WOOLWORTHS LIMITED
A.B.N. 88 000 014 675

27 August 2009

The Manager Companies
Australian Securities Exchange
Company Announcements Office
Level 4 50 Bridge Street
Sydney NSW 2000

Dear Sir

**Re: WOOLWORTHS LIMITED PRELIMINARY FINAL REPORT - LISTING RULE 4.3A**

The Preliminary Final Report / Appendix 4E for the year ending 28 June 2009 is attached.

For and on Behalf of
**WOOLWORTHS LIMITED**

**PETER J HORTON**
**COMPANY SECRETARY**

1 Woolworths Way, Bella Vista, NSW 2153 PO Box 8000, Baulkham Hills, NSW 2153 Australia
Telephone (02) 8885 0000 Facsimile (02) 8888 0001

# Preliminary Final Report of Woolworths Limited for the Financial Year Ended 28 June 2009

ACN 88 000 014 675

*This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.*

| | |
|---|---|
| Current Reporting Period: | Financial Year ended 28 June 2009 (52 weeks) |
| Previous Corresponding Period: | Financial Year ended 29 June 2008 (53 weeks) |

# Woolworths Limited

## Results For Announcement To The Market
## for the Financial Year Ended 28 June 2009

### Revenue and Net Profit/(Loss)

| | | Percentage Change % | | Amount $M |
|---|---|---|---|---|
| Revenue from ordinary activities | up | 5.4% [1] | to | 49,846.2 |
| Profit/(loss) from ordinary activities after tax attributable to members | up | 12.8% [1] | to | 1,835.7 |
| Net profit/(loss) attributable to members | up | 12.8% [1] | to | 1,835.7 |

### Dividends (Distributions)

| | Amount per security | Franked amount per security |
|---|---|---|
| Final dividend | 56¢ | 56¢ |
| Interim dividend | 48¢ | 48¢ |
| Record date for determining entitlements to the dividend: | Final Dividend: 11 September 2009 | |

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

Refer to press release

[1] It should be noted that last year comprised of 53 weeks trading, the current year comprised 52 weeks trading.

# Income Statement
# for the Financial Year Ended 28 June 2009

| | Note | 2009 $m | 2008 $m |
|---|---|---|---|
| Revenue from sales of goods | | 49,594.8 | 47,034.8 |
| Other operating revenue | | 103.0 | 123.3 |
| *Total revenue from operations* | | 49,697.8 | 47,158.1 |
| Cost of sales | | (36,974.4) | (35,257.8) |
| ***Gross profit*** | | **12,723.4** | **11,900.3** |
| Other revenue | | 148.4 | 129.6 |
| Other income (1) | 4 | - | 34.4 |
| Branch expenses | | (7,800.4) | (7,330.5) |
| Administration expenses | | (2,255.9) | (2,205.0) |
| *Earnings before interest and tax* | | 2,815.5 | 2,528.8 |
| Financial expense | 3 | (235.2) | (230.8) |
| Financial income | 3 | 46.0 | 39.5 |
| ***Net profit before income tax expense*** | 2 | **2,626.3** | **2,337.5** |
| Income tax expense (2) | | (766.3) | (686.0) |
| ***Net profit after income tax expense*** | | **1,860.0** | **1,651.5** |
| Net profit attributable to minority interests | | (24.3) | (24.7) |
| ***Net profit attributable to members of Woolworths Limited*** | | **1,835.7** | **1,626.8** |
| Earnings Per Share (EPS) | | | |
| Basic EPS (cents per share) | 9 | 150.71 | 134.89 |
| Diluted EPS (cents per share) | 9 | 149.69 | 133.55 |
| Weighted average number of shares used in the calculation of Basic EPS (million) | 9 | 1,218.0 | 1,206.0 |

(1) 2008 reflects the net profit on sales of assets. The net loss on sales of assets in 2009 is recorded in administration expenses.
(2) The tax expense of 29.2% in 2009 is slightly down from 29.3% in 2008, reflecting the benefit of the investment allowance and other minor tax differences.

# Woolworths Limited

## Balance Sheet
## as at 28 June 2009

| | Note | 2009 $m | 2008 $m |
|---|---|---|---|
| ***Current assets*** | | | |
| Cash | | 762.6 | 754.6 |
| Trade and other receivables | | 664.2 | 637.8 |
| Inventories | | 3,292.6 | 3,010.0 |
| Assets held for sale | | 36.9 | 34.7 |
| Other financial assets | | 102.9 | 65.1 |
| ***Total current assets*** | | **4,859.2** | **4,502.2** |
| ***Non-current assets*** | | | |
| Trade and other receivables | | 2.7 | 3.6 |
| Other financial assets | | 155.4 | 262.0 |
| Property, plant and equipment | | 6,653.9 | 5,638.8 |
| Intangibles | | 4,933.1 | 4,835.2 |
| Deferred tax assets | | 480.6 | 430.7 |
| ***Total non-current assets*** | | **12,225.7** | **11,170.3** |
| ***Total assets*** | | **17,084.9** | **15,672.5** |
| ***Current liabilities*** | | | |
| Trade and other payables | | 5,110.0 | 4,804.9 |
| Borrowings | | 188.6 | 550.2 |
| Other financial liabilities | | 99.3 | 61.9 |
| Current tax liabilities | | 279.5 | 330.2 |
| Provisions | | 737.2 | 677.2 |
| ***Total current liabilities*** | | **6,414.6** | **6,424.4** |
| ***Non-current liabilities*** | | | |
| Borrowings | | 2,986.3 | 2,224.0 |
| Other financial liabilities | | 78.4 | 274.7 |
| Provisions | | 362.3 | 380.0 |
| Other | | 186.0 | 134.1 |
| ***Total non-current liabilities*** | | **3,613.0** | **3,012.8** |
| ***Total liabilities*** | | **10,027.6** | **9,437.2** |
| ***Net assets*** | | **7,057.3** | **6,235.3** |
| ***Equity*** | | | |
| Contributed equity | | 3,858.6 | 3,627.1 |
| Shares held in trust | | (51.2) | (60.0) |
| Reserves | | (173.5) | (133.9) |
| Retained profits | 6 | 3,178.6 | 2,559.7 |
| ***Equity attributable to the members of Woolworths Limited*** | | **6,812.5** | **5,992.9** |
| Minority shareholders equity | | 244.8 | 242.4 |
| ***Total equity*** | | **7,057.3** | **6,235.3** |

# Woolworths Limited

## Statement of Cash Flows
## for the Financial Year Ended 28 June 2009

| | Note | 2009 $m | 2008 $m |
|---|---|---|---|
| ***Cash Flows From Operating Activities*** | | | |
| Receipts from customers | | 53,184.3 | 50,347.4 |
| Receipts from vendors and tenants | | 41.6 | 36.5 |
| Payments to suppliers and employees | | (49,575.2) | (46,940.5) |
| Interest and costs of finance paid | 3(b) | (257.4) | (236.7) |
| Interest received | 3(b) | 13.0 | 21.2 |
| Income tax paid (1) | | (802.1) | (573.9) |
| Net cash provided by operating activities | 7(f) | 2,604.2 | 2,654.0 |
| ***Cash Flows From Investing Activities*** | | | |
| Proceeds from the sale of property, plant and equipment (2) | | 18.7 | 228.4 |
| Payments for property, plant and equipment | | (1,676.8) | (1,733.6) |
| Payments for the purchase of intangibles | | (1.4) | (14.5) |
| Payment for purchase of investments (3) | | - | (57.3) |
| Dividend received (4) | | 7.8 | 14.7 |
| Payments for purchase of businesses | 7(b) | (154.5) | (191.1) |
| Net cash used in investing activities | | (1,806.2) | (1,753.4) |
| ***Cash Flows From Financing Activities*** | | | |
| Proceeds from issue of equity securities | | 66.7 | 63.3 |
| Proceeds from external borrowings | | 13,619.3 | 5,916.1 |
| Repayment of external borrowings | | (13,458.5) | (6,048.3) |
| Dividends paid | | (1,012.4) | (862.5) |
| Dividends paid to minority interest | | (29.2) | (14.3) |
| Repayment of employee share plan loans | | 5.2 | 8.9 |
| Net cash provided by financing activities | | (808.9) | (936.8) |
| ***Net (Decrease) In Cash Held*** | | **(10.9)** | **(36.2)** |
| Effect of exchange rate changes on foreign currency held | | 3.0 | (8.0) |
| ***Cash At The Beginning Of The Financial Year*** | | **754.6** | **798.8** |
| ***Cash At The End Of The Financial Year*** | 7(a) | **746.7** | **754.6** |

(1) Tax payments reflect a higher level of tax instalments and a one off tax deduction taken last year.
(2) 2008 proceeds include monies received from sale of the distribution centres and other development properties. The decrease in 2009 reflects minimal sales of development properties.
(3) 2008 reflects the acquisition of 19.9% strategic holding in ALE Property Group
(4) Dividends relate in the investment in ALE and The Warehouse Group. 2008 includes a special dividend from The Warehouse group of $9.3m.

# Statement of Recognised Income and Expense for the Financial Year Ended 28 June 2009

| | 2009 $m | 2008 $m |
|---|---|---|
| Movement in translation of foreign operations taken to equity [1] | (12.6) | (298.4) |
| Movement in the fair value of available-for-sale assets | (20.5) | (54.0) |
| Movement in the fair value of cash flow hedges [2] | 112.9 | 5.1 |
| Actuarial losses on defined benefit plans [3] | (67.3) | (39.7) |
| Tax effect of items recognised directly in equity | 60.9 | 58.4 |
| ***Net income/(expense) recognised directly in equity*** | **73.4** | **(328.6)** |
| Transfer to profit and loss on cash flow hedges [4] | (223.5) | 156.7 |
| Profit for the period | 1,860.0 | 1,651.5 |
| ***Total recognised income and expense for the period*** | **1,709.9** | **1,479.6** |
| Attributable to: | | |
| Equity holders of the parent | 1,685.7 | 1,454.9 |
| Minority interest | 24.2 | 24.7 |
| ***Total recognised income and expense for the period*** | **1,709.9** | **1,479.6** |

(1) Movements in the foreign currency translation reserve primarily reflect movement in the NZD/AUD exchange rate. The movement in 2009 reflects a smaller change in the rate (FY09 1.25, FY08 1.27), compared to the change in the prior year (FY08 1.27, FY07 1.11).
(2) Mainly represents the change in fair value of financial instruments entered into to hedge risks associated with our USD denominated debt.
(3) The increased loss in 2009 reflects the drop in asset values and the reduction in prescribed discount rates.
(4) As the financial instruments meet the required “hedge effectiveness tests” an amount equal to the exchange movement on the USD debt is transferred from reserves to the profit and loss.

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

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1. *Segment Note*
2. *Share Movements Schedule*

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 1. Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the 2008 annual financial report except where detailed below.

Details of new accounting policy:

***Not applicable***

## 2. Profit From Ordinary Activities

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

| | 2009 $m | 2008 $m |
|---|---|---|
| ***(a) Operating revenue*** | | |
| Revenue from the sale of goods | 49,594.8 | 47,034.8 |
| Other operating revenue | 103.0 | 123.3 |
| *Total operating revenue* | 49,697.8 | 47,158.1 |
| ***(b) Other revenue from ordinary activities*** | | |
| Rent and other | 148.4 | 129.6 |
| *Total revenue (excluding financial income)* | 49,846.2 | 47,287.7 |

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 2. Profit From Ordinary Activities (continued)

| | 2009 $m | 2008 $m |
|---|---|---|
| ***(c) Expenses*** | | |
| Amounts provided for: | | |
| Bad and doubtful debts | 1.6 | 4.6 |
| Self-insured risks (1) | 139.9 | 110.8 |
| Depreciation: | | |
| Buildings | 23.1 | 12.3 |
| Plant and equipment, fixtures and fittings | 604.8 | 559.6 |
| Amortisation: | | |
| Leasehold improvements | 96.8 | 78.2 |
| Brand names | 4.7 | - |
| *Total depreciation and amortisation* | 729.4 | 650.1 |
| Employee benefits expense | 5,724.3 | 5,542.2 |
| Operating lease rental expenses: | | |
| - minimum lease payments | 1,313.5 | 1,223.3 |
| - contingent rentals | 96.2 | 92.6 |
| *Total operating lease rental expenses* | 1,409.7 | 1,315.9 |

***(d) Individually significant non-recurring items***

None

(1) Self insured risks reflect the impact of increased settlements during year.

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 2. Profit/(Loss) From Ordinary Activities (continued)

***(e) Revision of Accounting Estimates***

Details of the nature and amount of revisions of accounting estimates:

None

## 3. Net Financing costs

| | 2009 $m | 2008 $m |
|---|---|---|
| Financial expense | (235.2) | (230.8) |
| Financial income | 46.0 | 39.5 |
| **Net Financing costs** | **(189.2)** | **(191.3)** |
| ***(a) Breakdown of net financing costs*** | | |
| Interest expense | (239.6) | (214.0) |
| Less Interest Capitalised (1) | 17.4 | 4.4 |
| Net Interest Expense | (222.2) | (209.6) |
| Dividend Income | 7.8 | 14.7 |
| Foreign Exchange Gain/(loss) (2) | 25.2 | 3.6 |
| **Net financing costs** | **(189.2)** | **(191.3)** |
| ***(b) Reconciliation of net interest expense to interest paid*** | | |
| **Interest expense** | **(239.6)** | **(214.0)** |
| Change in interest accrual | (1.0) | (1.4) |
| Realised Exchange (losses) | (3.8) | (0.1) |
| **Net Interest cost per the cash flow** | **(244.4)** | **(215.5)** |

(1) Increase in interest capitalised reflects a change in the accounting standard requiring interest costs associated with all development assets to be capitalised and an increase in property development activity.
(2) Foreign exchange gain in 2009 reflects the repayment of an intercompany loan.

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 4. Commentary on Results

Refer to Press Release

| | 2009 $m | 2008 $m |
|---|---|---|
| **5. Sales of Assets** | | |
| Sales of assets in the ordinary course of business have given rise to the following: | | |
| ***Net Profit/(Loss)*** | | |
| Property, plant and equipment | (14.2) | 34.4 |

## 6. Retained Profits

| | 2009 $m | 2008 $m |
|---|---|---|
| Balance at beginning of the financial year | 2,559.7 | 1,962.5 |
| Net profit attributable to the members of Woolworths Limited | 1,835.7 | 1,626.8 |
| Defined benefit actuarial gain/(loss) recognised in equity (net of tax) | (47.1) | (27.8) |
| Dividends paid | (1,174.3) | (1,006.4) |
| Employee share plan dividends and forfeitures | 4.6 | 4.6 |
| Balance at end of financial year | 3,178.6 | 2,559.7 |

# 7. Notes to the Statement of Cash Flows

## (a) *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 statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | 2009 $m | 2008 $m |
|---|---|---|
| Cash | 762.6 | 754.6 |
| Bank overdraft | (15.9) | - |
| | 746.7 | 754.6 |

## (b) *Businesses Acquired*

Details of the aggregate cash outflow relating to the acquisition of businesses and the aggregate assets and liabilities of those businesses at the date of acquisition were as follows:

***Fair Value of Net Assets Acquired***

| | 2009 $m | 2008 $m |
|---|---|---|
| Property, plant and equipment | 75.6 | 99.5 |
| Inventories | 5.7 | 2.7 |
| Liquor, gaming licenses, property rights | 52.5 | 52.8 |
| Cash | 0.5 | 0.2 |
| Other assets | 4.8 | 1.4 |
| Provisions | (0.3) | (0.2) |
| Other Liabilities | (1.2) | - |
| Net assets acquired | 137.6 | 156.4 |
| Goodwill on acquisition | 28.2 | 34.9 |
| | 165.8 | 191.3 |
| Analysed as follows: | | |
| Consideration – cash | 155.0 | 191.3 |
| Consideration – equity (1) | 6.4 | - |
| Consideration – deferred consideration (1) | 4.4 | - |
| | 165.8 | 191.3 |
| Consideration – cash | 155.0 | 191.3 |
| Less: Cash balances acquired | (0.5) | (0.2) |
| ***Net Cash Outflow on Acquisition*** | 154.5 | 191.1 |

(1) The acquisition of Langtons included cash, equity and deferred consideration.

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 7. Notes to the Statement of Cash Flows (continued)

### (c) *Non-Cash Financing and Investing Activities*

In accordance with the Company's Dividend Reinvestment Plan (DRP) $161.9m of the total dividend of $1,174.3m (14%) was reinvested in the shares of the Company (2008: $143.9m of total dividend of $1,006.4m, 14%).

### (d) *Financing Facilities*

| | 2009 $m | 2008 $m |
|---|---|---|
| Unrestricted access was available at balance date to the following lines of credit: | | |
| Total facilities | | |
| Bank overdrafts | 32.4 | 30.6 |
| Bank loan facilities | 4,069.4 | 2,511.3 |
| | 4,101.8 | 2,541.9 |
| Used at balance date | | |
| Bank overdrafts | 15.9 | 0.4 |
| Bank loan facilities | 704.1 | 250.1 |
| | 720.0 | 250.5 |
| Unused at balance date | | |
| Bank overdrafts | 16.5 | 30.2 |
| Bank loan facilities | 3,365.3 | 2,261.2 |
| | 3,381.8 | 2,291.4 |

### (e) *Cash Balances Not Available for Use*

Not Applicable

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 7. Notes to the Statement of Cash Flows (continued)

### *(f) Reconciliation of Profit From Ordinary Activities After Related Income Tax to Net Cash Provided by Operating Activities*

| | 2009 $m | 2008 $m |
|---|---|---|
| Net profit after income tax | 1,860.0 | 1,651.5 |
| Depreciation and amortisation | 729.4 | 650.1 |
| Impairment of receivables | 1.6 | 3.7 |
| Foreign exchange (gains)/losses | (29.4) | (3.8) |
| Share based options expense | 63.5 | 48.5 |
| Decrease in defined benefit plan liability | (4.1) | (9.9) |
| (Profit)/Loss on sale of property, plant and equipment | 14.2 | (34.4) |
| Borrowing costs capitalised | (17.4) | (4.4) |
| (Increase)/decrease in deferred tax asset | 3.6 | (3.7) |
| Increase/(decrease) in income tax payable | (50.8) | 115.9 |
| (Increase)/decrease in receivables | (15.4) | (154.7) |
| (Increase)/decrease in inventories | (273.1) | (303.4) |
| Increase/(decrease) in payables | 169.9 | 644.8 |
| Increase/(decrease) in sundry payables and provisions | 160.0 | 68.5 |
| Dividends Received | (7.8) | (14.7) |
| Net cash provided by operating activities | 2,604.2 | 2,654.0 |

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 8. Details Relating to Dividends (Distributions)

| | | Date dividend payable | Amount per security ¢ | Amount per security of foreign sourced dividend ¢ |
|---|---|---|---|---|
| Final dividend | 2009 | 9th October 2009 | 56 | |
| | 2008 | 3rd October 2008 | 48 | |
| Interim dividend | 2009 | 24th April 2009 | 48 | |
| | 2008 | 24th April 2008 | 44 | |
| Total | 2009 | - | 104 | |
| | 2008 | - | 92 | |

### Total dividend (distribution) per security (interim plus final)

| | 2009 ¢ | 2008 ¢ |
|---|---|---|
| Ordinary securities (each class separately) | 104 | 92 |
| Preference securities (each class separately) | Nil | Nil |
| Other equity instruments (each class separately) | Nil | Nil |

### Interim and final dividend (distribution) on all securities

| | 2009 $m | 2008 $m |
|---|---|---|
| Ordinary securities (each class separately) | 1,174.3 | 1,006.4 |
| Preference securities (each class separately) | Nil | Nil |
| Other equity instruments (each class separately) | Nil | Nil |
| Special Dividend (see below) | - | - |
| **Total** | 1,174.3 | 1,006.4 |

Any other disclosures in relation to dividends (distributions).

Not Applicable

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 8. Details Relating to Dividends/(Distributions) (continued)

**Dividend Reinvestment Plans**

The dividend or distribution plans shown below are in operation.

**Dividend Reinvestment Plan (The Plan)**

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.

| | |
|---|---|
| The last date(s) for receipt of election notices for the dividend or distribution plans | 11 September 2009 |

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 9. Earnings Per Share

| | 2009 ¢ per share | 2008 ¢ per share |
|---|---|---|
| Basic EPS | 150.71 | 134.89 |
| Diluted EPS | 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:

| | 2009 $m | 2008 $m |
|---|---|---|
| Earnings (a) | 1,835.7 | 1,626.8 |

| | 2009 No. m | 2008 No. m |
|---|---|---|
| Weighted average number of ordinary shares (b) | 1,218.0 | 1,206.0 |

## 9. Earnings Per Share (continued)

(a) Earnings used in the calculation of basic earnings per share reconciles to net profit in the statement of financial performance as follows:

| | 2009<br>$m | 2008<br>$m |
|---|---|---|
| Operating net profit attributable to the members of Woolworths Limited | 1,835.7 | 1,626.8 |
| Earnings used in the calculation of basic EPS | 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 (refer below).

***Diluted Earnings per Share***

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

| | 2009<br>$m | 2008<br>$m |
|---|---|---|
| Earnings (a) | 1,835.7 | 1,626.8 |
| Weighted average number of ordinary shares and potential ordinary shares (b), (c), (d) | 1,226.3 | 1,218.1 |

## 9. Earnings Per Share (continued)

(a) Earnings used in the calculation of diluted earnings per share reconciles to net profit in the statement of financial performance as follows:

| | 2009 $m | 2008 $m |
|---|---|---|
| Operating net profit attributable to the members of Woolworths Limited | 1,835.7 | 1,626.8 |
| Earnings used in the calculation of diluted EPS | 1,835.7 | 1,626.8 |

(b) 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:

| | 2009 No. m | 2008 No. m |
|---|---|---|
| Weighted average number of ordinary shares used in the calculation of basic EPS | 1,218.0 | 1,206.0 |
| Shares deemed to be issued for no consideration in respect of employee options | 8.3 | 12.1 |
| Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS | 1,226.3 | 1,218.1 |

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 9. Earnings Per Share (continued)

(c) The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

| | 2009 No. m | 2008 No. m |
|---|---|---|
| Shares deemed to be issued at average market price in respect of employee options | 29.5 | 22.1 |
| | 29.5 | 22.1 |

(d) Weighted average number of converted, lapsed, or cancelled potential ordinary shares used in the calculation of diluted earnings per share:

| | 2009 No. m | 2008 No. m |
|---|---|---|
| Not applicable | - | - |

## 10. Net Tangible Assets Per Security

| | 2009 ¢ per share | 2008 ¢ per share |
|---|---|---|
| Net tangible assets per security | 153.60 | 95.64 |
| Add: | | |
| Brand names, licenses and property development rights | 158.67 | 156.45 |
| Net tangible assets per security adjusted for brand names, licenses and property development rights | 312.27 | 252.09 |

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 11. Details of Entities Over Which Control Has Been Gained or Lost

**Control gained over entities**

| | | |
|---|---|---|
| Name of entity (or group of entities) | (a) | Langtons Pty Ltd |
| Date control gained | (a) | 2 February 2009 |

| | | 2009 $m |
|---|---|---|
| Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, from the date of gaining control: [1] | (a) | (0.1) |

[1] **This represents the net contribution after interest and tax.**

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 12. Contingent Liabilities and Contingent Assets

| | 2009 $m | 2008 $m |
|---|---|---|
| Contingent liabilities | | |
| Trading guarantees | 54.0 | 51.6 |
| Workers' compensation self-insurance guarantees | 448.5 | 425.9 |
| Outstanding letters of credit issued to suppliers | 36.0 | 11.2 |
| | 538.5 | 488.7 |

Contingent assets

None

## 13. Segment Information

Refer to Attachment 1

## 14. Discontinuing Operations

Not applicable

# Notes to the Preliminary Final Report for the Financial Year Ended 28 June 2009

## 15. Other Significant Information

| |
|---|
| Attachment 2 – Share Movements Schedule |

## 16. Information on Audit or Review

This preliminary final report is based on accounts to which one of the following applies.

| | | | |
|---|---|---|---|
| ☐ | The accounts have been audited. | ☐ | The accounts have been subject to review. |
| ✓ | The accounts are in the process of being audited or subject to review. | ☐ | The accounts have not yet been audited or reviewed. |

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

| |
|---|
| Not Applicable |

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

| |
|---|
| Not Applicable |

| Business Segments<br><br>Segment disclosures ($m) | Supermarkets (1) | | BIG W | | Consumer Electronics (2) | | Hotels (3) | | Wholesale (Supermarkets)(4) | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| **Business segments** | | | | | | | | | | | | |
| Sales to customers | 42,325.6 | 40,312.8 | 4,267.3 | 3,915.9 | 1,723.6 | 1,530.6 | 1,110.3 | 1,113.4 | 168.0 | 162.1 | 49,594.8 | 47,034.8 |
| Other operating revenue | 103.0 | 123.3 | | | | | | | | | 103.0 | 123.3 |
| Inter-segment revenue | | | | | 0.2 | 0.4 | | | 291.1 | 264.2 | 291.3 | 264.6 |
| **Segment revenue** | 42,428.6 | 40,436.1 | 4,267.3 | 3,915.9 | 1,723.8 | 1,531.0 | 1,110.3 | 1,113.4 | 459.1 | 426.3 | 49,989.1 | 47,422.7 |
| Eliminations | | | | | | | | | | | (291.3) | (264.6) |
| Unallocated revenue/(expenses) (5) | | | | | | | | | | | 148.4 | 129.6 |
| **Total revenue** | | | | | | | | | | | 49,846.2 | 47,287.7 |
| Segment result before tax | 2,444.0 | 2,164.8 | 200.2 | 161.2 | 50.8 | 63.1 | 218.0 | 215.1 | 4.3 | 4.3 | 2,917.3 | 2,608.5 |
| Unallocated revenue/(expenses) - Property (6) | | | | | | | | | | | (7.2) | 33.1 |
| - Head Office | | | | | | | | | | | (94.6) | (112.8) |
| Net financing cost | | | | | | | | | | | (189.2) | (191.3) |
| **Profit before tax** | | | | | | | | | | | 2,626.3 | 2,337.5 |
| **Income tax expense** | | | | | | | | | | | (766.3) | (686.0) |
| **Profit after tax** | | | | | | | | | | | 1,860.0 | 1,651.5 |
| Segment assets | 9,619.9 | 8,776.3 | 1,286.8 | 1,152.5 | 538.7 | 498.6 | 3,057.4 | 2,893.8 | 57.7 | 57.6 | 14,560.5 | 13,378.8 |
| Unallocated (7) | | | | | | | | | | | 2,524.4 | 2,293.7 |
| **Total Assets** | | | | | | | | | | | 17,084.9 | 15,672.5 |
| Segment liabilities | 3,776.5 | 3,663.2 | 638.5 | 597.2 | 192.7 | 150.6 | 160.8 | 149.2 | 47.4 | 45.6 | 4,815.9 | 4,605.8 |
| Unallocated (7) | | | | | | | | | | | 5,211.7 | 4,831.4 |
| **Total Liabilities** | | | | | | | | | | | 10,027.6 | 9,437.2 |
| Capital expenditure | 1,111.6 | 1,148.3 | 131.0 | 152.9 | 54.0 | 36.2 | 234.6 | 333.4 | 5.5 | 1.7 | 1,536.8 | 1,672.5 |
| Unallocated (7) | | | | | | | | | | | 315.1 | 269.2 |
| **Acquisition of Assets** | | | | | | | | | | | 1,851.9 | 1,941.7 |
| Segment depreciation and amortisation | 522.3 | 467.2 | 64.1 | 55.0 | 30.8 | 25.7 | 64.6 | 57.8 | 1.7 | 1.4 | 683.5 | 607.1 |
| Unallocated (7) | | | | | | | | | | | 45.9 | 43.0 |
| **Total depreciation and amortisation** | | | | | | | | | | | 729.4 | 650.1 |
| Segment other non cash expenses | 38.8 | 29.1 | 6.2 | 4.6 | 1.9 | 1.5 | 3.0 | 2.2 | | - | 49.9 | 37.4 |
| Unallocated (8) | | | | | | | | | | | 133.6 | 115.1 |
| **Total other non cash expenses** | | | | | | | | | | | 183.5 | 152.5 |

(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.
(4) Wholesale comprises Statewide Independent Wholesalers (SIW).
(5) Unallocated revenue comprise rent and other revenue from operating activities.
(6) 2008 includes other significant items including the profit on sale of certain properties ($49.7m).
(7) Unallocated comprise 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.

**Geographical Segments**

| Segment disclosures ($m) | Australia 2009 | Australia 2008 | New Zealand 2009 | New Zealand 2008 | Consolidated 2009 | Consolidated 2008 |
|---|---|---|---|---|---|---|
| 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 |

## Ordinary securities movements through issues of shares

| Date | No of Shares | Exercise/Issue Price |
|---|---|---|
| 1/09/2008 | 10,000 | 5.11 |
| 1/09/2008 | 1,463,450 | 12.60 |
| 1/09/2008 | 5,250 | 11.54 |
| 1/09/2008 | 3,000 | 12.60 |
| 4/09/2008 | 352,000 | 12.60 |
| 1/09/2008 | 1,891,475 | 12.60 |
| 1/09/2008 | 5,000 | 11.54 |
| 11/09/2008 | 101,350 | 12.60 |
| 18/09/2008 | 121,000 | 12.60 |
| 25/09/2008 | 65,000 | 12.60 |
| 25/09/2008 | 1,000 | 11.54 |
| 2/10/2008 | 26,000 | 12.60 |
| 3/10/2008 | 2,993,478 | 27.79 |
| 16/10/2008 | 9,000 | 12.60 |
| 23/10/2008 | 24,000 | 12.60 |
| 30/10/2008 | 124,000 | 12.60 |
| 6/11/2008 | 70,000 | 12.60 |
| 6/11/2008 | 750 | 11.54 |
| 13/11/2008 | 30,100 | 10.89 |
| 13/11/2008 | 82,816 | 12.60 |
| 19/11/2008 | 32,000 | 12.60 |
| 19/11/2008 | 1,500 | 11.54 |
| 27/11/2008 | 26,000 | 12.60 |
| 4/12/2008 | 87,000 | 12.60 |
| 11/12/2008 | 18,400 | 10.89 |
| 11/12/2008 | 207,000 | 12.60 |
| 18/12/2008 | 208,250 | 12.60 |
| 18/12/2008 | 11,063 | 11.54 |
| 29/12/2008 | 227,100 | 12.60 |
| 31/12/2008 | 4,000 | 12.60 |
| 2/02/2009 | 236,043 | 26.33 |
| 5/02/2009 | 2,000 | 11.54 |
| 12/02/2009 | 750 | 11.54 |
| 26/02/2009 | 1,000 | 11.54 |
| 2/03/2009 | 8,543 | 26.33 |
| 12/03/2009 | 10,000 | 10.89 |
| 19/03/2009 | 1,000 | 11.54 |
| 23/04/2009 | 35,000 | 5.11 |
| 30/04/2009 | 60,000 | 5.11 |
| 30/04/2009 | 1,000 | 11.54 |
| 7/05/2009 | 3,207,161 | 25.21 |
| 18/06/2009 | 100,000 | 5.11 |
| 25/06/2009 | 20,000 | 6.17 |
| | **11,883,479** | (a) |

(a) Note that this excludes 1,232,906 shares issued under the employee share plan (Treasury Shares)

# WOOLWORTHS LIMITED

**27 August 2009** **PRESS RELEASE**

**FINAL PROFIT REPORT AND DIVIDEND ANNOUNCEMENT FOR THE 52 WEEKS ENDED 28 JUNE 2009**

## Net Profit After Tax up 12.8% to $1,835.7 million

- 12.8% NPAT growth at upper end of target range
- Sales of $49,595 million, up 7.5% on a comparable 52 week basis. Excluding petrol sales increase 8.5%
- Total sales for 52 weeks this year compared with 53 weeks last year up 5.4% to $49,595 million
- 11.5% increase in Earnings Before Interest, Tax, Depreciation and Amortisation
- 11.3% increase in Earnings Before Interest and Tax to $2,815.5 million
- 12.8% increase in Net Profit After Tax to $1,835.7 million
- 11.7% increase in earnings per share to 150.7 cents
- 13.0% increase in Dividend per Share to 104 cents
- 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

"Our entire team has achieved this record result in the most challenging year most of us can remember. This demonstrates that Woolworths is built for sustainable results over the long term, and that our strategies are being delivered consistently across our divisions. Our strategies in New Zealand Supermarkets and Consumer Electronics are starting to deliver, with improved results in the second half. Despite the strength of this result, we cannot afford to rest on our laurels, take our customers for granted, or to use short-term thinking. 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 CEO.**

The Board of Woolworths Limited today released the profit and dividend announcement of Woolworths Limited and its controlled entities for the 52 weeks ended 28 June 2009.

Woolworths Limited Managing Director and CEO, Michael Luscombe said, "Today we are pleased to report a net profit increase of 12.8% to $1,835.7m. This solid result was delivered in a difficult global economic climate and reflects increased acceptance of our retail offer underpinned by continued investment in all our businesses. Our investment has improved stores, created jobs, added services, delivered value, created an even better experience for customers and enhanced shareholder value.

We continue to refine and improve all our brands to meet customer expectations. The successful implementation of these strategies continues to pay strong dividends and builds a solid base to sustain profitable growth into the future. Our balance sheet, debt profile and the strength of our credit ratings ensure we continue to be well positioned in the current economic climate."

***Chairman's Comment***

Commenting on the result, the Chairman of Woolworths Limited, James Strong said, "Woolworths has a clear strategy well executed by an experienced team, which has underpinned this year's result. The year has seen significant global economic challenges that will continue in the near term. Woolworths is well positioned going forward and will continue to invest to develop both core and new business opportunities in order to enhance shareholder value.

The 13.0% increase in Dividend per Share (DPS) to 104 cents (1H: 48 cents, 2H: 56 cents) from 92 cents in FY08 reflects the confidence that the Board has in the company's operations, results and the continued focus to provide improved shareholder returns."

*Highlights*

**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 compliments 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 week 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 government 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. 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% 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 **e-pump** 'pay at pump' facility at Woolworths petrol locations.

**Strategic investments for growth**

- 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.

**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, 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.

- Growth initiatives include:

  - continuing to develop initiatives to drive our core business and reinvigorate our offer to ensure a long term sustainable business;
  - clear, defined plans for space growth for all businesses;
  - continuing to leverage the intellectual property in our supply chain;
  - investment in new categories; and
  - a disciplined and targeted strategy for acquisitions and partnerships.

  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.

**Establishing Leadership in Corporate Responsibility**

- 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.

- 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 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.

- 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.

- 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.

- 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.

- 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 well being; 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 Social Responsibility report in November.

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

**Earnings Before Interest and Tax (EBIT)**

| **($ million)** | **FY08 Statutory (53 weeks)** | **FY09 Statutory (52 weeks)** | **Change (52 v 53 weeks)** | **Normalised Change (52 v 52 weeks)** |
|---|---|---|---|---|
| Australian Food and Liquor | 1,913.7 | 2,202.6 | 15.1% | 17.4% |
| Petrol | 81.9 | 87.5 | 6.8% | 9.5% |
| **Australian Supermarkets** | **1,995.6** | **2,290.1** | **14.8%** | **17.0%** |
| ***New Zealand Supermarkets (NZD)*** | ***189.6*** | ***194.9*** | ***2.8%*** | ***4.8%*** |
| **New Zealand Supermarkets** | **169.2** | **153.9** | **(9.0)%** | **(7.4)%** |
| BIG W | 161.2 | 200.2 | 24.2% | 25.9% |
| Consumer Electronics – Aust & NZ | 68.1 | 55.1 | (19.1)% | (17.6)% |
| Consumer Electronics - India | (5.0) | (4.3) | (14.0)% | (12.1)% |
| **Consumer Electronics - Total** | **63.1** | **50.8** | **(19.5)%** | **(18.0)%** |
| **General Merchandise Division** | **224.3** | **251.0** | **11.9%** | **13.6%** |
| **Hotels** | **215.1** | **218.0** | **1.3%** | **3.3%** |
| **Total Trading Result** | **2,604.2** | **2,913.0** | **11.9%** | **14.0%** |
| Property Expense | (16.6) | (7.2) | (56.6)% | (56.6)% |
| Central Overheads | (112.8) | (111.6) | (1.1)% | 2.3% |
| Other significant items (1) | 49.7 | 17.0 | (65.8)% | (65.8)% |
| **Continuing Operations** | **2,524.5** | **2,811.2** | **11.4%** | **13.4%** |
| Wholesale Division | 4.3 | 4.3 | - | 1.8% |
| **Group EBIT** | **2,528.8** | **2,815.5** | **11.3%** | **13.4%** |

(1) FY08 includes the profit on sale of certain properties ($49.7m). FY09 includes release of provision ($17.0m)

**FY09 BUSINESS PERFORMANCE**

The consistent delivery of quality results is fundamental to our success and our focus on creating a long term sustainable business. Specifically, in every year since FY2000 we have delivered:

- Sales growth in the upper single digits (or higher);
- EPS outperforming EBIT growth;
- EBIT growth in excess of sales growth;
- CODB reductions in excess of our stated target of 20 bps per annum (when the distorting impacts of Hotels, Petrol and significant one off transactions are excluded).

During this period, Woolworths has experienced a significant amount of change and varied economic conditions. These targets have been met with full regard for sustaining the long term profitability of our business. We have successfully maintained our financial strength and flexibility as reflected in the maintenance of our long term credit ratings for Standard & Poors (A- since 2001) and Moody's (A3 since 2005).

In the current year, we have again met these key targets with sales growing in the upper single digits (up 5.4% or 7.5% normalised for the extra week in FY08) and EBIT growing faster than sales (up 11.3% or 13.4% normalised for the extra week in FY08). We have a CODB increase of 6 bps however we achieved a greater than 20 bps reduction if we exclude Hotels, Petrol and development profits. EPS growth was up 11.7% in excess of EBIT growth of 11.3%. EBIT margin strengthened by 30 basis points over last year.

We remain confident that we can continue to secure costs savings in excess of 20 bps per annum for the foreseeable future (when distorting impacts of Hotels, Petrol and significant transactions are excluded).

Gross margins for the group have increased 36 bps reflecting the success of the new store formats, a change in mix of sales, a shift in sales to private label products and impact of moving from direct to store delivery model to distributions centres in liquor. Excluding Hotels, which has a different gross margin structure, gross margins have increased 42 bps to 24.34%.

Our cash flow and balance sheet remain underpinned by solid earnings growth. 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 tax deduction taken last year).

Inventory days have increased by 1.6 days (2008: 0.8 days reduction). When we exclude the impact of incremental imported inventory, additional stock due to the two new Liquor DC's inventory days were in line with last year (2008: 0.8 days reduction). Petrol inventory days increased due to the distorting impact of changing petrol prices. When we also exclude this impact inventory days have decreased by 0.5 days (2008: 0.5 days reduction).

Capital management remains an important issue. However, given the current uncertainty in the capital markets and the economy, Woolworths does not intend to implement any capital returns at this time. Capital management will be continually assessed in the context of growth initiatives and the capital market environment.

Our current focus is to maintain a capital structure that will preserve our capital strength and give us the flexibility to pursue further growth opportunities. It is pleasing to note that Woolworths has not been required to raise equity in the current economic downturn. 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 if value generative opportunities emerge.

**Australian Supermarket Division** (Including Liquor and Petrol)

| | FY08 (53 weeks) | FY09 (52 weeks) | Change (52 v 53 weeks) | Normalised Change (52 v 52 weeks) |
|---|---|---|---|---|
| Sales ($ million) | 36,143 | 38,291 | 5.9% | 8.0% |
| Gross Margin (%) | 23.45 | 24.07 | 62 bps | |
| Cost of Doing Business (%) (1) | 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 |

(1) CODB increase is distorted by Petrol sales

For the full year Australian Supermarket division sales increased 8.0%(2), of which Food and Liquor sales grew 9.6%(2). EBIT grew faster than sales, increasing by 17.0%(2). 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%(2) 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 the time of this release we have approximately 40% of stores in this new format, with plans for a further 103 stores in FY10 (including 81 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 expansion of our private label range continues, with Homebrand, Select, Freefrom, Naytura and Organics gaining strong customer acceptance.

(2) 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%

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 & 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 & 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 & Liquor grew by 4.7% which is also in excess of the targeted range of 3.0% per annum.

*Liquor*

All existing liquor operations, including Dan Murphy, 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 compliments the Dan Murphy's fine wine offer and both broadens and deepens 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.

(1) Total liquor sales include sales from Supermarkets attached liquor, BWS, Dan Murphy and ALH bar sales
(2) FY08 sales for 53 week period

*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.

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

**New Zealand Supermarkets**

| | FY08 (53 weeks) $NZD | FY09 (52 weeks) $NZD | Change (52 v 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 (%) (1) | 17.68 | 17.70 | 2 bps | |
| EBIT to sales (%) (1) | 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) Excludes intercompany charges

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% (2) 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%(2), 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% (2) 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.

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

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 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.
- 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 with 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%.
- 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 2000 square metres.

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**

| | FY08 (53 weeks) | FY09 (52 weeks) | Change (52 v 53 weeks) | Normalised Change (52 v 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 |

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 stores), 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.

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

**Consumer Electronics (Australia and New Zealand)**

| | **FY08 (53 weeks)** | **FY09 (52 weeks)** | **Change (52 v 53 weeks)** | **Normalised Change (52 v 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 |

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 focussed on sales techniques and customer service has delivered genuine results ensuring our staff are trusted and knowledgeable.

(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%

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.

*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**

| | FY08 (53 weeks) | FY09 (52 weeks) | Change (52 v 53 weeks) | Normalised Change (52 v 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% |

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.

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

**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 ($17.0m) and the prior year included the profit on sale of certain properties ($49.7m).

**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 DC's 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 $223.5m). Whilst 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 Poors 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 buy-backs 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. Whilst 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.

In May 2009, a new syndicated bank debt facility totalling USD700 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 tenor of 3 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 AUD350 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 DC's, 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 re-stocking capabilities along with the successful roll out 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 focussed 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 DC's 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 sub continent 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.

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.

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 & 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.

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 c $1.9 billion.
- We will continue with **bolt-on acquisitions** to enhance our existing offers (eg Langton's, Gage Road 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.

***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 roll-out***

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.

| | **Gross store openings in FY09** | **Target** |
|---|---|---|
| Australian Supermarkets | 28 | 15-25 new Supermarkets per annum<br><br>3%+ space growth |
| New Zealand Supermarkets | 3 | 3-5 new Supermarkets per annum<br><br>23 sites have been secured for future development |
| Dan Murphy | 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 2 years |
| Hotels (ALH Group) | 12 | Acquired selectively as opportunities arise |

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

## 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 FY08. 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.

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.

For further information contact:
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|---|---|
| Clare Buchanan (Public Relations Manager) | (02) 8885 1032 – Media |
| Tom Pockett (Finance Director) | (02) 8885 1105 – Investors/Analysts |

## Profit and Loss for the 52 weeks ended 28 June 2009

| | FY08 (53 weeks) ($m) | FY09 (52 weeks) ($m) | Change | Change Normalised |
|---|---|---|---|---|
| **Sales** | | | | |
| Australian Food and Liquor | 30,501 | 32,810 | 7.6% | 9.6% |
| New Zealand Supermarkets | 4,170 | 4,034 | (3.3)% | (1.5)% |
| Petrol | 5,642 | 5,482 | (2.8)% | (0.5)% |
| **Supermarket Division** | **40,313** | **42,326** | **5.0%** | **7.0%** |
| BIG W | 3,916 | 4,267 | 9.0% | 10.5% |
| Consumer Electronics (1) | 1,531 | 1,724 | 12.6% | 14.6% |
| **General Merchandise Division** | **5,447** | **5,991** | **10.0%** | **11.7%** |
| **Hotels** | **1,113** | **1,110** | **(0.3)%** | **1.6%** |
| **Continuing Operations** | **46,873** | **49,427** | **5.4%** | **7.5%** |
| Wholesale Division | 162 | 168 | 3.7% | 5.7% |
| **Group Sales** | **47,035** | **49,595** | **5.4%** | **7.5%** |
| | | | | |
| **Margins** | | | | |
| Gross Profit | 25.30% | 25.66% | 0.36%pts | |
| Cost of Doing Business | 19.92% | 19.98% | 0.06%pts | |
| EBIT to sales | 5.38% | 5.68% | 0.30%pts | |
| | | | | |
| **Profit** | | | | |
| Earnings before interest, tax, depreciation amortisation & rent (EBITDAR) | 4,494.8 | 4,954.6 | 10.2% | |
| Rent | (1,315.9) | (1,409.7) | 7.1% | |
| **Earnings before interest, tax, depreciation & amortisation (EBITDA)** | **3,178.9** | **3,544.9** | **11.5%** | **13.6%** |
| Depreciation and amortisation | (650.1) | (729.4) | 12.2% | |
| **Earnings before interest & tax (EBIT)** | **2,528.8** | **2,815.5** | **11.3%** | **13.4%** |
| Net financing costs (2) (3) | (191.3) | (189.2) | (1.1)% | |
| Operating income tax expense | (686.0) | (766.3) | 11.7% | |
| **Net operating profit after income tax** | **1,651.5** | **1,860.0** | **12.6%** | |
| Minority interests | (24.7) | (24.3) | (1.6)% | |
| **Total profit after tax & minority equity interests** | **1,626.8** | **1,835.7** | **12.8%** | **14.9%** |
| | | | | |
| Funds employed (period end) | 8,315.9 | 9,319.3 | 12.1% | |
| ROFE (average) | 31.4% | 31.9% | 0.5%pts | 1.1%pts |
| Weighted average ordinary shares on issue (million) | 1,206.0 | 1,218.0 | 1.0% | |
| Ordinary earnings per share (cents) | 134.9 | 150.7 | 11.7% | 13.8% |
| Diluted earnings per share (cents) | 133.6 | 149.7 | 12.1% | |
| Interim dividend per share (cents) | 44 | 48 | 9.1% | |
| Final dividend per share (cents) (4) | 48 | 56 | 16.7% | |
| Total dividend per share (cents) | 92 | 104 | 13.0% | |

(1) Includes wholesale sales relating to Woolworths India (Full year: $187m FY08: $104m)

(2) Breakdown of net financing costs

| | FY08 | FY09 | Change |
|---|---|---|---|
| Interest expense | (214.0) | (239.6) | 12.0% |
| Less Interest Capitalised | 4.4 | 17.4 | 295.5% |
| Net Interest expense | (209.6) | (222.2) | 6.0% |
| Dividend Income | 14.7 | 7.8 | (47.0)% |
| Foreign Exchange Gain | 3.6 | 25.2 | 600.0% |
| **Net financing costs** | **(191.3)** | **(189.2)** | **(1.1)%** |

(3) Reconciliation of net interest expense to interest paid

| | FY08 | FY09 | Change |
|---|---|---|---|
| **Interest expense** | **(214.0)** | **(239.6)** | **12.0%** |
| Change in interest accrual | (1.4) | (1.0) | n/a |
| Realised Exchange (losses) | (0.1) | (3.8) | n/a |
| **Net Interest cost per the cash flow** | **(215.5)** | **(244.4)** | **13.4%** |

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

## Group Balance Sheet as at 28 June 2009

| | FY08 29 June 2008 ($m) | FY09 29 June 2009 ($m) | Change |
|---|---|---|---|
| **Funds Employed** | | | |
| Inventory | 3,010.0 | 3,292.6 | 9.4% |
| Trade Payables | (3,878.1) | (4,055.1) | 4.6% |
| Net Investment in Inventory | (868.1) | (762.5) | (12.2)% |
| Receivables | 641.4 | 666.9 | 4.0% |
| Other Creditors | (2,118.1) | (2,340.4) | 10.5% |
| **Working Capital** | **(2,344.8)** | **(2,436.0)** | **3.9%** |
| Fixed Assets and Investments | 5,825.5 | 6,822.2 | 17.1% |
| Intangibles | 4,835.2 | 4,933.1 | 2.0% |
| **Total Funds Employed** | **8,315.9** | **9,319.3** | **12.1%** |
| Net Tax Balances | 100.5 | 201.1 | 100.1% |
| **Net Assets Employed** | **8,416.4** | **9,520.4** | **13.1%** |
| Net Repayable Debt | (2,181.1) | (2,463.1) | 12.9% |
| **Net Assets** | **6,235.3** | **7,057.3** | **13.2%** |
| Minority shareholders equity | 242.4 | 244.8 | 1.0% |
| Shareholders Equity | 5,992.9 | 6,812.5 | 13.7% |
| **Total Equity** | **6,235.3** | **7,057.3** | **13.2%** |
| **Inventory Days (Based On COGS) (1)** | 31.7 | 33.3 | |
| **Creditor Days (Based On Sales) (2)** | 47.3 | 46.9 | |
| **Return on Funds Employed (ROFE)** | 31.4% | 31.9% | |

(1) Inventory days reflect the use of rolling average inventory over a 13 month period.
(2) Increase in creditor days in FY08 reflects timing of payments given the 53rd week.

## Group Cash Flow

| | FY08 (53 weeks) ($m) | FY09 (52 weeks) ($m) | |
|---|---|---|---|
| EBITDA | 3,178.9 | 3,544.9 | +11.5% |
| Net (decrease)/Increase in Creditors (1) | 644.8 | 169.9 | |
| Net decrease/(Increase) in Inventory | (303.4) | (273.1) | |
| Net change in other working capital and non cash (2) | (76.9) | 209.0 | |
| **Cash from Operating Activities before interest and tax** | **3,443.4** | **3,650.7** | +6.0% |
| Net interest paid (incl. costs of Income notes) (3) | (215.5) | (244.4) | |
| Tax paid (4) | (573.9) | (802.1) | |
| **Total cash provided by operating activities** | **2,654.0** | **2,604.2** | **(1.9)%** |
| Payments for the purchase of business – Other (5) | (191.1) | (154.5) | |
| Payments for the purchase of investments (6) | (57.3) | - | |
| Payments for normal capex | (1,748.1) | (1,678.2) | |
| Proceeds on disposal of property, plant & equipment (7) | 228.4 | 18.7 | |
| Dividends received | 14.7 | 7.8 | |
| **Total cash used in investing activities** | **(1,753.4)** | **(1,806.2)** | |
| **Free Cash** | **900.6** | **798.0** | |
| Net operating Profit after tax | 1,651.5 | 1,860.0 | |
| **Free Cash Flow as a % of NPAT** | **55%** | **43%** | |

(1) FY08 reflects timing of creditor payments, particularly reflects where inventory and creditors balances were driven down at June 2007.
(2) Non-cash items include share based payments expense, gain / loss of sale on sale of fixed assets (FY09:$14.2m loss; FY08: $34.4m gain).
(3) Interest paid reflects higher average debt levels in FY09 necessary to fund planned capital expenditure.
(4) Tax payments reflect a higher level of tax instalments and a one off tax deduction taken last year.
(5) Other purchases of businesses relate to individual hotel/store acquisitions, FY09 includes the acquisition of Langtons.
(6) FY08 reflects the acquisition of a strategic holding in ALE Property Group.
(7) FY08 proceeds include monies received from sale of the distribution centres ($82m).

## Group Cash Flow – 5 Years

| | | FY05 | FY06 | FY07 | FY08 | FY09 | Cumulative 5 years | CAGR (FY05-09) |
|---|---|---|---|---|---|---|---|---|
| **EBITDA** | **(a)** | **1,718.1** | **2,244.4** | **2,700.6** | **3,178.9** | **3,544.9** | **13,386.9** | **+19.9%** |
| *(inc on prior year)* | | *16.7%* | *30.6%* | *20.3%* | *17.7%* | *11.5%* | | |
| Net (decrease)/Increase in Creditors | | 17.4 | 169.0 | 467.3 | 644.8 | 169.9 | | |
| Net decrease/(Increase) in Inventory | | (61.7) | (107.6) | (399.2) | (303.4) | (273.1) | | |
| Net change in other working capital and non cash | | 100.4 | 127.5 | 297.7 | (76.9) | 209.0 | | |
| **Total Cash from Operating Activities before interest and tax** | **(b)** | **1,774.2** | **2,433.3** | **3,066.4** | **3,443.4** | **3,650.7** | **14,368.0** | **+19.8%** |
| | *(b)/(a)* | *103.3%* | *108.4%* | *113.5%* | *108.3%* | *103.0%* | *107.3%* | |
| *(inc on prior year)* | | *8.2%* | *37.1%* | *26.0%* | *12.3%* | *6.0%* | | |
| Interest paid | | (161.5) | (253.2) | (249.8) | (215.5) | (244.4) | (1,124.4) | |
| Tax Paid | | (398.3) | (475.3) | (522.4) | (573.9) | (802.1) | (2,772.0) | |
| **Total Cash from Operating Activities** | **(c)** | **1,214.4** | **1,704.8** | **2,294.2** | **2,654.0** | **2,604.2** | **10,471.6** | **+21.0%** |
| | *(c)/(a)* | *70.7%* | *76.0%* | *85.0%* | *83.5%* | *73.5%* | *78.2%* | |
| *(inc on prior year)* | | *(0.4)%* | *40.4%* | *34.6%* | *15.7%* | *(1.9)%* | | |

Over the last 5 years, cumulative cash from operations (measured before interest and tax) represents 107.3% of EBITDA with fluctuations year to year.

Over the last 5 years, cumulative cash from operations (measured after interest and tax) represents 78.2% of EBITDA.

Measuring working capital movements between any two points in time can be prone to timing factors, particularly as a positive impact one year can be negative the next year.

Changes in working capital are not necessarily directly the result of EBITDA changes, rather changes in inventory days, and trading terms.

# Appendix 1

| **Five Year Store and Trading Area Analysis** | | | | | |
|---|---|---|---|---|---|
| **Year Ended 28 June 2009** | **2009 FULL YEAR** | **2008 FULL YEAR** | **2007 FULL YEAR** | **2006 FULL YEAR** | **2005 FULL YEAR** |
| **STORES (number)** | | | | | |
| NSW & ACT | 241 | 234 | 237 | 238 | 233 |
| QLD | 186 | 177 | 168 | 161 | 147 |
| VIC | 192 | 187 | 183 | 182 | 183 |
| SA & NT | 72 | 72 | 72 | 69 | 69 |
| WA | 82 | 81 | 79 | 79 | 64 |
| TAS | 29 | 29 | 27 | 27 | 27 |
| Supermarkets in Australia (1) | 802 | 780 | 766 | 756 | 723 |
| New Zealand Supermarkets (includes franchise) | 202 | 201 | 199 | 198 | - |
| Total Supermarkets | 1,004 | 981 | 965 | 954 | 723 |
| Thomas Dux | 3 | 1 | - | - | - |
| Freestanding Liquor (incl. Dan Murphy) | 256 | 233 | 212 | 204 | 192 |
| ALH Retail Liquor Outlets | 463 | 434 | 424 | 432 | 382 |
| Caltex/WOW Petrol | 133 | 133 | 134 | 131 | 117 |
| Woolworths Petrol – Australia | 409 | 389 | 371 | 360 | 339 |
| Woolworths Petrol/Convenience – New Zealand | 22 | 22 | 22 | 22 | - |
| Total Supermarket Division | **2,290** | **2,193** | **2,128** | **2,103** | **1,753** |
| BIG W | 156 | 151 | 142 | 129 | 120 |
| Dick Smith | 349 | 310 | 277 | 243 | 220 |
| Tandy | 87 | 106 | 123 | 123 | 122 |
| Total General Merchandise Division | 592 | 567 | 542 | 495 | 462 |
| Hotels (includes 8 clubs) | 280 | 271 | 263 | 250 | 169 |
| **Total Group** | **3,162** | **3,031** | **2,933** | **2,848** | **2,384** |
| **Trading Area (sqm)** | | | | | |
| Supermarkets Division – Australia (2) | 2,037,680 | 1,945,641 | 1,848,792 | 1,784,279 | 1,682,536 |
| Supermarkets Division – New Zealand (3) | 303,889 | 296,549 | 291,092 | 291,792 | - |
| General Merchandise Division(4) | 1,038,561 | 989,767 | 930,288 | 843,316 | 783,685 |

(1) **Supermarket Store Movements July 08 - June 09**

| | |
|---|---|
| New Stores – incremental | 28 |
| Closures - permanent | (4) |
| Closures – for re-development | (2) |
| **Net New Stores** | **22** |

(2) Australian Supermarkets Division trading area (excluding Petrol and ALH BWS outlets and including the Australian Ex-FAL stores) has increased by: **4.7%** FY08: 5.2%

(3) Excludes Gull and franchise stores

(4) Excludes Woolworths India