Preliminary Final Report of Woolworths Limited for the Financial Year Ended 27 June 2010

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 27 June 2010 (52 weeks)
Previous Corresponding Period:	Financial Year ended 28 June 2009 (52 weeks)

Woolworths Limited

Results For Announcement To The Market for the Financial Year Ended 27 June 2010

Revenue and Net Profit/(Loss)

		Percentage Change %		Amount $m
Revenue from ordinary activities	up	4.2%	to	51,964.1
Profit/(loss) from ordinary activities after tax attributable to members	up	10.1%	to	2,020.8
Net profit/(loss) attributable to members	up	10.1%	to	2,020.8

Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend	62¢	62¢
Interim dividend	53¢	53¢
Record date for determining entitlements to the dividend:	Final Dividend: 17 September 2010	

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

Refer to press release.

Consolidated Income Statement
for the Financial Year Ended 27 June 2010

	Note	2010 $m	2009 $m
Revenue from sales of goods	2 (a)	51,694.3	49,594.8
Other operating revenue	2 (a)	90.5	103.0
Total revenue from operations		**51,784.8**	**49,697.8**
Cost of sales		(38,391.2)	(36,974.4)
Gross profit		**13,393.6**	**12,723.4**
Other revenue	2 (b)	179.3	148.4
Branch expenses		(8,165.4)	(7,800.4)
Administration expenses		(2,325.4)	(2,255.9)
Earnings before interest and tax		**3,082.1**	**2,815.5**
Financial expense	3	(238.5)	(235.2)
Financial income	3	27.0	46.0
Net financing costs		**(211.5)**	**(189.2)**
Net Profit before income tax expense		**2,870.6**	**2,626.3**
Income tax expense		(832.6)	(766.3)
Profit after income tax expense		**2,038.0**	**1,860.0**
Net profit attributable to:			
Equity holders of the parent entity		2,020.8	1,835.7
Non-controlling interest		17.2	24.3
Profit for the period		**2,038.0**	**1860.0**
Earnings Per Share (EPS)			
Basic EPS (cents per share)	8	164.01	150.71
Diluted EPS (cents per share)	8	163.17	149.69
Weighted average number of shares used in the calculation of Basic EPS (million)	8	1,232.1	1,218.0

Woolworths Limited

Consolidated Statement of Comprehensive Income for the Financial Year Ended 27 June 2010

For the full year ended 27 June 2010	Note	2010 $m	2009 $m
Profit for the period		2,038.0	1,860.0
Other comprehensive income			
Movement in the fair value of available-for-sale financial assets		(4.0)	(20.5)
Movement in translation of foreign operations taken to equity		50.7	(12.5)
Gain / (Loss) in cash flow hedges taken to equity		(36.3)	112.9
Gain / (Loss) in cash flow hedges transferred to income statement		126.3	(223.5)
Actuarial losses on defined benefits plans		1.7	(67.3)
Tax effect of items recognised directly to equity		(34.9)	60.9
Other comprehensive income for the period (net of tax)		**103.5**	**(150.0)**
Total comprehensive income for the period		**2,141.5**	**1,710.0**
Attributable to:			
Equity holders of the parent		2,124.3	1,685.8
Non-controlling interest		17.2	24.2
Total comprehensive income for the period		**2,141.5**	**1,710.0**

Income Tax on other comprehensive income For the year ended 27 June 2010	Before tax $m	Tax (expense) / benefit $m	Net of tax $m
Movement in the fair value of available-for-sale financial assets.	(4.0)	-	(4.0)
Movement in translation of foreign operations taken to equity	50.7	(7.4)	43.3
Gain/ (Loss) in cash flow hedges taken to equity	(36.3)	11.0	(25.3)
Gain/ (Loss) in cash flow hedges transferred to income statement	126.3	(37.9)	88.4
Actuarial losses on defined benefit plans	1.7	(0.6)	1.1
Total of items recognised directly in Equity	**138.4**	**(34.9)**	**103.5**

Consolidated Statement of Comprehensive Income for the Financial Year Ended 27 June 2010

For the year ended 28 June 2009	**Before tax**	**Tax (expense) / benefit**	**Net of tax**
	$m	**$m**	**$m**
Movement in the fair value of available-for-sale financial assets.	(20.5)	-	(20.5)
Movement in translation of foreign operations taken to equity	(12.5)	7.5	(5.0)
Gain/ (Loss) in cash flow hedges taken to equity	112.9	(33.9)	79.0
Gain/ (Loss) in cash flow hedges transferred to income statement	(223.5)	66.9	(156.6)
Actuarial losses on defined benefit plans	(67.4)	20.3	(47.1)
Total of items recognised directly in Equity	**(211.0)**	**60.8**	**(150.2)**

Woolworths Limited

Consolidated Balance Sheet
as at 27 June 2010

	Note	2010 $m	2009 $m
Current assets			
Cash		713.4	762.6
Trade and other receivables		916.8	664.2
Inventories		3,438.8	3,292.6
Assets held for sale		37.3	36.9
Other financial assets		92.7	102.9
Total current assets		**5,199.0**	**4,859.2**
Non-current assets			
Trade and other receivables		13.3	2.7
Other financial assets		132.3	155.4
Property, plant and equipment		7,639.1	6,653.9
Intangibles		5,071.0	4,933.1
Deferred tax assets		432.6	480.6
Total non-current assets		**13,288.3**	**12,225.7**
Total assets		**18,487.3**	**17,084.9**
Current liabilities			
Trade and other payables		5,278.9	5,110.0
Borrowings		871.7	188.6
Current tax liabilities		199.0	279.5
Other financial liabilities		24.7	99.3
Provisions		779.1	737.2
Total current liabilities		**7,153.4**	**6,414.6**
Non-current liabilities			
Borrowings		2,670.4	2,986.3
Other financial liabilities		236.7	78.4
Provisions		416.3	362.3
Other		192.8	186.0
Total non-current liabilities		**3,516.2**	**3,613.0**
Total liabilities		**10,669.6**	**10,027.6**
Net assets		**7,817.7**	**7,057.3**
Equity			
Contributed equity		3,784.4	3,858.6
Shares held in trust		(41.2)	(51.2)
Reserves		(28.0)	(173.5)
Retained profits		3,855.2	3,178.6
Equity attributable to the members of Woolworths Limited		**7,570.4**	**6,812.5**
Non-controlling interest		247.3	244.8
Total equity		**7,817.7**	**7,057.3**

Woolworths Limited

Consolidated Statement of Changes in Equity
for the Financial year ended 27 June 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 27 June 2010

Consolidated	Issued Capital	Shares held in trust	Hedging Reserve	Foreign Currency Translation Reserve	Remuneration Reserve	Asset Revaluation Reserve	Available-for-sale Revaluation Reserve	Retained Earnings	Equity attributable to member of Woolworths Limited	Non-controlling Interest	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Balance at 29 June 2009	3,858.6	(51.2)	44.5	(305.6)	157.5	16.4	(86.3)	3,178.6	6,812.5	244.8	7,057.3
Profit after income tax expense	-	-	-	-	-	-	-	2,020.8	2,020.8	17.2	2,038.0
Other comprehensive income for the period (net of tax)	-	-	63.1	43.3	-	-	(4.0)	1.1	103.5	-	103.5
Total comprehensive income for the period (net of tax)	-	-	63.1	43.3	-	-	(4.0)	2,021.9	2,124.3	17.2	2,141.5
Dividend paid	-	-	-	-	-	-	-	(1,349.2)	(1,349.2)	(16.8)	(1,366.0)
Issue of shares as a result of options exercised under executive share option plans	73.8	-	-	-	-	-	-	-	73.8	-	73.8
Issue of shares as a result of dividend reinvestment plan	184.6	-	-	-	-	-	-	-	184.6	-	184.6
Issue of shares under employee share plan	-	10.0	-	-	-	-	-	-	10.0	-	10.0
Shares bought back	(326.3) [1]								(326.3)		(326.3)
Issue of shares to Minority Interest	-	-	-	-	-	-	-	-	-	79.5	79.5
Issue of shares as consideration for acquired entity	-	-	-	-	-	-	-	-	-	-	-
Compensation on share based payments	-	-	-	-	43.1	-	-	-	43.1	-	43.1
Reclassification of NCI for recognition of financial liability	-	-	-	-	-	-	-	-	-	(77.4)	(77.4)
Other	(6.3)	-	-	-	-	-	-	3.9	(2.4)	-	(2.4)
Balance at 27 June 2010	**3,784.4**	**(41.2)**	**107.6**	**(262.3)**	**200.6**	**16.4**	**(90.3)**	**3,855.2**	**7,570.4**	**247.3**	**7,817.7**

For the year ended 28 June 2009

Consolidated	Issued Capital	Shares held in trust	Hedging Reserve	Foreign Currency Translation Reserve	Remuneration Reserve	Asset Revaluation Reserve	Available-for-sale Revaluation Reserve	Retained Earnings	Equity attributable to member of Woolworths Limited	Non-controlling Interest	Total Equity
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Balance at 30 June 2008	3,627.1	(60.0)	122.1	(300.6)	94.0	16.4	(65.8)	2,559.7	5,992.9	242.4	6,235.3
Profit after income tax expense	-	-	-	-	-	-	-	1,835.7	1,835.7	24.3	1,860.0
Other comprehensive income for the period (net of tax)	-	-	(77.6)	(5.0)	-	-	(20.5)	(47.0)	(150.1)	(0.1)	(150.2)
Total comprehensive income for the period (net of tax)	-	-	(77.6)	(5.0)	-	-	(20.5)	1,788.7	1,685.6	24.2	1,709.8
Dividend paid	-	-	-	-	-	-	-	(1,174.3)	(1,174.3)	(21.8)	(1,196.1)
Issue of shares as a result of options exercised under executive share option plans	66.7	-	-	-	-	-	-	-	66.7	-	66.7
Issue of shares as a result of dividend reinvestment plan	161.9	-	-	-	-	-	-	-	161.9	-	161.9
Issue of shares under employee share plan	-	8.8	-	-	-	-	-	-	8.8	-	8.8
Issue of shares as consideration for acquired entity	6.4								6.4		6.4
Compensation on share based payments	-	-	-	-	63.5	-	-	-	63.5	-	63.5
Other	(3.5)	-	-	-	-	-	-	4.5	1.0	-	1.0
Balance at 28 June 2009	**3,858.6**	**(51.2)**	**44.5**	**(305.6)**	**157.5**	**16.4**	**(86.3)**	**3,178.6**	**6,812.5**	**244.8**	**7,057.3**

[1] Note $31.7m (1.1m shares) related to the share buy-back were paid for and cancelled after 27 June 2010.

Consolidated Statement of Cash Flows for the Financial Year Ended 27 June 2010

	Note	2010 $m	2009 $m
Cash Flows From Operating Activities			
Receipts from customers		55,664.6	53,184.3
Receipts from vendors and tenants		45.5	41.6
Payments to suppliers and employees		(51,803.5)	(49,575.2)
Interest and costs of finance paid	3(b)	(260.5)	(257.4)
Interest received	3(b)	10.7	13.0
Income tax paid		(896.9)	(802.1)
Net cash provided by operating activities	6(f)	2,759.9	2,604.2
Cash Flows From Investing Activities			
Proceeds from the sale of property, plant and equipment		55.4	18.7
Payments for capital expenditure		(1,817.7)	(1,678.2)
Payment for purchase of investments		(1.9)	-
Proceeds from the sale of investments		4.2	-
Dividend received [(1)]		12.5	7.8
Payments for purchase of businesses	6(b)	(212.6)	(154.5)
Net cash used in investing activities		(1,960.1)	(1,806.2)
Cash Flows From Financing Activities			
Proceeds from issue of equity securities		73.8	66.7
Proceeds from issue of equity securities in subsidiary to non controlling interest		79.5	-
Payments for share buyback		(294.6)	-
Proceeds from external borrowings		12,833.8	13,619.3
Repayment of external borrowings		(12,347.7)	(13,458.5)
Dividends paid	6(c)	(1,164.6)	(1,012.4)
Dividends paid to minority interest		(16.8)	(29.2)
Repayment of employee share plan loans		3.7	5.2
Net cash provided by financing activities		(832.9)	(808.9)
Net (Decrease) In Cash Held		**(33.1)**	**(10.9)**
Effect of exchange rate changes on foreign currency held		(0.2)	3.0
Cash At The Beginning Of The Financial Year		**746.7**	**754.6**
Cash At The End Of The Financial Year	6(a)	**713.4**	**746.7**

(1) Dividends related to the investment in ALE and The Warehouse Group.

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

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Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

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 2009 annual financial report except where detailed below.

Details of new accounting policies as disclosed in the Half Year December 2009 Financial Statements:

AASB 3 Business Combinations was applied for the first time in the current period. It applies prospectively to business combinations for which the acquisition date is on or after 29 June 2009 and alters the manner in which business combinations and changes in ownership interest in subsidiaries are accounted for. Accordingly, while its adoption has no impact on previous acquisitions made by the Group, the application of the Standard has affected the accounting for the acquisition of Danks Holdings Limited and all other acquisitions in the current period with all acquisition expenses now recorded in the Consolidated Income Statement.

The Group has adopted AASB 8 Operating Segments and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 29 June 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. In contrast, the predecessor Standard (AASB 114 Segment reporting) required an entity to identify two sets of segments (business and geographical) using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result of applying AASB 8 the number of individually reported segments has expanded to include Australian Food and Liquor, New Zealand Supermarkets and Petrol, (previously reported under Supermarkets), and the measure of segment profit has been defined as earnings before interest and tax (EBIT). The comparative period has been restated to reflect these changes.

The group has early adopted AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 during the current period. AASB 9 provides an option to designate and measure an investment in equity instruments at fair value with changes recognised in other comprehensive income with only dividends being recognised in profit or loss. The group has elected to apply this option. The application of this standard affects the accounting for the investments in The Warehouse and ALE Property Group, both of which have been designated as fair value through other comprehensive income. These changes have been adopted retrospectively with no impact on retained earnings in the current or previous financial years.

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

2. Profit From Ordinary Activities

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

	2010 $m	2009 $m
(a) Operating revenue		
Revenue from the sale of goods	51,694.3	49,594.8
Other operating revenue	90.5	103.0
Total operating revenue	51,784.8	49,697.8
(b) Other revenue from ordinary activities		
Rent and other	179.3	148.4
Total revenue (excluding financial income)	51,964.1	49,846.2

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

2. Profit From Ordinary Activities (continued)

	2010 $m	2009 $m
(c) Expenses		
Amounts provided for:		
Self-insured risks	168.1	139.9
Depreciation:		
Buildings	30.5	23.1
Plant and equipment, fixtures and fittings	659.5	604.9
Amortisation:		
Leasehold improvements	102.9	96.8
Brand names	4.7	4.6
Other intangibles	0.1	-
Total depreciation and amortisation	797.7	729.4
Impairment of plant and equipment	3.8	-
Employee benefits expense	5,969.9	5,724.3
Operating lease rental expenses:		
- minimum lease payments	1,390.8	1,313.5
- contingent rentals	87.1	96.2
Total operating lease rental expenses	1,477.9	1,409.7

(d) Individually significant non-recurring items

None

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

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

	2010 $m	2009 $m
Financial expense	(238.5)	(235.2)
Financial income	27.0	46.0
Net Financing costs	**(211.5)**	**(189.2)**

(a) Breakdown of net financing costs

	2010 $m	2009 $m
Interest expense	(257.4)	(239.6)
Less interest capitalised [(1)]	30.1	17.4
Net interest expense	(227.3)	(222.2)
Dividend income	12.5	7.8
Foreign exchange gain/(loss) [(2)]	3.3	25.2
Net financing costs	**(211.5)**	**(189.2)**

(1) Increase in interest capitalised reflects 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 27 June 2010

4. Commentary on Results

Refer to Press Release.

	2010	2009
	$m	**$m**

5. Sales of Assets

Sales of assets in the ordinary course of business have given rise to the following:

	2010 $m	2009 $m
Net Profit/(Loss)		
Property, plant and equipment	(11.4)	(14.2)

6. 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:

	2010 $m	2009 $m
Cash	713.4	762.6
Bank overdraft	-	(15.9)
	713.4	746.7

(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:

	2010 $m	2009 $m
Fair Value of Net Assets Acquired		
Property, plant and equipment	77.6	75.6
Inventories	47.0	5.7
Liquor, gaming licenses, property rights	23.4	52.5
Brand names	8.4	-
Cash	2.4	0.5
Other assets	-	4.8
Deferred tax asset	5.7	-
Receivables	97.1	-
Interest bearing liabilities	(15.2)	-
Accounts payable	(66.9)	-
Provisions	(13.8)	(0.3)
Other liabilities	(10.0)	(1.2)
Net assets acquired	155.7	137.6
Goodwill on acquisition	47.7	28.2
	203.4	165.8
Analysed as follows:		
Consideration – cash	205.1	155.0
Consideration – equity (1)	-	6.4
Consideration – deferred consideration/receivable (1)	(1.7)	4.4
	203.4	165.8
Consideration – cash	205.1	155.0
Add: cost of acquisition and deferred consideration paid (1)	9.9	-
Less: Cash balances acquired	(2.4)	(0.5)
Net Cash Outflow on Acquisition	**212.6**	**154.5**

(1) The acquisition of Langtons in 2009 included cash, equity and deferred consideration. Part of this deferred consideration was paid in 2010.

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

6. 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) $184.6m of the total dividend of $1,349.2m (14%) was reinvested in the shares of the Company (2009: $161.9m of total dividend of $1,174.3m, 14%).

	2010 $m	2009 $m
(d) Financing Facilities		
Unrestricted access was available at balance date to the following lines of credit:		
Total facilities		
Bank overdrafts	39.0	32.4
Bank loan facilities	4,168.2	4,069.4
	4,207.2	4,101.8
Used at balance date		
Bank overdrafts	-	15.9
Bank loan facilities	1,179.7	704.1
	1,179.7	720.0
Unused at balance date		
Bank overdrafts	39.0	16.5
Bank loan facilities	2,988.5	3,365.3
	3,027.5	3,381.8

(e) Cash Balances Not Available for Use

Not Applicable.

6. 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

	2010 $m	2009 $m
Net profit after income tax	2,038.0	1,860.0
Depreciation and amortisation	797.7	729.4
Impairment of plant and equipment	3.8	-
Impairment of receivables	(1.6)	1.6
Foreign exchange (gains)/losses	(5.8)	(29.4)
Share based options expense	43.1	63.5
Decrease in defined benefit plan liability expense	(3.6)	(4.1)
(Profit)/Loss on sale of property, plant and equipment	11.4	14.2
Borrowing costs capitalised	(30.1)	(17.4)
Amortisation of borrowing costs	6.8	-
Share of profits in Associate	(0.2)	-
Business acquisition costs	7.9	-
(Increase)/decrease in deferred tax asset	19.2	3.6
Increase/(decrease) in current tax liability	(83.1)	(50.8)
(Increase)/decrease in receivables	(85.9)	(15.4)
(Increase)/decrease in inventories	(94.2)	(273.1)
Increase/(decrease) in payables	82.9	169.9
Increase/(decrease) in sundry payables and provisions	66.1	160.0
Dividends Received	(12.5)	(7.8)
Net cash provided by operating activities	2,759.9	2,604.2

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

7. Details Relating to Dividends (Distributions)

		Date dividend payable	Amount per security ¢	Amount per security of foreign sourced dividend ¢
Final dividend	2010	15th October 2010	62	-
	2009	9th October 2009	56	-
Interim dividend	2010	23rd April 2010	53	-
	2009	24th April 2009	48	-
Total	2010	-	115	-
	2009	-	104	-

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

	2010 ¢	2009 ¢
Ordinary securities (each class separately)	115	104
Preference securities (each class separately)	Nil	Nil
Other equity instruments (each class separately)	Nil	Nil

Interim and final dividend (distribution) on all securities

	2010 $m	2009 $m
Ordinary securities (each class separately)	1,423.6	1,280.3
Preference securities (each class separately)	Nil	Nil
Other equity instruments (each class separately)	Nil	Nil
Special Dividend (see below)	-	-
Total	1,423.6	1,280.3

Any other disclosures in relation to dividends (distributions).

Not Applicable

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

7. 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	17 September 2010

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

8. Earnings Per Share

	2010 ¢ per share	2009 ¢ per share
Basic EPS	164.01	150.71
Diluted EPS	163.17	149.69

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:

	2010 $m	2009 $m
Earnings (a)	2,020.8	1,835.7

	2010 No. m	2009 No. m
Weighted average number of ordinary shares (b)	1,232.1	1,218.0

8. 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:

	2010 $m	2009 $m
Operating net profit attributable to the members of Woolworths Limited	2,020.8	1,835.7
Earnings used in the calculation of basic EPS	2,020.8	1,835.7

(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:

	2010 $m	2009 $m
Earnings (a)	2,020.8	1,835.7
Weighted average number of ordinary shares and potential ordinary shares (b), (c), (d)	1,238.5	1,226.3

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

8. 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:

	2010 $m	2009 $m
Operating net profit attributable to the members of Woolworths Limited	2,020.8	1,835.7
Earnings used in the calculation of diluted EPS	2,020.8	1,835.7

(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:

	2010 No. m	2009 No. m
Weighted average number of ordinary shares used in the calculation of basic EPS	1,232.1	1,218.0
Shares deemed to be issued for no consideration in respect of employee options	6.4	8.3
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	1,238.5	1,226.3

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

8. 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:

	2010 No. m	2009 No. m
Shares deemed to be issued at average market price in respect of employee options	27.5	29.5
	27.5	29.5

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

	2010 No. m	2009 No. m
Not applicable	-	-

9. Net Tangible Assets Per Security

	2010 ¢ per share	2009 ¢ per share
Net tangible assets per security	203.02	153.60
Add:		
Brand names, licenses and property development rights	161.86	158.67
Net tangible assets per security adjusted for brand names, licenses and property development rights	364.88	312.27

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

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

Control gained over entities

Name of entity (or group of entities)	Danks Holdings Limited
Date control gained	11 November 2009

	2010 $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]	5.9

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

11. Details of Associates Entities

Name of Entity	Ownership Interest 2010 %	Ownership Interest 2009 %	Contribution to net profit 2010 $m	Contribution to net profit 2009 $m
Associates				
Gage Roads Brewing Co Limited	25%	-	0.2	-
Aggregate Share of Profits			0.2	-

Notes to the Preliminary Final Report for the Financial Year Ended 27 June 2010

12. Contingent Liabilities and Contingent Assets

	2010 $m	2009 $m
Contingent liabilities		
Trading guarantees	44.8	54.0
Workers' compensation self-insurance guarantees	474.2	448.5
Outstanding letters of credit issued to suppliers	19.0	36.0
	538.0	538.5

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 27 June 2010

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

	Australian Food & Liquor (1)		New Zealand Supermarkets		Petrol		BIG W		Consumer Electronics (2)		Hotels (3)		Unallocated (4)		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	$A million	$A million	$A million	$A million	$A million	$A million	$A million	$A million	$A million	$A million	$A million	$A million	$A million	$A million	$A million	$A million
Segment disclosures																
Business segments																
Business segments																
Sales to customers	34,675.4	32,977.2	4,130.6	4,034.3	5,481.0	5,482.1	4,193.1	4,267.3	1,782.4	1,723.6	1,102.0	1,110.3	329.8	-	51,694.3	49,594.8
Other operating revenue	81.8	84.3	8.7	18.7	-	-	-	-	-	-	-	-	-	-	90.5	103.0
Inter-segment revenue	-	-	-	-	-	-	-	-	-	0.2	-	-	257.7	180.1	257.7	180.3
Segment revenue	34,757.2	33,061.5	4,139.3	4,053.0	5,481.0	5,482.1	4,193.1	4,267.3	1,782.4	1,723.8	1,102.0	1,110.3	587.5	180.1	52,042.5	49,878.1
Eliminations										(0.2)			(257.7)	(180.1)	(257.7)	(180.3)
Unallocated revenue/(expenses) (5)													179.3	148.4	179.3	148.4
Total revenue	34,757.2	33,061.5	4,139.3	4,053.0	5,481.0	5,482.1	4,193.1	4,267.3	1,782.4	1,723.6	1,102.0	1,110.3	509.1	148.4	51,964.1	49,846.2
Segment earnings before interest and tax	2,492.5	2,206.9	190.4	153.9	99.5	87.5	200.0	200.2	31.5	50.8	176.7	218.0	(108.5)	(101.8)	3,082.1	2,815.5
Net financing cost															(211.5)	(189.2)
Profit before tax															2,870.6	2,626.3
Income tax expense															(832.6)	(766.3)
Profit after tax															2,038.0	1,860.0
Segment depreciation and amortisation	457.8	444.2	67.0	54.9	29.5	24.9	72.5	64.1	31.2	30.8	75.4	64.6	64.3	45.9	797.7	729.4
Segment other non cash items (6)	23.9	34.5	5.3	3.8	0.5	0.7	5.1	6.3	0.4	3.0	5.1	3.2	2.2	(19.9)	42.5	31.6
Capital expenditure (7)	646.3	832.4	195.6	220.3	50.7	64.5	129.0	131.0	45.1	54.0	176.9	234.6	711.6	315.1	1,955.2	1,851.9

(1) Australian Food & Liquor comprises of supermarket and liquor stores and wholesale food and liquor in Australia.
(2) Consumer Electronics includes Woolworths Wholesale India.
(3) Hotels comprise of on-premise liquor sales, food, accommodation, gaming and venue hire.
(4) Unallocated comprise of corporate head office, property division and home improvement division.
(5) Unallocated revenue comprises of rent and other revenue from operating activities.
(6) Includes non cash items. A reconciliation of non cash items is as follows:

	FY 10	FY09
Impairment of plant & equipment	3.8	-
Impairment of receivables	(1.6)	1.6
Unrealised foreign exchange gains/losses	(5.8)	(29.4)
Share based payment expense	43.1	63.5
Defined benefit liability plan expense	(3.6)	(4.1)
Amortisation of borrowing costs	6.8	-
Share of profits in associates	(0.2)	-
Total	**42.5**	**31.6**

(7) Capital expenditure is property, plant and equipment and intangible asset additions.

Geographical Segments

	Australia		New Zealand		Consolidated	
	2010	2009	2010	2009	2010	2009
	$A million	$A million	$A million	$A million	$A million	$A million
Segment disclosures						
Geographical segments						
Sales to customers	47,293.3	45,266.0	4,401.0	4,328.8	51,694.3	49,594.8
Other operating revenue	81.8	84.3	8.7	18.7	90.5	103.0
Other revenue	158.1	129.9	21.2	18.5	179.3	148.4
Revenue from external customers	47,533.2	45,480.2	4,430.9	4,366.0	51,964.1	49,846.2
Non-current assets (1)	10,076.4	9,128.7	2,773.5	2,592.4	12,849.9	11,721.1

(1) Geographical non-current assets exclude financial instruments (fair value derivatives), deferred tax assets and intercompany receivables.
A reconciliation of non-current assets is as follows:

	2010	2009
Non-current assets per above	12,849.9	11,721.1
Deferred tax assets	432.6	480.6
Fair value derivatives	5.8	24.0
Total per balance sheet	13,288.3	12,225.7

Ordinary security movements through the issue and buyback of shares

Date	No of Shares	Exercise/Issue price/Buyback price
1/07/2009	1,515,000	-
3/09/2009	4,703,289	11.54
3/09/2009	24,900	16.46
3/09/2009	250,000	19.47
10/09/2009	152,800	11.54
14/09/2009	64,200	11.54
24/09/2009	75,600	11.54
24/09/2009	13,000	11.54
1/10/2009	20,000	11.54
8/10/2009	8,000	11.54
8/10/2009	1,625	16.46
9/10/2009	3,236,818	29.00
15/10/2009	8,000	11.54
22/10/2009	94,000	11.54
29/10/2009	66,550	11.54
5/11/2009	13,000	11.54
12/11/2009	26,000	11.54
19/11/2009	31,000	11.54
26/11/2009	48,000	11.54
26/11/2009	12,225	16.46
3/12/2009	72,000	11.54
10/12/2009	101,000	11.54
17/12/2009	217,250	11.54
24/12/2009	35,000	10.89
24/12/2009	150,000	11.54
24/12/2009	1,625	16.46
31/12/2009	17,000	11.54
22/03/2010	(12,986)	28.15
25/03/2010	825	16.46
24/03/2010	(142,862)	28.43
25/03/2010	(102,997)	28.52
29/03/2010	(4,959)	28.49
31/03/2010	(175,000)	28.22
1/04/2010	(100,000)	28.14
6/05/2010	3,214,594	28.17
3/05/2010	(500,000)	27.05
4/05/2010	(495,000)	27.12
5/05/2010	(76,000)	27.17
6/05/2010	(400,000)	27.19
7/05/2010	(225,000)	26.76
11/05/2010	(296,000)	27.14
13/05/2010	(181,521)	27.32
17/05/2010	(500,000)	27.18
18/05/2010	(435,000)	27.16
19/05/2010	(700,000)	26.94
20/05/2010	(740,000)	26.79
21/05/2010	(1,500,000)	26.32
24/05/2010	(500,000)	26.46
27/05/2010	(680,000)	26.48
3/06/2010	3,900	10.89
28/05/2010	(730,000)	26.28
31/05/2010	(270,000)	26.64
1/06/2010	(310,000)	26.49
3/06/2010	(115,000)	27.16
4/06/2010	(750,000)	27.00
7/06/2010	(250,000)	26.73
8/06/2010	(229,514)	26.74
10/06/2010	825	16.46
17/06/2010	(245,000)	27.80
18/06/2010	(157,862)	27.74
21/06/2010	(105,000)	27.80
23/06/2010	(250,000)	27.63
24/06/2010	(400,000)	27.61
25/06/2010	(500,000)	27.38
	2,098,325 (a)	

(a) Note that this excludes 1,618,750 shares issued under the employee share plan (Treasury Shares)

WOOLWORTHS LIMITED

26 August 2010 **PRESS RELEASE**

FINAL PROFIT REPORT AND DIVIDEND ANNOUNCEMENT FOR THE 52 WEEKS ENDED 27 JUNE 2010

Net Profit After Tax up 10.1% to $2,020.8 million

- Sales of $51,694 million, up 4.8% excluding Petrol (including Petrol, up 4.2%)
- 9.4% increase in Earnings Before Interest, Tax, Depreciation and Amortisation
- 9.5% increase in Earnings Before Interest and Tax to $3,082.1 million
- 10.1% increase in Net Profit After Tax to $2,020.8 million
- 8.8% increase in earnings per share to 164.0 cents
- 10.6% increase in fully franked Dividend to 115 cents per share
- Solid increase in operating cash flows
- Announcement of an off-market share buy-back to return $700 million to shareholders bringing capital returns in the 2010 year to over $1 billion

"Woolworths Limited today has reported a solid increase in net profit after tax of 10.1%. This is a good overall result at the higher end of our prior guidance in a challenging trading period. We are continually developing ways to improve all elements of our business including customer value, range and lowering costs. We are focussed on sustainable long term profitable growth that delivers enhanced value to customers and shareholders, through all economic cycles."

- 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 27 June 2010.

Woolworths Limited Managing Director and CEO, Michael Luscombe said: “Today we are pleased to report a net profit increase of 10.1% to $2,020.8 million. This is at the higher end of our prior guidance and is a solid result given the economic challenges of cycling the prior year’s stimulus packages, the significant decline in inflation and a more conservative consumer in the second half of the year.

“The strength of our business has allowed us to lead the market in investing significantly in reducing shelf prices in Australia and New Zealand, in a period of low inflation, and to do so profitably.

“In Australian Supermarkets we have reduced shelf prices on over 4,400 items. Woolworths’ strategy to reduce shelf prices is proving effective. Customers are appreciating the extra value at the check-out offered by lower prices and the Everyday Rewards program. This combination has driven increased market share, customer numbers, items sold and basket size.”

There are still significant opportunities to improve our core business over the medium term through:

- Further enhancement to our supply chain including next generation replenishment, continued improvement in distribution centre systems and processes and significant improvements to our merchandising system.
- Exclusive brands growth across our business. Our new Macro range is a great addition to our health and wellness offer.
- Cost reductions in a new initiative called ‘Quantum’ aimed at reducing costs and better leveraging synergies from all areas of our business over the next five years.
- Ongoing space roll out through new stores and refurbishments utilising the strength of our Balance Sheet.
- Continuing Gross Margin benefits from increased direct sourcing, reduced shrinkage and other initiatives.
- Customer engagement strategies to enhance our offer to all our customers.
- Continuing attention to improving the basics including presentation, store standards, service and convenience.
- Absolute focus on fresh foods.
- Continuing price reductions across all our brands funded by operational and buying improvements.

In addition we plan to deliver new long term growth initiatives through new businesses and categories. The development of our Home Improvement business is one of our new initiatives and is progressing well.

Our long term target remains to continue to achieve lower double digit earnings growth.

Our balance sheet, cash flow and the strength of our credit ratings position us well for future growth. Woolworths has a history of returning capital to shareholders. We are pleased to announce our intention to return $700 million to shareholders through an off-market buy-back. This is part of our ongoing Capital Management Program. It means that during 2010 we will have returned over $1 billion in capital when combined with our on-market buy-back which amounted to $325 million. This is in addition to the $1.3 billion in fully franked dividends paid to shareholders during the financial year. Following those capital management initiatives Woolworths has the capacity to continue to invest capital in our business and pursue growth opportunities with a focus of enhancing long term shareholder value.

The prospects for the 2011 financial year appear more positive overall. However, the first half will see some impact from the continued cycling of the Government stimulus packages, economic uncertainty particularly in developed markets and a cautious domestic consumer.

Chairman's Comment

Commenting on the result, the Chairman of Woolworths Limited, James Strong said: "The year has seen significant global economic challenges that will continue in the near term. The strength of Woolworths' financial position has allowed it to steer through the challenge of the Global Financial Crisis. Woolworths continues to be well positioned with clear strategies going forward and a deep pool of talented retailers. We will continue to invest to develop both core and new business opportunities.

The 10.6% increase in Dividend per Share (DPS) to 115 cents (1H: 53 cents, 2H: 62 cents) from 104 cents in FY09 and the Capital Management initiatives reflect the confidence that the Board has in the company's operations, results and the continued focus on providing enhanced long term shareholder value."

Highlights

Excellent platform for continued future growth

Woolworths has continued to focus on customers and their evolving needs and expectations and is deploying this knowledge into our core business by improving stores, enhancing the shopping experience, developing our range and implementing new merchandise initiatives.

- Our major business, **Food and Liquor** in Australia has had another solid result reflecting the strength of the business. It has grown both customer numbers and market share, significantly reinvested in price and delivered solid growth in Sales and EBIT.

- **Store Refurbishment** activity in Supermarkets, BIG W and Consumer Electronics is making an important contribution to an enhanced shopping experience for customers. Approximately 50% of Australian Supermarkets, 48% of New Zealand Supermarkets, 55% of BIG W and 42% of Australian Consumer Electronics have now been converted to the new formats. We will continue to evolve these new formats to ensure they meet changing customer needs, including the commencement of trading of our supermarket 2015 market store design.

- The development of our **exclusive brands** continues, with new Woolworths Select products across the majority of the grocery categories, new products in Fresh and new Homebrand packaging designs being introduced. The growth in exclusive brands continues to exceed our overall sales growth, which is a strong endorsement of their quality and value for money. The launch of the Macro Wholefood Market range in Supermarkets during the year has been very successful with strong sales and good customer feedback.

- **New Zealand Supermarkets** has achieved solid sales growth in a difficult market and delivered a 17.3% (NZD) improvement in the trading EBIT for the year or 19.1% after intercompany charges. These results are underpinned by the benefits of operational improvements and cost efficiencies driven by completion of the integration process and progress in transitioning to a single brand.

- The investment in **BIG W**, continues to achieve good results. EBIT levels have been maintained in a challenging trading environment at the record EBIT levels achieved in FY09 which were 25.9%[1] up on the previous year. The two year CAGR[2] is 12.1%[1]. The BIG W offer was very well positioned to take advantage of the government stimulus packages in FY09. Sales growth over a two year period, while cycling this stimulus, achieved a two year sales CAGR[2] of 4.2%[1].

  Over the last three years, in terms of sales, BIG W has outperformed all other major department stores in Australia with 6.6% sales growth (CAGR[2]).

[1] After allowing for the impact of the 53rd week in FY08.
[2] Compound Annual Growth Rate.

Quantum

During the year Woolworths has commenced Quantum. The overall objective is to reduce costs and improve efficiencies across the Woolworths business. Key elements of the project are:

- Ramnik Narsey has been appointed to head the initiative. Ramnik is one of our most senior executives and has successfully run our Petrol business for eight years.
- It will encompass all aspects of Woolworths operations including:
    - End to End supply chain – move to the next level.
    - Procurement (not for resale) – lowering our costs.
    - Operational work practices – improving efficiency and lowering costs.
    - Global direct sourcing – significantly enhancing capability and lowering costs for the consumer.
    - Support structures – significantly improving efficiency.

Several key initiatives have commenced.

The project follows in the tradition of Project Refresh with benefits emerging in both Gross Margin and CODB which will be shared between customers and shareholders.

Supply Chain has and will continue to deliver financial benefits

- The intellectual property developed in the supply chain teams, IT systems and distribution centres for our Australian Supermarkets business is now being applied to other Woolworths' businesses, including New Zealand Supermarkets, BWS, Dan Murphy's, BIG W and Consumer Electronics.
- Work has commenced on the development of the **Next Generation Replenishment** solution which will continue to reduce inventory days as well as save costs in Stores, DCs and Transport.
- The successful commissioning of **Liquor Distribution Centres** in Brisbane, Melbourne and Sydney provides significant ongoing capacity to respond to changing market conditions.
- The application of our AutostockR systems to liquor has meant that stock levels in our stores have reduced. In our Dan Murphy's business we added 18 new stores with average store stock levels across the network decreasing together with store back rooms being freed up to increase trading space over time.
- The **National Distribution Centre** in Melbourne is in the process of being re-engineered to significantly improve pick rate efficiency and immediately reduce costs.
- The development of a new **BIG W Distribution Centre** at Hoxton Park in Sydney has commenced. This work is expected to be completed in FY12 and will enable us to improve service and reduce costs.
- Our **global sourcing** business continues to develop rapidly, delivering substantial benefits. We have grown our direct buying volume by over 70% during the year and continue to expand our geographic reach for sourcing product.

Strategic Investments for Growth

- Very good progress has been made on our entry into the retail home improvement sector, together with our joint venturer Lowe's. Our aim is to deliver a multi format strategy designed to meet the everyday **Home Improvement** needs of Australian consumers. As part of this strategy we completed the acquisition of Danks Holdings Limited, Australia's second largest hardware distributor, supplying 581 Home Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centre stores and over 900 independent hardware stores. During the year we also acquired the business and assets of Gunns Retail Division in Tasmania which included five hardware stores, one timber joinery centre and one truss manufacturing plant. Recently we completed the purchase of the Becks Timber and Hardware business also in Tasmania.
- During the year we purchased a 25% stake in **Gage Roads Brewery** which has positioned us well to continue increasing our exclusive brand offer in beer.
- During the year we also completed the acquisition of **Macro Wholefoods,** consisting of seven existing store leases and a development site. This purchase enabled the expansion of the Thomas Dux format in Sydney and Melbourne and provided numerous ranging opportunities for the Macro Wholefoods label within Supermarkets.
- The **Everyday Rewards** program grew at a rapid pace during the year prompted by the Qantas Frequent Flyer affiliation. The program now has 5.1 million registered members, of whom 2.7 million have also registered to earn Qantas Frequent Flyer points. The program now operates in Woolworths Supermarkets, BIG W, BWS and Dick Smith. Registered card holders also receive a range of personalised and targeted offers from participating Woolworths Group stores. Whilst we are in the early stages of utilising the information we now have available, our focus over the next few years will be to develop expertise in targeting our customers with compelling offers, making ranging and merchandising decisions based on our customers' shopping activity and communicating more effectively with customers.
- In addition to the very successful **WISH gift cards**, we introduced specific store-branded cards into the range and launched a Gift Card Mall offer across Supermarkets, BIG W, Dick Smith and Petrol prior to Christmas 2009.
- The **Woolworths Everyday Money** credit card continues to grow despite the trend in customer preference towards debit card payment. The card has won five awards reflecting the excellent value for money offer. In June 2010, we launched the **Woolworths Everyday Money Prepaid MasterCard** initially in Supermarkets and then BIG W. Whilst it is early days for this product, first indications have surpassed expectations.
- We have continued to see savings in **payments acceptance costs**, and improvements in customer service at the check-outs as we move to fully leverage our payments processing infrastructure.
- Shopping **online** is becoming an increasingly important part of the Woolworths business with strategies developing across all trading divisions. Online channel sales increased 59% for the year. A new BIG W website was launched in May 2010 with promising traffic to the site and new and expanded product ranges continuing to be added. The Australian Supermarkets and Consumer Electronics online shopping sites have been refreshed to create better shopping experiences and have received very pleasing feedback from customers. Woolworths online supermarket is now operating in all States and Territories. We will continue to invest in this rapidly growing channel to drive incremental sales and profitability.

- Woolworths will continue to be disciplined in its approach to investments, including acquisitions, to **drive value for shareholders**.

Establishing Leadership in Corporate Responsibility

During the year, important achievements were made in **Corporate Responsibility**. Our 2010 annual Corporate Responsibility Report will be published in November, detailing our Sustainability Strategy (2007 – 2015) achievements. The report will be available at www.woolworthslimited.com.au. Highlights include:

- Our **carbon emissions** have continued to reduce through investment in low carbon technologies in our existing stores and building more energy efficient new stores. We have reduced carbon emissions from our logistics transportation and from our company cars. Australian Supermarkets opened their 51st Green Store during the year and BIG W opened its first Green Store in Inverell.

- We have made progress on implementation of our **Ethical Sourcing Policy** and announced our sustainable sourcing policy regarding palm oil for exclusive brand products.

- Our **support of the community** has remained strong. We reviewed all our community investment during the year and consolidated them under a new Community Investment Strategy with four key focus areas; Sustainability and Environment; Health and Wellbeing; Education and Employment; and Rural and Regional Australia. We have announced an investment of $3.25 million in our Fresh Food Farming program and $2 million in our Fresh Food Rescue program aiming to rescue two million meals for those in need.

- Woolworths continues to maintain focus and drive to achieve best practice in safety and health performance. The goal for safety within Woolworths is "**Destination ZERO**", zero harm to our customers, our people, our property and our community. For the full year, we achieved a reduction in our Lost Time Injury Frequency Rate (LTIFR) of 34% from the previous year and the number of Lost Time Injuries was also down by 34%. We have also reduced the number of customer related claims by 15% for the same period.

Earnings Before Interest and Tax (EBIT)

($ million)	FY09 Statutory (52 weeks)	FY10 Statutory (52 weeks)	Change %
Australian Food and Liquor [1]	2,206.9	2,492.5	12.9%
Petrol	87.5	99.5	13.7%
Australian Supermarkets	**2,294.4**	**2,592.0**	**13.0%**
New Zealand Supermarkets (NZD)	***194.9***	***232.2***	***19.1%***
New Zealand Supermarkets	**153.9**	**190.4**	**23.7%**
BIG W	200.2	200.0	(0.1)%
Consumer Electronics – Aust & NZ	55.1	30.2	(45.2)%
Consumer Electronics - India	(4.3)	1.3	n.m
Consumer Electronics - Total	**50.8**	**31.5**	**(38.0)%**
General Merchandise Division	**251.0**	**231.5**	**(7.8)%**
Hotels	**218.0**	**176.7**	**(18.9)%**
Total Trading Result	**2,917.3**	**3,190.6**	**9.4%**
Property Expense	(7.2)	2.5	n.m
Central Overheads	(111.6)	(111.0)	(0.5)%
Other significant items [2]	17.0	-	-
Group EBIT	**2,815.5**	**3,082.1**	**9.5%**

[1] Includes Wholesale division previously reported separately.
[2] FY09 includes release of provision ($17.0m).

FY10 BUSINESS PERFORMANCE

The consistent delivery of quality results is fundamental to Woolworths' success as a long term sustainable business. The full year result for the Group achieved a solid performance in EBIT and NPAT, achieved in a challenging economic environment with low food price inflation, tightened consumer spending and cycling of the Government stimulus payments. The result was underpinned by the strength of our Supermarkets business and the ability to adapt to both the changing needs of customers and the changing market conditions.

In the current year, Sales grew by $2.1 billion or 4.2% to $51.7 billion (4.8% excluding Petrol). Supermarkets achieved volume and market share growth whilst experiencing low levels of inflation in Australia and New Zealand, and whilst cycling the anniversary of the Australian Government stimulus payments. Our General Merchandise and Hotels businesses achieved sales levels at similar levels to the prior year as they contended with tightened consumer spending, cycling the stimulus package in the prior year and certain state based trading impacts in the Hotels business.

Gross margins for the group increased 25bps, reflecting the impact of moving from direct to store delivery model to distribution centres in liquor, the benefits of global direct sourcing, improved buying generally, improved shrinkage rates, increasing sales of exclusive brand products and the success of new store formats.

CODB decreased by 3bps. Excluding the distorting impacts of Hotels and Petrol and the provision release in the prior year, CODB reduced by more than 20bps. This was underpinned by strong cost reductions in Australia and New Zealand Food and Liquor which is especially pleasing given the low inflationary environment. We expect to see continued reductions over the medium term.

EBIT again grew faster than sales, up 9.5% and EBIT margin increased by 28bps. A significant portion of Gross Margin and CODB gains was re-invested in lower prices, delivering greater value to customers.

NPAT for the year increased by 10.1%. This is a solid result in the current economic environment, demonstrating our robust business model and clear strategies.

Cash flow and the balance sheet remained strong, underpinned by solid earnings growth. Cash flow from operating activities was up 6.0% on the previous year.

Inventory days have remained unchanged from the prior year. Inventory days have been impacted by additional imported inventory across the group, additional inventory due to the three new Liquor DCs and the distorting impact of changing petrol prices. When we exclude these impacts inventory days decreased by 0.7 days reflecting continuing improvements in the retail business inventory management. While indent stock levels have and will continue to increase, the additional holding costs are offset by improved gross margin.

We have successfully maintained our financial strength and flexibility as reflected in the maintenance of our strong long term credit ratings for Standard & Poors (A- since 2001) and Moody's (A3 since 2005).

The $700 million off-market buy-back announced today is the next step in Woolworths' ongoing capital management program. When added to the $325 million of capital bought back in the first half of the calendar year in an on-market buy-back it means Woolworths will have returned over $1 billion in capital to shareholders in the 2010 calendar year. Woolworths' strong business means it can return this capital to shareholders and still retain not only its targeted credit ratings, but also the capacity to continue to invest capital in the business and to pursue growth opportunities to enhance long term shareholder value.

Australian Supermarket Division (Including Liquor and Petrol)

	FY09 [1] (52 weeks)	FY10 (52 weeks)	Change %
Sales – Food and Liquor ($ million)	32,978	34,675	5.1%
– Petrol ($ million)	5,482	5,481	-
– Total ($ million)	38,460	40,156	4.4%
Gross Margin (%)	24.05	24.51	46 bps
Cost of Doing Business (%) [2]	18.08	18.06	(2) bps
EBIT to sales (%)	5.97	6.45	48 bps
EBIT ($ million)	2,294.4	2,592.0	13.0%
Funds Employed ($ million)	3,316.4	3,417.7	3.1%
Return on Funds Employed (%)	74.9	77.0	2.1% pts

For the full year Australian Supermarket division sales increased 4.4%, of which Food and Liquor sales grew 5.1%. EBIT grew faster than sales, increasing by $297.6 million or 13.0% to $2,592 million. The Australian Supermarket division's EBIT margin increased from 5.97% to 6.45%, an increase of 48bps.

The increase in funds employed reflects the investment in our store network offset by reductions in net inventory. Excluding the impact of incremental liquor stock in the new warehouses, the impact of incremental owned imported inventory and petrol, inventory days reduced by 1.0 day.

The Return on Funds Employed improved to 77.0%. Over the last three years funds employed has increased by $1.1 billion with incremental EBIT generated of $909 million representing an 80% incremental return on incremental Funds Employed. ROFE has increased from 64% in 2006 to 77% in 2010.

Over the last three years approximately $2.6 billion of capital expenditure has been invested into the business. The incremental EBIT over capex invested for that period was 36%.

[1] Includes Wholesale division previously reported separately.
[2] CODB decrease is distorted by Petrol sales.

Australian Food and Liquor

Australian Food and Liquor delivered another solid result, with sales growth of $1.7 billion or 5.1% to $34.7 billion. Sales Growth for the year exceeded Market[1] growth. Comparable sales have increased by 3.3% (FY09: 7.4%). This sales result featured a continued low food inflation price index[2] which was 1.1% for the year, reflecting deflation in produce and perishables (FY09: 4.1%).

It is pleasing that sales over the last three years have grown by $6.8 billion or 7.5% CAGR[3] (excluding Petrol) reflecting the effectiveness of all our customer initiatives including refurbishments.

Woolworths' Food and Liquor customers are benefiting from significantly reduced shelf prices, improved ranges, focus on fresh foods, great rewards from our Everyday Rewards program and an enhanced shopping experience from our refurbishment program.

We have refurbished approximately 50% of stores to our 2010 format (FY09: 40%). Our Supermarkets format continues to evolve with refinements that improve performance and build on customer feedback. In the new financial year we have commenced trading our new 2015 Market Store, reflecting the evolution of formats as customer behaviours and trends change.

The expansion of our exclusive brand range has continued with the introduction of the Macro Wholefoods Market range into our supermarkets to add to our existing exclusive brands, including Homebrand, Select and Essentials. These ranges continue to gain strong customer acceptance.

Australian Food and Liquor EBIT increased $285.6 million to $2,492.5 million or 12.9%. To achieve this EBIT growth off a 5.1% increase in sales reflects the strength of our Food and Liquor business to drive improvements in the Gross Margin and CODB providing us a greater capacity to re-invest substantially in price and also deliver improved profitability for shareholders. This result was achieved in a challenging trading environment with very low food inflation.

The improvement of Australian Food and Liquor gross margin is attributable to several factors including continued focus on:

- Further reductions in direct store deliveries in Liquor.
- Improvements in buying, including the benefits gained by increased activity through overseas buying offices.
- Significant savings in shrinkage.
- Improvements in freight costs, as a direct result of freight saving initiatives.
- Expansion and improvement of the exclusive brand ranges.
- Rollout of new formats.

Gross Margin improvements are partly offset by the impact of reduced shelf prices on over 4,400 products.

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[1] Market is determined by reference to Australian Bureau of Statistics Supermarket and Grocers Retailing turnover for the 12 months to June 2010.

[2] The inflation price index is calculated by comparing the number of products sold in the current year using the current year prices to the number of products sold in the current year using the prior year prices. The price used for this comparison is the standard shelf price. Products on promotion are excluded from the calculation (i.e. the volume of these items sold is removed from both years' sales). The calculation removes the impact of any changes in volume and the distortion of promotional activity.

[3] Compound Annual Growth Rate.

Australian Food and Liquor has achieved a solid CODB reduction particularly in the second half. This was achieved through good cost control in an environment where low food sell price inflation resulted in fixed cost fractionalisation being lower than it has been historically.

We opened 26 new supermarkets during the year. Total trading area in Australian Food & Liquor grew by 4.4%.

Liquor

Dan Murphy's, BWS and Woolworths Liquor all continue to perform well with solid growth in both sales and profits. Group liquor sales (including ALH liquor sales) for the year totalled $5.6 billion up 7.7% on last year (FY09: $5.2 billion). Liquor achieved solid market share growth.

The liquor group exceeded its targeted profit, despite changes to Woolworths 'Wine Equalisation Tax' arrangements. This is a significant achievement when combined with a more price competitive market and shows the ability of our liquor business to adapt to continually changing circumstances and manage all aspects of the business.

During the final quarter of the financial year we commissioned the Brisbane liquor distribution centre to complement the Melbourne and Sydney liquor distribution centres which commenced operation in the previous financial year. The liquor distribution centre network is maturing ahead of expectations and has been driving excellent inventory management resulting in lower store inventory levels and higher in stock positions.

We continue to expand our range of exclusive brands. During the year we launched our second full strength beer called "Dry Dock", which has been manufactured by Gage Road Breweries (in which we hold a 25% interest).

Dan Murphy's opened 18 stores in the year bringing the total number of Dan Murphy's stores to 122. 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 1,208 liquor retail outlets.

Petrol

For the full year, Petrol sales were $5.5 billion, in line with last year. Petrol comparable sales dollars decreased by 1.7% during the year, however comparable volumes increased 0.7% over the year reflecting customer acceptance of our offer. Average sell prices were 3.4 cents per litre lower than the previous year.

At the end of the year there were 561 petrol stations including 132 Caltex Woolworths alliance sites. We opened an additional 20 petrol canopies during the year.

Petrol EBIT of $99.5 million increased by 13.7%. The EBIT margin increased from 1.60% to 1.82%.

New Zealand Supermarkets

	FY09 (52 weeks) $NZD	FY10 (52 weeks) $NZD	Change % $NZD
Sales ($ million)	4,957	5,185	4.6%
Gross Margin (%)	21.90	22.27	37 bps
Cost of Doing Business (%) [1]	17.70	17.56	(14) bps
EBIT to sales (%) [1]	4.20	4.71	51 bps
Trading EBIT ($ million)	208.1	244.1	17.3%
Less intercompany charges ($ million)	(13.2)	(11.9)	(9.8)%
Reported EBIT ($ million)	194.9	232.2	19.1%
Funds Employed ($ million)	2,846.9	2,995.5	5.2%

New Zealand Supermarket sales for the year were NZ $5.2 billion (A$4.1 billion), a 4.6% (in NZD) increase over last year with comparable sales for the year increased by 4.0%. The food inflation price index for the year was low at 0.9% (FY09: 5.8%). The result, achieved in challenging economic conditions, continues to demonstrate the benefits of the completed integration process and transitioning to a single brand. It reflects the hard work of the New Zealand team to continually improve our customer offer through new formats, improved ranging, exclusive brand growth and improved in-stock position.

Trading EBIT increased 17.3%, with EBIT margins improving to 4.71% (FY09: 4.20%). This is a significant improvement and reflects the results of our planned repositioning of the New Zealand business with the business foundation transformation now complete. We have made progress in reducing the price differential between our business and the equivalent offerings from our main competitor. While re-investment in price has continued, gross profit margins have also improved by 37bps as we realise the benefits of the merchandising, front of store (point of sale) and replenishment (StockSmart and AutostockR) core support systems which completed implementation in the first half of 2009. There have been significant improvements in shelf stock availability and reductions in shrinkage.

CODB has reduced 14bps, with cost savings more than offsetting an increase in depreciation resulting from capital expenditure on new stores, refurbishment, shelving and the re-branding program. This reduction was achieved despite low food sell price inflation resulting in fixed cost fractionalisation being lower than it has been historically.

Three new Countdown stores were added during the year in addition to 33 refurbishments. At the end of the year, 68% of our stores were branded Countdown, including all stores on the South Island. Customers are responding well to the rebranding and refurbishments with average sales growth of re-branded stores significantly higher than average sales growth for New Zealand Supermarkets.

Funds Employed reflects the new store and refurbishment activity offset by depreciation and a reduction in inventory holdings.

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[1] Excludes intercompany charges.

BIG W

	FY09 (52 weeks)	FY10 (52 weeks)	Change %
Sales ($ million)	4,267	4,193	(1.7)%
Gross margin (%)	29.59	30.20	61 bps
Cost of Doing Business (%)	24.90	25.43	53 bps
EBIT to sales (%)	4.69	4.77	8 bps
EBIT ($ million)	200.2	200.0	(0.1)%
Funds Employed ($ million)	634.2	789.3	24.5%
Return on Funds Employed (%)	34.1	28.1	(6.0)% pts

Sales for the year decreased 1.7% over the previous year. Comparable sales for the full year declined 3.2% (FY09: 7.1% increase). This result primarily reflects the cycling of the prior year Government stimulus package with sales growth last year of 10.5% (on a 52 week basis), combined with price deflation in key categories including Home entertainment, Toys and Sporting goods. The two year sales CAGR1 for BIG W is 4.2%2, reflecting solid growth in the business over a two year period.

As consumer spending has tightened, budget conscious customers appreciate BIG W's market-leading everyday low price value proposition in particular everyday low prices (BIG W price) on a wide range of quality and national branded products. BIG W continues to focus on value, improving its offer and range, the rollout of new stores, BIG W online (launched in May) and new product categories such as Optical and the new Mambo range of clothing and accessories.

BIG W has continued the roll out of its Optical offer which is now located in 28 stores and complements our focus on home and family. It is a full service optical offer staffed by qualified optometrists and providing a good range of branded frames at very competitive prices.

EBIT for BIG W in FY10 achieved last year's levels (on lower sales). EBIT levels in FY09 were up 25.9%[2] on the previous year. On a two year CAGR[1] basis EBIT is up 12.1%[2]. This is a strong result achieved despite decreased sales and a competitive trading environment resulting from tightened consumer spending and reflects the strength and flexibility of the BIG W business model to respond to changing economic conditions.

The increase in Gross Margin of 61bps primarily reflects the benefits of strong inventory management with reduced markdown activity required to clear seasonal stock and improved buying.

Strong cost control held CODB dollars at approximately last year's level however they increased as a percentage of sales by 53 bps as lower sales reduced the ability to fractionalise costs.

During the year we continued to improve the standard of our stores, fully refurbishing 11 stores (FY09: 12), and continuing to retrofit key merchandising initiatives across the network. Six BIG W stores were opened in the year (FY09: five stores), taking the total number of stores in the division to 161. Over 54% of the stores are in the new livery.

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[1] Compound Annual Growth Rate.
[2] Adjusted to remove the impact of the 53rd week in 2008.

The increase in funds employed reflects the store openings and refurbishment activity and increased inventory up 5.7 days reflecting higher levels of incremental owned imported inventory, in particular inventory required for the toy sale in early July and the impact of winter stock selling through more quickly than normal in FY09 as a result of the Government stimulus spending. BIG W has implemented an automated inventory replenishment system during the second half FY10.

ROFE has steadily improved from 30.4% in FY07 to 34.1% in FY09. In FY10 ROFE decreased slightly however we expect ROFE to continue to improve into the future.

Consumer Electronics (Australia, New Zealand and India)

	FY09 (52 weeks)	FY10 (52 weeks)	Change %
Sales ($ million)	1,724	1,782	3.4%
Gross margin (%)	23.74	23.08	(66) bps
Cost of Doing Business (%)	20.79	21.31	52 bps
EBIT to sales (%)	2.95	1.77	(118) bps
EBIT ($ million)	50.8	31.5	(38.0)%
Funds Employed ($ million)	367.2	383.6	4.5%
Return on Funds Employed (%)	14.2	8.4	(5.8)% pts

Consumer Electronics Australia

	1st Half			2nd Half			Full Year		
	FY09	FY10	Change	FY09	FY10	Change	FY09	FY10	Change
Sales ($ million)	681	710	4.3%	561	550	(2.0)%	1,242	1,260	1.4%
Gross margin (%)	25.72	27.50	178 bps	28.02	25.36	(266) bps	26.75	26.57	(18 bps)
Cost of Doing Business (%)	22.58	23.63	105 bps	25.04	26.41	137 bps	23.68	24.85	117 bps
EBIT to Sales (%)	3.14	3.87	73 bps	2.98	(1.05)	(403) bps	3.07	1.72	(135 bps)
EBIT ($ million)	21.4	27.5	28.5%	16.7	(5.8)	N/A	38.1	21.7	(43.0)%

Consumer Electronics Australia sales growth summary:

	2010		2009	
	Total	Comparable	Total	Comparable
Q1	9.3%	6.5%	10.2%	6.6%
Q2	0.3%	0.6%	11.8%	7.2%
Q3	(2.4)% [1]	(1.2)% [1]	11.1% [1]	7.1% [1]
Q4	(1.5)% [1]	0.6% [1]	13.0% [1 2]	8.4% [1 3]
Year	1.4%	1.6%	11.6% [2]	7.3% [3]

[1] Adjusted for the impact of Easter. In 2010 the first week of Easter was in the third quarter and the second week in the fourth quarter. In 2009 Easter was in the fourth quarter and in 2008 Easter was in the third quarter.
[2] Adjusted to reflect the removal of the 53rd week in 2008. Including the 53rd week in 2008 Q4 total sales for Australia increased by 3.8%, Full Year sales increased by 9.6% for Australia.
[3] Comparable sales for the fourth quarter were based on 12 weeks. Comparable sales for the full year were based on 52 weeks.

Trading in Australian Consumer Electronics is a tale of two halves. The first half saw solid sales and EBIT growth. The second half was disappointing and impacted by a combination of factors namely cycling the Government stimulus package, lower consumer confidence and spending, intense competition in the Consumer Electronics sector as participants chased lower consumer spend levels and some industry product supply shortages in the fourth quarter.

The impact of these factors on the second half trading result was exacerbated by the transitioning and repositioning of our network of stores, as we continue to reposition the Dick Smith business.

We are confident in our new format stores as they have strong customer acceptance and are performing relatively better in terms of sales and EBIT. Sales in the new formats for the year increased 15%.

The impacts to the network were:

1. Whilst 42% of the stores have been repositioned to the new customer offer the remaining 58% were more negatively impacted during the year due to the above factors.
2. The significant number of stores refurbished and relocated and staff retrained to deliver the new customer retail experience did create some disruption to the network.
3. Continuing shifts to lower margin products and the clearance of discontinued ranges in the second half in particular.

Whilst the management team are focussed on improving performance in FY11, the significant task of repositioning the Consumer Electronics business will continue during the year. The key initiatives are:

- **Rollout of new format stores:** Results achieved in the new format Dick Smith stores continue to outperform the older concept stores in both sales and EBIT.
- **Branding, Price Promise and Range**: Our new contemporary logo and signage, "Dick Smith – Talk to the Techxperts", continues to roll out across the business in conjunction with our price promise, "The best price and right Techxpert advice". Our range has been repositioned to be more compelling and relevant to the consumer and we are revamping our exclusive brand offer. We will have exited the Tandy store brand during FY12.
- **Investment in our people:** We have invested in improvements to our recruitment, retention, training and support initiatives for our people. A new staff training program focused on sales techniques and customer service, ensures our staff are trusted and knowledgeable. New e-learning courses on technical product information are increasing our sales staff's confidence and ability to sell the latest technology to customers.
- **Techxpert Services:** Our Mobile Techxperts service, offering delivery, installation, troubleshooting and support, was launched in July 2009. The Mobile Techxperts provide in-home consultation helping customers to simplify technology in everyday life. The service is available across the Dick Smith network and is seeing rapid growth in sales.
- **Online:** Our website, www.dicksmith.com.au, has undergone a significant overhaul and was relaunched in August 2009. The refreshed site has created a much improved online shopping experience with pleasing feedback from customers in relation to the ease of use. As a result we have seen online channel sales more than double those achieved in the prior year.

Consumer Electronics New Zealand

	FY09 (52 weeks) NZD	FY10 (52 weeks) NZD	Change %
Sales ($ million)	362	341	(5.8)%
Gross margin (%)	24.48	24.60	12 bps
Cost of Doing Business (%)	18.68	21.46	278 bps
EBIT to sales (%)	5.80	3.14	(266) bps
EBIT ($ million)	21.0	10.7	(49.0)%

Consumer Electronics New Zealand continued to be challenged, with comparable store sales declining 12.1%[1] as the weak economic environment impacted discretionary retailers. Consumer Electronics EBIT is down as tightening of consumer spending in New Zealand and the continued challenging economic environment placed particular pressure on the consumer electronics market resulting in increasing price competition and lower margins.

Consumer Electronics Australia and New Zealand

During the year, the nature of rebates in Consumer Electronics changed in Australia and New Zealand whereby they are all now accounted for in Gross Margin. In the prior year, part of the rebates was included in CODB. When the impact of this is adjusted for in the prior year, Gross Margin for Australia and New Zealand would have declined 149bps and CODB would have increased 13bps.

There were 24 Dick Smith stores opened during the year, 19 Dick Smith and 25 Tandy stores were closed during the year and 40 Tandy stores have been rebranded as Dick Smith, taking total stores to 416 (394 Dick Smith and 22 Tandy).

Average inventory days were up 10.0 days reflecting the impact of new format range changes and lower sales.

Funds employed have increased reflecting the growth in store numbers and an increase in working capital as we expand the range on our repositioned stores.

Consumer Electronics India

The business venture with TATA is still growing, with 50 retail stores operating under the “Croma” brand, serviced by 5 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 $252 million during the year and for the first time made a EBIT of $1.3 million.

[1] Comparable sales % quoted based on NZD sales.

Hotels

	FY09 (52 weeks)	FY10 (52 weeks)	Change %
Sales ($ million)	1,110	1,102	(0.7)%
Gross margin (%)	83.04	82.42	(62) bps
Cost of Doing Business (%)	63.41	66.39	298 bps
EBIT to sales (%)	19.63	16.03	(360) bps
EBIT ($ million)	218.0	176.7	(18.9)%

Relative to the hotel sector performance our Hotel business continues to prove reasonably resilient reflecting the overall quality of our management team and Hotel portfolio. It is important to note that the Hotel business has provided us with a strong platform for our successful growth in the liquor market and it will continue to do so as we selectively expand this business.

Hotel sales of $1.1 billion for the year represent a decrease of 0.7% with comparable sales declining 3.0%. This result has been impacted by the cycling of the Government stimulus payments, tightened consumer spending and alterations to the regulatory environment, in particular, reduced trading hours in Queensland and changes to maximum bet and ATM location rules in Victoria. Comparable gaming sales for the year were down 3.7%.

EBIT decreased 18.9% to $176.7 million reflecting a change in mix of business, with the lower margin food business increasing and gaming declining. In addition, CODB was impacted by a change of accounting standards where venue acquisition costs may no longer be capitalised, resulting in a charge for the year of $2.5 million.

The 2012 changes to the Victorian gaming arrangements are well underway. The new structure which allows us to own the licences for gaming machines for 10 years and will be beneficial for our Hotel business.

A further six properties were added in the year, taking the total number of hotels and clubs to 284 and a total of 1,358 accommodation rooms.

Home Improvement

Good progress has been made in establishing our Home Improvement business joint venture with Lowe's. Some of the milestones and achievements include:

- Of the 150 sites we plan to secure over the next five years, a significant number have been secured, with many more being added to the pipeline. The sites are prime retail sites which are well located in good trading zones. We are on track to open our first store in 2011.
- The corporate support office is well established and staffed with an excellent team that has extensive Home Improvement experience in both domestic and international businesses.
- With the assistance of Lowe's, store design, layout and ranging of product are very well developed. Combined with the local expertise of the Danks team, we have significant traction in the rapid development of the business.
- The supply chain strategy is developed which is a key milestone that will enable a successful national rollout plan.
- With the Lowe's partnership, IT systems have been leveraged to aid in our systems implementation program in an efficient and cost effective manner.
- Vendor negotiations are well underway, both domestically and internationally and a significant number of SKUs have been ranged so far. Through the assistance of Danks and Lowe's, supply arrangements are unfolding expeditiously and favourably.
- Danks integration has progressed very well and additional integration efforts are under way for the Gunns and Becks businesses acquired in Tasmania. The development of a strategy to develop the Danks wholesale business and the benefits to its customers is well underway.

Central Overheads

Central overheads remained stable at $111.0 million and include costs associated with various business development activities. There were no significant items during the year, but the prior year included the release of a provision no longer required ($17.0 million).

Net Interest Expense and Tax Expense

Net interest expense of $227.3 million has increased from the prior year ($222.2 million) as a result of higher debt levels reflecting the funding of planned capital expenditure and the on-market share buy back. This was offset partially by an increase in capitalised interest costs relating to store development activity.

Tax expense is 29.0% down slightly from 29.2% last year, reflecting the benefit of the Government's investment allowance and other minor tax differences.

Balance Sheet and Cash Flow

Our cash flow and balance sheet remain strong.

Cash generated by operating activities was $2,759.9 million, up 6.0% on the previous year reflecting strong earnings growth. There were two cash timing items namely an increase in prepaid occupancy ($19.1 million) and an increase in rebates not received at year end (and collected after year end) ($44.6 million). If these timing items are taken into account cash from operating activities increased by 9.3%, consistent with EBITDA growth.

Net interest paid was well managed increasing 2.2% on last year. Tax payments are up $94.8 million or 11.8% due to a higher level of tax instalments relative to last year. A refund of excess instalments is expected but was not received by year end, allowing for this timing difference tax instalment payments would have increased by 7.1%.

Key balance sheet movements are explained as follows:

- The year end inventory balance increased by 4.4% (FY09: 9.4%) which compares to Sales increase of 4.8% for the year (excluding Petrol).
- Trade creditors have increased with inventory and general business growth.
- Negative working capital has decreased by $137.8 million to $2,298.2 million primarily as a result of increase in receivables of $263.2 million. The increase in receivables reflects the receivables acquired with the Danks and Gunns businesses as well as property related receivables and deposits.
- Fixed assets and investments increased $980.7 million from $6,822.2 million to $7,802.9 million, primarily reflecting the increase in capital expenditure offset by depreciation.
- Intangibles increased by 2.8% from $4,933.1 million to $5,071.0 million, reflecting foreign exchange movements in respect of the New Zealand goodwill and the purchase of goodwill and intangibles with the acquisitions of Danks, Macro, individual hotels, stores and liquor licences.
- Net repayable debt (which includes cash, borrowings, financial assets and financial liabilities) has increased by $528.5 million to $2,991.6 million reflecting the increased borrowings due to capital expenditure activity and share buybacks.
- An on-market share buy-back was undertaken during the year with $325 million spent to acquire 12.1 million shares.

Capital Management

Objectives

Woolworths currently sets its capital structure with the objective of enhancing shareholder value through optimising its weighted average cost of capital while retaining flexibility to pursue growth and undertake capital management initiatives. Consistent with this objective, Woolworths has targeted, achieved and maintained its strong credit ratings of A- from Standard and Poor's and A3 from Moody's Investor Services, which underpin our debt profile.

Capital Returns

Woolworths will seek to return capital to shareholders when that is consistent with its capital structuring objectives and where it will enhance shareholder value. Since July 2001, over $8 billion has been returned to shareholders through dividends, on-market and off-market buy-backs (including the final dividend for the financial year ending 27 June 2010).

The off-market buy-back announced today is the next step in Woolworths' ongoing capital management program. Capital management initiatives will continue to be assessed in light of investment and growth opportunities available to the company, the company's focus on maintaining a strong credit rating, the capital markets environment from time to time and the overarching objective of enhancing long term shareholder value.

The combination of the on-market share buy-back conducted by Woolworths in the first half of Calendar 2010 and the $700 million off-market share buy-back announced today means that Woolworths will be returning over $1 billion of capital (excluding dividends) to shareholders in the 2010 calendar year.

The off-market share buy-back and payment of the October 2010 dividend will return over $500 million in franking credits to Shareholders. Woolworths expects that after these events there will be approximately $1 billion of franking credits available for future distribution.

Financing Transactions

It is intended that the off-market buy-back will be ultimately financed via long term debt issued into both domestic and international (in particular the US) debt capital markets within the coming months, subject to financial market conditions. In the interim,Woolworths has access to sufficient undrawn bank facilities to fund the buy-back.

The maturity profile of our debt facilities is such that the only immediate need to refinance any long term debt in the current financial year is an A$350 million medium term note maturing in March 2011. Refinancing requirements immediately following this include an A$600 million hybrid note (a perpetual instrument whose non-call period ends in September 2011), followed by US$300 million in US 144A notes (hedged at A$410 million) maturing in November 2011. Pre-funding these maturities is under consideration.

Supply Chain and Logistics Initiatives

Food and Liquor

Driving the transformation of our Supermarket supply chain have been our unique systems StockSmart (distribution centre forecast based replenishment), AutoStockR (store forecast based replenishment), Warehouse Management Systems and Transport Management Systems. We will continue to create a competitive advantage in this area as we invest in systems which further enhance our supply chain capability. We are actively transferring this intellectual property across the Woolworths Group, with AutoStockR now implemented across BIG W stores, New Zealand Supermarkets and our liquor stores. Work has commenced on the development of the Next Generation Replenishment solution which will continue to reduce days inventory as well as save costs in Stores, DCs and Transport.

The financial performance of our Supply Chain program continues to benefit the bottom line and further returns will continue as the DC infrastructure reaches greater efficiency levels through product ranging and asset utilisation. These benefits will underpin our targeted and consistent reduction in CODB.

The continuing development of our Food and Liquor Supply Chain will result in further productivity improvements.

The liquor distribution network has been further developed by the successful commissioning of the Brisbane Liquor DC in the last quarter of FY10 which complements the Melbourne and Sydney Liquor DCs, commissioned in the previous financial year. The network is now well positioned to support continued growth of our liquor business. Construction of the Tasmanian Regional Distribution Centre will commence in the first half of this financial year, with completion planned for FY12.

Woolworths is investing in the re-engineering of the National Distribution Centre located in Mulgrave (VIC). This involves significant software and hardware upgrades and increases capacity on the site with an extension of existing automation. These changes will significantly improve pick rate efficiency and immediately reduce costs. Work is well progressed in Mulgrave with completion expected by the end of FY11. The refurbishment of our two automated sites at Hume (VIC) and Minchinbury (NSW) continues to progress well and we are on target to complete this work in the first half of FY11, which significantly extends the life of these DCs.

Further development of the Bunbury (WA) Meat processing and distribution operation is planned with work commencing in early FY11. This will improve the efficiency of both the meat processing and distribution to our WA supermarkets.

The rollout of the outbound Metro Transport Model continues. Perth and Adelaide were commissioned in FY10 and the next phase is planned for Brisbane in the first half of FY11. This involves Woolworths' ownership of specifically designed trailers and the deployment of industry leading capacity planning, optimisation and freight tracking systems. We have also developed a new rail strategy the first phase of which was implemented in the last quarter of FY10 on the Adelaide to Northern Territory corridor. We are working closely with rail providers to deliver a more cost effective 'end to end' solution and plan to focus on the east-west and north-south corridors in FY11.

BIG W, Consumer Electronics & New Zealand Supermarkets

Woolworths is now well advanced in transforming the remaining part of the network in BIG W, Consumer Electronics and New Zealand Supermarkets.

New Zealand Supermarkets

The on going process of rolling out the supply chain strategy in New Zealand Supermarkets is progressing well, delivering improved service and lower cost. In Auckland we are well-advanced with a new NDC project which is expected to complete during FY11. The AutoStockR replenishment system has delivered a major increase in product availability.

BIG W

The Quicksilver program, commenced in 2007, is focussed on transforming the flow of merchandise to stores to support BIG W in delivering the right product, to the right stores, at the right time. The program is progressing on schedule with significant progress made on a number of key initiatives.

The most significant of these initiatives is the development and implementation of a more advanced store forecast based replenishment system that builds on the capabilities of AutoStockR. The accelerated rollout across the entire BIG W store network was successfully completed in FY10.

The development of a third BIG W DC at Hoxton Park in Sydney is progressing well with work on the site recently commenced.

We have strengthened our merchandise financial planning capabilities.

These initiatives are important formulations for BIG W's future business growth.

Consumer Electronics

Consumer Electronics continues to leverage off work completed by Australian Supermarkets Supply Chain implementing a range of initiatives that have driven costs down. New DC capacity at Hoxton Park is expected to drive further cost reductions in FY12 and beyond.

The DCs in India continue to deliver efficiency improvements and benefits from International Logistics. We are now well placed to support further retail expansion. We are currently working through improvements in forecasting and changes to our replenishment approach.

Home Improvement

Design of the future Home Improvement Supply Chain Network has been completed and implementation of the first phases will commence in FY11. Much of the design involves leveraging Lowe's current operations and processes and leveraging the systems and decision support tools currently used in our Food and Liquor and General Merchandise supply chains.

Global Sourcing

Global Sourcing has had another strong year, growing our direct buying volumes by over 70% and expanding our activities into more countries and product categories. Significant opportunities are available to continue to grow this business, improving the quality of goods and further reducing our costs.

We continue to develop our international supply chain, improving the flow of stock and reducing our inventory levels through the development of our ordering capability, network improvements and utilising the improved visibility gained through our tracking system.

Progress continues to develop our international logistics capability to support our growth plans. This includes a major review of our international logistics network which resulted 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.

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.
- NPAT growth in the lower double digits.
- 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.
- Maintenance of targeted credit ratings.

Defined plans to continue space roll-out

	Gross store openings in FY10	**Target**
Australian Supermarkets	26 Supermarkets 8 Thomas Dux	15-25 new Supermarkets per annum 3%+ space growth
New Zealand Supermarkets	3	3-5 new Supermarkets per annum
Dan Murphy	18	Target of 150+ stores
BWS	37	Plans to open 10 stores (net) per annum
Petrol	20	Will grow supporting the Supermarket rollout strategy
BIG W	6	4-5 stores per annum targeting 200+ stores
Consumer Electronics	24	Schedule to convert all Consumer Electronics stores to the new concept format within the next 2 years
Hotels (ALH Group)	6	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.

Outlook

We expect Net Profit After Tax for FY11 will grow between 8% and 11%. The above guidance is subject to the extent of the following:

- Consumer confidence levels
- Inflation
- Interest rates
- Global economic conditions

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Profit and Loss for the 52 weeks ended 27 June 2010

	FY09 (52 weeks) ($m)	FY10 (52 weeks) ($m)	Change
Sales			
Australian Food and Liquor	32,978	34,675	5.1%
New Zealand Supermarkets	4,034	4,131	2.4%
Petrol	5,482	5,481	0.0%
Supermarket Division	**42,494**	**44,287**	**4.2%**
BIG W	4,267	4,193	(1.7)%
Consumer Electronics – Aust & NZ	1,537	1,530	(0.5)%
Consumer Electronics – India	187	252	34.8%
Consumer Electronics	1,724	1,782	3.4%
General Merchandise Division	**5,991**	**5.975**	**(0.3)%**
Hotels	**1,110**	**1,102**	**(0.7)%**
Home Improvement	**-**	**330**	n.m.
Group Sales	**49,595**	**51,694**	**4.2%**
Group Sales – excluding Petrol	**44,113**	**46,213**	**4.8%**
Margins			
Gross Profit	25.66%	25.91%	25 bps
Cost of Doing Business	19.98%	19.95%	(3) bps
EBIT to sales	5.68%	5.96%	28 bps
Profit			
Earnings before interest, tax, depreciation amortisation & rent (EBITDAR)	4,954.6	5,357.7	8.1%
Rent	(1,409.7)	(1,477.9)	4.8%
Earnings before interest, tax, depreciation & amortisation (EBITDA)	**3,544.9**	**3,879.8**	**9.4%**
Depreciation and amortisation	(729.4)	(797.7)	9.4%
Earnings before interest & tax (EBIT)	**2,815.5**	**3,082.1**	**9.5%**
Net financial liabilities [1]	(189.2)	(211.5)	11.8%
Operating income tax expense	(766.3)	(832.6)	8.7%
Net operating profit after income tax	**1,860.0**	**2,038.0**	**9.6%**
Non contolling interests	(24.3)	(17.2)	(29.2)%
Total profit after tax & minority equity interests	**1,835.7**	**2,020.8**	**10.1%**
Funds employed (period end)	9,319.3	10,575.7	13.5%
ROFE (average)	31.9%	31.0%	(0.9)% pts
Weighted average ordinary shares on issue (million)	1,218.0	1,232.1	1.2%
Ordinary earnings per share (cents)	150.7	164.0	8.8%
Diluted earnings per share (cents)	149.7	163.2	9.0%
Interim dividend per share (cents)	48	53	10.4%
Final dividend per share (cents) [2]	56	62	10.7%
Total dividend per share (cents)	104	115	10.6%

1 Breakdown of net financing costs

Interest expense	(239.6)	(257.4)	7.4%
Less Interest Capitalised	17.4	30.1	73.0%
Net Interest expense	(222.2)	(227.3)	2.3%
Dividend Income	7.8	12.5	60.3%
Foreign Exchange Gain	25.2	3.3	(86.9)%
Net financing costs	**(189.2)**	**(211.5)**	**11.8%**

2 Final dividend payable on 15 October 2010 will be fully franked at 30%

Group Balance Sheet as at 27 June 2010

	FY09 28 June 2009 ($m)	FY10 27 June 2010 ($m)	Change
Funds Employed			
Inventory	3,292.6	3,438.8	4.4%
Trade Payables	(4,055.1)	(4,211.2)	3.8%
Net Investment in Inventory	(762.5)	(772.4)	1.3%
Receivables	666.9	930.1	39.5%
Other Creditors	(2,340.4)	(2,455.9)	4.9%
Working Capital	**(2,436.0)**	**(2,298.2)**	**(5.7)%**
Fixed Assets and Investments	6,822.2	7,802.9	14.4%
Intangibles	4,933.1	5,071.0	2.8%
Total Funds Employed	**9,319.3**	**10,575.7**	**13.5%**
Net Tax Balances	201.1	233.6	16.2%
Net Assets Employed	**9,520.4**	**10,809.3**	**13.5%**
Net Repayable Debt	(2,463.1)	(2,991.6)	21.5%
Net Assets	**7,057.3**	**7,817.7**	**10.8%**
Non controlling shareholders equity	244.8	247.3	1.0%
Shareholders Equity	6,812.5	7,570.4	11.1%
Total Equity	**7,057.3**	**7,817.7**	**10.8%**
Inventory Days (Based On COGS) [1]	33.3	33.3	
Creditor Days (Based On Sales)	46.9	46.9	
Return on Funds Employed (ROFE)	31.9%	31.0%	

[1] Inventory days reflect the use of rolling average inventory over a 13 month period.

Group Cash Flow

	FY09 (52 weeks) ($m)	FY10 (52 weeks) ($m)	Change
EBITDA	3,544.9	3,879.8	9.4%
Net (decrease)/increase in creditors	169.9	82.9	
Net decrease/(increase) in inventory	(273.1)	(94.2)	
Net change in other working capital and non cash [1]	192.2	101.8	
	3,633.9	**3,970.3**	**9.3%**
(Increase)/decrease in uncollected rebates	4.8	(44.6)	
(Increase)/decrease in occupancy prepayments	12.0	(19.1)	
Cash from Operating Activities before interest and tax	**3,650.7**	**3,906.6**	**7.0%**
Net interest paid (incl. costs of Income notes) [2]	(244.4)	(249.8)	
Tax paid [3]	(802.1)	(896.9)	
Total Cash provided by Operating Activities	**2,604.2**	**2,759.9**	**6.0%**
Payments for the purchase of business – Other[4]	(154.5)	(212.6)	
Payments for the purchase of investments	-	(1.9)	
Payments for normal capex	(1,678.2)	(1,817.7)	
Proceeds on disposal of property, plant & equipment	18.7	55.4	
Proceeds from ALE Rights renouncement	-	4.2	
Dividends received	7.8	12.5	
Total Cash used in Investing Activities	**(1,806.2)**	**(1,960.1)**	
Free Cash	**798.0**	**799.8**	
Net Operating Profit after tax	1,860.0	2,038.0	
Free Cash Flow as a % of NPAT	**43%**	**39%**	

[1] Non cash items include share based payments expense, gain / loss of sale on sale of fixed assets (FY10:$11.4m loss; FY09: $14.2m loss).
[2] Interest paid reflects higher average debt levels in FY10 necessary to fund planned capital expenditure and the on-market share buy-back.
[3] Tax payments reflect a higher level of tax instalments than the prior year. A refund of excess instalments is expected but not received at year end. Adjusting for this tax paid would have increased 7.1%.
[4] Other purchases of businesses relate to individual hotel/store acquisitions as well as the acquisition of Macro Wholefoods, Danks Holdings Limited and Gunns Retail Division, FY09 includes the acquisition of Langtons.

Group Cash Flow – 5 Years

		FY06	FY07	FY08	FY09	FY10	Cumulative 5 years	CAGR (FY06-10)
EBITDA	**(a)**	**2,244.4**	**2,700.6**	**3,178.9**	**3,544.9**	**3,879.8**	**15,548.6**	**14.7%**
(inc on prior year)		*30.6%*	*20.3%*	*17.7%*	*11.5%*	*9.4%*		
Net (decrease)/increase in creditors		169.0	467.3	644.8	169.9	82.9		
Net decrease/(increase) in inventory		(107.6)	(399.2)	(303.4)	(273.1)	(94.2)		
Net change in other working capital and non cash		127.5	297.7	(76.9)	209.0	38.1		
Total Cash from Operating Activities before interest and tax	**(b)**	**2,433.3**	**3,066.4**	**3,443.4**	**3,650.7**	**3,906.6**	**16,500.4**	**12.6%**
	(b)/(a)	*108.4%*	*113.5%*	*108.3%*	*103.0%*	*100.7%*	*106.1%*	
(inc on prior year)		*37.1%*	*26.0%*	*12.3%*	*6.0%*	*7.0%*		
Interest paid		(253.2)	(249.8)	(215.5)	(244.4)	(249.8)	(1,212.7)	
Tax Paid		(475.3)	(522.4)	(573.9)	(802.1)	(896.9)	(3,270.6)	
Total Cash from Operating Activities	**(c)**	**1,704.8**	**2,294.2**	**2,654.0**	**2,604.2**	**2,759.9**	**12,017.1**	**12.8%**
	(c)/(a)	*76.0%*	*85.0%*	*83.5%*	*73.5%*	*71.1%*	*77.3%*	
(inc on prior year)		*40.4%*	*34.6%*	*15.7%*	*(1.9)%*	*6.0%*		

Over the last 5 years, cumulative cash from operations (measured before interest and tax) represents 106.1% of EBITDA with fluctuations year to year.

Over the last 5 years, cumulative cash from operations (measured after interest and tax) represents 77.3% 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 27 June 2010	**2010**	**2009**	**2008**	**2007**	**2006**
STORES (number)	**FULL YEAR**	**FULL YEAR**	**FULL YEAR**	**FULL YEAR**	**FULL YEAR**
NSW & ACT	248	241	234	237	238
QLD	189	186	177	168	161
VIC	200	192	187	183	182
SA & NT	74	72	72	72	69
WA	83	82	81	79	79
TAS	29	29	29	27	27
Supermarkets in Australia [1]	823	802	780	766	756
New Zealand Supermarkets (includes franchise)	152	149	149	149	152
Total Supermarkets	975	951	929	915	908
Thomas Dux	11	3	1	-	-
Freestanding Liquor (incl. Dan Murphy)	281	256	233	212	204
ALH Retail Liquor Outlets	480	463	434	424	432
Caltex/WOW Petrol	132	133	133	134	131
Woolworths Petrol – Australia	429	409	389	371	360
Woolworths Petrol/Convenience – New Zealand	22	22	22	22	22
Total Supermarket Division	**2,330**	**2,237**	**2,141**	**2,078**	**2,057**
BIG W	161	156	151	142	129
Dick Smith	394	349	310	277	243
Tandy	22	87	106	123	123
Total General Merchandise Division	577	592	567	542	495
Hotels (includes 8 clubs)	284	280	271	263	250
Danks (Home Improvement Retail)	8	-	-	-	-
Total Group	**3,199**	**3,109**	**2,979**	**2,883**	**2,802**
Wholesale customer stores					
Dick Smith	18	35	43	55	55
Progressive	54	53	52	50	46
Croma (India CEG)	50	33	22	5	-
Danks (Home Improvement Wholesale)	581	-	-	-	-
Statewide Independent Wholesale	220	218	216	217	215
Total Wholesale customer stores	**923**	**339**	**333**	**327**	**316**
Trading Area (sqm)					
Supermarkets Division – Australia [2]	2,127,195	2,037,680	1,945,641	1,848,792	1,784,279
Supermarkets Division – New Zealand [3]	325,256	303,889	296,549	291,092	291,792
General Merchandise Division[4]	1,061,934	1,038,561	989,767	930,288	843,316
[1] **Supermarket Store Movements July 09- June 10**					
New Stores – incremental	26				
Closures - permanent	(2)				
Closures – for re-development	(3)				
Net New Stores	**21**				

[2] Australian Supermarkets Division trading area (excluding Petrol and ALH BWS outlets) has increased by 4.4% (FY09: 4.7%)
[3] Excludes Gull and franchise stores.
[4] Excludes Woolworths India.