith
Managing Director
Progressive
Enterprises Limited

Richard Umbers
General Manager
Customer Engagement

Dan Beecham
Chief Information
Officer

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 28 June 2009.

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 F Astbury
R S Deane
D J Grady
L M L'Huillier
I J Macfarlane
A M Watkins

Executive Directors

MG Luscombe Chief Executive Officer and Managing Director
TW Pockett Finance Director

Details of the experience, qualifications, special responsibilities and other directorships of listed companies in respect of each of the Directors are set out against their respective names from pages 28 to 29.

COMPANY SECRETARY

Mr Peter John Horton BA LLB.

Mr Horton joined Woolworths in November 2005 as Group General Counsel and Company Secretary. Previously Mr Horton was General Manager Legal and Company Secretary at WMC Resources Limited.

PRINCIPAL ACTIVITIES

Woolworths Limited operates in Australia and New Zealand with 3,162 stores and more than 191,000 employees. The Company operates 951 supermarkets under the Woolworths and Safeway brands in Australia and under Woolworths, Foodtown and Countdown brands in New Zealand. The liquor retailing division services different customer needs through BWS, Dan Murphy's, Woolworths/Safeway attached liquor outlets and through supermarket outlets in New Zealand.

The petrol retailing division has 542 canopies at year end across Australia which are co-branded Woolworths/Caltex. The general merchandise division services customers' everyday needs through 156 BIG W stores and supplies consumers with the latest technology through Dick Smith and Tandy stores operating throughout Australia and New Zealand in 436 outlets. The business venture with TATA in India now provides wholesale services to 33 retail stores operating under the "Croma" brand. The Hotel division includes 280 premium hotels, including bars, dining, gaming, accommodation and venue hire operations.

CONSOLIDATED RESULTS AND REVIEW OF THE OPERATIONS

The net amount of consolidated profit for the financial period after income tax expense attributable to members of the Company and its controlled entities was $1,835.7 million (2008: $1,626.8 million).

A review of the operations of the consolidated entity and its principal businesses during the financial period and the results of those operations are set out in the Chairman's Report and the Managing Director's Report from pages 4 to 22 inclusive.

DIVIDENDS

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

	Franking tax rate %	*Dividend cents/share*	*Total paid/payable $m*
Final 2008 dividend Paid on 3 October 2008	30	48	586.0
Interim 2009 dividend Paid on 24 April 2009	30	48	588.3
Final 2009 dividend Payable on 9 October 2009	30	56	692.0

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

A net increase in the issued share capital of the Company of 11,883,479 fully paid ordinary shares as a result of:

(i) the issue on 3 October 2008 of 2,993,478 fully paid ordinary shares and the issue on 24 April 2009 of 3,207,161 fully paid ordinary shares pursuant to the Dividend Reinvestment Plan. Neither the 2008 final dividend nor the 2009 interim dividend was underwritten and a cap of 20,000 maximum share participation in the Dividend Reinvestment Plan was in operation for both dividends;

(ii) the issue on various dates, for cash at the relevant exercise price, of 5,438,254 fully paid ordinary shares as a result of the exercise of options held by a number of executives under the Executive Option Plan (EOP) and the Long Term Incentive Plan (LTIP); and

(iii) the issue on 2 February 2009 of 236,043 fully paid ordinary shares and the issue on 2 March 2009 of 8,543 fully paid ordinary shares pursuant to the acquisition of Langtons Pty Ltd at an issue price of $26.326 per share, being the five day volume weighted average price of Woolworths shares up to and including 30 January 2009 which was completion date of the acquisition.

GRANT OF OPTIONS

On 9 December 2008 an offer was made under the Long Term Incentive Plan (LTIP) with an effective date of 1 July 2008 granting 5,598,000 options and 1,077,444 performance rights with stringent performance measures relating to EPS and TSR hurdles. A further 98,000 performance rights were offered under the Retention Plan with an effective date of 1 September 2008 or 2 February 2009.

There were no issues of fully paid ordinary shares pursuant to the Employee Share Plan or to the Employee Share Issue Plan made during the financial period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 25 August 2009, Woolworths announced plans to enter the $24 billion plus hardware sector with a multi format strategy designed to meet the everyday home improvement needs of Australian consumers with:

– a recommended takeover offer for Danks Holdings Limited (Danks), Australia's second largest hardware distributor supplying 583 Home Timber and Hardware, Thrifty-Link Hardware, and Plants Plus Garden Centre stores plus 939 independent hardware stores;
– the development of a network of destination home improvement stores with a target to secure more than 150 store sites within the next five years; and
– a joint venture equity agreement with leading US Home Improvement retailer Lowe's Companies Inc (Lowe's). Lowe's investment will represent a 33.3% stake in the Woolworths' home improvement business.

Woolworths/Lowe's have offered $13.50 per share (representing total equity consideration of $87.6 million), to acquire all the ordinary shares of Danks, Australia's second largest hardware distributor. Further information is available from the Danks and Lowes stock exchange announcements.

Final dividend

On 27 August 2009, the Directors declared a final dividend of 56 cents per share, fully franked at the 30% tax rate, on each of the issued ordinary shares of the Company. The final dividend is payable on 9 October 2009.

Transactions with the ALH Group and related companies

Details of certain transactions between the ALH Group and related companies are set out below.

ALH Group Limited purchased various building supplies and services totalling $75,656,952 (2008: $76,522,273) from Lifetime Developments Pty Ltd, a company with which Mr Bruce Mathieson is a related party through family member/s who is/are a Director/Directors of Lifetime Developments Pty Ltd. Amounts were billed based on commercial market rates for such supplies and were due and payable under commercial payment terms.

ALH Group Limited purchased various building supplies and services totalling $20,299,852 (2008: $28,003,202) from TAG Constructions Pty Ltd, a company with which Mr Bruce Mathieson is a related party through family member/s who is/are a Director/Directors of TAG Constructions Pty Ltd. Amounts were billed based on commercial market rates for such supplies and were due and payable under commercial payment terms.

ALH Group purchased various marketing services totalling $300,316 (2008: $143,773) from Capricornia Pty Ltd, a company with which Mr Bruce Mathieson is a related party. Amounts relate to a pro-rata of shared marketing costs associated with the promotion of two ALH accommodation properties jointly with one Capricornia accommodation property.

These transactions were subject to review and testing on a sample basis by Woolworths internal audit. Significant construction activity is also subject to independent review by a quantity surveyor.

Grant of options

On 9 December 2008 an offer was made under the Long Term Incentive Plan (LTIP) with an effective date of 1 July 2008 granting 5,598,000 options and 1,077,444 performance rights with stringent performance measures relating to EPS and TSR hurdles. A further 98,000 performance rights were offered under the Retention Plan with an effective date of 1 September 2008 or 2 February 2009.

Between 28 June 2009 and 15 September 2009, 6,710,189 shares were allotted as a result of the maturity of retention rights under the LTIP in 2007, and the exercise of options granted under the LTIP in July 2004, July 2005 and July 2006.

DIRECTORS' INTERESTS IN SHARES/OPTIONS

Particulars of Directors' relevant interests in shares and options in the Company as at 15 September 2009 are set out below:

Director	*Shares*	*Options*
J A Strong	70,479	–
M G Luscombe	523,290	1,330,000
J F Astbury	12,797	–
R S Deane	40,000	–
D J Grady	36,259	–
L M L'Huillier	60,000	–
I J Macfarlane	4,000	–
T W Pockett	133,000	830,000
A M Watkins	11,859	–

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 28 June 2009 and the number of meetings attended by each Director. In addition to attending formal Board and Board Committee meetings, the Directors undertake other duties including attending strategic review sessions, retail market study trips, as well as Board and Board Committee Meeting preparation and research. These additional responsibilities constitute a further significant time commitment by Directors.

Directors	*Board Meetings*	*Ad hoc Board Meetings*	*Audit, Risk Management and Compliance Committee*	*People Policy Committee*
J A Strong(1)(2)(3)	9/9	5/5	7/7	5/5
M G Luscombe	9/9	5/5		
J F Astbury(1)(3)	9/9	5/5	7/7	
R S Deane(2a)(3)	9/9	5/5		5/5
D J Grady(1)(3)	9/9	5/5	7/7	
L M L'Huillier(1)(2)(3)(4)(5)(6)	7/9	5/5	2/3	2/3
I J Macfarlane(1)(3)	9/9	5/5	6/7	
T W Pockett	9/9	5/5		
A M Watkins(1a)(2)(3)	9/9	5/5	7/7	5/5

Meetings attended/held while in office.

Notes

(1)
Member of the Audit, Risk Management and Compliance Committee.

(1a)
Chairman of the Audit, Risk Management and Compliance Committee.

(2)
Member of the People Policy Committee.

(2a)
Chairman of the People Policy Committee.

(3)
Member of the Corporate Governance Committee which meets at the same time as the Board meetings.

(4)
Chairman of the Superannuation Working Group and the Woolworths Group Superannuation Plan's Policy Committee.

(5)
Director of ALH Group Pty Limited and Chairman of its Audit Committee.

(6)
Mr L'Huillier retired from the ARMCC on 19 September 2008 and joined the People Policy Committee on 19 September 2008.

1 INTRODUCTION

All of our employees play an important role in delivering the Company's financial performance and our remuneration policies have been developed to provide market competitive remuneration in order to sustain Woolworths' competitive advantage and protect the interests of shareholders.

Woolworths recognises that remuneration is an important factor in attracting, motivating and retaining talented employees, in conjunction with other elements of our approach to people management. The Woolworths Academy provides training and development for employees to learn and develop the skills they need to succeed in their current roles and the development opportunities to enable them to reach their full potential. Effective succession planning includes promotion and appointment of employees to new challenges within the business.

Woolworths has an achievement and performance-oriented culture which our remuneration policies drive and support. In recognising the importance of our people to our success, approximately 40,000 Woolworths' employees hold shares in the Company through participation in various equity based schemes, sharing in the Company's success and aligning their experience with that of other shareholders.

2 REMUNERATION POLICY

Remuneration policy is aligned with both our financial and strategic business objectives and recognises that people are a major contributor to sustained improvements in performance. Woolworths' approach to remuneration is in line with principles endorsed by the Australian Institute of Company Directors, Australian Employee Ownership Association and Australian Shareholders Association.

Woolworths' Remuneration Policy for all executives ensures:

- remuneration is market competitive and designed to attract, motivate and retain key executives;
- demanding performance measures are applied to both short and long term "at risk" remuneration;
- short term performance is linked to both financial and non-financial performance measures; and
- long term performance is measured through the creation of value for shareholders.

Company protection and employment stability is provided through pre-established employment agreements limiting the amount of termination payments and providing restrictive covenants on future employment by competitors.

2.1 Role of the People Policy Committee

The Committee works closely with management to review processes and programs to ensure the Remuneration Policy is implemented. The Committee also obtains independent external advice on key remuneration issues, as required. The Committee acts on behalf of the Board and shareholders to ensure that in relation to its human resources, the Company:

- establishes and implements a human resources strategy to ensure that appropriately talented and trained people are available to achieve the Business Strategy;
- undertakes the appropriate performance management, succession planning and development activities and programs;
- provides effective remuneration policies having regard to the creation of value for shareholders and the external remuneration market;
- provides a safe working environment for all employees;
- complies with all legal and regulatory requirements and principles of good governance; and
- reports to shareholders in line with required standards.

Membership of the Committee consists of four independent Non-executive Directors who, for the financial year, were Roderick Deane (Chair), James Strong, Leon L'Huillier and Alison Watkins. The members' attendance at meetings of the People Policy Committee is set out on page 34.

3 EXECUTIVE REMUNERATION INCLUDING EXECUTIVE DIRECTORS

3.1 Overview

Woolworths' current remuneration structure is comprised of two components:

– fixed remuneration which is base salary, superannuation contributions and, where appropriate, the use of a fully maintained motor vehicle; and
– the variable or "at risk" component which is performance-based and comprised of a cash-based Short Term Incentive Plan (STIP) and a Long Term Incentive Plan (LTIP).

The total remuneration package of all executives is designed to ensure an appropriate mix of fixed remuneration with short and long term incentive opportunities. The relative weighting of fixed and variable components, for target performance, varies with role level and complexity. Generally, the "at risk" component increases with organisation responsibility and accountability level. Woolworths requires a significant proportion of senior executives' total potential reward to be at risk to reward performance in both the short and long term. To ensure alignment between Company performance and individual performance, Woolworths aims to position all senior executives' remuneration at:

– the median of the relevant market for fixed remuneration; and
– the third quartile of the relevant market for total remuneration for outstanding performance.

Specific arrangements exist for the CEO which are described in Section 3.5 Executive Service Agreements. These specific arrangements may vary from the general principles outlined in the following sections.

3.1.1 Base salary

The amount of base salary is determined by reference to independent research considering the scope and nature of the role and appropriate market rates as well as the executive's individual performance and experience. Base salaries are aligned to the median of the relevant market. While Woolworths conducts annual remuneration reviews, there are no guaranteed remuneration increases contained in Executive Service Agreements. Any increases are determined by individual performance, economic indicators and market data.

3.1.2 Variable "at risk" remuneration

Remuneration that is variable and dependent upon performance is delivered through the STIP and the LTIP.

3.1.2.1 Short Term Incentive Plan (STIP)

The STIP has been structured to ensure that payments are closely aligned to business performance and are designed to:

– deliver Company performance improvements over the prior year;
– provide rewards subject to the achievement of rigorous performance targets; and
– align individual objectives to Company and business-specific objectives.

The STIP provides an annual cash incentive that is calculated based on financial year results and is based on a maximum percentage of the executive's base salary, except for the CEO and Finance Director STIPs which are calculated on fixed remuneration.

STIP is payable upon the achievement of a number of measures, generally 70% of the total maximum percentage is based on key financial objectives and 30% based on non-financial or individual objectives.

There are four main financial key result areas (KRAs) that are standard in plans and are designed to ensure the Company achieves long term sustainable profitable growth. The KRAs are sales, profit which may be earnings before interest and tax (EBIT), gross profit or controllable profit dependent on the role, return on funds employed (ROFE) and cost of doing business (CODB).

In line with the strategy of achieving long term sustainable profit growth, it was recognised that non-financial measures potentially impact the bottom line. Non-financial measures such as reducing staff turnover rates and improved performance in areas such as safety, shrinkage, inventory control and food safety compliance ratings have been targeted to provide a balanced approach. In line with achieving our "Destination ZERO" objectives, safety measures have been added to or increased in all STIPs to ensure there is sufficient focus on both employee and customer safety.

The targets and weightings for each measure are adjusted at the beginning of the financial year to reflect the specific financial objectives of each business within the Woolworths Group for that financial year and are designed to deliver improvements on the prior year's results. This results in each executive having a STIP that is directly linked to their annual business objectives.

Woolworths targets the mix of fixed and variable remuneration as follows:

	Percentage of total target remuneration		
	Fixed remuneration %	*Target short-term incentive (STIP) %*	*Target long-term incentive (LTIP) %*
Executive Directors	33	33	33
Direct reports to CEO	40	30	30
Other senior executives	60	20	20

There are three levels of targeted performance for each measure:

- threshold, which is the minimum improvement to last year's results required to qualify for any incentive payment;
- target, where established performance targets have been achieved; and
- stretch, where performance targets have been exceeded.

STIPs for each financial year are not paid until the release of Woolworths' financial results to the ASX.

The People Policy Committee reviews annually the ongoing appropriateness of the STIP including performance measures, weighting of performance measures, performance hurdles, and assessment of performance and reward outcomes.

3.1.2.2 Long Term Incentive Plan (LTIP)
The other variable remuneration component is the Long Term Incentive Plan which is designed to:

- attract, retain and motivate all executives;
- align executive rewards to shareholder value creation; and
- provide rewards that are linked to the Company's strategic, financial and human resources objectives.

Long term incentives have been in place since 1993 and have been provided through various executive option plans.

From 1999 through to 2004 long term incentives were provided through the Executive Option Plan (EOP). At the 2004 Annual General Meeting shareholders approved the introduction of the Woolworths Long Term Incentive Plan (LTIP). Both the EOP and the LTIP are described below.

Since 2002 long term incentive awards have been linked to executives entering into Service Agreements that offer the Company protection and provide clarity for executives. Effective from 2003 all Supermarket and BIG W store managers and buyers as well as distribution centre managers became eligible to receive long term incentive awards.

In the event of cessation of employment, both the EOP Rules and the LTIP Rules provide the Board with discretion as to the treatment of unvested long term incentive awards.

Executive Option Plan

The Executive Option Plan (EOP) was approved by shareholders in November 1999 and was last offered with an effective grant date of 1 July 2004. As at 28 June 2009, there were 6,119,437 options outstanding under this Plan.

Awards have been made under the EOP in five tranches with each tranche subject to performance hurdles established by the People Policy Committee and approved by the Board. Hurdles relate to cumulative earnings per share (EPS) growth and to relative total shareholder return (TSR).

The Executive Option Plan has the following features:

- the exercise price is set at the weighted average market price of a Woolworths Limited ordinary share on the five trading days prior to the date approved by the Board as the effective date of options for the purpose of determining the exercise period and performance hurdles;
- an exercise period that commences after five years, subject to performance hurdles being met and with a maximum exercise period of five and a half years (10 years for options issued prior to 2002);
- upon exercise, each option entitles the option holder to one ordinary fully paid Woolworths Limited share;
- vesting is subject to two performance hurdles based on cumulative EPS growth and relative TSR measured over the performance period;
- the performance measures, EPS growth and relative TSR, each represent 50% of the options granted;
- EPS is the non-dilutive EPS which is measured as the net profit of the consolidated entity after outside equity interests divided by the weighted average number of shares on issue (including ordinary shares and dividend reinvestment allotments, but excluding shares held by Woolworths custodian) over the performance period;
- for offers made from 2002 to 2007, the EPS component vests in four tranches, dependent on attaining average annual growth of either 10% or 11% as follows:

Tranche	*Percentage of options in total grant that may be exercised*	*Performance hurdle to be achieved for vesting*	*Exercise period*
Tranche 1	12.5%	4 year 10% EPS	Between 5 and 5.5 years from the effective date
Tranche 2	12.5%	4 year 11% EPS	Between 5 and 5.5 years from the effective date
Tranche 3	12.5%	5 year 10% EPS	Between 5 and 5.5 years from the effective date
Tranche 4	12.5%	5 year 11% EPS	Between 5 and 5.5 years from the effective date

- the fifth tranche (50% of options) is linked to relative TSR and measures the growth in the Company's share price plus dividends notionally reinvested in the Company's shares comparative to a peer group, measured over five years from the grant date but averaged for three months to eliminate volatility. This reflects the increase in value delivered to shareholders over the performance period;
- TSR performance is measured against comparator companies comprised of the S&P/ASX 100, excluding companies in the ASX classified as financial services and resources and any companies in the comparator group that have merged, had a share reconstruction, been delisted or subject to takeover or takeover offer during the measurement periods;
- TSR performance measurement for the purpose of calculating the number of options to vest is audited by an independent third party; and
- the percentage of the total number of options granted that vest is dependent on Woolworths' ranking relative to the performance of the above comparator companies.

The following table sets out the TSR vesting schedule:

Woolworths TSR equals or exceeds the following percentile of the comparator companies	*Percentage of options in total grant that vest and may be exercised*
60th percentile	12.5%
65th percentile	25.0%
70th percentile	37.5%
75th percentile	50.0%

Woolworths Long Term Incentive Plan

At the 2004 Annual General Meeting, shareholders approved the introduction of a new long term incentive, the Woolworths Long Term Incentive Plan. The Plan has four Sub-Plans, which are described below, that together can provide options, performance rights, performance shares or cash awards.

This Plan allows the Board flexibility to determine which of the Sub-Plans' awards will be granted to deliver the overall LTIP objectives.

From 2005 the Option Sub-Plan has been used to satisfy Woolworths LTIP requirements however, from the offer made in 2008, a combination of options and performance rights have been used.

Like the previous Executive Option Plan, stringent performance measures are set annually and relate to EPS and TSR hurdles. These are described in detail following the description of the Plan's Sub-Plans.

In addition, the Performance Rights Sub-Plan has been used as a Retention Plan since 2007 to ensure that key employees are retained to protect and deliver on the Company's strategic direction. It has been delivered to senior executives who had either no or relatively small option grants scheduled to vest over the ensuing two years.

This Plan does not have performance measures attached to it and vests subject to the executive remaining employed by the Company for a two-year period. It is intended that this Plan be used only in special circumstances.

1 Option Sub-Plan

The Option Sub-Plan delivers a right to the holder of an option to acquire a share at a future date, subject to performance hurdles being met and the payment of an exercise price. As at 28 June 2009, there were 26,933,800 options outstanding under this Sub-Plan.

Year	*2005*	*2006*	*2007*	*2008*	*Total*
Options	5,496,725	7,315,150	8,580,300	5,541,625	26,933,800

2 Performance Rights Sub-Plan

The Performance Rights Sub-Plan delivers a contractual right to a future grant of a Company share to the right holder at a future date, subject to the performance hurdles being met. Each performance right has the following features:

- it can be exercised for no monetary payment; and
- upon exercise, each performance right entitles the right holder to the issue of one ordinary fully paid Woolworths Limited share.

As at 28 June 2009, there were 2,714,916 performance rights outstanding under this Sub-Plan.

3 Performance Share Sub-Plan

The Performance Share Sub-Plan provides for a contractual right to an immediate grant of Company shares to participants, entitlement to which is subject to performance hurdles being achieved. Each performance share has the following features:

- it can be exercised for no monetary payment; and
- participants receive dividends or other distributions and entitlements as an ordinary Company shareholder.

No offers of performance shares have been made.

4 Cash Award Sub-Plan

The Cash Award Sub-Plan provides for participants to receive cash-based long term incentives subject to specified performance hurdles being met.

No offers of cash awards have been made to date.

LTIP Year	*2008*	*Total*
Performance rights	1,064,916	1,064,916

Retention Plan Year	*2007*	*2008*	*Total*
Performance rights	1,555,000	95,000	1,650,000

Woolworths Long Term Incentive Plan renewal

The Woolworths Long Term Incentive Plan was approved by shareholders at the 2004 Annual General Meeting. Shareholder approval of the Plan was also obtained under an exception to Australian Securities Exchange (ASX) Listing Rule 7.1 which restricts (in certain circumstances) the issue of new securities in any one year to 15% of issued shares without shareholder approval.

The applicable exception is contained in ASX Listing Rule 7.2, exception 9. The effect of shareholder approval under that exception is that any issues of securities under the Plan are treated as having been made with the approval of shareholders for the purpose of Listing Rule 7.1.

Approval under the exception lasts for three years. Accordingly, Woolworths sought and obtained approval at the 2007 Annual General Meeting to refresh that approval for a further three years.

Performance hurdles

The Board is mindful of the need for Woolworths to stay competitive and retain high calibre employees in the retail sector and has determined (in accordance with the Plan rules and as approved at the 2007 AGM) to amend the performance hurdles for grants to be made under the Plan beginning with the 2009 financial year (referred to below as "the 2008 grant" or "the grant").

The 2008 grant was made using a combination of the Option Sub-Plan and the Performance Rights Sub-Plan with vesting subject to the achievement of EPS growth and relative TSR performance hurdles, each representing 50% of the grant, as described below.

EPS performance hurdle

EPS is the non-dilutive EPS, which is measured as the net profit of the consolidated entity after minority interests divided by the weighted average number of shares on issue (including ordinary shares and dividend reinvestment allotments, but excluding shares held by Woolworths' custodian) over the performance period.

For the 2008 grant, the EPS component partially vests upon Woolworths attaining an average annual growth rate of equal to or greater than 10% which is deemed market competitive. An EPS growth rate of equal to 10% over the performance period will result in 12.5% of the grant vesting, while an EPS growth rate of equal to or greater than 15% over the performance period will result in 50% of the grant vesting.

For the 2005, 2006 and 2007 grants, the EPS component vests in four tranches as described in the Executive Option Plan on page 37.

TSR performance hurdle

The TSR performance hurdle for the 2008 grant requires a minimum TSR at the 51st percentile measured against comparator companies comprised of the S&P/ASX 100 Index, excluding any non-comparable companies (such as financial services and resources sector companies, trusts and any companies in the comparator group that are under takeover or takeover speculation, have merged, had a share reconstruction or been delisted during the measurement periods). Achieving maximum TSR vesting requires TSR at the 75th percentile.

For the 2007 and previous grants, the TSR hurdle is described in the Executive Option Plan on page 37.

Vesting, exercise period and expiry period

The 2008 performance hurdles are subject to the vesting scale measured over a four year period from the date of grant but will be subject to early testing on the third anniversary of the date of grant and vesting may occur subject to the performance hurdles outlined above being met.

If the minimum performance hurdles are met on the third anniversary of the date of grant, then those options and performance rights meeting the performance hurdle shall vest. If the minimum performance hurdles are not met on the third anniversary, those options and performance rights shall remain unvested. Where this occurs, the 2008 performance hurdles will be tested on the fourth anniversary of the date of the grant and vesting may occur on this date subject to the performance hurdles outlined above being met. Any option and performance rights that do not vest on the fourth anniversary of the grant will be forfeited.

Options and performance rights granted during financial year 2008 which have vested but remain unexercised expire after the earlier of 5.5 years from the date of grant, or up to 12 months after termination of employment.

While the Board has retained the discretion to review the performance hurdles applicable to a grant of options, it is intended that the performance hurdles for grants in 2009 and 2010 will also be TSR- and EPS-based. These performance hurdles, together with the relevant exercise periods and expiry dates, will be disclosed each year in the Annual Report.

Hedging Policy

The Woolworths Hedging Policy was introduced in July 2008. As part of the introduction of the policy, all members of the Senior Management Group have signed a declaration that they have not entered into any arrangements that would contravene the policy.

Under the hedging policy, executives may not enter into any hedging transaction that will protect the value of unvested securities issued as part of the Woolworths Long Term Incentive Plan.

Compliance with the Hedging Policy has been introduced as a condition of participation in the Long Term Incentive Plan with effect from 2008. To enter into any such arrangement would breach the conditions of the grant and would result in forfeiture of the relevant securities.

Executive compliance with this policy will be monitored through an annual declaration by executives stating that they have not entered into any hedging transaction in relation to their unvested Woolworths securities.

Directors and executives

The following is a list of the Non-executive Directors and key management personnel of Woolworths Limited and their positions during the year:

	Position title
Executive Directors	
Michael Gerard Luscombe	Chief Executive Officer and Managing Director
Thomas (Tom) William Pockett	Finance Director
Chairman	
James Alexander Strong	Chairman of the Board, member of the Audit, Risk Management and Compliance Committee, member of the People Policy Committee and member of the Corporate Governance Committee
Non-executive Directors	
John Frederick Astbury	Non-executive Director, member of the Audit, Risk Management and Compliance Committee and member of the Corporate Governance Committee
Roderick Sheldon Deane	Non-executive Director, Chairman of the People Policy Committee and member of the Corporate Governance Committee
Diane Jennifer Grady	Non-executive Director, member of the Audit, Risk Management and Compliance Committee and member of the Corporate Governance Committee
Leon Michael L'Huillier	Non-executive Director; member of the Audit, Risk Management and Compliance Committee until 19 September 2008 and member of the People Policy Committee since 19 September 2008. Chairman of the Superannuation Working Group and the Woolworths Group Superannuation Plan's Policy Committee and member of the Corporate Governance Committee. Director of ALH Group Pty Ltd and Chairman of its Audit Committee
Ian John Macfarlane	Non-executive Director, member of the Audit, Risk Management and Compliance Committee and member of the Corporate Governance Committee
Alison Mary Watkins	Non-executive Director, Chairman of the Audit, Risk Management and Compliance Committee and member of the People Policy Committee and member of the Corporate Governance Committee
Executives	
Greg Foran(1)	Director of Food, Liquor and Petrol
Peter Smith	Managing Director of Progressive Enterprises
Julie Coates(2)	General Manager BIG W
Richard Umbers	General Manager – Customer Engagement

Notes

(1)
Greg Foran replaced Naum Onikul as Director of Food, Liquor and Petrol on 3 November 2008.

(2)
Julie Coates replaced Greg Foran as General Manager of BIG W effective 3 November 2008. Ms Coates was appointed Director of BIG W effective 18 September 2009.

All key management personnel were employed by Woolworths Limited during the year apart from Mr Peter Smith who was employed by a subsidiary.

Non-executive Directors do not consider themselves part of management.

3.2 Conditional entitlement to and share holdings

The table below summarises the movements during the year in holdings of option and performance rights interests for the key management personnel in the Company for the period. An option or performance right entitles the holder to one ordinary fully paid Woolworths Limited share. There is no amount unpaid on options exercised.

	Options and performance rights holding at 29 Jun 2008	*Granted as remuneration*[(1)]		*Options exercised*[(2)]	
	No.	*No.*	*$*	*No.*	*$*
M Luscombe	1,330,000	500,000	2,477,500	(100,000)	(1,501,000)
T Pockett	880,000	250,000	1,238,750	(150,000)	(2,251,500)
N Onikul	380,000	27,500	217,713	(60,000)	(900,600)
P Smith	325,000	21,389	169,335	(100,000)	(1,501,000)
J Coates	345,000	27,500	217,713	(100,000)	(1,489,000)
G Foran	365,000	27,500	217,713	(100,000)	(1,359,000)
R Umbers	155,000	21,389	169,335	–	–
Total	**3,780,000**	**875,278**	**4,708,059**	**(610,000)**	**(9,002,100)**

Notes

(1)
Options and performance rights granted as remuneration is the total fair value of options and performance rights granted during the year determined by an independent actuary. This will be amortised over the vesting period.

(2)
The value of options exercised during the year is calculated as the market value of shares on the Australian Securities Exchange as at close of trading on the date the options were exercised after deducting the price paid to exercise the options. No other options were exercised by key management personnel.

In 2009, no options lapsed or were forfeited relating to the key management personnel above during the year as a result of failure to meet performance hurdles.

	Options holding at 24 Jun 2007	*Granted as remuneration*[(1)]		*Options exercised*[(2)]	
	No.	*No.*	*$*	*No.*	*$*
M Luscombe	990,000	500,000	4,402,500	(152,000)	(2,573,360)
T Pockett	830,000	250,000	2,226,250	(190,000)	(3,140,700)
N Onikul	310,000	70,000	623,250	–	–
P Smith	275,000	50,000	445,250	–	–
J Coates	385,000	70,000	932,650	(104,500)	(1,949,448)
G Foran	295,000	70,000	932,650	–	–
R Umbers	45,000	110,000	1,877,450	–	–
Total	**3,130,000**	**1,120,000**	**11,440,100**	**(446,500)**	**(7,663,508)**

Notes

(1)
Options and performance rights granted as remuneration is the total fair value of options and performance rights granted during the year determined by an independent actuary. This will be amortised over the vesting period.

(2)
The value of options exercised during the year is calculated as the market value of shares on the Australian Securities Exchange as at close of trading on the date the options were exercised after deducting the price paid to exercise the options. No other options were exercised by key management personnel.

Options lapsed No.	Options lapsed $	Options and performance rights holding at 28 Jun 2009[3] No.	Options vested at 28 June 2009 Total No.	Exercisable No.	Unexercisable No.	Vested during the year No.
–	–	**1,730,000**	37,500	–	37,500	112,500
–	–	**980,000**	37,500	–	37,500	150,000
–	–	**347,500**	25,000	–	25,000	70,000
–	–	**246,389**	20,000	–	20,000	95,000
–	–	**272,500**	20,000	–	20,000	95,000
–	–	**292,500**	25,000	–	25,000	100,000
–	–	**176,389**	–	–	–	–
–	**–**	**4,045,278**	**165,000**	**–**	**165,000**	**622,500**

(3)
The number of ordinary shares under option/performance rights as at 28 June 2009 is equivalent to the option/performance rights holding at that date.

Options lapsed[3] No.	Options lapsed[3] $	Options and performance rights holding at 29 Jun 2008[4] No.	Options vested at 29 June 2008 Total No.	Exercisable No.	Unexercisable No.	Vested during the year No.
(8,000)	(135,440)	1,330,000	25,000	–	25,000	137,000
(10,000)	(165,300)	880,000	37,500	–	37,500	177,500
–	–	380,000	15,000	–	15,000	15,000
–	–	325,000	25,000	–	25,000	25,000
(5,500)	(112,475)	345,000	25,000	–	25,000	102,000
–	–	365,000	25,000	–	25,000	25,000
–	–	155,000	–	–	–	–
(23,500)	**(413,215)**	**3,780,000**	**152,500**	**–**	**152,500**	**481,500**

(3)
The value of options lapsed during the year is calculated as the market value of shares on the Australian Securities Exchange as at close of trading on the lapse date after deducting the exercise price.

(4)
The number of ordinary shares under option/performance rights as at 29 June 2008 is equivalent to the option/performance rights holding at that date.

The table below summarises the movements during the year in holdings of shares in Woolworths Limited held by the Non-executive Directors and key management personnel.

	Shareholding at 29 June 2008 No.	*Shares issued under DRP[1] No.*	*Shares received on exercise of options No.*	*Shares issued under NEDSP[2] No.*	*Shares purchased or (sold)[3] No.*	*Shareholding at 28 June 2009 No.*
J Strong	70,479	–	–	–	–	**70,479**
M Luscombe	333,290	–	100,000	–	–	**433,290**
J Astbury	12,295	82	–	420	–	**12,797**
R Deane	40,000	–	–	–	–	**40,000**
D Grady	35,914	345	–	–	–	**36,259**
L L'Huillier	60,000	–	–	–	–	**60,000**
I Macfarlane	3,000	–	–	–	1,000	**4,000**
A Watkins	10,279	177	–	1,403	–	**11,859**
T Pockett	54,000	–	150,000	–	(111,000)	**93,000**
N Onikul	158,769	412	60,000	–	(117,267)	**101,914**
P Smith	841	369	100,000	–	(100,000)	**1,210**
J Coates	12,250	–	100,000	–	(46,000)	**66,250**
G Foran	–	380	100,000	–	(50,000)	**50,380**
R Umbers	–	–	–	–	–	**–**

Notes

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

(2)
Comprises shares issued under the Non-executive Directors' Share Plan (NEDSP).

(3)
Figures in brackets indicate that these shares have been sold or otherwise disposed of.

The table below sets out the grants and outstanding number of options and performance rights for the key management personnel in Woolworths Limited for the period 30 June 2008 to 28 June 2009.

No amounts were paid or payable by the recipient on receipt of the option or performance right.

								Fair value per option/performance right[5]		
	Grant date	*Effective date*	*No. of options and rights at 29 June 2008[1]*	*Expiry date*	*Exercise price per option/right*	*Exercise date[2]*	*Maximum value of award to vest $[4]*	*EPS*	*TSR*	*Retention*
M Luscombe	22/04/05	1/07/04	150,000	31/12/09	$11.54	1/07/09	581,250	$4.25	$3.50	
	2/12/05	1/07/05	80,000	31/12/10	$16.46	1/07/10	177,200	$2.50	$1.93	
	24/11/06	1/07/06	500,000	31/12/11	$19.47	1/07/11	1,726,250	$4.23	$2.68	
	3/12/07	1/07/07	500,000	31/12/12	$25.91	1/07/12	4,402,500	$9.42	$8.19	
	9/12/08	1/07/08	500,000	31/12/13	$24.90	1/07/12[3]	2,477,500	$5.15	$4.76	
			1,730,000				**9,364,700**			
T Pockett	22/04/05	1/07/04	150,000	31/12/09	$11.54	1/07/09	581,250	$4.25	$3.50	
	2/12/05	1/07/05	80,000	31/12/10	$16.46	1/07/10	177,200	$2.50	$1.93	
	24/11/06	1/07/06	250,000	31/12/11	$19.47	1/07/11	898,750	$4.26	$2.93	
	3/12/07	1/07/07	250,000	31/12/12	$25.91	1/07/12	2,226,250	$9.48	$8.33	
	9/12/08	1/07/08	250,000	31/12/13	$24.90	1/07/12[3]	1,238,750	$5.15	$4.76	
			980,000				**5,122,200**			

	Grant date	Effective date	No. of options and rights at 29 June 2008[1]	Expiry date	Exercise price per option/right	Exercise date[2]	Maximum value of award to vest $[4]	Fair value per option/performance right[5]		
								EPS	TSR	Retention
N Onikul	22/04/05	1/07/04	100,000	31/12/09	$11.54	1/07/09	387,500	$4.25	$3.50	
	2/12/05	1/07/05	80,000	31/12/10	$16.46	1/07/10	177,200	$2.50	$1.93	
	30/01/07	1/07/06	70,000	31/12/11	$19.47	1/07/11	335,650	$5.73	$3.86	
	3/12/07	1/07/07	70,000	31/12/12	$25.91	1/07/12	623,350	$9.48	$8.33	
	9/12/08	1/07/08	22,500	31/12/13	$24.90	1/07/12[3]	111,488	$5.15	$4.76	
	9/12/08	1/07/08	5,000	31/12/13	Nil	1/07/12[3]	106,225	$23.66	$18.83	
			347,500				**1,741,413**			
P Smith	22/04/05	1/07/04	80,000	31/12/09	$11.54	1/07/09	310,000	$4.25	$3.50	
	2/12/05	1/07/05	50,000	31/12/10	$16.46	1/07/10	110,750	$2.50	$1.93	
	30/01/07	1/07/06	45,000	31/12/11	$19.47	1/07/11	215,775	$5.73	$3.86	
	3/12/07	1/07/07	50,000	31/12/12	$25.91	1/07/12	445,250	$9.48	$8.33	
	9/12/08	1/07/08	17,500	31/12/13	$24.90	1/07/12[3]	86,713	$5.15	$4.76	
	9/12/08	1/07/08	3,889	31/12/13	Nil	1/07/12[3]	82,622	$23.66	$18.83	
			246,389				**1,251,110**			
J Coates	22/04/05	1/07/04	80,000	31/12/09	$11.54	1/07/09	310,000	$4.25	$3.50	
	2/12/05	1/07/05	50,000	31/12/10	$16.46	1/07/10	110,750	$2.50	$1.93	
	30/01/07	1/07/06	45,000	31/12/11	$19.47	1/07/11	215,775	$5.73	$3.86	
	3/12/07	1/07/07	50,000	31/12/12	$25.91	1/07/12	445,250	$9.48	$8.33	
	3/08/07	25/07/07	20,000	1/07/09	Nil	1/07/09	487,400	–	–	$24.37
	9/12/08	1/07/08	22,500	31/12/13	$24.90	1/07/12[3]	111,488	$5.15	$4.76	
	9/12/08	1/07/08	5,000	31/12/13	Nil	1/07/12[3]	106,225	$23.66	$18.83	
			272,500				**1,786,888**			
G Foran	22/04/05	1/07/04	100,000	31/12/09	$11.54	1/07/09	387,500	$4.25	$3.50	
	2/12/05	1/07/05	50,000	31/12/10	$16.46	1/07/10	110,750	$2.50	$1.93	
	30/01/07	1/07/06	45,000	31/12/11	$19.47	1/07/11	215,775	$5.73	$3.86	
	3/12/07	1/07/07	50,000	31/12/12	$25.91	1/07/12	445,250	$9.48	$8.33	
	3/08/07	25/07/07	20,000	1/07/09	Nil	1/07/09	487,400	–	–	$24.37
	9/12/08	1/07/08	22,500	31/12/13	$24.90	1/07/12[3]	111,488	$5.15	$4.76	
	9/12/08	1/07/08	5,000	31/12/13	Nil	1/07/12[3]	106,225	$23.66	$18.83	
			292,500				**1,864,388**			
R Umbers	30/01/07	1/07/06	45,000	31/12/11	$19.47	1/07/11	215,775	$5.73	$3.86	
	3/12/07	1/07/07	50,000	31/12/12	$25.91	1/07/12	445,250	$9.48	$8.33	
	3/08/07	25/07/07	30,000	1/07/09	Nil	1/07/09	731,100	–	–	$24.37
	3/08/07	25/07/07	30,000	1/07/10	Nil	1/07/10	701,100	–	–	$23.37
	9/12/08	1/07/08	17,500	31/12/13	$24.90	1/07/12[3]	86,713	$5.15	$4.76	
	9/12/08	1/07/08	3,889	31/12/13	Nil	1/07/12[3]	82,622	$23.66	$18.83	
			176,389				**2,262,560**			

Grant date represents the offer acceptance date.

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

Notes

(1)
The number of options at 28 June 2009 comprises both options that have vested and have not been exercised and options yet to vest.

(2)
Represents the first day the option/right can be exercised.

(3)
Vesting may occur on 1 July 2011 if the performance hurdles are met as outlined on page 40.

(4)
The maximum value of award to vest represents the value of employee benefit expense that will be recorded in future reporting periods in respect of options currently on issue.

(5)
The fair value per option/performance right was determined by an independent actuary using the Monte Carlo Simulation Binomial method.

Effective date	Expiry date	Exercise price $	No. of options/ rights at 29 June 2008	Options/ rights granted during year	Options exercised during year	Options/ rights lapsed during year	No. of options/ rights at 28 June 2009	No. of options exercisable at 28 June 2009
Options								
01/07/1999	01/07/2009	5.11	205,000	–	(205,000)	–	–	–
01/07/2000	01/07/2010	6.17	20,000	–	(20,000)	–	–	–
01/07/2001	01/07/2011	10.89	251,000	–	(58,500)	–	192,500	192,500
01/07/2003	31/12/2008	12.60	5,208,850	–	(5,124,441)	(84,409)	–	–
01/07/2004	31/12/2009	11.54	6,181,250	–	(30,313)	(224,000)	5,926,937	–
01/07/2005	31/12/2010	16.46	5,849,700	–	–	(352,975)	5,496,725	–
01/07/2006	31/12/2011	19.47	7,618,400	–	–	(303,250)	7,315,150	–
01/07/2007	31/12/2012	25.91	8,903,500	–	–	(323,200)	8,580,300	–
01/07/2008	31/12/2013	24.90	–	5,598,000	–	(56,375)	5,541,625	–
Rights								
25/07/2007	01/07/2009	Nil	1,525,000	–	–	(10,000)	1,515,000	–
25/07/2007	01/07/2010	Nil	40,000	–	–	–	40,000	–
01/07/2008	31/12/2013	Nil	Nil	1,077,444	–	(12,528)	1,064,916	–
01/09/2008	01/09/2010	Nil	Nil	83,000	–	(3,000)	80,000	–
02/02/2009	02/02/2012	Nil	Nil	15,000	–	–	15,000	
			35,802,700	**6,773,444**	**(5,438,254)**	**(1,369,737)**	**35,768,153**	**192,500**

3.3 Relationship of variable remuneration to Woolworths' financial performance

Woolworths' executive remuneration is directly related to the performance of the following results through linking of short and long term incentive targets to these measures.

Ten years ago, Woolworths did not have the same structure around short and long term incentives with very few employees participating in either.

Since then, short term incentives have been aligned to key business drivers, standardised, and now apply to approximately 20,000 Woolworths' employees.

Long term incentives eligibility has been broadened and currently applies to in excess of 2,000 employees including store managers, buyers and other key personnel as well as our executives.

In addition, our preference for redeployment over redundancy reinforces the culture of performance improvement at the individual level.

Woolworths believes there is a direct link to our improved business performance over the last decade through these changes and believes there is a significant financial benefit linked to both short and long term decision making.

The effectiveness of the STIP in driving year-on-year growth and business improvements is highlighted in the following table.

In monetary terms, since 2005:

Five Year Performance Table	*2005*	*2006*	*2007*	*2008*	*2009*
Sales ($m)	31,352	37,734	42,477	47,035	49,595
EBIT ($m)	1,302	1,722	2,111	2,529	2,816
ROFE (%)	42.6	28.6 [1]	27.1	31.4	31.9
CODB (%)	20.73	20.47	20.35	19.92	19.98

Note

(1)
Impacted by increase in Funds Employed following the acquisition of ALH.

Each of these elements is currently linked to Woolworths STIP.

- Sales have increased by more than 50% since 2005;
- EBIT has increased by more than 100%;
- CODB has decreased by 75bps over the past five years.

While EBIT has doubled over the period, STIP paid to executives has remained at less than 10% of EBIT over the same period.

A comparison of the improved financial performance and benefits for shareholder wealth derived from Woolworths' long term incentive arrangements and the number of options granted to all executives are shown in the following table:

Year ended June	*2005*	*2006*	*2007*	*2008*	*2009*
EPS (cents per share)	79.2	90.9	108.8	134.9	150.7
Total dividends (cents per share)	51.0	59.0	74.0	92.0	104.0
Market capitalisation ($ million)	17,493	22,822	33,322	30,453	31,906
No. of options granted to executives (million)	7.8	6.9	8.3	9.0	5.6
No. of executives granted options	1,354	1,464	1,730	1,961	2,410
Fair value per option ($) – Total weighted	3.88	2.22	4.68	8.90	4.96
Fair value per option ($) – TSR	3.50	1.93	3.76	8.32	4.76
Fair value per option ($) – EPS	4.25	2.50	5.60	9.48	5.15
No. of performance rights granted to executives (million)	–	–	–	1.6	1.2
Fair value per performance right ($) – Total weighted	–	–	–	24.34	21.55
Fair value per performance right ($) – TSR	–	–	–	–	18.83
Fair value per performance right ($) – EPS	–	–	–	–	23.66
Fair value per performance right ($) – Retention	–	–	–	24.34	24.89
No. of executives granted performance rights	–	–	–	182	2,416
Share price (closing) ($)	16.48	19.36	27.60	25.02	25.96

3.4 Remuneration tables

Set out in the following table is the remuneration for the Non-executive Directors and key management personnel of Woolworths Limited and its subsidiary during the financial year ended 28 June 2009.

	Short term employee benefits					*Post-employment benefits*
		Short term cash bonus				
2009	*Salary and fees $*	*Paid $*	*% of potential bonus paid*	*% of potential bonus forfeited*	*Non-monetary benefits[1] $*	*Superannuation $*
Non-executive Directors						
J Astbury*	222,917	–	–	–	1,317	13,745
R Deane	243,093	–	–	–	1,317	13,745
D Grady	222,917	–	–	–	1,317	13,745
L L'Huillier[2]	346,667	–	–	–	1,317	13,745
J Strong	595,000	–	–	–	1,317	13,745
A Watkins*	264,583	–	–	–	1,317	13,745
I Macfarlane	222,917	–	–	–	1,317	13,745
Executive Directors						
M Luscombe	2,044,307	3,037,720	92%	8%	33,114	444,341
T Pockett	1,021,906	1,424,795	87%	13%	22,080	266,733
Executives						
N Onikul[3]	670,397	466,063	90%	10%	24,082	217,420
P Smith[5]	483,654	150,273	31%	69%	75,591	114,000
J Coates	688,955	516,738	96%	4%	25,571	50,000
R Umbers	734,649	481,284	86%	14%	29,015	50,000
G Foran	949,148	723,193	92%	8%	34,807	164,413
Total	**8,711,110**	**6,800,066**			**253,479**	**1,403,122**

Notes

* These fees include fees sacrificed for the purchase of shares in the Company under the Non-Executive Directors' Share Plan.

(1)
Non-monetary benefits include the cost to the Company of motor vehicles, fringe benefits tax and other items where applicable, in addition to the deemed premium in respect of the Directors' and Officers' Indemnity insurance.

(2)
Included in the table above, Mr L'Huillier also received an additional $80,000 per annum as Director of ALH Group Pty Ltd and $25,000 as Chairman of the ALH Audit Committee.

(3)
Mr Onikul was on annual leave from 1 January 2009 until year end.

Other long term benefits	Share-based payments[4]				Retirement allowance		
Long service leave $	$	Total $	Proportion of remuneration performance related %	Options and performance rights as a % of total remuneration %	Opening balance $	Indexation required $	Retirement allowance balance $
–	–	237,979	–	–	–	–	–
–	–	258,155	–	–	470,227	22,274	492,501
–	–	237,979	–	–	–	–	–
–	–	361,729	–	–	–	–	–
–	–	610,062	–	–	–	–	–
–	–	279,645	–	–	–	–	–
–	–	237,979	–	–	–	–	–
150,949	2,617,336	8,327,767	67.9%	31.4%	–	–	–
31,936	1,203,169	3,970,619	66.2%	30.3%	–	–	–
62,912	371,869	1,812,743	46.2%	20.5%	–	–	–
24,145	266,511	1,114,174	37.4%	23.9%	–	–	–
20,140	549,424	1,850,828	57.6%	29.7%	–	–	–
15,261	845,987	2,156,196	61.6%	39.2%	–	–	–
35,755	560,674	2,467,990	52.0%	22.7%	–	–	–
341,098	**6,414,970**	**23,923,845**			**470,227**	**22,274**	**492,501**

(4)
These numbers represent the current year apportionment of the fair value of unvested options and performance rights, on a pro-rata basis over the total vesting period.

(5)
Mr Smith was employed by a Woolworths subsidiary during the year.

Set out in the following table is the remuneration for the Non-executive Directors and key management personnel of Woolworths Limited during the financial year ended 29 June 2008

	Short-term employee benefits			*Post-employment benefits*	*Other long term benefits*
2008	*Salary and fees* *$*	*Short-term cash bonus* *$*	*Non-monetary benefits(1)* *$*	*Superannuation* *$*	*Long-service leave* *$*
Non-executive Directors					
J Astbury*	221,708	–	1,370	13,129	–
R Deane	230,008	–	1,370	13,129	–
D Grady	212,333	–	1,370	13,129	–
A Clarke(2)	49,000	–	342	3,282	–
L L'Huillier(3)	340,250	–	1,370	13,129	–
J Strong	569,500	–	1,370	13,129	–
A Watkins	236,708	–	1,370	13,129	–
I Macfarlane	212,333	–	1,370	13,129	–
Executive Directors					
M Luscombe	1,843,541	2,652,650	30,978	363,015	159,253
T Pockett	961,956	1,315,028	20,194	137,717	23,684
Executives					
N Onikul	906,020	816,524	29,054	132,283	33,825
P Smith	579,595	393,116	96,951	93,000	20,718
J Coates	633,706	414,392	24,143	50,000	12,974
R Umbers	675,062	491,568	32,169	50,000	13,114
G Foran	718,668	508,130	25,369	97,718	16,704
Total	**8,390,388**	**6,591,408**	**268,790**	**1,018,918**	**280,272**

Notes

* These fees include fees sacrificed for the purchase of shares in the Company under the Non-executive Directors' Share Plan.

(1)
Non-monetary benefits include the cost to the Company of motor vehicles, fringe benefits tax and other items where applicable, in addition to the deemed premium in respect of the Directors' and Officers' Indemnity insurance.

(2)
Professor Clarke retired as Non-executive Director on 30 September 2007.

(3)
Included in the table above, Mr L'Huillier receives an additional fee of $80,000 per annum as a Non-executive Director and $25,000 per annum as Chairman of the Audit Committee of ALH Group Pty Limited.

Share-based payments $	Total $	Options and performance rights as a % of total remuneration %	Retirement allowance Opening balance $	Indexation required $	Retirement allowance balance $
–	236,207	–	–	–	–
–	244,507	–	435,528	34,699	470,227
–	226,832	–	–	–	–
–	52,624	–	–	–	–
–	354,749	–	–	–	–
–	583,999	–	–	–	–
–	251,207	–	–	–	–
–	226,832	–	–	–	–
1,847,846	6,897,283	26.8%	–	–	–
854,846	3,313,425	25.8%	–	–	–
202,796	2,120,502	9.6%	–	–	–
152,841	1,336,221	11.4%	–	–	–
468,428	1,603,643	29.2%	–	–	–
582,381	1,844,294	31.6%	–	–	–
390,016	1,756,605	22.2%	–	–	–
4,499,154	**21,048,930**		**435,528**	**34,699**	**470,227**

(4)
These numbers represent the current year apportionment of the fair value of unvested options and performance rights, on a pro-rata basis over the total vesting period.

3.5 Executive Service Agreements

3.5.1 Chief Executive Officer

The CEO's Service Agreement has effect from 1 October 2006 and is a rolling contract. The service agreement provides for 12 months' notice of termination on the part of the Company and six months' notice on the part of the CEO. In addition, the Company may invoke a restraint period of up to 12 months' following separation, preventing the CEO from engaging in any business activity with major competitors of Woolworths.

The CEO will not be entitled to any termination payment other than:

- Fixed Remuneration for the duration of the notice period (or payment in lieu of working out the notice period)
- pro-rated Short Term Incentive Plan payment; and
- any accrued statutory entitlements.

Short Term Incentive Plan

The Short Term Incentive Plan (STIP) provides for a maximum annual payment of 130% of Fixed Remuneration. The actual payment will be calculated with regard to achievement of key performance indicators agreed annually with the Board. The performance indicators are based on a combination of detailed measurements of corporate and financial performance and the implementation of strategic operational objectives.

Long Term Incentive Plan

The CEO is a participant in the Woolworths LTIP. At the 2006 Annual General Meeting shareholder approval was given for up to a maximum of 1,500,000 options to be granted to the CEO comprising annual grants in 2006, 2007 and 2008.

- For the 2006 and 2007 grants, the performance hurdles that apply under the Woolworths LTIP will apply to options allocated to the CEO, however 50% of the allocation will vest and become exercisable three years from the effective date subject to meeting the performance hurdles. The remaining 50% of the allocation will vest and become exercisable after five years in accordance with the prescribed conditions.
- For the 2008 grant, the performance hurdles that apply under the Woolworths LTIP described in section 3.1.2.2 apply to the allocation made to the CEO.

At the 2008 Annual General Meeting shareholder approval was given for up to a maximum of 1,500,000 options or a combination of options and performance rights to an equivalent value to be granted to the CEO comprising over three years commencing with the 2010 financial year.

For the 2009 grant, the performance hurdles that apply to the 2008 grant, under the Woolworths LTIP described in section 3.1.2.2, apply to the allocation to be made to the CEO.

3.5.2 All other executives

Since 2002, LTIP participation has been offered subject to executives entering into Service Agreements with the Company. The Service Agreements include the components of remuneration paid to executives (as detailed in section 3.2) but do not prescribe how remuneration levels are to be modified from year to year.

They do not provide for a fixed term although these Service Agreements can be terminated on specified notice. For all of the executives, the Company is required to give a minimum of two months' notice, however the Company retains the right to terminate any Service Agreement immediately in a number of circumstances including fraud, dishonesty, breach of duty or improper conduct.

All executives are required to provide the Company with a minimum of four weeks' notice of termination. In addition, for all executives, the Company may elect to invoke a restraint period not exceeding 12 months.

All executives are entitled to receive their statutory leave entitlements and superannuation benefits upon termination. In relation to incentive plans on termination, where an executive has resigned, STIP is paid only if the executive is employed on the last day of the financial year. In relation to LTIP, the treatment of vested and unvested options, in all instances of separation, remains subject to the discretion of the Board in accordance with the Plan rules.

4 NON-EXECUTIVE DIRECTORS' REMUNERATION

4.1 Non-executive Directors' remuneration policy and structure

Non-executive Directors' fees are determined by the Board within the aggregate amount, approved by shareholders. The current maximum aggregate amount which may be paid in Directors' fees, as approved at the Annual General Meeting on 16 November 2007, is $3,000,000 per annum. No Directors' fees are paid to Executive Directors.

During the financial year ended 28 June 2009, the amount of Directors' base fees paid to each Non-executive Director was increased to $200,000 per annum. The Chairman receives a multiple of three times this amount.

In addition to the above base fees, the Non-executive Directors, other than the Chairman, received a fee for service on a Board Committee (except the Corporate Governance Committee). The fee for serving as a member of a Board Committee was $25,000 for the Audit, Risk Management and Compliance Committee and $17,500 for the People Policy Committee. A Board Committee Chairman received $50,000 for chairing the Audit, Risk Management and Compliance Committee, $35,000 for the People Policy Committee and $25,000 for the Woolworths Group Superannuation Scheme.

Fees for Directors who were also Directors of the controlled entity ALH Group Pty Ltd (ALH) were $80,000 and for Chairing of the ALH Audit Committee $25,000.

An overseas Directors' Allowance of $10,670 was also provided to any Non-executive Director residing outside Australia, representing the additional time and cost involved in attending to Board and Board Committee responsibilities.

The structure and level of Non-executive Directors' fees was based on independent research and advice from external remuneration advisers. The advice takes into consideration the fees paid to non-executive directors of Australian listed corporations, the size and complexity of the Company's operations and the responsibilities and workload requirements of Directors. Directors (with the exception of the Chairman) receive a base fee for being a Director of the Board, and additional fees for either chairing or being a member of a Board Committee or serving on the Boards of controlled entities. No element of the remuneration of any Non-executive Director is dependent on the satisfaction of a performance condition.

4.2 Non-executive Director Share Plan

The Non-executive Director Share Plan (NEDSP) was established following approval by shareholders at the Company's Annual General Meeting on 26 November 1999. The NEDSP allows Non-executive Directors to forgo some of their future pre-tax Directors' fees to acquire shares in the Company at prevailing market prices on the Australian Securities Exchange. The rules of the NEDSP are virtually identical to the Woolworths Executive Management Share Plan as described in Note 23. During the 52 week period ended 28 June 2009, 1,823 shares (2008: 103) were purchased under the NEDSP. Following September 2008, no further shares have been purchased and the NEDSP has been suspended.

4.3 Non-executive Directors' retirement benefits cease

Directors' Retirement Deeds, which were approved by shareholders in November 1998, entitled each Non-executive Director (appointed prior to January 2004) to receive an allowance on retirement as a Director ("Allowance") after a minimum period of service. The Board determined that it should implement changes to Non-executive Director remuneration consistent with developing market practice and guidelines by discontinuing the ongoing accrual of benefits under the existing retirement benefits arrangements on 1 August 2006.

The benefits accrued to that date are indexed by reference to the bank bill rate or have been rolled into a defined benefit superannuation fund until retirement occurs. With the cessation of the retirement benefits, all Non-executive Directors (other than the Chairman) receive the same base fees.

4.4 Remuneration tables for Non-executive Directors

For the financial year ended 28 June 2009, details of the remuneration of the Non-executive Directors are set out at section 3.4 of this report.

4.5 Shareholdings of Non-executive Directors

For the financial year ended 28 June 2009 details of shareholdings by Non-executive Directors is set out at section 3.2 of this report.

4.6 Appointment Letters, Deeds of Access, Insurance and Indemnity, Disclosure Deeds

The Company and each of the Non-executive Directors have entered into an Appointment Letter together with a Deed of Access, Insurance and Indemnity and a Disclosure Deed (as required under the ASX Listing Rules). The Appointment Letter covers the key aspects of the duties, role and responsibilities of Non-executive Directors.

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

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' 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 Managing Director's Report, the Group has implemented a number of environmental initiatives. The Group has not incurred any significant liabilities under any environmental legislation.

DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

(i) The Constitution of the Company provides that the Company may indemnify (to the maximum extent permitted by law) in favour of each Director of the Company, the Company Secretary, directors and secretaries of related bodies corporate of the Company, and previous directors and secretaries of the Company and its related bodies corporate ("Officers"), against any liability to third parties (other than related Woolworths Group companies) incurred by such Officers unless the liability arises out of conduct involving a lack of good faith. The indemnity includes costs or expenses incurred by an Officer in successfully defending proceedings or in connection with an application in which the Court grants relief to the specified persons under the *Corporations Act 2001*.

(ii) Each Director has entered into a Deed of Indemnity and Access which provides for indemnity against liability as a Director, except to the extent of indemnity under an insurance policy or where prohibited by statute. The Deed also entitles the Director to access Company documents and records, subject to undertakings as to confidentiality.

(iii) During or since the end of the financial period, the Company has paid or agreed to pay a premium in respect of a contract of insurance insuring Officers (and any persons who are Officers in the future and employees of the Company or its subsidiaries) against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 55 of the Annual Report.

NON-AUDIT SERVICES

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

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 4 to the financial statements.

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 24 September 2009.

James Strong

James Strong

Chairman

Michael Luscombe

Managing Director and Chief Executive Officer

Deloitte.

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

24 September 2009

Dear Board Members

Woolworths Limited

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

As lead audit partner for the audit of the financial statements of Woolworths Limited for the 52 weeks ended 28 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G Couttas
Partner
Chartered Accountants

INTRODUCTION

Corporate governance is at the core of the Company and Board's approach to the enhancement of shareholder value and protection of shareholders' funds.

Woolworths is committed to ensuring that its policies and practices in the critical areas of financial reporting, remuneration reporting and corporate governance meet the highest levels of disclosure and compliance.

As a Company listed on the Australian Securities Exchange (ASX), Woolworths is also required to apply the Recommendations contained within the ASX Corporate Governance Council's (ASX CGC) *Corporate Governance Principles and Recommendations* (2nd Edition) (ASX Recommendations) and disclose any differences to them.

The Company has reviewed its current Corporate Governance Policies and Practices against the ASX Recommendations and considers that, except as explicitly indicated, they meet the Recommendations for the financial period ended 28 June 2009.

As recommended by the ASX CGC, further information in relation to Corporate Governance Practices is publicly available on the Woolworths website at www.woolworthslimited.com.au.

The following sets out the Company's position relating to each of the ASX Recommendations.

1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board responsibilities and objectives

The Board of Directors of the Company acknowledges its accountability to shareholders for the creation of shareholder value and the safeguarding of shareholders' funds.

The roles and responsibilities of the Board are formalised in the Board Charter, which defines the matters that are reserved for the Board and its Committees, and those that are the responsibility of the Chief Executive Officer (CEO) and management.

In summary, the Board is accountable to shareholders for Woolworths' performance and its responsibilities include:

1 Strategy – reviewing strategic direction and approving corporate strategic initiatives developed by management;

2 Board performance and composition – evaluating the performance of the Board and determining its size and composition;

3 Leadership selection – evaluating the performance of and selecting the CEO and the Finance Director (CFO) and the Company Secretary;

4 Succession and remuneration planning – planning for Board, CEO and executive succession and remuneration, and setting Non-executive Director remuneration within shareholder approved limits;

5 Financial performance – reviewing Woolworths' budget, monitoring management and financial performance;

6 Financial reporting – considering and approving Woolworths' half-yearly and annual financial statements;

7 Risk management – oversight of the effectiveness of risk management and compliance in the organisation;

8 Relationship with the ASX and regulators, and continuous disclosure – maintaining an appropriate level of dialogue with the ASX and other regulators and ensuring that the market and shareholders are continuously informed of material developments;

9 Social responsibility – considering the social, ethical and environmental impact of Woolworths' activities and operations and setting standards and monitoring compliance with the Company's social responsibility policies and practices;

10 Audit

(i) External – selecting and recommending to shareholders the appointment of the external auditor. Determining the duration, remuneration and terms of appointment of the external auditor and evaluating their performance and ongoing independence. Maintaining a direct and ongoing dialogue with the external auditor.

(ii) Internal – maintaining a constant and close review of risk management and compliance management, utilising the Business Review Team (the internal audit function), the Group Risk & Safety function, and the Legal & Compliance functions. All of these functions provide regular reports to the Board via the Audit, Risk Management and Compliance Committee.

While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities, it makes use of Board Committees. Specialist committees are able to focus on a particular area of responsibility, and report and provide recommendations to the Board.

To this end the Board has established the following committees:

- Audit, Risk Management and Compliance Committee;
- Corporate Governance Committee;
- People Policy Committee; and
- Superannuation Plan Policy Committee.

The details of each Director's attendance at Board and Committee meetings are detailed in the Directors' Report on page 34.

There is no specified term of office for Non-executive Directors and the appointment date of each Non-executive Director is set out from pages 28 to 29. New Directors receive a letter of appointment which sets out the Company's expectations of the role, their duties, the terms and conditions of their appointment and their remuneration. The Appointment Letter is consistent with the ASX Recommendations and forms the initial part of the program of induction for Directors.

Management responsibilities and objectives

The day-to-day management and operations of the Company are the responsibility of the CEO who reports to the Board on key management and operational issues, including:

- developing and implementing corporate strategies and making recommendations to the Board on significant corporate strategic initiatives;
- the appointment of senior management,
  - determining terms of appointment,
  - evaluating performance, and
  - developing and maintaining succession plans for senior management roles;
- developing Woolworths' annual budget and managing day-to-day operations within the budget;
- maintaining effective risk management and compliance management frameworks;
- keeping the Board and market fully informed about material continuous disclosure; and
- managing day-to-day operations in accordance with standards for social, ethical and environmental practices.

The importance of a clear relationship between management performance and the assessment of remuneration is reflected in our approach to evaluating management performance. The following process for senior management performance evaluation was undertaken during the reporting period:

- the performance evaluation of the CEO was undertaken by the Chairman, in conjunction with the People Policy Committee and the Non-executive Directors;
- the performance evaluation of key executives was undertaken by the CEO, in conjunction with the People Policy Committee; and
- the Remuneration Report provides further details.

2 STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board/Committees

The Board has adopted a policy of ensuring that it is composed of a majority of independent 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 responsibilities and objectives.

Details of the skills, experience and expertise of each Director are set out from pages 28 to 29 of this Report. At each Annual General Meeting (AGM) of the Company there must be an election of Directors. Any Director who held office without re-election beyond the third AGM since their appointment or last election, or for at least three years, whichever is the longer, must retire.

Any Director who has been appointed during the year must stand for election at the next AGM.

Eligible Directors who retire as required may offer themselves for re-election by shareholders at the next AGM. Directors offering themselves for election or re-election are invited to make a short presentation to shareholders at the AGM in support of their candidacy for election or re-election.

Independence

With the exception of the CEO and the CFO, all of the Directors are Non-executive Directors and each is considered to be independent. A determination of Non-executive Directors' independence is based on the Board's individual and ongoing assessment that the Director is free of any material business or any other relationship that could be reasonably considered to interfere with the exercise of their unfettered and independent judgement.

In order for a Director to be considered independent, the Board needs to have determined that the Director does not have a material relationship with the Company, other than solely as a consequence of being a Director. A "material relationship" includes a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in relation to the Company. When considering whether a relationship is "material", the Board will consider the materiality to each of the Company, the Director and the person or organisation with which the Director is related (as customer, supplier or adviser). The Board has not set materiality thresholds, considering it more effective to assess relationships on the individual circumstances applicable on a case-by-case basis, and where appropriate with the assistance of external advice.

Any Director who considers that he/she has or may have a conflict of interest or a material personal interest in any matter concerning the Company is required to give the Board immediate notice of such interest.

The Chairman is elected by and from the Non-executive Directors, each of whom is appointed to the Corporate Governance Committee.

The Non-executive Directors are also appointed to at least one of the Audit, Risk Management and Compliance Committee, the People Policy Committee or the Policy Committee of the Woolworths Group Superannuation Plan. The Audit, Risk Management and Compliance Committee and People Policy Committee each have comprehensive Charters defining their roles and responsibilities as summarised in this Report. Information on the Company's Chairman is set out on page 28. Information on the Company's CEO is set out on page 28.

Corporate Governance Committee

The Corporate Governance Committee consists of all 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 the performance of the Board of Directors, the Board Committees and the CEO of the Company. Their record of attendance at meetings of the Committee is set out on page 34 of the Directors' Report.

The Committee also monitors the Company's Corporate Governance policies and practices against relevant external benchmarks.

Recommendation 2.4 of the ASX CGC Principles calls for the Board to establish a Nomination Committee. The Board has established the Corporate Governance Committee with, among other matters, responsibilities commensurate with a Nomination Committee. In this respect, the responsibilities of the Corporate Governance Committee include:

– assessing the necessary and desirable competencies of Board members;
– reviewing of the Board's succession plans;
– arranging the process for evaluating the performance of the Board, the Board Committees and individual Directors under the direction and leadership of the Chairman;
– making recommendations for the appointment and removal of Directors; and
– ensuring an appropriate Director induction program is in place.

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.

Performance evaluation

The Chairman is responsible for monitoring the contribution of individual Directors and counselling them on any areas which might help improve Board performance. The Chairman, as Chairman of the Corporate Governance Committee, is also responsible for the process for evaluating the performance of the Board Committees and the Board as a whole.

The Board engages external assistance, as appropriate, in reviewing the Board as a whole, its Board Committees and individual Directors. During the reporting period, an external adviser conducted these reviews.

The Company Secretary oversees and regularly reviews an effective Director induction process.

The Company secretarial function supports Directors by providing:

– continuing education to update and enhance their knowledge as the business environment changes; and
– access to information in appropriate form, currency and quality, including procedures to cover additional requests of management, Company secretarial access and support, if need be, through the use of independent professional advice.

3 PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

A Code of Conduct has been developed to assist all our employees enhance the Company's reputation by explaining how these standards can be met every day through their behaviours and the choices they make. The Corporate Governance Manual provides for the Board's endorsement of the Company's Corporate Governance policies which are applicable to all levels of management. Both the Corporate Governance Manual and the Code of Conduct take into account the Company's legal responsibilities and the reasonable expectations of stakeholders. In addition, there are a range of activities and compliance programs across the Company, designed to promote and encourage the responsibility and accountability of individuals for reporting unethical practices. It is expected that during the course of the 2010 financial year, a revised Code of Conduct will be issued by the Company which will formally incorporate these responsibilities and accountabilities.

Directors' Policy Statements

The Directors have approved and adopted a Corporate Governance Manual with a view to influencing appropriate behaviour by Directors and key executives. The Corporate Governance Manual is comprised of Policy Statements setting out the legal and fiduciary duties relating to:

– exercise of due care and diligence;
– ensuring continuous disclosure of material matters;
– dealing with conflicts of interest and duties;
– access to Company documents, information, insurance, indemnities and independent advice;
– confidentiality;
– dealing in securities of the Company and insider trading (as set out below);
– fair, open, ethical and honest standards of conduct and dealing; and
– ensuring compliance with the Company's Code of Conduct.

Corporate conduct
The policies which have been incorporated in the Code of Conduct generally 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. Details of the Code of Conduct can be found on the Company's website.

The Company is conscious of its responsibilities in the community and has established targeted strategies to meet its corporate responsibilities.

During the current reporting period, Woolworths facilitated a total of $27.5 million in community investment. We also made considerable progress on implementing our Sustainability Strategy 2007–2015. We have incorporated into our standard refurbishment plans measures designed to make existing stores more energy efficient and have introduced initiatives in transportation to reduce CO_2 emissions per carton of goods delivered. We have continued the renewal of our 3000-strong company car fleet, phasing out 6 cylinder petrol vehicles with more fuel efficient turbo diesel and hybrid cars. We have implemented a Water Wise project nationally which has included fitting stores with water efficient fittings and introducing large scale harvesting measures at our Distribution Centres. We have progressed well against our targets for the transition from cardboard boxes to reusable crates in our supply chain and reducing the amount of food waste being sent to landfill.

We value our people and are committed to ensuring they are engaged on fair terms. The focus on the safety and wellbeing of our employees continues with our safety campaign "Destination ZERO" active in all businesses.

Further details on our corporate responsibility policies and performance are available in our Corporate Responsibility Report on our website www.woolworthslimited.com.au.

Policy on trading in Company securities
The Company has recently revised its Securities Dealing Policy. The policy applies to all Directors, Officers and employees who engage in dealing with securities.

The policy which requires those Directors, Officers and employees who trade, or propose to trade, in the securities of the Company, to act in accordance with strict guidelines which prohibit trading in the Company's securities in fixed blackout periods preceding the release of the half-year, full year and quarterly results to the ASX. The objective of the policy is not only to require compliance with the law, but to ensure that any dealings in securities and with inside information are above reproach. In addition to the legal consequences for breach, the policy provides for disciplinary action, including dismissal.

The policy provides very clear, specific direction to designated persons and other people in relation to prohibited periods for trading in securities. The Securities Dealing Policy is available on the Company's website.

Notwithstanding this policy, there is no period during which an individual is exempt from the requirements of the Corporations Act in regard to insider trading prohibitions.

4 SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit, Risk Management and Compliance Committee
The Audit, Risk Management and Compliance Committee of Directors has a formal Charter and is comprised of Non-executive Directors who, at the date of this Report, are Ms A M Watkins (Chair), Messrs J F Astbury, J A Strong, and I J Macfarlane, and Ms D J Grady. The Charter is available on the Company's website.

Their attendance at meetings of the Committee is set out on page 34 of the Directors' Report.

The Committee provides advice and assistance to the Board in fulfilling the Board's responsibilities relating to the Group's internal and external audit functions, risk management and compliance systems and practice, financial statements and market reporting systems, internal accounting and control systems and such other matters as the Board may request from time to time.

The Committee also provides advice and assistance to the Board on the compliance framework, based on Australian Standard 3806/2006, and its effectiveness, including legal and regulatory compliance, health and safety, privacy, environment, trade practices and fair trading, trade weights and measures, and employment obligations. Woolworths has specific policies and processes for addressing these and other compliance areas and the Committee receives and reviews regular management reports in each of these areas.

In respect of financial statements, the Committee is responsible for:

- reviewing and recommending for approval by the Board the Company's half year and full year financial statements, Annual Report and ASX Appendix 4E/D (full year/half year) statutory filings with supporting documents and accompanying notes, having regard to:
  - (a) the quality of earnings, liquidity and transparency and accuracy of reporting;
  - (b) critical accounting policies applied and the implications of any changes in such policies;
  - (c) compliance with relevant regulatory and statutory requirements;
  - (d) areas of significant judgement and estimates by management and their treatment in the financial statements; and
  - (e) significant or unusual transactions or events and their implications for the financial statements;
- reviewing any representation letters provided to the external auditor in respect of the financial statements; and
- reviewing and monitoring the propriety of related party transactions involving Directors, senior management and their external disclosure.

The Committee processes are designed to establish a proactive framework and dialogue in which the Committee, management and external and internal auditors review and assess the risk framework.

Composition

- Membership: The Audit, Risk Management and Compliance Committee comprises at least three independent Non-executive members of the Board, appointed by the Board.
- Qualifications: All members have appropriate business and financial expertise to act effectively as members of the Committee, as determined by the Board.
- Chair: The Chair of the Committee is an independent Non-executive Director who is not the Chairman of the Board.
- Secretary: The Secretary of the Audit, Risk Management and Compliance Committee is appointed by the Board and has responsibility for circulating minutes and matters arising from each meeting to all members of the Committee and the Board.

Access and reporting

- Direct Access: The Audit, Risk Management and Compliance Committee maintains direct, unfettered access to external auditors, Business Review (internal auditors) and management. The Committee meets regularly with external auditors, Business Review and Compliance, and the Board and Committee meet with the external auditors and Business Review at least twice a year, without any management present. The Committee has full access to the Group's records and personnel. The Committee Chairman commits additional time and meets with the CEO, the Finance Director, senior management, external auditors, Business Review, Compliance and Legal between meetings, to discuss and review matters relating to Committee functions as appropriate.
- Reports: The key issues and reports discussed at each Committee meeting are reported to the Board by the Chairman of the Committee at the immediately following Board meeting. The Committee's Charter requires the provision of periodic reports to the Board on the most significant risks facing the Group and the mitigation strategies and practices adopted by management.

Responsibilities

The Committee reviews and approves, annually, the overall audit strategy of the Group, which uses a risk framework to identify, assess and assign accountability for risk management, compliance and audit procedures. This ensures that the activities of external audit and Business Review are focused and coordinated and that there is no duplication of effort.

- Risk Management: The Committee assists the Board in overseeing and reviewing the risk management framework and the effectiveness of risk management in the Group. Management is responsible for identifying, managing and reporting on and effecting measures to address risk.
- Risk Event "Consideration": The Committee oversees the appropriate investigation and management reporting of significant risk events and incidents.
- Accounting Standards and Quality: The Committee oversees the adequacy and effectiveness of the Group's accounting and financial policies and controls and risk management systems and seeks assurance of compliance with relevant regulatory and statutory requirements.
- Financial Reports: The Committee oversees the Group's financial reporting processes and reports on the results of its activities to the Board. Specifically, the Committee reviews with management and the external auditor the Group's annual and financial statements and reports to shareholders.
- Internal Controls: The Committee examines the adequacy of the nature, extent and effectiveness of the internal audit control processes of the Group.
- Compliance: The Committee assists the Board in fulfilling its compliance responsibilities and oversees and reviews the Group Compliance framework and its effectiveness. The Committee also assists management to foster and support a compliance culture based on AS 3806/2006 as the benchmark.
- Special Reviews: The Committee undertakes other special activities as requested by the Board.
- Independent Advice: The Committee has the authority and resources to engage independent legal, accounting and other advice to assist it to carry out its duties.
- Complaint Handling Procedures: The Committee has established procedures to review complaints received by the Company concerning accounting and other matters which fall within the scope of its Charter, including any confidential and anonymous submissions by employees.

External audit appointment and supervision

- Appointment: The Committee nominates the external auditor to the Board and this appointment is reviewed every three years. External audit performance is reviewed annually.
- Partner Rotation: The Company requires the position of the lead client service audit partner to rotate every five years.
- Independence: The Company will not invite to be appointed as Directors any ex-audit partners, and any who may be proposed for appointment in a management position will be subject to Board consent.

- Consulting: The Committee has procedures to review proposed services by the providers of the external audit which are unrelated to audit assurance activities. However, the Committee has not set any nominal "cap" on the level of non-audit services to be performed by the external auditor, as it considers that this may restrict the ability of the Company to access the best advisers for the particular task.
- Audit Plans: Each year, the Committee reviews and approves the overall scope and plans for the external audit activities, including staffing and fees.
- Audit Reports: The Committee reviews all audit reports provided by the external auditor.

Business Review (internal audit) appointment and supervision

- Appointment: The Committee is involved in the performance assessment and appointment or termination of the Head of Business Review.
- Audit Plans: The Committee reviews the overall scope, annual plans and budget for Business Review activities and oversees the alignment of risk management programs and Business Review activities.
- Reports: The Committee reviews all key Business Review reports.
- Access: The Committee has regular direct access to the Head of Business Review, who reports directly to the CEO.

5 MAKE TIMELY AND BALANCED DISCLOSURE

The Company has detailed policies and procedures designed to ensure compliance with ASX Listing Rule continuous disclosure requirements and to ensure accountability at senior management level for such compliance. The Company's Continuous Disclosure Policy is available on the Company's website.

6 RESPECT THE RIGHTS OF SHAREHOLDERS

The Company is committed to keeping shareholders fully informed of significant developments and activities of the Company. This commitment is delivered through the Company's website (www.woolworthslimited.com.au, and specifically the "Investor Centre" section), which includes financial and shareholder information that is updated regularly to ensure transparency and a high level of communication of the Company's operations and financial situation, to the extent that this information is not commercially sensitive.

In keeping with a desire to make general meetings more accessible to shareholders, the Company where possible holds its AGM at different locations around Australia.

There is a commitment to making information widely available to shareholders through the website and this includes, but is not limited to, the Company's annual reports, half year reports, quarterly sales results, share price updates, dividend history, presentations and webcasts, shareholder meeting details, email alerts and all other ASX announcements by the Company. Recently, the Company has made online proxy voting available to shareholders.

The Board requests the external auditor to attend each Annual General Meeting of the Company and to be available to answer shareholder questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by management and auditor independence.

7 RECOGNISE AND MANAGE RISK

Risk management

Woolworths has a sound system of risk management and internal control. It has a risk management framework and compliance management framework together with a governance structure designed to ensure that the material risks of conducting business are properly managed. The risk management framework has regard to relevant regulations, standards and guidelines including those issued by the Committee of Sponsoring Organisations of the Treadway Commission paper on *Enterprise Risk Management – Integrated Framework* (COSO), the ASX *Corporate Governance Principles and Recommendations*, and the Joint Australian/New Zealand Standard *Risk management* (AS/NZS 4360:2004).

A risk management policy was prepared by management and formally approved by the Audit, Risk Management and Compliance Committee. A summary of the Woolworths Limited Risk Management Policy is available on the Company's website.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit, Risk Management and Compliance Committee and reviewed by the full Board. The Corporate Governance Committee and People Policy Committee also assist the Board in this role.

The Audit, Risk Management and Compliance Committee is responsible for assisting the Board in overseeing the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the Committee:

- reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system;
- reviews Group-wide objectives in the context of the abovementioned categories of corporate risk;
- reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis;
- reviews compliance with agreed treasury policy; and
- reviews insurance arrangements to ensure appropriate coverage.

The Committee recommends any actions it deems appropriate to the Board for its consideration. The Company's Business Review function assists the Committee by providing an independent appraisal and reporting of the adequacy and effectiveness of the risk management framework.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has reported to the Audit, Risk Management and Compliance Committee on the effectiveness of:

- the risk management and internal control system during the year; and
- the Company's management of its material business risks.

The Risk Steering Group is a Group-level steering committee comprised of company representatives from a range of functional groups. The Risk Steering Group was formed to assist the Board and management in developing and monitoring a sound framework for risk oversight, risk management and internal control.

Assurance

In complying with Recommendation 7.3 the CEO and CFO have stated to the Board in writing that:

- the integrity of the Company's Financial Statements is founded on sound systems of risk management and compliance and internal control which implements, in all material respects, the policies adopted by the Board;
- to the extent they relate to financial reporting, the Company's risk management and compliance and internal control systems are operating effectively in all material respects;
- nothing has come to their attention since 28 June 2009 that would indicate any material change to the above statements; and
- the assurances made above regarding risk management and compliance and internal control are made in the context of providing a reasonable, but not absolute, level of assurance and do not imply a guarantee against adverse events or more volatile outcomes arising in the future.

In addition, the Board has received assurance from the CEO and CFO, in accordance with the Corporations Act, stating that, in all material respects:

- the financial records of the entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act;
- the Financial Statements, and the Notes to the Financial Statements, for the financial period, comply with the relevant accounting standards; and
- the Financial Statements and the Notes for the financial period give a true and fair view.

The Board's role in the above assurance includes:

- determining the scope of risk management, compliance and internal control to be covered by the CEO/CFO assurance;
- confirming the internal control benchmark criteria – the Company uses the criteria contained in the COSO Internal Controls framework upon which an assessment of the effectiveness of internal controls will be based; and
- satisfying itself that the process underlying assurance is appropriate and that the CEO and CFO are justified in providing their assurance.

8 REMUNERATE FAIRLY AND RESPONSIBLY

People Policy Committee

The Company is committed to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

ASX Principles Recommendation 8.1 proposes that the Board establishes a remuneration committee. The Board has established a People Policy Committee which, among other matters, has responsibilities commensurate with a remuneration committee.

In terms of remuneration, the People Policy Committee's responsibilities include a review of and recommendations to the Board on:

- executive remuneration and incentive policies;
- the remuneration packages of senior management;
- the Company's recruitment, retention and termination policies and procedures for senior management evaluation and assessment;
- incentive schemes; and
- the remuneration framework for Directors.

The People Policy Committee has responsibilities in relation to each of these matters.

The People Policy Committee's role is to ensure that the Company has appropriate human resources strategies in place; that the remuneration policies and practices of the Company are consistent with its strategic and financial goals and human resource objectives; and that processes are in place for succession planning and management development.

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 objectives, policies and strategies;
2. Reviewing, on an annual basis, the Senior Management Salary and Remuneration Program and senior executive/CEO remuneration structure and levels. This review includes the STIP for performance related incentive bonuses and the LTIP allocations;
3. Reviewing performance evaluation procedures for the CEO and senior executives;
4. Monitoring the CEO and Senior Executive Performance Appraisal and Succession Planning Programs and ensuring the Executive Development Programs 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, on independent advice, Non-executive Directors' remuneration (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 Act 2001*.

The People Policy Committee of Directors comprises Non-executive Directors Dr R S Deane (Chair), Mr L M L'Huillier, Ms A M Watkins and Mr J A Strong. Their attendance at meetings of the Committee is set out on page 34 of the Directors' Report.

Superannuation

The Superannuation Policy Committee acts as the consultative and review body on behalf of the members of the Woolworths Group Superannuation Plan and the Company. The Committee consists of equal representatives of the Company and the members.

Mr L M L'Huillier is Chairman of the Committee.

Remuneration Report

In accordance with the *Corporations Act 2001* (section 300A), disclosures in relation to Director and executive remuneration are included in a separate component of the Directors' Report, entitled Remuneration Report. The Remuneration Report is set out from pages 35 to 53. Full details of the Company's remuneration philosophy, structure – including fixed and variable remuneration – and quantum are detailed in the Remuneration Report.

Any equity-based remuneration is made within thresholds set in plans approved by shareholders.

Employee Share Plans

The Company has established various Plans which have provided for the allocation of shares to approximately 40,000 of its permanent employees.

Details of these Plans are set out in Note 23 to the Financial Statements – "Employee Benefits".

The Plans are aimed at aligning Woolworths' employee interests with those of Woolworths' other shareholders.

Contents

Weeks	2009 52	2008 53	2007 52	2006 52	2005 52
PROFIT AND LOSS					
Sales ($m)					
Food and Liquor[1]	**36,843.5**	34,670.7	31,685.0	28,063.0	23,569.6
Petrol	**5,482.1**	5,642.1	4,836.8	4,390.4	3,308.4
Total Supermarkets	**42,325.6**	40,312.8	36,521.8	32,453.4	26,878.0
BIG W	**4,267.3**	3,915.9	3,465.2	3,119.1	2,908.7
Consumer Electronics[2]	**1,723.6**	1,530.6	1,310.2	1,167.1	1,007.5
General Merchandise	**5,990.9**	5,446.5	4,775.4	4,286.2	3,916.2
Hotels	**1,110.3**	1,113.4	1,032.1	849.9	415.8
Continuing operations	**49,426.8**	46,872.7	42,329.3	37,589.5	31,210.0
Wholesale	**168.0**	162.1	147.8	144.7	142.5
Total Group	**49,594.8**	47,034.8	42,477.1	37,734.2	31,352.5
Earnings before interest and tax ($m)					
Food and Liquor[1]	**2,356.5**	2,082.9	1,752.2	1,394.9	1,091.5
Petrol	**87.5**	81.9	82.9	53.1	36.2
Total Supermarkets	**2,444.0**	2,164.8	1,835.1	1,448.0	1,127.7
BIG W	**200.2**	161.2	138.6	123.1	118.3
Consumer Electronics[2]	**50.8**	63.1	66.8	64.0	54.5
General Merchandise	**251.0**	224.3	205.4	187.1	172.8
Hotels	**218.0**	215.1	183.7	151.1	52.8
Total trading operations	**2,913.0**	2,604.2	2,224.2	1,786.2	1,353.3
Net property income/(expense)	**(7.2)**	33.1	(23.8)	18.3	21.2
Head office overheads	**(94.6)**	(112.8)	(91.6)	(84.1)	(74.9)
Total unallocated[3]	**(101.8)**	(79.7)	(115.4)	(65.8)	(53.7)
Continuing operations	**2,811.2**	2,524.5	2,108.8	1,720.4	1,299.6
Wholesale	**4.3**	4.3	2.5	1.8	2.5
Total Group	**2,815.5**	2,528.8	2,111.3	1,722.2	1,302.1
EBIT to sales (%)					
Supermarkets	**5.77**	5.37	5.02	4.46	4.19
BIG W	**4.69**	4.12	4.00	3.95	4.07
Consumer Electronics	**2.95**	4.12	5.10	5.48	5.41
Hotels	**19.63**	19.32	17.79	17.78	12.70
Wholesale	**2.56**	2.65	1.69	1.25	1.75
Total	**5.68**	5.38	4.97	4.56	4.16

Weeks	2009 52	2008 53	2007 52	2006 52	2005 52
PROFIT AND LOSS DETAIL ($m)					
Sales	**49,594.8**	47,034.8	42,477.1	37,734.2	31,352.5
Cost of goods sold	**(36,871.4)**	(35,134.5)	(31,723.1)	(28,289.6)	(23,550.2)
Gross profit	**12,723.4**	11,900.3	10,754.0	9,444.6	7,802.3
Gross profit margin %	***25.66***	*25.30*	*25.32*	*25.03*	*24.89*
Cost of doing business (CODB)	**(9,907.9)**	(9,371.5)	(8,642.7)	(7,722.4)	(6,500.2)
CODB %	***19.98***	*19.92*	*20.35*	*20.47*	*20.73*
Selling, general and admin expenses (excluding rent, depreciation and amortisation)	**(7,768.8)**	(7,405.5)	(6,847.1)	(6,130.1)	(5,184.0)
EBITDAR	**4,954.6**	4,494.8	3,906.9	3,314.5	2,618.3
EBITDAR margin %	***9.99***	*9.56*	*9.20*	*8.78*	*8.35*
Rent (including fitout rent)	**(1,409.7)**	(1,315.9)	(1,206.3)	(1,070.1)	(900.2)
EBITDA	**3,544.9**	3,178.9	2,700.6	2,244.4	1,718.1
EBITDA margin (%)	***7.15***	*6.76*	*6.36*	*5.95*	*5.48*
Depreciation and amortisation	**(729.4)**	(650.1)	(589.3)	(522.2)	(416.0)
EBIT	**2,815.5**	2,528.8	2,111.3	1,722.2	1,302.1
EBIT margin (%)	***5.68***	*5.38*	*4.97*	*4.56*	*4.16*
Interest	**(149.9)**	(140.8)	(189.7)	(201.8)	(104.9)
WINs and Woolworths Notes interest	**(39.3)**	(50.5)	(43.9)	(47.9)	(45.2)
Profit before tax and abnormal items	**2,626.3**	2,337.5	1,877.7	1,472.5	1,152.0
Taxation	**(766.3)**	(686.0)	(566.4)	(445.8)	(334.8)
Profit after tax and before abnormal items	**1,860.0**	1,651.5	1,311.3	1,026.7	817.2
Minority interest	**(24.3)**	(24.7)	(17.3)	(12.1)	(1.0)
Profit attributable to members of Woolworths Limited after tax and Hybrid Notes	**1,835.7**	1,626.8	1,294.0	1,014.6	816.2
BALANCE SHEET ($m)					
Funds employed					
Inventory	**3,292.6**	3,010.0	2,739.2	2,316.1	1,969.6
Accounts payable	**(4,055.1)**	(3,878.1)	(3,277.4)	(2,778.5)	(2,339.8)
Net investment in inventory	**(762.5)**	(868.1)	(538.2)	(462.4)	(370.2)
Fixed assets and investments	**6,822.2**	5,825.5	4,886.1	4,172.1	3,425.8
Intangibles	**4,933.1**	4,835.2	5,003.5	4,759.4	2,046.4
Receivables	**666.9**	641.4	490.1	1,174.4	611.9
Other creditors	**(2,340.4)**	(2,118.1)	(2,038.3)	(1,838.7)	(1,483.8)
Total funds employed(4)	**9,319.3**	8,315.9	7,803.2	7,804.8	4,230.1
Net tax balances	**201.1**	100.5	154.3	252.3	182.2
Net assets employed	**9,520.4**	8,416.4	7,957.5	8,057.1	4,412.3
Net repayable debt(5)	**(2,463.1)**	(2,181.1)	(2,442.8)	(3,799.5)	(2,412.1)
Net assets	**7,057.3**	6,235.3	5,514.7	4,257.6	2,000.2
Minority shareholders' equity	**244.8**	242.4	239.4	229.8	26.0
Shareholders' equity	**6,812.5**	5,992.9	5,275.3	4,027.8	1,974.2
Total equity	**7,057.3**	6,235.3	5,514.7	4,257.6	2,000.2

Weeks	2009 52	2008 53	2007 52	2006 52	2005 52
CASH FLOW ($m)					
EBITDA	**3,544.9**	3,178.9	2,700.6	2,244.4	1,718.1
Movement in net investment in inventory	**(103.2)**	341.4	68.1	61.4	(44.3)
Other operating cash flows and other non cash	**209.0**	(76.9)	297.7	127.5	100.4
Net interest paid (including cost of income notes)	**(244.4)**	(215.5)	(249.8)	(253.2)	(161.5)
Tax paid	**(802.1)**	(573.9)	(522.4)	(475.3)	(398.3)
Operating cash flow	**2,604.2**	2,654.0	2,294.2	1,704.8	1,214.4
Payments for property plant and equipment	**(1,678.2)**	(1,748.1)	(1,131.0)	(1,411.7)	(1,180.5)
Proceeds on disposal of property plant and equipment	**18.7**	228.4	778.2	328.7	97.7
Major acquisitions debt funded	**–**	–	–	(1,464.7)	(1,208.8)
Other investing cash flows	**(146.7)**	(233.7)	(372.3)	(178.2)	(76.7)
Free cash flow	**798.0**	900.6	1,569.1	(1,021.1)	(1,153.9)
Movement in gross debt	**160.8**	(132.2)	(999.5)	1,079.0	1,312.7
Dividends paid	**(1,012.4)**	(862.5)	(355.2)	–	(201.9)
Dividends paid to minority interests	**(29.2)**	(14.3)	(7.7)	–	–
Buyback of shares	**–**	–	–	–	–
New shares issued	**71.9**	72.2	63.6	40.9	128.0
Effects of exchange rate changes on balance of cash held in foreign currencies	**3.0**	(8.0)	2.6	(6.7)	–
Net cash flow	**(7.9)**	(44.2)	272.9	92.1	84.9

Weeks	2009 52	2008 53	2007 52	2006 52	2005 52
SHAREHOLDER VALUE					
ROFE (Pre-tax return on funds employed) (%)[6]					
Normal	**31.93**	31.38	27.05	28.62	42.64
Du Pont analysis (abnormals excluded) (%)					
EBIT to sales	**5.68**	5.38	4.97	4.56	4.16
Service burden[7]	**93.28**	92.43	88.94	85.50	88.47
Tax burden[8]	**70.82**	70.65	69.84	69.72	70.94
Asset turn[9]	**3.03**	3.13	3.06	3.41	4.24
Financial leverage[10]	**2.56**	2.67	2.98	3.69	4.62
Return on equity[11]	**28.67**	28.87	27.82	33.81	50.93
Earnings per share					
Ordinary share price closing ($)	**25.96**	25.02	27.60	19.36	16.48
Market capitalisation ($m)	**31,905.9**	30,453.3	33,321.5	22,881.9	17,493.2
Weighted average shares on issue	**1,218.0**	1,206.0	1,189.4	1,116.3	1,030.6
Normal basic EPS[12]	**150.71**	134.89	108.79	90.89	79.19
Interim dividend ($m)	**588.3**	534.5	421.7	325.9	250.9
Interim dividend (cents per share)	**48.0**	44.0	35.0	28.0	24.0
Final dividend ($m)[13]	**692.0**	586.0	471.9	367.2	287.2
Final dividend (cents per share)	**56.0**	48.0	39.0	31.0	27.0
Total dividend ($m)[13]	**1,280.3**	1,120.5	893.6	693.1	538.2
Total dividend (cents per share)	**104.0**	92.0	74.0	59.0	51.0
Payout ratio (before abnormals) (%)	**69.74**	68.87	68.97	68.30	65.94
Price/earnings ratio (times)	**17.23**	18.55	25.37	21.30	20.81
Price/cash flow ratio (times)	**12.13**	11.37	14.31	12.67	13.99
Growth rates (% increase)					
Sales	**5.44**	10.73	12.57	20.35	12.24
Sales per equivalent week	**7.47**	8.64	12.57	20.35	12.24
EBITDA	**11.51**	17.71	20.33	30.64	16.66
EBIT	**11.34**	19.77	22.59	32.26	22.25
Profit before tax and abnormal items	**12.36**	24.49	27.52	27.82	18.17
Normal basic EPS	**11.73**	23.99	19.70	14.76	17.50
FINANCIAL STRENGTH					
Service cover ratio (times)[14]	**14.88**	13.22	9.04	6.90	8.67
Fixed charges cover (times)[15]	**3.00**	2.94	2.72	2.50	2.48
Sales to inventory (times)[16]	**15.74**	16.36	16.80	17.61	16.46
Capital expenditure to EBITDA (%)	**47.34**	54.99	41.88	62.90	68.71
Operating cash flow per share	**2.14**	2.20	1.93	1.53	1.18
Serviced gearing (%)[17]	**25.87**	25.91	30.70	47.16	54.67
Current assets to current liabilities (%)	**75.75**	70.08	75.62	84.54	81.06

	2009	2008	2007	2006	2005
PRODUCTIVITY					
Stores (number) FY2009					
Supermarkets					
NSW and ACT	**241**	234	237	238	233
Queensland	**186**	177	168	161	147
Victoria	**192**	187	183	182	183
South Australia and Northern Territory	**72**	72	72	69	69
Western Australia	**82**	81	79	79	64
Tasmania	**29**	29	27	27	27
Supermarkets in Australia	**802**	780	766	756	723
Supermarkets in New Zealand	**202**	201	199	198	–
Total Supermarkets	**1,004**	981	965	954	723
Thomas Dux	**3**	1	–	–	–
Freestanding Liquor	**256**	233	212	204	192
ALH Group Retail Outlets	**463**	434	424	432	382
Caltex/WOW Petrol	**133**	133	134	131	117
WOW Petrol – Australia	**409**	389	371	360	339
WOW Petrol – New Zealand	**22**	22	22	22	–
Total Supermarket Division	**2,290**	2,193	2,128	2,103	1,753
General Merchandise					
BIG W	**156**	151	142	129	120
Dick Smith Electronics	**349**	310	277	243	220
Tandy	**87**	106	123	123	122
Total General Merchandise	**592**	567	542	495	462
Hotels (ALH Group) (includes 8 clubs)	**280**	271	263	250	169
Total Group	**3,162**	3,031	2,933	2,848	2,384

	June 2008	Opened/Acquired	Closed	June 2009
Stores (movement) FY09				
Supermarkets				
NSW and ACT	234	9	2	**241**
Queensland	177	10	1	**186**
Victoria	187	6	1	**192**
South Australia and Northern Territory	72	1	1	**72**
Western Australia	81	2	1	**82**
Tasmania	29	–	–	**29**
Total Australian Supermarkets	780	28	6	**802**
Supermarkets – New Zealand	201	3	2	**202**
Total Supermarkets	981	31	8	**1,004**
Thomas Dux	1	2	–	**3**
Freestanding Liquor	233	35	12	**256**
ALH Group retail outlets	434	38	9	**463**
Caltex/WOW Petrol	133	–	–	**133**
WOW Petrol – Australia	389	21	1	**409**
WOW Petrol – New Zealand	22	–	–	**22**
Total Supermarket Division	2,193	127	30	**2,290**
General Merchandise				
BIG W	151	5	–	**156**
Dick Smith Electronics	310	51	12	**349**
Tandy	106	–	19	**87**
Total General Merchandise	567	56	31	**592**
Hotels (ALH Group) (includes 8 clubs)	271	12	3	**280**
Total Group movement	3,031	195	64	**3,162**

Weeks	*2009* *52*	*2008* *53*	*2007* *52*	*2006* *52*	*2005* *52*
Area (sqm)					
Supermarkets (Australia)[(18)]	**2,037,680**	1,945,641	1,848,792	1,784,279	1,682,536
Supermarkets (New Zealand)[(19)]	**303,889**	296,549	291,092	291,792	–
General Merchandise[(20)]	**1,038,561**	989,767	930,288	843,316	783,685
Sales per square metre					
Supermarkets (Australia)[(18)]	**15,641.1**	14,934.0	14,570.6	13,877.9	13,754.2
Supermarkets (New Zealand)[(19)]	**14,820.4**	14,634.1	14,382.5	–	–
General Merchandise[(20)]	**5,588.3**	5,295.9	5,106.2	5,082.5	4,997.2

NOTES TO STATISTICS

(1)
Includes FAL results since 2 November 2005 and Taverner retail results from 6 February 2006.

(2)
Includes India wholesale results since October 2006. (FY09 Sales $187.1 million, EBIT loss ($4.3 million), FY08 Sales $103.9 million, EBIT loss ($5.0 million))

(3)
Unallocated expense represents corporate costs relating to the Woolworths Group as a whole, and income and expense 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 114 Segment Reporting.

(4)
Funds employed is net assets excluding net tax balances, provision for dividends, net debt, and assets and liabilities as a result of hedging per AASB 139 Financial Instruments: Recognition and Measurement.

(5)
Net repayable debt is gross debt less cash on hand, cash at bank, cash on short term deposit and includes hedge assets and liabilities.

(6)
Return on funds employed (ROFE) is EBIT as a percentage of average (of opening and closing) funds employed for the year.

(7)
Service burden is net operating profit before income tax expressed as a percentage of EBIT before abnormal items.

(8)
Tax burden is normal profit after income tax expressed as a percentage of normal profit before income tax.

(9)
Asset turn is total sales divided by average (of opening and closing) total assets for the year.

(10)
Financial leverage is average (of opening and closing) total assets divided by average (of opening and closing) total shareholders' equity for the year.

(11)
Return on equity is profit after income tax attributable to shareholders, divided by average of (opening and closing) shareholders' equity for the year.

(12)
Normal basic earnings per share (Normal EPS) is profit after tax and servicing Hybrid Notes divided by the weighted average number of ordinary shares on issue during the period. The weighted average number of shares on issue has been calculated in accordance with Accounting Standard AASB 133 Earnings per Share.

(13)
The current year figure represents the dividend value given the shares on issue as at reporting date. This figure will change if there are any shares issued between reporting date and the ex-dividend date.

(14)
Service cover ratio is EBIT divided by the sum of net financing cost and Hybrid Notes interest.

(15)
Fixed charges cover is EBITDAR divided by rent and interest costs. It excludes foreign exchange gains/losses, dividend income and interest capitalised.

(16)
Sales to inventory is total sales divided by average (of opening and closing) inventory.

(17)
Serviced gearing is net repayable debt divided by net repayable debt plus total equity.

(18)
Supermarkets excludes Petrol and ALH Group retail (BWS) outlets.

(19)
New Zealand Supermarkets excludes Gull and franchise outlets. Sales per square metre for 2006 not provided due to acquisition being completed mid-year.

(20)
Excludes Woolworths India.

	Note	Consolidated 2009 52 weeks $m	Consolidated 2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	Woolworths Limited 2008 53 weeks $m
Revenue from the sale of goods	2a	**49,594.8**	47,034.8	**35,607.0**	33,412.3
Other operating revenue	2a	**103.0**	123.3	**84.4**	99.2
Revenue from operations		**49,697.8**	47,158.1	**35,691.4**	33,511.5
Cost of sales		**(36,974.4)**	(35,257.8)	**(26,586.1)**	(25,198.0)
Gross profit		**12,723.4**	11,900.3	**9,105.3**	8,313.5
Other revenue	2b	**148.4**	129.6	**97.0**	95.4
Other income	2c	**–**	34.4	**–**	–
Branch expenses		**(7,800.4)**	(7,330.5)	**(5,381.8)**	(4,952.5)
Administration expenses		**(2,255.9)**	(2,205.0)	**(1,853.8)**	(1,777.9)
Earnings before interest and tax		**2,815.5**	2,528.8	**1,966.7**	1,678.5
Financial expense	3	**(235.2)**	(230.8)	**(226.9)**	(231.1)
Financial income	3	**46.0**	39.5	**314.8**	325.6
Net financing cost		**(189.2)**	(191.3)	**87.9**	94.5
Net profit before income tax expense		**2,626.3**	2,337.5	**2,054.6**	1,773.0
Income tax expense	5a	**(766.3)**	(686.0)	**(606.3)**	(529.5)
Profit after income tax expense		**1,860.0**	1,651.5	**1,448.3**	1,243.5
Net profit attributable to:					
Equity holders of the parent entity		**1,835.7**	1,626.8	**1,448.3**	1,243.5
Minority interest		**24.3**	24.7	**–**	–
		1,860.0	1,651.5	**1,448.3**	1,243.5
Earnings per share (EPS)					
Basic EPS (cents per share)	20	**150.71**	134.89	**–**	–
Diluted EPS (cents per share)	20	**149.69**	133.55	**–**	–
Weighted average number of shares used in the calculation of basic EPS (million)	20	**1,218.0**	1,206.0	**–**	–

The income statements should be read in conjunction with the Notes to the Financial Statements set out on pages 77 to 145.

	Note	Consolidated 2009 52 weeks $m	Consolidated 2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	Woolworths Limited 2008 53 weeks $m
Movement in translation of foreign operations taken to equity	18	**(12.5)**	(298.4)	**–**	–
Movement in the fair value of available-for-sale financial assets	18	**(20.5)**	(54.0)	**(11.0)**	(7.2)
Movement in fair value of cash flow hedges	18	**112.9**	5.1	**112.9**	5.1
Actuarial losses on defined benefit plans	19	**(67.3)**	(39.7)	**(66.8)**	(39.7)
Tax effect of items recognised directly to equity	5b	**60.9**	58.4	**53.1**	(36.6)
Net income/(expense) recognised directly in equity		**73.5**	(328.6)	**88.2**	(78.4)
Transfer to income statement cash flow hedges	18	**(223.5)**	156.7	**(223.5)**	156.7
Profit for the period		**1,860.0**	1,651.5	**1,448.3**	1,243.5
Total recognised income and expense for the period		**1,710.0**	1,479.6	**1,313.0**	1,321.8
Attributable to:					
Equity holders of the parent		**1,685.8**	1,454.9	**1,313.0**	1,321.8
Minority interest		**24.2**	24.7	**–**	–
		1,710.0	1,479.6	**1,313.0**	1,321.8

The statements of recognised income and expense should be read in conjunction with the Notes to the Financial Statements set out on pages 77 to 145.

	Note	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m
Current assets					
Cash		**762.6**	754.6	**574.4**	550.5
Trade and other receivables	8	**664.2**	637.8	**1,254.4**	1,091.9
Inventories		**3,292.6**	3,010.0	**2,285.9**	2,130.1
Assets held for sale	10	**36.9**	34.7	**14.1**	14.1
Other financial assets	9	**102.9**	65.1	**102.9**	65.1
Total current assets		**4,859.2**	4,502.2	**4,231.7**	3,851.7
Non-current assets					
Trade and other receivables	8	**2.7**	3.6	**5,604.6**	5,559.0
Other financial assets	9	**155.4**	262.0	**3,270.8**	3,254.7
Property, plant and equipment	10	**6,653.9**	5,638.8	**3,654.0**	3,147.8
Intangibles	11	**4,933.1**	4,835.2	**485.9**	464.8
Deferred tax assets	5d	**480.6**	430.7	**353.0**	297.8
Total non-current assets		**12,225.7**	11,170.3	**13,368.3**	12,724.1
Total assets		**17,084.9**	15,672.5	**17,600.0**	16,575.8
Current liabilities					
Trade and other payables	12	**5,110.0**	4,804.9	**7,468.1**	7,385.0
Borrowings	14	**188.6**	550.2	**142.4**	299.9
Current tax liabilities	5c	**279.5**	330.2	**232.5**	267.5
Other financial liabilities	13	**99.3**	61.9	**99.3**	61.9
Provisions	16	**737.2**	677.2	**588.9**	549.9
Total current liabilities		**6,414.6**	6,424.4	**8,531.2**	8,564.2
Non-current liabilities					
Borrowings	14	**2,986.3**	2,224.0	**2,984.8**	2,222.5
Other financial liabilities	13	**78.4**	274.7	**78.4**	274.7
Provisions	16	**362.3**	380.0	**326.6**	328.8
Other		**186.0**	134.1	**152.8**	106.3
Total non-current liabilities		**3,613.0**	3,012.8	**3,542.6**	2,932.3
Total liabilities		**10,027.6**	9,437.2	**12,073.8**	11,496.5
Net assets		**7,057.3**	6,235.3	**5,526.2**	5,079.3
Equity					
Issued capital	17	**3,858.6**	3,627.1	**3,858.6**	3,627.1
Shares held in trust	17	**(51.2)**	(60.0)	**(51.2)**	(60.0)
Reserves	18	**(173.5)**	(133.9)	**183.8**	208.9
Retained earnings	19	**3,178.6**	2,559.7	**1,535.0**	1,303.3
Equity attributable to the members of Woolworths Limited		**6,812.5**	5,992.9	**5,526.2**	5,079.3
Minority interest		**244.8**	242.4	**–**	–
Total equity		**7,057.3**	6,235.3	**5,526.2**	5,079.3

The balance sheets should be read in conjunction with the Notes to the Financial Statements set out on pages 77 to 145.

	Consolidated 2009 52 weeks $m	Consolidated 2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	Woolworths Limited 2008 53 weeks $m
Cash flows from operating activities				
Receipts from customers	**53,184.3**	50,347.4	**37,364.2**	34,691.4
Receipts from vendors and tenants	**41.6**	36.5	**4.8**	4.4
Payments to suppliers and employees	**(49,575.2)**	(46,940.5)	**(34,631.8)**	(32,285.9)
Interest and costs of finance paid	**(257.4)**	(236.7)	**(248.3)**	(235.5)
Interest received	**13.0**	21.2	**238.0**	264.1
Income tax paid	**(802.1)**	(573.9)	**(722.1)**	(485.1)
Net cash provided by operating activities	**2,604.2**	**2,654.0**	**2,004.8**	**1,953.4**
Cash flows from investing activities				
Proceeds from the sale of property, plant and equipment	**18.7**	228.4	**6.3**	84.5
Payments for property, plant and equipment	**(1,676.8)**	(1,733.6)	**(1,031.4)**	(1,069.7)
Payments for the purchase of intangibles	**(1.4)**	(14.5)	**–**	(5.8)
Payment for purchase of investments	**–**	(57.3)	**(52.3)**	(57.3)
(Repayments)/Advances (to)/from related entities	**–**	–	**(411.9)**	86.5
Dividend received	**7.8**	14.7	**90.1**	42.8
Payments for purchase of businesses	**(154.5)**	(191.1)	**(28.5)**	(20.1)
Net cash (used in)/provided by investing activities	**(1,806.2)**	(1,753.4)	**(1,427.7)**	(939.1)
Cash flows from financing activities				
Proceeds from issue of equity securities	**66.7**	63.3	**66.7**	63.3
Proceeds from external borrowings	**13,619.3**	6,334.0	**12,364.6**	5,378.0
Repayment of external borrowings	**(13,458.5)**	(6,466.2)	**(11,977.3)**	(5,659.2)
Dividends paid	**(1,012.4)**	(862.5)	**(1,012.4)**	(862.5)
Dividends paid to minority interest	**(29.2)**	(14.3)	**–**	–
Repayment of employee share plan loans	**5.2**	8.9	**5.2**	8.9
Net cash (used in) financing activities	**(808.9)**	(936.8)	**(553.2)**	(1,071.5)
Net (decrease)/increase in cash held	**(10.9)**	(36.2)	**23.9**	(57.2)
Effects of exchange rate changes on balance of cash held in foreign currencies	**3.0**	(8.0)	**–**	–
Cash at the beginning of the financial period	**754.6**	798.8	**550.5**	607.7
Cash at the end of the financial period	**746.7**	754.6	**574.4**	550.5
Non-cash financing and investing activities				
In accordance with the Company's Dividend Reinvestment Plan (DRP) 14% (2008: 14%) of the dividend paid was reinvested in the shares of the Company				
Dividend (Note 6)	**1,174.3**	1,006.4	**1,174.3**	1,006.4
Issuance of shares under the (DRP)	**(161.9)**	(143.9)	**(161.9)**	(143.9)
Net cash outflow	**1,012.4**	862.5	**1,012.4**	862.5

The cash flow statements should be read in conjunction with the Notes to the Financial Statements set out on pages 77 to 145.

	Consolidated 2009 52 weeks $m	Consolidated 2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	Woolworths Limited 2008 53 weeks $m
Reconciliation of net cash provided by operating activities to profit from ordinary activities after income tax expense				
Profit from ordinary activities after income tax expense	**1,860.0**	1,651.5	**1,448.3**	1,243.5
Depreciation/amortisation charged to income statement	**729.4**	650.1	**532.3**	465.1
Difference between defined benefit expense and cash contributions	**(4.1)**	(9.9)	**(3.7)**	(9.9)
(Profit)/Loss on sale of property, plant and equipment	**14.2**	(34.4)	**5.5**	7.6
(Increase)/decrease in deferred tax asset	**3.6**	(3.7)	**(2.2)**	(53.6)
Increase/(decrease) in current tax liability	**(50.8)**	115.9	**(35.0)**	127.7
(Increase)/decrease in trade and other receivables	**(15.4)**	(154.7)	**(5.0)**	(140.6)
(Increase)/decrease in inventories	**(273.1)**	(303.4)	**(152.2)**	(226.6)
Increase/(decrease) in trade creditors	**169.9**	644.8	**162.3**	519.8
Increase/(decrease) in sundry creditors and provisions	**160.0**	68.5	**103.1**	19.4
Dividend received	**(7.8)**	(14.7)	**(90.1)**	(42.8)
Share-based payments expense	**63.5**	48.5	**63.5**	48.5
Other non-cash movements	**(45.2)**	(4.5)	**(22.0)**	(4.7)
Net cash provided by operating activities	**2,604.2**	2,654.0	**2,004.8**	1,953.4
Acquisition of businesses				
Details of the aggregate cash outflow relating to the acquisition of businesses and the aggregate assets and liabilities of those businesses as at the date of the acquisition were as follows:				
– property, plant and equipment	**75.6**	99.5	**0.9**	4.0
– inventories	**5.7**	2.7	**3.7**	0.6
– liquor and gaming licences	**52.5**	52.8	**12.8**	2.5
– cash acquired	**0.5**	0.2	**–**	–
– other assets	**4.8**	1.4	**2.2**	0.5
– provisions	**(0.3)**	(0.2)	**–**	–
– other liabilities	**(1.2)**	–	**–**	–
Net assets acquired	**137.6**	156.4	**19.6**	7.6
Goodwill on acquisition	**28.2**	34.9	**8.9**	12.5
Fair value of net assets acquired	**165.8**	191.3	**28.5**	20.1
Analysed as follows:				
Consideration				
– equity issued	**6.4**	–	**–**	–
– contingent consideration	**4.4**	–	**–**	–
– cash paid	**155.0**	191.3	**28.5**	20.1
Total consideration	**165.8**	191.3	**28.5**	20.1
Cash paid	**155.0**	191.3	**28.5**	20.1
Less: cash balances acquired	**(0.5)**	(0.2)	**–**	–
Cash consideration paid this year	**154.5**	191.1	**28.5**	20.1

Details of acquisitions are shown at Note 30.

Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Cash flow Statements is reconciled to the related items in the statement of financial position as follows:

	2009	2008
Cash	**762.6**	754.6
Bank overdraft	**(15.9)**	–
	746.7	754.6

1 SIGNIFICANT ACCOUNTING POLICIES

Woolworths Limited (the Company) is a company domiciled in Australia. The financial report of the Company for the 52 weeks ended 28 June 2009 comprises the Company and its subsidiaries (together referred to as the consolidated entity).

The financial report was authorised for issue by the directors on 24 September 2009.

(A) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate Financial Statements of the Company and the consolidated Financial Statements of the consolidated entity. Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the Financial Statements and notes of the Company and consolidated entity comply with International Financial Reporting Standards (IFRS).

(B) Basis of preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading and financial instruments classified as available-for-sale.

The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest million dollars, unless otherwise stated.

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 30 June 2008.

Issued standards and interpretations not early adopted

The following Standards and Amendments to Standards were available for early adoption and were applicable to the consolidated entity but have not been applied by the consolidated entity in these Financial Statements. Adoption of these standards is not expected to have an impact on the financial results of the Company or the consolidated entity as the standards are only concerned with disclosures:

– AASB 8 Operating Segments replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009.
– AASB 101 Presentation of Financial Statements (revised September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further amendments to Australian Accounting Standards arising from AASB 101. The requirements apply to annual reporting periods beginning on or after 1 January 2009.
– AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments. The requirements apply to annual reporting periods beginning on or after 1 January 2009.

The consolidated entity will adopt these standards in the financial year ending 27 June 2010 and is currently evaluating their impact on the consolidated entity's financial statements.

Adoption of the following Interpretations and amended Standards is not expected to have any significant impact on the results of the business:

– Interpretation 16 Hedges of a Net Investment in a Foreign Operation. This applies prospectively to annual reporting periods beginning on or after 1 October 2008.
– Interpretation 17 Distributions of Non-Cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 Distributions of Non-Cash Assets to Owners applicable to annual reporting periods beginning on or after 1 July 2009.
– AASB 2008-1 Amendments to Australian Accounting Standards – Share-based Payments: Vesting Conditions and Cancellations. These amendments clarify that vesting conditions comprise service conditions and performance conditions only and that other features of a share-based payment transaction are not vesting conditions. They also specify that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This Standard is applicable to annual reporting periods beginning on or after 1 January 2009.
– AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project. This standard makes amendments to 25 different Standards and is equivalent to the IASB Standard Improvement to IFRSs issued in May 2008. The Standard is applicable retrospectively to annual reporting periods beginning on or after 1 January 2009.
– AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. The amendments cannot be early adopted for annual reporting periods beginning before 1 July 2009 unless AASB 127 Consolidated and Separate Financial Statements (as amended by AASB 2008-5 in July 2008) is also applied.
– AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate. The requirements of AASB 2008-7 are applicable from 1 January 2009, with early adoption permitted.

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

- AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items. This requirement is effective for annual reporting periods beginning on or after 1 July 2009.
- AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Process. This requirement is effective for annual reporting periods beginning on or after 1 July 2009.
- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process. This requirement is effective for annual reporting periods beginning on or after 1 January 2010, excepted for the amendments made to the guidance to AASB 118 'Revenue' that have no explicit application date and are taken to be immediately effective.
- AASB 2009-6 Amendments to Australian Accounting Standards. This requirement is effective for reporting periods beginning on or after 1 January 2009 that end on or after 30 June 2009.
- AASB 2009-7 Amendments to Australian Standards. This requirement is effective for reporting periods beginning on or after 1 July 2009.

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(C) Basis for consolidation

(i) Subsidiaries

In these Financial Statements, Woolworths Limited is referred to as "the Company" and the "Consolidated" Financial Statements are those of the consolidated entity, comprising Woolworths Limited and its subsidiaries.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The Financial Statements of subsidiaries are included in the financial report from the date that control commences until the date that control ceases.

Interests in subsidiaries are accounted for at cost in Woolworths Limited's Financial Statements.

Minority interests in the equity and results of subsidiaries are shown as a separate item in the consolidated financial report.

(ii) Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial report.

(D) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences are recognised in the profit or loss in the period in which they arise except that:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks are reported initially in the hedging reserve to the extent the hedge is effective (refer Note 1(F)); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, and which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Financial Statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. Revenue and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation of foreign operations, if any, are recognised in the foreign currency translation reserve and recognised in consolidated profit and loss on disposal of the foreign operation.

(E) Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the consolidated entity does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss unless the derivatives qualify for hedge accounting whereby the timing of the recognition of any resultant gain or loss depends on the nature of the hedge relationship (refer Note 1(F)).

The fair value of interest rate swaps is the estimated amount that the consolidated entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

(F) Hedging

(i) Cash flow hedge

A cash flow hedge is a hedge of an exposure to uncertain future cash flows. A cash flow hedge results in the uncertain future cash flows being hedged back into fixed amounts. Woolworths' cash flow hedges include:

- interest rate swap contracts that convert floating interest rate payments on borrowings into fixed amounts;
- cross-currency interest rate swaps (CCIRS) that convert foreign currency denominated principal and interest rate payments on offshore loans into fixed Australian dollar amounts; and
- forward foreign exchange contracts that convert foreign currency denominated payments to offshore suppliers and income of offshore subsidiaries into Australian dollar amounts.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity.

When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e. when interest income or expense is recognised).

The ineffective part of any derivative designated as a hedge is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction still is expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Gains or losses removed from equity during the period in relation to interest rate hedge instruments are recognised within "net finance costs" in the income statement.

(ii) Fair value hedge

A fair value hedge is a hedge of a fair value (i.e. "mark-to-market") exposure arising on a recognised balance sheet asset or liability. A fair value hedge results in the fair value exposure being offset. Woolworths' fair value hedges include:

- cross-currency interest rate swaps (CCIRS) that convert fixed interest rate foreign currency borrowings into floating rate Australian dollar borrowings. The CCIRS offsets the foreign currency and fixed interest rate fair value exposures arising on those borrowings.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(iii) Hedge of monetary assets and liabilities

When a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognised in the income statement.

(G) Property, plant and equipment

Freehold warehouse, retail, development and other properties are held at the lower of cost less accumulated depreciation and net realisable value. Borrowing, holding and development costs on property under development are capitalised until completion of the development.

Land and buildings held for sale are classified as current assets and are valued at the lower of cost and fair value less costs to sell and are not depreciated.

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (refer Note 1(M)).

The cost of self-constructed assets includes the cost of materials, direct labour, and an appropriate proportion of overheads. The cost of self-constructed assets and acquired assets includes estimates of the costs of dismantling and removing the items and restoring the site on which they are located where it is probable that such costs will be incurred, and changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Property that is being constructed or developed for future use as investment property is classified as development properties and stated at the lower of cost less accumulated depreciation and net realisable value until construction or development is complete.

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(i) Leased assets

Leases whereby the consolidated entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. Property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (refer Note 1(M)). Lease payments are accounted for as described in Note 1(T).

(ii) Depreciation

(a) Buildings, plant and equipment

Buildings and plant comprising lifts, air conditioning, fire protection systems and other installations are depreciated on a straight-line basis over the estimated useful life of the asset to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets.

The expected useful lives are as follows:

	2009	*2008*
Buildings	**25–40 years**	25–40 years
Plant and equipment	**3–10 years**	3–10 years

(b) Leasehold improvements

The cost of leasehold improvements is amortised over the remaining period of the individual leases or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter. Leasehold improvements held at the reporting date are amortised over a maximum period of 20 years for retail properties and 40 years for hotels.

(c) Plant and equipment

Plant, equipment and shop fittings (including application software) are depreciated on a straight-line basis over the estimated useful life of the asset to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets.

The expected useful lives are as follows:

	2009	*2008*
Plant and equipment	**2.5–10 years**	2.5–10 years

(d) Proceeds from sale of assets

The gross proceeds of asset sales are recognised at the date that an unconditional contract of sale is exchanged with the purchaser. The net gain/(net loss) is recorded in other income/(other expenses).

(H) Goodwill

Business combinations prior to 27 June 2004

As part of its transition to A-IFRS, the consolidated entity elected to restate only those business combinations that occurred on or after 27 June 2004. In respect of business combination prior to 27 June 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous Australian GAAP.

Business combinations since 27 June 2004

All business combinations are accounted for by applying the purchase method. Entities and businesses acquired are accounted for using the cost method of accounting, whereby fair values are assigned to all the identifiable underlying assets acquired and liabilities assumed, including contingent liabilities, at the date of acquisition.

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is not amortised, but tested for impairment annually and whenever an indication of impairment exists (refer Note 1(M)). Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. Any impairment is recognised directly in the income statement and is not subsequently reversed.

(I) Other intangibles

(i) Brand names

Brand names recognised by the company have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy stated in Note 1(M).

(ii) Liquor licences

Liquor licences are valued at cost. Liquor licences are considered to have an indefinite useful life. As a consequence, no amortisation is charged. They are tested for impairment annually and whenever an indication of impairment exists. Any impairment is recognised immediately in profit or loss.

(iii) Gaming licences

Gaming licences are valued at cost. Gaming licences are considered to have an indefinite useful life. As a consequence, no amortisation is charged. They are tested for impairment annually and whenever an indication of impairment exists. Any impairment is recognised immediately in profit or loss.

(iv) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the profit and loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads.

Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses (refer Note 1(M)).

(v) Other intangible assets
Other intangible assets that are acquired by the consolidated entity are stated at cost. These are considered to have an indefinite useful life. As a consequence, no amortisation is charged. Expenditure on internally generated goodwill and brand names is recognised in profit or loss as an expense as incurred.

(J) Financial assets

Available-for-sale financial assets
The consolidated entity's investments in equity securities are classified as available-for-sale financial assets. The investments are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through the profit or loss which are initially measured at fair value.

Subsequent to initial recognition, they are measured at fair value with any change recorded through an available-for-sale revaluation reserve in equity with the exception of impairment losses which are recognised directly in the income statement. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

Trade and other receivables
Trade and other receivables are stated at their cost less impairment losses (refer Note 1(M)).

(K) Inventories

Short life retail stocks are valued at the lower of average cost and net realisable value.

Long life retail stocks are valued using the retail inventory method to arrive at cost. The retail inventory method determines cost by reducing the value of the inventory by the appropriate gross margin percentage which takes into account markdown prices.

Warehouse stocks are valued at the lower of average cost and net realisable value.

These methods of valuation are considered to achieve a valuation reasonably approximating the lower of cost and net realisable value. Cost includes all purchase-related rebates, settlement discounts and other costs incurred to bring inventory to its condition and location for sale.

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

(L) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

(M) Impairment

The carrying amounts of the consolidated entity's tangible assets, excluding inventories (refer Note 1(K)) and deferred tax assets (refer Note 1(V)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (refer below).

For goodwill and other intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually and whenever there is an impairment indicator.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

(i) Calculation of recoverable amount
The recoverable amount of the consolidated entity's investments in held-to-maturity securities and receivables is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment.

Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(ii) Reversals of impairment
An impairment loss in respect of a held-to-maturity security or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(N) Capital

(i) Debt and equity instruments
Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

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

(iii) Interest and dividends
Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(O) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value recognised in the income statement over the period of the borrowings

Borrowing costs directly attributable to qualifying assets are capitalised as part of the cost of those assets.

(P) Employee benefits

The Company sponsors a Superannuation Plan (the Plan) that provides accumulation type benefits to permanent salaried employees and their dependants on retirement or death. Defined benefits have been preserved for members of certain former superannuation funds sponsored by the Company, which are now provided for in the Plan.

The Company's commitment in respect of accumulation benefits under the Plan is limited to making the specified contributions in accordance with the rules of the Plan and/or any statutory obligations.

(i) Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined benefit plans
Woolworths is the employer sponsor of a defined benefit superannuation fund. Under A-IFRS, the employer sponsor is required to recognise a liability (or asset) where the present value of the defined benefit obligation, adjusted for unrecognised past service cost, exceeds (is less than) the fair value of the underlying net assets of the fund (hereinafter referred to as the "defined benefit obligation").

The consolidated entity's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

The discount rate is the yield at the balance sheet date on government bonds that have maturity dates approximating the terms of the consolidated entity's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

All movements in the defined benefit obligation are recognised in the Income Statement except actuarial gains and losses. All actuarial gains and losses as at 28 June 2004, the date of transition to A-IFRS, were recognised. Actuarial gains and losses that arise subsequent to 28 June 2004 are recognised in full in retained earnings in the period in which they occur and are presented in the Statement of Recognised Income and Expense.

When the calculation results in Plan assets exceeding liabilities to the consolidated entity, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the Plan or reductions in future contributions to the Plan.

(iii) Long-term service benefits
The consolidated entity's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating the terms of the consolidated entity's obligations.

(iv) Share-based payment transactions
Equity settled share-based payments form part of the remuneration of employees (including executives) of both the consolidated entity and Company.

The consolidated entity and Company recognise the fair value at the grant date of equity settled share-based payments (such as options) as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity. Fair value is measured at grant date using a Monte Carlo Simulation option pricing model performed by an independent valuer which takes into account market based performance conditions. The fair value per instrument is multiplied by the number of instruments expected to vest based on achievement of non-market based performance conditions (e.g. service conditions) to determine the total cost. This total cost is recognised as an employee benefit expense proportionally over the vesting period during which the employees become unconditionally entitled to the instruments.

On vesting and over the vesting period the amount recognised as an employee benefit expense will be adjusted to reflect the actual number of options that vest except where forfeiture is due to failure to achieve market based performance conditions.

As permitted by the elections available under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, Woolworths has not retrospectively recognised the fair value of share-based payments that have vested prior to 1 January 2005. Furthermore, no adjustment has been made for share-based payments granted before 7 November 2002.

The consolidated entity operated an Employee Share Plan (ESP) whereby it provided interest free loans to selected employees to purchase shares in the Company. All shares acquired under the ESP are held by a wholly owned subsidiary of Woolworths as trustee of the share plan trust. Dividends paid by Woolworths are used to repay the loan (after payment of a portion of the dividend to the employee to cover any tax liabilities).

The loans are limited recourse and if the employee elects not to repay the loan, the underlying shares are sold to recover the outstanding loan balance. These have been accounted for as an in-substance option in the Financial Statements of the consolidated entity and the Company.

(v) Wages and salaries and related employee benefits
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being reliably measured. Provisions made in respect of employee benefits expected to be settled within 12 months are recognised and are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to period end. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. The expected future cash flows are discounted, using interest rates attaching to Commonwealth Government guaranteed securities which have terms to maturity, matching their estimated timing as closely as possible.

(Q) Provisions
A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(i) Restructuring
Provision for restructuring is recognised when the consolidated entity has developed a detailed formal plan for the restructuring and has either:

– entered into firm contracts to carry out the restructuring; or
– raised a valid expectation in those affected by the restructuring that the restructuring will occur.

(ii) Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the consolidated entity from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(iii) Self-insurance
The consolidated entity provides for self-insured liabilities relating to workers' compensation and public liability claims. The provisions for such liabilities are based on independent actuarial assessments, which consider numbers, amounts and duration of claims, and allow for future inflation and investment returns.

Allowance is included for injuries which occurred before the balance sheet date, but where the claim is expected to be notified after the reporting date.

The provision is discounted using the Commonwealth Government bond rate with a maturity date approximating the term of the consolidated entity's obligation.

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(iv) Warranty
The consolidated entity provides for anticipated warranty costs when the underlying products or services are sold. The provision is based upon historical warranty data.

(v) Make good
The consolidated entity has certain operating leases that require the asset to be returned to the lessor in its original condition. These obligations relate to wear and tear on the premises and not dismantling obligations.

The operating lease payments do not include an element for repairs/overhauls. A provision for refurbishment costs is recognised over the period of the lease, measured at the expected cost of refurbishment at each reporting date.

(R) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity and Company which were unpaid at the end of the period. The amounts are unsecured and are usually settled within 45 days of recognition.

(S) Revenue recognition

In general, revenue is recognised only when it is probable that the economic benefits comprising the revenue will flow to the entity, the flow can be reliably measured and the entity has transferred the significant risks and rewards of ownership.

In addition to these general criteria, specific revenue recognition criteria apply as follows:

(i) Sales revenue
Sales revenue represents the revenue earned from the provision of products and rendering of services to parties external to the consolidated entity and Company. Sales revenue is only recognised when the significant risks and rewards of ownership of the products, including possession, have passed to the buyer and for services when a right to be compensated has been attained and the stage of completion of the contract can be reliably measured.

Revenue is recognised on a commission only basis where Woolworths acts as an agent rather than a principal in the transaction. Revenue is recognised net of returns.

Revenue from the sale of customer gift cards is recognised when the card is redeemed and the customer purchases the goods by using the card.

(ii) Rental income
Rental income is recognised on a straight line basis over the term of the lease.

(iii) Financing income
Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(T) Leases

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

(i) Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Fixed rate increases to lease rental payments, excluding contingent or index based rental increases, such as Consumer Price Index, turnover rental and other similar increases, are recognised on a straight line basis over the lease term.

An asset or liability arises for the difference between the amount paid and the lease expense brought to account on a straight line basis.

Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(U) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (refer Note 1(F)).

(V) Income tax

Income tax in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Where it arises from the initial accounting for a business combination, it is taken into account in the determination of goodwill or excess.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability to the extent it is unpaid.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In accordance with AASB 112 Income Taxes, the following temporary differences are not provided for: goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future where the consolidated entity is able to control the reversal of the temporary differences.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

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

Tax consolidation
The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2002 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Woolworths Limited.

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

The head entity, in conjunction with other members of the tax consolidated group, has entered into a tax funding agreement which sets out the funding obligations of members of the tax consolidated group in respect of income tax amounts. The tax funding arrangements require payments to the head entity equal to the current tax liability assumed by the head entity.

In addition, the head entity is required to make payments equal to the current tax asset assumed by the head entity in circumstances where the subsidiary member would have been entitled to recognise the current tax asset on a stand alone basis.

These tax funding arrangements result in the head entity recognising an inter-entity receivable/payable equal in amount to the tax liability/asset assumed. The inter-entity receivable/payable amounts are at call.

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

(W) Assets held for sale
Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable Accounting Standards. Then, on initial classification as held for sale, assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

(X) Goods and services tax
Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authorities is included as a current asset or liability in the balance sheet.

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

(Y) Segment reporting
Segment information is presented in respect of the consolidated entity's business and geographical segments. The primary format, business segments is based on the consolidated entity's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments
The consolidated entity comprises the following main segments:

– *Supermarket Group* – encompasses supermarkets, retail liquor outlets and petrol outlets;
– *General Merchandise Group* – encompasses BIG W discount department stores;
– *Consumer Electronics Group* – encompasses Dick Smith Electronics, Tandy and Dick Smith Electronics PowerHouse stores;
– *Hotels Group* – encompasses on-premise liquor sales, food, accommodation, gaming and venue hire; and
– *Wholesale Group* – comprises Statewide Independent Wholesalers (SIW).

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Unallocated items comprise mainly income-earning assets and revenue, interest-bearing borrowings and expenses, and corporate assets and expenses.

Geographical segments

Segment assets are based on the geographical location of the assets. Woolworths Limited operates in Australia, New Zealand, Hong Kong and India. The majority of business operations are in Australia and New Zealand. Woolworths operates in New Zealand following the acquisition of Foodland supermarkets in 2006. The consumer electronics business operates stores based in Australia and New Zealand and has a business venture with TATA in India which operates stores under the "Croma" brand. The global sourcing office is located in Hong Kong.

(Z) Accounting estimates and judgements

Management, together with the Audit, Risk Management and Compliance Committee, determines the development, selection and disclosure of the consolidated entity's critical accounting policies and estimates and the application of these policies and estimates.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out as appropriate in the Notes to the Financial Statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and underlying assumptions are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period and future periods if the revision affects both current and future periods.

2 PROFIT FROM OPERATIONS

Profit before income tax expense includes the following items of revenue, income and expense:

	Consolidated 2009 52 weeks $m	Consolidated 2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	Woolworths Limited 2008 53 weeks $m
(a) Operating revenue				
Revenue from the sale of goods:				
Third parties	**49,594.8**	47,034.8	**35,607.0**	33,386.5
Related parties	**–**	–	**–**	25.8
Other operating revenue	**103.0**	123.3	**84.4**	99.2
Revenue from operations	**49,697.8**	47,158.1	**35,691.4**	33,511.5
(b) Other revenue				
Rent	**41.6**	36.5	**4.5**	4.1
Other	**106.8**	93.1	**92.5**	91.3
Total other revenue	**148.4**	129.6	**97.0**	95.4
Total revenue	**49,846.2**	47,287.7	**35,788.4**	33,606.9
(c) Other income				
Net profit on disposal of property, plant, and equipment	**–**	34.4	**–**	–
Total other income	**–**	34.4	**–**	–
(d) Expenses				
Amounts provided for:				
Self-insured risks (Note 16)	**139.9**	110.8	**114.8**	97.5
Depreciation of:				
Development properties and freehold warehouses retail and other properties	**23.1**	12.3	**2.0**	1.9
Plant and equipment	**604.9**	559.6	**456.5**	408.0
Amortisation of:				
Leasehold improvements	**96.8**	78.2	**73.8**	55.2
Total depreciation and amortisation	**724.8**	650.1	**532.3**	465.1
Employee benefits expense(1)	**5,724.3**	5,542.2	**4,338.7**	4,180.6
Net loss on disposal of property, plant and equipment	**14.2**	–	**5.5**	7.6
Operating lease rental expenses:				
– minimum lease payments	**1,313.5**	1,223.3	**906.0**	835.6
– contingent rentals	**96.2**	92.6	**82.2**	76.6
Total operating lease rental expense	**1,409.7**	1,315.9	**988.2**	912.2

Note

(1)
Employee benefits expense includes salaries and wages, defined benefit plan expense, defined contribution plan expense, termination benefits, taxable value of fringe benefits, payroll tax, leave entitlements and share-based payments expense.

	Consolidated 2009 52 weeks $m	Consolidated 2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	Woolworths Limited 2008 53 weeks $m
3 NET FINANCING COSTS				
Financial expense				
Interest expense – other parties	**(252.6)**	(235.2)	**(244.2)**	(233.8)
Less: interest capitalised[1]	**17.4**	4.4	**17.3**	4.0
Foreign exchange loss	**–**	–	**–**	(1.3)
	(235.2)	(230.8)	**(226.9)**	(231.1)
Financial income				
Dividend income				
Related parties	**–**	–	**65.1**	65.3
Other parties	**7.8**	14.7	**2.6**	–
Interest income				
Related parties	**–**	–	**230.6**	245.3
Other parties	**13.0**	21.2	**7.5**	15.0
Foreign exchange gain	**25.2**	3.6	**9.0**	–
	46.0	39.5	**314.8**	325.6
Net financing cost	**(189.2)**	(191.3)	**87.9**	94.5

Note

(1)
Weighted average capitalisation rate on funds borrowed generally: 6.76% (2008: 7.08%).

	Consolidated 2009 52 weeks $m	Consolidated 2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	Woolworths Limited 2008 53 weeks $m
4 AUDITORS' REMUNERATION				
Audit or review of the financial report				
Deloitte Touche Tohmatsu Australia	**1.756**	1.648	**1.263**	1.223
Deloitte Touche Tohmatsu network firms	**0.476**	0.469	**–**	–
	2.232	2.117	**1.263**	1.223
Other non-audit services				
Tax compliance	**0.083**	0.049	**0.053**	–
Other advisory[1]	**1.107**	0.684	**1.107**	0.682
	1.190	0.733	**1.160**	0.682
Total auditors' remuneration	**3.422**	2.850	**2.423**	1.905

Note

(1)
Other advisory comprises assistance on various accounting matters and due diligence.

	Consolidated 2009 52 weeks $m	2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	2008 53 weeks $m

5 INCOME TAXES

(a) Income tax recognised in the income statement

	Consolidated 2009 52 weeks $m	2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	2008 53 weeks $m
Tax expense comprises:				
Current tax expense	**752.0**	747.6	**597.2**	580.8
Adjustments recognised in the current year in relation to the current tax of prior years	**3.5**	3.1	**11.2**	2.3
Deferred tax relating to the origination and reversal of temporary differences	**10.8**	(64.7)	**(2.1)**	(53.6)
Total tax expense	**766.3**	686.0	**606.3**	529.5

Numerical reconciliation between tax expense and pre-tax net profit

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated 2009 52 weeks $m	2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	2008 53 weeks $m
Profit from operations before income tax expense	**2,626.3**	2,337.5	**2,054.6**	1,773.0
Income tax using the domestic corporation tax rate of 30% (2008: 30%)	**787.9**	701.3	**616.4**	531.9
Non-deductible expenses	**2.4**	3.6	**1.0**	0.3
Impact of differences in offshore tax rates	**–**	1.3	**–**	–
Exempt dividend income	**(2.3)**	(4.4)	**(20.3)**	(19.6)
Investment allowance	**(18.9)**	–	**(18.9)**	–
Other	**(6.3)**	(18.9)	**16.9**	14.6
	762.8	682.9	**595.1**	527.2
Under provided in prior years	**3.5**	3.1	**11.2**	2.3
	766.3	686.0	**606.3**	529.5

5 INCOME TAXES CONTINUED

	Consolidated 2009 52 weeks $m	Consolidated 2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	Woolworths Limited 2008 53 weeks $m
(b) Income tax recognised directly in equity				
The following current and deferred amounts were charged/(credited) directly to equity during the period:				
Current tax liability				
Transactions charged to foreign currency translation reserve	**0.1**	(59.6)	**–**	–
Actuarial movements on defined benefit plans	**(0.3)**	–	**–**	–
	(0.2)	(59.6)		–
Deferred tax				
Cash flow hedges	**(33.1)**	48.5	**(33.1)**	48.5
Transactions charged to foreign currency translation reserve	**(7.6)**	(35.4)	**–**	–
Actuarial movements on defined benefits plans	**(20.0)**	(11.9)	**(20.0)**	(11.9)
	(60.7)	1.2	**(53.1)**	36.6

(c) Current tax assets and liabilities

The current tax liability for the consolidated entity of $279.5 million (2008: $330.2 million) and for Woolworths Limited of $232.5 million (2008: $267.5 million) represents the amount of income taxes payable in respect of current and prior financial periods. In accordance with the tax consolidation legislation, Woolworths Limited, as the head entity of the Australian tax consolidated group has assumed the current tax liabilities of the members in the tax consolidated group.

The current tax liability balance for the consolidated entity includes an amount of $37.3 million owing by Australian Leisure and Hospitality Group Limited in respect of prior year amended assessments issued by the ATO. These assessments relate to years when Australian Leisure and Hospitality Group Limited was a member of Fosters Group Limited. These liabilities are covered by indemnities in the sale agreement. Accordingly, a receivable for the same amount has also been recognised.

	Consolidated 2009 $m	Consolidated 2008 $m	Woolworths Limited 2009 $m	Woolworths Limited 2008 $m
(d) Deferred tax balances				
Deferred tax assets comprise:				
Tax losses – revenue	**1.5**	2.2	**–**	–
Temporary differences	**479.1**	428.5	**353.0**	297.8
	480.6	430.7	**353.0**	297.8

Taxable and deductible differences arise from the following:

Consolidated 2009	*Opening balance $m*	*Credited/ (Charged) to income $m*	*Credited/ (Charged) to equity $m*	*Closing balance $m*
Gross deferred tax assets				
Property plant and equipment	128.0	(18.8)	0.2	109.4
Provisions and accruals	354.6	32.2	20.3	407.1
Unrealised foreign exchange differences	18.9	(0.3)	7.1	25.7
Recognised tax losses	2.2	(0.7)	–	1.5
Other	5.1	(1.0)	–	4.1
	508.8	11.4	27.6	547.8
Gross deferred tax liabilities				
Intangible assets	(14.0)	–	–	(14.0)
Prepayments	(0.5)	(4.4)	–	(4.9)
Cash flow hedges	(52.3)	–	33.1	(19.2)
Other	(11.3)	(17.8)	–	(29.1)
	(78.1)	(22.2)	33.1	(67.2)
	430.7	(10.8)	60.7	480.6

Woolworths Limited 2009	*Opening balance $m*	*Credited/ (Charged) to income $m*	*Credited/ (Charged) to equity $m*	*Closing balance $m*
Gross deferred tax assets				
Property plant and equipment	86.4	1.3	–	87.7
Provisions and accruals	262.0	6.9	20.0	288.9
Other	4.9	(3.2)	–	1.7
	353.3	5.0	20.0	378.3
Gross deferred tax liabilities				
Prepayments	(0.2)	(1.9)	–	(2.1)
Unrealised foreign exchange differences	(3.0)	0.9	–	(2.1)
Cash flow hedges	(52.3)	–	33.1	(19.2)
Other	–	(1.9)	–	(1.9)
	(55.5)	(2.9)	33.1	(25.3)
	297.8	2.1	53.1	353.0

5 INCOME TAXES CONTINUED

Consolidated 2008	*Opening balance $m*	*Credited/ (Charged) to income $m*	*Credited/ (Charged) to equity $m*	*Closing balance $m*
Gross deferred tax assets				
Property plant and equipment	80.0	49.3	(1.3)	128.0
Provisions and accruals	332.3	13.6	8.7	354.6
Unrealised foreign exchange differences	–	(21.1)	40.0	18.9
Recognised tax losses	2.7	(0.5)	–	2.2
Other	3.4	1.8	(0.1)	5.1
	418.4	43.1	47.3	508.8
Gross deferred tax liabilities				
Intangible assets	(14.0)	–	–	(14.0)
Prepayments	(2.5)	2.0	–	(0.5)
Unrealised foreign exchange differences	(16.5)	16.5	–	–
Cash flow hedges	(3.8)	–	(48.5)	(52.3)
Other	(14.4)	3.1	–	(11.3)
	(51.2)	21.6	(48.5)	(78.1)
	367.2	**64.7**	**(1.2)**	**430.7**

Woolworths Limited 2008	*Opening balance $m*	*Credited/ (Charged) to income $m*	*Credited/ (Charged) to equity $m*	*Closing balance $m*
Gross deferred tax assets				
Property plant and equipment	71.0	15.4	–	86.4
Provisions and accruals	217.6	32.5	11.9	262.0
Other	2.5	2.4	–	4.9
	291.1	50.3	11.9	353.3
Gross deferred tax liabilities				
Prepayments	(2.1)	1.9	–	(0.2)
Unrealised foreign exchange differences	(3.7)	0.7	–	(3.0)
Cash flow hedges	(3.8)	–	(48.5)	(52.3)
Other	(0.7)	0.7	–	–
	(10.3)	3.3	(48.5)	(55.5)
	280.8	**53.6**	**(36.6)**	**297.8**

6 DIVIDENDS

2009	*Cents per share*	*Total amount $m*	*Franked*	*Date of payment*
Interim 2009 ordinary	48	588.3	100%	24/04/2009
Final 2008 ordinary	48	586.0	100%	03/10/2008
Total	96	1,174.3		

2008	*Cents per share*	*Total amount $m*	*Franked*	*Date of payment*
Interim 2008 ordinary	44	534.5	100%	24/04/2008
Final 2007 ordinary	39	471.9	100%	5/10/2007
Total	83	1,006.4		

All dividends are fully franked at a 30% rate.

On 27 August 2009, the Board of Directors declared a final dividend in respect of the 2009 year of 56c (2008: 48c) per share 100% franked at a 30% tax rate. The amount that will be paid on 9 October 2009 (2008: 3 October 2008) will be $692.0 million (2008: $586.0 million). As the dividend was declared subsequent to 28 June 2009 no provision has been included as at 28 June 2009.

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

Franked dividends

	Consolidated		*Woolworths Limited*	
	2009 $m	*2008 $m*	*2009 $m*	*2008 $m*
The franked portions of the dividends proposed as at 28 June 2009 will be franked out of existing franking credits or out of franked credits arising from the payment of income tax in the period ending 27 June 2010.				
Franking credits available for the subsequent financial year 30% (2008: 30%)	**1,419.8**	1,194.7	**1,297.1**	1,075.1

The above amounts represent the balances of the franking accounts as at the end of the financial period, adjusted for:

(a) Franking credits that will arise from the payment of income tax payable at the end of the financial period; and

(b) Franking debits that will arise from the payment of dividends provided at the end of the financial period.

Franking accounts are presented on a tax paid basis.

The franking account balances reported for the consolidated group are inclusive of $26.1 million (2008: $35.4 million) attributable to the minority interest holders.

7 SEGMENT DISCLOSURES

	Supermarkets[1] 2009 $m	Supermarkets[1] 2008 $m	BIG W 2009 $m	BIG W 2008 $m
Business segments				
Sales to customers	**42,325.6**	40,312.8	**4,267.3**	3,915.9
Other operating revenue	**103.0**	123.3	**–**	–
Inter-segment revenue	**–**	–	**–**	–
Segment revenue	**42,428.6**	40,436.1	**4,267.3**	3,915.9
Eliminations				
Unallocated revenue[5]				
Total revenue				
Segment result before tax	**2,444.0**	2,164.8	**200.2**	161.2
Unallocated revenue/(expenses)				
– Property[6]				
– Head Office				
Net financing cost				
Profit before tax				
Income tax expense				
Profit after tax				
Segment assets	**9,619.9**	8,776.3	**1,286.8**	1,152.5
Unallocated[7]				
Total assets				
Segment liabilities	**3,776.5**	3,663.2	**638.5**	597.2
Unallocated[7]				
Total liabilities				
Capital expenditure	**1,111.6**	1,148.3	**131.0**	152.9
Unallocated[7]				
Acquisition of assets				
Segment depreciation and amortisation	**522.3**	467.2	**64.1**	55.0
Unallocated[7]				
Total depreciation and amortisation				
Segment other non cash expenses	**38.8**	29.1	**6.2**	4.6
Unallocated[8]				
Total other non-cash expenses				

Notes

(1)
Supermarkets comprise supermarket stores, liquor stores and petrol canopies in Australia and New Zealand.

(2)
Consumer Electronics includes Woolworths Wholesale India.

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

Consumer Electronics(2) 2009 $m	Consumer Electronics(2) 2008 $m	Hotels(3) 2009 $m	Hotels(3) 2008 $m	Wholesale(4) 2009 $m	Wholesale(4) 2008 $m	Consolidated 2009 $m	Consolidated 2008 $m
1,723.6	1,530.6	**1,110.3**	1,113.4	**168.0**	162.1	**49,594.8**	47,034.8
–	–	**–**	–	**–**	–	**103.0**	123.3
0.2	0.4	**–**	–	**291.1**	264.2	**291.3**	264.6
1,723.8	1,531.0	**1,110.3**	1,113.4	**459.1**	426.3	**49,989.1**	47,422.7
						(291.3)	(264.6)
						148.4	129.6
						49,846.2	47,287.7
50.8	63.1	**218.0**	215.1	**4.3**	4.3	**2,917.3**	2,608.5
						(7.2)	33.1
						(94.6)	(112.8)
						(189.2)	(191.3)
						2,626.3	2,337.5
						(766.3)	(686.0)
						1,860.0	1,651.5
538.7	498.6	**3,057.4**	2,893.8	**57.7**	57.6	**14,560.5**	13,378.8
						2,524.4	2,293.7
						17,084.9	15,672.5
192.7	150.6	**160.8**	149.2	**47.4**	45.6	**4,815.9**	4,605.8
						5,211.7	4,831.4
						10,027.6	9,437.2
54.0	36.2	**234.6**	333.4	**5.5**	1.7	**1,536.8**	1,672.5
						315.1	269.2
						1,851.9	1,941.7
30.8	25.7	**64.6**	57.8	**1.7**	1.4	**683.5**	607.1
						45.9	43.0
						729.4	650.1
1.9	1.5	**3.0**	2.2	**–**	–	**49.9**	37.4
						133.6	115.1
						183.5	**152.5**

(4)
Wholesale comprises Statewide Independent Wholesalers (SIW).

(5)
Unallocated revenue comprises rent and other revenue from operating activities.

(6)
2008 includes other significant items including the profit on sale of certain properties ($49.7 million).

(7)
Unallocated comprises corporate head office and property division.

(8)
Includes non-cash transactions including the defined benefit liability movement, employee shares scheme expenses and unrealised foreign exchange losses.

7 SEGMENT DISCLOSURES CONTINUED

The consolidated entity operates predominantly in Australia and New Zealand. Inter-segment pricing is determined on an arm's length basis.

Geographical segments

	Australia		New Zealand		Consolidated	
	2009 $m	2008 $m	2009 $m	2008 $m	2009 $m	2008 $m
Sales to customers	**45,266.0**	42,571.2	**4,328.8**	4,463.6	**49,594.8**	47,034.8
Other revenue	**375.6**	363.8	**18.7**	24.1	**394.3**	387.9
Segment revenue	**45,641.6**	42,935.0	**4,347.5**	4,487.7	**49,989.1**	47,422.7
Segment assets	**11,669.1**	10,733.2	**2,891.4**	2,645.6	**14,560.5**	13,378.8
Capital expenditure	**1,310.2**	1,482.2	**226.6**	190.3	**1,536.8**	1,672.5

8 TRADE AND OTHER RECEIVABLES

	Consolidated as at		Woolworths Limited as at	
	2009 $m	2008 $m	2009 $m	2008 $m
Current				
Trade receivables	**105.1**	99.1	**45.0**	42.2
Other receivables	**361.4**	356.1	**212.0**	280.4
Loans to controlled entities	**–**	–	**824.4**	625.4
Prepayments	**197.7**	182.6	**173.0**	143.9
	664.2	637.8	**1,254.4**	1,091.9
Non-current				
Loans to controlled entities	**–**	–	**5,602.6**	5,556.0
Prepayments	**2.5**	3.6	**2.0**	3.0
Other receivables	**0.2**	–	**–**	–
	2.7	3.6	**5,604.6**	5,559.0

Trade and other receivables are presented net of impairment allowance. Impairment provision balance as at 28 June 2009 was $12.7 million (2008: $14.3 million). All recovery risk has been provided for in the balance sheet.

	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m
9 OTHER FINANCIAL ASSETS				
Current				
Fair value derivatives				
Cross-currency swaps	**91.9**	–	**91.9**	–
Interest rate swaps	**–**	49.3	**–**	49.3
Forward exchange contracts	**11.0**	15.8	**11.0**	15.8
	102.9	65.1	**102.9**	65.1
Non-current				
Unlisted shares at cost	**–**	–	**3,207.0**	3,094.0
Fair value derivatives				
Interest rate swaps	**24.0**	110.1	**24.0**	110.1
Available-for-sale listed equity securities at fair value	**130.7**	151.2	**39.4**	50.2
Other	**0.7**	0.7	**0.4**	0.4
	155.4	262.0	**3,270.8**	3,254.7
10 PROPERTY, PLANT AND EQUIPMENT				
Current				
Assets held for sale[1]	**36.9**	34.7	**14.1**	14.1
Non-current				
Development properties				
At cost	**515.1**	384.8	**–**	–
Less: Accumulated depreciation	**(11.7)**	(8.0)	**–**	–
	503.4	376.8	**–**	–
Freehold warehouse, retail and other properties				
At cost	**1,512.0**	1,280.9	**45.8**	41.9
Less: Accumulated depreciation	**(80.3)**	(62.3)	**(13.2)**	(11.4)
	1,431.7	1,218.6	**32.6**	30.5
Leasehold improvements				
At cost	**1,627.0**	1,295.7	**1,080.6**	851.8
Less: Accumulated amortisation	**(622.6)**	(529.1)	**(347.5)**	(277.8)
	1,004.4	766.6	**733.1**	574.0
Plant and equipment				
At cost	**8,710.8**	7,964.1	**5,434.7**	4,851.1
Less: Accumulated depreciation	**(4,996.4)**	(4,687.3)	**(2,546.4)**	(2,307.8)
	3,714.4	3,276.8	**2,888.3**	2,543.3
	6,653.9	5,638.8	**3,654.0**	3,147.8
Total property, plant and equipment – net book value	**6,690.8**	5,673.5	**3,668.1**	3,161.9

Note

(1)
The consolidated entity intends to dispose of certain land and buildings over the next 12 months.

10 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Total property, plant and equipment – net book value

An assessment as to the carrying value of Woolworths-owned properties as at 28 June 2009 was performed. The basis of the assessment was a combination of external market assessments and/or valuations and Woolworths' property group assessments. External valuations are obtained every three years. Based on the most recent assessments, a provision for development losses of $116.8 million (2008: $115.2 million) is held as at 28 June 2009.

Reconciliations of the carrying amounts of each class of non-current property, plant and equipment at the beginning and end of the current and previous financial periods are set out below:

Consolidated 2009	*Development properties $m*	*Freehold warehouse, retail and other properties $m*	*Leasehold improvements $m*	*Plant and equipment $m*	*Total $m*
Carrying amount at start of period	**376.8**	**1,218.6**	**766.6**	**3,276.8**	**5,638.8**
Additions (excluding additions arising from acquisition of businesses)	**165.0**	**149.0**	**333.4**	**1,046.8**	**1,694.2**
Additions arising from acquisition of businesses	**–**	**65.2**	**0.4**	**10.0**	**75.6**
Disposals	**(6.6)**	**(1.7)**	**(2.0)**	**(19.1)**	**(29.4)**
Depreciation/amortisation expense	**(5.1)**	**(18.0)**	**(96.8)**	**(604.8)**	**(724.7)**
Other	**(26.7)**	**18.7**	**2.5**	**2.3**	**(3.2)**
Effect of movements in foreign exchange rates	**–**	**(0.1)**	**0.3**	**2.4**	**2.6**
Carrying amount at end of period	**503.4**	**1,431.7**	**1,004.4**	**3,714.4**	**6,653.9**

Consolidated 2008	*Development properties $m*	*Freehold warehouse, retail and other properties $m*	*Leasehold improvements $m*	*Plant and equipment $m*	*Total $m*
Carrying amount at start of period	265.1	1,049.4	595.1	2,713.4	4,623.0
Additions (excluding additions arising from acquisition of businesses)	126.3	193.9	264.4	1,147.2	1,731.8
Additions arising from acquisition of businesses	–	84.8	0.1	14.6	99.5
Disposals	–	(0.5)	(3.0)	(17.8)	(21.3)
Depreciation/amortisation expense	–	(12.3)	(78.2)	(559.6)	(650.1)
Other	(7.4)	(91.1)	(2.8)	(0.9)	(102.2)
Effect of movements in foreign exchange rates	(7.2)	(5.6)	(9.0)	(20.1)	(41.9)
Carrying amount at end of period	**376.8**	**1,218.6**	**766.6**	**3,276.8**	**5,638.8**

Woolworths Limited 2009	*Development properties $m*	*Freehold warehouse, retail and other properties $m*	*Leasehold improvements $m*	*Plant and equipment $m*	*Total $m*
Carrying amount at start of period	–	30.5	574.0	2,543.3	3,147.8
Additions (excluding additions arising from acquisition of businesses)	–	4.3	234.0	810.5	1,048.8
Additions arising from acquisition of businesses	–	–	–	0.9	0.9
Disposals	–	(0.2)	(0.9)	(10.1)	(11.2)
Depreciation/amortisation expense	–	(2.0)	(73.8)	(456.5)	(532.3)
Other	–	–	(0.2)	0.2	–
Carrying amount at end of period	**–**	**32.6**	**733.1**	**2,888.3**	**3,654.0**

Woolworths Limited 2008	*Development properties $m*	*Freehold warehouse, retail and other properties $m*	*Leasehold improvements $m*	*Plant and equipment $m*	*Total $m*
Carrying amount at start of period	–	29.8	420.7	2,089.3	2,539.8
Additions (excluding additions arising from acquisition of businesses)	–	2.1	205.8	860.8	1,068.7
Additions arising from acquisition of businesses	–	–	–	4.0	4.0
Disposals	–	–	(1.5)	(16.4)	(17.9)
Depreciation/amortisation expense	–	(1.9)	(55.2)	(408.0)	(465.1)
Other	–	0.5	4.2	13.6	18.3
Carrying amount at end of period	**–**	**30.5**	**574.0**	**2,543.3**	**3,147.8**

Impairment of tangible assets

At balance date the carrying amount of tangible assets is reviewed to determine whether there is an indication that the assets may be impaired. If such an indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of any impairment loss.

The recoverable amount has been assessed at the cash-generating unit (CGU) level, which is the smallest group of assets generating cash flows independent of other CGUs that benefit from the use of the respective tangible asset.

The recoverable amount has been determined based on the value in use, which is calculated using cash flow projections from the most recent financial budgets approved by management and the Board. The cash flows are discounted to present value using pre-tax discount rates between 12% and 14% (2008: 12% and 14%) depending on the nature of the business and the country of operation. This discount rate is derived from the Group's post-tax average cost of capital.

The key assumptions used in the value in use calculations include sales growth, cost of doing business (CODB) reductions and discount rates (which have been estimated as described above). The assumptions regarding sales growth and CODB reductions are based on past experience and expectations of changes in the market.

	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m

11 INTANGIBLES

	2009 $m	2008 $m	2009 $m	2008 $m
Goodwill	**2,991.6**	2,941.4	**310.3**	302.0
Brand names	**230.4**	233.4	**–**	–
Liquor and gaming licences	**1,645.3**	1,594.6	**175.6**	162.8
Other	**65.8**	65.8	**–**	–
Total	**4,933.1**	4,835.2	**485.9**	464.8

Reconciliation of movements in intangibles

Consolidated 2009	*Goodwill $m*	*Brand names $m*	*Liquor and gaming licences $m*	*Other $m*	*Total intangibles $m*
Carrying amount at start of period	**2,941.4**	**233.4**	**1,594.6**	**65.8**	**4,835.2**
Additions arising from acquisition of businesses	**28.2**	**–**	**52.5**	**–**	**80.7**
Other acquisitions	**–**	**–**	**1.4**	**–**	**1.4**
Disposals	**(0.7)**	**–**	**(3.2)**	**–**	**(3.9)**
Other	**0.1**	**–**	**–**	**–**	**0.1**
Amortisation	**–**	**(4.7)**	**–**	**–**	**(4.7)**
Effect of movements in foreign exchange rates	**22.6**	**1.7**	**–**	**–**	**24.3**
Carrying amount at end of period	**2,991.6**	**230.4**	**1,645.3**	**65.8**	**4,933.1**

Consolidated 2008	*Goodwill $m*	*Brand names $m*	*Liquor and gaming licences $m*	*Other $m*	*Total intangibles $m*
Carrying amount at start of period	3,156.2	252.3	1,529.2	65.8	5,003.5
Additions arising from acquisition of businesses	34.9	–	52.8	–	87.7
Other acquisitions	–	–	14.5	–	14.5
Reclassification	0.7	–	(1.9)	–	(1.2)
Effect of movements in foreign exchange rates	(250.4)	(18.9)	–	–	(269.3)
Carrying amount at end of period	**2,941.4**	**233.4**	**1,594.6**	**65.8**	**4,835.2**

Woolworths Limited 2009	*Goodwill $m*	*Liquor and gaming licences $m*	*Total intangibles $m*
Carrying amount at start of period	**302.0**	**162.8**	**464.8**
Additions arising from acquisition of businesses	**8.9**	**12.8**	**21.7**
Disposals	**(0.6)**	**–**	**(0.6)**
Reclassifications	**–**	**–**	**–**
Carrying amount at end of period	**310.3**	**175.6**	**485.9**

Woolworths Limited 2008	*Goodwill $m*	*Liquor and gaming licences $m*	*Total intangibles $m*
Carrying amount at start of period	289.5	156.3	445.8
Additions arising from acquisition of businesses	12.5	2.5	15.0
Other acquisitions	–	5.8	5.8
Reclassifications	–	(1.8)	(1.8)
Carrying amount at end of period	302.0	162.8	464.8

Goodwill and intangible assets with indefinite lives are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount.

The recoverable amount is assessed at the cash-generating unit (CGU) level, which is the smallest group of assets generating cash flows independent of other CGUs that benefit from the use of the respective intangible asset.

The recoverable amount is determined based on the value in use which is calculated using cash flow projections from the most recent financial budgets approved by management and the Board. The cash flows are discounted to present value using pre-tax discount rates between 12% and 14% (2008: 12% and 14%) depending on the nature of the business and the country of operation. This discount rate is derived from the Group's post-tax average cost of capital.

The key assumptions used in the value in use calculations include sales growth, CODB reductions and discount rates (which have been estimated as described above). The assumptions regarding sales growth and COBD reductions are based on past experience and expectations of changes in the market.

Brand names relate primarily to the Progressive Enterprises business in New Zealand. These have been assessed in conjunction with the related goodwill.

The components of goodwill are as follows:

	Consolidated as at		*Woolworths Limited as at*	
	2009 $m	*2008 $m*	*2009 $m*	*2008 $m*
Supermarkets – Australia	**565.2**	554.3	**310.3**	302.0
Supermarkets – New Zealand	**1,732.6**	1,710.0	**–**	–
Consumer Electronics	**70.3**	70.3	**–**	–
Hotels	**622.0**	605.3	**–**	–
Wholesale	**1.5**	1.5	**–**	–
	2,991.6	2,941.4	**310.3**	302.0

No intangible assets were identified as impaired at reporting date.

	Consolidated as at		Woolworths Limited as at	
	2009 $m	2008 $m	2009 $m	2008 $m
12 TRADE AND OTHER PAYABLES				
Accounts payable	**4,055.1**	3,878.1	**3,247.1**	3,084.8
Loans from controlled entities	**–**	–	**3,509.2**	3,675.7
Accruals	**975.0**	859.6	**669.5**	594.8
Unearned income	**79.9**	67.2	**42.3**	29.7
Trade and other payables	**5,110.0**	4,804.9	**7,468.1**	7,385.0
13 OTHER FINANCIAL LIABILITIES				
Current				
At fair value				
Fair value derivatives				
Interest rate swaps	**63.5**	–	**63.5**	–
Cross-currency swaps	**–**	55.9	**–**	55.9
Forward exchange contracts	**35.8**	6.0	**35.8**	6.0
	99.3	61.9	**99.3**	61.9
Non current				
At fair value				
Fair value derivatives				
Cross-currency swaps	**78.4**	274.7	**78.4**	274.7
	78.4	274.7	**78.4**	274.7

	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m

14 BORROWINGS

	2009 $m	2008 $m	2009 $m	2008 $m
Current				
Unsecured				
Short term securities(1)	**141.4**	299.9	**141.4**	299.9
Short term money market loans(2)	**20.3**	–	**–**	–
Bank loans(3)	**25.9**	250.3	**–**	–
Finance leases(4)	**1.0**	–	**1.0**	–
	188.6	550.2	**142.4**	299.9
Non-current				
Unsecured				
Long term securities(5)	**1,867.9**	1,629.0	**1,866.4**	1,627.5
Bank Loans(6)	**518.8**	–	**518.8**	–
Woolworths Notes(7)	**596.8**	595.0	**596.8**	595.0
Finance leases(4)	**2.8**	–	**2.8**	–
	2,986.3	2,224.0	**2,984.8**	2,222.5
Total	**3,174.9**	2,774.2	**3,127.2**	2,522.4

Notes

(1)
Short term Commercial paper Issuances outstanding at year end (adjusted for unamortised discount).

(2)
NZ$25.4 million (A$20.3 million) money market borrowings, on an at-call basis were outstanding at period end for a controlled entity (2008: nil).

(3)
An amount of INR390.0 million Indian rupees (A$10.0 million) was drawn by a controlled entity against a committed Revolving Credit facility (2008: A$3.9 million). Bank overdrafts of A$15.9 million were outstanding at period end for all controlled entities (2008: nil).

(4)
Finance leases executed in 2009 financial year (2008: nil).

(5)
Comprises of:
- $350.0 million Medium Term Notes issued in 2006, to mature in March 2011. On $200.0 million of the $350 million interest is payable semi-annually at a fixed bond rate, on the remaining $150.0 million, interest is payable quarterly at the Bank Bill Swap Rate plus a margin.
- US$500.0 million (A$620.2 million) from a private placement of senior notes in the United States in 2005, maturing: US$100.0 million in April 2015, US$300.0 million in April 2017 and US$100.0 million in April 2020.
- US$725.0 million (A$899.3 million) of senior notes issued into the US 144a market in the United States in 2005, maturing: US$300.0 million in November 2011 and US$425.0 million in November 2015
- $1.5 million borrowings by a controlled entity
- $2.8 million adjustment of unamortised borrowing costs (2008: $3.3 million)
- $0.3 million adjustment of unamortised premium on Medium Term Notes (2008: $0.5 million)

(6)
The term component of a three-year multi-currency syndicated loan facility was drawn in three tranches:
- US$263.6 million (A$327.0 million)
- JPY 1,994.5 million (A$25.8 million)
- A$178.5 million

Woolworths has entered into cross-currency swaps in respect of these borrowings which eliminates all foreign currency exposures. This includes a $12.5 million adjustment of unamortised borrowing costs. The facility matures in May 2012.

(7)
$600.0 million in Woolworths Notes were issued on 5 June 2006, with a perpetual maturity. Offset by unamortised borrowing costs of $3.2 million (2008: $5.1 million).

	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m

15 FINANCING ARRANGEMENTS

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

	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m
Total facilities				
Bank overdrafts	**32.4**	30.6	**11.0**	11.0
Bank loan facilities	**4,069.4**	2,511.3	**3,537.4**	2,145.0
	4,101.8	2,541.9	**3,548.4**	2,156.0
Used at balance date				
Bank overdrafts	**15.9**	0.4	**–**	–
Bank loan facilities	**704.1**	250.1	**673.8**	–
	720.0	250.5	**673.8**	–
Unused at balance date				
Bank overdrafts	**16.5**	30.2	**11.0**	11.0
Bank loan facilities	**3,365.3**	2,261.2	**2,863.6**	2,145.0
	3,381.8	2,291.4	**2,874.6**	2,156.0

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

	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m
16 PROVISIONS				
Current				
Employee benefits (Note 23)	**623.0**	564.3	**494.2**	457.1
Self-insured risks[1]	**99.9**	89.7	**84.4**	82.3
Other[2]	**14.3**	23.2	**10.3**	10.5
	737.2	677.2	**588.9**	549.9
Non-current				
Employee benefits (Note 23)	**79.2**	79.8	**59.1**	60.1
Self-insured risks[1]	**267.7**	285.2	**262.7**	263.8
Other[2]	**15.4**	15.0	**4.8**	4.9
	362.3	380.0	**326.6**	328.8
Total provisions	**1,099.5**	1,057.2	**915.5**	878.7
Movements in self-insured risk provisions were as follows:				
Balance at start of period	**374.9**	368.8	**346.1**	337.9
Additional provisions recognised	**139.9**	110.8	**114.8**	97.5
Reductions arising from payments/other sacrifices of future economic benefits	**(131.4)**	(99.0)	**(108.8)**	(84.0)
Transfers	**(15.8)**	(5.2)	**(5.0)**	(5.3)
Effect of movements in foreign exchange rates	**–**	(0.5)	**–**	–
Balance at end of period	**367.6**	374.9	**347.1**	346.1
Current	**99.9**	89.7	**84.4**	82.3
Non-current	**267.7**	285.2	**262.7**	263.8
Movements in other provisions were as follows:				
Balance at start of period	**38.2**	47.1	**15.5**	18.8
Additional provisions recognised/(released)	**6.4**	3.5	**0.2**	(5.4)
Reductions arising from payments	**(16.3)**	(12.7)	**(0.1)**	(0.5)
Transfers	**1.2**	2.5	**(0.5)**	2.5
Effect of movements in foreign exchange rates	**0.2**	(2.2)	**–**	–
Balance at end of period	**29.7**	38.2	**15.1**	15.4
Current	**14.3**	23.2	**10.3**	10.5
Non-current	**15.4**	15.0	**4.8**	4.9

Notes

(1)
The provision for self-insured risks represents the estimated liability for workers' compensation and public liability claims in all Woolworths' self-insured jurisdictions based on actuarial valuations.

(2)
Current and non-current other provisions consist predominantly of provisions for onerous lease contracts including those arising on acquisitions.

17 ISSUED CAPITAL

	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m
Issued and paid-up share capital				
1,223,633,693 fully paid ordinary shares (2008: 1,210,517,308) Fully paid ordinary shares carry one vote per share and the right to dividends.				
Reconciliation of fully paid share capital				
Balance at beginning of period	**3,627.1**	3,422.7	**3,627.1**	3,422.7
Issue of shares as a result of options exercised under Executive Share Option Plan	**66.7**	63.3	**66.7**	63.3
Issue of shares as consideration for acquired entity	**6.4**	–	**6.4**	–
Issue of shares as a result of Dividend Reinvestment Plan	**161.9**	143.9	**161.9**	143.9
Adjustment to paid-up capital to reflect final proceeds for shares issued under Employee Share Plan	**(3.5)**	(2.8)	**(3.5)**	(2.8)
Balance at end of period	**3,858.6**	3,627.1	**3,858.6**	3,627.1

	No. (m)	No. (m)	No. (m)	No. (m)
Reconciliation of fully paid share capital				
Balance at beginning of period	**1,210.5**	1,199.4	**1,210.5**	1,199.4
Issue of shares as a result of options exercised under Executive Share Option Plan	**5.4**	5.1	**5.4**	5.1
Issue of shares as a result of Dividend Reinvestment Plan	**6.2**	4.8	**6.2**	4.8
Incremental proceeds from sale of forfeited shares under Employee Share Plan	**1.2**	1.2	**1.2**	1.2
Issue of shares as consideration for acquired entity	**0.3**	–	**0.3**	–
Balance at end of period	**1,223.6**	1,210.5	**1,223.6**	1,210.5

	$m	$m	$m	$m
Shares held in trust				
Reconciliation of shares held in trust				
Balance at beginning of period	**(60.0)**	(71.6)	**(60.0)**	(71.6)
Issue of shares under Employee Share Plan	**8.8**	11.6	**8.8**	11.6
Balance at end of period	**(51.2)**	(60.0)	**(51.2)**	(60.0)

	No. (m)	No. (m)	No. (m)	No. (m)
Reconciliation of shares held in trust				
Balance at beginning of period	**6.6**	7.9	**6.6**	7.9
Issue of shares under Employee Share Plan	**(1.2)**	(1.3)	**(1.2)**	(1.3)
Balance at end of period	**5.4**	6.6	**5.4**	6.6

Share capital

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Changes to the then Corporations Law abolished the authorised and par value concept in relation to share capital issued from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Share options

In accordance with the provisions of the Executive Share Option Plan, executives had options over ordinary shares as follows:

	Number of options over shares as at		
	28 June 2009	*29 June 2008*	*Expiry date*
Option grant			
1999	**–**	205,000	1 July 2009
2000	**–**	20,000	1 July 2010
2001	**192,500**	251,000	1 July 2011
2003	**–**	5,208,850	31 December 2008
2004	**5,926,937**	6,181,250	31 December 2009
2005	**5,496,725**	5,849,700	31 December 2010
2006	**7,315,150**	7,618,400	31 December 2011
2007	**8,580,300**	8,903,500	31 December 2012
2008	**5,541,625**	–	31 December 2013
	33,053,237	34,237,700	
Performance rights			
2007	**1,515,000**	1,525,000	1,525,000 – Exp 1 July 2009
	40,000	40,000	40,000 – Exp 1 July 2010
2008	**1,064,916**	–	31 December 2013
Retention rights			
2008	**80,000**	–	1 September 2010
2009	**15,000**		2 February 2012
	35,768,153	**35,802,700**	

Executive share options carry no rights to dividends and no voting rights.

Further details of the Executive Share Option Plan are contained in Note 23 to the Financial Statements.

18 RESERVES

	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m
Hedging reserve	**44.5**	122.1	**44.5**	122.1
Foreign currency translation reserve	**(305.6)**	(300.6)	**–**	–
Remuneration reserve	**157.5**	94.0	**157.5**	94.0
Asset revaluation reserve	**16.4**	16.4	**–**	–
Available-for-sale revaluation reserve	**(86.3)**	(65.8)	**(18.2)**	(7.2)
	(173.5)	(133.9)	**183.8**	208.9

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

Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the Financial Statements of foreign operations where their functional currency is different to the presentational currency of the reporting entity, as well as from the translation of liabilities that are designated as a hedge of the Company's net investment in a foreign subsidiary.

Remuneration reserve
The employee remuneration reserve comprises the fair value of share-based payment plans recognised as an expense in the income statement.

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

Available-for-sale revaluation reserve
The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value with any changes recorded through an available-for-sale revaluation reserve in equity with the exception of impairment losses which are recognised directly in profit and loss.

Determining whether available-for-sale investments are impaired requires an assessment as to whether declines are significant or prolonged. Management has taken into account a number of qualitative and quantitative factors in making this assessment.

An assessment that the decline in value represented an impairment would result in a transfer from the available-for-sale reserve to the income statement.

	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m
Movements				
Hedging reserve				
Balance at start of period	**122.1**	8.8	**122.1**	8.8
Loss on cash flow hedges taken to equity	**112.9**	5.1	**112.9**	5.1
Transfer to profit and loss – cash flow hedges	**(223.5)**	156.7	**(223.5)**	156.7
Deferred tax arising on hedges	**33.0**	(48.5)	**33.0**	(48.5)
Balance at end of period	**44.5**	122.1	**44.5**	122.1
Foreign currency translation reserve (FCTR)				
Balance at start of period	**(300.6)**	(97.2)	**–**	–
Net exchange differences on translation of foreign controlled entities	**(12.5)**	(298.4)	**–**	–
Deferred tax arising on FCTR	**7.6**	35.4	**–**	–
Income tax related to FCTR	**(0.1)**	59.6	**–**	–
Balance at end of period	**(305.6)**	(300.6)	**–**	–
Remuneration reserve				
Balance at start of period	**94.0**	45.5	**94.0**	45.5
Compensation on share-based payments	**63.5**	48.5	**63.5**	48.5
Balance at end of period	**157.5**	94.0	**157.5**	94.0
Asset revaluation reserve				
Balance at start of period	**16.4**	16.4	**–**	–
Balance at end of period	**16.4**	16.4	**–**	–
Available-for-sale revaluation reserve				
Balance at start of period	**(65.8)**	(11.8)	**(7.2)**	–
Revaluation loss during the period	**(20.5)**	(54.0)	**(11.0)**	(7.2)
Balance at end of period	**(86.3)**	(65.8)	**(18.2)**	(7.2)

19 RETAINED EARNINGS

	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m
Retained earnings attributable to the members of Woolworths Limited				
Balance at start of the period	**2,559.7**	1,962.5	**1,303.3**	1,089.4
Profit attributable to members of Woolworths Limited	**1,835.7**	1,626.8	**1,448.3**	1,243.5
Actuarial losses on defined benefit plans	**(67.3)**	(39.7)	**(66.8)**	(39.7)
Tax effect of actuarial losses	**20.3**	11.9	**20.0**	11.9
Employee Share Plan dividends and forfeitures	**4.5**	4.6	**4.5**	4.6
Dividends paid or provided (Note 6)	**(1,174.3)**	(1,006.4)	**(1,174.3)**	(1,006.4)
Balance at end of period	**3,178.6**	2,559.7	**1,535.0**	1,303.3

	Consolidated as at 2009	2008

20 EARNINGS PER SHARE

Basic earnings per share (cents per share)	**150.71**	134.89
Diluted earnings per share (cents per share)	**149.69**	133.55

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	$m	$m
Earnings (a)	**1,835.7**	1,626.8

	No. (m)	No. (m)
Weighted average number of ordinary shares[1] (b)	**1,218.0**	1,206.0

Diluted earnings per share

The earnings and weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	$m	$m
Earnings (a)	**1,835.7**	1,626.8

	No. (m)	No. (m)
Weighted average number of shares[1] and potential ordinary shares (c)	**1,226.3**	1,218.1

(a) Earnings used in the calculations of basic and diluted earnings per share reconciles to net profit in the income statement as follows:

	$m	$m
Net profit attributable to the members of Woolworths Limited	**1,835.7**	1,626.8
Earnings used in the calculations of basic and diluted earnings per share	**1,835.7**	1,626.8

(b) Options are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share.

(c) Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Consolidated as at 2009 No. (m)	Consolidated as at 2008 No. (m)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**1,218.0**	1,206.0
Shares deemed to be issued for no consideration in respect of outstanding employee options	**8.3**	12.1
	1,226.3	1,218.1

Since 28 June 2009, 6,710,189 shares (2008: 3,831,525) have been issued as a result of the maturity of retention rights under the LTIP in 2007, and the exercise of options granted under the LTIP in July 2004, July 2005 and July 2006. No options (2008: nil) have been issued. On 1 July 2008, 1,077,444 performance rights were issued (25 July 2007: 1,590,000). A further 98,000 performance rights were offered under the Retention Plan with an effective date of 1 September 2008 or 2 February 2009.

Note

(1)
Weighted average number of shares has been adjusted to remove the potential ordinary shares under the Employee Share Plan held by the custodian Company, which is consolidated under AIFRS.

21 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; however there is a provision of $367.6 million for self-insured risks (2008: $374.9 million), which includes liabilities relating to workers' compensation claims, that has been recognised in the balance sheet at balance date.

	Consolidated as at		*Woolworths Limited as at*	
	2009 $m	*2008 $m*	*2009 $m*	*2008 $m*
Guarantees				
Bank guarantees[(1)]	**54.0**	51.6	**20.1**	18.0
Workers' compensation self-insurance guarantees[(2)]	**448.5**	425.9	**448.5**	425.9
Other				
Outstanding letters of credit issued to suppliers	**36.0**	11.2	**10.7**	6.0
Guarantees arising from the deed of cross guarantee with other entities in the wholly owned group	**–**	–	**559.0**	774.0
	538.5	488.7	**1,038.3**	1,223.9

Notes

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

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

	Consolidated as at 2009 $m	Consolidated as at 2008 $m	Woolworths Limited as at 2009 $m	Woolworths Limited as at 2008 $m
22 COMMITMENTS FOR EXPENDITURE				
Capital expenditure commitments				
Estimated capital expenditure under firm contracts, not provided for in these Financial Statements, payable:				
Not later than one year	**483.2**	421.9	**307.8**	258.5
Later than one year, not later than two years	**1.5**	–	**–**	–
Later than two, not later than five years	**–**	–	**–**	–
	484.7	421.9	**307.8**	258.5
Operating lease commitments				
Future minimum rentals under non-cancellable operating leases not provided for in these Financial Statements, payable:				
Not later than one year	**1,322.4**	1,168.2	**929.2**	814.7
Later than one year, not later than five years	**4,968.0**	4,124.8	**3,390.9**	2,944.9
Later than five years	**8,520.7**	7,876.0	**6,246.2**	5,495.5
	14,811.1	13,169.0	**10,566.3**	9,255.1
Total commitments for expenditure	**15,295.8**	13,590.9	**10,874.1**	9,513.6

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

The consolidated entity and the Company lease retail premises and warehousing facilities for periods of up to 40 years. The operating lease commitments include leases for the Norwest office and distribution centres. Generally the lease agreements are for initial terms of between 10 and 15 years and most include multiple renewal options for additional five-year terms. Under most leases, the consolidated entity and the Company are responsible for property taxes, insurance, maintenance and expenses related to the leased properties. However many of the more recent lease agreements have been negotiated on a gross or semi gross basis, which eliminates or significantly reduces the lessee's exposure to operational charges associated with the properties.

	Consolidated 2009 52 weeks $m	Consolidated 2008 53 weeks $m	Woolworths Limited 2009 52 weeks $m	Woolworths Limited 2008 53 weeks $m
23 EMPLOYEE BENEFITS				
The aggregate employee benefit liability recognised and included in the Financial Statements is as follows:				
Provision for employee benefits				
Current (Note 16)	**623.0**	564.3	**494.2**	457.1
Non-current (Note 16)	**79.2**	79.8	**59.1**	60.1
Accrued liability for defined benefit obligations (included in other non-current liabilities)	**92.0**	53.0	**92.0**	53.0
Accrued salaries and wages (included in trade and other payables)	**292.5**	268.2	**235.4**	217.6
	1,086.7	965.3	**880.7**	787.8

(A) DEFINED BENEFIT SUPERANNUATION PLANS

The following disclosures set out the accounting for the Plan as recognised in the Financial Statements of the consolidated entity and the Company in accordance with AASB 119 Employee Benefits.

Liability for defined benefit obligation

	As at			
	28 June 2009 $m	*29 June 2008 $m*	*24 June 2007 $m*	*25 June 2006 $m*
Defined benefit obligation[1]	**(1,536)**	(1,609)	(1,618)	(1,282)
Fair value of assets	**1,444**	1,556	1,586	1,244
Liability for defined benefit obligations	**(92)**	(53)	(32)	(38)
Experience adjustments – liabilities	**(310)**	(195)	119	102
Experience adjustments – assets	**377**	235	(110)	(71)

Note **(1)** Includes contribution tax liability.

The consolidated entity and Company make contributions to a defined benefit plan, Woolworths Group Superannuation Plan (WGSP) that provides superannuation benefits for employees upon retirement.

The Company sponsors the WGSP which consists of members with defined contribution (accumulation) benefits as well as defined benefits members. The Plan also pays allocated pensions to a small number of pensioners.

The members and assets of the WGSP are held in the AMP Superannuation Savings Trust.

All disclosures in this note are for the consolidated entity and the Company.

Movements in the net liability for defined benefit obligations recognised in the balance sheet

	As at	
	2009 $m	*2008 $m*
Opening net liability for defined obligations	**(53)**	(32)
Contributions by employer	**148**	123
Expense recognised in the income statement	**(120)**	(104)
Actuarial losses recognised directly in equity (Note 19)	**(67)**	(40)
Closing net liability for defined benefit obligations	**(92)**	(53)

Actuarial losses recognised in the statement of recognised income and expense during the year were $67.3 million (2008: $39.7 million), with cumulative actuarial losses of $140 million (2008: $73 million).

Changes in the present value of the defined benefit obligation are as follows:

	2009	2008
Opening defined benefit obligation	**1,609**	1,618
Current service cost	**129**	114
Interest cost	**107**	102
Actuarial losses	**(310)**	(195)
Employee contributions	**92**	105
Past service cost	**–**	–
Benefits paid	**(91)**	(135)
Closing defined benefit obligation	**1,536**	1,609

23 EMPLOYEE BENEFITS CONTINUED

Changes in the fair value of fund assets are as follows:

	As at 2009 $m	2008 $m
Opening fair value of fund assets	**1,556**	1,586
Expected return[1]	**116**	112
Actuarial (losses)/gains[1]	**(377)**	(235)
Contributions by employer	**148**	123
Employee contributions	**92**	105
Benefits paid	**(91)**	(135)
Closing fair value of fund assets	**1,444**	1,556

Note

(1)
The actual return on plan assets was a loss of $261 million (2008: loss of $123 million).

The fair value of assets includes no amounts relating to any of the Company's own financial instruments nor any property occupied by, or other assets used by, the Company.

The major categories of fund assets as a percentage of total fund assets are as follows:

	As at 2009 %	2008 %
Overseas equities	**27**	29
Australian equities	**30**	29
Fixed interest securities	**16**	23
Property	**6**	10
Alternatives	**17**	6
Cash	**4**	3

Expense recognised in the income statement

	As at 2009 $m	2008 $m
Current service costs	**129**	114
Interest cost	**107**	102
Past service cost	**–**	–
Expected return on fund assets	**(116)**	(112)
	120	104

The expense recognised in the employee benefit expense is disclosed in Note 2(d).

The defined benefit obligations have been determined by the Plan actuary, Mr John Burnett, FIAA, Watson Wyatt, using the projected unit cost method. The following are the principal actuarial assumptions used.

	As at 2009 %	2008 %
Discount rate (gross of tax)	**5.50**	6.45
Discount rate (net of tax)	**4.70**	5.50
Expected return on fund assets	**7.50**	7.50
Future salary increases	**3.50**	4.50

The expected returns on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each asset class are net of investment tax and investment fees.

Contributions for permanent salaried employees of the Company and its controlled entities are made to certain Company sponsored superannuation funds including the WGSP. These superannuation funds provide lump sum accumulation benefits to members on retirement or death. The Company and certain of its controlled entities are legally obliged to contribute to the Company sponsored WGSP at rates as set out in the Trust Deed and Rules and the Participation Deed between the Company and AMP Superannuation Limited. Members contribute to the WGSP at rates dependent upon their membership category.

The expected Company and employee contributions to the WGSP for the 2010 financial year are $128 million and $53 million respectively.

The Company is also obliged to contribute at fixed rates to defined contribution retirement plans for certain employees under industrial agreements, fund choice legislation and the Superannuation Guarantee Legislation. The Company and its controlled entities contribute to various industry based superannuation funds and to the WGSP for non-salaried employees.

The Company also pays superannuation contributions in New Zealand in accordance with KiwiSaver legislation.

(B) SERVICE AGREEMENTS

Chief Executive Officer

The CEO's Service Agreement has effect from 1 October 2006 and is a rolling contract. The Service Agreement provides for 12 months' notice of termination on the part of the Company and six months' notice on the part of the CEO. In addition, the Company may invoke a restraint period of up to 12 months following separation, preventing the CEO from engaging in any business activity with major competitors of Woolworths.

The CEO will not be entitled to any termination payment other than:

- Fixed Remuneration for the duration of the notice period (or payment in lieu of working out the notice period);
- pro-rated Short Term Incentive Plan payment; and
- any accrued statutory entitlements.

Short Term Incentive Plan

The Short Term Incentive Plan (STIP) provides for a maximum annual payment of 130% of Fixed Remuneration. The actual payment will be calculated with regard to achievement of key performance indicators agreed annually with the Board. The performance indicators are based on a combination of detailed measurements of corporate and financial performance and the implementation of strategic operational objectives.

Long Term Incentive Plan

The CEO is a participant in the Woolworths LTIP. At the 2006 Annual General Meeting, shareholder approval was given for up to a maximum of 1,500,000 options to be granted to the CEO comprising annual grants in 2006, 2007 and 2008.

- For the 2006 and 2007 grants, the performance hurdles that apply under the Woolworths LTIP will apply to options allocated to the CEO, however 50% of the allocation will vest and become exercisable three years from the effective date subject to meeting the performance hurdles. The remaining 50% of the allocation will vest and become exercisable after five years in accordance with the prescribed conditions.
- For the 2008 grant, the performance hurdles that apply under the Woolworths LTIP apply to the allocation made to the CEO.

At the 2008 Annual General Meeting shareholder approval was given for up to a maximum of 1,500,000 options or a combination of options and performance rights to an equivalent value to be granted to the CEO comprising over three years commencing with the 2010 financial year.

For the 2009 grant, the performance hurdles that apply to the 2008 grant, under the Woolworths LTIP, apply to the allocation to be made to the CEO.

23 EMPLOYEE BENEFITS CONTINUED

(C) SHARE-BASED PAYMENTS

Executive Option Plan (Long Term Incentive Plan)

Long term incentives have been in place since 1993 and have been provided through various executive option plans. From 1999 through to 2004 long term incentives were provided through the Executive Option Plan (EOP). At the 2004 Annual General Meeting shareholders approved the introduction of the Woolworths Long Term Incentive Plan (LTIP). Both the EOP and the LTIP are described below.

Since 2002, long term incentive awards have been linked to executives entering into Service Agreements that offer the Company protection and provide clarity for executives. Effective from 2003, all Supermarket and BIG W store managers and buyers as well as distribution centre managers became eligible to receive long term incentive awards.

In the event of cessation of employment, both the EOP and the LTIP Rules provide the Board with discretion as to the treatment of unvested long term incentive awards.

Executive Option Plan

The Executive Option Plan (EOP) was approved by shareholders in November 1999 and was last offered with an effective grant date of 1 July 2004. As at 28 June 2009, there were 6,119,437 options issued under this Plan.

Awards have been made under the EOP in five tranches with each tranche subject to performance hurdles established by the People Policy Committee and approved by the Board. Hurdles relate to cumulative EPS growth and to relative TSR.

The Executive Option Plan has the following features:

- the exercise price is set at the weighted average market price of a Woolworths Limited ordinary share on the five trading days prior to the date approved by the Board as the effective date of options for the purpose of determining the exercise period and performance hurdles;
- an exercise period that commences after five years, subject to performance hurdles being met and with a maximum exercise period of five and a half years (10 years for options issued prior to 2002);
- upon exercise, each option entitles the option holder to one ordinary fully paid Woolworths Limited share;
- vesting is subject to two performance hurdles based on cumulative EPS growth and relative TSR measured over the performance period;
- the performance measures, EPS growth and relative TSR, each represent 50% of the options granted;
- EPS, is the non-dilutive EPS which is measured as the net profit of the consolidated entity after outside equity interests divided by the weighted average number of shares on issue (including ordinary shares and dividend reinvestment allotments, but excluding shares held by Woolworths Custodian) over the performance period;
- for offers made from 2002 to 2007, the EPS component vests in four tranches, dependent on attaining average annual growth of either 10% or 11% as follows:

Tranche	*Percentage of options in total grant that may be exercised*	*Performance hurdle to be achieved for vesting*	*Exercise period*
Tranche 1	12.5%	4 year 10% EPS	Between 5 and 5.5 years from the effective date
Tranche 2	12.5%	4 year 11% EPS	Between 5 and 5.5 years from the effective date
Tranche 3	12.5%	5 year 10% EPS	Between 5 and 5.5 years from the effective date
Tranche 4	12.5%	5 year 11% EPS	Between 5 and 5.5 years from the effective date

– the fifth tranche (50% of options) is linked to relative TSR and measures the growth in the Company's share price plus dividends notionally reinvested in the Company's shares comparative to a peer group, measured over five years from the grant date but averaged for three months to eliminate volatility. This reflects the increase in value delivered to shareholders over the performance period;
– TSR performance is measured against comparator companies comprised of the S&P/ASX 100, excluding companies in the ASX classified as financial services and resources and any companies in the comparator group that have merged, had a share reconstruction, been delisted or subject to takeover or takeover offer during the measurement periods;
– TSR performance measurement for the purpose of calculating the number of options to vest is audited by an independent third party; and
– the percentage of the total number of options granted that vest is dependent on Woolworths' ranking relative to the performance of the above comparator companies. The following table sets out the TSR vesting schedule:

Woolworths TSR equals or exceeds the following percentile of the comparator companies	*Percentage of options in total grant that vest and may be exercised*
60th percentile	12.5%
65th percentile	25.0%
70th percentile	37.5%
75th percentile	50.0%

Woolworths Long Term Incentive Plan

At the 2004 Annual General Meeting, shareholders approved the introduction of a new long term incentive, the Woolworths Long Term Incentive Plan. The Plan has four Sub-Plans, which are described below, that together can provide options, performance rights, performance shares or cash awards.

This Plan allows the Board flexibility to determine which of the Sub-Plans' awards will be granted to deliver the overall LTIP objectives.

From 2005 the Option Sub-Plan has been used to satisfy Woolworths LTIP requirements, however from the offer made in 2008, a combination of options and performance rights have been used. Like the previous Executive Option Plan, stringent performance measures are set annually and relate to EPS and TSR hurdles. These are described in detail following the description of the Plan's Sub-Plans.

In addition, the Performance Rights Sub-Plan has been used as a Retention Plan since 2007 to ensure that key employees are retained to protect and deliver on the Company's strategic direction. It has been delivered to senior executives who had either none or relatively small option grants scheduled to vest over the ensuing two years. This Plan does not have performance measures attached to it and vests subject to the executive remaining employed by the Company for a two-year period. It is intended that this Plan be used only in special circumstances.

1 Option Sub-Plan

The Option Sub-Plan delivers a right to the holder of an option to acquire a share at a future date, subject to performance hurdles being met and the payment of an exercise price. As at 28 June 2009, there were 26,933,800 options outstanding under this Sub-Plan.

Year	*2005*	*2006*	*2007*	*2008*	*Total*
Options	5,496,725	7,315,150	8,580,300	5,541,625	26,933,800

23 EMPLOYEE BENEFITS CONTINUED

2 Performance Rights Sub-Plan

The Performance Rights Sub-Plan delivers a contractual right to a future grant of a Company share to the right holder at a future date, subject to the performance hurdles being met. Each performance right has the following features:

– it can be exercised for no monetary payment; and
– upon exercise, each performance right entitles the right holder to the issue of one ordinary fully paid Woolworths Limited share.

As at 28 June 2009, there were 2,714,916 performance rights outstanding under this Sub-Plan.

LTIP

	2008	*Total*
Performance rights	1,064,916	1,064,916

Retention Plan

	2007	*2008*	*Total*
Performance rights	1,555,000	95,000	1,650,000

3 Performance Share Sub-Plan

The Performance Share Sub-Plan provides for a contractual right to an immediate grant of Company shares to participants, entitlement to which is subject to performance hurdles being achieved. Each performance share has the following features:

– it can be exercised for no monetary payment; and
– participants receive dividends or other distributions and entitlements as an ordinary Company shareholder.

No offers of performance shares have been made.

4 Cash Award Sub-Plan

The Cash Award Sub-Plan provides for participants to receive cash-based long-term incentives subject to specified performance hurdles being met.

No offers of cash awards have been made.

Woolworths Long Term Incentive Plan Renewal

The Woolworths Long Term Incentive Plan was approved by shareholders at the 2004 Annual General Meeting. Shareholder approval of the Plan was also obtained under an exception to Australian Securities Exchange (ASX) Listing Rule 7.1 which restricts (in certain circumstances) the issue of new securities in any one year to 15% of issued shares without shareholder approval. The applicable exception is contained in ASX Listing Rule 7.2, exception 9. The effect of shareholder approval under that exception is that any issues of securities under the Plan are treated as having been made with the approval of shareholders for the purpose of Listing Rule 7.1.

Approval under the exception lasts for three years. Accordingly, Woolworths sought and obtained approval at the 2007 Annual General Meeting to refresh that approval for a further three years.

Performance hurdles

The Board is mindful of the need for Woolworths to stay competitive and retain high calibre employees in the retail sector and has determined (in accordance with the Plan rules and as approved at the 2007 AGM) to amend the performance hurdles for grants to be made under the Plan beginning with the 2009 financial year (referred to below as "the 2008 grant" or "the grant").

The 2008 grant was made using a combination of the Option Sub-Plan and the Performance Rights Sub-Plan with vesting subject to the achievement of EPS growth and relative TSR performance hurdles, each representing 50% of the grant, as described below.

EPS performance hurdle

EPS is the non-dilutive EPS, which is measured as the net profit of the consolidated entity after minority interests divided by the weighted average number of shares on issue (including ordinary shares and dividend reinvestment allotments, but excluding shares held by Woolworths' custodian) over the performance period.

For the 2008 grant, the EPS component partially vests upon Woolworths attaining an average annual growth rate of equal to or greater than 10%. An EPS growth rate of equal to 10% over the performance period will result in 12.5% of the grant vesting, while an EPS growth rate of equal to or greater than 15% over the performance period will result in 50% of the grant vesting.

For the 2005, 2006 and 2007 grants, the EPS component vests in four tranches as described in the Executive Option Plan in the Remuneration Report.

TSR performance hurdle

The TSR performance hurdle for the 2008 grant requires a minimum TSR at the 51st percentile measured against comparator companies comprised of the S&P/ASX 100 Index, excluding any non-comparable companies (such as financial services and resources sector companies, Trusts and any companies in the comparator group that are under takeover or takeover speculation, have merged, had a share reconstruction or been delisted during the measurement periods). Achieving maximum TSR vesting requires TSR at the 75th percentile.

For the 2007 and previous grants, the TSR hurdle is described in the Executive Option Plan in the Remuneration Report.

Vesting, exercise period and expiry period

The 2008 performance hurdles are subject to the vesting scale measured over a four-year period from the date of grant but will be subject to early testing on the third anniversary of the date of grant and vesting may occur subject to the performance hurdles outlined above being met.

If the minimum vesting hurdles are met on the third anniversary of the date of grant then those options and performance rights meeting the performance hurdle shall vest. If the minimum performance hurdles are not met on the third anniversary, those options and performance rights shall remain unvested. Where this occurs, the 2008 performance hurdles will be tested on the fourth anniversary of the date of the grant and vesting may occur on this date subject to the performance hurdles outlined above being met. Any option and performance rights that do not vest on the fourth anniversary of the grant will be forfeited.

Options and performance rights granted during financial year 2008 which have vested but remain unexercised expire after the earlier of 5.5 years from the date of grant, or up to 12 months after termination of employment.

While the Board has retained the discretion to review the performance hurdles applicable to a grant of options, it is intended that the performance hurdles for grants in 2009 and 2010 will also be TSR and EPS based. These performance hurdles, together with the relevant exercise periods and expiry dates, will be disclosed each year in the Annual Report.

Hedging Policy

The Woolworths hedging policy was introduced in July 2008. As part of the introduction of the policy, all members of the Senior Management Group have signed a declaration that they have not entered into any arrangements that would contravene the policy.

Under the hedging policy, executives may not enter into any hedging transaction that will protect the value of unvested securities issued as part of the Woolworths Long Term Incentive Plan.

Compliance with the hedging policy has been introduced as a condition of participation in the Long Term Incentive Plan with effect from 2008. To enter into any such arrangement would breach the conditions of the grant and would result in forfeiture of the relevant securities.

Executive compliance with this policy will be monitored through an annual declaration by executives stating that they have not entered into any hedging transaction in relation to their unvested Woolworths securities.

23 EMPLOYEE BENEFITS CONTINUED

The following table summarises movements for the financial year ended 28 June 2009 for outstanding options and performance rights:

Offer date	*Expiry date*	*Exercise price $*	*No. of options/ rights at 29 June 2008*	*Options/ rights granted during year*	*Options exercised during year*	*Options/ rights lapsed during year*	*No. of options/ rights at 28 June 2009*	*No. of options exercisable at 28 June 2009*
Options								
01/07/1999	01/07/2009	5.11	205,000	–	(205,000)	–	–	–
01/07/2000	01/07/2010	6.17	20,000	–	(20,000)	–	–	–
01/07/2001	01/07/2011	10.89	251,000	–	(58,500)	–	192,500	192,500
01/07/2003	31/12/2008	12.60	5,208,850	–	(5,124,441)	(84,409)	–	–
01/07/2004	31/12/2009	11.54	6,181,250	–	(30,313)	(224,000)	5,926,937	–
01/07/2005	31/12/2010	16.46	5,849,700	–	–	(352,975)	5,496,725	–
01/07/2006	31/12/2011	19.47	7,618,400	–	–	(303,250)	7,315,150	–
01/07/2007	31/12/2012	25.91	8,903,500	–	–	(323,200)	8,580,300	–
01/07/2008	31/12/2013	24.90	–	5,598,000	–	(56,375)	5,541,625	–
Rights								
25/07/2007	01/07/2009	Nil	1,525,000	–	–	(10,000)	1,515,000	–
25/07/2007	01/07/2010	Nil	40,000	–	–	–	40,000	–
01/07/2008	31/12/2013	Nil	Nil	1,077,444	–	(12,528)	1,064,916	–
01/09/2008	01/09/2010	Nil	Nil	83,000	–	(3,000)	80,000	–
02/02/2009	02/02/2012	Nil	Nil	15,000	–	–	15,000	
			35,802,700	**6,773,444**	**(5,438,254)**	**(1,369,737)**	**35,768,153**	**192,500**

The weighted average share price during the financial year ended 28 June 2009 was $26.42.

The following table summarises movements for the financial year ended 29 June 2008 for outstanding options and performance rights:

Offer date	*Expiry date*	*Exercise price $*	*No. of options at 24 June 2007*	*Options/ rights granted during year*	*Options exercised during year*	*Options/ rights lapsed during year*	*No. of options/ rights at 29 June 2008*	*No. of options exercisable at 28 June 2008*
01/07/1999	01/07/2009	5.11	222,500	–	(17,500)	–	205,000	205,000
01/07/2000	01/07/2010	6.17	45,000	–	(25,000)	–	20,000	20,000
01/07/2001	01/07/2011	10.89	1,161,000	–	(910,000)	–	251,000	251,000
01/07/2002	31/12/2007	12.94	4,340,000	–	(4,084,740)	(255,260)	–	–
01/07/2003	31/12/2008	12.60	5,557,100	–	(19,250)	(329,000)	5,208,850	–
01/07/2004	31/12/2009	11.54	6,708,250	–	–	(527,000)	6,181,250	–
01/07/2005	31/12/2010	16.46	6,348,100	–	–	(498,400)	5,849,700	–
01/07/2006	31/12/2011	19.47	8,184,200	–	–	(565,800)	7,618,400	–
01/07/2007	31/12/2012	25.91	–	9,049,400	–	(145,900)	8,903,500	–
25/07/2007	01/07/2009	–	–	1,550,000	–	(25,000)	1,525,000	–
25/07/2007	01/07/2010	–	–	40,000	–	–	40,000	
			32,566,150	**10,693,400**	**(5,056,490)**	**(2,346,360)**	**35,802,700**	**476,000**

The weighted average share price during the financial year ended 29 June 2008 was $29.60.

The fair value of the services received in return for share options and performance rights granted are measured by reference to the fair value of the share options granted. The fair value of the services is recognised as an expense on a straight-line basis over the vesting period and is determined by multiplying the fair value per option by the number of options expected to vest. During the financial year ended 28 June 2009, an expense of $63.5 million (2008: $48.5 million) was recognised in the income statement in relation to options and performance rights issued under the Executive Option Plan.

The estimate of the fair value per option is measured based on the Monte Carlo Simulation option pricing model performed by an independent valuer. The fair value is measured at the grant date, which for the purposes of measurement is the date of unconditional offer by the Company and acceptance by the employee.

The contractual exercise period of the options set out above is used as an input into the model. Other inputs are:

								Weighted average fair value of options		
Grant date	*Effective date*	*Share price at grant date*	*Exercise price*	*Expected volatility*[1]	*Dividend yield*	*Risk free interest rate*	*Weighted average fair value of options granted*[2]	*EPS*	*TSR*	*Retention*
3-Oct-03	1-Jul-03	$11.18	$12.60	18%	4.00%	5.15%	$1.16	$1.32	$0.99	–
22-Apr-05	1-Jul-04	$15.32	$11.54	17%	3.20%	5.50%	$3.88	$4.25	$3.50	–
2-Dec-05	1-Jul-05	$17.05	$19.47	16%	3.40%	5.40%	$2.22	$2.50	$1.93	–
24-Nov-06	1-Jul-06	$21.64	$19.47	16%	3.20%	6.10%	$3.50	$0.00	$0.00	–
30-Jan-07	1-Jul-06	$23.64	$25.91	16%	3.20%	6.10%	$4.80	$5.73	$3.86	–
3-Dec-07	1-Jul-07	$33.39	–	18%	3.10%	6.30%	$8.90	$9.48	$8.32	–
3-Aug-07	25-Jul-07	$27.45	$24.90	–	3.20%	–	$24.34	–	–	$24.34
9-Dec-08	1-Jul-08	$26.63	–	24%	3.50%	4.00%	$4.96	$5.15	$4.76	–
9-Dec-08	1-Jul-08	$26.63	–	26%	3.50%	3.50%	$21.25	$23.66	$18.83	–
9-Dec-08	1-Sep-08	$26.63	–	27%	–	3.30%	$24.89	–	–	$24.89
9-Dec-08	2-Feb-09	$26.63	–	27%	–	3.30%	$24.89	–	–	$24.89

Notes

(1)
The expected volatility is based on the historical implied volatility calculated based on the weighted average remaining life of the share options, adjusted for any expected changes to future volatility due to publicly available information.

(2)
In accordance with AIFRS transition rules, an expense has only been recognised for the fair value of options granted on or after 7 November 2002.

Grant date represents the offer acceptance date.

The probability of achieving market performance conditions (TSR) is incorporated into the determination of the fair value per option. No adjustment is made to the expense for options that fail to meet the market condition. The number of options and rights expected to vest based on achievement of non market conditions (EPS and service condition) are adjusted over the vesting period in determining the expense to be recognised in the income statement.

Employee Share Plan (Share Plan)

The Share Plan was established to enable all employees (other than executive officers) the opportunity to participate in the acquisition of shares in the Company at market price with an interest free loan from the Company to finance the acquisition. Loans are limited in recourse to the proceeds of sale of shares acquired. Dividends and other distributions on the shares are applied to repay the loan. The loan may be repaid at any time after three years and in any event must be settled when the employee ceases employment or at the end of 10 years from grant or when a takeover offer is accepted for the shares, whichever is the earliest. Upon settlement, if the employee elects not to repay the loan, the shares will be sold and the funds received after payment of costs and expenses will be applied to repay the loan. All shares acquired under the Share Plan are held by a wholly owned subsidiary of the Company (Woolworths Custodian Pty Limited) as Trustee of the Share Plan. At any time after three years from the date of acquisition a participant may request the Trustee to transfer the shares, but only if the loan made to acquire those shares is repaid in full. Shares may be transferred earlier at the discretion of the Directors on the employee's death or retirement but only if the loan made to acquire the shares is repaid in full. The Trustee may exercise the voting rights attached to the shares in the manner directed by the Directors until they are transferred to the participant.

As at 28 June 2009, there were 11,606 (2008: 14,444) participating employees who held a total of 5,407,738 (2008: 6,640,644) shares. The total amount receivable by the Company in relation to these shares is $33,102,817 as at 28 June 2009 (2008: $42,431,823). During the 52 week period ended 28 June 2009, no shares were issued.

23 EMPLOYEE BENEFITS CONTINUED

Due to the non-recourse nature of the loan, the loan is considered to be an option for accounting purposes as the employee is exposed to equity appreciation of the Company shares over the loan period with the option whether to repay the loan. The vesting period is three years from the offer date, conditional on the employee remaining employed over this period. Any shares forfeited are sold on-market and the proceeds of this sale are contributed to the Woolworths' Group Superannuation Plan. The number and weighted average exercise prices (being the loan value) of these options is as follows.

	Weighted average exercise price 2009	*No. of options 2009*	*Weighted average exercise price 2008*	*No. of options 2008*
Balance at the beginning of the period	**$6.39**	**6,640,644**	$7.01	7,940,057
Forfeited during the period	**$6.10**	**(16,420)**	$7.21	(13,760)
Exercised during the period	**$3.90**	**(1,216,486)**	$6.62	(1,285,653)
Balance at the end of the period	**$6.12**	**5,407,738**	$6.39	6,640,644
Exercisable at the end of the period	**$6.12**	**5,407,738**	$6.39	6,640,644

The weighted average share price during the period was $26.42 (2008: $29.60).

Employee Share Issue Plan (ESIP)

The ESIP allowed for the issue of shares to eligible employees for no monetary consideration. The ESIP complies with the various conditions specified by Government taxation legislation which enabled permanent employees to obtain a benefit of up to the $1,000 per employee per annum by way of a tax free concession on discounts under employee incentive schemes. During the 52 week period ended 28 June 2009 no shares (2008: nil) were issued.

Executive Management Share Plan (EMSP)

The EMSP allows any executive management, including any Executive Director, to forgo some of their future pre-tax remuneration to acquire shares in the Company on-market at prevailing market prices on the Australian Securities Exchange (ASX). During the 52 week period ended 28 June 2009, 4,274 shares (2008: 6,187) were purchased under the EMSP. No additional expense is recognised in relation to these shares as they are acquired out of salary sacrificed remuneration.

Employee Share Purchase Plan (SPP)

The SPP was launched in June 2008 and provides permanent full-time and part-time employees who are Australian tax residents and are aged 18 years or over, with the opportunity to purchase shares from pre-tax income via salary sacrifice. Woolworths Limited pays the associated brokerage costs.

During the 52 week period ended 28 June 2009, 582,464 shares were purchased on behalf of 16,923 participating employees.

24 KEY MANAGEMENT PERSONNEL

Directors and Executives

The following is a list of the Non-executive Directors and key management personnel of Woolworths Limited and their positions during the year:

	Position title
Executive Directors	
Michael Gerard Luscombe	Chief Executive Officer and Managing Director
Thomas (Tom) William Pockett	Finance Director
Chairman	
James Alexander Strong	Chairman of the Board, member of the Audit, Risk Management and Compliance Committee, member of the People Policy Committee and member of the Corporate Governance Committee
Non-executive Directors	
John Frederick Astbury	Non-executive Director, member of the Audit, Risk Management and Compliance Committee and member of the Corporate Governance Committee
Roderick Sheldon Deane	Non-executive Director, Chairman of the People Policy Committee and member of the Corporate Governance Committee
Diane Jennifer Grady	Non-executive Director, member of the Audit, Risk Management and Compliance Committee and member of the Corporate Governance Committee
Leon Michael L'Huillier	Non-executive Director; member of the Audit, Risk Management and Compliance Committee until 19 September 2008 and member of the People Policy Committee since 19 September 2008. Chairman of the Superannuation Working Group and the Woolworths Group Superannuation Plan's Policy Committee and member of the Corporate Governance Committee. Director of ALH Group Pty Ltd and Chairman of its Audit Committee
Ian John Macfarlane	Non-executive Director, member of the Audit, Risk Management and Compliance Committee and member of the Corporate Governance Committee
Alison Mary Watkins	Non-executive Director, Chairman of the Audit, Risk Management and Compliance Committee and member of the People Policy Committee and member of the Corporate Governance Committee
Executives	
Greg Foran[(1)]	Director of Food, Liquor and Petrol
Peter Smith	Managing Director of Progressive Enterprises
Julie Coates[(2)]	General Manager BIG W
Richard Umbers	General Manager – Customer Engagement

Notes

(1)
Greg Foran replaced Naum Onikul as Director of Food, Liquor and Petrol on 3 November 2008.

(2)
Julie Coates replaced Greg Foran as General Manager of BIG W effective 3 November 2008.

Ms Coates was appointed Director of BIG W effective 18 September 2009.

Non-executive Directors do not consider themselves part of management.

All key management personnel were employed by Woolworths Limited during the year apart from Mr Peter Smith who was employed by a subsidiary.

24 KEY MANAGEMENT PERSONNEL CONTINUED

Total remuneration for Non-executive Directors and other key management personnel for the Group and the Company during the financial year are set out below.

Remuneration by category

	Consolidated		Woolworths Limited	
	2009 52 weeks $	2008 53 weeks $	2009 52 weeks $	2008 53 weeks $
Short term employee benefits	**15,764,655**	15,250,586	**15,055,137**	14,180,924
Post-employment benefits	**1,403,122**	1,018,918	**1,289,122**	925,918
Other long-term benefits	**341,098**	280,272	**316,953**	259,554
Share-based payments	**6,414,970**	4,499,154	**6,148,459**	4,346,313
	23,923,845	21,048,930	**22,809,671**	19,712,709

Equity instrument disclosures relating to key management personnel

Details of equity instruments provided as compensation to key management personnel and shares issued on exercise, together with terms and conditions of the options, are disclosed in tables in section 3.2 of the Remuneration Report on pages 42 to 46.

Shareholdings

The table below summarises the movements during the year in holdings of shares in Woolworths Limited held by the Non-executive Directors and key management personnel.

	Shareholding at 29 June 2008 No.	Shares issued under DRP(1) No.	Shares received on exercise of options No.	Shares issued under NEDSP(2) No.	Shares purchased or (sold)(3) No.	Shareholding at 28 June 2009 No.
J Strong	70,479	–	–	–	–	**70,479**
M Luscombe	333,290	–	100,000	–	–	**433,290**
J Astbury	12,295	82	–	420	–	**12,797**
R Deane	40,000	–	–	–	–	**40,000**
D Grady	35,914	345	–	–	–	**36,259**
L L'Huillier	60,000	–	–	–	–	**60,000**
I Macfarlane	3,000	–	–	–	1,000	**4,000**
A Watkins	10,279	177	–	1,403	–	**11,859**
T Pockett	54,000	–	150,000	–	(111,000)	**93,000**
N Onikul	158,769	412	60,000	–	(117,267)	**101,914**
P Smith	841	369	100,000	–	(100,000)	**1,210**
J Coates	12,250	–	100,000	–	(46,000)	**66,250**
G Foran	–	380	100,000	–	(50,000)	**50,380**
R Umbers	–	–	–	–	–	**–**

Notes

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

(2)
Comprises shares issued under the Non-executive Directors' Share Plan (NEDSP).

(3)
Figures in brackets indicate that these shares have been sold or otherwise disposed of.

	Shareholding at 24 June 2007 No.	Shares issued under DRP[1] No.	Shares received on exercise of options No.	Shares issued under NEDSP[2] No.	Shares purchased or (sold)[3] No.	Shareholding at 29 June 2008 No.
J Strong	70,479	–	–	–	–	70,479
M Luscombe	408,290	–	152,000	–	(227,000)	333,290
J F Astbury	12,071	121	–	103	–	12,295
R Deane	40,000	–	–	–	–	40,000
D Grady	35,360	554	–	–	–	35,914
L L'Huillier	60,000	–	–	–	–	60,000
I Macfarlane	2,000	–	–	–	1,000	3,000
A Watkins	5,065	214	–	–	5,000	10,279
T Pockett	–	–	190,000	–	(136,000)	54,000
N Onikul	201,360	554	–	–	(43,145)	158,769
P Smith	819	22	–	–	–	841
J Coates	–	–	104,500	–	(92,250)	12,250
G Foran	–	–	–	–	–	–
R Umbers	–	–	–	–	–	–

Notes

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

(2)
Comprises shares issued under the Non-executive Directors' Share Plan (NEDSP).

(3)
Figures in brackets indicate that these shares have been sold or otherwise disposed of.

Option holdings

The table below summarises the movements during the year in holdings of option and performance rights interests for the key management personnel in the Company for the period. An option or performance right entitles the holder to one ordinary fully paid Woolworths Limited share. There is no amount unpaid on options exercised.

					Options vested at 28 June 2009			
2009	Opening balance No.	Options and performance rights granted as remuneration No.	Options exercised No.	Options and performance rights holding at 28 June 2009 No.	Total No.	Exercisable No.	Unexercisable No.	Vested during the year No.
M Luscombe	1,330,000	500,000	(100,000)	1,730,000	37,500	–	37,500	112,500
T Pockett	880,000	250,000	(150,000)	980,000	37,500	–	37,500	150,000
N Onikul	380,000	27,500	(60,000)	347,500	25,000	–	25,000	70,000
P Smith	325,000	21,389	(100,000)	246,389	20,000	–	20,000	95,000
J Coates	345,000	27,500	(100,000)	272,500	20,000	–	20,000	95,000
G Foran	365,000	27,500	(100,000)	292,500	25,000	–	25,000	100,000
R Umbers	155,000	21,389	–	176,389	–	–	–	–
Total	**3,780,000**	**875,278**	**(610,000)**	**4,045,278**	**165,000**	**–**	**165,000**	**622,500**

No other key management personnel hold options or performance rights.

All share options issued to the key management personnel during the financial year were made in accordance with the provisions of the Executive Option Plan. The key management personnel in the table above were granted options with an effective date of 1 July 2008. The exercise value of the options granted was $24.90 per option while the performance rights issued to certain KMP had a nil exercise price. They also had an effective date of 1 July 2008.

Further details of the terms and conditions of the Executive Option Plan and the options and performance rights granted during the financial year are contained in Note 23 to the Financial Statements.

24 KEY MANAGEMENT PERSONNEL CONTINUED

2008	Opening balance No.	Options performance rights granted as remuneration No.	Options exercised No.	Options lapsed No.	Options and performance rights holding at 29 June 2008 No.	Balance vested as at 29 June 2008 No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
M Luscombe	990,000	500,000	(152,000)	(8,000)	1,330,000	25,000	–	25,000	137,500
T Pockett	830,000	250,000	(190,000)	(10,000)	880,000	37,500	–	37,500	177,500
N Onikul	310,000	70,000	–	–	380,000	15,000	–	15,000	15,000
P Smith	275,000	50,000	–	–	325,000	25,000	–	25,000	25,000
J Coates	385,000	70,000	(104,500)	(5,500)	345,000	25,000	–	25,000	102,000
G Foran	295,000	70,000	–	–	365,000	25,000	–	25,000	25,000
R Umbers	45,000	110,000	–	–	155,000	–	–	–	–

Loans to directors or key management personnel

There were no loans to directors of the Company or key management personnel.

25 RELATED PARTIES

Parent entity

The ultimate parent entity is Woolworths Limited, a company incorporated in New South Wales. The wholly-owned Group consists of Woolworths Limited and its wholly-owned subsidiaries. Disclosures relating to interests in subsidiaries are set out in Note 29.

Transactions within the Group

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

Entities within the Group also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions.

The details of transactions within the Group and with other partly owned subsidiaries is presented below:

	Consolidated		Woolworths Limited	
	2009 $	2008 $	2009 $	2008 $
Revenue from the sale of goods	**–**	–	**–**	25,807,394
Dividend income	**–**	–	**65,074,200**	65,330,079
Interest income	**–**	–	**230,569,212**	245,328,111

The balances of loans to or from subsidiaries are shown in Note 8 and Note 12.

Tax consolidation

Under the application of the tax consolidation regime, the Company is assessed on the tax liabilities of the entities in the tax consolidated group. As a consequence of this, the tax exposures relating to wholly owned group members totalling $79.4 million (2008: $27.7 million) are included in the tax liability of the Company. Pursuant to the Group's Tax Funding Agreement, the Company has charged net tax expense to the Group members totalling $79.4 million (2008: $27.7 million) through intercompany accounts.

Directors and key management personnel

Disclosures relating to Directors and key management personnel are set out in Note 24 and in the Remuneration Report, set out in section 3 and section 4 (except for sub-section 4.6) of the Directors' Report.

26 FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the Financial Statements.

(b) Foreign currency risk management

The consolidated entity has exposure to movements in foreign currency exchange rates through term borrowings and anticipated purchases of inventory and equipment, which are denominated in foreign currencies. In order to hedge against the majority of this exposure, the consolidated entity enters into forward exchange contracts and cross-currency swap agreements. The term borrowings are fully hedged.

Forward exchange contracts and foreign currency options

It is the policy of the consolidated entity to enter into forward exchange contracts and foreign currency options to cover foreign currency payments and receipts of up to 100% of the exposure generated.

At period end, the details of outstanding forward exchange contracts and foreign currency options, stated in Australian dollar equivalents for the consolidated group and Company are:

	Average exchange rate		*Foreign currency*		*Contract value*		*Mark to market*		*Market value*	
	2009	*2008*	*2009*	*2008*	*2009*	*2008*	*2009*	*2008*	*2009*	*2008*
Outstanding contracts			*FC'm*	*FC'm*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*
Hedging imports:										
Forward contracts										
Maturing:										
Within 12 months										
Buy US dollars	**0.73**	0.92	**251.6**	75.1	**346.9**	81.8	**(32.1)**	(2.5)	**314.9**	79.3
Buy US dollars against NZ dollars	**0.59**	–	**2.3**	–	**3.2**	–	**(0.2)**	–	**3.0**	–
Buy Euro	**0.52**	–	**14.8**	–	**28.5**	–	**(2.6)**	–	**25.9**	–
Buy British pounds	**0.49**	–	**0.2**	–	**0.4**	–	**–**	–	**0.4**	–
Hedging balance sheet:										
Forward contracts										
Maturing:										
Within 12 months										
Buy New Zealand dollars	**–**	1.25	**–**	266.6	**–**	214.0	**–**	(3.5)	**–**	210.5
Sell New Zealand dollars	**1.15**	1.15	**153.0**	197.0	**132.5**	171.4	**10.3**	15.8	**122.3**	155.6

As at reporting date, the net amount of unrealised loss under forward foreign exchange contracts relating to anticipated future transactions is $24.6 million (2008: $9.8 million unrealised gain). A portion of this amount qualifying as effective hedges has been recognised in the Hedge Reserve in the current year, with the remainder being recognised through the Income Statement.

Only NZ$153.0 million (2008: NZ$197.0 million) of the net investment in New Zealand is hedged for currency fluctuation. The remainder of the investment in New Zealand is not hedged for currency fluctuation as that element of the investment is not currently expected to be realised through disposal within 12 months.

Cross-currency swap agreements

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

26 FINANCIAL INSTRUMENTS CONTINUED

The following table details the cross-currency swaps outstanding for the consolidated group and Company at reporting date:

	Average interest rate		*Average exchange rate*		*Contract value*		*Fair value*	
Outstanding contracts	*2009 %*	*2008 %*	*2009*	*2008*	*2009 $m*	*2008 $m*	*2009 $m*	*2008 $m*
Maturing:								
Floating Rates								
United States dollars								
Within 12 months	**–**	–	**–**	–	**–**	–	**–**	–
1 to 2 years	**–**	–	**–**	–	**–**	–	**–**	–
2 to 3 years(1)(2)(3)	**BBSW +145.0bp**	–	**0.751**	–	**750.9**	–	**(26.6)**	–
3 to 4 years(1)(2)(3)	**–**	BBSW +55.9bp	**–**	0.731	**–**	410.4	**–**	(93.6)
4 to 5 years	**–**	–	**–**	–	**–**	–	**–**	–
5 years+(1)(2)(3)	**BBSW +66.2bp**	BBSW +66.2bp	**0.760**	0.760	**1,216.7**	1,216.7	**30.3**	(256.8)
					1,967.6	1,627.1	**3.7**	(350.4)
Japanese yen								
Within 12 Months	**–**	–	**–**	–	**–**	–	**–**	–
1 to 2 years	**–**	–	**–**	–	**–**	–	**–**	–
2 to 3 years(1)(2)(3)	**BBSW +306bp**	–	**74.4**	–	**26.8**	–	**(1.2)**	–
3 to 4 years	**–**	–	**–**	–		–		–
4 to 5 years	**–**	–	**–**	–	**–**	–	**–**	–
5 years+	**–**	–	**–**	–	**–**	–	**–**	–
					26.8	–	**(1.2)**	–
					1,994.4	1,627.1	**2.5**	(350.4)

Notes

(1) (2)
These swap instruments include an interest rate swap component which has been disclosed in the interest rate swap contracts section below and have therefore been designated as cash flow hedges due to the currency exposure being hedged in combination with the interest rate exposure via domestic interest rate swaps.

(3)
These fair value calculations include interest accruals as recorded in trade and other payables of $11.0 million (2008: $19.8 million) payable.

(c) Interest rate risk management

The consolidated entity is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly with regard to Board-approved policy, which requires a cash flow at risk approach in assessing residual interest rate exposure. The consolidated entity's exposures to interest rates on financial assets and financial liabilities are detailed in the Maturity Profile of Financial Instruments section of this note.

Interest rate swap contracts

Under interest rate swap contracts, the consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the consolidated entity to mitigate the risk of adverse movements in interest rates on the debt held. Interest in relation to the swaps is settled on a monthly or quarterly basis. The floating rate on interest rate swaps is the Australian BBSW and the consolidated entity settles the difference between the fixed and floating interest rate on a net basis. The fair value of interest rate swaps is based on market values of equivalent instruments at the reporting date and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding for the consolidated group and Company as at reporting date:

Outstanding floating for fixed contracts	*Average contracted fixed interest rate* 2009 %	2008 %	*Notional principal amount* 2009 $m	2008 $m	*Fair value* 2009 $m	2008 $m
Interest rate swaps						
Less than 1 year	**–**	6.02%	**–**	270.0	**–**	5.0
1 to 2 years	**5.86%**	–	**250.0**	–	**(7.8)**	–
2 to 3 years	**5.50%**	5.86%	**1,456.2**	250.0	**(29.6)**	12.5
3 to 4 years	**–**	5.80%	**–**	410.4	**–**	25.2
4 to 5 years	**–**	–	**–**	–	**–**	–
5 years+	**5.85%**	5.85%	**1,216.7**	1,216.7	**(9.6)**	121.6
			2,922.9	2,147.1	**(47.0)**	164.3

The consolidated entity classifies interest rate swaps as cash flow hedges and states them at fair value. All swaps have been designated and are effective as hedges.

Maturity profile of financial instruments

The following tables detail the consolidated entity's and parent entity's exposure to interest rate risk at 28 June 2009 and 29 June 2008:

Consolidated 2009	Floating interest rate $m	*Fixed interest maturing in:* 1 year or less $m	1 to 2 years $m	2 to 3 years $m	3 to 4 years $m	4 to 5 years $m	Over 5 years $m	Non-interest bearing $m	Total $m	Effective interest rate %
Financial assets										
Cash and deposits	454.9	–	–	–	–	–	–	307.7	762.6	2.53
Receivables	–	–	–	–	–	–	–	466.5	466.5	–
Foreign currency forward contracts	–	–	–	–	–	–	–	11.0	11.0	–
Interest rate swaps	–	–	–	–	–	–	–	24.0	24.0	–
Currency swaps	–	–	–	–	–	–	–	91.9	91.9	–
Assets available-for-sale	–	–	–	–	–	–	–	130.7	130.7	–
Other financial assets	–	–	–	–	–	–	–	0.7	0.7	–
	454.9	–	–	–	–	–	–	1,032.5	1,487.4	**–**
Financial liabilities										
Accounts payable	–	–	–	–	–	–	–	4,055.1	4,055.1	–
Accruals	–	–	–	–	–	–	–	975.0	975.0	–
Unearned income	–	–	–	–	–	–	–	79.9	79.9	–
Provisions	–	–	–	–	–	–	–	1,099.5	1,099.5	–
Short term securities	141.4	–	–	–	–	–	–	–	141.4	4.07
Other bank loans:										
Fixed	–	–	–	–	–	–	–	–	–	–
Variable	565.0	–	–	–	–	–	–	–	565.0	4.39
Other loans	–	–	–	–	3.8	–	–	1.5	5.3	6.50
Variable rate domestic notes	150.0	–	–	–	–	–	–	–	150.0	5.70
Fixed rate domestic notes	–	–	199.7	–	–	–	–	–	199.7	6.00
Foreign currency forward contracts	–	–	–	–	–	–	–	35.8	35.8	–
Interest rate swaps	(2,922.9)		250.0	1,456.2	–	–	1,216.7	63.5	63.5	–
USD notes	–	–	–	371.9	–	–	1,144.8	–	1,516.7	5.84
Woolworths Notes	596.8	–	–	–	–	–	–	–	596.8	6.43
Currency swaps	1,627.1	–	–	(410.4)	–	–	(1,216.7)	78.4	78.4	–
	157.4	–	449.7	1,417.7	3.8	–	1,144.8	6,388.7	9,562.1	–
Net financial assets/(liabilities)	**297.5**	**–**	**(449.7)**	**(1,417.7)**	**(3.8)**	**–**	**(1,144.8)**	**(5,356.2)**	**(8,074.7)**	**–**

26 FINANCIAL INSTRUMENTS CONTINUED

Woolworths Limited 2009	*Floating interest rate $m*	*Fixed interest maturing in: 1 year or less $m*	*1 to 2 years $m*	*2 to 3 years $m*	*3 to 4 years $m*	*4 to 5 years $m*	*Over 5 years $m*	*Non-interest bearing $m*	*Total $m*	*Effective interest rate %*
Financial assets										
Cash and deposits	462.3	–	–	–	–	–	–	112.1	574.4	2.53
Receivables	–	–	–	–	–	–	–	257.0	257.0	–
Loans to controlled entities	1,923.7	–	1,932.6	–	–	–	–	2,570.7	6,427.0	5.10
Foreign currency forward contracts	–	–	–	–	–	–	–	11.0	11.0	–
Interest rate swaps	–	–	–	–	–	–	–	24.0	24.0	–
Currency swaps	–	–	–	–	–	–	–	91.9	91.9	–
Unlisted shares at cost	–	–	–	–	–	–	–	3,207.0	3,207.0	–
Assets available-for-sale	–	–	–	–	–	–	–	39.4	39.4	–
Other financial assets	–	–	–	–	–	–	–	0.4	0.4	–
	2,386.0	–	1,932.6	–	–	–	–	6,313.5	10,632.1	–
Financial liabilities										
Accounts payable	–	–	–	–	–	–	–	3,247.1	3,247.1	–
Accruals	–	–	–	–	–	–	–	669.5	669.5	–
Unearned income	–	–	–	–	–	–	–	42.3	42.3	–
Loans from controlled entities	–	–	–	–	–	–	–	3,509.2	3,509.2	–
Provisions	–	–	–	–	–	–	–	915.5	915.5	–
Short term securities	141.4	–	–	–	–	–	–	–	141.4	4.07
Other bank loans:										
Fixed	–	–	–	–	–	–	–	–	–	–
Variable	518.8	–	–	–	–	–	–	–	518.8	4.39
Other loans	–	–	–	–	3.8	–	–	–	3.8	6.50
Variable rate domestic notes	150.0	–	–	–	–	–	–	–	150.0	5.70
Fixed rate domestic notes	–	–	199.7	–	–	–	–	–	199.7	6.00
Foreign currency forward contracts	–	–	–	–	–	–	–	35.8	35.8	–
Interest rate swaps	(2,922.9)	–	250.0	1,456.2	–	–	1,216.7	63.5	63.5	–
USD notes	–	–	–	371.9	–	–	1,144.8	–	1,516.7	5.84
Woolworths Notes	596.8	–	–	–	–	–	–	–	596.8	6.43
Currency swaps	1,627.1	–	–	(410.4)	–	–	(1,216.7)	78.4	78.4	–
	111.2	–	449.7	1,417.7	3.8	–	1,144.8	8,561.3	11,688.5	–
Net financial assets/(liabilities)	**2,274.8**	**–**	**1,482.9**	**(1,417.7)**	**(3.8)**	**–**	**(1,144.8)**	**(2,247.8)**	**(1,056.4)**	**–**

Consolidated 2008	Floating interest rate $m	Fixed interest maturing in: 1 year or less $m	1 to 2 years $m	2 to 3 years $m	3 to 4 years $m	4 to 5 years $m	Over 5 years $m	Non-interest bearing $m	Total $m	Effective interest rate %
Financial assets										
Cash and deposits	469.1	–	–	–	–	–	–	285.4	754.5	6.93
Receivables	–	–	–	–	–	–	–	455.2	455.2	–
Foreign currency forward contracts	–	–	–	–	–	–	–	15.8	15.8	–
Interest rate swaps	–	–	–	–	–	–	–	159.4	159.4	–
Assets available-for-sale	–	–	–	–	–	–	–	151.2	151.2	–
Other financial assets	–	–	–	–	–	–	–	0.7	0.7	–
	469.1	–	–	–	–	–	–	1,067.7	1,536.8	–
Financial liabilities										
Accounts payable	–	–	–	–	–	–	–	3,878.1	3,878.1	–
Accruals	–	–	–	–	–	–	–	859.6	859.6	–
Unearned income	–	–	–	–	–	–	–	67.2	67.2	–
Provisions	–	–	–	–	–	–	–	1,057.2	1,057.2	–
Other bank loans:	249.6	–	–	–	–	–	–	–	249.6	8.75
Other loans	–	–	–	–	–	–	–	1.5	1.5	–
Variable rate domestic notes	150.0	–	–	–	–	–	–	–	150.0	5.70
Fixed rate domestic notes	–	299.9	–	199.2	–	–	–	–	499.1	5.85
Foreign currency forward contracts	–	–	–	–	–	–	–	6.0	6.0	–
Interest rate swaps	(2,147.1)	270.0	–	250.0	410.4	–	1,216.7	–	–	–
USD notes	–	–	–	–	313.5	–	965.5	–	1,279.0	5.84
Woolworths Notes	595.0	–	–	–	–	–	–	–	595.0	7.12
Currency swaps	1,627.1	–	–	–	(410.4)	–	(1,216.7)	330.6	330.6	–
	474.6	569.9	–	449.2	313.5	–	965.5	6,200.2	8,972.9	–
Net financial assets/(liabilities)	**(5.5)**	**(569.9)**	**–**	**(449.2)**	**(313.5)**	**–**	**(965.5)**	**(5,132.5)**	**(7,436.1)**	**–**

26 FINANCIAL INSTRUMENTS CONTINUED

Woolworths Limited 2008	*Floating interest rate $m*	*Fixed interest maturing in:* 1 year or less $m	*1 to 2 years $m*	*2 to 3 years $m*	*3 to 4 years $m*	*4 to 5 years $m*	*Over 5 years $m*	*Non-interest bearing $m*	*Total $m*	*Effective interest rate %*
Financial assets										
Cash and deposits	416.2	–	–	–	–	–	–	134.2	550.4	6.94
Receivables	–	–	–	–	–	–	–	322.6	322.6	–
Loans to controlled entities	1,867.7	–	1,932.6	–	–	–	–	2,381.1	6,181.4	7.13
Foreign currency forward contracts	–	–	–	–	–	–	–	15.8	15.8	–
Interest rate swaps	–	–	–	–	–	–	–	159.4	159.4	–
Unlisted shares at cost	–	–	–	–	–	–	–	3,094.0	3,094.0	–
Assets available-for-sale	–	–	–	–	–	–	–	50.2	50.2	–
Other financial assets	–	–	–	–	–	–	–	0.4	0.4	–
	2,283.9	–	1,932.6	–	–	–	–	6,157.7	10,374.2	–
Financial liabilities										
Accounts payable	–	–	–	–	–	–	–	3,084.8	3,084.8	–
Accruals	–	–	–	–	–	–	–	594.8	594.8	–
Unearned income	–	–	–	–	–	–	–	29.7	29.7	–
Loans from controlled entities	214.1	–	–	–	–	–	–	3,461.6	3,675.7	8.04
Provisions	–	–	–	–	–	–	–	905.8	905.8	–
Other bank loans	–	–	–	–	–	–	–	(0.7)	(0.7)	–
Other loans	–	–	–	–	–	–	–	–	–	–
Variable rate domestic notes	150.0	–	–	–	–	–	–	–	150.0	5.70
Fixed rate domestic notes	–	299.9	–	199.2	–	–	–	–	499.1	5.85
Foreign currency forward contracts	–	–	–	–	–	–	–	6.0	6.0	–
Interest rate swaps	(2,147.1)	270.0	–	250.0	410.4	–	1,216.7	–	–	–
USD notes	–	–	–	–	313.5	–	965.5	–	1,279.0	5.84
Woolworths Notes	595.0	–	–	–	–	–	–	–	595.0	7.12
Currency swaps	1,627.1	–	–	–	(410.4)	–	(1,216.7)	330.7	330.7	–
	439.1	569.9	–	449.2	313.5	–	965.5	8,412.7	11,149.9	–
Net financial assets/(liabilities)	**1,844.8**	**(569.9)**	**1,932.6**	**(449.2)**	**(313.5)**	**–**	**(965.5)**	**(2,255.0)**	**(775.7)**	**–**

Fair value of financial assets and financial liabilities

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

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

For interest rate and cross-currency swaps, the fair value has been determined by the net present value of cash flows due under the contracts, using a discount rate appropriate to the type and maturity of the contract.

For forward foreign currency contracts, the fair value is taken to be the unrealised gain or loss at period end calculated by reference to the current forward rates for contracts with similar maturity profiles.

	As at 28 June 2009		*As at 29 June 2008*	
	Carrying amount $m	*Net fair value $m*	*Carrying amount $m*	*Net fair value $m*
Financial assets/(liabilities):				
Bank loans[(1)(5)]	**(566.9)**	**(554.4)**	(199.6)	(199.6)
Short term securities[(1)(2)]	**(141.4)**	**(141.4)**	(304.4)	(304.4)
Other loans[(1)(2)(3)(4)]	**(2,487.9)**	**(2,481.9)**	(2,258.3)	(2,250.4)
Total	**(3,196.2)**	**(3,177.7)**	(2,762.3)	(2,754.4)
Financial assets/(liabilities):				
Forward foreign currency contracts	**(24.8)**	**(24.8)**	9.8	9.8
Interest rate swaps	**(47.0)**	**(47.0)**	164.3	164.3
Cross-currency swaps	**2.5**	**2.5**	(350.4)	(350.4)
Total	**(69.3)**	**(69.3)**	(176.3)	(176.3)

Notes
For FY09, the carrying amount for financial assets/liabilities is based on the principal outstanding adjusted for:

(1)
Interest accruals on outstanding debt (total of $15.8 million).

(2)
Unamortised borrowing costs (total of $18.5 million).

(3)
Effect of revaluation of USD borrowings (total of $122.2 million).

(4)
Unamortised discount on issue of Medium Term Notes (total of $1.4 million).

(5)
Includes short term money market deposits (total of $13.0 million).

27 FINANCIAL RISK MANAGEMENT

The Group's Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal communication which identifies exposures. These exposures include credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk, and equity price risk).

The Group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on liquidity risk, foreign exchange risk, interest rate risk, credit risk and the use of derivative and non-derivative financial instruments.

The Treasury function reports on its compliance with the policy on a monthly basis to the Board of Directors and such compliance is reviewed regularly by its internal auditors.

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

Unless otherwise stated, all calculations and methodologies used are unchanged from prior period reporting.

27 FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of dealing only with creditworthy counterparties (as measured by their Standard and Poor's long term credit rating), as a means of mitigating the risk of financial loss from defaults and does not require collateral in respect of financial assets.

In line with Board-approved policy, counterparties are assigned a maximum exposure value, based on their credit rating, which limits concentration of credit risk. The consolidated entity's exposure to counterparties and their credit ratings are continuously monitored and compared against the Board-approved counterparty credit limits. The consolidated entity measures credit risk using methodologies customarily used by financial institutions, which will yield different results to the balances reported in the balance sheet. There were no unauthorised breaches of credit limits during the reporting period.

The maximum exposure to credit risk of the consolidated entity at balance sheet date, by class of financial asset is represented by the carrying amount of the financial assets presented in the balance sheet and notes thereto unless otherwise depicted in the table below:

	Consolidated and Woolworths Limited 2009 Exposure by financial instrument $m					
Counterparty S&P credit rating	*Money market deposits*	*Forward exchange contracts*	*Currency options*	*Interest rate swaps*	*Cross-currency swaps*	*Total exposure*
AA– or above	13.0	43.6	–	132.2	105.8	294.6
A	–	6.8	–	79.4	93.6	179.8

	Consolidated and Woolworths Limited 2008 Exposure by financial instrument $m					
Counterparty S&P credit rating	*Money market deposits*	*Forward exchange contracts*	*Currency options*	*Interest rate swaps*	*Cross-currency swaps*	*Total exposure*
AA– or above	51.0	44.3	–	412.0	162.7	670.0
A	–	–	–	–	–	–

All of the above exposures are on an unsecured basis.

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

As at 28 June 2009, no material credit risk exposure existed in relation to potential counterparty failure on such financial instruments (2008: nil). Other than amounts provided for impairment of receivables in Note 8, no financial assets were impaired or past due.

Liquidity risk

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

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

The consolidated entity maintains a liquidity reserve in the form of undrawn bilateral standby facilities of at least $1 billion with unexpired tenures of at least 12 months at all times. Additionally, to minimise refinancing and repricing risk, there are limitations placed upon amounts which may expire in a 12-month period and amounts which may be from a single source. Included in Note 15 is a summary of undrawn facilities that the consolidated entity has at its disposal to draw upon if required.

The following table details the consolidated entity's and parent entity's undiscounted financial liabilities and their contractual maturities:

Maturity analysis of financial liabilities	*Consolidated as at 28 June 2009 ($m)* Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	*Woolworths Limited as at 28 June 2009 ($m)* Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Non-derivative liabilities										
Bank loans	(64.7)	(18.4)	(562.3)	(1.5)	(646.9)	(18.5)	(18.4)	(562.3)	–	(599.2)
Short term securities	(142.5)	–	–	–	(142.5)	(142.5)	–	–	–	(142.5)
Finance leases	(1.0)	(1.0)	(1.8)	–	(3.8)	(1.0)	(1.0)	(1.8)	–	(3.8)
Domestic notes	(17.4)	(366.0)	–	–	(383.4)	(17.4)	(366.0)	–	–	(383.4)
USD notes	(81.0)	(81.0)	(604.5)	(1,364.7)	(2,131.2)	(81.0)	(81.0)	(604.5)	(1,364.7)	(2,131.2)
Woolworths Notes	(26.4)	(26.4)	(79.1)	(1,068.1)	(1,200.0)	(26.4)	(26.4)	(79.1)	(1,068.1)	(1,200.0)
Other financial liabilities	(4,055.1)	–	–	–	(4,055.1)	(3,247.1)	–	–	–	(3,247.1)
Loans from controlled entities	–	–	–	–	–	(3,509.2)	–	–	–	(3,509.2)
Accruals	(975.0)	–	–	–	(975.0)	(669.4)	–	–	–	(669.4)
Total non-derivative liabilities	**(5,363.1)**	**(492.8)**	**(1,247.7)**	**(2,434.3)**	**(9,537.9)**	**(7,712.6)**	**(492.8)**	**(1,247.7)**	**(2,432.8)**	**(11,885.9)**
Derivative liabilities										
Foreign exchange contracts payable	(543.0)	–	–	–	(543.0)	(543.0)	–	–	–	(543.0)
Foreign exchange contracts receivable	514.4	–	–	–	514.4	514.4	–	–	–	514.4
Net foreign exchange contracts	**(28.6)**	**–**	**–**	**–**	**(28.6)**	**(28.6)**	**–**	**–**	**–**	**(28.6)**
Interest rate swaps payable fixed	(166.2)	(163.4)	(256.5)	(170.4)	(756.5)	(166.2)	(163.4)	(256.5)	(170.4)	(756.5)
Interest rate swaps receivable floating	93.1	91.5	141.5	90.9	417.0	93.1	91.5	141.5	90.9	417.0
Net receivable interest rate swaps[1]	**(73.1)**	**(71.9)**	**(115.0)**	**(79.5)**	**(339.5)**	**(73.1)**	**(71.9)**	**(115.0)**	**(79.5)**	**(339.5)**
Cross-currency swaps payable floating	(82.7)	(82.2)	(944.6)	(1,326.4)	(2,435.9)	(82.7)	(82.2)	(944.6)	(1,326.4)	(2,435.9)
Cross-currency swaps receivable fixed	89.9	89.9	979.7	1,364.7	2,524.2	89.9	89.9	979.7	1,364.7	2,524.2
Net payable cross-currency swaps	**7.2**	**7.7**	**35.1**	**38.3**	**88.3**	**7.2**	**7.7**	**35.1**	**38.3**	**88.3**
Total derivative liabilities	**(94.5)**	**(64.2)**	**(79.9)**	**(41.2)**	**(279.8)**	**(94.5)**	**(64.2)**	**(79.9)**	**(41.2)**	**(279.8)**
Total financial liabilities	**(5,457.6)**	**(557.0)**	**(1,327.6)**	**(2,475.5)**	**(9,817.7)**	**(7,807.1)**	**(557.0)**	**(1,327.6)**	**(2,474.0)**	**(12,165.7)**

Notes
Including interest accruals and excluding unamortised borrowing costs.

(1)
Interest rate swaps are net settled.

27 FINANCIAL RISK MANAGEMENT CONTINUED

Maturity analysis of financial liabilities	Consolidated as at 29 June 2008 ($m) Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Woolworths Limited as at 29 June 2008 ($m) Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Non-derivative liabilities										
Bank loans	(251.1)	–	–	(1.5)	(252.6)	–	–	–	–	–
Domestic notes	(332.7)	(24.1)	(371.0)	–	(727.8)	(332.7)	(24.1)	(371.0)	–	(727.8)
USD notes	(68.3)	(68.3)	(494.0)	(1,144.3)	(1,774.9)	(68.3)	(68.3)	(494.0)	(1,144.3)	(1,774.9)
Woolworths Notes	(53.3)	(53.3)	(159.9)	(933.5)	(1,200.0)	(53.3)	(53.3)	(159.9)	(933.5)	(1,200.0)
Other financial liabilities	(3,878.1)	–	–	–	(3,878.1)	(3,084.8)	–	–	–	(3,084.8)
Loans from controlled entities	–	–	–	–	–	(3,675.7)	–	–	–	(3,675.7)
Accruals	(859.6)	–	–	–	(859.6)	(594.8)	–	–	–	(594.8)
Total non-derivative liabilities	(5,443.1)	(145.7)	(1,024.9)	(2,079.3)	(8,693.0)	(7,809.6)	(145.7)	(1,024.9)	(2,077.8)	(11,058.0)
Derivative liabilities										
Foreign exchange contracts payable	(450.6)	(0.8)	–	–	(451.4)	(450.6)	(0.8)	–	–	(451.4)
Foreign exchange contracts receivable	459.8	0.7	–	–	460.5	459.8	0.7	–	–	460.5
Net foreign exchange contracts	9.2	(0.1)	–	–	9.1	9.2	(0.1)	–	–	9.1
Interest rate swaps payable fixed	(125.7)	(109.9)	(261.5)	(241.8)	(738.9)	(125.7)	(109.9)	(261.5)	(241.8)	(738.9)
Interest rate swaps receivable floating	167.3	146.8	349.2	322.2	985.5	167.3	146.8	349.2	322.2	985.5
Net receivable interest rate swaps[1]	41.6	36.9	87.7	80.4	246.6	41.6	36.9	87.7	80.4	246.6
Cross-currency swaps payable floating AUD	(137.2)	(137.8)	(770.7)	(1,565.8)	(2,611.5)	(137.2)	(137.8)	(770.7)	(1,565.8)	(2,611.5)
Cross-currency swaps receivable fixed USD	68.3	68.3	494.0	1,144.3	1,774.9	68.3	68.3	494.0	1,144.3	1,774.9
Net payable cross-currency swaps	(68.9)	(69.5)	(276.7)	(421.5)	(836.6)	(68.9)	(69.5)	(276.7)	(421.5)	(836.6)
Total derivative liabilities	(18.1)	(32.7)	(189.0)	(341.1)	(580.9)	(18.1)	(32.7)	(189.0)	(341.1)	(580.9)
Total financial liabilities	(5,461.2)	(178.4)	(1,213.9)	(2,420.4)	(9,273.9)	(7,827.7)	(178.4)	(1,213.9)	(2,418.9)	(11,638.9)

Notes
Including interest accruals and excluding unamortised borrowing costs.

(1)
Interest rate swaps are net settled.

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last re-pricing date.

Cash flows represented are contractual and calculated on an undiscounted basis, based on current rates at year end.

The principal repayment of Woolworths Notes, being a perpetual instrument, is represented in 5+ years. The coupon payments disclosed in 5+ years in relation to Woolworths Notes have been calculated using a perpetuity interest calculation less the coupon payments up to year 5.

Market risk

(i) Interest rate risk

The consolidated entity manages the majority of its exposure to interest rate risk by borrowing at fixed rates of interest, or by using approved financial instruments. Consistent with Board-approved policy, the consolidated entity manages risk and reports compliance based upon whether a change in interest rates (measured as an assumed parallel shift in the yield curve of 1%) will cause a reduction in earnings (profit after tax) greater than maximum accepted levels.

The following table summaries the potential impact, on unhedged debt, to profit and equity from a 1% parallel increase and decrease in the yield curve:

	Consolidated 2009		*Woolworths Limited 2009*	
	Profit $m(1)	*Equity $m*(2)	*Profit $m*(1)	*Equity $m*(2)
After tax impact of 1% increase in yield curve	**(1.3)**	**14.4**	**26.1**	**14.4**
After tax impact of 1% decrease in yield curve	**1.3**	**(14.3)**	**(26.1)**	**(14.3)**

Notes

(1)
Impact due to unhedged year end net debt position.

(2)
Impact due to derivative instruments being cash flow hedge accounted.

	Consolidated 2008		*Woolworths Limited 2008*	
	Profit $m	*Equity $m*	*Profit $m*	*Equity $m*
After tax impact of 1% increase in yield curve	(3.0)	6.4	23.6	6.4
After tax impact of 1% decrease in yield curve	3.0	(6.3)	(23.6)	(6.3)

This analysis is based on our position as at reporting date. It is not considered representative of our position during the year, due to changes in the net funding position of the entity.

(ii) Foreign currency risk

The consolidated entity has exposure to movements in foreign currency exchange rates through term borrowings and anticipated purchases of inventory and equipment, which are denominated in foreign currencies. In order to hedge against the majority of this exposure, the consolidated entity enters into foreign exchange derivatives and cross-currency swap agreements. The term borrowings and equipment purchases are fully hedged and inventory purchases are partially hedged.

Foreign currency exposures arising on the translation of net investments in foreign subsidiaries are predominantly unhedged. Changes in value of these foreign subsidiaries due to movements in foreign exchange rates are recorded in equity.

Income of certain foreign subsidiaries is hedged for movements in foreign exchange rates via the use of foreign exchange derivatives. There were no such derivatives outstanding as at reporting date (2008: nil).

The following table illustrates the effect on profit and equity as at 28 June 2009 and 29 June 2008 if the currency prices were to move by the changes identified below:

			After tax impact on profit								*Impact on equity*							
	Sensitivity assumptions(1)		*Consolidated*				*Woolworths Limited*				*Consolidated*				*Woolworths Limited*			
	2009	*2008*																
Currency Pair	*%*	*%*	*2009 $m* +	–	*2008 $m* +	–	*2009 $m* +	–	*2008 $m* +	–	*2009 $m* +	–	*2008 $m* +	–	*2009 $m* +	–	*2008 $m* +	–
AUD/USD	**18.50**	11.10	**(0.09)**	**0.14**	(3.13)	3.91	**(0.09)**	**0.14**	(3.13)	3.91	**(27.94)**	**40.63**	0.00	0.00	**(27.94)**	**40.63**	0.00	0.00
AUD/EUR	**13.47**	10.40	**(1.78)**	**2.33**	0.39	(0.48)	**(1.78)**	**2.33**	0.39	(0.48)	**0.26**	**(0.34)**	0.00	0.00	**0.26**	**(0.34)**	0.00	0.00
AUD/NZD	**9.92**	8.36	**0.00**	**0.00**	(0.11)	0.13	**0.00**	**0.00**	0.04	(0.05)	**(0.25)**	**0.31**	0.00	0.00	**0.06**	**(0.07)**	0.00	0.00
NZD/USD	**20.00**	12.45	**0.00**	**0.00**	0.13	(0.17)	**0.00**	**0.00**	0.00	0.00	**(0.04)**	**0.06**	0.00	0.00	**0.00**	**0.00**	0.00	0.00
NZD/EUR	**14.68**	12.10	**0.00**	**0.00**	0.06	(0.07)	**0.00**	**0.00**	0.00	0.00	**0.18**	**(0.24)**	0.00	0.00	**0.00**	**0.00**	0.00	0.00

Note

(1)
Based on 1yr implied market volatility at balance date.
Source: Bloombergs

Sensitivity to foreign exchange exposure is calculated on significant amounts payable in foreign currency less hedges of both currency payables and forecast foreign currency payables.

27 FINANCIAL RISK MANAGEMENT CONTINUED

(iii) Equity price risk

The consolidated entity is exposed to changes in the market price of certain equity investments, being the interests held in the Warehouse Group and ALE Group. Subsequent to initial recognition, they are measured at fair value with any change recorded in a revaluation reserve in equity. No hedging of this risk is undertaken.

(iv) Capital management

Woolworths currently sets its capital structure with the objectives of enhancing shareholder value through minimising its weighted average cost of capital while retaining flexibility to pursue growth and capital management opportunities. Consistent with these objectives, Woolworths has maintained its credit ratings of A– from Standard and Poor's and A3 from Moody's Investor Services.

To the extent consistent with these objectives and target ratings, Woolworths will from time to time undertake capital return strategies that seek to increase EPS and distribute franking credits to shareholders, mainly through ordinary dividends and share buybacks. Since 2001, $7,050 million, comprising off- and on-market buybacks and dividends, has been returned to shareholders (including the final dividend for the financial year ending 28 June 2009).

Franking credits available for distribution after 28 June 2009 are estimated to be $1,123.5 million (following payment of the final dividend).

Our focus on enhancing shareholder value and maintaining a capital structure that will preserve our capital strength giving us the flexibility to pursue further growth opportunities remains unchanged. While capital management remains an important issue, given the uncertainty in the debt and equity markets and the economy, it is not intended to implement any capital management activity at this time. While economic confidence appears to be building, there are still significant challenges ahead. Nearly all developed countries are in recession and many companies are repairing balance sheets and deleveraging. Until much greater certainty exists in regard to economic recovery, prudence would dictate not returning capital. Capital management, including a share buyback, will be continually assessed in the context of growth initiatives and the capital market environment and the maintenance of our credit ratings. Our balance sheet, debt profile and strength of our credit ratings ensure we are very well placed for future growth both organically and through acquisition.

A small amount of debt (A$300 million) in domestic medium term notes matured in September 2008 and was refinanced within existing debt facilities. As at 28 June 2009, undrawn committed bank debt facilities available to Woolworths Limited totalled A$3.37 billion.

In May 2009, a new syndicated bank debt facility totalling US$700 million was established with participation mainly by Asian banks. The facility included a combination of fully drawn term debt and revolving debt, in USD, AUD and JPY, with a tenure of three years. The term drawings have been fully hedged against movements in interest rates, and the amounts drawn in USD and JPY have been hedged against fluctuations in exchange rates. As stated previously these committed working capital facilities replaced existing uncommitted facilities.

The maturity profile of our debt facilities is such that there is no immediate need to refinance any long term debt in the current financial year with the next maturity being A$350 million in March 2011.

28 DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418, the wholly owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports.

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

The subsidiaries that are party to the Deed are:

A.C.N. 001 259 301 Pty Limited
Advantage Supermarkets Pty Ltd
Advantage Supermarkets WA Pty Ltd
Andmist Pty. Limited
Australian Liquor and Grocery Wholesalers Pty Ltd
Australian Safeway Stores Pty. Ltd.
Barjok Pty Ltd
Calvartan Pty. Limited
Cenijade Pty. Limited
Charmtex Pty Ltd
Dentra Pty. Limited
Dick Smith (Wholesale) Pty Ltd
Dick Smith Electronics Franchising Pty Ltd
Dick Smith Electronics Pty Limited
Dick Smith Electronics Staff Superannuation Fund Pty Limited
Dick Smith Management Pty Ltd
Drumstar Pty Ltd
DSE Holdings Pty Limited
Fabcot Pty Ltd
Gembond Pty. Limited
GreenGrocer.com.au Pty Ltd
Grocery Wholesalers Pty Ltd
Highlands No. 1 Nominees Pty Limited
Hydrogen Nominees Pty Limited
InterTAN Australia Pty Ltd
Jack Butler & Staff Pty. Ltd.
Josona Pty Ltd
Kiaora Lands Pty Limited
Langtons Pty Limited
Leasehold Investments Pty Ltd
Mac's Liquor Stores Pty Limited
Nalos Pty Ltd
Oxygen Nominees Pty Limited
PEH (NZ IP) Pty Ltd

Philip Leong Stores Pty Limited
Progressive Enterprises Holdings Limited
QFD Pty. Limited
Queensland Property Investments Pty Ltd
Shellbelt Pty. Limited
Universal Wholesalers Pty Limited
Vincentia Nominees Pty Limited
Votraint No. 1622 Pty Limited
Weetah Pty. Limited
Woolies Liquor Stores Pty. Ltd
Woolstar Pty. Limited
Woolworths Australian Communities Foundation Pty Limited
Woolworths Custodian Pty Ltd
Woolworths Executive Superannuation Scheme Pty Limited
Woolworths Group Superannuation Scheme Pty Limited
Woolworths (International) Pty Limited
Woolworths Management Pty Ltd
Woolworths (Project Finance) Pty. Limited
Woolworths Properties Pty Limited
Woolworths (Publishing) Pty Ltd
Woolworths (Q'land) Pty Limited
Woolworths (R & D) Pty Limited
Woolworths (South Australia) Pty Limited
Woolworths Townsville Nominee Pty Ltd
Woolworths Trustee No. 2 Limited
Woolworths Trust Management Pty Limited
Woolworths (Victoria) Pty Limited
Woolworths (W.A.) Pty Limited

A consolidated income statement and consolidated balance sheet for the closed group representing the Company and the subsidiaries noted on pages 140 to 141, which are party to the Deed as at 29 June 2008 is set out below. The following controlled entities (see Note 29) are excluded from this consolidation:

- ALH Group Pty Ltd
  - Albion Charles Hotel (BMG) Pty Ltd
  - ALH Group Property Holdings Pty Limited
  - Australian Leisure and Hospitality Group Limited
    - ALH Group (No. 1) Pty Ltd
  - Balaclava Hotel (BMG) Pty Ltd
  - Chelsea Heights Hotel (BMG) Pty Ltd
  - Cherry Hill Tavern (BMG) Pty Ltd
  - Courthouse Brunswick Hotel (BMG) Pty Ltd
  - Courthouse Hotel Footscray (BMG) Pty Ltd
  - Croxton Park Hotel (BMG) Pty Ltd
  - Daisey's Club Hotel (BMG) Pty Ltd
  - Excelsior Hotel (BMG) Pty Ltd
  - First and Last Hotel (BMG) Pty Ltd
  - Glengala Hotel (BMG) Pty Ltd
  - Lyndhurst Club Hotel (BMG) Pty Ltd
  - Manningham Hotel (BMG) Pty Ltd
  - MGW Hotels Pty Ltd
    - Aceridge Pty Limited
    - Chatswood Hills Tavern Pty. Ltd.
    - Dapara Pty Ltd
      - Stadform Developments Pty. Limited
    - Fenbridge Pty. Ltd.
    - Kawana Waters Tavern No. 3 Pty Ltd
      - Kawana Waters Tavern No. 1 Pty Ltd
      - Kawana Waters Tavern No. 2 Pty Ltd
    - Vicpoint Pty Ltd
  - Milanos Hotel (BMG) Pty Ltd
  - Monash Hotel (BMG) Pty Ltd
  - Moreland Hotel (BMG) Pty Ltd
  - Nu Hotel (BMG) Pty Ltd
  - Oakleigh Junction Hotel (BMG) Pty Ltd
  - Palace Hotel Hawthorn (BMG) Pty Ltd
  - Powel Hotel Footscray (BMG) Pty Ltd
  - Preston Hotel (BMG) Pty Ltd
  - Queensbridge Hotel (BMG) Pty Ltd
  - Racecourse Hotel (BMG) Pty Ltd
  - Shoppingtown Hotel (BMG) Pty Ltd
  - Taverner Hotel Group Pty. Ltd.
    - Amprok Pty. Ltd.
    - Auspubs Pty Ltd
    - Cooling Zephyr Pty Ltd
    - The Common Link Pty Ltd
    - E. G. Functions Pty. Ltd.
    - Elizabeth Tavern Pty. Ltd.
    - FG Joint Venture Pty Ltd
    - Fountain Jade Pty. Ltd.
    - Hadwick Pty Ltd
    - Markessa Pty. Ltd.
    - Playford Tavern Pty Ltd
    - Seaford Hotel Pty. Limited
    - The Second P Pty Ltd
    - Kilrand Hotels (Hallam) Pty. Ltd.
      - Ashwick (Vic.) No.88 Pty. Ltd.
    - Warm Autumn Pty. Ltd.
    - Werribee Plaza Tavern Pty. Ltd.
  - Waltzing Matilda Hotel (BMG) Pty Ltd
  - Wheelers Hill Hotel (BMG) Pty Ltd
- Australian Independent Retailers Pty Ltd
- Bergam Pty Limited
  - DSE (NZ) Limited
    - David Reid Electronics (1992) Limited
    - Dick Smith Electronics Limited
- Woolstar Investments Limited
  - Woolworths (HK) Sales Limited
  - Woolworths (HK) Procurement Limited
  - Woolworths Wholesale (India) Private Limited
  - Woolworths New Zealand Group Limited
    - BWS (2008) Limited
    - Progressive Enterprises Limited
      - Caledonian Leasing Limited
      - Countdown Foodmarkets Limited
      - Foodtown Supermarkets Limited
      - Fresh Zone Limited
      - General Distributors Limited
      - S R Brands Limited
      - Supervalue/ Freshchoice Limited
      - The Supplychain Limited
      - Wholesale Services Limited
        - Wholesale Distributors Limited
      - Woolworths (New Zealand) Limited
  - Statewide Independent Wholesalers Limited
- Woolworths Insurance Pte Limited

28 DEED OF CROSS GUARANTEE CONTINUED

INCOME STATEMENT

	2009 52 weeks $m	2008 53 weeks $m
Revenue from the sale of goods	**40,860.9**	38,371.5
Other operating revenue	**84.4**	99.2
Total revenue from operations	**40,945.3**	38,470.7
Cost of sales	**(30,473.1)**	(28,803.1)
Gross profit	**10,472.2**	9,667.6
Other revenue	**131.6**	132.2
Other income	**–**	40.0
Branch expenses	**(6,268.3)**	(5,870.3)
Administration expenses	**(2,007.9)**	(1,918.7)
Earnings before interest and tax	**2,327.6**	2,050.8
Financial expense	**(249.5)**	(435.8)
Financial income	**389.5**	398.2
Net financing cost	**140.0**	(37.6)
Net profit before income tax expense	**2,467.6**	2,013.2
Income tax expense	**(699.9)**	(506.5)
Profit after income tax expense	**1,767.7**	1,506.7
Retained earnings		
Balance at start of period	**2,179.7**	1,702.6
Profit attributable to members	**1,767.7**	1,506.7
Dividends paid or provided (Note 6)	**(1,174.3)**	(1,006.4)
Actuarial gain/(loss) recognised direct to equity	**(66.8)**	(39.7)
Other	**24.4**	16.5
Balance at end of period	**2,730.7**	2,179.7

BALANCE SHEET

	As at 2009 $m	2008 $m
Current assets		
Cash	**571.0**	566.3
Trade and other receivables	**1,340.1**	1,152.7
Inventories	**2,827.7**	2,603.9
Assets held for sale	**33.4**	33.7
Other financial assets	**102.9**	65.1
Total current assets	**4,875.1**	4,421.7
Non-current assets		
Trade and other receivables	**3,269.1**	3,387.1
Other financial assets	**1,923.9**	1,964.3
Property, plant and equipment	**4,705.8**	4,004.2
Intangibles	**740.2**	712.6
Deferred tax assets	**420.1**	370.8
Total non-current assets	**11,059.1**	10,439.0
Total assets	**15,934.2**	14,860.7
Current liabilities		
Trade and other payables	**4,499.4**	4,468.9
Borrowings	**162.7**	546.0
Other financial liabilities	**99.3**	61.9
Current tax liabilities	**241.1**	271.5
Provisions	**651.0**	584.2
Total current liabilities	**5,653.5**	5,932.5
Non-current liabilities		
Borrowings	**2,984.8**	2,222.5
Other financial liabilities	**78.4**	274.7
Provisions	**338.9**	366.6
Other	**157.4**	109.7
Total non-current liabilities	**3,559.5**	2,973.5
Total liabilities	**9,213.0**	8,906.0
Net assets	**6,721.2**	5,954.7
Equity		
Issued capital	**3,858.6**	3,627.1
Shares held in trust	**(51.2)**	(60.0)
Reserves	**183.1**	207.9
Retained earnings	**2,730.7**	2,179.7
Equity attributable to the members	**6,721.2**	5,954.7
Minority interest	**–**	–
Total equity	**6,721.2**	5,954.7

29 SUBSIDIARIES

Name of entity	Beneficial holding 2009 %	2008 %
Woolworths Limited		
A.C.N. 001 259 301 Pty Limited	**100**	100
Advantage Supermarkets Pty Ltd	**100**	100
Advantage Supermarkets WA Pty Ltd	**100**	100
ALH Group Pty Ltd	**75**	75
Albion Charles Hotel (BMG) Pty Ltd	**100**	100
ALH Group Property Holdings Pty Limited	**100**	100
Australian Leisure and Hospitality Group Limited	**100**	100
ALH Group (No. 1) Pty Ltd	**100**	100
Balaclava Hotel (BMG) Pty Ltd	**100**	100
Chelsea Heights Hotel (BMG) Pty Ltd	**100**	100
Cherry Hill Tavern (BMG) Pty Ltd	**100**	100
Courthouse Brunswick Hotel (BMG) Pty Ltd	**100**	100
Courthouse Hotel Footscray (BMG) Pty Ltd	**100**	100
Croxton Park Hotel (BMG) Pty Ltd	**100**	100
Daisey's Club Hotel (BMG) Pty Ltd	**100**	100
Excelsior Hotel (BMG) Pty Ltd	**100**	100
First and Last Hotel (BMG) Pty Ltd	**100**	100
Glengala Hotel (BMG) Pty Ltd	**100**	100
Lyndhurst Club Hotel (BMG) Pty Ltd	**100**	100
Manningham Hotel (BMG) Pty Ltd	**100**	100
MGW Hotels Pty Ltd	**100**	100
Aceridge Pty Limited	**100**	100
Chatswood Hills Tavern Pty. Ltd.	**100**	100
Dapara Pty Ltd	**100**	100
Stadform Developments Pty. Limited	**100**	100
Fenbridge Pty. Ltd.	**100**	100
Kawana Waters Tavern No. 3 Pty Ltd	**100**	100
Kawana Waters Tavern No. 1 Pty Ltd	**100**	100
Kawana Waters Tavern No. 2 Pty Ltd	**100**	100
Vicpoint Pty Ltd	**100**	100
Milanos Hotel (BMG) Pty Ltd	**100**	100
Monash Hotel (BMG) Pty Ltd	**100**	100
Moreland Hotel (BMG) Pty Ltd	**100**	100
Nu Hotel (BMG) Pty Ltd	**100**	100
Oakleigh Junction Hotel (BMG) Pty Ltd	**100**	100
Palace Hotel Hawthorn (BMG) Pty Ltd	**100**	100
Powel Hotel Footscray (BMG) Pty Ltd	**100**	100
Preston Hotel (BMG) Pty Ltd	**100**	100
Queensbridge Hotel (BMG) Pty Ltd	**100**	100
Racecourse Hotel (BMG) Pty Ltd	**100**	100
Shoppingtown Hotel (BMG) Pty Ltd	**100**	100
Taverner Hotel Group Pty. Ltd.	**100**	100
Amprok Pty. Ltd.	**100**	100
Auspubs Pty Ltd	**100**	100
Cooling Zephyr Pty Ltd	**100**	100
The Common Link Pty Ltd	**100**	100
E. G. Functions Pty. Ltd.	**100**	100
Elizabeth Tavern Pty. Ltd.	**100**	100
FG Joint Venture Pty Ltd	**100**	100
Fountain Jade Pty. Ltd.	**100**	100
Hadwick Pty Ltd	**100**	100

Name of entity	Beneficial holding 2009 %	2008 %
Markessa Pty. Ltd.	**100**	100
Playford Tavern Pty Ltd	**100**	100
Seaford Hotel Pty. Limited	**100**	100
The Second P Pty Ltd	**100**	100
Kilrand Hotels (Hallam) Pty. Ltd.	**100**	100
Ashwick (Vic.) No.88 Pty. Ltd.	**100**	100
Warm Autumn Pty. Ltd.	**100**	100
Werribee Plaza Tavern Pty. Ltd.	**100**	100
Waltzing Matilda Hotel (BMG) Pty Ltd	**100**	100
Wheelers Hill Hotel (BMG) Pty Ltd	**100**	100
Andmist Pty. Limited	**100**	100
Australian Independent Retailers Pty Ltd	**49**	49
Australian Liquor and Grocery Wholesalers Pty Ltd	**100**	100
Australian Safeway Stores Pty. Ltd.	**100**	100
Barjok Pty Ltd	**100**	100
Bergam Pty Limited	**75**	75
Calvartan Pty. Limited	**100**	100
Cenijade Pty. Limited	**100**	100
Charmtex Pty Ltd	**100**	100
DSE Holdings Pty Limited	**100**	100
Dick Smith (Wholesale) Pty Ltd	**100**	100
Dick Smith Management Pty Ltd	**100**	100
Dick Smith Electronics Franchising Pty Ltd	**100**	100
Dick Smith Electronics Pty Limited	**100**	100
Dick Smith Electronics Staff Superannuation Fund Pty Limited	**100**	100
DSE (NZ) Limited	**100**	100
David Reid Electronics (1992) Limited	**100**	100
Dick Smith Electronics Limited	**100**	100
InterTAN Australia Pty Ltd	**100**	100
Fabcot Pty Ltd	**100**	100
Kiaora Lands Pty Limited	**100**	100
Gembond Pty. Limited	**100**	100
GreenGrocer.com.au Pty Ltd	**100**	100
Grocery Wholesalers Pty Ltd	**100**	100
Highlands No.1 Nominees Pty Ltd	**100**	–
Hydrogen Nominees Pty Ltd	**100**	–
Jack Butler & Staff Pty. Ltd.	**100**	100
Josona Pty Ltd	**100**	100
Langtons Pty Ltd	**100**	–
Leasehold Investments Pty Ltd	**100**	100
Mac's Liquor Stores Pty Limited	**100**	100
Nalos Pty Ltd	**100**	100
Oxygen Nominees Pty Ltd	**100**	–
Philip Leong Stores Pty Limited	**100**	100
Progressive Enterprises Holdings Limited	**100**	100
Drumstar Pty Ltd	**100**	100
PEH (NZ IP) Pty Ltd	**100**	100
Queensland Property Investments Pty Ltd	**100**	100
Shellbelt Pty. Limited	**100**	100
Universal Wholesalers Pty Limited	**100**	100
Vincentia Nominees Pty Ltd	**100**	–
Votraint No. 1622 Pty Limited	**100**	100

29 SUBSIDIARIES CONTINUED

Name of entity	Beneficial holding 2009 %	2008 %
Woolies Liquor Stores Pty. Ltd.	**100**	100
Woolstar Investments Limited	**100**	100
Woolstar Pty. Limited	**100**	100
Woolworths (International) Pty Limited	**100**	100
Woolworths (HK) Sales Limited	**100**	100
Woolworths (HK) Procurement Limited	**100**	100
Woolworths Wholesale (India) Private Limited	**100**	100
Woolworths New Zealand Group Limited	**100**	100
BWS (2008) Limited (formerly Wandalla Investments Limited)[1]	**100**	100
Progressive Enterprises Limited	**100**	100
Caledonian Leasing Limited	**100**	100
Countdown Foodmarkets Limited	**100**	100
Foodtown Supermarkets Limited	**100**	100
Fresh Zone Limited	**100**	100
General Distributors Limited	**100**	100
S R Brands Limited	**100**	100
Supervalue/ Freshchoice Limited	**100**	100
The Supplychain Limited	**100**	100
Wholesale Services Limited	**100**	100
Wholesale Distributors Limited	**100**	100
Woolworths (New Zealand) Limited	**100**	100
Woolworths (Project Finance) Pty. Limited	**100**	100
Woolworths (Publishing) Pty Ltd	**100**	100
Woolworths (Q'land) Pty Limited	**100**	100
Woolworths (R & D) Pty Limited	**100**	100
Woolworths (South Australia) Pty Limited	**100**	100
Woolworths (Victoria) Pty Limited	**100**	100
Statewide Independent Wholesalers Limited	**60**	60
Woolworths (W.A.) Pty Limited	**100**	100
Woolworths Australian Communities Foundation Pty Limited	**100**	100
Woolworths Custodian Pty Ltd	**100**	100
Woolworths Executive Superannuation Scheme Pty Limited	**100**	100
Woolworths Group Superannuation Scheme Pty Ltd	**100**	100
Woolworths Insurance Pte Limited	**100**	100
Woolworths Management Pty Ltd	**100**	100
Woolworths Properties Pty Limited	**100**	100
Dentra Pty. Limited	**100**	100
Weetah Pty. Limited	**100**	100
QFD Pty. Limited	**100**	100
Woolworths Townsville Nominee Pty Ltd	**100**	100
Woolworths Trust Management Pty Limited	**100**	100
Woolworths Trustee No. 2 Pty Limited	**100**	100

Note

(1)
BWS (2008) Limited changed its name from Wandalla Investments Limited on 22 January 2009.

30 BUSINESS ACQUISITIONS

Over the course of the year, the Group acquired various hotel venues and other businesses. Each acquisition was for 100% of the respective enterprise. Total consideration paid was $165.7 million comprising plant and equipment ($75.6 million), liquor and gaming licences ($52.5 million) and other working capital balances ($9.4 million), with goodwill on acquisition of $28.2 million. Goodwill has arisen on acquisition of these businesses primarily because of their capacity to generate recurring revenue streams in the future.

2009 *Entity/business acquired*	*Principal activity*	*Date of acquisition*	*Proportion of ownership acquired*	*Cost of acquisition $m*	
				Consolidated	*Woolworths Limited*
Miscellaneous businesses	Supermarkets, hotels and retail liquor (including Langtons)	various	100%	165.8	–
Miscellaneous businesses	Supermarkets and retail liquor	various	100%	–	28.5
Total				**165.8**	**28.5**

In 2008, the Group acquired various hotel venues and other businesses. Each acquisition was for 100% of the respective enterprise. Total consideration paid was $191.3 million comprising plant and equipment ($99.5 million), liquor and gaming licences ($52.8 million) and other working capital balances ($4.1 million), with goodwill on acquisition of $34.9 million. Goodwill has arisen on acquisition of these businesses primarily because of their capacity to generate recurring revenue streams in the future.

Changes in the composition of the Group

2008 *Entity/business acquired*	*Principal activity*	*Date of acquisition*	*Proportion of ownership acquired*	*Cost of acquisition $m*	
				Consolidated	*Woolworths Limited*
Miscellaneous businesses	Supermarkets, hotels and retail liquor	various	100%	191.3	–
Miscellaneous businesses	Supermarkets and retail liquor	various	100%	–	20.1
Total				**191.3**	**20.1**

31 SUBSEQUENT EVENTS

On 25 August 2009, Woolworths announced plans to enter the $24 billion plus hardware sector with a multi-format strategy designed to meet the everyday home improvement needs of Australian consumers with:

- a recommended takeover offer for Danks Holdings Limited (Danks), Australia's second largest hardware distributor supplying 583 Home Timber and Hardware, Thrifty-Link Hardware, and Plants Plus Garden Centre stores plus 939 independent hardware stores;
- the development of a network of destination home improvement stores with a target to secure more than 150 store sites within the next five years; and
- a joint venture equity agreement with leading US Home Improvement retailer Lowe's Companies Inc (Lowe's).

Woolworths/Lowe's have offered $13.50 per share (representing total equity consideration of $87.6 million) to acquire all the ordinary shares of Danks, Australia's second largest hardware distributor.

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
(b) in the Directors' opinion, the attached Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
(c) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the Deed of Cross Guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the Deed of Cross Guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 28 to the Financial Statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

James Strong
Chairman

24 September 2009

Michael Luscombe
Managing Director and Chief Executive Officer

Deloitte Touche Tohmatsu
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REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Woolworths Limited (the company), which comprises the balance sheet as at 28 June 2009, and the income statement, cash flow statement and statements of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 72 to 145.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion
In our opinion:

(a) the financial report of Woolworths Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 28 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 35 to 53 of the directors' report for the year ended 28 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion the Remuneration Report of Woolworths Limited for the year ended 28 June 2009, complies with section 300A of the *Corporations Act 2001*.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G Couttas
Partner

Chartered Accountants

Sydney, 24 September 2009

The shareholder information set out below was applicable as at 15 September 2009.

Number of shareholders

There were 395,755 shareholders, holding 1,235,681,420 fully paid ordinary shares.

Distribution of equity securities

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

Range of fully paid ordinary shares/options	*Number of (FPO) holders*	*Number of FPO shares*	*Number of FPO option holders*
1–1,000	244,583	95,462,677	–
1,001–5,000	132,679	264,736,263	661
5,001–10,000	12,495	88,243,911	666
10,001–100,000	5,803	116,140,975	1,241
100,001 and over	195	671,097,594	18
Total	**395,755**	**1,235,681,420**	**2,586**

(b) There were 8,732 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	*No. of fully paid ordinary shares*	*Percentage of issued capital %*
1	HSBC Custody Nominees (Australia) Limited	196,344,197	15.89
2	JP Morgan Nominees Australia Limited	148,690,915	12.03
3	National Nominees Limited	109,968,700	8.90
4	Citicorp Nominees Pty Limited	32,731,431	2.65
5	ANZ Nominees Limited <Cash Income A/C>	20,798,423	1.68
6	Cogent Nominees Pty Limited	17,049,821	1.38
7	Queensland Investment Corporation	10,171,971	0.82
8	AMP Life Limited	9,397,507	0.76
9	RBC Dexia Nvestor Services Australia Nominees Pty Limited <Pipooled A/C>	7,000,319	0.57
10	UBS Nominees Pty Ltd	6,743,054	0.55
11	Australian Foundation Investment Company Limited	6,203,729	0.50
12	UBS Wealth Management Australia Nominees Pty Ltd	5,495,783	0.44
13	Australian Reward Investment Alliance	5,397,625	0.44
14	Woolworths Custodian Pty Ltd	5,331,998	0.43
15	Perpetual Trustee Company Limited	4,779,999	0.39
16	Argo Investments Limited	3,838,985	0.31
17	Citicorp Nominees Pty Limited <Cfs Wsle Imputation Fnd A/C>	3,514,703	0.28
18	Neweconomy .Com.Au Nominees Pty Limited <Scrip Lending Coll Mgt A/C>	3,448,317	0.28
19	RBC Dexia Investor Services Australia Nominees Pty Limited <Mlci A/C>	3,346,639	0.27
20	RBC Dexia Investor Services Australia Nominees Pty Limited <Bkcust A/C>	3,191,801	0.26

Substantial shareholders
As at 15 September 2009, there were no substantial shareholders in the Company that had provided substantial shareholding notices.

Unquoted equity securities
As at 15 September 2009, there were 27,810,023 options granted over unissued ordinary shares in the Company to employees.

Annual General Meeting
The Annual General Meeting of Woolworths Limited will be held on Thursday, 26 November 2009 at 11am at the Parkside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, Sydney, NSW. Full details are contained in the Notice of Meeting which has been sent to all shareholders.

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
Enquiries and correspondence regarding shareholdings should be directed to Woolworths Limited Share Registrar, Computershare Investor Services Pty Limited, by telephone on 1300 368 664, by facsimile on (02) 8235 8150 or online via the Shareholder Centre on the Woolworths Limited website at www.woolworthslimited.com.au or by visiting the Computershare website at www.computershare.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 the Woolworths Limited website at www.woolworthslimited.com.au.

Employee shareholder information
For information on Woolworths Limited employee shareholdings please contact:

Woolworths Shareholder Relations
1 Woolworths Way
Bella Vista NSW 2153
Telephone: (02) 8885 1066, (02) 8885 1068 or (02) 8885 3081
Fascimile: (02) 8888 1066, (02) 8888 1068 or (02) 8888 3081

Final dividend
The final dividend of 56 cents per share will be paid on 9 October 2009 to shareholders entitled to receive dividends and registered on 11 September 2009 (Record Date).

Direct payment to shareholders' accounts
On Woolworths Limited ordinary fully paid shares, dividends may be paid directly into bank, building society or credit union accounts in Australia and New Zealand. Payments are electronically credited on the dividend payment date and a dividend advice confirming deposit details can either be received electronically by shareholders or will be mailed on payment date.

On Woolworths Notes, quarterly interest payments may be paid directly into bank, building society or credit union accounts in Australia only.

Dividend Reinvestment Plan (DRP)
The Rules of the Dividend Reinvestment Plan (DRP) remain in place and residual balances recorded in a participant's DRP account are carried forward and applied to the next dividend. There is no DRP discount and there is a limit on DRP participation of 20,000 shares. There is currently no minimum number of shares required for participation. This will apply to the final dividend to be paid on 9 October 2009.

Stock exchange listings
Woolworths Limited ordinary shares are listed on the Australian Securities Exchange, under ASX code: WOW. Woolworths Notes are listed on the Australian Securities Exchange under the ASX code: WOWHB.

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

History of dividends paid

Date of dividend	*Type*	*Cents per share*	*Franking rate*	*DRP price*
30 November 1993	Final	6 cents	39%	$2.95
29 April 1994	Interim	6 cents	39%	$2.89
30 November 1994	Final	6 cents	39%+33%	$2.60
28 April 1995	Interim	6 cents	33%	$2.72
17 November 1995	Final	8 cents	39%+33%	$2.90
26 April 1996	Interim	7 cents	33%	$2.87
12 November 1996	Final	8 cents	36%	$2.58
24 April 1997	Interim	7 cents	36%	$3.22
15 October 1997	Final	9 cents	36%	$3.94
24 April 1998	Interim	8 cents	36%	$5.35
9 October 1998	Final	9 cents	36%	$5.18
30 April 1999	Interim	8 cents	36%	$4.83
5 October 1999	Final	10 cents	36%	$5.19
28 April 2000	Interim	10 cents	36%	$4.92
5 October 2000	Final	13 cents	34%	$6.61
27 April 2001	Interim	12 cents	34%	$7.99
5 October 2001	Final	15 cents	30%	$10.98
30 April 2002	Interim	15 cents	30%	$12.23
8 October 2002	Final	18 cents	30%	$11.78
30 April 2003	Interim	18 cents	30%	$11.71
3 October 2003	Final	21 cents	30%	$11.37
30 April 2004	Interim	21 cents	30%	$11.49
8 October 2004	Final	24 cents	30%	$13.16
29 April 2005	Interim	24 cents	30%	$15.50
7 October 2005	Final	27 cents	30%	$15.77
28 April 2006	Interim	28 cents	30%	$18.26
06 October 2006	Final	31 cents	30%	$19.73
27 April 2007	Interim	35 cents	30%	$27.05
05 October 2007	Final	39 cents	30%	$29.82
24 April 2008	Interim	44 cents	30%	$30.08
3 October 2008	Final	48 cents	30%	$27.79
24 April 2009	Interim	48 cents	30%	$25.21
9 October 2009	Final	56 cents	30%	$29.00

2009

October
9 Payment date for final dividend

20 Announcement of first quarter sales results

November
26 Annual General Meeting, Sydney

December
15 Interest payment on Woolworths Notes

2010

January/February
Announcement of second quarter sales results
Half-Year Results announcement

March
15 Interest payment on Woolworths Notes
Record Date for interim dividend

April
Announcement of third quarter sales results
Payment of interim dividend

June
15 Interest payment on Woolworths Notes

July
Announcement of fourth quarter sales results

August
Preliminary full year results and final dividend announcement

Please note: the timing of events may be subject to change.

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