WOOLWORTHS LIMITED

ANNUAL REPORT
2014

Our 2014 Corporate Responsibility Report will be published in November. The report will be available on our website.

woolworthslimited.com.au
Woolworths Limited ABN 88 000 014 675

FY14 FULLY FRANKED DIVIDENDS PER SHARE

137c

TOTAL DIVIDENDS RETURNED TO SHAREHOLDERS IN RELATION TO FY14

$1.7b

Delivering sustainable profit growth in established divisions whilst investing for future growth.

FY14 KEY FINANCIAL HIGHLIGHTS

SALES

$60.8b

CONTINUING OPERATIONS

3.9% OR 5.9%[2] ↑

NET PROFIT AFTER TAX

$2,451.7m

CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS[1]

4.2% OR 6.1%[2] ↑

TOTAL GROUP

8.5% ↑

EARNINGS PER SHARE

196.5c

CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS[1]

3.3% OR 5.2%[2] ↑

TOTAL GROUP

7.6% ↑

CONTENTS

Progress Against Strategic Priorities	2
Chairman's Report	10
Managing Director's Report	12
The Results in Brief	14
Group Financial Performance	16
Australian Food, Liquor and Petrol	18
New Zealand Supermarkets	24
General Merchandise	26
Hotels	28
Home Improvement	30
Overheads, Balance Sheet and Cash Flow	32
Capital Management	33
Space Roll-out Plans	33
Outlook	34
Material Business Risks	34
Footnotes for Chairman's and Managing Director's Reports	35
Board of Directors	36
Management Board	40
Directors' Statutory Report	41
Remuneration Report	44
Auditor's Independence Declaration	72
Corporate Governance Statement	73
Financial Report to Shareholders	88
Shareholder Information	182

1. Refer page 35 for information relating to significant items.
2. Full year growth has been adjusted to remove the 53rd week in the 2013 financial year.


Sally
Here to help
Fresh Food Person
since 2013
Australia's fresh food people

PROGRESS AGAINST STRATEGIC PRIORITIES

The four Strategic Priorities we outlined three years ago are delivering strong, sustainable growth in established parts of the business. At the same time we are investing in opportunities to generate growth into the future.

STRATEGIC PRIORITY

#01

Extend our leadership in Food and Liquor

PROGRESS DURING FY14 INCLUDED:

- **Ongoing momentum in Food and Liquor** with improved comparable sales, EBIT growth and market share
- **Delivered excellent value** with key Supermarkets promotional campaigns providing more than $750 million in savings to customers. Average price deflation was 3.1% for the year
- **Improved our offer** with Fresh market share growing faster than Grocery in line with our strategy
- **Provided more convenient access** both in-store with 34 new Australian Supermarkets (net) and 11 new Dan Murphy's stores (net), and Online with a number of new digital features making shopping easier for our customers. We served on average 21.1 million customers per week in FY14
- **Enhanced Australia's leading liquor offer** with further improvements to our market leading store formats and online offer. danmurphys.com.au is Australia's most visited liquor website
- **Reinforced our value credentials in Countdown New Zealand** with a strong customer response to our 'Price Lockdown' and 'Price Drop' campaigns
- **Strengthened our Petrol offer** with 67 canopies and forecourts refreshed to provide increased access to diesel and premium fuels. Our improved merchandise offer is also delivering strong results


ADAM
Masters

STRATEGIC PRIORITY

#02

Maintain our track record of building new growth businesses

PROGRESS DURING FY14 INCLUDED:

- **Extended our leadership as Australasia's largest domestic online retailer** with Online sales over $1.2 billion for FY14, increasing by 50% on the previous year. Our market leading online offers in Australian Food, Australian Liquor as well as Food in New Zealand continue to exceed our expectations and have been supported by strong growth in our Australasian Apparel business
- **Continued to lead on innovation** with Australia's first full range dedicated online fulfilment grocery store, 'Track My Order' GPS routing on Supermarket online orders improving convenience for our customers and the roll out of cross-divisional Click & Collect now underway
- **Acquired EziBuy** with the integration progressing well to drive online growth in General Merchandise
- **Australia's fastest growing Home Improvement offer** has made a strong start. We are focused on moving Home Improvement from a start-up to a scalable, material profit contributor for the Group under the new leadership of Matt Tyson

STRATEGIC PRIORITY

#03

Put in place the enablers for a new era of growth

PROGRESS DURING FY14 INCLUDED:

- **Next generation logistics and technology development** as we continued to invest in technology to enable our online growth whilst building the next generation of supply chain capability
- **Building customer loyalty** leveraging the work performed by Quantium to provide customer insights, enabling us to better understand our customers' needs. We now have 7.9 million Everyday Rewards members in Australia and 1.9 million Onecard members in New Zealand
- **Continue to strengthen our world class retail team** blending the best local and international talent, including David Marr as Chief Financial Officer, Clive Whincup as Chief Information Officer, Managing Director appointments Matt Tyson (Home Improvement) and Alistair McGeorge (BIG W) as well as Emma Gray as Chief Loyalty and Data Officer


Dan Murphy's
Angel


BIGW
BIGW
DANIEL

STRATEGIC PRIORITY

#04

Act on our portfolio to maximise shareholder value

PROGRESS DURING FY14 INCLUDED:

- **Divestment of property as market opportunities arise** with the sale and leaseback of a $600 million portfolio of freehold Hotel sites announced in September 2014, which adds to the $1.4 billion of property divested through the creation of the SCA Property Group in FY13
- **Commenced the transformation of BIG W** implementing the BIG W strategy with a focus on execution and operational excellence complemented by new leadership
- **Commenced program to introduce voluntary pre-commitment functionality** on electronic gaming machines in our Hotels
- **Acquisition of Hudson Building Supplies** in our Home Timber and Hardware business which will improve our presence in New South Wales and Queensland

Chairman's Report

On behalf of the Board of Directors and management team I am pleased to present you with our detailed reports for financial year 2014.

Ralph Waters

This year, we delivered solid growth in established parts of the business, particularly Australian Food, Liquor and Petrol, whilst positioning the Company to generate improved returns for shareholders into the medium and long term.

FINANCIAL RESULTS

Net profit after tax from continuing operations before significant items[1] increased by 4.2% or 6.1% on a normalised 52 week basis[2] for financial year 2014 to $2.452 billion. Sales from continuing operations were $60.8 billion increasing 3.9% or 5.9% on the previous year on a normalised 52 week basis[2].

These results are pleasing and reflect the ability of Woolworths to reward both its customers and its shareholders, and I am confident it will continue to do so into the future.

DIVIDENDS

The Board announced dividends of 137 cents per share for financial year 2014, up from 133 cents in financial year 2013.

SALES FROM CONTINUING OPERATIONS INCREASED 3.9% OR 5.9% ON A NORMALISED 52 WEEK BASIS[2] TO

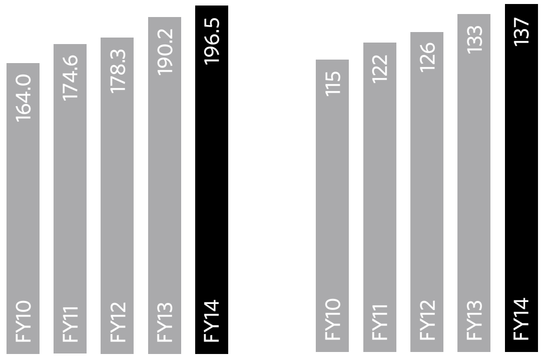
$60.8b

NET PROFIT AFTER TAX FROM CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS[1] INCREASED 4.2% OR 6.1% ON A NORMALISED 52 WEEK BASIS[2] TO

$2.452b

For footnote references within the Chairman's Report, refer to page 35.

RESULTS



EPS (cents)
from continuing operations
before significant items[1]

Dividends per share (cents)

THE BOARD ANNOUNCED DIVIDENDS OF 137 CENTS PER SHARE FOR FINANCIAL YEAR 2014.

WOOLWORTHS CONTINUES TO BE A COMPANY COMMITTED TO ASSEMBLING A WORLD CLASS RETAILING TEAM.

THROUGH BLENDING THE BEST LOCAL AND INTERNATIONAL TALENT WE ARE CONTINUING TO BUILD ON THE SOLID FOUNDATION OF TALENT FOUND AT WOOLWORTHS.

YOUR BOARD

Mr Tom Pockett retired from the Board of Directors effective 1 July 2014. I would like to thank Mr Pockett for his commitment to Woolworths in his capacity as Chief Financial Officer for 11 years and as a member of the Board of Directors for seven years. Mr Pockett made a significant contribution to the growth of the business and played a critical role in positioning Woolworths to succeed into the future.

We announced the appointment of Mr Scott Perkins as a Non-executive Director. Mr Perkins has had a distinguished career in investment banking and his extensive experience in the corporate advisory and capital markets arenas together with his proven track record in leadership roles will provide important additional skills to the Board.

MANAGEMENT

Woolworths continues to be a company committed to assembling a world class retailing team. The management team is dedicated to ensuring the continuing growth and improvement of this great company.

This year, Mr O'Brien has continued to strengthen the team with the appointment of new senior executives. Most notable are the appointment of Alistair McGeorge as Managing Director of BIG W and Matt Tyson as Managing Director of Home Improvement.

Through blending the best local and international talent we are continuing to build on the solid foundation of talent found at Woolworths.

PEOPLE

The Board would like to acknowledge the contribution made by the 198,000 staff members during financial year 2014. The Company's solid result is testament to their commitment and hard work.

Ralph Waters
Chairman

For footnote references within the Chairman's Report, refer to page 35.

Managing Director's Report

I am pleased to report that our work against our four Strategic Priorities is delivering strong, sustainable growth in established parts of the business. At the same time we are investing in opportunities to deliver growth into the future for our shareholders and value to our customers.

Grant O'Brien

HIGHLIGHTS OF 2014

Our net profit after tax from continuing operations before significant items[1] increased by 4.2% or 6.1% on a normalised 52 week basis[2] for financial year 2014 to $2.452 billion.

Sales from continuing operations were $60.8 billion, an increase of 3.9% or 5.9% on the prior year on a normalised 52 week basis[2], underpinned by ongoing momentum in the Australian Food, Liquor and Petrol business.

At the same time, we are investing in new growth businesses and implementing transformation programs to strengthen and grow our existing networks.

This year $1.7 billion, 70% of our profit, will be returned to our shareholders in dividends. Delivering strong and consistent returns to our mum and dad shareholders is something Woolworths prides itself on, and this year is no different.

I am proud of Woolworths' position as a major employer across Australia, and particularly of young people. We commenced a campaign to highlight the number of young people who start a job at Woolworths. They're our next generation of talent – the future drivers of our success.

PROGRESS AGAINST OUR STRATEGIC PRIORITIES

1. We are extending our leadership in Food and Liquor. We have increased comparable sales and EBIT growth over the past three years, gaining further momentum in FY14. We also grew market share and customer numbers in FY14.

We remain focused on delivering value on a weekly basis to an average 21.1 million Australian Food and Liquor customers. They benefited from more than $750 million in savings through key promotional campaigns over the year in our Australian Supermarkets and deflation in average prices of 3.1% for the year.

We also strive to be Australia's 'First Choice for Fresh' and made good progress towards this through support for local producers and encouraging a healthier Australia through our Jamie Oliver partnership.

We provided greater access for our customers with 34 (net) new Australian Supermarkets store openings, bringing total Australian Supermarkets to 931.

Our New Zealand supermarkets operation is in the early stages of business transformation and is delivering pleasing results. There has been a strong customer response to our focus on providing enhanced customer value through the 'Price Lockdown' and 'Price Drop' campaigns.

For footnote references within the Managing Director's Report, refer to page 35.

THIS YEAR 70% OF OUR PROFIT WILL BE RETURNED TO OUR SHAREHOLDERS IN DIVIDENDS TOTALLING

$1.7b

WE ARE FOCUSED ON DELIVERING VALUE ON A WEEKLY BASIS TO AN AVERAGE 21.1M AUSTRALIAN FOOD AND LIQUOR CUSTOMERS

21.1m

WE NOW HAVE 7.9 MILLION EVERYDAY REWARDS AND 1.9 MILLION ONECARD MEMBERS

7.9m and 1.9m

WE ARE EXTENDING OUR LEADERSHIP AS AUSTRALASIA'S LARGEST DOMESTIC ONLINE RETAILER WITH ONLINE SALES OF MORE THAN

$1.2b

OUR AUSTRALIAN SUPERMARKETS CUSTOMERS BENEFITED FROM SAVINGS THROUGH KEY PROMOTIONAL CAMPAIGNS THROUGHOUT THE YEAR OF MORE THAN

$750m

We further reinforced our position as Australia's premier liquor destination with market leading store formats, online offer and exciting range, including the exclusive and own brands managed by our Pinnacle Drinks business.

2. We have maintained our successful track record of building new businesses. We are extending our leadership as Australasia's largest domestic online retailer with online sales of more than $1.2 billion for FY14, increasing by 50% on the previous year.

Our market leading Online offers in Australian Food, Australian Liquor as well as Food in New Zealand continue to exceed our expectations and have been supported by strong growth in our Australasian Apparel business.

The Liquor division is our best example of how we can deliver strong growth across retailing channels. Through its market leading offer, Dan Murphy's is the most visited drinks website in Australia, which attracts around two million visits a month.

We are building our Home Improvement business and bringing competition to the market for the benefit of consumers. Whilst FY14 losses were higher than anticipated, we have established a solid foundation and are focused on transitioning from a start-up to a scalable profitable business under the new leadership of Matt Tyson. We remain confident Home Improvement will become a material profit contributor for Woolworths.

3. We have put in place the enablers for a new era of growth. We are strengthening our supply chain with the commencement of Mercury II, which will drive next generation supply chain capability. This will deliver our customers greater convenience and flexibility across our shopping platforms whilst also maintaining market leading prices.

We are gaining an even better understanding of our customers' needs and continue to tailor the customer experience by leveraging our stake in Quantium. We now have 7.9 million Everyday Rewards and 1.9 million Onecard members.

We continue to assemble a world class retail team that blends the best local and international talent.

4. We acted on our portfolio to maximise shareholder value. In September 2014, we announced the divestment of a $600 million portfolio of freehold Hotel sites, furthering work undertaken in FY13 which included creation of the SCA Property Group.

Despite making good progress with the previously advised transformation of our BIG W business, this transformation together with challenging trading conditions impacted our profitability leading to a disappointing result in FY14.

We have made a number of recent appointments to the BIG W leadership team. Under Alistair McGeorge's leadership, they will continue to develop the BIG W strategy whilst also bringing a strong focus on execution and operational excellence. The integration of EziBuy is progressing well and we are excited by the future potential for this business.

We continue our progress in running Australia's best and most responsible hotels through our industry leading hotel and gaming charter and have commenced the roll out of electronic gaming machine voluntary pre-commitment functionality.

SECURING GROWTH INTO THE FUTURE

It is clear that the Strategic Priorities we laid down in November 2011 are delivering solid results as well as providing a pathway to sustainable future growth.

The momentum we have built is pleasing, but there is a lot more to do. We are working hard to transform our business to drive strong ongoing returns for our shareholders.

I would like to acknowledge the contribution made by each of our staff members during the year.

Thank you for your support in FY14 and I look forward to reporting on our progress throughout FY15.

For footnote references within the Managing Director's Report, refer to page 35.

The Results in Brief

$million	FY14 52 weeks	FY13 53 weeks	Change (52 v 53 weeks)	Change Normalised[2]
SALES*				
Continuing Operations				
Australian Food and Liquor	41,171	40,031	2.8%	4.7%
Petrol (dollars)	7,065	6,794	4.0%	6.0%
Petrol (litres)	4,864	5,028	(3.3)%	(1.4)%
Australian Food, Liquor and Petrol	**48,236**	**46,825**	**3.0%**	**4.9%**
New Zealand Supermarkets	**5,186**	**4,600**	**12.7%**	**14.9%**
New Zealand Supermarkets (NZD)	5,737	5,749	(0.2)%	1.6%
General Merchandise[3]	**4,352**	**4,383**	**(0.7)%**	**2.1%**
Hotels	**1,472**	**1,469**	**0.2%**	**2.2%**
Masters	752	529	42.2%	45.5%
Home Timber and Hardware[10]	775	710	9.2%	11.0%
Home Improvement	**1,527**	**1,239**	**23.2%**	**25.7%**
Group Sales – Continuing Operations	**60,773**	**58,516**	**3.9%**	**5.9%**
Discontinued Operations				
Group Sales – Discontinued Operations[4]	–	**642**	**n.c**	**n.c**
Total Group Sales	**60,773**	**59,158**	**2.7%**	**4.7%**
EARNINGS BEFORE INTEREST AND TAX (EBIT)*				
Continuing Operations (before significant items[1])				
Australian Food, Liquor and Petrol**	**3,368.0**	**3,199.3**	**5.3%**	**7.2%**
New Zealand Supermarkets	**271.4**	**236.2**	**14.9%**	**17.1%**
New Zealand Supermarkets (NZD)	309.8	302.7	2.3%	4.2%
General Merchandise[3]	**152.9**	**191.3**	**(20.1)%**	**(18.8)%**
Hotels	**275.4**	**263.7**	**4.4%**	**6.5%**
Home Improvement	**(169.0)**	**(138.9)**	**21.7%**	**24.1%**
Central Overheads	**(123.5)**	**(98.4)**	**25.5%**	**28.0%**
Group EBIT – Continuing Operations	**3,775.2**	**3,653.2**	**3.3%**	**5.3%**
Group EBIT – Discontinued Operations[4] (before significant items[1])	–	**2.5**	**n.c**	
Total Group EBIT (before significant items[1])	**3,775.2**	**3,655.7**	**3.3%**	
Significant Items[1] (before tax)				
One-off loss on SCA Property Group transaction	–	(32.8)	n.c	
Gain on disposal of Consumer Electronics businesses	–	9.9	n.c	
Victorian transport fleet redundancies	–	(25.8)	n.c	
Total Group EBIT (after significant items[1])	**3,775.2**	**3,607.0**	**4.7%**	

* FY14 represents the 52 weeks ended 29 June 2014; FY13 represents the 53 weeks ended 30 June 2013. A 'normalised' growth has been provided for comparability and represents full year growth adjusted to remove the approximate impact of the 53rd week in FY13. Refer to footnote 2 on page 35 for further detail.

** Includes FY14 EBIT of $3,278.7 million for Australian Food and Liquor (FY13: $3,061.6 million) and $89.3 million for Petrol (FY13: $137.7 million). These FY13 and FY14 results are not comparable as the cost of providing the Petrol discount which was previously included in Australian Food and Liquor has been recorded in the Petrol division from the beginning of H2'14. From FY15, a combined result for Australian Food, Liquor and Petrol will be provided.

For footnotes refer to page 35.

$million	FY14 52 weeks	FY13 53 weeks	Change (52 v 53 weeks)	Change Normalised[2]
GROUP PROFIT AND LOSS				
Continuing Operations (before significant items[1])				
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	6,670.2	6,382.9	4.5%	
Rent	(1,898.7)	(1,764.2)	7.6%	
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**4,771.5**	**4,618.7**	**3.3%**	
Depreciation and amortisation	(996.3)	(965.5)	3.2%	
Earnings before interest and tax (EBIT)	**3,775.2**	**3,653.2**	**3.3%**	**5.3%**
Net financial expenses	(260.1)	(297.5)	(12.6)%	
Income tax expense	(1,056.7)	(996.6)	6.0%	
Net profit after income tax	**2,458.4**	**2,359.1**	**4.2%**	
Non-controlling interests	(6.7)	(5.2)	28.8%	
Net profit from continuing operations after income tax and non-controlling interests	**2,451.7**	**2,353.9**	**4.2%**	**6.1%**
Discontinued Operations (before significant items[1])				
Profit from discontinued operations after income tax[4]	**–**	**1.8**	**n.c**	
Total Group net profit after income tax and non-controlling interests before significant items[1]	**2,451.7**	**2,355.7**	**4.1%**	
Significant Items[1] (after income tax)				
One-off loss on SCA Property Group transaction	–	(28.5)	n.c	
Gain on disposal of Consumer Electronics businesses	–	7.9	n.c	
Victorian transport fleet redundancies	–	(18.1)	n.c	
US 144A bond redemption costs	–	(57.6)	n.c	
Total Group net profit after income tax and non-controlling interests after significant items[1]	**2,451.7**	**2,259.4**	**8.5%**	
Margins – Continuing Operations (before significant items[1])				
Gross Profit (%)	**27.11**	26.94	17 bps	
Cost of Doing Business (%)	**20.90**	20.70	20 bps	
EBIT (%)	**6.21**	6.24	(3) bps	
Earnings per Share (EPS) and Dividends				
Weighted average ordinary shares on issue (million)	**1,248.0**	1,237.4	0.9%	
Ordinary EPS (cents) – continuing operations before significant items[1]	**196.5**	190.2	3.3%	5.2%
Ordinary EPS (cents) – total Group	**196.5**	182.6	7.6%	
Interim dividend per share (cents)	**65**	62	4.8%	
Final dividend per share (cents)[(i)]	**72**	71	1.4%	
Total dividend per share (cents)	**137**	**133**	**3.0%**	

(i) Final 2014 dividend payable on 10 October 2014 will be fully franked at 30%

$million	FY14 52 weeks	FY13 53 weeks	Change (52 v 53 weeks)	Change Normalised[2]
Returns				
Funds employed (period end)[(i)] – continuing operations	**14,614.6**	13,373.6	9.3%	
Return on Average Funds Employed (ROFE)[(i)] – continuing operations before significant items[1]	**27.0%**	28.0%	(101) bps	

(i) Refer page 95 for definitions. For comparability, this ratio excludes Consumer Electronics Australia, New Zealand and India. On a normalised 52 week basis[2], ROFE decreased 50 bps or increased 57 bps excluding the investment in our Home Improvement business.

For footnotes refer to page 35.

Group Financial Performance

Sales were $60.8 billion, an increase of 5.9% on the prior year, supported by ongoing momentum in the Australian Food, Liquor and Petrol business.

Gross profit as a percentage of sales increased 17 bps on the prior year to 27.11%, reflecting improvements in buying, more effective promotional activity, growth in exclusive brand ranges and positive changes in sales mix. We continued to reinvest in lower prices, delivering greater value to customers as evidenced by continued average price deflation in Australian Food and Liquor and BIG W as well as low inflation in New Zealand Supermarkets.

Cost of doing business (CODB) as a percentage of sales increased 20 bps on the prior year to 20.90%. Excluding non-comparable additional net costs in FY14 following the SCA Property Group transaction in FY13 and the Home Improvement business which remains in start up phase, CODB as a percentage of sales increased 7 bps on the prior year, impacted by a large number of new stores and lower sales in General Merchandise limiting the ability to fractionalise costs. Australian Food, Liquor and Petrol CODB as a percentage of sales decreased 6 bps compared to the prior year.

For footnotes refer to page 35. Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2].

Earnings before interest and tax (EBIT) increased 5.3% on the prior year to $3,775.2 million. Excluding the impact of non-comparable additional net costs in FY14 following the SCA Property Group transaction, growth was approximately 6.2%, driven by a strong result in our Australian Food, Liquor and Petrol business.

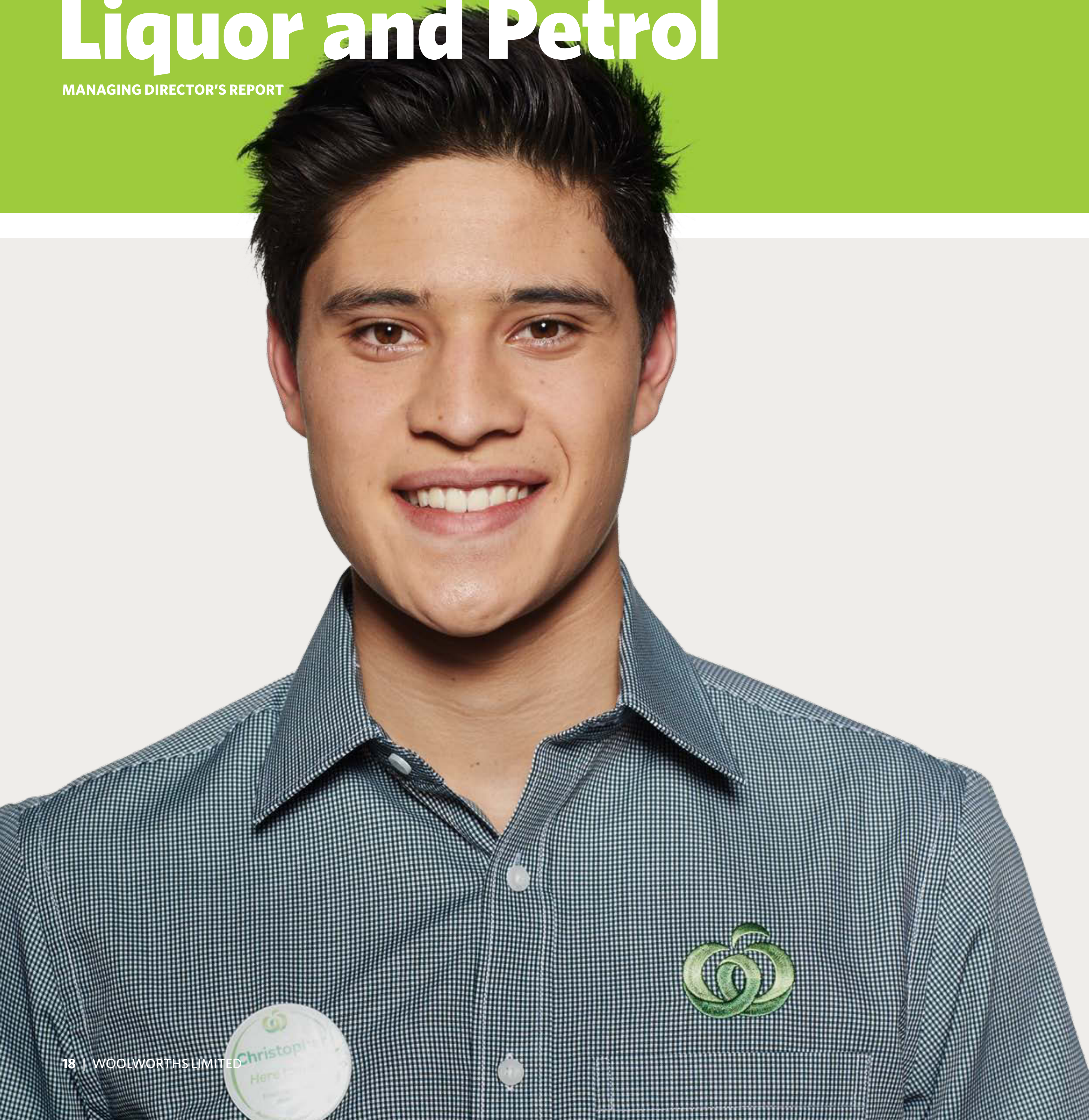
Net financing costs decreased 10.9% on the prior year, resulting from a reduction in long term debt following the sale of properties to the SCA Property Group in FY13.

Net profit after tax (NPAT) increased 6.1% on the prior year to $2,451.7 million, with corresponding EPS up 5.2% to 196.5 cents. On a statutory basis[2], total Group NPAT increased 8.5%.

For footnotes refer to page 35. Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2].

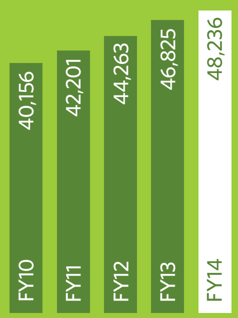
Australian Food, Liquor and Petrol

MANAGING DIRECTOR'S REPORT

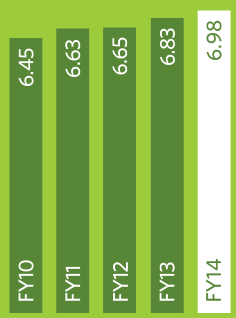


petrol

RESULTS



Sales ($m)



EBIT to Sales (%)

FACTS

$48.2b

Sales for the year were $48.2 billion, an increase of 4.9% on the prior year on a normalised 52 week basis[2]

21.1m

We served on average 21.1 million Australian Food and Liquor customers per week

3.1%

Customers continued to benefit from lower average prices as reflected by deflation of 3.1%

7.9m

Everyday Rewards members increased to 7.9 million, growth of over 10% on the prior year

TRADING PERFORMANCE

Sales for the year were $48.2 billion, an increase of 4.9% on the prior year, with increasing comparable sales and EBIT momentum as well as market share growth.

Australian Food and Liquor sales were $41.2 billion, an increase of 4.7% on the prior year, with Online sales growth of more than 35%. Comparable sales increased 3.0%[2] for the year, with growth stronger than the prior year as customers have responded to increased value and our improved offer.

During the year, we increased market share, customer numbers, basket size, items sold and sales per average square metre. We served on average 21.1 million customers per week, an increase of 3.7% on the previous year. Customers continued to benefit from lower average prices as reflected by deflation of 3.1% (FY13: deflation of 2.9%) when the effects of promotions and volumes are included.

The standard shelf price movement index[7] which excludes the significant investment in promotional activity increased 2.1% for the year, reflecting the increase in tobacco excise and produce inflation resulting from tightened supply conditions.

Petrol sales for the year, including Woolworths/Caltex alliance sites, were $7.1 billion, an increase of 6.0% on the previous year. Comparable sales (dollars) increased 4.0%[2] for the year. Average unleaded fuel sell prices for the year were 151.1 cpl (FY13: 142.4 cpl).

Australian Food, Liquor and Petrol

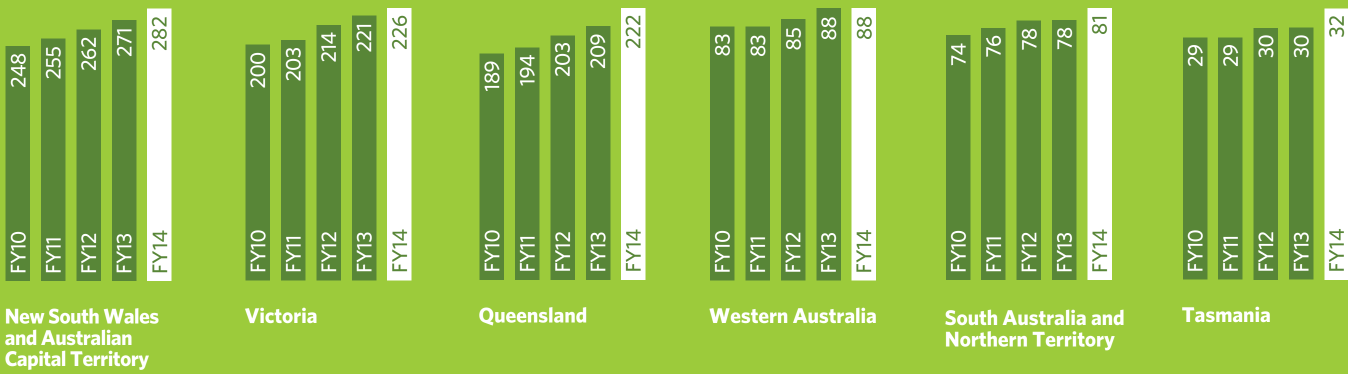
	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 weeks)	Change Normalised[2]
Sales				
Food and Liquor ($ million)	41,171	40,031	2.8%	4.7%
Petrol ($ million)	7,065	6,794	4.0%	6.0%
Food, Liquor & Petrol ($ million)	**48,236**	**46,825**	**3.0%**	**4.9%**
EBIT				
Food and Liquor ($ million)	3,278.7	3,061.6	7.1%	9.1%
Petrol ($ million)	89.3	137.7	(35.1)%	(33.9)%
Food, Liquor & Petrol ($ million)	**3,368.0**	**3,199.3**	**5.3%**	**7.2%**
Funds Employed ($ million)	4,576.9	4,326.4	5.8%	
Gross Margin (%)	25.19	25.10	9 bps	
Cost of Doing Business (%)	18.21	18.27	(6) bps	
EBIT to Sales (%)	6.98	6.83	15 bps	
Return on Average Funds Employed (%)	75.7	76.7	(101) bps	39 bps

The FY13 and FY14 results for 'Food and Liquor' and 'Petrol' are not comparable as the cost of providing the Petrol discount which was previously included in Food and Liquor, has been recorded in the Petrol division from the beginning of H2'14. From FY15, a combined result for Food, Liquor and Petrol will be provided.

For footnotes refer to page 35. Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2].

the fresh food people Woolworths | BWS | Dan Murphy's LOWEST LIQUOR PRICE GUARANTEE | petrol

NO. OF AUSTRALIAN SUPERMARKETS



MANAGING DIRECTOR'S REPORT

Petrol volumes decreased 1.4% and comparable volumes decreased 3.1% for the year, impacted by reduced fuel discount activity following the undertaking to the Australian Competition and Consumer Commission (ACCC) which limited fuel discounts available to customers. Woolworths' customers continue to be rewarded through discounts at our Petrol sites as well as enhanced Supermarket offers.

Despite the lower fuel volumes, solid growth in non-fuel categories continued with total merchandise sales increasing 10.7% and comparable merchandise sales increasing 7.3%[2] for the year, reflecting improved ranging and more effective promotional activity.

Australian Food, Liquor and Petrol (FLP) gross margins increased 9 bps reflecting improvements in buying, favourable shifts in sales mix and growth in exclusive brands. We continued to reinvest much of these benefits into lower prices for our customers.

FLP CODB as a percentage of sales decreased 6 bps on the prior year. This was a good result given the large number of new stores which are yet to reach mature trading levels and ongoing investment in delivering increased value for our customers as well as in our Online business.

FLP EBIT of $3,368.0 million increased 7.2% on the previous year, with the EBIT margin increasing 15 bps. The shape of this growth is pleasing, reflecting improved margins as well as sustainable cost control.

ROFE for FLP increased 39 bps on the prior year, reflecting EBIT growth and continued investment in the roll out of new supermarkets, liquor outlets and petrol canopies, as well as higher inventory.

For footnotes refer to page 35. Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2].

the fresh food people
Woolworths

FACTS

34

(Net) new Australian Supermarkets opened during the year

40%

Online sales increased more than 40% and over three million items delivered to customers each week

PROGRESS AGAINST OBJECTIVES – AUSTRALIAN SUPERMARKETS

1. First choice for fresh food

- We grew our Fresh market share, in line with our strategy to be first choice in Fresh food
- We improved our supply chain to provide fresher produce for our customers and reduce waste
- We continued to support Australian producers and sourced 97% of produce locally. We have new contracts in place with Simplot and SPC Ardmona benefiting local farmers
- Customers are enjoying our 'Farmers' Own' local milk range from the Manning Valley, now ranged in 261 New South Wales supermarkets with plans to roll out similar products in other states
- We launched 27 new 'Created with Jamie' fresh products that have been well received by customers
- Our sushi bars, 'Food to Go' and barista coffee are providing convenience shoppers further choice

2. Unbeatable value

- Key promotional campaigns generated savings of more than $750 million for our customers
- Our customers benefited from deflation in average prices of 3.1% for the year
- Everyday Rewards members benefited from in-store savings and our seasonal 'Cash For' campaigns

3. Online retailing

- Woolworths Online continues to lead the way in the retail grocery and alcohol category, with FY14 Online sales increasing more than 40% and over three million items delivered to customers each week
- We opened Australia's first full range dedicated online fulfilment grocery store
- We expanded our Click & Collect network to 202 stores offering same day collection service, including 17 drive-thrus at the end of FY14
- We introduced a number of digital features to make shopping easier for our customers including 'Track My Order' GPS functionality, the ability to share shopping lists and functionality allowing customers to locate any product in store

4. Customer insights transforming our business

- We are using data to refine our store layouts and ranges to meet our customers' evolving needs
- Everyday Rewards members increased to 7.9 million, growth of over 10% on the prior year
- We are increasingly using data to identify new sites and provide greater access for our customers with 34 (net) new store openings, bringing total stores to 931. We refurbished 23 stores to improve our customers' shopping experience

5. Innovative offers

- We engaged families and created customer loyalty through our Collectables campaigns – 'Aussie Animals', 'DreamWorks Heroes' and 'Jamie's Garden'
- We saw strong customer uptake of 'Created with Jamie', 'Free From' and permanent 'Gold' own brands
- We continued to expand the 'Macro' range which is proving to be very popular with our customers and now have over 400 healthy products available in stores

For footnotes refer to page 35.

FACTS

11

We continued to expand our footprint as Australia's premier liquor destination, opening 11 Dan Murphy's in FY14

36

We continued to grow BWS, Australia's largest liquor retailer, opening 36 (net) new stores in FY14

PROGRESS AGAINST OBJECTIVES – WOOLWORTHS LIQUOR GROUP

The Woolworths Liquor Group has delivered a strong result for the year across all three formats – Dan Murphy's (Destination), BWS (Convenience) and The Wine Quarter (Online and Direct). Total sales for the year (including ALH Group on premise liquor sales) of $7.4 billion represent an increase of 4.6% on the previous year on a normalised 52 week basis[2].

1. Continuing to evolve Dan Murphy's

- We continued to expand our footprint as Australia's premier liquor destination, opening 11 Dan Murphy's. Total Dan Murphy's stores number 186
- A new 'customer centric' store operating model with more customer facing staff, while still early days, is delivering positive results

2. Developing the BWS brand and convenience offer

- We continued to grow BWS, Australia's largest liquor retailer, opening 36 (net) new stores in FY14, with our total network now numbering 1,216 stores
- We strengthened the BWS brand with the launch of the 'Today's Special' marketing campaign as well as the sponsorship of 'The Ashes' and 'Summer of Cricket' earlier in the year
- We are progressing the tailoring of our ranges around shopper occasions

3. Maintaining leadership in Online and Direct via The Wine Quarter

- danmurphys.com.au further embedded its position as the premier Australian online liquor destination, being the most visited liquor website in Australia. Online sales increased more than 55%, with a number of new features added to the website including enhanced delivery options and new customer recommendation functionality
- Langton's launched a new customer centric web platform and released its 6th Classification of Australian Wine
- We refreshed the Cellarmasters brand and website
- We are investing in our home delivery business (Nexday) via the implementation of Track and Trace and increased delivery options

4. Increasing own and exclusive brand penetration through Pinnacle Drinks

- We are providing customers with enhanced ranges as we continue to build our own and exclusive brand portfolio
- We launched new and innovative products including 'Minchinbury' Sparkling Wine, 'Lovers not Toreadors' Spanish Tempranillo and 'Hogs 3' Bourbon and Cola

For footnotes refer to page 35.

petrol

FACTS

$7.1b

Petrol sales for the year, including Woolworths/Caltex alliance sites were $7.1 billion

6.0%

Petrol sales increased 6.0% on the previous year on a normalised 52 week basis[2]

85

We rebranded 85 sites to the new Woolworths signage during the year

633

Together with Woolworths/Caltex alliance sites, our customers have access to 633 sites across the country

PROGRESS AGAINST OBJECTIVES – PETROL

Petrol sales for the year, including Woolworths/Caltex alliance sites, were $7.1 billion, an increase of 6.0% on the previous year on a normalised 52 week basis[2]. We are focused on providing a superior convenience offer to our customers through competitive pump prices, fuel discount offers which are available from our Supermarkets and Petrol stores, as well as an enhanced merchandise offer.

1. Provide customers with a compelling fuel offer

- We continue to invest in forecourt improvements to provide customers with better access to diesel and premium fuels as well as fast flow fuel pumps
- We rebranded 85 sites to the new Woolworths signage during the year and 67 canopies and forecourts were refreshed to improve the customer experience
- Our new App allows our customers to review fuel prices at their local outlet in comparison to their average local fuel price, view fuel discounts available to them and access merchandise offers

2. Accelerate merchandise sales

- New categories and products are adding incremental sales as part of our strong focus on improving our convenience offer
- Customers are enjoying our new food service offer which includes coffee, bakery products, hot food and sandwiches. This is currently available in our new stores and will be rolled out across a number of existing stores

3. Increase our network profile

- We opened 20 petrol sites (net) during the year, taking the total number of Woolworths owned sites to 502. Together with Woolworths/Caltex alliance sites, our customers now have access to 633 sites across the country

For footnotes refer to page 35.

New Zealand Supermarkets

MANAGING DIRECTOR'S REPORT

TRADING PERFORMANCE

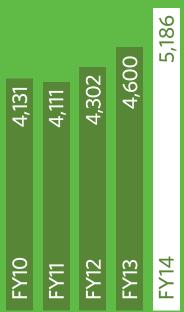
New Zealand Supermarkets' sales for the year were NZ$5.7 billion, an increase of 1.6%[8] on the previous year (14.9% increase in AUD). The result was underpinned by improving price perception as we progress with the transformation of this business and extend our leadership in online where sales increased more than 20%[8].

Comparable sales for the year increased 0.3%[2,8] and reflect ongoing subdued grocery market conditions and price deflation across a number of key categories.

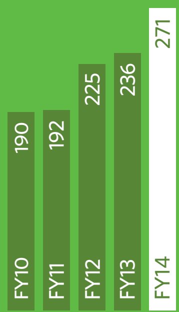
The Countdown Supermarkets food price index showed inflation for the year of 0.7% (FY13: 0.2%), and was limited by deflation across a number of key categories as well as the impact of our 'Price Lockdown' and 'Price Drop' campaigns.

For footnotes refer to page 35. Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2].

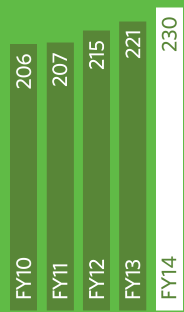
RESULTS



Sales (AUD) ($m)



EBIT (AUD) ($m)
(before significant items[1])



New Zealand stores (no.)
(incl franchises)

FACTS

NZ$5.7b

New Zealand Supermarkets' sales for the year were NZ$5.7 billion

96%

96% of sales are sourced from suppliers that are owned or have a base in New Zealand

20%

FY14 Online sales increased more than 20%[8] from countdown.co.nz, reinforcing our position as New Zealand's leading online food site

76%

76% of own brand sales use locally sourced products

Gross margin increased 37 bps[8] on the previous year, delivered through improvements in buying, more effective promotional activity and changes in sales mix. We have continued to improve our competitiveness in the market and have lowered prices on everyday product lines to deliver increased value to our customers.

CODB as a percentage of sales before significant items[1] increased 24 bps[8] on the previous year, due to lower sales growth and additional rental expense (net of depreciation savings) following the sale of properties to the SCA Property Group in FY13. Excluding these SCA-related costs, CODB as a percentage of sales before significant items[1] increased approximately 12 bps[8].

EBIT before significant items[1] increased 4.2%[8] on the previous year to NZ$309.8 million. Excluding the non-comparable impact of the SCA Property Group transaction in FY13, EBIT before significant items[1] increased approximately 6.2%[8].

ROFE was 64 bps[8] higher than the prior year, reflecting EBIT growth higher than the continued investment in new stores and refurbishments.

PROGRESS AGAINST OBJECTIVES

1. Customer value and innovative offers

- We are providing increased value to Countdown customers via our 'Price Lockdown' campaign with its range of everyday lower price products resonating strongly with customers, including being the first supermarket with $1 bread. Basket penetration of these products is now more than double last year
- The 'Price Drop' campaign was launched in the second half of FY14 with reduced shelf prices generating strong basket growth year on year
- The 'Alessi' cutlery and 'DreamWorks Heroes' programs resonated strongly with customers
- We continued to expand new customer offers in response to growing customer acceptance, notably Bulk Foods, Apparel, Kitchenware and Pharmacy

2. Leverage local sourcing

- 96% of sales are sourced from suppliers that are owned or have a base in New Zealand and 76% of own brand sales use locally sourced products
- We source all our Fresh Food from New Zealand other than where it is not commercially available

3. Online

- FY14 Online sales increased more than 20%[8] from countdown.co.nz, reinforcing our position as New Zealand's leading online food site
- Continued site functionality and service improvements were completed during the year to support future growth and we added 15 online fulfilment stores during FY14

4. Grow Countdown and franchise network

- We opened five new Countdown stores (net) during the year, bringing the total to 171 stores
- We opened four new franchise stores under the 'Fresh Choice' or 'Super Value' brands during the year, increasing the total to 59

New Zealand Supermarkets

$NZD Before Significant Items[1]	FY14 (52 weeks)	FY13 (53 weeks)	Change[8] (52 v 53 weeks)	Change Normalised[2,8]
Sales ($ million)	5,737	5,749	(0.2)%	1.6%
EBIT ($ million)	309.8	302.7	2.3%	4.2%
Funds Employed ($ million)	3,052.9	3,221.4	(5.2)%	
Gross Margin (%)	23.67	23.30	37 bps	
Cost of Doing Business (%)	18.27	18.03	24 bps	
EBIT to Sales (%)	5.40	5.27	13 bps	
Return on Average Funds Employed (%)	9.9	9.4	48 bps	64 bps

For footnotes refer to page 35. Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2].

General Merchandise[3]

MANAGING DIRECTOR'S REPORT

FACTS

$4.4b

Sales for the year were $4.4 billion, an increase of 2.1% on the previous year

133

Completed the first phase of category and space changes across 133 stores

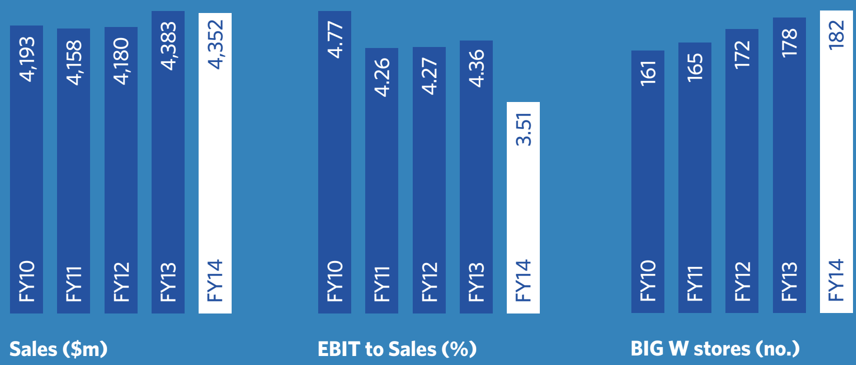
TRADING PERFORMANCE

Sales for the year were $4.4 billion, an increase of 2.1% on the previous year. Comparable store sales decreased 3.1%[2] for the year, impacted by the previously advised transformation of BIG W, highly competitive trading conditions and ongoing price deflation (3.6% for the year). Excluding categories which are being rationalised as part of the business transformation, comparable sales for the year decreased 0.7%[2].

The 104 bps gross margin improvement primarily reflects the acquisition of EziBuy together with some improved buying and changes in the sales mix.

For footnotes refer to page 35. Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2].

RESULTS



CODB as a percentage of sales increased 189 bps on the prior year, reflecting the acquisition of EziBuy as well as lower comparable sales in BIG W principally in exited categories, the write off of BIG W Online assets and costs associated with the business transformation.

The challenging environment and ongoing impacts of the transformation resulted in EBIT of $152.9 million, a decrease of 18.8% on the previous year which was a disappointing result. The transformation will continue to impact results in FY15, however we remain confident it will ensure the business is well placed to deliver profitable growth in the future.

ROFE decreased 616 bps, impacted by lower EBIT as well as the acquisition of EziBuy, the opening of four BIG W stores and capital expenditure associated with the business transformation.

PROGRESS AGAINST OBJECTIVES

1. Transforming our business for the future

- Completed the first phase of category and space changes across 133 stores, rationalising space in non-core categories such as Entertainment and expanding our offer in Toys and Footwear
- We introduced a new BIG W senior leadership team, including a new Managing Director and heads of Merchandise & Buying, Marketing, Finance and Human Resources
- Commenced a review of BIG W's supply chain capabilities, as part of Mercury II, and continued with the implementation of our new merchandise system which will go live in FY15
- FY15 will be a year of significant change under the new leadership of Alistair McGeorge. Alistair brings extensive international general merchandise experience and will continue to develop the strategy whilst also bringing a strong focus on execution and operational excellence

2. Focus on winning on value everyday

- Relaunched our BIG W 'Lowest Price Guarantee', increasing our commitment of giving the best choices at the lowest prices every day
- Further extended our key and exclusive brands, including Lee Cooper, Peter Morrissey Home and Michelle Bridges and Guy Leech activewear ranges

3. Growing our store footprint whilst realising our Online ambition

- Integration of EziBuy is progressing well with its world class distribution capabilities being leveraged to enhance our online offer
- Relaunched BIG W Online through a new platform, offering customers an extended range from EziBuy
- Implemented Click & Collect across our entire network in HY14

General Merchandise[3]

	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 weeks)	Change Normalised[2]
Sales ($ million)	**4,352**	4,383	(0.7)%	2.1%
EBIT ($ million)	**152.9**	191.3	(20.1)%	(18.8)%
Funds Employed ($ million)	**1,230.5**	992.8	23.9%	
Gross Margin (%)	**33.78**	32.74	104 bps	
Cost of Doing Business (%)	**30.27**	28.38	189 bps	
EBIT to Sales (%)	**3.51**	4.36	(85) bps	
Return on Average Funds Employed (%)	**13.8**	20.2	(649) bps	(616) bps

For footnotes refer to page 35. Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2].

ALH Group

Hotels

MANAGING DIRECTOR'S REPORT

TRADING PERFORMANCE

Hotel sales for the year were $1,472 million, an increase of 2.2% on the previous year. Comparable sales for the year increased 1.0%[2], impacted by subdued trading conditions in Victoria and Queensland where the majority of hotel sites are located, a change to tax rates in Victoria applying to electronic gaming machine revenue from 1 May 2014 and the impact during part of the second half of a legislative change limiting ATM withdrawals in gaming venues nationally[9].

Gross margin increased 27 bps on the prior year, assisted by an ongoing focus on improving our Food and Bar offerings as well as the Victorian gaming regulatory changes which came into effect in FY13 (cycled in August 2013) and provided an uplift to sales and profitability.

For footnotes refer to page 35. Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2].

FACTS

$1,472m

Hotel sales for the year were $1,472 million, an increase of 2.2%[2] on the previous year

329

We opened four hotels (three net) during the year bringing the total number of venues to 329

$275.4m

EBIT increased 6.5%[2] on the previous year to $275.4 million

CODB as a percentage of sales decreased 49 bps on the prior year, with FY13 impacted by costs relating to the acquisition of the Laundy Hotel Group. In FY14, CODB was impacted by additional rental costs (net of depreciation savings) following property disposals in FY13 and leased sites acquired.

EBIT increased 6.5% on the previous year to $275.4 million, a pleasing result in light of the subdued trading conditions and the impact of regulatory changes on electronic gaming machine revenues.

It is expected that the changes to tax rates in Victoria applying to revenues from electronic gaming machines will adversely impact FY15 EBIT by approximately $18 – $20 million.

PROGRESS AGAINST OBJECTIVES

1. To be Australia's most responsible operator of local pubs

- Industry leading hotel and gaming charter, underpinning our commitment to responsible service
- We commenced a program to introduce voluntary pre-commitment functionality on all gaming machines ahead of any planned state legislation, allowing customers to monitor their play and set time or spend limits
- Via the ALH Responsible Gambling Ambassador program, we continued to promote the message of responsible gambling, delivering employee education and customer awareness and also working closely with local gamblers help agencies

2. Grow our network

- We have utilised opportunities to develop our business in both retail liquor and on-premise with enhanced food, bars and gaming offers
- We continued to grow our hotel network through targeted acquisitions. We opened four hotels (three net) during the year bringing the total number of venues to 329
- Ongoing growth in our hotel network also enabled us to open an additional 16 BWS and two Dan Murphy's (net)

3. Evolve our offer to meet customer needs

- We implemented a program to expand the depth of our bar ranges to cater for the evolving demand for more premium products, as well as selectively adding branded food operations to enhance our appeal to customers
- Our food offers are being complemented by the addition of children's play areas and other family friendly activities
- We are improving our online presence, with mobile enabled venue websites, special online offers, an online booking service for accommodation and advertising integrated into social media

Hotels

	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 weeks)	Change Normalised[2]
Sales ($ million)	**1,472**	1,469	0.2%	2.2%
EBIT ($ million)	**275.4**	263.7	4.4%	6.5%
Gross Margin (%)	**82.82**	82.55	27 bps	
Cost of Doing Business (%)	**64.11**	64.60	(49) bps	
EBIT to Sales (%)	**18.71**	17.95	76 bps	

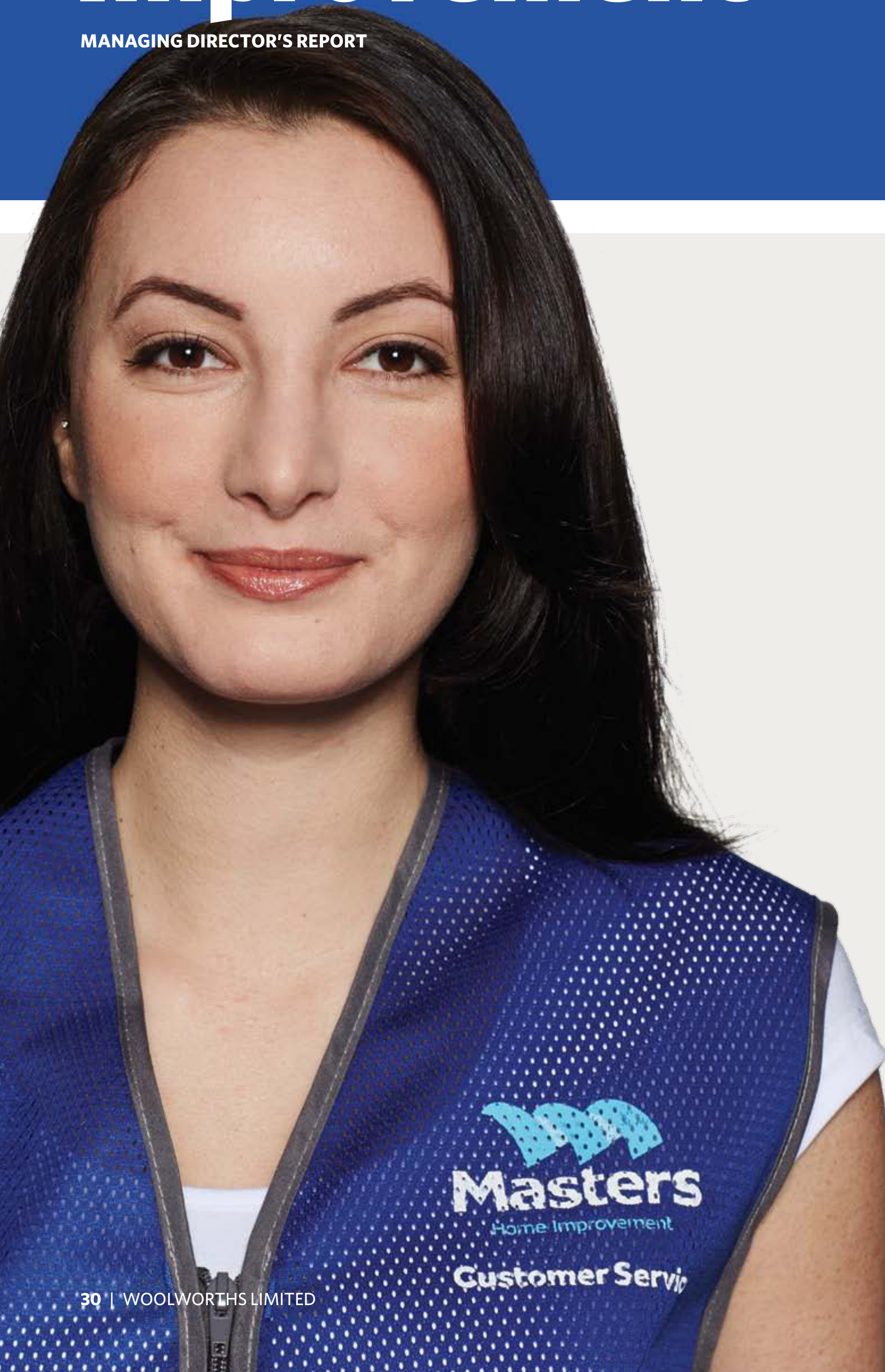
For footnotes refer to page 35. Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2].

Masters Home Improvement

HOME TIMBER & HARDWARE GROUP

Home Improvement

MANAGING DIRECTOR'S REPORT



FACTS

$1.5b

Home Improvement sales for the year were $1.5b

TRADING PERFORMANCE

Home Improvement sales for the year were $1,527 million, an increase of 23.2% on the previous year (25.7% on a normalised 52 week basis[2]).

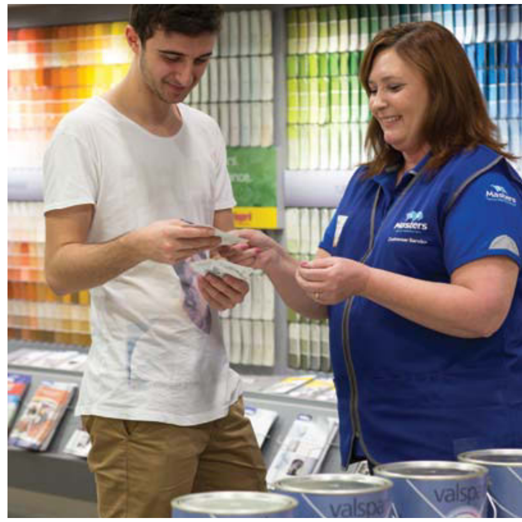
Masters sales for the year were $752 million, up 42.2% on the previous year. Sales were lower than expected and were impacted by a highly competitive market and lower consumer confidence. Losses before interest and tax were higher than anticipated.

Masters remains in its development phase, with stores having traded, on average, for 17 months at the end of FY14. The current store network includes a number of stores in regional and future growth areas which will take longer to mature.

Home Timber and Hardware[10] sales for the year were $775 million, up 9.2% on the previous year, driven by sales from stores acquired during FY13 as well as strong growth from a number of store refurbishments completed during FY14.

The Home Timber and Hardware EBIT was impacted by higher costs following FY13 property disposals and a highly competitive market.

For footnotes refer to page 35.



JOINT VENTURE PARTNER

As announced in August 2014, Lowe's has demonstrated its ongoing commitment to this business. The opening date for the put option exercise period is deferred indefinitely. From October 2015, Lowe's can issue a notice setting an exercise date for the option triggering a 13 month notice period after which the option can be exercised.

PROGRESS AGAINST OBJECTIVES

1. **Capitalise on significant market opportunity**
   - The rationale for entering the Home Improvement market remains as strong as ever. It is a $45 billion market, with 5% annual growth and one significant retailer with approximately 17% share
   - The market is fragmented and is in the process of consolidation as demonstrated by the 42.2% Masters sales growth in FY14
   - Our refurbished Home Timber and Hardware stores are delivering pleasing sales growth, with further refurbishments planned for FY15

2. **Build a national network of stores**
   - We opened 18 new Masters stores in FY14 taking the total to 49 at year end
   - Our Masters' pipeline is focused on key metropolitan areas where we do not have a significant presence such as New South Wales, Queensland and South Australia
   - We will continue to selectively grow the Home Timber and Hardware store network and recently announced the acquisition of Hudson Building Supplies which will improve our presence in New South Wales and Queensland

3. **Develop national brand awareness**
   - Unaided brand awareness grew to 75% for the quarter ended June 2014, a high number for a young retailer
   - Our sponsorship of the second series of 'House Rules' on Channel 7 provided strong coverage for the brand
   - The 'That's Why' advertising campaign highlights the reasons why Masters is 'Australia's fastest growing hardware store'

4. **Continue to test and develop our model**
   - We are testing, learning and adjusting our plans to ensure we create a compelling customer offer and sustainable, profitable business
   - We have added over 2,000 SKU's in our Hardware, Gardening and Trade categories to our test stores with pleasing early results as we look to improve our range in areas of high customer importance. These will be rolled into our existing network over the coming months

5. **Demonstrate commitment and the right team**
   - We appointed Matt Tyson as Managing Director of Home Improvement, James Aylen as General Manager of Home Timber and Hardware and Dion Workman as General Manager Marketing of Masters
   - We remain committed to making the Home Improvement business a material profit contributor to Woolworths

Home Improvement

($ million)	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 weeks)	Change Normalised[2]
Sales				
Masters	752	529	42.2%	
Home Timber and Hardware[10]	775	710	9.2%	
Home Improvement	**1,527**	**1,239**	**23.2%**	**25.7%**
EBIT				
Masters	(176.0)	(156.6)	12.4%	
Home Timber and Hardware[10]	7.0	17.7	(60.5)%	
Home Improvement	**(169.0)**	**(138.9)**	**21.7%**	**24.1%**

For footnotes refer to page 35.

Managing Director's Report

OVERHEADS, BALANCE SHEET AND CASH FLOW

Central Overheads

Central Overheads were $123.5 million for the year (FY13: $98.4 million). The increase is primarily attributable to additional (net) costs in our property division following the sale of properties to the SCA Property Group during the prior year, costs incurred during FY14 on the development of new online business platforms as well as the cycling of property gains from FY13.

Balance Sheet

Our balance sheet remains strong, with key movements relative to the prior year explained as follows:

- **Closing inventory** increased 11.6% on the previous year, driven by new store openings, in particular, 34 Australian Supermarkets (net) and 18 Masters stores since FY13, increased direct global sourcing, changes in product mix and increased bulk wine holdings in our Liquor business. Closing inventory increased 2.1 days to 38.6 days. Average inventory increased 1.9 days or 0.3 days after excluding Home Improvement and incremental global sourced inventory
- **Working capital** was impacted by differences in the timing of creditor payments relative to the reporting dates (impact of approximately $300 million). Adjusting for this, the decrease in working capital was driven by the higher investment in inventory
- **Fixed assets and investments** increased $829.7 million to $10,394.5 million, reflecting ongoing property development and capital expenditure, with 147 new stores added to the network and 130 refurbishments undertaken since the prior year
- **Intangible assets** increased $550.7 million to $6,335.0 million, primarily reflecting the acquisition of EziBuy as well as increased intangible assets in our New Zealand Supermarkets business attributable to the stronger New Zealand dollar
- **Net repayable debt** (which includes cash, borrowings, hedge assets and liabilities) decreased $15.3 million to $3,731.6 million, impacted by differences in the timing of creditor payments relative to the reporting dates. Adjusted for this, net debt increased approximately $285 million, broadly reflecting the acquisition of EziBuy
- **Other financial liabilities** increased $129.1 million to $880.5 million, primarily reflecting an increase in the value of the Lowe's put option in our Home Improvement business to $771.2 million
- **Shareholders' equity** for the Group increased $1,224.1 million to $10,252.5 million primarily reflecting profits generated by the Group offset by the payment of dividends
- **Return on Average Funds Employed (ROFE)** for continuing operations before significant items[1] was 27.0%, a decrease of 50 bps on a normalised 52 week basis2 or an increase of 57 bps after excluding the investment in our Home Improvement business

Cash Flow

Free cash flow generated by the business (before movements in borrowings) was $136.7 million after the payment of dividends, acquisition of EziBuy and ongoing capital expenditure, reflecting the ability of our business to generate strong cash flows whilst continuing to invest for future growth.

Cash flow from operating activities before interest and tax increased 19.8%, impacted by differences in the timing of creditor payments relative to the reporting dates. Excluding this, cash flow from operating activities before interest and tax increased approximately 4.3% on a normalised 52 week basis[2].

Net interest paid of $338.2 million for the year was down 25.6% due to a reduction in long term debt following the sale of properties to the SCA Property Group in FY13.

Tax payments increased to $1,162.5 million for the year (FY13: $977.3 million) following a change in Australian tax legislation effective from January 2014 requiring income tax instalments to be paid on a monthly, rather than quarterly basis.

Cash used in investing activities was $2,031.4 million, an increase of $829.7 million on the prior year. FY13 included $802.8 million of proceeds from the sale of property to the SCA Property Group. FY14 included the acquisition of EziBuy and ongoing capital expenditure.

Expenditure on property development of $534.9 million was lower than the prior year (FY13: $752.6 million) given a decrease in the level of property development activity.

Expenditure on property, plant and equipment of $1,321.5 million was higher than the prior year (FY13: $1,136.0 million) and included our continued investment in new stores and refurbishments as well as investments in our online and data analytics capabilities, merchandising systems and enhanced product offerings.

Proceeds from share issues of $35.5 million were lower than the prior year (FY13: $193.7 million) as a result of fewer employee options exercised under long term incentive plans given the transition by the Group to the use of performance rights, which do not have an exercise price.

Cash contributions from Lowe's in relation to our Home Improvement business were $183.0 million, a decrease compared to the prior year (FY13: $230.0 million).

We have maintained our investment grade credit ratings by Standard & Poor's (A- since 2001) and Moody's (A3 since 2005)[5]. Our **fixed charges cover ratio**[6] before significant items[1] of 3.0 times remains strong (FY13: 3.0 times) and our **cash realisation ratio**[11] was 101%.

CAPITAL MANAGEMENT

Capital Management

The payment of the April 2014 and October 2014 dividends will return $1.7 billion and $0.7 billion in franking credits to shareholders. Woolworths expects that after these events, there will be approximately $1.8 billion of franking credits available for future distribution.

Debt Maturities

Woolworths has a $580 million tranche of a revolving syndicated bank loan facility maturing in October 2014. This facility is currently undrawn. A further US$100 million (fully hedged at A$127 million) tranche of the US$500 million US Private Placement matures in April 2015. This will be repaid using surplus cash flow or undrawn committed bank loan facilities.

At the end of the year, Woolworths had $3.5 billion in undrawn bank loan facilities across the Group.

Property Sales Program

Woolworths is generally not a long term holder of property assets and will continue its strategy of divesting property assets as appropriate market opportunities arise.

SPACE ROLL-OUT PLANS

Space roll out is supported by detailed plans for the next 3 – 5 years identifying specific sites.

	FY14 Net Store Openings (incl. acquisitions)	Long Term Target (Net)
Australian Supermarkets	34	▪ 20 – 30 new supermarkets per annum and c.3%+ space growth ▪ 25 planned for FY15
New Zealand Supermarkets		
Countdown	5	▪ 3 – 5 new supermarkets per annum ▪ 7 planned for FY15
Franchise Stores	4	▪ 4 planned for FY15
Dan Murphy's	11	▪ 10 – 15 new stores per annum ▪ 11 planned for FY15
BWS (standalone)	17	▪ 6 – 10 new stores per annum ▪ 2 planned for FY15
Petrol	20	▪ Grow to support the Supermarket new store strategy ▪ 12 planned for FY15
General Merchandise		
BIG W	4	▪ 2 – 5 new stores per annum ▪ 2 planned for FY15
EziBuy	4	
Hotels (ALH Group)	3	▪ Acquire as appropriate opportunities arise
Home Improvement		
Masters	18	▪ Plan to open approx 10-15 Masters stores per year for the next few years
Home Timber and Hardware (Retail)	1	▪ Acquire as appropriate opportunities arise

Managing Director's Report

OUTLOOK

Our businesses are well positioned to continue to deliver exceptional value to customers through a focus on our four Strategic Priorities, providing growth and attractive returns for our shareholders.

However, we expect trading conditions to remain challenging in FY15, with consumers managing cost of living pressures in a time of economic uncertainty.

Subject to the uncertainties noted above, we expect FY15 to be another year of growth with Net Profit After Tax expected to increase 4% – 7%. Please note that we will be reviewing our practice of providing profit guidance at the time of our full year profit announcement.

MATERIAL BUSINESS RISKS

As required by Section 299A(1) of the *Corporations Act 2001*, and in accordance with ASIC Regulatory Guide 247 Effective Disclosure in an Operating and Financial Review (RG 247) issued in March 2013, material business risks that could adversely affect financial performance include:

Market

- Woolworths faces increasing competition from existing and new competitors
- A decline in economic activity in key markets such as Australia and New Zealand and further disruption in global economies
- Damage or dilution to Woolworths' retail brands
- Failure to hedge appropriately or effectively against adverse fluctuations in interest rates and exchange rates or default by a hedge counterparty

Strategy

- Current or future retail offers do not respond to customer demands
- Operation of certain Woolworths' businesses through joint ventures and strategic alliances creates additional risks and uncertainties in its business
- Woolworths' expansion into new lines of business, such as home improvement and online, may ultimately be unsuccessful

Regulatory

- As a result of the products it sells, Woolworths faces the risk of exposure to product liability claims, public liability claims and adverse publicity
- Non-compliance with, or additional obligations relating to, legal and regulatory obligations and expectations
- Regulation by the Australian Competition & Consumer Commission and New Zealand Commerce Commission may impair Woolworths' ability to operate and may expose it to investigations or prosecutions for violations of Australian or New Zealand competition laws
- Occupational health and safety regulations could impose significant costs on Woolworths
- Litigation or legal proceedings could expose Woolworths to significant liabilities

Operational

- Woolworths does not achieve expected reductions in its cost of doing business and/or increases in gross margins
- Failure to successfully deliver major business transformation and change programs
- Woolworths is unable to locate appropriate store sites for purchase or lease, or is unable to effectively refurbish existing stores as planned
- Inability to effectively source merchandise and transport products to stores and customers
- Inability to effectively manage inventory in Woolworths' retail businesses may impair Woolworths' competitive position
- Risk of technology failing to support the requirements of current and future business operations and Woolworths' future performance being adversely affected by unexpected technology disruption
- Risk of interruptions at Woolworths' workplaces arising from industrial disputes, work stoppages and accidents
- Woolworths may not achieve the expected growth in its exclusive brand lines
- An inability to attract or retain key management
- Woolworths may face unforeseen liabilities arising from any future acquisitions and disposals of assets and/or businesses
- Breaches of security or privacy measures, unauthorised access to or disclosure of data relating to Woolworths' customers and fraudulent activity could adversely affect Woolworths' reputation or harm Woolworths' business

Environmental

- Woolworths' operations, in particular its petrol and winemaking businesses, expose it to potential environmental liability for contamination
- Natural disasters and adverse weather conditions that may result in business disruption across the Group

Grant O'Brien
Managing Director
and Chief Executive Officer

FOOTNOTES FOR CHAIRMAN'S AND MANAGING DIRECTOR'S REPORTS

n.c – not comparable

1 There were no significant items in FY14. **Significant items in FY13 include the following:**

Continuing Operations

One-off loss associated with SCA Property Group transaction

- In FY13, a one-off loss of $32.8 million before tax ($28.5 million after tax) was incurred on the sale of assets to the Shopping Centres Australasia Property Group (SCA Property Group). This was in line with the loss anticipated at the time the transaction was announced. The loss primarily represented provisions for rental guarantees provided by Woolworths in relation to specialty leasing risk. Woolworths provided a rental guarantee for a period of two years over specialty tenancies vacant as at the Implementation Date until they were first let for properties in the Completed Portfolio and for a period of two years from completion of development over all specialty income for the properties in the Development Portfolio. Refer to the Woolworths Limited Explanatory Memorandum dated 5 October 2012 for further detail.
- The sale of New Zealand properties impacts the New Zealand Supermarkets result whereas the sale of Australian properties is reflected in Central Overheads.

Victorian transport fleet redundancies

- In FY13, Woolworths entered into arrangements with Linfox to outsource its Victorian transport fleet. The Victorian trucking fleet was the last in the network to be owned and operated by Woolworths and the change brought arrangements into line with all other areas. A one-off redundancy cost of $25.8 million before tax ($18.1 million after tax) was incurred.

US 144A bond redemption

- In June 2013, US$614.8 million of US 144A bonds were redeemed with a one-off cost to the profit and loss (within net financial expenses) of A$82.3 million before tax (A$57.6 million after tax) representing a premium paid on the bonds to redeem them early and termination of associated derivatives. This one-off cost will be more than offset by future net interest savings in both nominal and present value terms due to a reduction in the weighted average cost of Woolworths' remaining debt.

Discontinued Operations

Sale of Consumer Electronics businesses

- The sale of the Dick Smith Electronics business to Anchorage Capital Partners (Anchorage) was completed on 26 November 2012 and the sale of the Consumer Electronics business in India to Infiniti Retail Limited was completed on 15 October 2012.
- In relation to the sale of these businesses in FY13, a net gain of $9.9 million before tax ($7.9 million after tax) was recorded. Given the structure of the sale transactions, there was no material tax expense or benefit recorded from the disposal of the Consumer Electronics businesses.
- Lease commitments to the value of approximately $300 million (unexpired lease term) were transferred with the sale of the Dick Smith business.

2 For statutory reporting, FY14 represented the 52 weeks ended 29 June 2014 and FY13 represented the 53 weeks ended 30 June 2013. Where noted, 'normalised' growth has been provided for comparability and represents full year growth adjusted to remove the approximate impact of the 53rd week in FY13.

FY14 comparable sales growth has been calculated on a 52 week basis.

3 General Merchandise includes BIG W and EziBuy.

4 The Consumer Electronics businesses in Australia, New Zealand and India were divested during FY13.

5 The credit ratings referred to in this document have been issued by a credit rating agency which holds an Australian Financial Services Licence with an authorisation to issue credit ratings to wholesale clients only. The credit ratings in this document are published for the benefit of Woolworths' debt providers.

6 Group earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) divided by rent and interest costs. Rent and interest costs include capitalised interest but exclude foreign exchange gains/losses and dividend income.

7 The standard shelf price movement index is calculated by comparing the number of comparable products sold in the current year using the current year prices to the number of comparable 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 volumes and the distortion of promotional activity.

8 Growth for New Zealand Supermarkets is quoted in New Zealand Dollars.

9 This legislation became effective on 1 February 2014, however was repealed on 31 March 2014.

10 Home Timber and Hardware was formerly known as Danks.

11 Operating cash flow as a percentage of total group net profit after tax before depreciation and amortisation.

Board of Directors

RALPH GRAHAM WATERS
Chairman, CPEng, FIE Aust, M Bus

GRANT O'BRIEN
Managing Director and
Chief Executive Officer

JOHN FREDERICK ASTBURY
FAICD
Retired effective 31 August 2013

JILLIAN ROSEMARY BROADBENT, AO
BA, HonDLitt (UWS)

CHRISTINE CROSS
BEd and MSc in Food Science and
a Diploma in Management

SIR RODERICK SHELDON DEANE
KNZM, PhD, BCom (Hons), FACA, FCIM,
FNZIM Hon LLD (VUW)
Retired effective 31 August 2013

CARLA (JAYNE) HRDLICKA
BA, MBA

IAN JOHN MACFARLANE, AC
BEc (Hons), MEc

ALLAN DOUGLAS (DAVID) MACKAY
BBA

SCOTT REDVERS PERKINS
BCom, LLB (Hons)
Appointed effective 1 September 2014

THOMAS (TOM) WILLIAM POCKETT
Finance Director
Retired effective 1 July 2014

MICHAEL JAMES ULLMER
BSc (Maths) (Hons), FCA, SF Fin

RALPH GRAHAM WATERS

Chairman, CPEng, FIE Aust, M Bus
Age: 65

Ralph Waters is a member of the People Policy Committee (Chairman December 2011 to November 2012), Member of the Audit, Risk Management & Compliance Committee and Member of the Nomination Committee.

Mr Waters has a Master of Business from Curtin University, is a Chartered Professional Engineer and an Honorary Fellow of the Institution of Engineers Australia. He has had extensive experience in the Australasian building products industry, including as Managing Director of Email Limited and as Chief Executive of Fletcher Building Limited, as well as engineering and management experience in London and the Middle East.

Mr Waters is Chairman of Fletcher Building Limited (director since 2001) and Chairman of Cricket World Cup 2015 Ltd. He is also a director of Asciano Limited (since 2012). In the past, Mr Waters was Chairman and Director of Fisher and Paykel Appliances Holdings Limited (Director 2001 to 2011), director of Fonterra Co-operative Group Limited (2006 to 2013) and Westpac New Zealand Limited (2006 to 2012).

Mr Waters was appointed a Director of Woolworths Limited in January 2011 and Chairman in November 2012.

GRANT O'BRIEN

Managing Director and Chief Executive Officer
Age: 53

Grant O'Brien's career extends more than 25 years with Woolworths, starting as an accountant in Purity Supermarkets in Tasmania, a division of Woolworths Limited. He was appointed Managing Director and Chief Executive Officer in 2011. He has held the roles of Deputy Chief Executive Officer and CEO Designate, Chief Operating Officer Australian Food and Petrol, Director New Business Development, General Manager Woolworths Liquor, Senior Business Manager Marketing Supermarkets, and Marketing and Merchandise Manager for Purity. He completed the Advanced Management Program at Harvard in 2010.

Mr O'Brien is a Director of The Consumer Goods Forum, the peak global body for food and grocery retailers and manufacturers; Chairman and Director of the Australian National Retailers Association Ltd and a member of the Business Council of Australia. Mr O'Brien is also a Director of the Avner Nahmani Pancreatic Cancer Research Fund.

Mr O'Brien was appointed a Director of Woolworths Limited in April 2011.

JOHN FREDERICK ASTBURY

FAICD
Age: 70

John Astbury was a member of the Audit, Risk Management and Compliance Committee (previously Chairman from July 2010 to February 2012 and February 2006 to November 2007) and the Nomination Committee, until 31 August 2013. He is a Director of Hydrox Holdings Pty Ltd and Chairman of its Audit Committee (since 2009).

Mr Astbury was a director of AMP Limited from 2004 to 2007, Insurance Australia Group Limited from 2000 to 2007 and M.I.M. Holdings Limited (now Xstrata Queensland Limited) from 1998 to 2003. He was also the Finance Director of Lend Lease Corporation Limited and a Chief General Manager, National Australia Bank Limited. He has had a long career in banking and financial services in both the United Kingdom and Australia.

Mr Astbury was appointed a director of Woolworths Limited in January 2004 and retired effective 31 August 2013. He will remain a director of Hydrox Holdings Pty Ltd.

JILLIAN ROSEMARY BROADBENT, AO

BA, HonDLitt (UWS)
Age: 66

Jillian Broadbent is a member of the Audit, Risk Management and Compliance Committee (since February 2011) and the Nomination Committee.

Ms Broadbent has a Bachelor of Arts degree (economics and maths majors) from the University of Sydney and an Honorary PhD from the University of Western Sydney.

Ms Broadbent has extensive experience in corporate banking and finance in both Australia and internationally, primarily with Bankers Trust Australia. She is Chair of the Board of Swiss Re Life & Health Australia Limited and Chair of the Advisory Board of Swiss Reinsurance Company Ltd (since July 2014). She is also Chair of the Clean Energy Finance Corporation and Chancellor of the University of Wollongong.

Ms Broadbent was a Member of the Board of the Reserve Bank of Australia (1998 to 2013). She was a Director of ASX Limited (2010 to 2012), Coca-Cola Amatil Limited (1999-2010), Special Broadcasting Service Corporation (SBS), Qantas Airways Limited, Westfield Property Trusts and Woodside Petroleum Ltd.

Ms Broadbent was appointed a Director of Woolworths Limited in January 2011.

CHRISTINE CROSS

BEd and MSc in Food Science and a Diploma in Management
Age: 63

Christine Cross is Chair of the People Policy Committee (Chair since November 2012 and Member since January 2012) and a Member of the Nomination Committee.

Ms Cross has a Bachelor of Education from Newcastle University, a Master of Science in Food Science from Reading University and a Diploma in Management from the Open University. She is a food scientist by background and previously lectured at Edinburgh and Bath Universities.

Ms Cross has extensive experience in international retail and consumer goods and now runs a retail advisory consultancy business. She started her executive career with Tesco PLC in 1989 holding many key positions throughout the company, including the Group Business Development Director for Tesco PLC from April 2002 to June 2003. Ms Cross was variously responsible for Own Brand development, establishment of the Global Sourcing Function and finally Business Development focused on international and small format expansion. She has previously held the role of Chief Retail and Consumer Advisor and was a member of the Advisory Board of PricewaterhouseCoopers LLP.

Board of Directors

Ms Cross is a Director of Sonae SGPS SA (since 2009), Plantasgen (since 2009), Kathmandu Holdings Limited (since 2012) and Brambles Limited (since January 2014). She was formerly a director of Next Group plc (formerly known as Next PLC) (2005-2014), of Fairmont Hotels & Resorts Inc, Empire Company Limited (2003 to 2011), Taylor Wimpey plc and Premier Foods plc (2008 to 2010). Ms Cross is a Retail Advisor to Apax Partners Venture Capital & Private Equity (since 2005).

Ms Cross was appointed a Director of Woolworths Limited in January 2012.

SIR RODERICK SHELDON DEANE

KNZM, PhD, BCom (Hons), FACA, FCIM, FNZIM Hon LLD (VUW)

Age: 73

Sir Roderick was a member of the People Policy Committee (previously Chairman until November 2011) and the Nomination Committee until 31 August 2013.

Sir Roderick was appointed a Knight Companion of the New Zealand Order of Merit in June 2012 for his services to business and the community. Sir Roderick Deane has an honorary LLD from Victoria University of Wellington.

Sir Roderick is the Chairman of the New Zealand Seed Fund (since 2000), Patron of New Zealand's largest voluntary welfare charitable organisation, the IHC, and Chairman of the IHC Foundation (since 2006). He was previously Chairman and a Director of Fletcher Building Limited (2001 to 2010) and its predecessor organisation Fletcher Challenge Ltd (1994-2001), Telecom Corporation of New Zealand Limited (1999 to 2006, having been CEO 1992 to 1999), Te Papa Tongarewa, the Museum of New Zealand (2000 to 2006), ANZ National Bank Limited (1999 to 2006), a Director of ANZ Banking Group Limited (1994 to 2006), TransAlta Corporation (2000 to 2003), Chief Executive of the Electricity Corporation of NZ Limited (1987 to 2002), Chairman of the State Services Commission (1986 to 1987), Deputy Governor of the Reserve Bank of NZ (1982 to 1986), Chief Economist of the Reserve Bank (1976 to 1982), Alternate Executive Director of the International Monetary Fund in Washington DC (1974 to 1976), Founder and Chairman of the City Gallery Wellington Foundation (1998 to 2006), Professor of Economics & Management at Victoria University of Wellington (2000 to 2003), Chairman of Pacific Road Group Pty Ltd (2010 to 2012) and on the Board of the Anaesthesia and Pain Medicine Foundation (2011 to 2014).

Sir Roderick was appointed a Director of Woolworths Limited in April 2000 and retired effective 31 August 2013.

CARLA (JAYNE) HRDLICKA

BA, MBA

Age: 52

Jayne Hrdlicka is a member of the People Policy Committee and the Nomination Committee.

Ms Hrdlicka holds a Bachelor of Arts degree (honours) in Economics and Business Administration from the Colorado College, Colorado Springs, Colorado USA and an MBA from Dartmouth College, Hanover, New Hampshire USA.

Ms Hrdlicka is an experienced executive and advisor. She was a Senior Partner with management consulting firm Bain & Company where she led the Asia region Customer Strategy practice for eight years. She is a recognised leader globally on the topic of customer led growth and loyalty. She held numerous leadership positions within the firm including being a founding member of Bain's Global Women's Leadership Council. Ms Hrdlicka has worked across many industries and geographies and has extensive experience in consumer products, retail, alcoholic beverages and aviation. She was also a member of the Sydney Medical School Dean's Advisory Board.

Earlier in her career, Ms Hrdlicka left consulting to spend six years running consumer products businesses in the publishing and marketing industries. She ran two significant transformations as an operations executive and ultimately as Chief Executive Officer.

In 2010, she joined Qantas Airways as Group Executive Strategy and Information Technology and in 2012 Ms Hrdlicka was appointed as Chief Executive Officer of Jetstar Group.

Ms Hrdlicka was appointed a Director of Woolworths Limited in August 2010.

IAN JOHN MACFARLANE, AC

BEc (Hons), MEc

Age: 68

Ian Macfarlane is a member of the Audit, Risk Management and Compliance Committee and the Nomination Committee.

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

Mr Macfarlane is also a Director of ANZ Banking Group Limited (since 2007) and of the Lowy Institute for International Policy (since 2003). He is a member of the International Advisory Board of Goldman Sachs (since 2007) and the International Advisory Board of the China Banking Regulatory Commission (since 2010). Mr Macfarlane is also a member of the Asian Advisory Board of Champ Private Equity (since 2008). He was a director of Leighton Holdings Limited from 2007 to 2013.

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

ALLAN DOUGLAS (DAVID) MACKAY

BBA

Age: 59

David Mackay is a member of the People Policy Committee and the Nomination Committee.

Mr Mackay has a Bachelor of Business Administration from Charles Sturt University.

Mr Mackay has extensive Australian and international retail and consumer goods experience. He had a long career with Kellogg Company in America and internationally, retiring as Chief Executive Officer and President of Kellogg Company in 2011 after holding a number of key positions within the company in the United Kingdom and the United States of America. Throughout his time at Kellogg, Mr Mackay was a member of Kellogg Company's board and the company's global leadership team.

Mr Mackay was an Independent Director and Non-executive Chairman of Beam, Inc (2011 to April 2014), Managing Director of Sara Lee Bakery in Australia (1992 to 1998) and a former Director and Board Member of the Grocery Manufacturers of Australia, the Australian Food Council, the Industry Affairs Council of the Grocery Manufacturers of America, the Executive Committee of the Biscuit and Cracker Manufacturers' Association and a member of the Global Consumer Goods Forum.

Mr Mackay is a Director of Fortune Brands Home & Security Inc. (since 2011) and Keurig Green Mountain, Inc. (since 2012). He is a member of the Kalamazoo Institute of Arts (Trustee) (since 2009).

Mr Mackay was appointed a Director of Woolworths Limited in January 2012.

SCOTT REDVERS PERKINS

BCom, LLB (Hons)

Age: 50

Scott Perkins is a member of the Audit, Risk Management and Compliance Committee and the Nomination Committee.

Mr Perkins has a Bachelor of Commerce and a Bachelor of Laws with Honours from Auckland University.

Mr Perkins has extensive Australian and international experience as a leading corporate adviser. He was most recently Head of Corporate Finance for Deutsche Bank Australia and New Zealand and a member of the Executive Committee with overall responsibility for the Bank's activities in this region. He was also a member of the Asia Pacific Corporate and Investment Bank Management Committee. Prior to that he was Chief Executive Officer of Deutsche Bank New Zealand and Deputy CEO of Bankers Trust New Zealand.

Mr Perkins' experience encompasses advising leading local and international companies across a broad range of markets on strategy, mergers and acquisitions and capital markets matters. He is an active participant in the not for profit communities in Australia and New Zealand. He has a long-standing commitment to breast cancer causes, the visual arts and public policy development.

Mr Perkins is a Director of the Museum of Contemporary Art in Sydney (since 2011), Chairman of Sweet Louise (since 2005), Director of Uniservices (since 2001) and Director of the New Zealand Initiative (since 2012). In the past, Mr Perkins was a Director of Meridian Energy (1999-2002).

Mr Perkins was appointed a Director of Woolworths Limited in September 2014.

THOMAS (TOM) WILLIAM POCKETT

Finance Director

Age: 56

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

Mr Pockett was the National President of the Group of 100 from August 2000 to January 2003 and retired as a member in December 2013. He is a Fellow of the Institute of Chartered Accountants in Australia (FCA) and was a member of the Financial Reporting Council from March 2003 to March 2006. In 2011, he was appointed Chairman of the Business Coalition for Tax Reform.

Mr Pockett is also a director of Sunnyfield, a not for profit disability services provider in New South Wales. Mr Pockett was appointed a director of Stockland Corporation Ltd on 1 September 2014.

Mr Pockett was appointed a director of Woolworths Limited in November 2006. Mr Pockett retired as Chief Financial Officer on 1 February 2014 and as a director of Woolworths Limited on 1 July 2014. Mr Pockett will remain a director of ALH Group Pty Ltd, Hydrox Holdings Pty Ltd and The Quantium Group Holdings Pty Limited.

MICHAEL JAMES ULLMER

BSc (Maths) (Hons), FCA, SF Fin

Age: 63

Michael Ullmer is Chair of the Audit, Risk Management and Compliance Committee (since March 2012 and a member since January 2012). He is also a member of the Nomination Committee.

Mr Ullmer has a degree in mathematics from the University of Sussex. He is a Fellow of the Institute of Chartered Accountants and a Senior Fellow of the Financial Services Institute of Australasia.

Mr Ullmer has extensive experience in the accounting and banking sectors. He was the Deputy Group Chief Executive at National Australia Bank (NAB) from 2007 until he stepped down from the Bank in 2011. He joined NAB in 2004 as Finance Director and held a number of key positions including Chairman of the subsidiaries Great Western Bank (US) and JBWere.

Prior to NAB, Mr Ullmer was at Commonwealth Bank of Australia initially as Chief Financial Officer and then Group Executive for Institutional and Business Banking. Before that he was a Partner at accounting firms KPMG (1982 to 1992) and Coopers & Lybrand (1992 to 1997).

Mr Ullmer was previously a Director of National Australia Bank (2004 to 2011), Fosters Group Limited (2008 to 2011), and Bank of New Zealand (2007 to 2011). He is currently a Director of Lend Lease Corporation Ltd and Lend Lease Responsible Entity Limited (since 2011), a trustee of the National Gallery of Victoria, Deputy Chairman of the Melbourne Symphony Orchestra and Chairman of Schools Connect Australia. He is also a member of the Nomura Australia Advisory Board (since 2012).

Mr Ullmer was appointed a Director of Woolworths Limited in January 2012.

Management Board

GRANT O'BRIEN
Managing Director
and Chief Executive Officer

DAVID MARR
Chief Financial Officer

TJEERD JEGEN
Managing Director of Australian
Supermarkets and Petrol

STEVE GREENTREE
Director of Business Development

ALISTAIR McGEORGE
Managing Director of BIG W

DAVID GUISE
Director of Human Resources

PETER McCONNELL
Director of Corporate and Public Affairs

PENNY WINN
Director of Group Retail Services

BRAD BANDUCCI
Managing Director of Liquor

MATT TYSON
Managing Director of Home Improvement

RICHARD DAMMERY
Chief Legal Officer and Company Secretary

Directors' Statutory Report

This Report is given by the Directors in respect of the Woolworths Limited Group (the "Group" or "consolidated entity") consisting of Woolworths Limited and the entities it controlled at the end of, or during the financial period ended 29 June 2014.

THE DIRECTORS

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

Non-executive Directors

R G Waters	Chairman
J F Astbury	(retired 31 August 2013)
J R Broadbent	
C Cross	
R S Deane	(retired 31 August 2013)
C J Hrdlicka	
I J Macfarlane	
A D D Mackay	
S R Perkins	(appointed 1 September 2014)
M J Ullmer	

Executive Directors

G O'Brien	Managing Director and Chief Executive Officer
T W Pockett	Finance Director (retired 1 July 2014)

Details of the experience, qualifications, special responsibilities and other directorships of listed companies in respect of each of the Directors are set out against their respective names from pages 36 to 39.

COMPANY SECRETARY

The Board has appointed Dr Richard Dammery as Company Secretary (and Chief Legal Officer), with effect from 1 September 2014.

Dr Richard Dammery joined Woolworths Limited on 1 September 2014 as Chief Legal Officer & Company Secretary. Dr Dammery has worked in legal practice as a senior in-house lawyer and has held various general management positions. Dr Dammery's prior roles included General Counsel and Company Secretary at Coles Group Limited, senior legal and general management positions in the Telecom New Zealand Group and most recently as a senior corporate partner at Minter Ellison Lawyers.

Mr Rodney Bordignon acted in the role of Group General Counsel & Company Secretary between 6 June 2014 and 31 August 2014. Prior to that he was Group Legal Manager – Corporate & Commercial, a position he had held since joining Woolworths Limited in February 2006. Prior to joining Woolworths Limited, Mr Bordignon had worked as a corporate lawyer with a number of law firms in Australia and the United Kingdom, most recently as a Senior Associate with Blake Dawson Waldron. Mr Bordignon's appointment as Company Secretary continues.

PRINCIPAL ACTIVITIES

Woolworths Limited operates primarily in Australia and New Zealand with 3,231 stores and approximately 198,000 employees at year end. The principal activities of the Group during the year were retail operations across:

- *Australian Food, Liquor and Petrol*: operating 931 Woolworths Supermarkets, 11 Thomas Dux stores, 893 freestanding liquor stores under the Dan Murphy's and BWS brands, as well as 633 petrol canopies of which 131 are co-branded Woolworths/Caltex. Woolworths also operates the Cellarmasters, Langtons and winemarket.com.au online platforms.
- *New Zealand Supermarkets*: operating 171 Countdown Supermarkets as well as a wholesale operation which supplies a further 59 stores.
- *General Merchandise*: operating 182 BIG W stores as well as the EziBuy direct-to-consumer online platform.
- *Hotels*: operating 329 hotels, including bars, dining, gaming, accommodation and venue hire operations.
- *Home Improvement*: operating 49 Masters stores and 28 Home Timber and Hardware stores as well as a wholesale operation which supplies a further 475 stores.

Woolworths also has online operations for its primary trading divisions.

CONSOLIDATED RESULTS AND REVIEW OF THE OPERATIONS

The net amount of consolidated profit for the financial period after income tax expense attributable to members of the Company and its controlled entities was $2,451.7 million (2013: $2,259.4 million).

A review of the operations of the consolidated entity and its principal businesses during the financial period and the results of those operations are set out in the Chairman's Report and the Managing Director's Report from pages 10 to 35 inclusive.

DIVIDENDS

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

	Franking tax rate %	Dividend cents per share	Total paid/ payable $m
Final 2013 Dividend Paid 11 October 2013	30	71	888.2
Interim 2014 Dividend Paid on 24 April 2014	30	65	815.6
Final 2014 Dividend Payable on 10 October 2014	30	72	907.1*

* Represents the anticipated dividend based on the shares on issue as at 29 August 2014. This value will change if there are any shares issued between 29 August 2014 and the ex-dividend date

Directors' Statutory Report

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

A net increase in the issued share capital of the Company of 9,631,000 fully paid ordinary shares as a result of:

(i) the issue on 11 October 2013 of 3,095,950 fully paid ordinary shares and the issue on 24 April 2014 of 2,752,126 fully paid ordinary shares pursuant to the Dividend Reinvestment Plan. Neither the 2013 final dividend nor the 2014 interim dividend was underwritten and a cap of 20,000 maximum share participation in the Dividend Reinvestment Plan was in operation for both dividends;

(ii) the issue on various dates, for cash at the relevant exercise price, of 1,424,765 fully paid ordinary shares as a result of the exercise of options held by a number of executives under the Long Term Incentive Plan (LTIP); and

(iii) the issue on 20 June 2014 of 2,358,159 fully paid ordinary shares to the Woolworths Custodian Share Trust to satisfy future LTIP requirements.

GRANT OF OPTIONS AND PERFORMANCE RIGHTS

During the year, offers were made under the LTIP of performance rights with stringent performance measures. This includes:

- On 13 December 2013 offers were made granting 633,406 performance rights with an effective date of 1 July 2013 with performance measures relating to cumulative earnings per share (EPS) growth and relative total shareholder return (TSR) hurdles and 1,323,455 performance rights with a performance measure relating to a NPAT hurdle
- On 29 April 2014 offers were made granting 61,706 performance rights with an effective date of 1 July 2013 with performance measures relating to EPS and TSR hurdles and 91,752 performance rights with a performance measure relating to a NPAT hurdle

A further 292,843 retention performance rights were offered with various effective dates between 1 July 2013 and 20 June 2014.

Between 30 June 2014 and 12 September 2014, 85,555 shares were allotted as a result of the exercise of options granted under the LTIP in July 2009. During this period, 39,510 retention rights have been issued. No other performance rights or options have been issued during this period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 8 September 2014, Woolworths Limited announced the sale and leaseback of a portfolio of 54 freehold properties held by the ALH Group Pty Ltd (ALH Group) and a number of its wholly owned subsidiaries for consideration of approximately $600 million. Following expected completion of the transaction in October 2014, the ALH Group will retain ongoing operational control of the hotels and co-located retail liquor stores comprising the portfolio through long term leasehold arrangements.

FINAL DIVIDEND

On 29 August 2014, the Directors declared a final dividend of 72 cents per share, fully franked at the 30% tax rate, on each of the issued ordinary shares of the Company. The final dividend is payable on 10 October 2014.

TRANSACTIONS WITH THE CELLARMASTERS GROUP AND RELATED COMPANIES

Details of certain transactions between the Cellarmasters Group and related companies are set out below:

A subsidiary in the Cellarmasters Group, New Zealand Wine Cellars Limited purchased grapes totalling NZ$138,175 (FY13: NZ$125,748) from the Aurora Vineyard Limited, a company with which Mr Brad Banducci (Managing Director of Liquor) is a related party. Amounts were billed based on commercial market rates for such supplies and were due and payable under commercial payment terms.

DIRECTORS' INTERESTS IN SHARES/PERFORMANCE RIGHTS

Particulars of Directors' relevant interests in shares and performance rights in the Company as at 12 September 2014 are set out below:

Director	Shares	Performance rights
R G Waters	72,300	–
G O'Brien	77,134	339,227
J R Broadbent	65,138	–
C Cross	2,300	–
C J Hrdlicka	5,380	–
I J Macfarlane	14,200	–
A D D Mackay	3,790	–
S R Perkins	–	–
T W Pockett	175,939[1]	183,146[1]
M J Ullmer	11,000	–

1 Holdings at the date of retirement

MEETINGS OF DIRECTORS

The table below sets out the number of meetings of the Company's Directors (including meetings of Committees of Directors) held during the financial period ended 29 June 2014 and the number of meetings attended by each Director. In addition to attending formal Board and Board Committee meetings, the Directors undertake other duties including attending strategic review sessions, retail market study trips, as well as Board and Board Committee Meeting preparation and research. Directors also attend special purpose committees, as required for significant one-off transactions or projects. These additional responsibilities constitute a further significant time commitment by Directors.

Meetings attended/held while in office

Directors	Board Meetings	Ad-hoc Board Meetings	Audit, Risk Management and Compliance Committee	People Policy Committee
R G Waters[1, 2, 3]	9/9	3/3	6/6	5/5
G O'Brien	9/9	3/3	6/6	5/5
J F Astbury[1, 3, 4, 5]	2/2	–	2/2	–
J R Broadbent[1, 3]	9/9	1/1	6/6	–
C Cross[2a, 3, 6]	9/9	1/1	5[6]	5/5
R S Deane[2, 3, 4]	2/2	–	–	2/2
C J Hrdlicka[2, 3, 6]	9/9	1/1	1[6]	5/5
I J Macfarlane[1, 3]	9/9	1/1	5/6	–
A D D Mackay[2, 3]	9/9	1/1	–	5/5
T W Pockett	9/9	3/3	6/6	5/5
M J Ullmer[1a, 3, 7]	9/9	3/3	6/6	1[7]

1 Member of the Audit, Risk Management and Compliance Committee (ARMCC)
1a Chair of the Audit, Risk Management and Compliance Committee
2 Member of the People Policy Committee (PPC)
2a Chair of the People Policy Committee
3 Member of the Nomination Committee which meets at the same time as the Board meetings
4 Retired 31 August 2013
5 Director of Hydrox Holdings Pty Ltd and Chairman of its Audit Committee
6 Attended meetings of the Audit, Risk Management and Compliance Committee however not a Committee member
7 Attended a meeting of the People Policy Committee however not a Committee member

Directors' Statutory Report
Remuneration Report

INTRODUCTION TO THE DIRECTORS' REMUNERATION REPORT FROM THE CHAIR OF THE PEOPLE POLICY COMMITTEE

On behalf of the Board of Woolworths Limited and the People Policy Committee (PPC), I am pleased to present the FY14 Remuneration Report.

The report format remains largely consistent with last year following positive shareholder feedback on the clarity it provides, and the support received from proxy advisors in meetings from March 2014 through to August 2014.

The Group result for the year was pleasing and included 6.1% Net Profit After Tax[1] ('NPAT') growth, 5.2% Earnings Per Share[1] ('EPS') growth and 3.0% increase in dividends per share. These results translated to remuneration outcomes for Woolworths key management personnel ('KMP') as follows:

1. Short term incentive ('STI') payments to KMP in FY14 were 0.15% of Group EBIT, which is in line with last year (see page 53); and
2. On average, at least 66% of the target remuneration mix is 'at risk', with the actual value of these 'at risk' components in FY14 ranging between 48% and 63% (see page 48).

These outcomes evidence a strong link between performance incentives and shareholder returns.

The retail sector is a dynamic one and we are cognisant of the need to evolve our remuneration strategy to ensure strong alignment between business outcomes and shareholder interests. Our remuneration strategy was last reviewed in 2011. The marketplace, Company strategy, the composition of the management team and Board has changed significantly since then. As a result of a comprehensive review and benchmarking, a series of changes have been made to the remuneration structure for FY15.

- The Management Board members' short term incentive ('STI') targets have been increased from 56% to 70% (stretch from 70% to 100%), and for the CEO, CFO and business heads from target 70% to 95% (stretch from 100% to 135%). The STI targets for senior executives were below market median (for ASX comparator companies). The combination of a Group gateway to manage affordability; clear business unit measures; and a five-point rating scale for evaluating individual performance, mean we have confidence in our robust calibration of performance ratings which differentiate reward outcomes on an individual basis.
- The performance period for the long term incentive ('LTI') plan has been reduced from five years to three years. Critically this will align it with our three year business strategy, and facilitate the ongoing attraction of key talent, whilst being consistent with the majority of ASX 100 companies. LTI measures remain consistent with prior years (50% relative total shareholder return and 50% cumulative earnings per share), and the mechanic for moving from a five year to a three year plan is described on page 54.
- These two changes improve the target remuneration mix placing a higher proportion of remuneration at risk. The target remuneration mix for CEO and CFO is 30% total fixed remuneration ('TFR') | 30% STI | 40% LTI, and for other KMP is 40% TFR | 30% STI | 30% LTI.
- A minimum shareholding requirement has also been introduced for Management Board members. The CEO will be expected to build a shareholding equal to 100% base salary over five years (from 1 July 2014), and other members of the Management Board to build 50% of base salary in shareholding over five years.
- The termination notice required to the Company has also been extended with 12 months notice required by the CEO (see page 59) and six months for other key executives (see page 60). This will facilitate improved talent management and succession planning.

These changes evidence the importance we place on a strong link between our remuneration structure, executive motivation and shareholder interests. The Board is vigilant in ensuring that the structure and governance of remuneration at Woolworths continues to support business outcomes as well as shareholder and investment community expectations.

On behalf of the Board

Christine Cross
Chair – People Policy Committee

1 Continuing operations before significant items on a normalised 52 week basis

TABLE OF CONTENTS

Section	Contents	Page
1	**Executive Remuneration Summary**	
	1.1 Our Key Management Personnel (KMP)	45
	1.2 Executive remuneration framework	46
	1.3 Remuneration structure	47
	1.4 Target remuneration mix	47
	1.5 What we paid our KMP	48
	1.6 Structure of the senior leadership team	49
2	**Executive Remuneration In More Detail**	
	2.1 Role of the People Policy Committee	49
	2.2 Use of remuneration advisors	50
	2.3 Executive remuneration structure explained	50
	2.3.1 Total fixed remuneration (TFR)	50
	2.3.2 Short term incentives	51
	2.3.3 Equity based incentives	53
	2.4 Managing Director and Chief Executive Officer	59
	2.5 Terms of executive service agreements	60
3	**Non-Executive Directors' Arrangements**	
	3.1 Remuneration policy and structure	61
	3.2 Retirement benefits	61
	3.3 Appointment letters, Deeds of Access, Insurance and Indemnity, Disclosure Deeds	61
4	**Executive Remuneration Statutory Disclosures**	
	4.1 KMP remuneration tables	62
	4.2 Conditional entitlements to, and share holdings of KMP	64
	4.3 KMP share movements	66
	4.4 Equity grants and outstanding equity for KMP	67
	4.5 Outstanding options/rights	68

1 EXECUTIVE REMUNERATION SUMMARY

1.1 Our Key Management Personnel (KMP)

This section of the Remuneration Report details the remuneration of KMP for which shareholder disclosure is appropriate. The statutory disclosures are contained in section 4 of this report.

KMP[1] for FY14 are as follows:

Name	Position
Executive Directors	
Grant O'Brien	Managing Director and Chief Executive Officer
Thomas (Tom) Pockett	Finance Director (retired effective 1 July 2014)
Key Management Personnel	
Bradford (Brad) Banducci	Managing Director of Liquor
Gerardus (Tjeerd) Jegen	Managing Director of Australian Supermarkets and Petrol
David Marr[2]	Chief Financial Officer (appointed effective 1 February 2014)
Former Key Management Personnel	
Peter Horton	Group General Counsel and Company Secretary (resigned effective 6 June 2014)

1 A reassessment of KMP was performed during the year, refer to section 1.6.1 (page 49)

2 Mr Marr was the Deputy Chief Financial Officer (26 November 2013 to 31 January 2014), General Manager – Corporate Finance (1 October 2013 to 25 November 2013) and prior to that, General Manager Finance – Supermarkets. Mr Marr was a KMP from 26 November 2013

Name	Position
Non-executive Directors	
Jillian Rosemary Broadbent	Non-executive Director
Christine Cross	Non-executive Director and Chair of the PPC
Carla (Jayne) Hrdlicka	Non-executive Director
Ian John Macfarlane	Non-executive Director
Allan Douglas (David) Mackay	Non-executive Director
Scott Redvers Perkins	Non-executive Director (appointed effective 1 September 2014)
Michael James Ullmer	Non-executive Director and Chair of the ARMCC
Ralph Graham Waters	Non-executive Director and Chair of the Board
Former Non-executive Directors	
John Frederick Astbury	Non-executive Director (retired effective 31 August 2013)
Sir Roderick Sheldon Deane	Non-executive Director (retired effective 31 August 2013)

1.2 Executive remuneration framework

The executive remuneration framework is designed and regularly reviewed to ensure that reward is:

1. Aligned to the broader business strategy;
2. Consistent with the remuneration strategy and principles; and
3. Driving the behaviours required to promote sustainable long term value for shareholders.

REWARD PRINCIPLES
Align reward to shareholder value creation
Attract, motivate and retain key talent with market competitive reward
Provide demanding measures for high performance, which link reward to the Company's strategic and financial outcomes
Deliver reward that is differentiated by business and individual performance

REWARD STRATEGY

Market competitive reward to ensure talent is attracted and retained with remuneration that reflects the seniority and complexity of roles; and provides an appropriate mix of fixed and variable reward	**Demanding measures** reflect both business strategy and the external environment	**Performance based** reward programs that drive a high performance culture and reflect business and individual results	**Aligned to shareholders** with incentives that deliver short to long term shareholder value creation

APPLICATION OF REWARD STRATEGY

External market data is obtained and benchmarking is undertaken to ensure remuneration levels are competitively set	Incentive targets are 'stretch' in nature to drive upper quartile performance A group gateway must be met to qualify for any short term incentive	Senior executives have a significant proportion of their remuneration package 'at risk' Short term incentives are based on group and business results; and are differentiated based on individual performance Individuals with unsatisfactory performance are not eligible to participate in any reward program	Short and long term incentives linked to profit, earnings per share and relative total shareholder return LTIP participants do not receive dividends on unvested equity; and unvested equity is generally forfeited on resignation New shareholding requirements ensure that senior executives and shareholders' interests are further aligned Employment contracts have limits on termination payments and restrictive covenants delaying future employment by major competitors

1.3 Remuneration structure

Woolworths' current remuneration structure for KMP is comprised of two elements as follows and as described in more detail in section 2.3:

1. Total Fixed Remuneration ('TFR'), comprised of base salary, superannuation and motor vehicle allowance or the notional value of a motor vehicle (based on the cost to the Company including fringe benefits tax); and
2. Variable or 'at risk' reward which is performance based and comprised of short and long term incentives; which combined with TFR makes up the individual's Total Reward Potential ('TRP').

The remuneration structure for executives is designed to ensure an appropriate mix of fixed remuneration with short and long term incentive opportunities. The relative weighting of fixed and variable components for on-target performance varies with the level and complexity of the role. Generally, the variable component increases with accountability, and is set with regard to appropriate market practice and in order to align reward to delivering upper quartile performance.

Woolworths requires a significant proportion of the KMP's remuneration package to be 'at risk'. To ensure alignment, Woolworths aims to position all KMP remuneration at the:

1. Median of the relevant market for TFR; and
2. Stretch targets for variable components are set around the 75th percentile of the relevant remuneration market data to drive upper quartile business performance.

The FY14 remuneration structure for KMP can be summarised as follows:

TOTAL FIXED REMUNERATION (TFR = base salary + superannuation + motor vehicle)

+

VARIABLE REWARD

SHORT TERM INCENTIVES	LONG TERM INCENTIVES
▼	▼
ANNUAL CASH INCENTIVE (STIP)	LONG TERM EQUITY INCENTIVE (LTIP)
Performance measures based on a range of financial and non-financial measures and individual performance	Performance measures based on cumulative earnings per share ('EPS') and relative total shareholder return ('TSR')

=

TOTAL REWARD POTENTIAL (TFR + variable reward = TRP)

1.4 Target remuneration mix

Woolworths' target remuneration mix highlights the link between variable pay and company performance. Short and long term incentive percentages will only be met if the underlying performance measures, which are 'stretch' in nature, are delivered to the fullest extent possible.

The target remuneration mix for KMP in FY14 is as follows:

Executive		Fixed Remuneration	Cash Short Term Incentive[1,2]	Equity Based Long Term Incentive[2,3,4]
Grant O'Brien – *MD & CEO*	Target	30%	30%	40%
David Marr – *CFO*	Target	30%	30%	40%
Other KMP	Target	40%	30%	30%

1 Cash Short Term Incentive is provided at target level in the remuneration mix

2 The actual percentage of performance related remuneration for FY14 can be found in section 4.1 on pages 62 and 63

3 Equity Based Long Term Incentive is provided based on the value granted during the year, which is determined using the fair value of performance rights. Refer to section 2.3.3 for the fair value of performance rights granted during the year

4 The value of equity granted as a Share Based Payment (as disclosed in section 4.1) relates to the portion of the fair value of the performance rights recognised as an expense in the reporting period. As such, it will differ to the value granted during the year

Directors' Statutory Report
Remuneration Report

1.5 What we paid our KMP

The following table sets out the details of the FY14 fixed (annualised) remuneration against the actual remuneration earned for current KMP for the financial year ended 29 June 2014.

The following information has been included in this report to provide shareholders with a clear understanding of the actual remuneration paid to the Company's current KMP, and is in addition to the required statutory disclosures which can be found in section 4.

									'At Risk' Remuneration[8]	
Executive Role	**Date Started in Role**	**Target Fixed Remun-eration[1,4]**	**Actual Salary & Benefits Paid[2]**	**Non-Monetary Benefits[3]**	**Total Salary & Benefits[4]**	**FY14 Short Term Incentive[5]**	**Vested Equity[6]**	**Total Remun-eration[7]**	**% of Total Remun-eration**	**% of Max at Risk**
Grant O'Brien *MD & CEO*	01 Oct 11	**$2,325,000**	$2,309,354	$27,388	**$2,336,742**	$2,067,060	$858,012	**$5,261,814**	56%	70%
Tom Pockett *Finance Director*	01 Jun 06	**$1,518,125**	$1,270,484	$16,756	**$1,287,240**	$1,547,848	$689,586	**$3,524,674**	63%	70%
David Marr[1,5] *CFO*	01 Feb 14	**$532,500**	$532,500	$1,004	**$533,504**	$428,183	$71,016	**$1,032,703**	48%	70%
Brad Banducci *Managing Director of Liquor*	01 May 12	**$785,833**	$785,833	$1,004	**$786,837**	$579,286	$280,270	**$1,646,393**	52%	57%
Tjeerd Jegen[3,4] *Managing Director of Australian Supermarkets & Petrol*	10 Oct 11	**$1,131,667**	$1,138,602	$79,861	**$1,218,463**	$966,015	$499,476	**$2,683,954**	55%	61%

1 Target Fixed Remuneration ('TFR') is comprised of base salary, superannuation, and motor vehicle allowance or the notional value of a fully maintained motor vehicle. It includes remuneration increases from 1 September 2013. TFR is on a prorated basis for Mr Marr from 26 November 2013

2 Actual Salary & Benefits Paid is comprised of base salary, superannuation, and motor vehicle and other allowances. Unlike the statutory disclosure in section 4.1, no adjustment has been made for the movement in the KMP's annual leave liability balance during FY14, or the actuarial determined superannuation expense in addition to superannuation contributions made for KMP in the defined benefit superannuation plan

3 Non-monetary Benefits are comprised of the cost to the Company of fully maintained motor vehicles and the associated fringe benefits tax, and the deemed premium in respect of the Directors' and Officers' Indemnity Insurance. In the case of Mr Jegen, it includes non-recurring relocation costs

4 The difference between the TFR and Total Salary & Benefits is generally due to the difference between the notional value of the fully maintained motor vehicle (included in TFR) and the cost to the Company of motor vehicles and the associated fringe benefits tax (included in Total Salary & Benefits). In the case of Mr Jegen, it was also due to non-recurring relocation costs and associated fringe benefits tax (with increased cost due to the change in tax treatment of Living Away From Home 'LAFH' expenses); which are not Target Fixed Remuneration components and have been provided for a fixed period due to international relocation. In the case of Mr Pockett, it was also due to accrued long service leave taken during the year in lieu of actual salary

5 The FY14 Short Term Incentive represents the actual short term incentive for the financial period ended 29 June 2014 paid in September 2014. Mr Marr's incentive value relates to a prorated payment for the period he was a KMP

6 The Vested Equity (long term incentive) relates to the value of performance rights (including retention rights) that vested in full or in part relating to the financial year. For all KMP this includes the FY12 Deferred STI which has been valued based on the volume weighted average share price (VWAP) of Woolworths Limited shares traded in the five days prior to 1 July 2014 which was $34.46

7 Total Remuneration is comprised of Total Salary & Benefits, FY14 Short Term Incentive and Vested Equity

8 'At Risk' Remuneration is the variable performance based components of remuneration and includes the short term incentive and long term incentive

1.6 Structure of the senior leadership team

The Woolworths senior leadership team consists of the following categories of executives:

1.6.1 KMP

KMP are defined in AASB 124 *'Related Party Disclosures'* as those persons *"having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity"*.

In making an assessment of KMP, a review of the role was performed including whether the executive was a member of the Management Board, and the degree of reporting required to the Woolworths Limited Board or that of a subsidiary.

Changes in the management team during the year and the reassessment of KMP have resulted in some changes. The following executives disclosed as KMP in FY13 are no longer considered to be KMP:

- Julie Coates, Director of BIG W
- Steven Greentree, Director of Business Development
- David Guise, Director of Human Resources
- Kurt Kamp, Group Marketing Director
- Penny Winn, Director of Group Retail Services

1.6.2 Management Board

The Management Board consists of KMP and non-KMP roles, and includes the CEO, CFO, heads of business and heads of functions. The Management Board meets on a monthly basis to discuss the strategy, planning and performance of the business and our people.

1.6.3 Senior executives

This is a group of approximately 50 senior executives (consisting of Management Board members, some of their direct reports, and in some cases the next level of report), whose roles make a considerable contribution to business outcomes. As a reflection of the critical role that they play in the success of the business, these senior executives participate in the long term incentive plan.

2 EXECUTIVE REMUNERATION IN MORE DETAIL

Set out below are the remuneration details of Woolworths' KMP in accordance with section 300A of the *Corporations Act 2001*.

2.1 Role of the People Policy Committee

The PPC during FY14 consisted of the following independent Non-executive Directors:

Name	Position
Christine Cross	Chair of PPC and Non-executive Director
Sir Roderick Sheldon Deane	Non-executive Director (retired effective 31 August 2013)
Carla (Jayne) Hrdlicka	Non-executive Director
Allan Douglas (David) Mackay	Non-executive Director
Ralph Graham Waters	Chairman of the Board and Non-executive Director

The members' attendance at committee meetings is set out on page 43.

Further details on the role of the PPC may be found in the PPC Charter on the Company's website. The key objective of the PPC is overseeing management activities on behalf of the Board and shareholders in the following areas:

Area	Objectives
People Strategy	Establishing and implementing a People Strategy to ensure that appropriately talented people are available, either through development or recruitment in order to achieve the Business Strategy
Safety and Health	Protecting the safety and health of employees, customers, contractors and visitors Ensuring that goods sourced for the Company comply with legislative and ethical standards as set out in the Company Code of Conduct contained on our website
Performance Management and Succession Planning	Undertaking the appropriate performance management, succession planning and development activities and programs in support of a high performance culture
Remuneration Policies	Providing effective remuneration policies that align with our Business Strategy, reflect our culture and values, achieve our business plan, and deliver business growth and shareholder value
Compliance	Assisting the Board to comply with legal and regulatory requirements related to human resources and remuneration matters
Shareholder Reporting	Reporting to shareholders in line with required standards

Directors' Statutory Report
Remuneration Report

2.1 Role of the People Policy Committee continued
The PPC meets at least four times a year to review remuneration strategy, policy and practice to ensure that:

1. Remuneration is appropriately positioned in the market for the:
   a. Executive Directors whose remuneration is ultimately the responsibility of the Chairman of the Board in direct consultation with the full Board;
   b. Key Management Personnel; and
   c. Non-executive Directors.
2. Variable reward for all executives continues to be linked to business targets and strategy.

The PPC remuneration responsibilities and decision making include:

PPC remuneration responsibilities
• Reviewing and approving the structure, participation levels, implementation and outcome of short term incentive plans to ensure they are designed to effectively reward the achievement of Company and individual objectives;
• Reviewing the design of all long term incentive and equity plans to determine: – Whether Company objectives will be met; – Compliance with the legislative and regulatory environment; – Alignment to industry standards; – Overall cost effectiveness; and – Participation, including categories of employees, structure and level
• Reviewing and approving, having regard to the CEO's recommendations, total remuneration, including short and long term incentives for KMP;
• Reviewing the objectives and performance assessments of KMP;
• Reviewing and recommending to the Board the remuneration structure for the CEO, including short and long term incentives;
• Reviewing and recommending to the Board, the remuneration structure for Non-executive Directors having regard to the maximum amount approved by shareholders;
• Reviewing and recommending to the Board, the provision of superannuation to employees;
• Reviewing and recommending to the Board for approval, the Remuneration Report; and
• Establishing the process and directly engaging remuneration advisors.

2.2 Use of remuneration advisors
The Board and PPC engage remuneration advisors to provide remuneration and market practice advice and information to the Board.

During FY14, the PPC continued to engage Ernst & Young to provide independent advice to the Board in its review of remuneration arrangements. Remuneration advisors are engaged by the Chair of the PPC with an agreed set of protocols to be followed by the advisors, the PPC and management that determine the way in which remuneration recommendations are developed and provided to the Board. This process is intended to ensure there could be no undue influence by KMP for whom any recommendations may relate.

Market data provided by Ernst & Young is also used by the CEO in order to propose increases for the Management Board members, which is provided to the PPC for their approval. No remuneration recommendations, as defined by the Corporations Act, were made by the remuneration advisors.

The services provided by Ernst & Young in FY14 included the provision of market data related to:

- Short term incentives;
- Long term incentives;
- Remuneration for KMP; and
- Remuneration of Non-executive Directors.

2.3 Executive remuneration structure explained
2.3.1 Total fixed remuneration (TFR)
TFR refers to base salary, superannuation and motor vehicle allowance or the notional value of a motor vehicle (based on the cost to the Company including fringe benefits tax). Reviewed annually, the focus is on ensuring that appropriate remuneration is paid to KMP and senior managers. Salaries are considered in the context of TFR with reference to:

- individual experience and performance;
- potential and business critical nature of role;
- the level and structure of remuneration for peers;
- the external environment; and
- market data for relevant ASX companies and global comparators. Comparator groups are drawn from various peers that are most closely aligned to KMP roles in terms of revenue and market capitalisation. All KMP roles are compared to an ASX listed peer group drawn from the heads of business units or functional areas within the ASX25.

Remuneration reviews are conducted annually; however there are no guaranteed remuneration increases. Any increases are determined by individual performance and potential, economic indicators and market data.

2.3.2 Short term incentives

The Company has a short term incentive plan ('STIP') which is designed to reward outstanding company performance. This is an annual cash incentive with no deferral. Deferral was considered for FY15, but deemed inappropriate given the introduction of minimum shareholding targets for all Management Board members. STIP is set as a percentage of TFR for the CEO and CFO, and for all other executives it is a percentage of base salary.

There are effectively three 'hurdles' which have to be met prior to payment; a group-wide performance gateway, a business unit set of measures and individual performance objectives. Individual performance is evaluated through a five-point rating scale, applied across the Management Board, their direct reports and cascaded through the organisation. Robust calibration of these performance ratings differentiates individual performance and reward outcomes. Details of the criteria applied are shown in section 2.3.2.1.

2.3.2.1 STIP performance criteria

A group-wide performance gateway is used to link STIP to a specified level of NPAT growth over the previous financial year (from continuing operations and before significant items on a normalised 52 week basis, see page 35).

All measures are reviewed and adjusted at the beginning of the financial year to reflect the specific financial objectives of each division within the Woolworths Group for that financial year. This results in each executive having STIP performance criteria that are directly linked to their annual business objectives.

The STIP performance criteria are designed to deliver Company performance objectives based on improvements to the prior year; plus align individual objectives to Company and business-specific objectives. The criteria include:

1. Sales for the total group or for a division as applicable;
2. Profit (which may be earnings before interest and tax (EBIT), gross profit or controllable profit depending on the role and for FY14, profit at a group level is from continuing operations and before significant items (refer page 35));
3. Return on funds employed ('ROFE'), which is EBIT as a percentage of average (opening and closing) funds employed for the year. Funds employed is net assets excluding net tax balances, net debt, other financial liabilities and assets and liabilities as a result of hedging per AASB 139 *'Financial Instruments: Recognition and Measurement'*;
4. Cost of doing business ('CODB') improvements. CODB consists of operational expenses and administration expenses. It does not include cost of sales, financial expense, income tax expense or significant items (refer page 35);
5. Individual measures may include:
   - Improving the Company's competitive position;
   - Improving customer service;
   - Growing the business;
   - Price leadership;
   - Focus on quality;
   - Enhancing Woolworths' public image and reputation in community involvement, government relations, environmental sustainability and regulatory compliance;
   - Safety which refers to achieving targeted reductions in the level of accidents and injuries, for example new claims frequency rate ('NCFR'); and
   - Other links to strategic initiatives as relevant.

The measures that relate to Management Board members are cascaded through each division within the Woolworths Group down to department level so that all STIPs are directly linked to both business and individual performance.

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

All KMPs participating in STIP have the following key measures and hurdles to achieve before any STIP is payable:

Category	Key measures	Hurdle achievement
1. Group performance	NPAT growth	A specified level of NPAT growth over the prior year is the gateway
2. Divisional or functional performance	Profit Sales ROFE CODB	Measures vary by division/function, and hurdle is set at 95% achievement of budget
3. Individual performance	Individual objectives and leadership behaviour	Individual performance outcome modifies STIP payout. Individuals with unsatisfactory performance are not eligible to participate in STIP Individuals that are new to the business with less than one month's service in the financial year do not participate in STIP

The PPC is able to apply discretion in allowing or disallowing STIP payments. In the event of unforeseen circumstances, the PPC is able to approve discretionary bonuses. This occurs in exceptional situations where significant events, not factored into budgets, have impacted Company or Divisional performance.

Directors' Statutory Report
Remuneration Report

2.3 Executive remuneration structure explained continued

How STIP is calculated

There are three levels of targeted performance for each measure for the FY14 STIP:

1. Hurdle, which is the minimum required to qualify for any incentive payment;
2. Target, where established performance targets have been achieved; and
3. Stretch, where performance targets have been exceeded.

The financial components of STIP are measured as follows:

STIP financial measures	Hurdle	Target	Stretch
Percentage of criteria required	95%	98%	100%
Percentage of STIP payable	35%	70%	100%

Short term incentives are based on group and division results; and are differentiated based on individual performance. For KMP, the individual target ranges in the FY14 STIP were between 56% – 91% (of TFR for the CEO, Finance Director and CFO, and base salary for other KMP), with stretch ranges between 80% – 130%. Individuals with unsatisfactory performance are not eligible to participate in STIP.

The following table summarises the range of results for KMP in FY14, expressed as a percentage of stretch:

FY14 STIP results ranges for KMP	Financials (as % of 100%/target)	Individual performance modifier	Total (as % TFR or base salary)
Lower to upper range	71% – 94%	110%	78% – 101%

Benchmarking conducted during the year indicated that the STIP % targets payable for KMP were below market median against ASX comparator companies, and this has been addressed for the FY15 plan participation. The individual target ranges for KMP in FY15 will be between 70% – 95%, with stretch ranges from 100% – 135%.

2.3.2.2 Short term incentives link to performance

Below is a summary of business performance over the past five years and actual STIP payments made. The table highlights that:

1. Sales and EBIT have experienced year on year growth; and
2. Return on Funds Employed (ROFE) declined in recent years, predominately reflecting investment in the start up phase of our Masters business.

Five year performance table	FY10	FY11	FY12	FY13	FY14
Sales ($m)[1]	51,694	54,143	56,700	59,158	60,773
EBIT ($m)[2]	3,082	3,276	3,377	3,656	3,775
ROFE (%)[3]	31.0	29.3	24.1	27.6	27.0
STIP paid ($m)[4]	171	169	176	231	242
STIP/EBIT (%)[5]	5.5	5.2	5.2	6.3	6.4

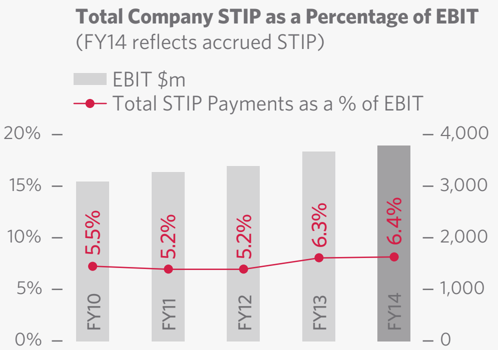
1 Total Group sales
2 Total Group EBIT before significant items (refer page 35)
3 Total Group ROFE. Refer page 95 for definition of ROFE
4 STIP paid includes the applicable superannuation and payroll tax. FY14 STIP paid reflects accrued STIP
5 STIP/EBIT ratio excluding Home Improvement in FY14 would be 6.1%

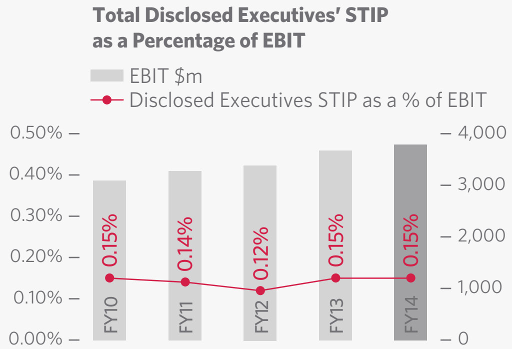
The following series of charts depicts the link between Company EBIT performance and:

1. Short term incentive outcomes across the group; and
2. Short term incentive outcomes for KMP[1].

In FY14, total STIP payments as a percentage of EBIT was 6.4%.

This chart highlights that short term incentives for KMP[1] are a minor percentage (0.15% for FY14) of the Group EBIT.





1 Disclosed Executive's STIP for prior years have been restated based on KMP roles that were disclosed in FY14

2.3.3 Equity based incentives

2.3.3.1 Background

Woolworths' long term incentive plans have been in place, in various forms, since 1993 and are designed to:

1. Attract, motivate and retain key talent;
2. Align executive rewards to shareholder value creation; and
3. Provide rewards that are linked to the Company's strategic and financial objectives.

At the 2004 Annual General Meeting shareholders approved the introduction of the Woolworths Long Term Incentive Plan (LTIP) which provides the Board with greater flexibility to determine whether to use options, performance rights, performance shares or cash in order to deliver the overall LTIP objectives. Following is a summary of the sub-plans:

Long Term Incentive Plan Sub-Plans

	Delivers a right to acquire...	Subject to performance hurdles being met, continued employment and...
Option Sub-Plan	A share at a future date	Payment of an exercise price
Performance Rights Sub-Plan	A share at a future date	No monetary payment
Performance Shares Sub-Plan	A share immediately	No monetary payment
Cash Award Sub-Plan	Cash at a future date	No monetary payment

The treatment of vested and unvested equity, in all instances of separation, remains subject to the discretion of the Board in accordance with the Plan rules.

The following table summarises the vesting and exercise periods and the type of instruments granted since FY06, with grants since FY11 issued under the Performance Rights Sub-Plan. The exercise period, determined by the LTIP Rules, is currently five and a half years.

		Summary of LTIP		
Grant year	Vesting period (years)[1]	Options	Performance rights	Total
FY09 – FY10[2]	4	50%	50%	100%
FY11[2]	4	–	100%	100%
FY12 – FY14	5	–	100%	100%

1 Measured from the effective grant date, generally 1 July
2 The plans that vest after four years could be exercised after three years if the performance measures were met early

Directors' Statutory Report

Remuneration Report

2.3 Executive remuneration structure explained continued

The movement from options to performance rights reflects changes in general market conditions and trends in reward practices in the employment market.

No grants have been made under the Performance Shares or Cash Award Sub-Plans.

FY14 LTIP

The FY14 LTIP vests over five years and is linked to EPS and TSR. The plan only applies to approximately 50 senior executives, including KMP (all other eligible employees participate in the Deferred STI plan).

As a transitional arrangement, 39 senior executives participated in the FY12 three year Deferred STI plan, and 45 senior executives participated in the FY13 three year Deferred STI plan. This transitional arrangement was implemented to address the two year vesting gap created by moving from a three year plan to a five year plan at the beginning of FY12.

This transitional arrangement was completed in FY13, and 47 senior executives participated in the five year LTIP in FY14.

FY15 LTIP

The performance period for the LTIP, offered to approximately 50 senior executives, has been reduced from five years to three years from FY15. This change is part of a comprehensive review of the reward strategy and structure, to strengthen the link between executive reward and Company performance based on our three year business strategy; and is consistent with the majority of ASX 100 companies. It will also ensure we provide market competitive reward to attract and retain key talent to the business.

The LTIP measures remain consistent with prior years (50% TSR and 50% EPS). Other measures were considered, for example Return on Capital Employed ('ROCE') or Economic Value Added ('EVA'), but TSR and EPS are considered the most appropriate performance measures for the Woolworths plan.

In seeking to move from a five year to a three year LTIP, consideration was given to the current vesting cycle for the FY13 five year LTIP (granted at 50%) and FY13 Deferred STI (granted at 50%), and the FY14 five year LTIP (granted at 100%).

The need to avoid double vesting in 2017 and 2018 was noted, and it was considered inappropriate to create a gap in LTIP grants since this would counter the reward strategy of aligning performance pay and business planning cycles.

The mechanic adopted begins a three year LTIP grant immediately in FY15, but at the 50% grant level for two years for all executives currently participating in the five year scheme. This effectively 'smooths' the move to the three year plan.

Summary of vesting cycle in moving to a three year LTIP from FY15

Grant year (effective date)	Plan (% grant level)	Vesting by 31 Aug 13	Vesting by 31 Aug 14	Vesting by 31 Aug 15	Vesting by 31 Aug 16	Vesting by 31 Aug 17	Vesting by 31 Aug 18	Vesting by 31 Aug 19
FY11 (01 Jul 10)[1]	LTIP 4 year (100%)	X						
FY12 (01 Jul 11)	LTIP 5 year (50%)				X			
	Deferred STI (50%)		X					
FY13 (01 Jul 12)	LTIP 5 year (50%)					X		
	Deferred STI (50%)			X				
FY14 (01 Jul 13)	LTIP 5 year (100%)						X	
FY15 (01 Jul 14)	LTIP 3 year (50%)					X		
FY16 (01 Jul 15)	LTIP 3 year (50%)						X	
FY17 (01 Jul 16)	LTIP 3 year (100%)							X
Vesting cycle (% grant level)		**100%**	**50%**	**50%**	**50%**	**100%**	**150%**	**100%**

1 For the FY11 grant, the first performance test at three years resulted in partial vesting (TSR component), and the fourth year test resulted in no further vesting

New executives entering the LTIP scheme for the first time in FY15 will go directly onto the three year LTIP with 100% grant. The scheme grant level 'normalises' for all participants in FY17.

Further, to align executive reward to shareholder interests, a minimum shareholding requirement has been introduced from 1 July 2014 (see pages 59 and 60).

FY14 Deferred STI
The FY14 Deferred STI plan was offered to 2,534 executives, including senior leaders, store managers and buyers. (Note: the Deferred STI annual grant excluded senior executives who participated in the five year LTIP in FY14). The Deferred STI plan has the following features:

1. Performance rights issued in accordance with the Company's long term incentive plan rules approved by shareholders in 2004 and described in more detail in the long term incentives section;
2. The plan has a one year performance measure linked to NPAT market guidance. NPAT is measured as the reported net profit from continuing operations after income tax expense of the consolidated entity after non-controlling interests, and in FY14, was before significant items;
3. NPAT as a performance measure to link this incentive to shareholder returns;
4. Once the NPAT hurdle is met, participants are required to remain employed for a further two years to gain access to the performance rights or otherwise forfeit the performance rights (unless the Board exercises its discretion in accordance with the long term incentive plan rules); and
5. Participants do not receive dividends on unvested equity, which is a consideration in the accounting valuation of equity grants.

A summary of the participation levels follow:

Number of instruments granted under Deferred STI	FY13	FY14
No. of performance rights granted to individuals (million)	2.2	1.4
No. of individuals granted Deferred STI performance rights	2,439	2,534

Attraction and Retention rights
The Performance Rights Sub-Plan has also been used to compensate new hires for foregone equity, and ensure that key employees are retained to protect and deliver on the Company's strategic direction. It has been offered to:

1. Executives of newly acquired businesses in order to retain intellectual property during transition periods; or
2. Attract new executives, generally from overseas; or
3. By exception, executives deemed to be top talent who had either no or relatively small grants scheduled to vest over the ensuing two years.

This plan generally does not have performance measures attached to it due to the objective of retaining key talent and vests subject to the executive remaining employed by the Company, generally for two or more years. It is intended that this plan be used only in special circumstances.

2.3 Executive remuneration structure explained continued

LTIP grant summary

The following table details the total number of options and performance rights and their fair value granted to employees over the previous five years (excluding the rights detailed in the Deferred STI table on the previous page):

Number of instruments granted under LTIP	FY10	FY11	FY12	FY13	FY14
Options:					
No. of options granted to individuals (million)	4.1	–	–	–	–
No. of individuals granted options	2,262	–	–	–	–
Fair value per option ($) – Total weighted	4.02	–	–	–	–
Fair value per option ($) – TSR	3.27	–	–	–	–
Fair value per option ($) – EPS	4.77	–	–	–	–
Performance rights:					
No. of performance rights granted to individuals (million)	1.0	2.9	0.3	0.4	0.7
No. of individuals granted performance rights	2,267	2,416	39	45	47
No. of retention rights granted to individuals (million)	0.1	0.6	0.2	0.9	0.3
No. of individuals granted retention rights	6	127	16	146	110
Fair value per right ($) – Total weighted	19.42	20.92	21.63	24.35	26.60
Fair value per right ($) – TSR	13.17	16.73	12.33	14.08	13.96
Fair value per right ($) – EPS	24.74	23.73	20.05	22.69	25.99
Fair value per right ($) – NPAT	–	–	22.39	25.47	28.81
Fair value per right ($) – Retention rights	24.49	23.87	21.83	24.54	31.64

The following table details the number of instruments that have been granted but remain outstanding as at the end of the financial year:

Summary of outstanding instruments as at 29 June 2014, by grant year	FY10	FY11	FY12	FY13	FY14	Total
Options	292,865	–	–	–	–	**292,865**
Performance rights	–	1,083,695	1,266,438	2,328,268	2,076,452	**6,754,853**
Retention performance rights	–	–	55,000	737,420	286,243	**1,078,663**

2.3.3.2 LTIP performance measures

LTIP has two performance hurdles, which are equally weighted (each worth 50% of the total grant for each offer), and are based on cumulative earnings per share ('EPS') growth and relative total shareholder return ('TSR') measured over the performance period. LTIP is offered to approximately 50 senior executives, who are our key strategic decision makers and are therefore linked to driving sustainable Group performance. The performance hurdles must be met before vesting occurs.

Features of performance measures	
EPS	**TSR**
Provides balance between external and internal measures	
Directly linked to Company's strategic plan and objective of sustainable long term profit growth	
Performance measurement for the purpose of calculating the number of instruments to vest is either calculated or verified by an independent third party	
Basic EPS is measured as the net profit of the consolidated entity after non-controlling interests and before significant items where applicable, divided by the weighted average number of shares on issue (including ordinary shares and dividend reinvestment allotments, but excluding shares held by Woolworths custodian) over the performance period	Relative TSR measures the growth in the Company's share price plus dividends notionally reinvested in the Company's shares comparative to a peer group, measured from the grant date but averaged for three months to eliminate volatility. This reflects the increase in value delivered to shareholders over the performance period TSR performance is measured against the S&P/ASX100 comparator companies, excluding companies in the ASX classified as financial services and resources and any companies in the comparator group that have merged, had a share reconstruction, been delisted or subject to takeover or takeover offer during the measurement periods The percentage of the total number of instruments granted that vest is dependent on Woolworths' ranking relative to the performance of the comparator companies

Following is a summary of the LTIP performance hurdles for all outstanding grants:

Summary of LTIP performance measures		**EPS**		**TSR**	
Grant year	**Vesting period**	**Weighting**	**Hurdle**	**Weighting**	**Hurdle**
FY09 – FY11[1]	4	50%	10% – 15%	50%	51st – 75th percentile
FY12[2]	5	50%	8% – 12%	50%	51st – 75th percentile
FY13 – FY14[3]	5	50%	6% – 8%	50%	51st – 75th percentile

1 EPS component vests progressively upon attaining average annual growth of 10% with the full 50% vesting at an average annual growth of 15%. The TSR component vests progressively where TSR equals or exceeds the 51st percentile of the comparator group up to the full 50% vesting where TSR equals the 75th percentile of the comparator group. Where any minimum performance measure is met at the end of three years, nothing further vests at the end of four years. However if the minimum performance measures are not met when early tested after three years, the measures will be tested at the end of four years

2 EPS component vests progressively upon attaining average annual growth of 8% with the full 50% vesting at an average annual growth of 12%. The vesting of the TSR component has not changed from FY11. There is no retest if either performance measure is not met

3 EPS component vests progressively upon attaining average annual growth of 6% with the full 50% vesting at an average annual growth of 8%. The vesting of the TSR component has not changed from FY11. There is no retest if either performance measure is not met

Directors' Statutory Report
Remuneration Report

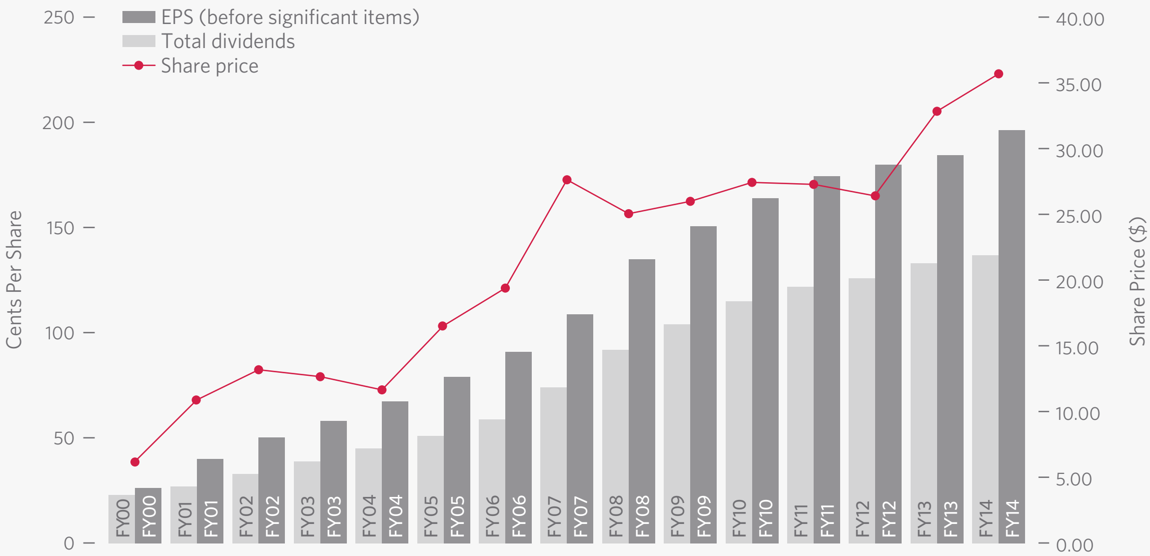
2.3 Executive remuneration structure explained continued

2.3.3.3 Link to performance

The performance measures within the long term incentive plan (EPS and TSR) provide a link between executive reward and shareholder returns. The Company's long term performance against the key metrics that contribute to EPS and TSR are detailed in the table below:

Financial Year	FY10	FY11	FY12	FY13	FY14
Basic EPS – total Group (cents per share)	164.0	174.6	148.7	182.6	196.5
Basic EPS – total Group before significant items (see page 35) (cents per share)	164.0	174.6	180.1	190.4	196.5
Total dividend (cents per share)	115.0	122.0	126.0	133.0	137.0
Market capitalisation ($ million)	33,733	33,150	32,498	41,019	44,925
Share price (closing) ($)	27.40	27.25	26.38	32.81	35.66

LTIP Link to Shareholder Return



2.3.3.4 Securities dealing policy

The Woolworths Securities Dealing Policy was reviewed and released to the ASX in September 2014.

Under the policy, executives may not enter into any derivative (including hedging) transaction that will protect the value of either unvested securities or vested securities that are subject to a disposal restriction, issued as part of the Woolworths Long Term Incentive Plan. Compliance with the policy has been introduced as a condition of participation in the Long Term Incentive Plan with effect from 2008. To enter into any such arrangement would breach the conditions of the grant and would result in forfeiture of the relevant securities.

Compliance with this policy is monitored through an annual declaration by KMP and members of the Management Board stating that they do not have any facilities in place to limit risk exposure in relation to their unvested Woolworths securities.

Woolworths does not currently have holding locks in place on any of the long term incentive schemes.

2.4 Managing Director and Chief Executive Officer

Mr O'Brien was appointed Deputy CEO and CEO Designate effective 4 April 2011 and assumed the CEO role effective 1 October 2011. The CEO's service agreement was updated in FY14 to reflect changes to the Company's standard restraint terms and revised termination notice.

The following table summarises the service agreement termination details:

Termination by Company	Termination by Executive
If termination is without cause, 12 months notice is required. Where the notice period is worked: • Normal remuneration is paid; and • STIP and LTIP continue to accrue in accordance with relevant plan rules to the end of the notice period. Where the notice period is paid in lieu: • Fixed remuneration and a reasonable estimate of STIP entitlement is paid and employment ceases upon making the payment; and • Unvested LTIP will be forfeited on termination in accordance with the plan rules. Board discretion within the plan rules may allow unvested LTIP to continue to accrue for 'good leavers'. If termination is with cause: • Only accrued and unpaid salary for days worked is paid; and • STIP and LTIP are forfeited in accordance with the relevant plan rules.	The executive is to provide 12 months written notice. Where the notice period is worked: • Normal remuneration is paid; and • STIP and LTIP continue to accrue in accordance with relevant plan rules to the end of the notice period. Where the notice period is paid in lieu: • Fixed remuneration and a reasonable estimate of STIP entitlement is paid and employment ceases upon making the payment; and • Unvested LTIP will be forfeited on resignation in accordance with the plan rules.

In addition, the Company may invoke a restraint period of up to 12 months following separation, preventing the CEO from engaging in any business activity with major competitors of Woolworths.

2.4.1 FY14 TFR

Mr O'Brien's TFR for FY14 was $2,325,000 on an annualised basis (see page 48). The increase he received at the September 2013 annual review brings him in line with the median of our comparator group, and as such, it is anticipated that a standard 'in market' increase will apply to any future reviews of his TFR.

2.4.2 FY14 STIP

Mr O'Brien's target STIP for FY14 is 70% TFR, with a stretch STIP of 100% TFR.

Benchmarking conducted during the year indicated that Mr O'Brien's STIP target was below market median (against ASX comparator companies), and this has been addressed for FY15 plan participation. Mr O'Brien's target STIP in FY15 will be 95% TFR, with a stretch STIP of 135% TFR.

2.4.3 FY14 equity plans

The terms and conditions of each grant to Mr O'Brien are aligned with those disclosed earlier in this report and an offer was made to Mr O'Brien under the FY14 LTIP.

Shareholder approval was gained at the 2013 Annual General Meeting for Mr O'Brien to be provided with an annual grant equivalent to 135% of his TFR.

2.4.4 CEO target remuneration mix

The CEO's total targeted remuneration for FY14 was comprised of a target remuneration mix of 30% TFR, 30% short term incentive and 40% long term incentive (see section 1.4).

2.4.5 CEO minimum shareholding requirement

To align executive reward to shareholder interests, a minimum shareholding requirement has been introduced from 1 July 2014. The CEO is required to build a shareholding equal to 100% of base salary over a five year period (effective from commencement in role or introduction of the policy, whichever is the later).

2.5 Terms of executive service agreements

All executives of the Company are employed on Service Agreements that detail the components of remuneration paid, but do not prescribe how remuneration levels are to be modified from year to year. The agreements do not provide for a fixed term although the Service Agreements can be terminated on specified notice.

The KMP service agreements were updated in FY14 to reflect changes to the Company's standard restraint terms and revised termination notice for KMP. Following is a summary of the termination provisions of new and revised Service Agreements for all executives:

Termination by Company	Termination by Executive
If termination is without cause, a minimum two months notice is required from the Company to executives (six months to KMP and senior executives). Where the notice period is worked: • Normal remuneration is paid; and • STIP and LTIP (including Deferred STI) continue to accrue in accordance with relevant plan rules to the end of the notice period. Where the notice period is paid in lieu: • Fixed remuneration and a reasonable estimate of STIP entitlement is paid and employment ceases upon making the payment; and • LTIP will continue to accrue or be forfeited in accordance with the plan rules. If termination is with cause: • Only accrued and unpaid salary for days worked is paid; and • STIP and LTIP are forfeited in accordance with the relevant plan rules.	The executive is to provide a minimum of two months written notice to the Company (six months from KMP and senior executives). Where the notice period is worked: • Normal remuneration is paid; and • STIP and LTIP (including Deferred STI) continue to accrue in accordance with relevant plan rules to the end of the notice period. Where the notice period is paid in lieu: • Fixed remuneration and a reasonable estimate of STIP entitlement is paid and employment ceases upon making the payment; and • LTIP will continue to accrue or be forfeited in accordance with the plan rules.

In addition, for all executives and LTIP participants, the Company may elect to invoke a restraint period not exceeding 12 months.

2.5.1 Management Board minimum shareholding requirement

To align executive reward to shareholder interests, a minimum shareholding requirement has been introduced from 1 July 2014. Management Board members (other than the CEO) are required to build a shareholding equal to 50% of base salary over a five year period (effective from commencement in role or introduction of the policy, whichever is the later).

3 NON-EXECUTIVE DIRECTORS' ARRANGEMENTS

3.1 Remuneration policy and structure

Non-executive Directors' fees are determined by the Board within the aggregate amount approved by shareholders. The current maximum aggregate amount which may be paid in Directors' fees, as approved at the Annual General Meeting on 18 November 2010 is $4,000,000 per annum. No Directors' fees are paid to Executive Directors.

During the financial period ended 29 June 2014, the amount of Directors' base fees paid to each Non-executive Director was increased by 2.79% to $234,460 per annum effective from 1 September 2013 (in line with the 2.79% salary review for Woolworths' executives). The Chairman receives a multiple of approximately three times the Non-executive Director fee amount.

Following is a summary of board and committee fees for the last two financial years:

Board and Committee Fees ($)	FY13		FY14	
	Chair	Member	Chair	Member
Woolworths Limited	684,280	228,095	703,371	234,460
Audit, Risk Management and Compliance Committee	53,045	26,525	54,524	27,264
People Policy Committee	53,045	26,525	54,524	27,264
ALH Group Pty Ltd	–	90,040	–	92,551
ALH Audit Committee	28,135	–	28,921	–
Hydrox Holdings Pty Ltd	–	90,040	–	92,551
Hydrox Audit Committee	28,135	–	28,921	–

Total Board and Committee Fees paid during FY14 were $3,165,991 (see pages 62 and 63), which is within the $4,000,000 aggregate fee level approved by shareholders at the 2010 AGM.

Total fees paid include an overlap in Directors through managed succession planning, with two Non-executive Directors retiring during the year.

In addition to the above fees, an Overseas Directors' Allowance of $10,906 (effective from 1 September 2013, previously $10,610) was also provided to any Non-executive Directors residing outside Australia, representing the additional time and cost involved in attending to Board and Board Committee responsibilities.

Ernst & Young provided information on the structure and level of Non-executive Directors' fees. The information outlined the fees paid to Non-executive Directors of Australian listed corporations, the size and complexity of the Company's operations and the responsibilities of Directors.

No element of the remuneration of any Non-executive Director is dependent on the satisfaction of a performance condition.

There will be no increase to Non-executive Director fees for FY15.

3.2 Retirement benefits

Directors' Retirement Deeds, which were approved by shareholders in November 1998 entitled each Non-executive Director (appointed prior to January 2004) to receive an allowance on retirement as a Director after a minimum period of service.

The Board determined that it should implement changes to Non-executive Director remuneration consistent with developing market practice and guidelines by discontinuing the on-going accrual of benefits under the existing retirement benefits arrangements on 1 August 2006. The benefits accrued to that date are indexed by reference to the bank bill rate or have been rolled into a defined benefit superannuation fund until retirement occurs. With the cessation of the retirement benefits, all Non-executive Directors (other than the Chairman) receive the same base fees.

With the retirement of Sir Roderick Deane in FY14, no remaining Directors have an entitlement to a retirement allowance.

3.3 Appointment letters, Deeds of Access, Insurance and Indemnity, Disclosure Deeds

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

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

General guidance adopted by the PPC this year provides a principle for a maximum of three terms of three years for Non-executive Directors, with an additional five year term should the Chair be appointed from within the Non-executive Director population.

4 EXECUTIVE REMUNERATION STATUTORY DISCLOSURES

4.1 KMP remuneration tables

Set out in the following table is the remuneration for the KMP of Woolworths Limited and its subsidiaries during the financial periods ended 30 June 2013 and 29 June 2014.

		Short term benefits				Post employment benefits	Other long term benefits	Share based payments[3]
	Financial year	Salary and fees $	Cash incentive[1] $	Non-monetary benefits[2] $	Sub total $	Superannuation and other $	Long service leave $	Value of equity $
Non-executive Directors								
J Broadbent	**FY14**	**260,540**	**–**	**1,004**	**261,544**	**17,775**	**–**	**–**
	FY13	253,383	–	1,108	254,491	16,470	–	–
C Cross	**FY14**	**298,533**	**–**	**1,004**	**299,537**	**17,775**	**–**	**–**
	FY13	275,042	–	1,108	276,150	16,470	–	–
J Hrdlicka	**FY14**	**260,540**	**–**	**1,004**	**261,544**	**17,775**	**–**	**–**
	FY13	253,383	–	1,108	254,491	16,470	–	–
I Macfarlane	**FY14**	**260,540**	**–**	**1,004**	**261,544**	**17,775**	**–**	**–**
	FY13	253,383	–	1,108	254,491	16,470	–	–
D Mackay	**FY14**	**271,397**	**–**	**1,004**	**272,401**	**17,775**	**–**	**–**
	FY13	259,572	–	1,108	260,680	16,470	–	–
M Ullmer	**FY14**	**287,676**	**–**	**1,004**	**288,680**	**17,775**	**–**	**–**
	FY13	279,775	–	1,108	280,883	16,470	–	–
R Waters	**FY14**	**700,189**	**–**	**1,004**	**701,193**	**17,775**	**–**	**–**
	FY13	526,504	–	1,108	527,612	16,470	–	–
Executive Directors								
G O'Brien	**FY14**	**2,106,730**	**2,067,060**	**27,388**	**4,201,178**	**389,000**	**94,246**	**1,688,943**
	FY13	1,958,562	2,089,478	33,639	4,081,679	341,000	146,505	1,115,117
T Pockett	**FY14**	**1,223,617**	**1,547,848**	**16,756**	**2,788,221**	**22,917**	**30,819**	**793,241**
	FY13	1,395,412	1,720,890	21,917	3,138,219	25,000	29,415	963,600
Key Management Personnel								
B Banducci	**FY14**	**724,159**	**579,286**	**1,004**	**1,304,449**	**68,985**	**17,778**	**336,563**
	FY13	677,035	476,251	1,108	1,154,394	62,430	13,920	205,267
T Jegen	**FY14**	**1,147,598**	**966,015**	**79,861**	**2,193,474**	**22,917**	**17,811**	**612,698**
	FY13	1,069,149	975,845	86,742	2,131,736	25,000	17,760	565,270
D Marr[5]	**FY14**	**556,873**	**428,183**	**1,004**	**986,060**	**12,500**	**21,533**	**259,926**
Former Non-executive Directors and Key Management Personnel[5,6]								
J Astbury[7]	**FY14**	**62,133**	**–**	**1,004**	**63,137**	**2,962**	**–**	**–**
	FY13	370,984	–	1,108	372,092	16,470	–	–
R Deane[8]	**FY14**	**44,205**	**–**	**1,004**	**45,209**	**583,815**	**–**	**–**
	FY13	263,942	–	1,108	265,050	16,470	–	–
P Horton[5,6]	**FY14**	**624,591**	**–**	**1,190**	**625,781**	**61,295**	**11,750**	**(218,154)**
	FY13	629,932	264,356	20,563	914,851	59,970	12,036	209,825
Total	**FY14**	**8,829,321**	**5,588,392**	**136,239**	**14,553,952**	**1,288,816**	**193,937**	**3,473,217**
	FY13	8,466,058	5,526,820	173,941	14,166,819	661,630	219,636	3,059,079

Total $	% of potential cash incentive paid[4]	% related to performance[4]	Share based payments as a % of total[4]
279,319	**–**	**–**	**–**
270,961	–	–	–
317,312	**–**	**–**	**–**
292,620	–	–	–
279,319	**–**	**–**	**–**
270,961	–	–	–
279,319	**–**	**–**	**–**
270,961	–	–	–
290,176	**–**	**–**	**–**
277,150	–	–	–
306,455	**–**	**–**	**–**
297,353	–	–	–
718,968	**–**	**–**	**–**
544,082	–	–	–
6,373,367	**88%**	**58.9%**	**26.5%**
5,684,301	95%	56.4%	19.6%
3,635,198	**78%**	**64.4%**	**21.8%**
4,156,234	90%	64.6%	23.2%
1,727,775	**103%**	**53.0%**	**19.5%**
1,436,011	93%	47.5%	14.3%
2,846,900	**96%**	**55.5%**	**21.5%**
2,739,766	100%	56.2%	20.6%
1,280,019	**78%**	**53.8%**	**20.3%**
66,099	**–**	**–**	**–**
388,562	–	–	–
629,024	**–**	**–**	**–**
281,520	–	–	–
480,672	**–**	**n.m[9]**	**n.m[9]**
1,196,682	55%	39.6%	17.5%
19,509,922	**–**	**–**	**–**
18,107,164	–	–	–

Notes attaching to the remuneration tables

1 The cash incentive is for performance during the respective financial year using the criteria as set out on pages 51 and 52. The amount was finally determined on 27 August 2014 after performance reviews were completed and approved by the PPC. The cash incentive will be paid in September 2014

2 Non-monetary benefits include the cost to the Company of motor vehicles, non-recurring relocation benefits and fringe benefits tax where applicable, in addition to the deemed premium in respect of the Directors' and Officers' Indemnity insurance

3 The fair value of performance rights with the relative TSR performance measure is calculated at the date of grant using the Monte-Carlo simulation model, taking into account, amongst other things, the impact of the TSR condition and that right holders are not entitled to dividends during the vesting period. The fair value of performance rights with the EPS and NPAT measures, and retention rights is calculated using the Black-Scholes option pricing model, taking into account that right holders are not entitled to dividends during the vesting period. The value disclosed is the portion of the fair value of the performance rights recognised as an expense in each reporting period

4 The minimum value of short term incentives for the current and future financial years for each of the KMP shown above is nil with the maximum values being implied by the percentages of potential bonus paid/forfeited shown above

5 Amounts represent the payments relating to the period during which the individuals were in their position (Mr Marr from 26 November 2013 until the end of the financial year and Mr Horton from the start of the financial year to 6 June 2014)

6 When employees have terminated employment during the period, options and performance rights that had not vested prior to being forfeited have been credited back to the income statement

7 Included in the table, Mr Astbury received two months of the additional fee of $92,551 per annum as a Director of Hydrox Holdings Pty Ltd and $28,921 per annum as Chair of its Audit Committee

8 Sir Roderick Deane was also entitled to a retirement allowance, which was paid out during the year on his retirement. As set out in the 2006 Woolworths Limited Annual Report, director retirement allowances were calculated and 'frozen' as at 1 August 2006. Australian based directors who were entitled to receive a retirement allowance at that time had the amount rolled into a defined benefit superannuation fund. Sir Roderick Deane, being a New Zealand citizen was not able to roll the amount into a defined benefit superannuation fund. Instead his entitlement was calculated as at 1 August 2006 and was indexed annually applying the bank bill rate. The allowance had an opening balance of $578,222 at 30 June 2013 and an indexation adjustment during the period of $2,631, with $580,853 paid out on Sir Roderick Deane's retirement

9 Not measureable given that this individual ceased employment with the Company during the year

10 The employees in the table below ceased to be considered KMP in FY14. With the exception of Mr Kamp, these executives were still employed by the Company at FY14

		Short term benefits				Post employment benefits	Other long term benefits	Share based payments[3]	Total			
	Financial Year	Salary and fees $	Cash incentive[1] $	Non-monetary benefits[2] $	Sub total $	Super-annuation and other $	Long service leave $	Value of equity $	$	% of potential cash incentive paid[4]	% related to performance[4]	Share based payments as a % of total[4]
J Coates	FY13	818,403	365,951	23,155	1,207,509	121,304	17,958	237,883	1,584,654	56%	38.1%	15.0%
S Greentree	FY13	728,040	304,775	13,383	1,046,198	121,000	17,152	392,306	1,576,656	52%	44.2%	24.9%
D Guise	FY13	486,157	278,905	85,537	850,599	25,000	7,537	231,697	1,114,833	78%	45.8%	20.8%
K Kamp	FY13	472,268	155,040	62,716	690,024	39,681	6,893	412,989	1,149,587	48%	49.4%	35.9%
P Winn	FY13	804,973	525,965	30,390	1,361,328	25,000	12,407	290,393	1,689,128	90%	48.3%	17.2%

4.2 Conditional entitlements to, and share holdings of KMP

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

		Opening balance	Performance rights granted as remuneration[1]		Options exercised/performance rights matured[2, 3, 4]	
		No.	No.	$	No.	$
Executive Directors						
G O'Brien	**FY14**	**277,948**	**161,780**	**3,156,328**	**(34,363)**	**670,519**
	FY13	271,494	122,470	2,606,247	(65,665)	163,314
T Pockett	**FY14**	**369,283**	**–**	**–**	**(98,564)**	**1,969,661**
	FY13	790,974	88,401	1,881,235	(340,500)	1,956,362
Key Management Personnel						
B Banducci	**FY14**	**27,677**	**30,086**	**668,659**	**(6,000)**	**216,180**
	FY13	3,100	25,817	551,800	–	–
T Jegen	**FY14**	**78,012**	**40,622**	**792,535**	**(10,000)**	**338,700**
	FY13	48,076	38,046	878,450	(5,000)	144,750
D Marr	**FY14**	**32,002**	**53,988**	**1,241,218**	**–**	**–**
Former Key Management Personnel						
P Horton[8]	**FY14**	**99,958**	**16,144**	**314,969**	**(36,456)**	**622,126**
	FY13	124,779	19,817	421,720	(26,250)	56,438
Total	**FY14**	**884,880**	**302,620**	**6,173,709**	**(185,383)**	**3,817,186**
	FY13	1,238,423	294,551	6,339,452	(437,415)	2,320,864

1 Options and performance rights granted as remuneration is the total fair value of options and performance rights granted during the year determined by an independent actuary. This will be recognised in employee benefits expense over the vesting period of the grant, in accordance with Australian Accounting Standards

2 The value of options exercised/performance rights matured during the year is calculated as the market value of shares on the Australian Securities Exchange as at close of trading on the date the options were exercised/performance rights matured after deducting the price paid to exercise the options. No other options were exercised by KMP

3 In 2014, amounts paid per share for options exercised during the year by the above KMP were $24.61 and $25.59

4 In 2013, amounts paid per share for options exercised during the year by the above KMP were $25.91, $24.90 and $24.61

5 The number options/performance rights which lapsed as a result of failure to meet performance hurdles

6 The number of ordinary shares under option/performance rights as at 29 June 2014/30 June 2013 is equivalent to the option/performance rights holding at that date

7 Excludes performance rights subject to a further two year employment requirement

8 Ceased employment with the Company during the year. Accordingly, from this time, no further disclosure has been made. 55,584 performance rights were forfeited on termination

Options/performance rights lapsed due to non-vesting[5]		Closing balance options and performance rights holding[6]	Options/performance rights vested at end of year			Options and performance rights vested during the year[7]
No.	%	No.	Total No.	Exercisable No.	Unexercisable No.	No.
(30,937)	**47%**	**374,428**	**–**	**–**	**–**	**34,363**
(50,351)	62%	277,948	–	–	–	31,250
(87,573)	**47%**	**183,146**	**–**	**–**	**–**	**98,564**
(169,592)	52%	369,283	–	–	–	156,250
–	**–**	**51,763**	**–**	**–**	**–**	**6,000**
(1,240)	100%	27,677	–	–	–	–
–	**–**	**108,634**	**–**	**–**	**–**	**10,000**
(3,110)	38%	78,012	–	–	–	5,000
–	**–**	**85,990**	**–**	**–**	**–**	**–**
(24,062)	**47%**	**–**	**–**	**–**	**–**	**26,716**
(18,388)	50%	99,958	9,740	9,740	–	18,750
(142,572)	**–**	**803,961**	**–**	**–**	**–**	**175,643**
(242,681)	–	852,878	9,740	9,740	–	211,250

9 The employees in the table below ceased to be considered KMP in FY14. With the exception of Mr Kamp, these executive were still employed by the Company at FY14.

		Opening balance	Performance rights granted as remuneration[1]		Options exercised/ performance rights matured[2, 3, 4]		Options/performance rights lapsed due to non-vesting[5]		Closing balance options and performance rights holding[6]	Options/performance rights vested at end of year			Options and performance rights vested during the year[7]
		No.	No.	$	No.	$	No.	%	No.	Total No.	Exercisable No.	Unexercisable No.	No.
J Coates	FY13	168,384	19,817	421,720	(54,708)	275,925	(23,110)	43%	110,383	–	–	–	31,250
S Greentree	FY13	145,288	19,817	421,720	(30,170)	101,993	(26,374)	74%	108,561	–	–	–	9,375
D Guise	FY13	–	34,817	812,320	–	–	–	–	34,817	–	–	–	–
K Kamp	FY13	–	41,817	1,013,610	–	–	–	–	41,817	–	–	–	–
P Winn	FY13	33,076	19,817	421,720	–	–	(3,110)	100%	49,783	–	–	–	–

4.3 KMP share movements

The table below summarises the movements during the year of interests in shares of Woolworths Limited held by KMP.

	Shareholding at 30 June 2013 No.	Shares issued under DRP[1] No.	Shares received on exercise of options/ performance rights No.	Shares purchased or (sold)[2] No.	Shareholding at 29 June 2014 No.
Non-executive Directors					
J Broadbent	65,138	–	–	–	65,138
C Cross	2,300	–	–	–	2,300
J Hrdlicka	1,735	–	–	3,645	5,380
I Macfarlane	14,200	–	–	–	14,200
D Mackay	3,790	–	–	–	3,790
M Ullmer	11,000	–	–	–	11,000
R Waters	14,000	–	–	28,300	42,300
Executive Directors					
G O'Brien	40,739	–	34,363	(15,000)	60,102
T Pockett	133,000	–	98,564	(55,625)	175,939
Key Management Personnel					
B Banducci	–	–	6,000	–	6,000
T Jegen	5,000	–	10,000	–	15,000
D Marr	–	–	–	–	–
Former Non-executive Directors and Key Management Personnel					
J Astbury[3]	12,797	–	–	–	
R Deane[3]	40,000	–	–	–	
P Horton[4]	17,950	470	36,456	(25,315)	

1 Comprises new shares issued as a result of participation in the Dividend Reinvestment Plan on the same basis as transactions by other shareholders
2 Figures in brackets indicate that these shares have been sold or otherwise disposed of
3 Mr Astbury and Mr Deane retired from the Board of Directors on 31 August 2013. Accordingly, from this date, no further disclosure regarding the movement in interests in shares of Woolworths Limited has been made
4 Mr Horton resigned effective 6 June 2014. Accordingly, from this date, no further disclosure regarding the movement in interests in shares of Woolworths Limited has been made
5 The employees in the table below ceased to be considered KMP in FY14. Accordingly, no further disclosure regarding the movement in interests in shares of Woolworths Limited has been made. With the exception of Mr Kamp, these executives were still employed by the Company at FY14.

	Shareholding at 30 June 2013 No.	Shares issued under DRP[1] No.	Shares received on exercise of options/ performance rights No.	Shares purchased or (sold)[2] No.	Shareholding at 29 June 2014 No.
J Coates	–	–	–	–	–
S Greentree	40,000	–	–	–	–
D Guise	–	–	–	–	–
K Kamp	–	–	–	–	–
P Winn	3,620	–	–	–	–

4.4 Equity grants and outstanding equity for KMP

The table below sets out the grants and outstanding number of performance rights for the KMP of Woolworths Limited at 29 June 2014.

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

								Fair value per performance right[4]			
KMP	**Grant date**	**Effective date**	**No. of rights at 29 Jun 14[1]**	**Expiry date**	**Exercise price**	**Exercise date[2]**	**Maximum value of award to vest ($)[3]**	**EPS**	**TSR**	**NPAT**	**Reten-tion**
Executive Directors											
G O'Brien	26 Nov 10	1 Jul 10	10,300	31 Dec 15	Nil	31 Aug 14[5]	244,419	$23.73	–	–	–
	12 Dec 11	1 Jul 11	24,901	31 Dec 16	Nil	31 Aug 14[5]	557,533	–	–	$22.39	–
	12 Dec 11	1 Jul 11	54,977	31 Dec 16	Nil	31 Aug 16[5]	890,078	$20.05	$12.33	–	–
	7 Dec 12	1 Jul 12	50,855	31 Dec 17	Nil	31 Aug 15[5]	1,294,260	–	–	$25.45	–
	7 Dec 12	1 Jul 12	71,615	31 Dec 17	Nil	31 Aug 17[5]	1,311,987	$22.60	$14.04	–	–
	13 Dec 13	1 Jul 13	161,780	31 Dec 18	Nil	31 Aug 18[5]	3,156,328	$25.56	$13.46	–	–
			374,428				**7,454,605**				
T Pockett	26 Nov 10	1 Jul 10	30,548	31 Dec 15	Nil	31 Aug 14[5]	724,904	$23.73	–	–	–
	12 Dec 11	1 Jul 11	20,013	31 Dec 16	Nil	31 Aug 14[5]	448,091	–	–	$22.39	–
	12 Dec 11	1 Jul 11	44,184	31 Dec 16	Nil	31 Aug 16[5]	715,339	$20.05	$12.33	–	–
	7 Dec 12	1 Jul 12	36,708	31 Dec 17	Nil	31 Aug 15[5]	934,219	–	–	$25.45	–
	7 Dec 12	1 Jul 12	51,693	31 Dec 17	Nil	31 Aug 17[5]	947,016	$22.60	$14.04	–	–
			183,146				**3,769,569**				
Key Management Personnel											
B Banducci	12 Dec 11	1 Jul 11	1,860	31 Dec 16	Nil	31 Aug 14[5]	41,645	–	–	$22.39	–
	7 Dec 12	1 Jul 12	8,229	31 Dec 17	Nil	31 Aug 15[5]	209,428	–	–	$25.45	–
	7 Dec 12	1 Jul 12	11,588	31 Dec 17	Nil	31 Aug 17[5]	212,292	$22.60	$14.04	–	–
	13 Dec 13	1 Jul 13	24,386	31 Dec 18	Nil	31 Aug 18[5]	475,771	$25.56	$13.46	–	–
	29 Apr 14	1 Jul 13	5,700[6]	31 Dec 16	Nil	31 Aug 16[5]	192,888	–	–	$33.84	–
			51,763				**1,132,024**				
T Jegen	12 Dec 11	1 Jul 11	4,666	31 Dec 16	Nil	31 Aug 14[5]	104,472	–	–	$22.39	–
	12 Dec 11	1 Jul 11	10,300	31 Dec 16	Nil	31 Aug 16[5]	166,757	$20.05	$12.33	–	–
	25 Nov 11	1 Dec 11	15,000	1 Dec 14	Nil	1 Dec 14	307,650	–	–	–	$20.51
	7 Dec 12	1 Jul 12	8,229	31 Dec 17	Nil	31 Aug 15[5]	209,428	–	–	$25.45	–
	22 Mar 13	1 Jul 12	8,229[6]	31 Dec 17	Nil	31 Aug 15[5]	244,730	–	–	$29.74	–
	7 Dec 12	1 Jul 12	11,588	31 Dec 17	Nil	31 Aug 17[5]	212,292	$22.60	$14.04	–	–
	22 Mar 13	1 Jul 12	10,000[6]	31 Dec 17	Nil	31 Aug 17[5]	212,000	$26.41	$15.99	–	–
	13 Dec 13	1 Jul 13	40,622	31 Dec 18	Nil	31 Aug 18[5]	792,535	$25.56	$13.46	–	–
			108,634				**2,249,864**				

Directors' Statutory Report
Remuneration Report
4.4 Equity grants and outstanding equity for KMP continued

KMP	Grant date	Effective date	No. of rights at 29 Jun 14[1]	Expiry date	Exercise price	Exercise date[2]	Maximum value of award to vest ($)[3]	Fair value per performance right[4]			
								EPS	TSR	NPAT	Retention
D Marr	12 Dec 11	1 Jul 11	2,061	31 Dec 16	Nil	31 Aug 14[5]	46,146	–	–	$22.39	–
	12 Dec 11	1 Jul 11	4,550	31 Dec 16	Nil	31 Aug 16[5]	73,665	$20.05	$12.33	–	–
	12 Dec 11	12 Dec 11	10,000	11 Dec 14	Nil	1 Dec 14	219,900	–	–	–	$21.99
	7 Dec 12	1 Jul 12	6,391	31 Dec 17	Nil	31 Aug 15[5]	162,651	–	–	$25.45	–
	7 Dec 12	1 Jul 12	9,000	31 Dec 17	Nil	31 Aug 17[5]	164,880	$22.60	$14.04	–	–
	13 Dec 13	1 Jul 13	18,024	31 Dec 18	Nil	31 Aug 18[5]	351,648	$25.56	$13.46	–	–
	29 Apr 14	1 Jul 13	35,964[6]	31 Dec 18	Nil	31 Aug 18[5]	889,570	$30.39	$19.08	–	–
			85,990				1,908,460				

Grant date represents the offer acceptance date.

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

1 The number of performance rights at 29 June 2014 comprises rights that are yet to vest
2 Represents the first day the performance right can be exercised unless otherwise stated
3 The maximum value of award to vest represents the total maximum value of employee benefits expense, as based on the value at grant date that will be recorded in respect of performance rights currently on issue on the assumption that all performance rights which remain outstanding at 29 June 2014 will vest
4 The fair value of performance rights with the relative TSR performance measure is calculated at the date of grant using the Monte-Carlo simulation model, taking into account, amongst other things, the impact of the TSR condition and that right holders are not entitled to dividends during the vesting period. The fair value of performance rights with the EPS and NPAT measures, and retention rights is calculated using the Black-Scholes option pricing model, taking into account that right holders are not entitled to dividends during the vesting period
5 Vesting may occur by 31 August in each respective year if the performance hurdles are met as outlined on page 57. Vesting will occur on the day which the full year results are announced to the market
6 A subsequent grant of Deferred STI and LTIP was made under the same terms and conditions of the main grant. This was done to align actual remuneration mix with targeted remuneration mix

4.5 Outstanding options/rights
The following table summarises movements in the total number of outstanding options and performance rights for the financial period ended 29 June 2014:

Effective date	Expiry date	Exercise price[1] $	No. of options/ rights at 30 June 2013	Options/rights granted during year	Options/rights exercised during year	Options/rights lapsed during year	No. of options/ rights at 29 June 2014	No. of options/ rights exercisable at 29 June 2014
Options								
1 Jul 08	31 Dec 13	$24.61	434,446	–	(360,222)	(74,224)	–	–
1 Jul 09	31 Dec 14	$25.59	3,112,900	–	(1,064,543)	(1,755,492)	292,865	292,865
Performance Rights								
1 Jul 09	31 Dec 14	Nil	725,938	–	(316,980)	(408,958)	–	–
1 Jul 10	31 Dec 15	Nil	2,319,311	–	(1,096,446)	(139,170)	1,083,695	–
1 Jul 11	31 Dec 16	Nil	1,105,316	–	(14,924)	(71,874)	1,018,518	–
1 Jul 11	31 Dec 16	Nil	262,211	–	–	(14,291)	247,920	–
1 Jul 12	31 Dec 17	Nil	2,101,447	–	(17,113)	(158,307)	1,926,027	–
1 Jul 12	31 Dec 17	Nil	8,229	–	–	–	8,229	–
1 Jul 12	31 Dec 17	Nil	412,106	–	–	(28,094)	384,012	–
1 Jul 12	31 Dec 17	Nil	10,000	–	–	–	10,000	–
1 Jul 13	31 Dec 18	Nil	–	1,323,455	–	(33,867)	1,289,588	–
1 Jul 13	31 Dec 18	Nil	–	91,752	–	–	91,752	–
1 Jul 13	31 Dec 18	Nil	–	633,406	–	–	633,406	–
1 Jul 13	31 Dec 18	Nil	–	61,706	–	–	61,706	–

Effective date	Expiry date	Exercise price[1] $	No. of options/ rights at 30 June 2013	Options/rights granted during year	Options/rights exercised during year	Options/rights lapsed during year	No. of options/ rights at 29 June 2014	No. of options/ rights exercisable at 29 June 2014
Retention Performance Rights								
1 Feb 11	1 Feb 14	Nil	10,000	–	(10,000)	–	–	–
28 Feb 11	28 Feb 14	Nil	8,000	–	(8,000)	–	–	–
1 Jun 11	1 Jun 14	Nil	58,500	–	(52,000)	(6,500)	–	–
1 Jul 11	1 Jul 13	Nil	15,000	–	(15,000)	–	–	–
1 Jul 11	1 Jul 14	Nil	15,000	–	(12,917)	(2,083)	–	–
4 Jul 11	4 Jul 14	Nil	6,000	–	–	(6,000)	–	–
1 Sep 11	31 Dec 13	Nil	10,000	–	(10,000)	–	–	–
24 Nov 11	23 Nov 13	Nil	22,000	–	(20,907)	(1,093)	–	–
25 Nov 11	1 Dec 13	Nil	10,000	–	(10,000)	–	–	–
25 Nov 11	1 Dec 14	Nil	15,000	–	–	–	15,000	–
12 Dec 11	11 Dec 14	Nil	45,000	–	(10,000)	–	35,000	–
12 Dec 11	11 Dec 13	Nil	7,000	–	(7,000)	–	–	–
1 Mar 12	31 Jan 14	Nil	5,000	–	(5,000)	–	–	–
12 Apr 12	12 Apr 14	Nil	6,000	–	(6,000)	–	–	–
16 Apr 12	16 Apr 14	Nil	10,000	–	(10,000)	–	–	–
16 Apr 12	16 Apr 15	Nil	5,000	–	–	–	5,000	–
14 May 12	13 Nov 13	Nil	2,500	–	(2,500)	–	–	–
1 Jul 12	1 Jul 14	Nil	28,000	–	–	–	28,000	–
1 Jul 12	1 Jul 14	Nil	677,500	–	(7,212)	(33,788)	636,500	–
3 Sep 12	3 Sep 14	Nil	5,000	–	–	–	5,000	–
8 Oct 12	8 Oct 13	Nil	5,000	–	(5,000)	–	–	–
8 Oct 12	8 Oct 14	Nil	5,000	–	–	–	5,000	–
8 Oct 12	8 Oct 15	Nil	5,000	–	–	–	5,000	–
9 Oct 12	9 Oct 13	Nil	10,000	–	(10,000)	–	–	–
9 Oct 12	9 Oct 14	Nil	7,000	–	–	(7,000)	–	–
9 Oct 12	9 Oct 15	Nil	5,000	–	–	(5,000)	–	–
23 Oct 12	23 Oct 13	Nil	2,000	–	(2,000)	–	–	–
1 Jan 13	1 Jan 16	Nil	350	–	–	–	350	–
7 Jan 13	7 Jan 15	Nil	5,000	–	–	–	5,000	–
7 Jan 13	7 Jan 16	Nil	5,000	–	–	–	5,000	–
4 Feb 13	4 Feb 16	Nil	6,000		–	–	6,000	–
25 Feb 13	25 Feb 14	Nil	8,330	–	(8,330)	–	–	–
25 Feb 13	25 Feb 15	Nil	8,330	–	–	–	8,330	–
25 Feb 13	25 Feb 16	Nil	8,340	–	–	–	8,340	–
11 Mar 13	11 Mar 14	Nil	11,200	–	(11,200)	–	–	–
11 Mar 13	11 Mar 15	Nil	11,200	–	–	–	11,200	–
11 Mar 13	11 Mar 16	Nil	11,200	–	–	–	11,200	–
18 Mar 13	18 Mar 14	Nil	1,000	–	(1,000)	–	–	–
18 Mar 13	18 Mar 15	Nil	1,000	–	–	–	1,000	–
3 Apr 13	3 Apr 14	Nil	1,500	–	(1,500)	–	–	–
3 Apr 13	3 Apr 15	Nil	1,500	–	–	–	1,500	–
1 Jul 13	1 Jul 14	Nil	–	1,700	–	–	1,700	–
1 Jul 13	1 Jul 15	Nil	–	1,000	–	–	1,000	–
15 Jul 13	15 Jul 14	Nil	–	700	–	–	700	–
15 Jul 13	15 Jul 15	Nil	–	700	–	–	700	–
29 Jul 13	29 Jul 14	Nil	–	1,000	–	–	1,000	–
29 Jul 13	29 Jul 15	Nil	–	1,000	–	–	1,000	–
22 Aug 13	22 Aug 14	Nil	–	1,000	–	–	1,000	–
22 Aug 13	22 Aug 15	Nil	–	1,000	–	–	1,000	–
26 Aug 13	26 Aug 14	Nil	–	900	–	–	900	–

Directors' Statutory Report
Remuneration Report

4.5 Outstanding options/rights continued

Effective date	Expiry date	Exercise price[1] $	No. of options/ rights at 30 June 2013	Options/rights granted during year	Options/rights exercised during year	Options/rights lapsed during year	No. of options/ rights at 29 June 2014	No. of options/ rights exercisable at 29 June 2014
Retention Performance Rights								
26 Aug 13	26 Aug 15	Nil	–	900	–	–	900	–
30 Aug 13	30 Aug 14	Nil	–	9,800	–	–	9,800	–
30 Aug 13	30 Aug 15	Nil	–	9,800	–	–	9,800	–
1 Sep 13	1 Sep 14	Nil	–	600	–	–	600	–
1 Sep 13	1 Sep 15	Nil	–	600	–	–	600	–
9 Sep 13	9 Sep 15	Nil	–	3,000	–	–	3,000	–
9 Sep 13	9 Sep 16	Nil	–	3,000	–	–	3,000	–
9 Sep 13	9 Sep 17	Nil	–	4,000	–	–	4,000	–
30 Sep 13	30 Sep 15	Nil	–	5,000	–	–	5,000	–
1 Oct 13	1 Oct 14	Nil	–	4,200	–	–	4,200	–
1 Oct 13	1 Oct 15	Nil	–	5,200	–	–	5,200	–
2 Oct 13	2 Oct 14	Nil	–	3,000	–	–	3,000	–
2 Oct 13	2 Oct 16	Nil	–	3,000	–	–	3,000	–
2 Oct 13	2 Oct 18	Nil	–	4,000	–	–	4,000	–
21 Oct 13	21 Oct 14	Nil	–	1,000	–	–	1,000	–
21 Oct 13	21 Oct 15	Nil	–	1,000	–	–	1,000	–
4 Nov 13	4 Nov 14	Nil	–	6,000	–	–	6,000	–
4 Nov 13	4 Nov 15	Nil	–	1,000	–	–	1,000	–
4 Nov 13	4 Nov 16	Nil	–	5,000	–	–	5,000	–
25 Nov 13	25 Nov 14	Nil	–	2,200	–	–	2,200	–
25 Nov 13	25 Nov 15	Nil	–	2,200	–	–	2,200	–
1 Dec 13	1 Dec 14	Nil	–	38,000	–	(1,800)	36,200	–
1 Dec 13	1 Dec 15	Nil	–	58,600	–	(1,800)	56,800	–
1 Dec 13	1 Dec 16	Nil	–	13,000	–	–	13,000	–
30 Dec 13	30 Dec 16	Nil	–	1,050	–	–	1,050	–
13 Jan 14	13 Jan 15	Nil	–	1,500	–	–	1,500	–
13 Jan 14	13 Jan 16	Nil	–	1,500	–	–	1,500	–
19 Jan 14	19 Jan 15	Nil	–	1,800	–	(1,800)	–	–
19 Jan 14	19 Jan 16	Nil	–	1,200	–	(1,200)	–	–
3 Feb 14	31 Aug 15	Nil	–	3,600	–	–	3,600	–
10 Feb 14	10 Feb 15	Nil	–	5,000	–	–	5,000	–
10 Feb 14	10 Feb 16	Nil	–	5,000	–	–	5,000	–
17 Mar 14	17 Mar 15	Nil	–	500	–	–	500	–
17 Mar 14	17 Mar 16	Nil	–	500	–	–	500	–
24 Mar 14	24 Mar 15	Nil	–	10,000	–	–	10,000	–
24 Mar 14	24 Mar 16	Nil	–	6,000	–	–	6,000	–
24 Mar 14	24 Mar 17	Nil	–	3,000	–	–	3,000	–
24 Mar 14	24 Mar 18	Nil	–	3,000	–	–	3,000	–
31 Mar 14	1 Dec 14	Nil	–	13,000	–	–	13,000	–
31 Mar 14	1 Dec 15	Nil	–	10,000	–	–	10,000	–
31 Mar 14	1 Dec 16	Nil	–	10,000	–	–	10,000	–
1 May 14	1 May 15	Nil	–	5,000	–	–	5,000	–
15 May 14	15 May 15	Nil	–	1,000	–	–	1,000	–
15 May 14	15 May 16	Nil	–	1,000	–	–	1,000	–
30 May 14	1 Aug 15	Nil	–	6,000	–	–	6,000	–
4 Jun 14	1 Jul 15	Nil	–	2,000	–	–	2,000	–
6 Jun 14	1 Jul 15	Nil	–	2,000	–	–	2,000	–
6 Jun 14	1 Jul 16	Nil	–	2,000	–	–	2,000	–
20 Jun 14	1 Dec 14	Nil	–	4,093	–	–	4,093	–
			11,571,354	**2,403,162**	**(3,095,794)**	**(2,752,341)**	**8,126,381**	**292,865**

1 As a result of the capital reduction performed during FY13 in connection with the establishment of the SCA Property Group, and in accordance with ASX listing rule 7.22.3, there was an adjustment of the exercise price of existing options issued under the LTIP plans, effective 11 December 2012. The option exercise price was reduced by $0.28782 per option

ENVIRONMENTAL REGULATION

Woolworths Limited operations are subject to a range of environmental regulations under the law of the Commonwealth of Australia and its States and Territories.

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

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

DIRECTORS' AND OFFICERS' INDEMNITY/INSURANCE

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

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

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 72.

NON-AUDIT SERVICES

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

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

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998 pursuant to section 341(1) of the *Corporations Act 2001* relating to the 'rounding off' of amounts in the Financial Report and Directors' Report. In accordance with that Class Order, amounts therein have been rounded off to the nearest tenth of a million dollars except where otherwise indicated.

This Report is made out in accordance with a Resolution of the Directors of the Company on 22 September 2014.

Ralph Waters
Chairman

Grant O'Brien
Managing Director and
Chief Executive Officer

Auditor's Independence Declaration

Deloitte.

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

22 September 2014

Dear Board Members

Woolworths Limited

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

As lead audit partner for the audit of the financial statements of Woolworths Limited for the year ended 29 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants

Corporate Governance Statement

The following statement sets out the corporate governance framework adopted by the Board of Woolworths Limited and highlights the work undertaken by the Board and its Committees over the past financial year.

APPROACH TO GOVERNANCE

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

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

Compliance with governance standards

As a Company listed on the Australian Securities Exchange ("ASX"), Woolworths is required either to apply the recommendations contained within the ASX Corporate Governance Council's ("ASX CGC") *Corporate Governance Principles and Recommendations with 2010 Amendments* (2nd Edition) ("ASX 2nd Edition Recommendations") or disclose any differences to them.

In March 2014, the ASX Corporate Governance Council released the 3rd edition of its Corporate Governance Principles and Recommendations ("ASX 3rd Edition Recommendations"), intended to replace the ASX 2nd Edition Recommendations.

As provided for in the ASX 3rd Edition Recommendations, the Board has determined to continue to report against ASX 2nd Edition Recommendations for the financial period ended 29 June 2014 but, where appropriate, adopt and disclose against appropriate individual recommendations from ASX 3rd Edition Recommendations.

The Company has reviewed its current corporate governance policies and practices against the ASX 2nd Edition Recommendations and considers that they meet the ASX 2nd Edition Recommendations for the financial period ended 29 June 2014.

Website

Full details of Woolworths' corporate governance practices, including its charters and policies, are publicly available in the Corporate Governance section of the Company's website under the tab "Who We Are".

The website is reviewed and updated regularly to ensure that it reflects Woolworths' most recent governance information.

WOOLWORTHS' GOVERNANCE FRAMEWORK

Woolworths is governed by a Board of Directors. Directors, with the exception of the CEO and Managing Director, are elected by the Company's shareholders.

The Board is accountable to shareholders for the strategic direction of the Company and value-creation for shareholders. The Board delegates the implementation of its strategy to Woolworths' management within a formal delegation framework. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company.

While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities it makes use of Board Committees to perform certain of its functions and to provide it with recommendations and advice.

The Board has established the following committees:

- Nomination Committee;
- Audit, Risk Management and Compliance Committee; and
- People Policy Committee.

The following diagram gives a brief overview of the three main Committees of the Woolworths Board, each of which is explained in further detail below.

BOARD OF DIRECTORS

NOMINATION COMMITTEE

Responsibilities:
- Board size and composition
- Director recruitment
- Director induction
- Board performance evaluation
- Corporate governance

AUDIT, RISK, MANAGEMENT AND COMPLIANCE COMMITTEE

Responsibilities:
- Audit strategy
- Risk framework
- Financial reporting
- Internal controls
- Accounting

PEOPLE POLICY COMMITTEE

Responsibilities:
- Human resources strategy
- Remuneration policy
- Health and safety
- Development & succession

Corporate Governance Statement

CHAIRMAN AND COMPOSITION OF BOARD COMMITTEES

The Chairman is elected by and from the Non-executive Directors, each of whom is appointed to the Nomination Committee. Information on the Company's Chairman is set out on page 37.

The Non-executive Directors are also appointed to at least one of the Audit, Risk Management and Compliance Committee, or the People Policy Committee.

The Nomination Committee, the Audit, Risk Management and Compliance Committee and the People Policy Committee all have comprehensive Charters defining their roles and responsibilities (as summarised in this Report). These Charters are available in the Corporate Governance section of the Company's website under the tab "Who We Are".

THE ROLE OF THE BOARD

The Board's role is to represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance. The Board's principal objective is to maintain and increase shareholder value while ensuring that Woolworths' overall activities are properly managed.

The Board has adopted a Board Charter which sets out how its role, powers and responsibilities are exercised, having regard to principles of good corporate governance, international best practice and applicable laws.

The names, qualifications and details of each Director along with details of the period of office of each Director are included on pages 37 to 39 of this report and the Directors' attendance at Board and Committee meetings are included on page 43.

BOARD PROCESS

Typically at Board meetings the agenda will include:

- operational performance;
- financial performance;
- key issues impacting on the business;
- growth and development opportunities and initiatives; and
- a review of market developments.

Further details of the Board process are detailed in Section 6 of the Board Charter. The Charter is available in the Corporate Governance section of the Company's website under the tab "Who We Are".

Responsibilities and objectives

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

As set out in the Board Charter, the Board is responsible for:

Overseeing strategy	Governance processes	Risk and reporting
Strategy – reviewing strategic direction and approving corporate strategic initiatives developed by management;	**Corporate governance** – reviewing and monitoring the Company's corporate governance policies and practices;	**Financial performance** – reviewing Woolworths' budget, monitoring management and financial performance;
Major expenditure and capital initiatives – approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;	**Board performance and composition** – evaluating the performance of the Board and determining its size and composition; and	**Financial reporting** – considering and approving Woolworths' half-yearly and annual financial statements, and monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
Leadership selection – selecting and evaluating the performance of the CEO, and selecting the Finance Director/CFO and Chief Legal Officer & Company Secretary; and	**Social responsibility** – considering the social, ethical and environmental impact of Woolworths' activities and operations and setting standards and monitoring compliance with the Company's social responsibility policies and practices.	**Risk management** – oversight of the effectiveness of risk management, internal controls and compliance in the organisation, including safety and health governance arrangements; and
Succession and remuneration planning – planning for Board, CEO and executive succession and remuneration, and setting Non-executive Director remuneration within shareholder approved limits.		**External auditor** – selecting and recommending to shareholders the appointment of the external auditor.

THE ROLE OF THE CEO AND MANAGEMENT

Pursuant to formal delegations of authority, the Board has delegated the management function to the CEO. However, ultimate responsibility for strategy and control rests with the Directors.

The Board approves corporate objectives for the CEO and, jointly with the CEO, develops the duties and responsibilities of the CEO.

The CEO is accountable to the Board for the exercise of the delegated authority and, with the support of senior management, must report to the Board on the exercise of the authority through reports, briefings and presentations to the Board.

Responsibilities and objectives

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

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

Review of CEO and management performance

The importance of a clear relationship between management performance and the assessment of remuneration is reflected in our approach to evaluating management performance.

The following process for senior management performance evaluation was undertaken during the reporting period:

- the performance evaluation of the CEO was undertaken by the Chairman, in consultation with the Board;
- the performance evaluation of other senior executives was undertaken by the CEO considering their performance against the measures detailed in Section 2.3 of the Remuneration Report on page 51; and
- the People Policy Committee has oversight of the senior executives' objectives, performance assessments and remuneration.

COMPOSITION AND MEMBERSHIP OF THE BOARD OF DIRECTORS

The Board has adopted a policy of ensuring that it is composed of a majority of independent Non-executive Directors who, with the Executive Directors, comprise an appropriate mix of skills to provide the necessary breadth and depth of knowledge and experience to meet the Board's responsibilities and objectives. The procedure for the selection and appointment of new directors and re-election of incumbent directors, and the Board's policy for the nomination and appointment of directors, is available in the Corporate Governance section of the Company's website under the tab "Who We Are" in the Nomination Committee Charter.

The Nomination Committee, when assisting the Board in reviewing potential candidates for Board appointment and assessing retiring Directors standing for re-election, considers a number of factors including:

- skills, experience, expertise and personal qualities and attributes that will best complement the skill set and characteristics of existing directors and enhance Board effectiveness;
- the diversity of Board composition;
- the capability of the candidate to devote the necessary time and commitment to the role; and
- potential conflicts of interest, and independence.

Skills, experience and attributes

The Board recognises that having a range of different skills, backgrounds and experience represented amongst its Directors is important to ensuring robust decision-making processes with a diversity of viewpoints and the effective governance of the group. The range of skills, backgrounds and experience currently represented on the Board includes experience in senior roles in retail, building products, white goods manufacturing, engineering, consumer goods, property, banking and finance, food manufacturing, aviation, construction, management consultancy, accounting and investment banking, as well as qualifications across a range of fields including business management, economics, accounting and the humanities.

The Nomination Committee is responsible for making recommendations to the Board on the most appropriate Board size and composition. This responsibility includes making recommendations on the desirable competencies, experience and attributes of Board members and strategies to address Board diversity.

Directors of Woolworths are required to act at all times with honesty and integrity and must observe the highest standards of ethical behaviour. The Directors must also ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests. They must also demonstrate a commitment to the decision-making processes of the Board by being prepared to question and critique matters brought to the Board for consideration.

Corporate Governance Statement

Director tenure, election and appointment
The Board has established a policy that in general stipulates the maximum term of service for a Non-executive Director will be the period ending immediately after the ninth AGM following their first election by shareholders.

Where necessary for the orderly management of retirement of Non-executive Directors in accordance with its policy, the Board (together with the Nomination Committee) may determine that the maximum term of service for a particular Non-executive Director should be a shorter period. Any such determination of the Board will be reflected in its recommendation to shareholders in relation to the re-election of that Director at the relevant AGM.

The Board (together with the Nomination Committee) may also approve, on its own initiative and in special circumstances, a longer term of service for a particular Non-executive Director where it considers that would benefit the Company.

In circumstances where a person is appointed as Chair while already serving as a Non-executive Director it is the Board's expectation that the Chair will serve in that capacity for up to a period of about five years. Accordingly, the maximum term of service of that person as a Non-executive Director may need to be extended to a period sufficient to accommodate that expectation.

At each Annual General Meeting ("AGM") of the Company there must be an election of Directors. Any Non-executive Director and any Executive Director other than the Managing Director/Chief Executive Officer who would otherwise hold office without re-election beyond the third AGM since their appointment or last election, or for at least three years, whichever is the longer, must retire. Any Non-executive Director and any Executive Director other than the Managing Director/Chief Executive Officer who has been appointed during the year must stand for election at the next AGM.

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

Independence of Directors
In order for a Director to be considered independent, the Board needs to have determined that the Director does not have a material relationship with the Company, other than solely as a consequence of being a Director.

The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

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

The Board regularly reviews the independence of each Non-executive Director in light of the relevant information disclosed to the Board.

With the exception of the CEO, and until 1 July 2014, the Finance Director, all of the Directors are Non-executive Directors and each is considered to be independent. Mr Pockett retired as an executive and as a director of the Company on 1 July 2014.

WHAT IS A "MATERIAL RELATIONSHIP"?

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

An assessment of the independence of each Director, in accordance with Recommendation 2.3 of ASX 3rd Edition Recommendations was completed during the financial period ended 29 June 2014. As required under Recommendation 2.3, the Company discloses the following directors as independent, with no interest, position, association or relationship of the type described in ASX 3rd Edition Recommendations, and the length of service of each director:

Director name	Length of service
Ralph Graham Waters	3 years
Jillian Rosemary Broadbent	3 years
Christine Cross	2 years
Carla (Jayne) Hrdlicka	4 years
Ian John Macfarlane	7 years
Allan Douglas (David) Mackay	2 years
Michael James Ullmer	2 years
Scott Redvers Perkins	Appointed September 2014

Grant O'Brien (three years length of service as a director), as the Managing Director and Chief Executive, and Tom Pockett (eight years length of service as a director), an executive of the Company until his retirement as an employee and as a director on 1 July 2014, were assessed as not independent.

To the extent that Directors have directorships of companies which have some relationship with Woolworths, directors would not receive Board papers on the relevant matter and would absent themselves from any discussion at a Board meeting in relation to a relevant company.

The Non-executive Directors of the Board will periodically meet without the Executive Directors or management being present.

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

Performance evaluation
The Chairman is responsible for monitoring the contribution of individual Directors and counselling them on any areas which might help improve Board performance. The Chairman, as Chairman of the Nomination Committee, is also responsible for the process for evaluating the performance of the Directors, Board Committees and the Board as a whole. The Board engages external assistance, as appropriate, in reviewing the performance of the Board.

During the reporting period, the Board engaged an external adviser to assist in the performance review process for Non-executive Directors. During the reporting period, the performance of the Board as a whole, its Committees and its individual Directors, and the Chairman himself, were reviewed. The reviews were based on extensive questionnaires with one-on-one discussions between the external adviser and each Director. The external adviser provided feedback on each director to the Chairman who communicated the results to each individual Director. The Board intends to conduct an external evaluation again in FY15.

Induction and Director development
New Directors receive a letter of appointment which sets out the Company's expectations of the role, their duties, the terms and conditions of their appointment and their remuneration. The Appointment Letter is consistent with the ASX 2nd Edition Recommendations and forms the initial part of the program of induction for Directors.

Directors are also expected to participate in all induction and orientation programs and continuing education, training or development programs arranged for them by the Chief Legal Officer & Company Secretary. The Chief Legal Officer & Company Secretary oversees and reviews the Director induction process in order to ensure that it remains effective and up-to-date.

The company secretarial function supports Directors by providing:

- access to information in appropriate form, currency and quality, including procedures to cover additional requests of management;
- continuing education to update and enhance their knowledge as the business environment changes; and
- access to independent professional advice, where requested.

Company Secretary
The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and the ASX, and all statutory and other filings.

The Board has appointed Dr Richard Dammery as Company Secretary (and Chief Legal Officer), replacing the former Company Secretary with effect from 1 September 2014. The Board also appointed Mr Rodney Bordignon as Company Secretary on 6 June 2014. All Directors have access to the services and advice of the Company Secretary. Details of the skills, experience and expertise of Dr Dammery and Mr Bordignon are set out on page 41 of this Report.

In accordance with ASX 3rd Edition Recommendations, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board following the Board approving an amendment to that effect to the Board Charter.

NOMINATION COMMITTEE

The Nomination Committee provides advice and support to the Board in relation to Board composition, governance and performance evaluation. The key activities performed by the Nomination Committee during the reporting period included:

- assisting in the questionnaires and performance evaluation of Non-executive Directors; and
- Board succession planning.

Membership and Charter
The Nomination Committee consists of the Non-executive Directors. The Nomination Committee Charter provides that the Chair of the Committee shall be appointed by the Board and shall be an independent Non-executive Director. The Chair of the Committee is Mr R Waters.

In accordance with Recommendation 2.1 of ASX 3rd Edition Recommendations, the Board amended the Charter of the Nomination Committee during the financial period ended 29 June 2014 so that should the Chair be absent from a meeting of the Committee, the Nomination Committee Charter expressly provides that any temporary Chair of the Nomination Committee must be an independent director.

The amended Nomination Committee Charter expressly provides for a minimum of three members and that the majority of the members are independent, in accordance with Recommendation 2.1 of ASX 3rd Edition Recommendations.

The Nomination Committee Charter is available in the Corporate Governance section of the Company's website under the tab "Who We Are".

Corporate Governance Statement

Responsibilities

The Nomination Committee has the following responsibilities:

1. reviewing and making recommendations to the Board on the size and composition of the Board, including:
   - assessment of necessary and desirable competencies, experience and attributes of Board members;
   - strategies to address Board diversity; and
   - Board succession plans and the succession of the Chairman of the Board;
2. membership of the Board, including recommendations for the appointment and re-election of Directors, and where necessary propose candidates for consideration by the Board (including in respect of Executive Directors); and
3. assisting the Board and the Chairman of the Board as required in evaluating the performance of the Board, its Committees and individual Directors against appropriate measures.

Nomination Committee members are not involved in making recommendations to the Board in respect of themselves.

The Nomination Committee also has responsibility for:

- assisting the Board in developing and implementing plans for identifying, assessing and enhancing Director competencies;
- ensuring that an effective induction process is in place and regularly reviewing its effectiveness;
- reviewing the time expected to be devoted by Non-executive Directors in relation to the Company's affairs;
- making recommendations to the Board on corporate governance issues as requested by the Board from time to time; and
- reviewing the Board Charter on a periodic basis, and recommending for Board consideration any amendments it considers are necessary.

AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

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

The Committee also provides advice and assistance to the Board with respect to the oversight of the management of risk and compliance, including areas such as health and safety, privacy and Australian consumer and competition law. Woolworths has specific policies and processes for addressing these and other compliance areas and the Committee receives management reports accordingly.

Membership and Charter

The Audit, Risk Management and Compliance Committee must have at least three members and be comprised solely of Non-executive Directors, the majority of whom must be independent. The Chair of the Committee must be an independent Non-executive Director who is not the Chairman of the Board.

All members of the Committee must have appropriate business expertise and be financially literate. At least one member should have relevant financial qualifications and experience, as determined by the Board.

The Audit, Risk Management and Compliance Committee of Directors is currently comprised of Mr R G Waters, Mr I J Macfarlane, Ms J R Broadbent, Mr S R Perkins and Mr M J Ullmer (Chairman since March 2012). Mr J F Astbury retired from the Committee in August 2013. The qualifications of each member of the Committee are set out on pages 37 to 39 of this report. The attendance of individual members at meetings of the Committee is set out on page 43 of the Directors' Report. The Committee met six times during the financial year.

The Committee has a formal Charter which is available in the Corporate Governance section of the Company's website under the tab "Who We Are". The Committee's Charter was reviewed during the year.

Responsibilities

The key responsibilities of the Committee extend across the Company's global operations and include:

- **External Audit**: the Committee oversees the effectiveness of processes in place for the appointment, performance and independence of external audit services. This is discussed further below
- **Internal Controls**: the Committee oversees the adequacy of the nature, extent and effectiveness of the internal control processes of the Group
- **Risk Management**: the Committee assists the Board in overseeing and reviewing the risk management framework and the effectiveness of risk management for the Group. Management is responsible for identifying, managing and reporting on risk
- **Compliance**: the Committee assists the Board in overseeing the management of compliance risk, in particular regulatory risk, by way of review of management reports
- **Financial Reports**: the Committee oversees the Group's financial reporting processes and reports on the results of its activities to the Board. Specifically, the Committee reviews with management and the external auditor the Group's annual and half-year financial statements and reports to shareholders
- **Accounting Standards and Quality**: the Committee oversees the adequacy and effectiveness of the Group's accounting and financial policies and controls and risk management systems and seeks assurance of compliance with relevant regulatory and statutory requirements

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

RISK IN FINANCIAL REPORTING

In reviewing (and recommending for approval by the Board) the Company's half-year and annual financial statements, Annual Report and ASX Appendix 4E/D (annual/half-year) statutory filings with supporting documents and accompanying notes, the Committee has regard to:

- the quality of earnings, liquidity and transparency and accuracy of reporting;
- critical accounting policies applied and the implications of any changes in such policies;
- compliance with relevant regulatory and statutory requirements;
- areas of significant judgement and estimates by management and their treatment in the financial statements; and
- significant or unusual transactions or events and their implications for the financial statements.

Committee meetings and access to auditors and management

The Audit, Risk Management and Compliance Committee maintains direct, unfettered access to external auditors, Business Review (internal auditors) and management. The Committee meets regularly with external auditors, Business Review and Group Risk, and the Committee meet with external auditors and Business Review at least twice a year, without any management present.

The Committee has full access to the Group's records and personnel. The Committee Chairman commits additional time and meets with the CEO, the Finance Director/CFO, senior management, external auditors, Business Review, Compliance and Legal between meetings, to discuss and review matters relating to Committee functions as appropriate.

The Committee's Charter requires the key issues and reports discussed at each Committee meeting to be reported to the Board by the Chairman of the Committee at the immediately following Board meeting. These periodic reports to the Board include details of the most significant risks facing the Group and the mitigation strategies and practices adopted by management.

Auditor appointment and supervision

The Committee is involved in the appointment and supervision of the external auditor and Business Review (internal audit).

External Auditor:

- **Appointment**: The Committee nominates the external auditor to the Board and this appointment is reviewed every three years. External audit performance is reviewed annually. The Committee reviewed and the Board re-appointed Deloitte Touche Tohmatsu as external auditor in 2012;
- **Partner Rotation**: The Company requires the position of the lead client service audit partner to rotate every five years;
- **Independence**: The Company will not invite to be appointed as Directors any ex-Woolworths audit partners, and any who may be proposed for appointment in a management position will be subject to Board approval;
- **Audit Plans**: Each year, the Committee reviews the overall scope and plans for the external audit activities, including staffing and fees; and
- **Audit Reports**: The Committee reviews all audit reports provided by the external auditor.

Business Review (internal audit):

- **Appointment**: The Committee is involved in the performance assessment and appointment or termination of the Head of Business Review who reports to the Chief Financial Officer but has a secondary reporting line to the Chair of the Committee;
- **Audit Plans**: The Committee reviews the overall scope, annual plans and budget for Business Review activities and oversees the alignment of risk management programs and Business Review activities;
- **Reports**: The Committee reviews all key Business Review reports; and
- **Access**: The Committee has regular direct access to the Head of Business Review.

Non-audit services

The Committee has procedures to review proposed services by the providers of the external audit which are unrelated to audit assurance activities and provide advice to the Board on whether and why it is satisfied that the auditor's independence is not compromised.

The Committee has not set any nominal "cap" on the level of non-audit services to be performed by the external auditor, as it considers that this may restrict the ability of the Company to access the best advisers for the particular task.

Details of the non-audit services provided by the external auditor over the financial year are contained in Note 4 to the Financial Statements.

Corporate Governance Statement

RISK MANAGEMENT

Woolworths has a sound system of risk management and internal control which, together with its governance structure, is designed to ensure that the material risks of conducting business are effectively managed.

The Risk Management Framework has regard to relevant regulations, standards and guidelines including the ASX 2nd Edition Recommendations and the Australian/New Zealand Standard AS/NZS ISO 31000:2009 *Risk Management – Principles and guidelines*.

Risk management policy

The Risk Management Policy was reviewed by management and formally approved by the Audit, Risk Management and Compliance Committee in August 2013. The policy reflects the overall risk management philosophy of the Group, the Company's overall approach to risk management, and the roles and responsibilities for risk management within the Group.

The policy is reviewed periodically by the Committee to ensure its accuracy. The Risk Management Policy is available in the Corporate Governance section of the Company's website under the tab "Who We Are".

Risk management oversight

Overall risk management oversight responsibilities under the Risk Management Framework and Risk Management Policy are divided as follows:

1. The **Board** is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit, Risk Management and Compliance Committee and reviewed by the full Board. The Nomination Committee and People Policy Committee also assist the Board in this role.
2. The **Audit, Risk Management and Compliance Committee** is responsible for assisting the Board in overseeing the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material risks. In providing this oversight, the Committee:
   - reviews the framework and methodology for risk identification, the management of risk and the processes for auditing and evaluating the Company's risk management system;
   - provides input into rating business risks;
   - monitors the alignment of the Company's risk profile (which is presented to the Committee on at least an annual basis) with tolerance levels approved by the Board and the broader business and regulatory environment;
   - reviews details of material business risks that are reported to the Committee, including detailed risk reports and action plans that are periodically presented to the Committee and any other communications from Senior Management and Group Risk and Assurance;
   - reviews the appropriate investigation and management reporting of significant risk events and incidents;
   - reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk, including the periodic review of those guidelines and policies;
   - reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis; and
   - reviews insurance arrangements to ensure appropriate and cost-effective coverage.

   The full explanation of the responsibilities of the Committee is contained in its Charter, available in the Corporate Governance section of the Company's website under the tab "Who We Are".

   The Committee recommends any actions it deems appropriate to the Board for its consideration. The Company's Business Review function is able to assist the Committee by providing an independent appraisal and reporting of the adequacy and effectiveness of the Risk Management Framework.
3. **Management** is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and must report to the Audit, Risk Management and Compliance Committee on the effectiveness of the risk management and internal control system during the year and of the Company's management of its material business risks.

Assurances by management

Management has reported to the Audit, Risk Management and Compliance Committee and the Board on:

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

The Board has received assurance from the CEO and CFO, in accordance with the *Corporations Act 2001* (Cth), stating that, in all material respects:

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

In addition, the CEO and CFO have stated to the Board in writing that:

- the assurances given above and the integrity of the Company's Financial Statements is founded on sound systems of risk management and compliance and internal control which implements, in all material respects, the policies adopted by the Board;
- to the extent they relate to financial reporting, the Company's risk management and compliance and internal control systems are operating effectively in all material respects;
- nothing has come to their attention since 29 June 2014 that would indicate any material change to the above statements; and
- the assurances made above regarding risk management and compliance and internal control are made in the context of providing a reasonable, but not absolute, level of assurance and do not imply a guarantee against adverse events or more volatile outcomes arising in the future.

The Board's role in the above assurance includes:

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

PEOPLE POLICY COMMITTEE

The Board had established a remuneration committee, named the People Policy Committee, which is designed among other things to ensure that the level and composition of Group remuneration is appropriate and reasonable and that its relationship to performance is clear. The People Policy Committee conforms with the requirements of the ASX 2nd Edition Recommendations.

In addition to having responsibilities related to Group remuneration, the People Policy Committee also has broader responsibilities in respect of overseeing and reporting to the Board in respect of Group human resources strategies and processes to ensure they are aligned with the business objectives of the Company; and they support the Company's overall values and culture.

Membership and Charter

The People Policy Committee must be comprised of at least three independent, Non-executive Directors. Currently, the Committee comprises Non-executive Directors Ms C J Hrdlicka, Mr R G Waters, Mr A D D Mackay and Ms C Cross (Chair since November 2012). Sir R S Deane retired from the Committee in August 2013. The qualifications of each member of the Committee are set out on pages 37 to 39 of this report. The attendance of members at meetings of the Committee is set out on page 43 of the Directors' Report.

The formal Charter of the People Policy Committee is available in the Corporate Governance section of the Company's website under the tab "Who We Are".

Responsibilities

The People Policy Committee acts on behalf of the Board and shareholders in respect of human resources to oversee management activities in:

1. Establishing and implementing a People Strategy to ensure that appropriately talented people are available, either through development or recruitment, in order to achieve the Business Strategy;
2. Protecting the safety and health of its employees, customers, contractors and visitors;
3. Undertaking the appropriate performance management, succession planning and development activities and programs in support of a high performance culture;
4. Providing effective remuneration policies and programs that align with our business strategy, reflect our culture and values, achieve our business plan, and deliver business growth and shareholder value;
5. Complying with relevant legal and regulatory requirements and principles of good governance; and
6. Reporting to shareholders in line with required standards;

and otherwise assisting the Board to comply with legal and regulatory requirements in connection with human resources and remuneration matters.

Corporate Governance Statement

Responsibilities continued

The following diagram sets out the specific responsibilities and functions of the People Policy Committee.

People strategy

HR strategy – review the overall human resources strategy, monitor management's implementation of the human resources strategy, and oversee management's alignment with the Company's overall business strategy and objectives;

HR policy (inc diversity, equal opportunity and unfair dismissal) – review the Company's policies and performance to assess the effectiveness of the policies and their compliance with relevant legislative, regulatory and governance requirements including Workplace Gender Equality Agency, sexual harassment, diversity and unfair dismissal; and on the proportion of women who are employed by the Group as a whole and at all levels of the Group;

Gender pay equity – review remuneration by gender and make recommendations to the Board;

Performance management and succession planning – review principles, policies and processes for performance management and succession planning and provide oversight to management as it implements the processes to ensure there are sufficient people with the appropriate skills, experience, attributes and capability to deliver the requirements of the business strategy; and

Development – review the principles, policies and programs for the development of Woolworths employees.

Remuneration

Remuneration strategy – review and approve the Group's overall remuneration policy, including assessing if remuneration is market competitive and designed to attract, motivate and retain key talent;

Short term incentives – review and approve short term incentive plans annually to determine if they are designed to effectively reward the achievement of Company and individual objectives, and drive a high performance culture;

Long term incentives – review the design of all employee long term incentive and equity plans annually, to determine if Company objectives are met, compliance with legislative and regulatory requirements, alignment with industry standards and overall cost effectiveness and make recommendations to the Board for approval of the overall structure and the level of participation in the plans;

Management – review and approve the CEO's recommendations in regard to proposed remuneration packages of senior executives; and

Non-executive Directors – review and recommend to the Board the remuneration structure for the Non-executive Directors of the Company, within the maximum amount approved by shareholders.

Compliance

Health and safety – review the Company's policies and programs to achieve safety and health objectives, the Company's health and safety performance against agreed targets and monitor, review and report to the Board on key health and safety issues;

Gender reporting – review and report to the Board at least annually on the proportion of women who are employed by the Group as a whole and at all levels of the Group;

Risk management – provide input to the Group's management of risks relevant to the human resources strategy, policy and practices; and

Remuneration Report – review and approve the Remuneration Report contained within the Annual Report to ensure disclosure meets the requirements of the Corporations Act and the ASX Listing Rules and is in accordance with good corporate governance practice.

Remuneration Report

In accordance with section 300A of the *Corporations Act 2001* (Cth), disclosures in relation to Director and executive remuneration are included in a separate component of the Directors' Report, entitled Remuneration Report.

Full details of the Company's remuneration philosophy, structure – including fixed and variable remuneration – and quantum are detailed in the Remuneration Report. The Remuneration Report is set out from pages 44 to 70.

The remuneration structure includes the entitlement to a non-superannuation based retirement allowance for Non-executive Director Sir Roderick Deane. Under previous arrangements approved by shareholders in 1998, each Non-executive Director appointed prior to January 2004 was entitled to receive an allowance on retirement as a Director after a minimum period of service. From 1 August 2006, the ongoing accrual of benefits under those arrangements was discontinued. As a result, the benefits for all relevant Non-executive Directors other than Sir Roderick Deane were rolled into a defined benefit superannuation fund pending retirement. The benefits accrued to 1 August 2006 for Sir Roderick Deane have been indexed annually by reference to the bank bill rate and, given his 31 August 2013 retirement, have now been paid (in the amount of $580,853).

Employee Share Plans

The Company has established various Plans which have provided for the allocation of shares to more than approximately 45,000 of its permanent employees.

Details of these Plans are set out in Note 24 to the Financial Statements – "Employee Benefits".

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

CODE OF CONDUCT

The Code of Conduct applies to all employees and sets out the standards in accordance with which they are expected to act. The policy is aimed at the maintenance of standards of honesty, integrity and fair dealing by all employees in their interaction with customers, suppliers, the community, competitors and each other in the performance of their duties and responsibilities.

Woolworths aims to review the terms of the Code of Conduct every two years. The Company released a revised edition of the Code of Conduct in July 2014, and senior leaders are required to review and sign their acknowledgement of the updated edition.

All employees are provided with a copy of the Code of Conduct on the commencement of their employment. As the Code of Conduct is reviewed and revised by the Company, employees are provided with an updated version. The Code of Conduct can be found in the Corporate Governance section of the Company's website under the tab "Who We Are".

In addition to the Code of Conduct, there are a range of activities and compliance programs across the Company designed to promote and encourage the responsibility and accountability of individuals for reporting unethical practices.

Speak Up

The Woolworths Limited group of companies is committed to upholding the behaviours, values and expectations reflected in our Code of Conduct.

In line with this commitment, there are long standing and accepted procedures in place for raising breaches of the Code of Conduct, which are routinely followed across the business.

The Speak Up service was introduced as a channel for employees to raise breaches directly with a party external to the Company. The Speak Up service is specifically designed for situations when normal escalation procedures have all been exhausted or are not appropriate.

The Speak Up service is an independent, confidential telephone, internet, email, mail and fax service, operated by an external provider, for employees to report on workplace misconduct.

All matters that constitute a breach of the law or Company policy including the Code of Conduct are within scope of the Speak Up service, in particular where:

- the seriousness of the matter demands immediate investigation and urgent attention from senior management;
- the matter involves fraud, corruption or behaviour that threatens others; or
- the matter has the potential to expose the Company or individuals who work for the Company to civil or criminal liability or reputation damage.

Dissatisfaction or disagreements of an interpersonal nature that do not breach any policy or law are not within scope.

Woolworths is strongly committed to eliminating workplace misconduct and employees are encouraged to make use of the Speak Up service after following established escalation processes if they encounter anything they believe constitutes serious workplace misconduct.

Vendor Speak Up

In addition to the employee Speak Up service there is also a Vendor Speak Up program which is an externally hosted hotline for trade partners of any Woolworths trading division. The service is available to all trading partners and contractors of Woolworths to report matters of a serious nature where the standard escalation procedures have either been exhausted or are not an option.

Issues that can be reported through the Vendor Speak Up service include instances where trade partners believe that dealings with a Woolworths business division or employee have created or are likely to create issues such as:

- Fraud, corruption or behaviour that threatens others;
- People or product safety risk;
- Restrictive practices or unconscionable behaviour;
- Theft;
- Conflict of interest;
- Secret commissions, bribes or corruption;
- Improper disclosure of confidential information;
- Bullying;
- Harassment; and
- Other breaches of the law.

Corporate Governance Statement

DIVERSITY AT WOOLWORTHS

Woolworths appreciates that diversity is essential to its continued growth and success and is committed to fostering and sustaining an inclusive and flexible workplace.

Woolworths is pleased to be in a position to report on its performance in respect of diversity, in line with the ASX Diversity Recommendations. This statement:

- sets out Woolworths' workplace profile and key representation metrics;
- provides a summary of key initiatives that were implemented during the year pursuant to Woolworths' Diversity Policy; and
- outlines Woolworths' measurable diversity objectives for FY15.

WORKPLACE PROFILE

The current Woolworths workplace profile indicates significant progress has been made to date in respect of diversity:

Gender balance at Woolworths

- Women constitute more than half of the Woolworths workforce, with 54% of all employees being women as at the end of this financial year;
- Women currently hold 33% of leadership roles at three levels below the CEO; and
- Three of the eight Non-executive Directors on the Woolworths Board are women.

Other representation metrics

- In keeping with the commitment outlined in our Reconciliation Action Plan, we continue to focus on closing the gap between Indigenous and non-Indigenous Australians through employment strategies. We do this by continuing to work with external partners who provide pre-employment programs across Australia to ensure that there is real access and jobs for Indigenous Australians. We also support indigenous business through membership of Supplier Nation.

Woolworths does not require its employees to declare whether they have a disability. However, 3,615 employees have voluntarily declared that they have a disability through the annual Engagement Survey, which is an increase of 554 people on last year. We continue to work with Disability Employment Services (DES) to promote access to employment for people with a disability.

Pay equity

As part of its annual remuneration review process, Woolworths undertakes an analysis of pay levels by gender, identifies any differentials, and takes appropriate steps to address any differentials. We have committed to ensure over time a zero differential in gender pay.

Category	2014 Women as Percentage of Total Employees[1]	2013 Women as Percentage of Total Employees[1]
Executives	31.4%	29.5%
Senior Managers	28.2%	28.4%
Managers	41.4%	40.3%
Total Women in Management	**38.6%**	**37.8%**
Non Management	54.9%	54.9%

1 Excludes New Zealand Supermarkets, ALH, Wine Quarter, Pinnacle, EziBuy, Home Timber and Hardware distribution centre, Global Sourcing and Retail FM employees

LOOKING BACK: FY14 MEASURABLE OBJECTIVES

Woolworths is committed to supporting a diverse workforce, recognising that our employees should represent the communities we serve. Our commitment was made public through the diversity policy, which can be found in the Corporate Governance section of the Company's website under the tab "Who We Are". We set diversity related objectives from this policy which becomes our annual focus referred to in this report as the 2015 measurables.

The table below sets out Woolworths' objectives, the initiatives taken throughout FY14 to achieve them and relevant outcomes.

Objective	Initiatives and Outcomes
33% of Board and executive leadership roles (direct reports to the CEO and their executive reports at the next three levels) to be occupied by women by 2015	• Woolworths has achieved this objective, one year earlier than committed to; and • This milestone was recognised by the CEO communicating to all employees through our internal website on International Women's Day.
Continue to incrementally grow the number of women performing senior roles	• 123 female executives were appointed during the year. These appointments included roles such as the General Manager – Marketing, Strategic Marketing Manager, Senior Property Manager, Strategy Manager and Finance Manager; • During the year, there were 310 executive appointments, of which 40% were female, and of the female appointments 33% were internal promotions; • The Managing Director and Chief Executive Officer of Woolworths is a member of the Male Champions of Change group. This group brings together some of Australia's most influential and diverse male Chief Executive Officers and Chairpersons with a view to using their individual and collective influence and commitment to ensure the issue of women's representation in leadership is elevated on the national business agenda. The Male Champions of Change group is collectively working on a number of initiatives, one of which is increasing flexible work practices – a key area of focus for Woolworths; • Woolworths has developed an online flexibility toolkit, training for managers and an online application process. WOWFlex is currently being trialled in a support office area; and • The Managing Director of Progressive Enterprises Limited is a member of the New Zealand 25 Percent Group which comprises chairs and CEOs from a selection of private, publicly listed and multi-national companies committed to achieving diversity of thought at senior management level and in boardrooms. The aim of the group is to have 25% female representation on Boards in New Zealand by 2015.
Continue to create programs that prepare women to take on senior roles within the business both in operational and specialist support areas	• Leadership 20:20 is a program designed to develop our Senior Leaders across the Woolworths group in order to transform our leadership and ensure a delivery of our new strategy. Women make up 37% participation over three programs run this year; • The Leadership Edge program for Operational Leaders was also launched this year to build capability to lead, grow and develop effective teams. The program has provided greater peer support and networks for women in operational leadership roles; • The Personal Leadership program enables employees to develop insights into their leadership styles and develops personal effectiveness and resilience. This program currently has 38% female participation; • The Retail Edge and Fast Track programs provide opportunities for people wanting to develop careers in retail and accelerate careers into management and leadership. Retail Edge has 52% female participation and Fast Track 45%; • Woolworths provides employees with part-time and job-share roles, paid maternity leave, flexible reintegration after parental leave and support during this leave; and • During FY14, a female Liquor employee was one of three winners of the Jack Shewmaker Scholarship. She has been awarded $20,000 for a learning opportunity of her choice in the coming year.

Corporate Governance Statement

Objective	Initiatives and Outcomes
As part of Woolworths' ongoing commitment to the reconciliation process, continue to assist Indigenous Australians to access employment opportunities through our business	• Woolworths continues to focus on goals set in the Reconciliation Action Plan which was launched June 2011 and focuses on Respect, Relationships and Opportunities; • Continue to run cultural competency training and have introduced a diversity awareness program as part of the core skills program for managers; • Continue to proactively recruit Indigenous Australians through community based pre-employment programs; • Woolworths has again signed with Supply Nation committing to continue to support Indigenous suppliers in dealing with corporate organisations; • Woolworths Liquor Group is committed to Jawun, a not-for-profit organisation supporting indigenous communities by providing skilled corporate secondees to assist where help is needed. Since forming this partnership in 2013, seven employees have been seconded to indigenous communities. Three senior leaders of the Company have visited indigenous communities through executive programs; • Our indigenous interns and graduates have been employed in full time roles; • Supported Generation One with the Chief Executive Officer program and this experience resulted in the winner of the "Woolworths CEO for the day" being employed full time; and • Recognised National Aborigines and Islanders Day Observance Committee (NAIDOC) Week and celebrated it internally and with our customers.
Provide people with a disability employment opportunities and career advancement	• During FY14, Woolworths has continued to look at new and innovative ways of providing employment opportunities for people with a disability. Some 3,651 employees declared that they have a disability through the engagement survey showing increased participation of people with a disability in our workforce; • Woolworths is a member of Australian Network on Disability (AND) – a disability organisation that represents corporate organisations in supporting disability employment. Woolworths has held gold membership status of AND for a number of years. Woolworths' Head of Health and Safety is a member of the Board of AND; and • Woolworths appointed an additional intern with a disability through a "step up" program run through AND who is currently working on contract.
Continue to recognise and celebrate our multicultural diversity and grow our workforce to reflect the diversity of the Australian population	• In recognising and celebrating our diversity, Woolworths notifies employees through the internal website and through Google+, a social networking tool, of cultural events and activities in which our teams have participated; and • Woolworths continues to be an ambassador of the Taste of Harmony initiative and see annual increases of stores and sites participating in this event. Over 218 stores and sites registered for Taste of Harmony in 2014, with over 4,000 people participating in our support offices.
Foster national debate on youth employment, identify practical outcomes and promote Woolworths' role as a major employer	• Woolworths, in conjunction with News Corp, the Department of Employment, and nine of Australia's largest employers, delivered Generation Success (Gen S); and • Gen S culminated on 16 April with a breakfast for 350 people, at which the Prime Minister Tony Abbott provided the keynote address. Following the breakfast, the Chief Executives and young employee representatives of all the Gen S companies met the Prime Minister, the Assistant Minister of Employment Luke Hartsuyker, and Senator Scott Ryan for a roundtable discussion on youth employment. This was facilitated by Tony Shepherd AO, the then outgoing President of the Business Council of Australia.

LOOKING FORWARD: FY15 MEASURABLE OBJECTIVES

Woolworths is committed to the regular review and updating of its measurable objectives to ensure that they continue to be appropriate and operate to enhance Woolworths' diversity profile and support the Business Strategy. The objectives that Woolworths has reaffirmed during the year are as follows:

- to exceed the current 33% of Board and executive leadership roles (direct reports to the Chief Executive Officer and their executive reports at the next three levels) occupied by women in 2015;
- continue to incrementally grow the number of women performing senior roles;
- continue to create programs that prepare women to take on senior roles within the business both in operational and specialist support areas;
- increase access to flexible work practices. Formally launch the flexibility guideline, toolkit and training to the whole organisation;
- as part of Woolworths' ongoing commitment to the reconciliation process, continue to assist Indigenous Australians to access employment and business opportunities through Woolworths;
- provide people with a disability employment opportunities and career advancement;
- continue to recognise and celebrate our multicultural diversity and grow our workforce to reflect the diversity of our customers; and
- continue to develop our mature aged workforce (45 years plus) who represent 22.7% of our workforce, an increase of 1% on last year. Woolworths continues to ensure that mature aged people (both current and future employees) have access to employment and ongoing job opportunities.

POLICY ON TRADING IN COMPANY SECURITIES

The Company has adopted a Securities Dealing Policy (the "Securities Dealing Policy") which regulates dealings with Woolworths securities by all Woolworths people. The policy is available in the Corporate Governance section of the Company's website under the tab "Who We Are".

The Securities Dealing Policy requires Woolworths People to act in accordance with strict guidelines which prohibit trading in the Company's securities in fixed blackout periods preceding the release of the half-year, annual and quarterly results to the ASX. Additional restrictions apply to Woolworths People (including Directors and designated persons) who are most likely to come into possession of inside information during the course of their work to ensure that they take additional care in relation to dealings in Woolworths securities.

The objective of the policy is not only to require compliance with the law, but to ensure that any dealings in securities by relevant Woolworths parties are above reproach. In addition to the legal consequences for breach, the policy provides for disciplinary action, including dismissal. The policy provides very clear, specific direction to designated persons and other people in relation to prohibited periods for trading in securities.

The Securities Dealing Policy has a broad prohibition on hedging of unvested Woolworths securities as well as on vested Woolworths securities that are subject to disposal restrictions. These restrictions are to prevent transactions which could have the effect of distorting the proper functioning of performance hurdles or reduce the intended alignment between management and shareholder interests.

Notwithstanding anything in the Securities Dealing Policy, there is no period during which an individual is exempt from the requirements of the *Corporations Act 2001* (Cth) with regard to insider trading prohibitions.

CONTINUOUS DISCLOSURE

Woolworths' practice is to release all price sensitive information to the market in a timely manner in accordance with its continuous disclosure obligations under the *Corporations Act 2001* (Cth) and ASX Listing Rules.

Woolworths has established a framework to enable the Company to provide shareholders and the market generally with timely, direct and equal access to relevant information about Woolworths.

Woolworths' Continuous Disclosure Policy aims to:

- ensure compliance with continuous disclosure regulatory requirements;
- ensure accountability of Woolworths' senior management level for compliance; and
- promote investor confidence in the integrity of Woolworths and its securities.

The Continuous Disclosure Policy is available in the Corporate Governance section of the Company's website under the tab "Who We Are". During FY14 the Continuous Disclosure Policy was reviewed with an updated Policy approved by Directors and published on the Company's website.

SHAREHOLDER ENGAGEMENT

Communication strategy

Woolworths ensures shareholders are kept informed of all major developments affecting the Company. Additionally, we recognise that potential investors and other interested stakeholders may wish to obtain information about Woolworths from time to time.

To achieve this, Woolworths communicates information regularly to shareholders and other stakeholders through a range of forums and publications, as outlined in our Shareholder Communications Policy (which can be found in the Corporate Governance section of the Company's website under the tab "Who We Are").

Investor Centre

The Investor Centre is one of the key methods of communicating with the Company's shareholders. The Investor Centre is available on the Company's website under the tab "Invest In Us" and includes key Woolworths financial and shareholder information, including the Company's published reports, share price updates, dividend history, presentations and webcasts, shareholder meeting details and all major ASX announcements made by the Company in the last five years.

2014 Financial Report to Shareholders

TABLE OF CONTENTS

Five Year Summary	89
Consolidated Income Statement	96
Consolidated Statement of Comprehensive Income	97
Consolidated Balance Sheet	99
Consolidated Cash Flow Statement	100
Consolidated Statement of Changes in Equity	102
Directors' Declaration	179
Independent Auditor's Report to the Members of Woolworths Limited	180
Shareholder Information	182

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1	Significant accounting policies	104
2	Profit from operations – continuing operations	115
3	Net financing costs – continuing operations	116
4	Auditors' remuneration	116
5	Income taxes	117
6	Dividends	120
7	Segment disclosures	121
8	Trade and other receivables	124
9	Inventories	124
10	Other financial assets	124
11	Property, plant and equipment	125
12	Intangible assets	127
13	Trade and other payables	129
14	Other financial liabilities	129
15	Borrowings	130
16	Financing arrangements	131
17	Provisions	132
18	Issued capital	133
19	Reserves	135
20	Retained earnings	136
21	Earnings per share	137
22	Contingent liabilities	138
23	Commitments for expenditure	139
24	Employee benefits	140
25	Key management personnel	153
26	Related parties	153
27	Financial instruments	154
28	Financial risk management	161
29	Subsidiaries	166
30	Deed of cross guarantee	172
31	Business acquisitions	174
32	Subsequent events	175
33	Parent entity information	175
34	Discontinued operations	177
35	Assets held for sale	178

Five Year Summary

Profit and loss Weeks	2014 52	2013 53	2012[2] 52	2011[2] 52	2010 52
Sales ($m)					
Australian Food and Liquor	**41,170.7**	40,031.2	37,549.2	36,176.1	34,675.4
Petrol	**7,065.2**	6,793.9	6,714.2	6,025.3	5,481.0
Australian Food, Liquor and Petrol	**48,235.9**	46,825.1	44,263.4	42,201.4	40,156.4
Supermarkets NZ	**5,185.5**	4,599.7	4,301.8	4,110.5	4,130.6
General Merchandise[1]	**4,351.8**	4,383.4	4,179.6	4,158.3	4,193.1
Consumer Electronics[2]	**–**	–	–	1,855.5	1,782.4
Total General Merchandise	**4,351.8**	4,383.4	4,179.6	6,013.8	5,975.5
Hotels	**1,472.2**	1,468.9	1,204.0	1,153.1	1,102.0
Home Improvement[3]	**1,527.4**	1,239.3	828.3	–	–
Unallocated[4]	**–**	–	–	664.1	329.8
Total continuing operations	**60,772.8**	58,516.4	54,777.1	54,142.9	51,694.3
Discontinued operations[2]	**–**	641.6	1,923.0	–	–
Total Group	**60,772.8**	59,158.0	56,700.1	54,142.9	51,694.3
Earnings before interest and tax ($m)					
Continuing operations before significant items[5]					
Australian Food and Liquor	**3,278.7**	3,061.6	2,817.2	2,678.9	2,492.5
Petrol	**89.3**	137.7	127.1	117.6	99.5
Australian Food, Liquor and Petrol	**3,368.0**	3,199.3	2,944.3	2,796.5	2,592.0
Supermarkets NZ	**271.4**	236.2	224.5	191.9	190.4
General Merchandise[1]	**152.9**	191.3	178.4	177.0	200.0
Consumer Electronics[2]	**–**	–	–	26.8	31.5
Total General Merchandise	**152.9**	191.3	178.4	203.8	231.5
Hotels	**275.4**	263.7	195.7	183.7	176.7
Home Improvement[3]	**(169.0)**	(138.9)	(96.7)	–	–
Total trading operations	**3,898.7**	3,751.6	3,446.2	3,375.9	3,190.6
Central overheads[4]	**(123.5)**	(98.4)	(99.8)	(99.5)	(108.5)
Total continuing operations before significant items[5]	**3,775.2**	3,653.2	3,346.4	3,276.4	3,082.1
Discontinued operations[2]					
Discontinued operations before significant items[2,5]	**–**	2.5	30.3	–	–
Total Group before significant items[5]	**3,775.2**	3,655.7	3,376.7	3,276.4	3,082.1
Significant items[5]	**–**	(48.7)	(420.0)	–	–
Total Group	**3,775.2**	3,607.0	2,956.7	3,276.4	3,082.1
EBIT to Sales (%)					
Continuing operations before significant items[5]					
Australian Food, Liquor and Petrol	**6.98**	6.83	6.65	6.63	6.45
Supermarkets NZ	**5.23**	5.14	5.22	4.67	4.61
General Merchandise[1]	**3.51**	4.36	4.27	4.26	4.77
Consumer Electronics[2]	**–**	–	–	1.44	1.77
Hotels	**18.71**	17.95	16.25	15.93	16.03
Home Improvement[3]	**(11.06)**	(11.21)	(11.67)	–	–
Total continuing operations before significant items[5]	**6.21**	6.24	6.11	6.05	5.96
Discontinued operations[2]					
Discontinued operations before significant items[2,5]	**–**	0.39	1.58	–	–
Total Group before significant items[5]	**6.21**	6.18	5.96	6.05	5.96
Total Group	**6.21**	6.10	5.21	6.05	5.96

For footnotes in relation to the Five Year Summary, refer to page 95

Five Year Summary

Profit and loss Weeks	2014 52	2013 53	2012[2] 52	2011[2] 52	2010 52
Profit & Loss Detail ($m)					
Continuing operations before significant items[5]					
Sales	**60,772.8**	58,516.4	54,777.1	54,142.9	51,694.3
Cost of goods sold	**(44,295.2)**	(42,754.9)	(40,316.1)	(40,049.7)	(38,300.7)
Gross profit	**16,477.6**	15,761.5	14,461.0	14,093.2	13,393.6
Gross profit margin (%)	**27.11**	26.94	26.40	26.03	25.91
Cost of doing business (CODB)	**(12,702.4)**	(12,108.3)	(11,114.6)	(10,816.8)	(10,311.5)
CODB margin (%)	**20.90**	20.70	20.29	19.98	19.95
Selling, general and admin expenses (excluding, rent, depreciation and amortisation)	**(9,807.4)**	(9,378.6)	(8,671.6)	(8,417.7)	(8,035.9)
EBITDAR	**6,670.2**	6,382.9	5,789.4	5,675.5	5,357.7
EBITDAR margin (%)	**10.98**	10.91	10.57	10.48	10.36
Rent (including fitout rent)	**(1,898.7)**	(1,764.2)	(1,559.5)	(1,541.2)	(1,477.9)
EBITDA	**4,771.5**	4,618.7	4,229.9	4,134.3	3,879.8
EBITDA margin (%)	**7.85**	7.89	7.72	7.64	7.51
Depreciation and amortisation	**(996.3)**	(965.5)	(883.5)	(857.9)	(797.7)
EBIT	**3,775.2**	3,653.2	3,346.4	3,276.4	3,082.1
EBIT margin (%)	**6.21**	6.24	6.11	6.05	5.96
Net financing costs	**(218.9)**	(251.1)	(242.9)	(225.3)	(181.5)
Woolworths Notes interest	**(41.2)**	(46.4)	(39.3)	(36.2)	(30.0)
Profit before tax and significant items[5]	**3,515.1**	3,355.7	3,064.2	3,014.9	2,870.6
Taxation	**(1,056.7)**	(996.6)	(885.0)	(874.6)	(832.6)
Profit after tax and before significant items[5]	**2,458.4**	2,359.1	2,179.2	2,140.3	2,038.0
Discontinued operations[2]					
Profit after tax and before significant items[2,5]	**–**	1.8	21.7	–	–
Group net profit after tax before significant items[5]	**2,458.4**	2,360.9	2,200.9	2,140.3	2,038.0
Significant items after tax[5]	**–**	(96.3)	(383.7)	–	–
Group net profit after tax	**2,458.4**	2,264.6	1,817.2	2,140.3	2,038.0
Non-controlling interests	**(6.7)**	(5.2)	(0.5)	(16.3)	(17.2)
Profit attributable to members of Woolworths Limited after tax	**2,451.7**	2,259.4	1,816.7	2,124.0	2,020.8

For footnotes in relation to the Five Year Summary, refer to page 95

Balance Sheet ($m) Weeks	2014 52	2013 53	2012[2] 52	2011[2] 52	2010 52
Inventory	**4,693.2**	4,205.4	3,698.3	3,736.5	3,438.8
Accounts payable	**(4,657.1)**	(4,080.0)	(4,013.4)	(4,132.0)	(3,953.3)
Net investment in inventory	**36.1**	125.4	(315.1)	(395.5)	(514.5)
Fixed assets and investments	**10,394.5**	9,564.8	9,846.5	8,830.5	7,802.9
Intangibles	**6,335.0**	5,784.3	5,282.0	5,236.6	5,071.0
Receivables	**1,033.9**	985.2	894.4	778.0	672.2
Other creditors	**(3,184.9)**	(3,086.1)	(2,954.7)	(2,646.8)	(2,455.9)
Total funds employed[6]	**14,614.6**	13,373.6	12,753.1	11,802.8	10,575.7
Net tax balances	**522.9**	425.2	423.2	305.7	233.6
Net assets employed	**15,137.5**	13,798.8	13,176.3	12,108.5	10,809.3
Cash and borrowings[7]	**(3,432.9)**	(3,602.7)	(3,916.3)	(3,325.3)	(2,828.7)
Capital call receivable from non-controlling interest	**–**	–	–	93.0	–
Other financial assets and liabilities	**(1,179.2)**	(895.6)	(833.7)	(1,030.4)	(162.9)
Net assets continuing operations	**10,525.4**	9,300.5	8,426.3	7,845.8	7,817.7
Net assets discontinued operations[2]	**–**	–	20.0	–	–
Total net assets	**10,525.4**	9,300.5	8,446.3	7,845.8	7,817.7
Non-controlling interests	**272.9**	272.1	258.1	252.6	247.3
Shareholders' equity	**10,252.5**	9,028.4	8,188.2	7,593.2	7,570.4
Total equity	**10,525.4**	9,300.5	8,446.3	7,845.8	7,817.7

Cash Flow ($m)					
Continuing and discontinued operations[2]					
EBITDA	**4,771.5**	4,572.5	3,852.6	4,134.3	3,879.8
Movement in net investment in inventory	**103.2**	(490.6)	(282.6)	(75.9)	(69.5)
Other operating cash flows and other non cash	**98.7**	69.8	614.5	83.8	88.4
Net interest paid	**(338.2)**	(454.5)	(369.3)	(309.6)	(249.8)
Tax paid	**(1,162.5)**	(977.3)	(941.4)	(841.5)	(896.9)
Operating cash flow	**3,472.7**	2,719.9	2,873.8	2,991.1	2,752.0
Payments for property, plant, equipment and intangibles	**(1,898.7)**	(1,955.3)	(2,141.8)	(2,138.5)	(1,817.7)
Proceeds on disposal of property, plant and equipment and subsidiaries	**230.9**	1,008.9	199.5	394.4	55.4
Other investing cash flows	**(363.6)**	(255.3)	(138.0)	(433.3)	(189.9)
Cash flow from operations after investing activities	**1,441.3**	1,518.2	793.5	813.7	799.8
Movement in gross debt	**(67.3)**	(527.3)	(468.9)	1,758.3	486.1
Issue of subsidiary shares to non-controlling interests	**183.0**	230.0	203.0	176.6	79.5
Dividends paid	**(1,491.1)**	(1,396.7)	(1,317.2)	(1,260.0)	(1,164.6)
Dividends paid to non-controlling interests	**(32.0)**	(20.1)	(15.6)	(13.2)	(16.8)
Buyback of shares	**–**	–	–	(738.7)	(294.6)
New shares issued	**35.5**	193.7	129.5	105.1	77.5
Payments for shares acquired by the Woolworths Employee Share Trust	**–**	–	–	(28.8)	–
Effects of exchange rate changes on balance of cash held in foreign currencies	**4.0**	6.2	1.3	(6.8)	(0.2)
Net cash flow	**73.4**	4.0	(674.4)	806.2	(33.3)

For footnotes in relation to the Five Year Summary, refer to page 95

Five Year Summary

Shareholder Value Weeks	2014 52	2013 53	2012[2] 52	2011[2] 52	2010 52
ROFE (Pre-tax return on funds employed) (%)[8]					
Group normal	**26.98**	27.61	24.08	29.28	30.98
Continuing operations before significant items[5]	**26.98**	27.99	27.75	29.28	30.98
Du Pont Analysis (*before significant items*) (%)[5]					
EBIT to sales	**6.21**	6.18	5.96	6.05	5.96
Service burden[9]	**93.11**	91.85	91.60	92.02	93.14
Tax burden[10]	**69.75**	70.16	71.14	70.99	71.00
Asset turn[11]	**2.62**	2.70	2.67	2.77	2.94
Financial leverage[12]	**2.41**	2.55	2.69	2.58	2.44
Return on equity[13]	**25.43**	27.37	27.89	28.01	28.10
Earnings Per Share					
Ordinary share price closing($)	**35.66**	32.81	26.38	27.25	27.40
Market capitalisation ($m)	**44,925.1**	41,018.7	32,498.3	33,149.6	33,733.2
Weighted average shares on issue (m)	**1,248.0**	1,237.4	1,222.0	1,216.2	1,232.1
Normal basic EPS (cents per share)[14]	**196.5**	182.6	148.7	174.6	164.0
Normal basic EPS *before significant items* (cents per share)[5,14]	**196.5**	190.4	180.1	174.6	164.0
Normal basic EPS continuing operations *before significant items* (cents per share)[5,14]	**196.5**	190.2	178.3	174.6	164.0
Interim dividend ($m)	**815.6**	770.6	723.9	691.4	657.2
Interim dividend (cents per share)	**65.0**	62.0	59.0	57.0	53.0
Final dividend ($m)[15]	**907.1**	888.2	826.9	792.9	766.3
Final dividend (cents per share)	**72.0**	71.0	67.0	65.0	62.0
Total dividend ($m)[15]	**1,722.7**	1,658.8	1,550.8	1,484.3	1,423.5
Total dividend (cents per share)	**137.0**	133.0	126.0	122.0	115.0
Payout ratio (%)	**70.27**	73.42	85.36	69.88	70.44
Payout ratio *before significant items* (%)[5]	**70.27**	70.42	70.48	69.88	70.44
Price/earnings ratio (times)	**18.15**	17.97	17.74	15.60	16.71
Price/earnings ratio *before significant items* (times)[5]	**18.15**	17.23	14.65	15.60	16.71
Price/operating cash flow ratio (times)	**12.83**	14.91	11.23	11.08	12.29
Growth Rates (*continuing operations before significant items*) (% increase)[5,16]					
Sales	**3.86**	6.83	4.76	4.74	4.23
Sales per equivalent week	**5.85**	4.81	4.76	4.74	4.23
EBITDA	**3.31**	9.19	3.72	6.56	9.44
EBIT	**3.34**	9.17	2.98	6.30	9.47
Profit before tax	**4.75**	9.51	2.51	5.03	9.30
Normal basic EPS	**3.31**	6.67	3.06	6.48	8.82

Financial Strength (*before significant items*)[5]					
Service cover ratio (times)[17]	**14.51**	12.27	11.91	12.53	14.57
Fixed charges cover (times)[18]	**3.0**	3.0	2.9	3.0	3.1
Sales to inventory (times)[19]	**13.66**	14.69	14.95	15.09	15.36
Capital expenditure to EBITDA (%)	**39.79**	42.31	50.13	51.73	46.85
Operating cash flow per share ($)	**2.78**	2.20	2.35	2.46	2.23
Serviced gearing (%)[20]	**26.17**	28.72	33.76	33.83	27.16
Current assets to current liabilities (%)	**94.93**	90.68	85.75	78.87	71.66

For footnotes in relation to the Five Year Summary, refer to page 95

Productivity	2014	2013	2012[2]	2011[2]	2010
Stores (Number)					
Supermarkets					
New South Wales and Australian Capital Territory	**282**	271	262	255	248
Queensland	**222**	209	203	194	189
Victoria	**226**	221	214	203	200
South Australia and Northern Territory	**81**	78	78	76	74
Western Australia	**88**	88	85	83	83
Tasmania	**32**	30	30	29	29
Supermarkets – Australia	**931**	897	872	840	823
Supermarkets – New Zealand	**171**	166	161	156	152
Total Supermarkets	**1,102**	1,063	1,033	996	975
Thomas Dux	**11**	11	11	11	11
Freestanding Liquor	**349**	339	329	305	281
ALH Group Retail Outlets	**544**	526	507	488	480
Caltex/WOW Petrol	**131**	131	132	132	132
WOW Petrol – Australia	**502**	482	467	449	429
WOW Petrol – New Zealand	**–**	–	–	–	22
Total Supermarket Division	**2,639**	2,552	2,479	2,381	2,330
General Merchandise					
BIG W	**182**	178	172	165	161
EziBuy	**4**	–	–	–	–
Dick Smith Electronics	**–**	–	–	390	394
Tandy	**–**	–	–	4	22
Total General Merchandise	**186**	178	172	559	577
Hotels including clubs (ALH Group)	**329**	326	294	282	284
Home Timber and Hardware[21]	**28**	26	21	19	8
Masters	**49**	31	15	–	–
Total continuing operations	**3,231**	3,113	2,981	3,241	3,199
Discontinued operations[2]					
Dick Smith Electronics	**–**	–	347	–	–
Tandy	**–**	–	1	–	–
Total Group	**3,231**	3,113	3,329	3,241	3,199

For footnotes in relation to the Five Year Summary, refer to page 95

Five Year Summary

Stores (Movement) FY14	30 June 2013	Opened/acq	Closed	29 June 2014
Supermarkets				
New South Wales and Australian Capital Territory	271	13	2	**282**
Queensland	209	15	2	**222**
Victoria	221	6	1	**226**
South Australia and Northern Territory	78	3	–	**81**
Western Australia	88	2	2	**88**
Tasmania	30	2	–	**32**
Supermarkets – Australia	897	41	7	**931**
Supermarkets – New Zealand	166	7	2	**171**
Total Supermarkets	1,063	48	9	**1,102**
Thomas Dux	11	–	–	**11**
Freestanding Liquor	339	21	11	**349**
ALH Group Retail Outlets	526	25	7	**544**
Caltex/WOW Petrol	131	–	–	**131**
WOW Petrol – Australia	482	22	2	**502**
Total Supermarket Division	2,552	116	29	**2,639**
General Merchandise				
BIG W	178	4	–	**182**
EziBuy	–	4	–	**4**
Total General Merchandise	178	8	–	**186**
Hotels (ALH Group)	326	4	1	**329**
Home Timber and Hardware[21]	26	2	–	**28**
Masters	31	18	–	**49**
Total continuing operations	3,113	148	30	**3,231**
Discontinued operations[2]				
Dick Smith Electronics and Tandy (Aust/NZ)	–	–	–	**–**
Total Group Movement	3,113	148	30	**3,231**

Weeks	2014 52	2013 53	2012[2] 52	2011[2] 52	2010 52
Area (sqm)					
Supermarket Division (Australia)[22]	**2,522,981**	2,413,527	2,318,756	2,202,620	2,127,195
Supermarket Division (New Zealand)[23]	**386,818**	372,373	351,744	333,274	325,256
General Merchandise Division[24]	**1,042,927**	1,016,086	1,107,732	1,086,082	1,061,934
Sales Per Average Square Metre (normalised 52 weeks)					
Supermarket Division (Australia)[22]	**16,020.8**	15,972.9	15,980.2	16,171.8	16,103.1
Supermarket Division (New Zealand)[23]	**14,097.5**	14,568.1	15,178.9	15,131.6	15,042.1
General Merchandise Division[24]	**4,227.1**	4,275.2	5,241.9	5,299.9	5,449.8

For footnotes in relation to the Five Year Summary, refer to page 95

Notes to Statistics

1. General Merchandise includes BIG W and EziBuy
2. On 27 September 2012, Woolworths announced its exit from the Consumer Electronics market segment with the sale of its wholesale operations in India and the Dick Smith Electronics business in Australia and New Zealand. For statutory reporting, Dick Smith Electronics operations were reported as a discontinued operation from financial year 2012. India Wholesale operations were reported as a discontinued operation from financial year 2013. For comparative purposes within this summary, with the exception of the balance sheet, financial year 2012 was adjusted to include India Wholesale as a discontinued operation. Financial year 2011 balances are consistent with the way they were reported at financial year 2011 (that is, do not reflect any restatement of the profit and loss for discontinued operations)
3. Prior to financial year 2012, Home Improvement was included in the 'Unallocated' category
4. Unallocated/Central overheads consists of the Group's operating segments that are not separately reportable (Home Improvement prior to financial year 2012) as well as various support functions including Property and Head Office costs
5. Significant items represent:

– in 2013, profit of $9.9m before tax ($7.9m after tax) on sale of the Consumer Electronics businesses
– in 2013, the one-off loss of $32.8m before tax ($28.5m after tax) on the Shopping Centres Australasia Property Group transaction
– in 2013, the one-off costs of $25.8m before tax ($18.1m after tax) for Victorian transport fleet redundancies
– in 2013, the one off costs of $82.3m before tax ($57.6m after tax) relating to the US144A bond redemption
– in 2012, the $420.0m before tax ($383.7m after tax) restructuring provision set aside for the restructure and divestment of Dick Smith Electronics in Australia and New Zealand

Where noted, profit and loss items have been adjusted to reflect these significant items

6. Funds employed is net assets excluding net tax balances, net debt, other financial liabilities and assets and liabilities as a result of hedging per *AASB 139 Financial Instruments: Recognition and Measurement*
7. Cash and borrowings is gross debt less cash on hand, cash at bank and cash on short term deposit
8. Return on funds employed (ROFE) is EBIT as a percentage of average (of opening and closing) funds employed for the year. For comparability, the continuing operations ratio excludes Consumer Electronics Australia, New Zealand and India from financial year 2012
9. Service burden is net profit before income tax expressed as a percentage of EBIT
10. Tax burden is profit after income tax attributable to shareholders expressed as a percentage of profit before income tax
11. Asset turn is total sales divided by average (of opening and closing) total assets for the year
12. Financial leverage is average (of opening and closing) total assets divided by average (of opening and closing) shareholders' equity for the year
13. Return on equity is profit after income tax attributable to shareholders, divided by average (of opening and closing) shareholders' equity for the year
14. Normal basic earnings per share (normal EPS) is profit after tax and servicing Hybrid Notes attributable to shareholders divided by the weighted average number of ordinary shares on issue during the year. The weighted average number of shares on issue has been calculated in accordance with Accounting Standard *AASB 133 Earnings per Share*
15. The current year figure represents the forecast dividend given the shares on issue at the date the full year results are released to the market. This figure will change if there are any shares issued between the reporting date and the ex-dividend date
16. Growth rates in 2014 have been impacted by the 2013 year having 53 weeks
17. Service cover ratio is EBIT divided by the sum of net financing costs and Hybrid Notes interest
18. Fixed charges cover is EBITDAR divided by rent and interest costs. Rent and interest costs include capitalised interest but exclude foreign exchange gains/losses and dividend income
19. Sales to inventory is total sales divided by average (of opening and closing) inventory
20. Serviced gearing is cash and borrowings together with the hedge assets and liabilities related to those borrowings divided by cash and borrowings together with the hedge assets and liabilities related to those borrowings plus total equity
21. Previously known as 'Danks'. The 2014 store numbers included an additional store not previously included in store numbers
22. Supermarkets Division (Australia) excludes Langton's, Cellarmasters, Petrol, Wholesale and ALH Group retail (BWS)
23. New Zealand Supermarkets excludes Gull and franchise outlets. Sales per square metre is presented in New Zealand dollars
24. Includes Big W, EziBuy, Dick Smith and Tandy. Excludes Woolworths India

Consolidated Income Statement – Woolworths Limited

	Note	2014 52 weeks $m	2013 53 weeks $m
Continuing Operations			
Revenue from the sale of goods	2a	**60,772.8**	58,516.4
Other operating revenue	2a	**179.4**	157.7
Total revenue from continuing operations		**60,952.2**	58,674.1
Cost of sales		**(44,474.6)**	(42,912.6)
Gross profit from continuing operations		**16,477.6**	15,761.5
Other revenue	2b	**242.7**	247.6
Branch expenses		**(10,176.0)**	(9,799.8)
Administration expenses		**(2,769.1)**	(2,614.7)
Earnings from continuing operations before interest and tax		**3,775.2**	3,594.6
Financial expense	3	**(277.8)**	(410.1)
Financial income	3	**17.7**	30.3
Net financing costs from continuing operations		**(260.1)**	(379.8)
Profit from continuing operations before income tax expense		**3,515.1**	3,214.8
Income tax expense relating to continuing operations	5a	**(1,056.7)**	(959.9)
Profit from continuing operations after income tax expense		**2,458.4**	2,254.9
Discontinued Operations			
Profit from discontinued operations	34	**–**	9.7
Profit for the period		**2,458.4**	2,264.6
Profit attributable to:			
Equity holders of the parent entity		**2,451.7**	2,259.4
Non-controlling interests		**6.7**	5.2
Profit for the period		**2,458.4**	2,264.6
Profit attributable to equity holders of the parent entity relates to:			
Profit from continuing operations		**2,451.7**	2,249.7
Profit from discontinued operations		**–**	9.7
Profit attributable to equity holders of the parent entity		**2,451.7**	2,259.4
Earnings Per Share (EPS) from continuing and discontinued operations			
Basic EPS (cents per share)	21	**196.5**	182.6
Diluted EPS (cents per share)	21	**195.6**	181.8
Weighted average number of shares used in the calculation of Basic EPS (million)	21	**1,248.0**	1,237.4
Earnings Per Share (EPS) from continuing operations			
Basic EPS (cents per share)	21	**196.5**	181.8
Diluted EPS (cents per share)	21	**195.6**	181.0

The above consolidated income statement should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income – Woolworths Limited

	2014 52 weeks $m	2013 53 weeks $m
Profit from continuing operations	**2,458.4**	2,254.9
Profit from discontinued operations	**–**	9.7
Profit for the period	**2,458.4**	2,264.6
Other comprehensive income/(loss) from continuing operations		
Items that may be reclassified subsequently to profit or loss		
Movement in translation of foreign operations taken to equity	**270.3**	197.8
Movement in the fair value of cash flow hedges	**(139.1)**	256.4
Transfer cash flow hedges to the income statement	**46.7**	(231.9)
Income tax relating to these items	**(7.6)**	(32.5)
Total items that may be reclassified subsequently to profit or loss	**170.3**	189.8
Items that will not be reclassified to profit or loss		
Movement in the fair value of investments in equity securities	**(9.7)**	32.9
Actuarial gains on defined benefit superannuation plans	**15.1**	12.5
Income tax relating to these items	**(6.9)**	(3.8)
Total items that will not be reclassified to profit or loss	**(1.5)**	41.6
Other comprehensive income for the period (net of tax) from continuing operations	**168.8**	231.4
Other comprehensive income from discontinued operations		
Items that may be reclassified subsequently to profit or loss		
Movement in translation of foreign operations taken to equity	**–**	0.3
Movement in the fair value of cash flow hedges	**–**	0.4
Income tax relating to these items	**–**	(0.1)
Total items that may be reclassified subsequently to profit or loss	**–**	0.6
Other comprehensive income for the period (net of tax) from discontinued operations	**–**	0.6
Total comprehensive income from continuing operations	**2,627.2**	2,486.3
Total comprehensive income from discontinued operations	**–**	10.3
Total comprehensive income for the period	**2,627.2**	2,496.6
Total comprehensive income from continuing operations attributable to:		
Equity holders of the parent entity	**2,620.5**	2,481.1
Non-controlling interests	**6.7**	5.2
Total comprehensive income for the period from continuing operations	**2,627.2**	2,486.3
Total comprehensive income from discontinued operations attributable to:		
Equity holders of the parent entity	**–**	10.3
Total comprehensive income for the period from discontinued operations	**–**	10.3

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income – Woolworths Limited

Income tax on other comprehensive income from continuing operations For the year ended 29 June 2014	Before tax $m	Tax (expense)/ benefit $m	Net of tax $m
Items that may be reclassified subsequently to profit or loss			
Movement in translation of foreign operations taken to equity	270.3	(35.3)	235.0
Movement in the fair value of cash flow hedges	(139.1)	41.7	(97.4)
Transfer cash flow hedges to the income statement	46.7	(14.0)	32.7
	177.9	**(7.6)**	**170.3**
Items that will not be reclassified to profit or loss			
Movement in the fair value of investments in equity securities	(9.7)	–	(9.7)
Actuarial gains on defined benefit superannuation plans	15.1	(6.9)	8.2
	5.4	**(6.9)**	**(1.5)**
	183.3	**(14.5)**	**168.8**

Income tax on other comprehensive income from continuing operations For the year ended 30 June 2013	Before tax $m	Tax (expense)/ benefit $m	Net of tax $m
Items that may be reclassified subsequently to profit or loss			
Movement in translation of foreign operations taken to equity	197.8	(25.1)	172.7
Movement in the fair value of cash flow hedges	256.4	(76.9)	179.5
Transfer cash flow hedges to the income statement	(231.9)	69.5	(162.4)
	222.3	**(32.5)**	**189.8**
Items that will not be reclassified to profit or loss			
Movement in the fair value of investments in equity securities	32.9	–	32.9
Actuarial gains on defined benefit superannuation plans	12.5	(3.8)	8.7
	45.4	**(3.8)**	**41.6**
	267.7	**(36.3)**	**231.4**

Income tax on other comprehensive income from discontinued operations For the year ended 29 June 2014	Before tax $m	Tax (expense) $m	Net of tax $m
Items that may be reclassified subsequently to profit or loss	–	–	–
	–	**–**	**–**

Income tax on other comprehensive income from discontinued operations For the year ended 30 June 2013	Before tax $m	Tax (expense) $m	Net of tax $m
Items that may be reclassified subsequently to profit or loss			
Movement in translation of foreign operations taken to equity	0.3	–	0.3
Movement in the fair value of cash flow hedges	0.4	(0.1)	0.3
	0.7	**(0.1)**	**0.6**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet – Woolworths Limited

	Note	2014 $m	2013 $m
Current assets			
Cash and cash equivalents		**922.6**	849.2
Trade and other receivables	8	**925.7**	968.6
Inventories	9	**4,693.2**	4,205.4
Other financial assets	10	**12.7**	54.2
		6,554.2	6,077.4
Assets classified as held for sale	35	**620.6**	148.7
Total current assets		**7,174.8**	6,226.1
Non-current assets			
Trade and other receivables	8	**108.2**	16.6
Other financial assets	10	**304.7**	358.7
Property, plant and equipment	11	**9,600.7**	9,246.1
Intangible assets	12	**6,335.0**	5,784.3
Deferred tax assets	5d	**681.8**	618.4
Total non-current assets		**17,030.4**	16,024.1
Total assets		**24,205.2**	22,250.2
Current liabilities			
Trade and other payables	13	**6,006.3**	5,390.3
Borrowings	15	**219.5**	169.4
Current tax liabilities	5c	**158.9**	193.2
Other financial liabilities	14	**168.2**	145.9
Provisions	17	**1,005.3**	967.2
Total current liabilities		**7,558.2**	6,866.0
Non-current liabilities			
Borrowings	15	**4,136.0**	4,282.5
Other financial liabilities	14	**1,155.2**	992.6
Provisions	17	**567.4**	549.2
Other		**263.0**	259.4
Total non-current liabilities		**6,121.6**	6,083.7
Total liabilities		**13,679.8**	12,949.7
Net assets		**10,525.4**	9,300.5
Equity			
Issued capital	18	**4,850.1**	4,522.7
Shares held in trust	18	**(218.9)**	(180.5)
Reserves	19	**198.2**	25.1
Retained earnings	20	**5,423.1**	4,661.1
Equity attributable to equity holders of the parent entity		**10,252.5**	9,028.4
Non-controlling interests		**272.9**	272.1
Total equity		**10,525.4**	9,300.5

The above consolidated balance sheet should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Cash Flow Statement – Woolworths Limited

	2014 52 weeks $m	2013 53 weeks $m
Cash Flows from Operating Activities		
Receipts from customers	**65,851.8**	63,789.8
Receipts from tenants	**39.9**	47.0
Payments to suppliers and employees	**(60,918.3)**	(59,685.1)
Interest and costs of finance paid	**(348.0)**	(476.7)
Interest received	**9.8**	22.2
Income tax paid	**(1,162.5)**	(977.3)
Net cash provided by operating activities	**3,472.7**	2,719.9
Cash Flows from Investing Activities		
Proceeds from the sale of property, plant and equipment	**181.7**	100.3
Proceeds from the sale of property to the Shopping Centres Australasia Property Group	**12.2**	802.8
Payments for property, plant and equipment – property development	**(519.0)**	(767.4)
(Advances)/repayments of property related receivables	**(15.9)**	14.8
Payments for property, plant and equipment (excluding property development)	**(1,321.5)**	(1,136.0)
Payments for intangible assets	**(42.3)**	(66.7)
Proceeds from the sale of subsidiaries	**37.0**	105.8
Payments for the purchase of businesses	**(371.5)**	(235.4)
Payments for the purchase of investments	**–**	(28.0)
Dividends received	**7.9**	8.1
Net cash used in investing activities	**(2,031.4)**	(1,201.7)
Cash Flows from Financing Activities		
Proceeds from the issue of equity securities	**36.1**	188.1
Proceeds from the issue of equity securities in subsidiary to non-controlling interest	**183.0**	230.0
Proceeds from external borrowings	**7,859.8**	5,974.5
Repayment of external borrowings	**(7,927.1)**	(6,501.8)
Dividends paid	**(1,491.1)**	(1,396.7)
Dividends paid to non-controlling interests	**(32.0)**	(20.1)
Movements in employee share plan loans	**(0.6)**	5.6
Net cash used in financing activities	**(1,371.9)**	(1,520.4)
Net increase/(decrease) in cash and cash equivalents held	**69.4**	(2.2)
Effects of exchange rate changes on foreign currency held	**4.0**	6.2
Cash and cash equivalents at the beginning of the period	**849.2**	845.2
Cash and cash equivalents at the end of the period	**922.6**	849.2

Non-cash financing and investing activities		
In accordance with the Company's Dividend Reinvestment Plan (DRP) 12% (2013:12%) of the dividend paid was reinvested in the shares of the Company		
Dividends (Note 6)	**1,703.8**	1,597.5
Issuance of shares under the DRP	**(206.8)**	(198.6)
Dividends paid on Treasury shares	**(5.9)**	(2.2)
Net cash outflow	**1,491.1**	1,396.7

The above consolidated cash flow statement should be read in conjunction with the accompanying notes to the consolidated financial statements.

Reconciliation of net cash provided by operating activities to profit after income tax expense:	2014 52 weeks $m	2013 53 weeks $m
Profit after income tax expense	**2,458.4**	2,264.6
Depreciation and amortisation	**996.3**	965.5
Foreign exchange losses	**21.4**	13.3
Employee benefits expense – share based payments	**50.0**	34.9
Loss on disposal and write off of property, plant and equipment	**2.5**	9.7
Borrowing costs capitalised	**(81.5)**	(77.4)
Amortisation of borrowing costs	**6.5**	6.4
Profit from sale of subsidiaries	**–**	(9.9)
Dividends received	**(7.9)**	(8.1)
Other	**3.4**	(7.5)
(Increase)/decrease in deferred tax asset	**(50.3)**	1.8
Decrease in current tax liability	**(42.3)**	(17.2)
Increase in trade and other receivables	**(21.2)**	(61.8)
Increase in inventories	**(420.9)**	(550.3)
Increase in trade payables	**524.1**	59.7
Increase in sundry payables and provisions	**34.2**	96.2
Net cash provided by operating activities	**3,472.7**	2,719.9
Acquisition of businesses Details of the aggregate cash outflow relating to the acquisition of businesses and the aggregate assets and liabilities of those businesses as at the date of acquisition were as follows:		
– property, plant and equipment	**16.5**	29.8
– inventories	**35.8**	30.6
– liquor and gaming licences and other intangible assets	**67.9**	158.5
– cash	**0.2**	3.2
– receivables	**17.2**	10.9
– deferred tax liability	**(6.8)**	(0.9)
– accounts payable	**(22.4)**	(20.0)
– provisions	**(4.4)**	(5.0)
– other liabilities	**(2.2)**	(7.2)
Net assets acquired	**101.8**	199.9
Non-controlling interest share of acquired businesses	**(1.6)**	(7.2)
Goodwill on acquisition	**274.1**	45.9
Fair value of net assets acquired	**374.3**	238.6
Analysed as follows:		
Consideration:		
– cash paid	**371.7**	238.6
– contingent consideration	**2.6**	–
Total consideration	**374.3**	238.6
Cash paid	**371.7**	238.6
Less: cash balances acquired	**(0.2)**	(3.2)
Cash consideration paid for the purchase of businesses, net of cash acquired	**371.5**	235.4

Details of acquisitions are shown at Note 31.

Consolidated Statement of Changes in Equity – Woolworths Limited

For the year ended 29 June 2014	Issued Capital $m	Shares Held In Trust $m	Hedging Reserve $m
Balance at 1 July 2013	4,522.7	(180.5)	(35.6)
Profit after income tax expense	–	–	–
Other comprehensive income for the period (net of tax)	–	–	(64.7)
Total comprehensive income for the period (net of tax)	**–**	**–**	**(64.7)**
Dividends paid	–	–	–
Dividends paid – treasury shares	–	–	–
Issue of shares as a result of options exercised under employee long term incentive plans	36.1	–	–
Issue of shares as a result of the dividend reinvestment plan	206.8	–	–
Issue of shares under the employee share plan and long term incentive plans	–	46.1	–
Issue of shares to non-controlling interests	–	–	–
Equity settled share based payments expense	–	–	–
Tax provision impact of share based payments	–	–	–
Reclassification of non-controlling interests for recognition of financial liability	–	–	–
Shares issued to/(acquired by) the Woolworths Employee Share Trust	84.5	(84.5)	–
Acquisition of business	–	–	–
Other	–	–	–
Balance at 29 June 2014	**4,850.1**	**(218.9)**	**(100.3)**

For the year ended 30 June 2013	Issued Capital $m	Shares Held In Trust $m	Hedging Reserve $m
Balance at 25 June 2012	4,336.6	(60.7)	(52.8)
Profit after income tax expense	–	–	–
Other comprehensive income for the period (net of tax)	–	–	17.4
Total comprehensive income for the period (net of tax)	**–**	**–**	**17.4**
Dividends paid	–	–	–
Dividends paid – treasury shares	–	–	–
Issue of shares as a result of options exercised under employee long term incentive plans	188.1	–	–
Issue of shares as a result of the dividend reinvestment plan	198.6	–	–
Issue of shares under the employee share plan and long term incentive plans	–	26.0	–
Issue of shares to non-controlling interests	–	–	–
Equity settled share based payments expense	–	–	–
Tax provision impact of share based payments	–	–	–
Sale of businesses	–	–	(0.2)
Reclassification of non-controlling interests for recognition of financial liability	–	–	–
In-specie distribution to Woolworths Limited shareholders	(340.3)	–	-
Shares issued to/(acquired by) the Woolworths Employee Share Trust	145.8	(145.8)	–
Other	(6.1)	–	–
Balance at 30 June 2013	**4,522.7**	**(180.5)**	**(35.6)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the consolidated financial statements.

Foreign Currency Translation Reserve $m	Remuneration Reserve $m	Asset Revaluation Reserve $m	Equity Instrument Reserve $m	Retained Earnings $m	Equity Attributable to Members of Woolworths Limited $m	Non-Controlling Interests $m	Total Equity $m
(167.3)	290.6	16.4	(79.0)	4,661.1	9,028.4	272.1	9,300.5
–	–	–	–	2,451.7	2,451.7	6.7	2,458.4
235.0	–	–	(9.7)	8.2	168.8	–	168.8
235.0	**–**	**–**	**(9.7)**	**2,459.9**	**2,620.5**	**6.7**	**2,627.2**
–	–	–	–	(1,703.8)	(1,703.8)	(32.0)	(1,735.8)
–	–	–	–	5.9	5.9	–	5.9
–	–	–	–	–	36.1	–	36.1
–	–	–	–	–	206.8	–	206.8
–	(46.6)	–	–	–	(0.5)	–	(0.5)
–	–	–	–	–	–	183.0	183.0
–	50.0	–	–	–	50.0	–	50.0
–	9.1	–	–	–	9.1	–	9.1
–	–	–	–	–	–	(141.9)	(141.9)
–	–	–	–	–	–	–	–
–	–	–	–	–	–	(14.6)	(14.6)
–	–	–	–	–	–	(0.4)	(0.4)
67.7	**303.1**	**16.4**	**(88.7)**	**5,423.1**	**10,252.5**	**272.9**	**10,525.4**

(349.0)	246.2	16.4	(111.9)	4,163.4	8,188.2	258.1	8,446.3
–	–	–	–	2,259.4	2,259.4	5.2	2,264.6
173.0	–	–	32.9	8.7	232.0	–	232.0
173.0	**–**	**–**	**32.9**	**2,268.1**	**2,491.4**	**5.2**	**2,496.6**
–	–	–	–	(1,597.5)	(1,597.5)	(20.1)	(1,617.6)
–	–	–	–	2.2	2.2	–	2.2
–	–	–	–	–	188.1	–	188.1
–	–	–	–	–	198.6	–	198.6
–	(14.4)	–	–	–	11.6	–	11.6
–	–	–	–	–	–	230.0	230.0
–	34.9	–	–	–	34.9	–	34.9
–	23.9	–	–	–	23.9	–	23.9
8.7	–	–	–	–	8.5	–	8.5
–	–	–	–	–	–	(197.3)	(197.3)
–	–	–	–	(176.1)	(516.4)	–	(516.4)
–	–	–	–	–	–	–	–
–	–	–	–	1.0	(5.1)	(3.8)	(8.9)
(167.3)	**290.6**	**16.4**	**(79.0)**	**4,661.1**	**9,028.4**	**272.1**	**9,300.5**

Notes to the Consolidated Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

Woolworths Limited (the "Company") is a company domiciled in Australia. The Financial Report of the Company for the year was for the 52 week period ended 29 June 2014 and comprises the Company and its subsidiaries (together referred to as the "consolidated entity" or "Group"). The comparative year was for the 53 week period ended 30 June 2013.

The Financial Report was authorised for issue by the Directors on 22 September 2014.

(A) Statement of compliance

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

The Financial Report represents the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS').

(B) Basis of preparation

The Financial Report is presented in Australian dollars.

The Financial Report has been prepared on the historical cost basis except for derivative financial instruments, financial assets at fair value through other comprehensive income and other financial liabilities that are measured at revalued amounts or fair values, as explained in the accounting policies below.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the impact of the standards and interpretations described below.

Certain comparative amounts have been reclassified to conform with the current year's presentation to better reflect the economic nature of the assets and liabilities of the Group.

The Company is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998 and in accordance with the Class Order, amounts in the Financial Report have been rounded off to the nearest tenth of a million dollars, unless otherwise stated.

New and amended standards adopted by the Group

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013. The following amendments to Australian Accounting Standards have been adopted during the period but do not have a material impact on the Group. Where there has been a significant change in accounting policy, an explanation of the change has been provided as follows:

- *AASB 10 'Consolidated Financial Statements';*

  AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

- *AASB 11 'Joint Arrangements';*

  AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists has changed. The Group is required to classify its interests in joint arrangements as either joint operations or joint ventures in accordance with the structure of the arrangement. Joint operations give the parties a right to the underlying assets and obligations of the arrangement and are accounted for by recognising the Group's share of those assets and obligations. Joint ventures give the parties a right to the net assets of the arrangement and are accounted for using the equity method.

- *AASB 12 'Disclosure of Interests in Other Entities';*

  AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements (refer Note 29 for details).

- *AASB 13 'Fair Value Measurement'* and *AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13';*

  AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. It does not change when fair value is required to be used, but rather provides guidance on how to determine fair value when required or permitted.

  The scope of AASB 13 is broad and applies to both financial instrument items and non-financial instrument items where other AASBs require or permit fair value measurement (excluding share based payments under *AASB 2 'Share-based Payment'* and leasing transactions within the scope of *AASB 117 'Leases'*). AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. Fair value is an 'exit price' regardless of whether that price is directly observable or estimated using another valuation technique. The impact of adopting this standard has resulted in more extensive disclosures in the consolidated financial statements. AASB 13 has been applied prospectively.

- *AASB 119 'Employee Benefits (2011)'* and *AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)';*

  The revisions to AASB 119 have resulted in amendments to the Group's accounting policy for defined benefit plans. The interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a 'net interest' amount, which is calculated by applying the discount rate to the net defined benefit asset or liability. The impact of this change is immaterial to the Group and therefore there is no restatement of comparative information.

- *AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements';*

  This standard removes the individual key management personnel disclosure requirements in *AASB 124 'Related Party Disclosures'*. As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

  In the current year the individual key management personnel disclosure previously required by AASB 124 (Note 24 in the 30 June 2013 financial statements) is now disclosed in the Remuneration Report due to an amendment to *Corporations Regulations 2001* issued in June 2013.

- *AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income';*

  As a result of amendments made to *AASB 101 'Presentation of Financial Statements'*, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that may be reclassified to profit or loss from those that would not be. Comparative information has been re-presented accordingly.

- *AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)';*

  The Group has applied the amendments to *AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities'* for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

- *AASB 127 'Separate Financial Statements (2011)';*
- *AASB 128 'Investments in Associates and Joint Ventures (2011)';*
- *AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards';*
- *AASB 2012-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements 2009-2011 Cycle';*
- *AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039';*
- *AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments';*
- *AASB 1048 'Interpretation of Standards (2013)';*
- *AASB CF 2013-1 'Amendments to the Australian Conceptual Framework'; and*
- *AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A).*

In previous financial periods, the Group early adopted AASB 9 *'Financial Instruments (December 2009)'* including AASB 2009-11 *'Amendments to Australian Accounting Standards arising from AASB 9'*, AASB 9 *'Financial Instruments (December 2010)'* and AASB 2010-7 *'Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)'*. AASB 9 provides an option to designate and measure an investment in equity instruments at fair value with changes recognised in other comprehensive income and only dividends being recognised in the consolidated income statement. The Group elected to apply this option. The application of this standard affected accounting for the investments in The Warehouse Group Limited, Australian Leisure and Entertainment Property Management Limited (the "ALE Property Group") and Shopping Centres Australasia Property Group (the "SCA Property Group"), all 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.

Issued standards and interpretations not early adopted

The following standards and Amendments to Standards were available for early adoption and were applicable to the consolidated entity but have not been applied in these financial statements:

- *AASB 9 'Financial Instruments (December 2013)'* and *AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'*, Part C – Financial Instruments. This standard is not expected to have a significant impact on amounts reported in the consolidated financial statements but will result in more extensive disclosures. Applies to annual reporting periods beginning on or after 1 January 2018;
- *AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'*. Applies to annual reporting periods beginning on or after 1 January 2014;
- *AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'*. Applies to annual reporting periods beginning on or after 1 January 2014;
- *AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'*. Applies to annual reporting periods beginning on or after 1 January 2014;
- *AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'*. Applies to annual reporting periods beginning on or after 1 January 2014;
- *AASB 2014-1 'Amendments to Australian Accounting Standards (Parts A to E)'*. Parts A, B, and C apply to annual reporting periods beginning on or after 1 July 2014. Part D applies to annual reporting periods beginning on or after 1 January 2016. Part E applies to annual reporting periods beginning on or after 1 January 2015;

Notes to the Consolidated Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(B) Basis of preparation continued

Issued standards and interpretations not early adopted continued

- *AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'*. Applies to annual reporting periods beginning on or after 1 January 2016;
- *AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'*. Applies to annual reporting periods beginning on or after 1 January 2016;
- *INT 21 'Levies'*. Applies to annual reporting periods beginning on or after 1 January 2014; and
- *AASB 14 'Regulatory Deferral Accounts'*. Applies to annual reporting periods beginning on or after 1 January 2016.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued:

- IFRS 15 *'Revenue from Contracts with Customers'*. Applies to annual reporting periods beginning on or after 1 July 2017.

Critical accounting estimates

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

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

The estimates and judgments that have a risk of causing a significant adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes or described as follows:

- Note 1(G) and 1(I) – Estimation of useful lives of assets
- Note 1(M), 11 and 12 – Impairment of tangible and intangible assets
- Note 1(Q) and 17 – Self-insured risks provisions
- Note 1(R) and 27 – Put options over non-controlling interests
- Note 1(P) and 24 – Employee benefits provisions, share based payments and defined benefits obligations
- Fair value measurements and valuation processes

  In line with its long term strategy, during FY14 Woolworths has continued to invest in its new Home Improvement Joint Venture ('Hydrox') which consists of Home Timber and Hardware ('HTH') and Masters Home Improvement ('Masters'), which remains in its start up phase. The carrying amount of net assets in the total Hydrox business at 29 June 2014 is $2.3 billion.

  The recoverable amount of the business has been determined using a discounted cash flow model which is underpinned by assumptions and estimates such as the store roll out plan, store growth and the timing of business maturity. Cash flows are discounted to present value using a weighted average cost of capital. Given the start up nature of the business, the discounted cash flow model is sensitive to changes in the terminal value and weighted average cost of capital as well as the assumptions discussed above. A change in assumptions may cause the carrying value of net assets to exceed their recoverable amount. Woolworths remains committed to the joint venture and it is expected to become a material profit contributor for the Woolworths Group.

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

(C) Basis for consolidation

(i) Subsidiaries

These consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 29 June 2014 and the results of all subsidiaries for the period then ended.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Non-controlling interests in the equity and results of subsidiaries are shown as a separate item in the consolidated Financial Report.

(ii) Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated Financial Report.

(D) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at the foreign exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the consolidated income statement in the period in which they arise except that:

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

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

(E) Derivative financial instruments

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

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

(F) Hedging

(i) Cash flow hedge

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

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

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated as a separate reserve within equity.

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

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

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

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

(ii) Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value (i.e. "mark-to-market") arising from a recognised balance sheet asset or liability. A fair value hedge results in the fair value exposure being offset.

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

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

(iii) Hedge of monetary assets and liabilities

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

Notes to the Consolidated Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(G) Property, plant and equipment

Freehold land, warehouse, retail, development and other properties are held at the lower of cost less accumulated depreciation and recoverable value (refer Note 1(M)).

Borrowing, holding and development costs on property under development are capitalised until completion of the development.

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

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

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

Property that is being constructed or developed for future use is classified as development properties and stated at the lower of cost less accumulated depreciation and recoverable value (refer Note 1(M)) until construction or development is complete.

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

(i) Leased assets

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

(ii) Depreciation

(a) Buildings, plant and equipment

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

The expected useful lives are as follows:

	2014	2013
Buildings	25–40 years	25–40 years
Plant and equipment*	3-10 years	3-10 years

* Some immaterial assets have a useful life of greater than 10 years.

(b) Leasehold improvements

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

(c) Plant and equipment

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

The expected useful lives are as follows:

	2014	2013
Plant and equipment*	2.5-10 years	2.5-10 years

* Some immaterial assets have a useful life of greater than 10 years

(d) Proceeds from sale of assets

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

(H) Goodwill

Business combinations prior to 27 June 2004

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

Business combinations since 27 June 2004

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

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

(I) Other intangibles

(i) Brand names

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

(ii) Liquor licences

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

(iii) Gaming licences

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

(iv) Gaming entitlements

Gaming entitlements acquired pursuant to the Victorian Gaming Regulations effective August 2012 are valued at cost. Gaming entitlements are amortised on a straight line basis over the life of the entitlement which is 10 years.

(v) Research and development

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

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

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

(vi) Other intangible assets

Other intangible assets that are acquired by the consolidated entity are valued at cost less accumulated amortisation and accumulated impairment losses. If the assets are considered to have an indefinite useful life, no amortisation is charged. If the assets have a finite useful life, amortisation is charged.

Expenditure on internally generated goodwill and brand names is recognised in the consolidated income statement as an expense as incurred.

(J) Financial assets

Financial assets valued though other comprehensive income

The consolidated entity's investments in equity securities are designated as financial assets at fair value through other comprehensive income. The investments are initially measured at fair value net of transaction costs.

Subsequent to initial recognition the equity investments are measured at fair value with any change recorded through other comprehensive income. Dividend income is recognised in the consolidated income statement in accordance with *AASB 118 Revenue*.

Trade and other receivables

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

(K) Inventories

Inventories are valued at the lower of cost or net realisable value.

Cost includes all purchase related rebates, settlement discounts and other costs incurred to bring inventory to its present condition and location for sale.

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

Where inventory systems do not provide appropriate item level information, the retail method technique is adopted in order to measure cost.

(L) Cash and cash equivalents

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

Notes to the Consolidated Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(M) Impairment

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

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

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

(i) Calculation of recoverable amount

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

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

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

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

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

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

(ii) Reversals of impairment

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

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

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

(N) Capital

(i) Debt and equity instruments

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

(ii) Transaction costs on the issue of equity instruments

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

(iii) Interest and dividends

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

(O) Borrowings

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

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

(P) Employee benefits

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

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

(i) Defined contribution plans
Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(ii) Defined benefit plans
The net defined benefit obligation recognised in the consolidated balance sheet represents the actual deficit or surplus in the Group's defined benefit plans which is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets.

The calculation of the defined benefit obligation is performed at the end of each annual reporting period by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form or any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income and will not be reclassified to profit or loss.

The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate at the beginning of the period to the net defined benefit liability, taking into account any changes during the period as a result of contributions and benefit payments. Net interest expense (income), service cost and other expenses related to defined benefit plans are recognised in the consolidated income statement.

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

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

The consolidated entity recognises the fair value at the grant date of equity settled share based payments (such as options or performance rights) as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity. The fair value of options and performance rights with the relative TSR performance measure is calculated at the date of grant using the Monte-Carlo simulation model, taking into account, amongst other things, the impact of the TSR condition and that right holders are not entitled to dividends during the vesting period. The fair value of options and performance rights with the EPS and NPAT measures, and retention rights is calculated using the Black-Scholes option pricing model, taking into account that right holders are not entitled to dividends during the vesting period. The fair value per instrument is multiplied by the number of instruments expected to vest based on achievement of non-market based performance conditions (e.g. service conditions) to determine the total cost.

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

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

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

This plan was last offered in May 2003 with loans matured in May 2013. It is not intended to re-open this plan to further offers.

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

Provisions made in respect of employee benefits which are not expected to be settled wholly within 12 months are recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to period end. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Notes to the Consolidated Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(Q) Provisions

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

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

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

(i) Restructuring

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

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

(ii) Onerous contracts

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

(iii) Self-insurance

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

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

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

(iv) Warranty

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

(v) Make good

The consolidated entity has certain operating leases that require the asset to be returned to the lessor in its original condition. These obligations relate to wear and tear on the premises and not dismantling obligations. The operating lease payments do not include an element for repairs/overhauls. A provision for refurbishment costs is recognised over the period of the lease, measured at the expected cost of refurbishment at each reporting date.

(R) Financial liabilities

(i) Trade and other payables

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

(ii) Put options over non-controlling interests

The put options held by non-controlling interests are classified as a financial liability and are measured at fair value or a multiple of future estimated earnings where this is stipulated in the agreement with the non-controlling party. The non-controlling interests continue to have access to voting rights and dividends in the subsidiaries and continue to be attributed a share of profits. Subsequent changes in the financial liability are recorded directly in equity.

(S) Revenue recognition

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

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

(i) Sales revenue

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

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

Revenue from the sale of customer gift cards is recognised when the card is redeemed and the customer purchases goods using the card, or when the gift card reaches its expiry date.

(ii) Rental income

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

(iii) Financing income

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

(T) Leases

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

(i) Operating lease payments

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease.

Fixed rate increases to lease rental payments, excluding contingent or index based rental increases, such as Consumer Price Index, turnover rental and other similar increases, are recognised on a straight line basis over the lease term. An asset or liability arises for the difference between the amount paid and the lease expense brought to account on a straight line basis.

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

(ii) Finance lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(U) Net financing costs

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

(V) Income tax

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

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

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

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

(W) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group), is recognised at the date of derecognition. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of the disposal group classified as held for sale continue to be recognised.

Notes to the Consolidated Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(W) Non-current assets (or disposal groups) held for sale and discontinued operations continued

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

(X) Goods and services tax

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

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

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

(Y) Operating Segment reporting

(i) Business Segments

Reportable segments are identified on the basis of internal reports on the components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and assess its performance.

(ii) Geographical information

Segment assets are based on the geographical location of the assets. Woolworths Limited operates in Australia, New Zealand, Hong Kong and India. The majority of business operations are in Australia and New Zealand. Woolworths operates in New Zealand following the acquisition of Foodland Associated Limited in the 2006 financial year and EziBuy Holdings Limited in the 2014 financial year. The global sourcing office is located in Hong Kong.

Until the sale of the Consumer Electronics business in the 2013 financial year, Woolworths operated stores based in Australia and New Zealand and had a business venture with TATA in India providing buying, wholesale, supply chain and general consulting services.

(Z) Parent entity financial information

Financial information for the parent entity, Woolworths Limited, disclosed in Note 33 has been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost.

(ii) Tax consolidation

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

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

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

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

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

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

2 PROFIT FROM OPERATIONS – CONTINUING OPERATIONS

	2014 52 weeks $m	2013 53 weeks $m
Profit from continuing operations before income tax expense includes the following items of revenue and expense:		
(a) Operating revenue		
Revenue from the sale of goods	**60,772.8**	58,516.4
Other operating revenue	**179.4**	157.7
Total operating revenue	**60,952.2**	58,674.1
(b) Other revenue		
Rent	**39.9**	47.0
Other	**202.8**	200.6
Total other revenue	**242.7**	247.6
Total revenue	**61,194.9**	58,921.7
(c) Expenses		
Depreciation:		
Development properties and freehold land, warehouse, retail and other properties	**41.5**	47.3
Plant and equipment	**782.7**	762.9
Amortisation:		
Leasehold improvements	**151.3**	138.1
Gaming licences	**17.2**	15.9
Other intangible assets	**3.6**	1.3
Total depreciation and amortisation	**996.3**	965.5
Employee benefits expense[1]:		
Post employment benefits	**514.4**	487.8
Equity-settled share based payments	**50.0**	34.9
Other employee benefits	**6,729.4**	6,478.9
Total employee benefits expense	**7,293.8**	7,001.6
Net loss on disposal and write off of property, plant and equipment	**2.5**	9.7
Operating lease rental expenses:		
Minimum lease payments	**1,846.3**	1,704.5
Contingent rentals	**52.4**	59.7
Total operating lease rental expenses	**1,898.7**	1,764.2

1 Employee benefits expense includes salaries and wages, superannuation (defined benefit and defined contribution plans), termination benefits, taxable value of fringe benefits, payroll tax, leave entitlements and share based payments expense. Refer to Note 24 for further information on employee benefits

Notes to the Consolidated Financial Statements

3 NET FINANCING COSTS – CONTINUING OPERATIONS

	2014 52 weeks $m	2013 53 weeks $m
Financial expense		
Interest expense – other parties	**(352.0)**	(482.0)
Less: interest capitalised[1]	**81.5**	77.4
Foreign exchange loss	**(7.3)**	(5.5)
	(277.8)	(410.1)
Financial income		
Dividend income	**7.9**	8.1
Interest income	**9.8**	22.2
	17.7	30.3
Net financing costs	**(260.1)**	(379.8)

1 Weighted average capitalisation rate on funds borrowed generally: 7.26% (2013: 7.93%)

4 AUDITORS' REMUNERATION

	2014 52 weeks $m	2013 53 weeks $m
Auditors of the parent entity – Deloitte Touche Tohmatsu Australia		
Audit or review of the financial report	**2.569**	2.326
Regulatory and compliance related services	**0.463**	0.090
Other non-audit related services[1]	**1.549**	0.451
Tax compliance services	**0.022**	0.064
Total auditors' remuneration	**4.603**	2.931
Other auditors[2]		
Audit or review of the financial report	**0.271**	0.174
Tax compliance services	**0.080**	–
Total other auditors' remuneration	**0.351**	0.174
Total auditors' remuneration	**4.954**	3.105

1 Other non-audit related services comprise assistance on various accounting matters, assurance services in relation to debt raisings, regulatory reviews, financial due diligence and other sundry services

2 Other auditors include international associates of Deloitte Touche Tohmatsu Australia

5 INCOME TAXES

	2014 52 weeks $m	2013 53 weeks $m
(a) Income tax recognised in the consolidated income statement		
Income tax expense comprises:		
Current tax expense	**1,130.0**	965.7
Adjustments recognised in the current year in relation to the current tax of prior years	**10.2**	6.9
Deferred tax relating to the origination and reversal of temporary differences	**(83.5)**	(10.5)
Total income tax expense	**1,056.7**	962.1
Income tax expense is attributable to:		
Profit from continuing operations	**1,056.7**	959.9
Profit from discontinued operations before loss on re-measurement	**–**	0.2
Profit on sale of subsidiaries	**–**	2.0
Total income tax expense	**1,056.7**	962.1

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

	2014 52 weeks $m	2013 53 weeks $m
Profit before income tax expense – continuing operations	**3,515.1**	3,214.8
Profit before income tax expense – discontinued operations before loss on re-measurement	**–**	2.0
Profit on sale of subsidiaries	**–**	9.9
	3,515.1	3,226.7
Income tax using the domestic corporation tax rate of 30% (2013: 30%)	**1,054.5**	968.0
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	**18.6**	19.0
Impact of differences in offshore tax rates	**(11.2)**	(9.5)
Exempt dividend income	**(1.4)**	(1.6)
Other	**(14.0)**	(20.7)
	1,046.5	955.2
Under provided in prior years	**10.2**	6.9
Income tax expense	**1,056.7**	962.1

Notes to the Consolidated Financial Statements

5 INCOME TAXES CONTINUED

	2014 52 weeks $m	2013 53 weeks $m
(b) Income tax recognised in other comprehensive income		
The following current and deferred amounts were charged/(credited) to other comprehensive income during the period:		
Current tax liability		
Transactions charged to foreign currency translation reserve	1.0	–
Transactions credited to remuneration reserve	(9.1)	(23.9)
	(8.1)	(23.9)
Deferred tax		
Cash flow hedges	(27.7)	7.4
Transactions charged to foreign currency translation reserve	34.1	24.7
Actuarial movements on defined benefit plans	6.9	3.8
	13.3	35.9

(c) Current tax assets and liabilities

The current tax liability for the consolidated entity of $158.9 million (2013: $193.2 million) represents the amount of income taxes payable in respect of current and prior financial periods. In accordance with the tax consolidation legislation, Woolworths Limited, as the head entity of the Australian tax consolidated group has assumed the current tax liabilities of the members in the tax consolidated group.

	2014 $m	2013 $m
(d) Deferred tax balances		
Deferred tax assets comprise:		
Tax losses – revenue	126.3	77.1
Temporary differences	555.5	541.3
	681.8	618.4

Taxable and deductible differences arise from the following:

2014	Opening Balance $m	Credited/ (Charged) to income $m	Credited/ (Charged) to OCI $m	Acquisitions $m	Closing Balance $m
Gross deferred tax assets					
Property plant and equipment	76.9	3.5	–	(1.0)	79.4
Provisions and accruals	491.1	27.4	(6.9)	1.3	512.9
Cash flow hedges	15.3	(0.2)	27.7	–	42.8
Unrealised foreign exchange differences	7.3	0.2	(34.7)	–	(27.2)
Recognised tax losses	77.1	49.2	–	–	126.3
Other	6.3	(6.1)	0.2	–	0.4
	674.0	**74.0**	**(13.7)**	**0.3**	**734.6**
Gross deferred tax liabilities					
Intangible assets	(14.0)	–	–	–	(14.0)
Prepayments	(2.9)	0.2	–	–	(2.7)
Other	(38.7)	9.3	0.4	(7.1)	(36.1)
	(55.6)	**9.5**	**0.4**	**(7.1)**	**(52.8)**
	618.4	**83.5**	**(13.3)**	**(6.8)**	**681.8**

2013	Opening Balance $m	Credited/ (Charged) to income $m	Credited/ (Charged) to OCI $m	Acquisitions $m	Closing Balance $m
Gross deferred tax assets					
Property plant and equipment	117.4	(40.3)	–	(0.2)	76.9
Provisions and accruals	492.7	(2.6)	(3.2)	4.2	491.1
Cash flow hedges	22.7	–	(7.4)	–	15.3
Unrealised foreign exchange differences	29.8	2.7	(25.2)	–	7.3
Recognised tax losses	26.2	50.9	–	–	77.1
Other	13.6	(7.2)	(0.1)	–	6.3
	702.4	**3.5**	**(35.9)**	**4.0**	**674.0**
Gross deferred tax liabilities					
Intangible assets	(14.0)	–	–	–	(14.0)
Prepayments	(3.8)	0.9	–	–	(2.9)
Other	(39.9)	6.1	–	(4.9)	(38.7)
	(57.7)	**7.0**	**–**	**(4.9)**	**(55.6)**
	644.7	**10.5**	**(35.9)**	**(0.9)**	**618.4**

Notes to the Consolidated Financial Statements

6 DIVIDENDS

2014	Cents per share	Total amount $m	Franked	Date of payment
Interim 2014 ordinary	65	815.6	100%	24 Apr 2014
Final 2013 ordinary	71	888.2	100%	11 Oct 2013
Total	**136**	**1,703.8**		

2013	Cents per share	Total amount $m	Franked	Date of payment
Interim 2013 ordinary	62	770.6	100%	26 Apr 2013
Final 2012 ordinary	67	826.9	100%	12 Oct 2012
Total	**129**	**1,597.5**		

All dividends are fully franked at a 30% rate.

On 29 August 2014, the Board of Directors determined a final dividend in respect of the 2014 year of 72 cents (2013: 71 cents) per share 100% franked at a 30% tax rate. The amount that will be paid on 10 October 2014 (2013: 11 October 2013) is expected to be $907.1 million (2013: $888.2 million). As the dividend was declared subsequent to 29 June 2014, no provision has been made as at 29 June 2014.

Dividend Reinvestment Plan (DRP)
Under the terms and conditions of the DRP, eligible shareholders may elect to participate in the DRP in respect of all or part of their shareholding, subject to any maximum and/or minimum number of shares to participate in the DRP that the Directors may specify. There is currently no minimum number of shares which a shareholder may designate as participating in the DRP. The maximum number of shares which a shareholder (other than broker's nominees and certain trustees) may designate as participating in the DRP is 20,000.

Franked dividends

	2014 $m	2013 $m
The franked portions of the dividends proposed as at 29 June 2014 will be franked out of existing franking credits or out of franked credits arising from the payment of income tax in the period ended 28 June 2015.		
Franking credits available for the subsequent financial year 30% (2013: 30%)	**2,249.5**	1,943.0

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

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

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

Franking accounts are presented on a tax paid basis.

The franking account balances reported for the Group are inclusive of $102.4 million (2013: $84.5 million) attributable to the non-controlling interest holders.

7 SEGMENT DISCLOSURES

The Group has five reportable segments related to continuing operations. These business units offer different products and services and are managed separately because they require different technology and marketing strategies. The Group's reportable segments are as follows:

- **Australian Food, Liquor and Petrol** – procurement of food and liquor and petroleum products for resale to customers in Australia
- **New Zealand Supermarkets** – procurement of food and liquor products for resale to customers in New Zealand
- **General Merchandise** – procurement of discount general merchandise products for resale to customers predominantly in Australia
- **Hotels** – provision of leisure and hospitality services including food and alcohol, accommodation, entertainment and gaming
- **Home Improvement** – procurement of home improvement products for resale to customers in Australia

The Unallocated group consists of the Group's other operating segments that are not separately reportable as well as various support functions including property and head office costs.

Discontinued operations represents the Consumer Electronics segment, which was the procurement of electronic products for resale to customers in Australia and New Zealand and a wholesale business in India.

There are varying levels of integration between the Australian Food, Liquor and Petrol and Hotels reportable segments. This includes the common usage of property and services, and some common administration functions. The accounting policies of the reportable segments are the same as described in Note 1.

Performance is measured based on segment earnings before interest and tax (EBIT). Segment EBIT is measured as management believes that such information is useful in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Geographical information

The Group operates predominantly in two principal geographical areas – Australia and New Zealand.

	Australia		New Zealand		Total Continuing Operations		Discontinued Operations[1]		Consolidated	
	2014 $A m	**2013 $A m**	**2014 $A m**	**2013 $A m**	**2014 $A m**	**2013 $A m**	**2014 $A m**	**2013 $A m**	**2014 $A m**	**2013 $A m**
Segment disclosures										
Geographical segments										
Sales to customers	55,587.3	53,916.7	5,185.5	4,599.7	60,772.8	58,516.4	–	641.6	60,772.8	59,158.0
Other operating revenue	171.8	149.9	7.6	7.8	179.4	157.7	–	–	179.4	157.7
Other revenue	205.5	217.4	37.2	30.2	242.7	247.6	–	0.3	242.7	247.9
Revenue from external customers	**55,964.6**	**54,284.0**	**5,230.3**	**4,637.7**	**61,194.9**	**58,921.7**	**–**	**641.9**	**61,194.9**	**59,563.6**
Non-current assets[2]	12,647.4	12,307.2	3,569.7	2,909.8	16,217.1	15,217.0	–	–	16,217.1	15,217.0

1 Discontinued operations is comprised of Consumer Electronics Australia, New Zealand and India

2 Geographical non-current assets exclude financial instruments (fair value derivatives), deferred tax assets and intercompany receivables

Major customers

Revenues from no one single customer amounted to greater than 10% of the Group's revenues in the current or prior period.

Notes to the Consolidated Financial Statements

7 SEGMENT DISCLOSURES CONTINUED

	Australian Food, Liquor & Petrol[1]		New Zealand Supermarkets		General Merchandise[2]	
Segment disclosures	**FY14 $A m**	**FY13 $A m**	**FY14 $A m**	**FY13 $A m**	**FY14 $A m**	**FY13 $A m**
Business segments						
Sales to customers	48,235.9	46,825.1	5,185.5	4,599.7	4,351.8	4,383.4
Other operating revenue	171.8	149.9	7.6	7.8	–	–
Inter-segment revenue	–	–	–	–	–	–
Segment revenue	**48,407.7**	**46,975.0**	**5,193.1**	**4,607.5**	**4,351.8**	**4,383.4**
Eliminations						
Unallocated revenue[6]						
Total revenue	**48,407.7**	**46,975.0**	**5,193.1**	**4,607.5**	**4,351.8**	**4,383.4**
Segment earnings before interest and tax	**3,368.0**	**3,199.3**	**271.4**	**236.2**	**152.9**	**191.3**
Loss on SCA Group property transaction						
Profit on sale of subsidiaries						
Victorian transport fleet redundancy costs						
Earnings before interest and tax						
Net financing cost						
Profit before income tax expense						
Income tax expense						
Profit after income tax expense						
Segment depreciation and amortisation	**579.7**	**574.8**	**96.3**	**86.0**	**94.0**	**93.5**
Capital expenditure[7]	**789.3**	**714.2**	**140.1**	**129.2**	**363.0**	**57.6**

1 Australian Food, Liquor and Petrol is comprised of supermarket and liquor stores, wholesale food and liquor in Australia, and petrol canopies. Petrol was previously disclosed as a separate segment. The 2013 comparative has been restated accordingly
2 General Merchandise includes BIG W and EziBuy
3 Hotels is comprised of on-premise liquor sales, food, accommodation, gaming and venue hire
4 Unallocated is comprised of corporate head office and the property division
5 Discontinued operations is comprised of Consumer Electronics Australia, New Zealand and India
6 Unallocated revenue is comprised of rent and other revenue from operating activities across the Group
7 Capital expenditure is comprised of property, plant and equipment and intangible asset additions

Hotels[3]		Home Improvement		Unallocated[4]		Total Continuing Operations		Discontinued Operations[5]		Consolidated	
FY14 $A m	FY13 $A m	FY14 $A m	FY13 $A m	FY14 $A m	FY13 $A m	FY14 $A m	FY13 $A m	FY14 $A m	FY13 $A m	FY14 $A m	FY13 $A m
1,472.2	1,468.9	1,527.4	1,239.3	–	–	**60,772.8**	58,516.4	**-**	641.6	**60,772.8**	59,158.0
–	–	–	–	–	–	**179.4**	157.7	**-**	–	**179.4**	157.7
–	–	–	–	781.0	654.1	**781.0**	654.1	**-**	0.2	**781.0**	654.3
1,472.2	**1,468.9**	**1,527.4**	**1,239.3**	**781.0**	**654.1**	**61,733.2**	**59,328.2**	**-**	**641.8**	**61,733.2**	**59,970.0**
				(781.0)	(654.1)	**(781.0)**	(654.1)	**-**	(0.2)	**(781.0)**	(654.3)
				242.7	247.6	**242.7**	247.6	**-**	0.3	**242.7**	247.9
1,472.2	**1,468.9**	**1,527.4**	**1,239.3**	**242.7**	**247.6**	**61,194.9**	**58,921.7**	**-**	**641.9**	**61,194.9**	**59,563.6**
275.4	**263.7**	**(169.0)**	**(138.9)**	**(123.5)**	(98.4)	**3,775.2**	**3,653.2**	**-**	**2.5**	**3,775.2**	**3,655.7**
						-	(32.8)	**-**	–	**-**	(32.8)
						-	–	**-**	9.9	**-**	9.9
						-	(25.8)	**-**	–	**-**	(25.8)
						3,775.2	**3,594.6**	**-**	**12.4**	**3,775.2**	**3,607.0**
						(260.1)	(379.8)	**-**	(0.5)	**(260.1)**	(380.3)
						3,515.1	**3,214.8**	**-**	**11.9**	**3,515.1**	**3,226.7**
						(1,056.7)	**(959.9)**	**-**	**(2.2)**	**(1,056.7)**	**(962.1)**
						2,458.4	**2,254.9**	**-**	**9.7**	**2,458.4**	**2,264.6**
101.2	**98.3**	**58.3**	**40.3**	**66.8**	**72.6**	**996.3**	**965.5**	**-**	–	**996.3**	**965.5**
138.3	**522.1**	**352.2**	**418.4**	**510.0**	**531.4**	**2,292.9**	**2,372.9**	**-**	**2.6**	**2,292.9**	**2,375.5**

Notes to the Consolidated Financial Statements

8 TRADE AND OTHER RECEIVABLES

	2014 $m	2013 $m
Current		
Trade receivables	**247.6**	234.2
Other receivables	**369.1**	464.3
Prepayments	**309.0**	270.1
	925.7	968.6
Non-current		
Prepayments	**13.2**	16.1
Other receivables	**95.0**	0.5
	108.2	16.6

Trade and other receivables are presented net of impairment allowance. Impairment provision balance as at 29 June 2014 was $17.8 million (2013: $14.8 million). All recovery risk has been provided for in the balance sheet.

9 INVENTORIES

	2014 $m	2013 $m
Current		
Inventories	**4,693.2**	4,205.4
	4,693.2	4,205.4

Cost of sales recorded during the period was $44,474.6 million (FY13: $42,912.6 million).

10 OTHER FINANCIAL ASSETS

	2014 $m	2013 $m
Current		
At fair value		
Fair value derivatives		
Cross currency swaps	**12.4**	14.8
Forward exchange contracts	**0.3**	39.4
	12.7	54.2
Non-current		
At fair value		
Fair value derivatives		
Cross currency swaps	**131.5**	188.7
Listed equity securities	**137.7**	137.9
Investment in associates	**34.8**	31.4
Other	**0.7**	0.7
	304.7	358.7

11 PROPERTY, PLANT AND EQUIPMENT

	2014 $m	2013 $m
Non-current		
Development properties		
At cost	**1,163.7**	1,302.3
Less: Accumulated depreciation	**(1.7)**	(1.6)
	1,162.0	1,300.7
Freehold land, warehouse, retail and other properties		
At cost	**2,159.2**	2,124.3
Less: Accumulated depreciation	**(123.3)**	(128.6)
	2,035.9	1,995.7
Leasehold improvements		
At cost	**2,968.0**	2,729.7
Less: Accumulated amortisation	**(1,220.7)**	(1,067.4)
	1,747.3	1,662.3
Plant and equipment		
At cost	**12,725.1**	11,627.0
Less: Accumulated depreciation	**(8,069.6)**	(7,339.6)
	4,655.5	4,287.4
Total property, plant and equipment – net book value	**9,600.7**	9,246.1

Notes to the Consolidated Financial Statements

11 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Total property, plant and equipment – net book value

An assessment as to the carrying value of Woolworths owned properties as at 29 June 2014 was performed. The basis of the assessment was a combination of external market assessments and/or valuations and Woolworths' property group assessments based on value in use. External valuations are obtained every three years. Based on the most recent assessments, an impairment provision of $84.6 million (2013: $78.9 million) is held as at 29 June 2014.

Reconciliation of movements in property, plant and equipment

2014	Development properties $m	Freehold land, warehouse, retail and other properties $m	Leasehold improvements $m	Plant and equipment $m	Total $m
Carrying amount at start of period	**1,300.7**	**1,995.7**	**1,662.3**	**4,287.4**	**9,246.1**
Additions (excluding additions arising from acquisition of businesses)	485.5	82.6	220.5	1,120.8	1,909.4
Additions arising from acquisition of businesses	–	–	3.1	13.4	16.5
Disposals	(34.7)	(105.6)	(3.5)	(19.6)	(163.4)
Transfer to assets held for sale	(70.9)	(471.0)	(3.5)	(15.4)	(560.8)
Depreciation/amortisation expense	(0.3)	(41.2)	(151.3)	(782.7)	(975.5)
Transfers and other	(532.7)	567.4	6.9	8.0	49.6
Effect of movements in foreign exchange rates	14.4	8.0	12.8	43.6	78.8
Carrying amount at end of period	**1,162.0**	**2,035.9**	**1,747.3**	**4,655.5**	**9,600.7**

2013	Development properties $m	Freehold land, warehouse, retail and other properties $m	Leasehold improvements $m	Plant and equipment $m	Total $m
Carrying amount at start of period	**1,408.4**	**2,700.2**	**1,353.3**	**4,127.1**	**9,589.0**
Additions (excluding additions arising from acquisition of businesses)	699.7	99.2	226.7	924.6	1,950.2
Additions arising from acquisition of businesses	–	13.9	0.5	15.4	29.8
Disposals	(437.2)	(882.4)	(4.2)	(72.4)	(1,396.2)
Transfer to assets held for sale	(26.1)	(43.5)	(0.5)	(2.3)	(72.4)
Depreciation/amortisation expense	(2.4)	(44.9)	(138.1)	(762.9)	(948.3)
Transfers and other	(352.3)	146.6	215.9	27.3	37.5
Effect of movements in foreign exchange rates	10.6	6.6	8.7	30.6	56.5
Carrying amount at end of period	**1,300.7**	**1,995.7**	**1,662.3**	**4,287.4**	**9,246.1**

12 INTANGIBLE ASSETS

	2014 $m	2013 $m
Goodwill	**3,882.4**	3,400.9
Brand names	**279.1**	242.9
Liquor, petrol and gaming licences	**2,073.1**	2,065.8
Other	**100.4**	74.7
Total	**6,335.0**	5,784.3

Reconciliation of movements in intangible assets

2014	Goodwill $m	Brand names $m	Liquor, petrol and gaming licences $m	Other $m	Total intangibles $m
Carrying amount at start of period	**3,400.9**	**242.9**	**2,065.8**	**74.7**	**5,784.3**
Additions arising from acquisition of businesses	274.1	20.0	20.0	27.9	342.0
Other acquisitions	–	0.6	10.0	–	10.6
Disposals	(3.3)	–	–	–	(3.3)
Transfers and other	(0.8)	–	(5.5)	–	(6.3)
Amortisation	–	–	(17.2)	(3.6)	(20.8)
Effect of movements in foreign exchange rates	211.5	15.6	–	1.4	228.5
Carrying amount at end of period	**3,882.4**	**279.1**	**2,073.1**	**100.4**	**6,335.0**

2013	Goodwill $m	Brand names $m	Liquor, petrol and gaming licences $m	Other $m	Total intangibles $m
Carrying amount at start of period	**3,221.8**	**231.4**	**1,758.1**	**70.7**	**5,282.0**
Additions arising from acquisition of businesses	45.9	–	153.2	5.3	204.4
Other acquisitions	–	1.5	174.1	–	175.6
Disposals	(0.5)	–	–	–	(0.5)
Transfers and other	–	–	(3.7)	–	(3.7)
Amortisation	–	–	(15.9)	(1.3)	(17.2)
Effect of movements in foreign exchange rates	133.7	10.0	–	–	143.7
Carrying amount at end of period	**3,400.9**	**242.9**	**2,065.8**	**74.7**	**5,784.3**

Key assumptions used in impairment calculations

Goodwill and intangible assets with indefinite lives are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The recoverable amount of the asset is the higher of its fair value less costs to dispose and its value in use.

The recoverable amount is assessed at the cash generating unit ("CGU") level, which is the smallest group of assets generating cash inflows independent of other CGUs that benefit from the use of the respective intangible asset.

Where a value in use ("VIU") model has been used, the cash flow projections are based on the Group's latest internal forecasts reviewed by the Board. For the purpose of the VIU calculation, these forecasts have been adjusted to exclude the costs and benefits of expansionary capital and do not exceed five years.

In determining fair value less costs to dispose ("FVLCD"), the cash flows are based on the Group's latest strategic plan having regard for assumptions and estimates such as the store roll out plan, store growth and timing of the business maturity. The forecasts are extrapolated beyond the store roll out period based on an estimated long term growth rate of 3% which takes account of the specific features of each business unit. The company does not believe that this exceeds industry growth rates for the business in which the cash generating unit operates. In this regard, the cash flow projections are based on assumptions that would be considered typical for a market participant.

12 INTANGIBLE ASSETS CONTINUED

For both VIU and FVLCD models, the terminal value growth is based on an estimated long term growth rate of generally 3%, and do not exceed industry growth rates for the business in which the cash generating unit operates.

The cash flows are discounted to present value using pre-tax discount rates between 13% and 15% (2013: 13% and 15%) depending on the nature of the business and the country of operation.

The key assumptions for assessing the recoverable amounts of Australian Food, Liquor and Petrol, New Zealand Supermarkets and Hotels, being the three segments for which the Group considers goodwill and indefinite life intangible assets are significant in comparison to the total goodwill and indefinite life intangible assets reflected on the Group's balance sheet are discussed below. The Home Improvement segment does not have a significant amount of goodwill or indefinite life intangible assets. The Group believes that any reasonably possible change in the key assumptions would not cause the carrying value of the segments to exceed its carrying amount and result in a material impairment.

Key assumptions include discount rates (which have been estimated as described above), long term growth rates (terminal value assumptions) and expected changes in margins (sales growth and CODB reductions). The long term growth rates and expected changes in margins are based on past experience and expectations of changes in the market.

The components of goodwill and indefinite use intangible assets by segment are as follows:

	Goodwill		Brand names		Other	
	2014 $m	2013 $m	2014 $m	2013 $m	2014 $m	2013 $m
Australian Food, Liquor and Petrol	**836.1**	812.1	**6.7**	6.1	**275.8**	271.4
New Zealand Supermarkets	**2,036.5**	1,841.7	**243.0**	228.4	**–**	–
Hotels	**672.6**	673.0	**–**	–	**1,725.6**	1,705.2
Home Improvement	**80.4**	74.1	**8.4**	8.4	**0.4**	0.4
General Merchandise	**256.5**	–	**21.0**	–	**–**	–
Unallocated	**0.3**	–	**–**	–	**–**	–
	3,882.4	3,400.9	**279.1**	242.9	**2,001.8**	1,977.0

Brand names included above have been assessed as having indefinite lives on the basis of brand strength, ongoing expected profitability and continuing support. The brand names incorporate complementary assets such as store formats, networks and product offerings.

Other indefinite life intangibles include liquor, petrol and gaming licences which have been assessed as having indefinite lives on the basis that the licences are expected to be renewed in line with business continuity requirements.

No intangible assets were identified as impaired at the reporting date.

13 TRADE AND OTHER PAYABLES

	2014 $m	2013 $m
Accounts payable	**4,657.1**	4,080.0
Accruals	**1,227.6**	1,200.0
Unearned income	**121.6**	110.3
	6,006.3	5,390.3

14 OTHER FINANCIAL LIABILITIES

	2014 $m	2013 $m
Current		
Gaming entitlement liability	**33.5**	32.0
At fair value		
Fair value derivatives		
Interest rate swaps	**93.6**	96.1
Cross currency swaps	**18.1**	17.1
Forward exchange contracts	**21.7**	0.7
Contingent consideration	**1.3**	–
	168.2	145.9
Non-current		
Gaming entitlement liability	**43.8**	77.0
At fair value		
Put option over non-controlling interest in Hydrox Holdings Pty Ltd[1]	**771.2**	631.2
Put options over other non-controlling interests[1]	**29.4**	11.2
Fair value derivatives		
Interest rate swaps	**165.6**	178.0
Cross currency swaps	**143.9**	95.2
Contingent consideration	**1.3**	–
	1,155.2	992.6

1 Further information is included in Note 27

Notes to the Consolidated Financial Statements

15 BORROWINGS

	2014 $m	2013 $m
Current		
Unsecured		
Short term money market loans[1]	**27.6**	102.5
Bank loans[2]	**84.4**	65.6
Short term securities[3]	**105.9**	–
Finance leases	**1.6**	1.3
	219.5	169.4
Non-current		
Unsecured		
Long term securities[4]	**3,441.8**	3,592.9
Unamortised borrowing costs[5]	**(3.7)**	(6.9)
Woolworths Notes II[6]	**693.8**	691.2
Finance leases	**4.1**	5.3
	4,136.0	4,282.5
Total	**4,355.5**	4,451.9

1 Short term money market loan on an at-call basis of NZ$29.7 million (A$27.6 million) by a controlled entity was outstanding at year end (2013: NZ$62.3 million (A$52.5 million)). In 2013, Woolworths also had short term money market loans of $50.0 million

2 NZ$90 million (A$83.7 million) and $0.7 million was drawn by controlled entities against a committed Revolving Credit Facility (2013: NZ$60.0 million (A$50.6 million)). Also included in bank loans in 2013 was $15.0 million drawn by a controlled entity against a committed Revolving Credit Facility

3 Comprised of:
- US$100.0 million (A$106.0 million) from a private placement of senior notes in the United States in 2005, maturing in April 2015
- $0.1 million of unamortised borrowing costs (2013: classified as non-current)

4 Comprised of:
- US$400.0 million (A$423.9 million) from a private placement of senior notes in the United States in 2005, maturing: US$300.0 million in April 2017 and US$100.0 million in April 2020 (2013: US$500.0 million (A$539.6 million))
- US$352.6 million (A$373.7 million) of senior notes issued into the US 144A market in the United States in 2005, maturing in November 2015 (2013: US$352.6 million (A$380.5 million))
- US$896.3 million (A$949.9 million) of senior notes issued into the US 144A market in the United States in 2010, maturing: US$279.3 million in September 2015 and US$617.0 million in September 2020 (2013: US$896.3 million (A$967.2 million))
- US$661.3 million (A$700.9 million) of senior notes issued into the US 144A market in the United States in 2011, maturing: US$223.3 million in April 2016 and US$438.0 million in April 2021 (2013: US$661.3 million (A$713.6 million))
- $500.0 million Medium Term Notes issued in March 2011, due to mature in March 2016 (2013: $500.0 million)
- $500.0 million Medium Term Notes issued in March 2012, due to mature in March 2019 (2013: $500.0 million)
- $0.4 million external borrowings by a controlled entity (2013: $0.4 million)
- $4.0 million of unamortised premium on Medium Term Notes (2013: $4.8 million)
- $3.0 million of unamortised borrowing costs (2013: $3.6 million)

5 $3.7 million unamortised borrowing costs relating to establishment of loan facilities/programs not utilised as at reporting date (2013: $6.9 million)

6 $700.2 million in Woolworths Notes II were issued in November 2011 with a 25 year maturity and a non-call period of five years. This was partially offset by unamortised borrowing costs of $6.4 million (2013: $9.0 million)

16 FINANCING ARRANGEMENTS

Unrestricted access was available at the balance date to the following lines of credit:

	2014 $m	2013 $m
Total facilities		
Bank overdrafts	**38.2**	30.5
Bank loan facilities	**3,588.5**	3,629.2
	3,626.7	3,659.7
Used at balance date		
Bank loan facilities	**112.0**	168.1
	112.0	168.1
Unused at balance date		
Bank overdrafts	**38.2**	30.5
Bank loan facilities	**3,476.5**	3,461.1
	3,514.7	3,491.6

Bank loan facilities may be drawn at any time, subject to the terms of the lending agreements. The facilities are denominated in Australian dollars and NZ dollars. The bank overdraft facilities may be drawn at any time.

The above facilities are subject to certain financial covenants and undertakings. No covenants have been breached during the period.

Total facilities exclude Woolworths Notes II, Bonds and Medium Term Notes.

Notes to the Consolidated Financial Statements

17 PROVISIONS

	2014 $m	2013 $m
Current		
Employee benefits (Note 24)	**820.4**	765.7
Self-insured risks[1]	**158.7**	150.0
Other[2]	**26.2**	51.5
	1,005.3	967.2
Non-current		
Employee benefits (Note 24)	**134.1**	121.8
Self-insured risks[1]	**421.0**	414.1
Other[2]	**12.3**	13.3
	567.4	549.2
Total provisions	**1,572.7**	1,516.4
Movements in self-insured risk provisions were as follows:		
Balance at start of period	**564.1**	549.0
Additional provisions recognised	**164.8**	163.6
Reductions arising from payments/other sacrifices of future economic benefits	**(146.1)**	(143.8)
Transfers	**(3.6)**	(5.1)
Effect of movements in foreign exchange rates	**0.5**	0.4
Balance at end of period	**579.7**	564.1
Current	**158.7**	150.0
Non-current	**421.0**	414.1
Movements in other provisions were as follows:		
Balance at start of period	**64.8**	80.7
Additional provisions recognised	**119.0**	94.8
Arising from acquisition of controlled entities	**1.5**	–
Reductions arising from payments	**(146.8)**	(106.1)
Transfers	**(0.8)**	(5.2)
Effect of movements in foreign exchange rates	**0.8**	0.6
Balance at end of period	**38.5**	64.8
Current	**26.2**	51.5
Non-current	**12.3**	13.3

1 The provision for self-insured risks primarily represents the estimated liability for workers compensation and public liability claims in all Woolworths' self-insured jurisdictions based on actuarial valuations

2 Current and non-current other provisions include provisions for onerous lease contracts including those arising on acquisitions

18 ISSUED CAPITAL

	2014 $m	2013 $m
Issued and paid-up share capital		
1,259,818,910 fully paid ordinary shares (2013: 1,250,187,910)		
Fully paid ordinary shares carry one vote per share and the right to dividends		
Reconciliation of fully paid share capital		
Balance at beginning of period	**4,522.7**	4,336.6
Issue of shares as a result of options exercised under employee long term incentive plans	**36.1**	188.1
Issue of shares as a result of the dividend reinvestment plan	**206.8**	198.6
Adjustment to reflect the final proceeds for shares issued under the Employee Share Plan	**–**	(6.1)
Issue of shares to the Woolworths Employee Share Trust	**84.5**	145.8
In-specie distribution to Woolworths Limited shareholders associated with creation of the SCA Property Group	**–**	(340.3)
Balance at end of period	**4,850.1**	4,522.7

	No.(m)	No.(m)
Reconciliation of fully paid share capital		
Balance at beginning of period	**1,250.2**	1,231.9
Issue of shares as a result of options exercised under employee long term incentive plans	**1.4**	7.4
Issue of shares as a result of the dividend reinvestment plan	**5.8**	6.4
Issue of shares to the Woolworths Employee Share Trust	**2.4**	4.5
Balance at end of period	**1,259.8**	1,250.2

	$m	$m
Shares held in trust		
Reconciliation of shares held in trust		
Balance at beginning of period	**(180.5)**	(60.7)
Issue of shares under the Employee Share Plan and Long Term Incentive Plan	**46.1**	26.0
Shares acquired by the Woolworths Employee Share Trust	**(84.5)**	(145.8)
Balance at end of period	**(218.9)**	(180.5)

	No.(m)	No.(m)
Reconciliation of shares held in trust		
Balance at beginning of period	**5.8**	2.8
Issue of shares under the Employee Share Plan and Long Term Incentive Plan	**(0.4)**	(1.5)
Shares acquired by the Woolworths Employee Share Trust	**2.4**	4.5
Balance at end of period	**7.8**	5.8

Share capital
Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Changes to the then Corporations Act abolished the authorised and par value concept in relation to share capital issued from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Notes to the Consolidated Financial Statements

18 ISSUED CAPITAL CONTINUED

Share options and performance rights

In accordance with the provisions of the Long Term Incentive Plan, the total number of outstanding options/rights on issue are as follows:

	Number of options/performance rights over shares as at						
	2014	**2013**	**Expiry date**				
Options							
2009	–	434,446	31 Dec 13				
2010	**292,865**	3,112,900	31 Dec 14				
Total	**292,865**	3,547,346					
Performance Rights							
2010	–	725,938	31 Dec 14				
2011	**1,083,695**	2,319,311	31 Dec 15				
2012	**1,266,438**	1,367,527	31 Dec 16				
2013	**2,328,268**	2,531,782	31 Dec 17				
2014	**2,076,452**	–	31 Dec 18				
Total	**6,754,853**	6,944,558					
Retention Rights							
2011	–	76,500	1 Feb 2014,	28 Feb 2014,	1 Jun 2014		
2012	**55,000**	173,500	1 Jul 13, 31 Dec 13, 4 Jul 14,	13 Nov 13, 31 Jan 14, 1 Dec 14,	23 Nov 13, 12 Apr 14, 11 Dec 14,	1 Dec 13, 16 Apr 14, 16 Apr 15	11 Dec 13, 1 Jul 14,
2013	**737,420**	829,450	8 Oct 13, 18 Mar 14, 9 Oct 14, 3 Apr 15, 4 Feb 16,	9 Oct 13, 3 Apr 14, 7 Jan 15, 8 Oct 15, 25 Feb 16,	23 Oct 13, 1 Jul 14, 25 Feb 15, 9 Oct 15, 11 Mar 16	25 Feb 14, 3 Sept 14, 11 Mar 15, 1 Jan 16,	11 Mar 14, 8 Oct 14, 18 Mar 15, 7 Jan 16,
2014	**286,243**	–	1 Jul 14, 30 Aug 14, 4 Nov 14, 17 Mar 15, 15 Jul 15, 30 Aug 15, 1 Oct 15, 13 Jan 16, 1 Jul 16, 30 Dec 16,	15 Jul 14, 1 Sept 14, 25 Nov 14, 24 Mar 15, 29 Jul 15, 31 Aug 15, 21 Oct 15, 10 Feb 16, 9 Sept 16, 24 Mar 17,	29 Jul 14, 1 Oct 14, 1 Dec 14, 1 May 15, 1 Aug 15, 1 Sept 15, 4 Nov 15, 17 Mar 16, 2 Oct 16, 9 Sept 17,	22 Aug 14, 2 Oct 14, 13 Jan 15, 15 May 15, 22 Aug 15, 9 Sept 15, 25 Nov 15, 24 Mar 16, 4 Nov 16, 24 Mar 18,	26 Aug 14, 21 Oct 14, 10 Feb 15, 1 Jul 15, 26 Aug 15, 30 Sept 15, 1 Dec 15, 15 May 16, 1 Dec 16, 2 Oct 18
Total	**1,078,663**	1,079,450					
Total Options and Rights	**8,126,381**	11,571,354					

Executive share options and performance rights carry no rights to dividends and no voting rights. Further details of the Long Term Incentive Plan are contained in Note 24 to the financial statements.

19 RESERVES

	2014 $m	2013 $m
Hedging reserve	**(100.3)**	(35.6)
Foreign currency translation reserve	**67.7**	(167.3)
Remuneration reserve	**303.1**	290.6
Asset revaluation reserve	**16.4**	16.4
Equity instrument reserve	**(88.7)**	(79.0)
	198.2	25.1

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The cumulative deferred gain or loss on the hedge is recognised in the consolidated income statement when the hedged transaction impacts the profit or loss, consistent with the applicable accounting policy.

Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency. Gains and losses on hedging instruments that are designated as hedging instruments for hedges of net investments in foreign operations are also included in the foreign currency translation reserve.

Remuneration reserve
The employee remuneration reserve comprises the fair value of share based payment plans recognised as an expense in the consolidated income statement.

Asset revaluation reserve
The asset revaluation reserve arose on acquisition of the previously equity accounted investment in MGW Hotels Pty Ltd and relates to the change in fair value of the consolidated entity's interest in non-current assets from the date of acquisition of the initial investment to the date control was achieved.

Equity instrument reserve
The equity instrument reserve arises on the revaluation of investments in equity securities. Subsequent to initial recognition, they are measured at fair value with any changes recorded through the equity instrument reserve.

Notes to the Consolidated Financial Statements

19 RESERVES CONTINUED

Movements	2014 $m	2013 $m
Hedging reserve		
Balance at start of period	**(35.6)**	(52.7)
Movement in the fair value of cash flow hedges	**(139.1)**	256.4
Transfer cash flow hedges to the income statement	**46.7**	(231.9)
Deferred tax arising on cash flow hedges	**27.7**	(7.4)
Balance at end of period	**(100.3)**	(35.6)
Foreign currency translation reserve (FCTR)		
Balance at start of period	**(167.3)**	(341.9)
Transfer to equity directly associated with assets held for sale	**–**	1.9
Movement in translation of foreign operations taken to equity	**270.3**	197.8
Tax arising on movements	**(35.3)**	(25.1)
Balance at end of period	**67.7**	(167.3)
Remuneration reserve		
Balance at start of period	**290.6**	246.2
Shares issued by the Woolworths Employee Share Trust	**(46.6)**	(14.4)
Equity settled share based payments expense	**50.0**	34.9
Tax arising on movements	**9.1**	23.9
Balance at end of period	**303.1**	290.6
Asset revaluation reserve		
Balance at start of period	**16.4**	16.4
Balance at end of period	**16.4**	16.4
Equity instrument reserve		
Balance at start of period	**(79.0)**	(111.9)
Movement in the fair value of investments in equity securities	**(9.7)**	32.9
Balance at end of period	**(88.7)**	(79.0)

20 RETAINED EARNINGS

	2014 $m	2013 $m
Retained earnings attributable to equity holders of the parent entity		
Balance at start of the period	**4,661.1**	4,163.4
Profit attributable to equity holders of the parent entity	**2,451.7**	2,259.4
Actuarial gain on defined benefit plans	**15.1**	12.5
Tax effect of actuarial gain	**(6.9)**	(3.8)
In-specie distribution to Woolworths Limited shareholders	**–**	(176.1)
Employee Share Plan dividends and forfeitures	**–**	1.0
Dividends paid (Note 6)	**(1,703.8)**	(1,597.5)
Dividends paid on Treasury shares	**5.9**	2.2
Balance at end of period	**5,423.1**	4,661.1

21 EARNINGS PER SHARE

	2014 52 weeks	2013 53 weeks
Basic earnings per share (cents per share)		
Continuing operations	**196.5**	181.8
Discontinued operations	**–**	0.8
	196.5	182.6
Diluted earnings per share (cents per share)		
Continuing operations	**195.6**	181.0
Discontinued operations	**–**	0.8
	195.6	181.8

Basic earnings per share

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

	$m	$m
Earnings – continuing operations (a)	**2,451.7**	2,249.7
Earnings – discontinued operations (a)	**–**	9.7
Earnings – continuing and discontinued operations (a)	**2,451.7**	2,259.4

	No. (m)	No. (m)
Weighted average number of ordinary shares[1] (b)	**1,248.0**	1,237.4

Diluted earnings per share

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

	$m	$m
Earnings – continuing operations (a)	**2,451.7**	2,249.7
Earnings – discontinued operations (a)	**–**	9.7
Earnings – continuing and discontinued operations (a)	**2,451.7**	2,259.4

	No. (m)	No. (m)
Weighted average number of ordinary shares[1] and potential ordinary shares (c)	**1,253.2**	1,243.1

(a) Earnings used in the calculation of basic and diluted earnings per share reconciles to net profit in the consolidated income statement as follows:

	$m	$m
Profit attributable to equity holders of the parent entity	**2,451.7**	2,259.4
Earnings used in the calculation of basic and diluted earnings per share from:		
Continuing operations	**2,451.7**	2,249.7
Discontinued operations	**–**	9.7
Total continuing and discontinued operations	**2,451.7**	**2,259.4**

(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.

1 Weighted average number of shares has been adjusted to remove Treasury shares held by Woolworths Custodian Pty Ltd (as trustee of various employee trusts)

Notes to the Consolidated Financial Statements

21 EARNINGS PER SHARE CONTINUED

(c) Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2014 No. (m)	2013 No. (m)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**1,248.0**	1,237.4
Shares deemed to be issued for no consideration in respect of employee options and performance rights	**5.2**	5.7
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	**1,253.2**	1,243.1

From 30 June to 12 September 2014, 85,555 shares (from 1 July to 20 September 2013: 2,339,899) have been issued as a result of the exercise of options granted under LTIP in July 2008 and July 2009. During this period, 39,510 retention rights have been issued. No other performance rights or options (2013: nil) have been issued during this period.

22 CONTINGENT LIABILITIES

The details and estimated maximum amounts of contingent liabilities which may become payable are shown below. No provision has been made in the financial statements in respect of these contingencies, however there is a provision of $579.7 million for self-insured risks (2013: $564.1 million), which includes liabilities relating to workers' compensation claims, that have been recognised in the balance sheet at balance date.

	2014 $m	2013 $m
Guarantees		
Bank guarantees[1]	**52.2**	49.4
Workers' compensation self-insurance guarantees[2]	**768.8**	779.5
Other		
Outstanding letters of credit issued to suppliers	**6.0**	5.5
Other	**3.0**	6.5
	830.0	840.9

1 This item mainly comprises guarantees relating to conditions set out in development applications and for the sale of properties in the normal course of business

2 State WorkCover authorities require guarantees against workers' compensation self-insurance liabilities. The guarantee is based on independent actuarial advice of the outstanding liability. Guarantees held at each balance date do not equal the liability at these dates due to the timing of issuing the guarantees

Infinity Cable

Between March 2012 and September 2013, electrical cable purchased from Infinity Cable Co Pty Ltd (Infinity) was sold by a number of Australian electrical wholesalers and retailers including Woolworths/Lowe's joint venture, Masters Home Improvement and Home Timber and Hardware stores. Whilst there is no immediate safety risk, the affected cable fails the required ageing tests specified in the Standard and could become prematurely brittle with age.

On 27 August 2014, a Task Force of relevant regulators, including the Australian Competition and Consumer Commission issued a consolidated voluntary Safety Recall Notice under which suppliers of affected cable will remedy affected consumers having regard to their particular circumstances and the requirements of the Task Force. A reliable estimate as to the cost associated with remediation or other action required at this time is not possible.

23 COMMITMENTS FOR EXPENDITURE

	2014 $m	2013 $m
Capital expenditure commitments		
Estimated capital expenditure under firm contracts, not provided for in these financial statements, payable:		
Not later than one year	**363.1**	377.7
Later than one year, not later than two years	**–**	2.3
Later than two years, not later than five years	**–**	2.3
	363.1	382.3
Operating lease commitments		
Future minimum rentals under non-cancellable operating leases not provided for in these financial statements, payable:		
Not later than one year	**1,815.4**	1,721.8
Later than one year, not later than five years	**6,358.9**	6,026.8
Later than five years	**12,065.1**	11,522.6
	20,239.4	19,271.2
Total commitments for expenditure	**20,602.5**	19,653.5

The commitments set out above do not include contingent turnover rentals, which are charged on many of the retail premises leased by the consolidated entity. These rentals are calculated as a percentage of the turnover of the store occupying the premises, with the percentage and turnover threshold at which the additional rentals commence varying with each lease agreement.

The consolidated entity leases retail premises and warehousing facilities which are generally for periods up to 40 years. The operating lease commitments include leases for the Norwest office and distribution centres. Generally the lease agreements are for initial terms of between 10 and 15 years and most include multiple renewal options for additional five year terms. Under most leases, the consolidated entity is responsible for property taxes, insurance, maintenance and expenses related to the leased properties. However, many of the more recent lease agreements have been negotiated on a gross or semi gross basis, which eliminates or significantly reduces the lessee's exposure to operational charges associated with the properties.

Notes to the Consolidated Financial Statements

24 EMPLOYEE BENEFITS

	2014 $m	2013 $m
The aggregate employee benefit liability recognised and included in the Financial Statements is as follows:		
Provision for employee benefits		
Current (Note 17)	**820.4**	765.7
Non-current (Note 17)	**134.1**	121.8
Accrued liability for defined benefit obligations (included in other non-current liabilities)	**73.9**	102.9
Accrued salaries and wages (included in trade and other payables)	**385.6**	367.5
	1,414.0	1,357.9

(a) Retirement Plans
Defined benefit plans
The Company sponsors a defined benefit plan, the Woolworths Group Superannuation Plan (WGSP or the Plan) that provides superannuation benefits for employees upon retirement. The defined benefit plan is closed to new members. The assets of the WGSP are held in a sub-plan within AMP SignatureSuper that is legally separated from the consolidated entity.

The WGSP consists of members with defined benefit entitlements and defined contribution (accumulation) benefits. The Plan also pays allocated pensions to a small number of pensioners. The following disclosures as required by AASB 119 Employee Benefits relate only to the Company's obligation in respect of defined benefit entitlements. In previous periods, these disclosures were also made in relation to accumulation benefits. Comparative information has been re-presented accordingly. The impact of this change is not material to the Group.

The consolidated entity contributes to the WGSP at rates as set out in the Trust Deed and Rules and the Participation Deed between the Company and AMP Superannuation Limited. Members contribute to the WGSP at rates dependent upon their membership category.

The Plan provides lump sum defined benefits that are defined by salary and period of membership. Many of the defined benefits provided are also subject to defined contribution minimum benefits.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at both reporting dates by Mr John Burnett, FIAA, Towers Watson, using the projected unit credit method. The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2014 %	2013 %
Discount rate[1]	**3.70**	3.20
Expected rate of salary increase	**3.00**	3.00
Rate of price inflation	**2.50**	2.50

1 In FY13 the rate used for determining interest income on plan assets was based on the expected return on fund assets. The discount rate (gross of tax) was 3.70%.

Amounts recognised in the consolidated income statement in respect of the defined benefit plan are as follows:

	2014 $m	2013 $m
Current service cost	**10.1**	19.5
Plan administration costs	**1.0**	1.0
Current service cost	**11.1**	20.5
Net interest/(income) on net defined benefit liability	**3.2**	(16.0)
Defined benefit cost recognised in profit and loss	**14.3**	4.5

The defined benefit cost is recognised in the employee benefit expense disclosed in Note 2(c).

Amounts recognised in other comprehensive income in respect of the remeasurement of the defined benefit plan are as follows:

	2014 $m	2013 $m
Actuarial loss due to experience on the defined benefit obligation	**24.7**	29.3
Actuarial gain due to financial assumption changes on the defined benefit obligation	**–**	(14.2)
Actuarial loss arising during the period	**24.7**	15.1
Return on plan assets (greater) than the discount rate[1]	**(39.8)**	(27.6)
Remeasurement effects recognised in other comprehensive income	**(15.1)**	(12.5)

1 For FY13 this was based on the expected return on plan assets as required by AASB 119 (2008)

Total defined benefit cost is as follows:

	2014 $m	2013 $m
Current service cost	**11.1**	20.5
Net interest/(income) on net defined benefit liability	**3.2**	(16.0)
Remeasurement effects recognised in other comprehensive income	**(15.1)**	(12.5)
Total defined benefit (income)	**(0.8)**	(8.0)

The amount included in the balance sheet arising from the obligation in respect of the defined benefit plan is as follows:

	2014 $m	2013 $m
Defined benefit obligation	**(528.8)**	(536.0)
Fair value of plan assets	**454.9**	433.1
Closing net liability for defined benefit obligations	**(73.9)**	(102.9)

Notes to the Consolidated Financial Statements

24 EMPLOYEE BENEFITS CONTINUED

Movements in the present value of the defined benefit obligation are as follows:

	2014 $m	2013 $m
Opening defined benefit obligation	**536.0**	535.2
Current service cost	**11.1**	20.5
Interest cost	**18.6**	14.7
Actuarial loss due to experience	**24.7**	29.3
Actuarial (gain) due to financial assumption changes	**–**	(14.2)
Employee contributions	**5.2**	5.5
Benefits paid	**(62.4)**	(50.3)
Administrative expenses paid	**(0.8)**	(0.8)
Taxes paid	**(3.6)**	(3.9)
Closing defined benefit obligation	**528.8**	536.0

Movements in the fair value of fund assets are as follows:

	2014 $m	2013 $m
Opening fair value of fund assets	**433.1**	403.5
Interest income[1]	**15.4**	30.7
Return on plan assets greater than discount rate[1]	**39.8**	27.6
Employer contributions	**28.2**	20.8
Employee contributions	**5.2**	5.5
Benefits paid	**(62.4)**	(50.3)
Administrative expenses paid	**(0.8)**	(0.8)
Taxes paid	**(3.6)**	(3.9)
Closing fair value of fund assets	**454.9**	433.1

1 The actual return on plan assets was $55.2 million (2013: $58.3 million)

The WGSP invests entirely in pooled superannuation trust products where prices are quoted on a daily basis.

The major categories of fund assets as a percentage of total fund assets are as follows:

	2014 %	2013 %
Equity investments	**54**	55
Debt instruments	**20**	18
Real Estate	**6**	6
Other	**17**	18
Cash and cash equivalents	**3**	3

The Plan design means that the risks most commonly affecting the reported financial results are expected to be:

- *Investment risk* (strong investment returns tending to improve the balance sheet position, whilst poor or negative investment returns tending to weaken the position)
- *Interest rate risk* (the defined benefit obligation calculated under AASB119 uses a discount rate based on bond yields. If bond yields fall, the defined benefit obligation will tend to increase)
- *Salary inflation risk* (higher than expected increases in salary will increase the defined benefit obligation)
- *Demographic risk* (higher than expected number of defined benefit members remaining employed beyond age 55 will increase the defined benefit obligation).

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected rate of salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 1% higher (lower), the defined benefit obligation would decrease by $7.7 million (increase by $12.4 million)
- If the rate of salary growth increases (decreases) by 1%, the defined benefit obligation would increase by $10.5 million (decrease by $6.9 million)

The sensitivity results above show the impact of changing an individual assumption on the Plan's end of year defined benefit obligation. In reality, the Plan is subject to multiple external experience items, some of which may move the defined benefit obligation in similar directions and some in opposite directions. The Plan's sensitivity to such changes can vary over time.

The average duration of the defined benefit obligation at the end of the reporting period is 8.0 years which relates wholly to active participants.

Company contributions are agreed between the Plan Trustees and Company, following advice from the Plan Actuary at least every year (or more frequently if circumstances require this). The expected consolidated entity and employee contributions to the WGSP in respect of members with defined benefit entitlements for the 2015 financial year are $11.5 million and $4.9 million respectively.

Defined contribution plans
Contributions for certain employees of the consolidated entity are made to the WGSP and other company sponsored superannuation funds. These superannuation funds provide lump sum accumulation benefits to members on retirement, death and total and permanent disablement.

The consolidated entity contributes at fixed rates to other defined contribution retirement plans for employees under industrial agreements and the Superannuation Guarantee legislation.

The consolidated entity also makes contributions to the long term retirement savings of employees in New Zealand in accordance with KiwiSaver legislation.

Notes to the Consolidated Financial Statements

24 EMPLOYEE BENEFITS CONTINUED

(b) Share Based Payments

Woolworths Long Term Incentive Plan

At the 2004 Annual General Meeting shareholders approved the introduction of the Woolworths Long Term Incentive Plan (LTIP) which provides the Board with greater flexibility to determine whether to use options, performance rights, performance shares or cash in order to deliver the overall LTIP objectives.

Offers made in 2009 and 2010 used a combination of the Option Sub-Plan and the Performance Rights Sub-Plan and offers from 2011 used solely the Performance Rights Sub-Plan. Irrespective of sub-plan, stringent performance measures are set annually and relate to net profit after tax (NPAT), cumulative earnings per share (EPS) and relative total shareholder return (TSR) hurdles. The Performance Shares and Cash Award Sub-Plans have not been used. Following is a summary of the sub-plans:

	Delivers a right to acquire...	Subject to performance hurdles being met, continued employment and...
Option Sub-Plan	A share at a future date	Payment of an exercise price
Performance Rights Sub-Plan	A share at a future date	No monetary payment
Performance Shares Sub-Plan	A share immediately	No monetary payment
Cash Award Sub-Plan	Cash at a future date	No monetary payment

Attraction and Retention Rights

The Performance Rights Sub-Plan has also been used to compensate new hires for foregone equity, and ensure that key employees are retained to protect and deliver on the Company's strategic direction. It has been offered to:

1. Executives of newly acquired businesses in order to retain intellectual property during transition periods; or
2. Attract new executives, generally from overseas; or
3. By exception, executives deemed to be top talent who had either no or relatively small grants scheduled to vest over the ensuing two years.

This plan generally does not have performance measures attached to it due to the objective of retaining key talent and vests subject to the executive remaining employed by the Company, generally for two or more years. It is intended that this plan be used only in special circumstances.

Summary of outstanding instruments as at 29 June 2014, by grant year	FY10	FY11	FY12	FY13	FY14	Total
Options	292,865	–	–	–	–	**292,865**
Performance rights	–	1,083,695	1,266,438	2,328,268	2,076,452	**6,754,853**
Retention performance rights	–	–	55,000	737,420	286,243	**1,078,663**

The LTIP has the following features:

- A maximum exercise period of five and a half years;
- Upon exercise, each option/performance right entitles the holder to one ordinary fully paid Woolworths Limited share;
- Participants do not receive dividends on unvested equity;

- For offers in 2010 and 2011:
  - a four year vesting period that may commence vesting after three years, subject to performance hurdles being met;
  - if the minimum performance hurdles are not met after three years, nothing vests and the measures will be tested at the end of four years;
  - where any performance measures are met after three years, nothing further vests at the end of four years;
  - the 50% EPS component vests progressively upon attaining average annual growth of 10%. At 10% growth, 12.5% EPS will vest with the full 50% vesting at an average annual growth of 15%; and
  - the 50% TSR component vests progressively where TSR equals or exceeds the 51st percentile of the comparator group. At the 51st percentile, 12.5% TSR will vest with the full 50% vesting where TSR equals the 75th percentile of the comparator group.
- For offers in 2012:
  - a five year vesting period subject to performance hurdles being met;
  - if the minimum performance hurdles are not met after five years, nothing vests;
  - the 50% EPS component vests progressively upon attaining average annual growth of 8%. At 8% growth, 12.5% EPS will vest with the full 50% vesting at an average annual growth of 12%; and
  - the 50% TSR component vests progressively where TSR equals or exceeds the 51st percentile of the comparator group. At the 51st percentile, 12.5% TSR will vest with the full 50% vesting where TSR equals the 75th percentile of the comparator group.
- For offers in 2013 and 2014:
  - a five year vesting period subject to performance hurdles being met;
  - if the minimum performance hurdles are not met after five years, nothing vests;
  - the 50% EPS component vests progressively upon attaining average annual growth of between 6% and 8%; and
  - the 50% TSR component vests progressively where TSR is between the 51st and 75th percentile of the comparator group.

- For offers in 2012 through to 2014 under the Deferred STI plan:
  - a one year performance measure linked to NPAT market guidance; and
  - if the NPAT hurdle is met, participants are required to remain employed for a further two years to gain access to the performance rights, or otherwise forfeit the performance rights unless the Board exercises its discretion in accordance with the long term incentive plan rules.

Notes to the Consolidated Financial Statements

24 EMPLOYEE BENEFITS CONTINUED

The following table summarises movements in outstanding options/rights for the financial period ended 29 June 2014:

Effective date	Expiry date	Exercise price[1] $	No. of options/ rights at 30 June 2013	Options/ rights granted during year	Options/ rights exercised during year	Options/ rights lapsed during year	No. of options/ rights at 29 June 2014	No. of options/rights exercisable at 29 June 2014
Options								
1 Jul 08	31 Dec 13	$24.61	434,446	–	(360,222)	(74,224)	–	–
1 Jul 09	31 Dec 14	$25.59	3,112,900	–	(1,064,543)	(1,755,492)	292,865	292,865
Performance Rights								
1 Jul 09	31 Dec 14	Nil	725,938	–	(316,980)	(408,958)	–	–
1 Jul 10	31 Dec 15	Nil	2,319,311	–	(1,096,446)	(139,170)	1,083,695	–
1 Jul 11	31 Dec 16	Nil	1,105,316	–	(14,924)	(71,874)	1,018,518	–
1 Jul 11	31 Dec 16	Nil	262,211	–	–	(14,291)	247,920	–
1 Jul 12	31 Dec 17	Nil	2,101,447	–	(17,113)	(158,307)	1,926,027	–
1 Jul 12	31 Dec 17	Nil	8,229	–	–	–	8,229	–
1 Jul 12	31 Dec 17	Nil	412,106	–	–	(28,094)	384,012	–
1 Jul 12	31 Dec 17	Nil	10,000	–	–	–	10,000	–
1 Jul 13	31 Dec 18	Nil	–	1,323,455	–	(33,867)	1,289,588	–
1 Jul 13	31 Dec 18	Nil	–	91,752	–	–	91,752	–
1 Jul 13	31 Dec 18	Nil	–	633,406	–	–	633,406	–
1 Jul 13	31 Dec 18	Nil	–	61,706	–	–	61,706	–
Retention Performance Rights								
1 Feb 11	1 Feb 14	Nil	10,000	–	(10,000)	–	–	–
28 Feb 11	28 Feb 14	Nil	8,000	–	(8,000)	–	–	–
1 Jun 11	1 Jun 14	Nil	58,500	–	(52,000)	(6,500)	–	–
1 Jul 11	1 Jul 13	Nil	15,000	–	(15,000)	–	–	–
1 Jul 11	1 Jul 14	Nil	15,000	–	(12,917)	(2,083)	–	–
4 Jul 11	4 Jul 14	Nil	6,000	–	–	(6,000)	–	–
1 Sep 11	31 Dec 13	Nil	10,000	–	(10,000)	–	–	–
24 Nov 11	23 Nov 13	Nil	22,000	–	(20,907)	(1,093)	–	–
25 Nov 11	1 Dec 13	Nil	10,000	–	(10,000)	–	–	–
25 Nov 11	1 Dec 14	Nil	15,000	–	–	–	15,000	–
12 Dec 11	11 Dec 14	Nil	45,000	–	(10,000)	–	35,000	–
12 Dec 11	11 Dec 13	Nil	7,000	–	(7,000)	–	–	–
1 Mar 12	31 Jan 14	Nil	5,000	–	(5,000)	–	–	–
12 Apr 12	12 Apr 14	Nil	6,000	–	(6,000)	–	–	–
16 Apr 12	16 Apr 14	Nil	10,000	–	(10,000)	–	–	–
16 Apr 12	16 Apr 15	Nil	5,000	–	–	–	5,000	–
14 May 12	13 Nov 13	Nil	2,500	–	(2,500)	–	–	–
1 Jul 12	1 Jul 14	Nil	28,000	–	–	–	28,000	–
1 Jul 12	1 Jul 14	Nil	677,500	–	(7,212)	(33,788)	636,500	–
3 Sep 12	3 Sep 14	Nil	5,000	–	–	–	5,000	–
8 Oct 12	8 Oct 13	Nil	5,000	–	(5,000)	–	–	–
8 Oct 12	8 Oct 14	Nil	5,000	–	–	–	5,000	–
8 Oct 12	8 Oct 15	Nil	5,000	–	–	–	5,000	–
9 Oct 12	9 Oct 13	Nil	10,000	–	(10,000)	–	–	–
9 Oct 12	9 Oct 14	Nil	7,000	–	–	(7,000)	–	–

Effective date	Expiry date	Exercise price[1] $	No. of options/ rights at 30 June 2013	Options/ rights granted during year	Options/ rights exercised during year	Options/ rights lapsed during year	No. of options/ rights at 29 June 2014	No. of options/rights exercisable at 29 June 2014
9 Oct 12	9 Oct 15	Nil	5,000	–	–	(5,000)	–	–
23 Oct 12	23 Oct 13	Nil	2,000	–	(2,000)	–	–	–
1 Jan 13	1 Jan 16	Nil	350	–	–	–	350	–
7 Jan 13	7 Jan 15	Nil	5,000	–	–	–	5,000	–
7 Jan 13	7 Jan 16	Nil	5,000	–	–	–	5,000	–
4 Feb 13	4 Feb 16	Nil	6,000	–	–	–	6,000	–
25 Feb 13	25 Feb 14	Nil	8,330	–	(8,330)	–	–	–
25 Feb 13	25 Feb 15	Nil	8,330	–	–	–	8,330	–
25 Feb 13	25 Feb 16	Nil	8,340	–	–	–	8,340	–
11 Mar 13	11 Mar 14	Nil	11,200	–	(11,200)	–	–	–
11 Mar 13	11 Mar 15	Nil	11,200	–	–	–	11,200	–
11 Mar 13	11 Mar 16	Nil	11,200	–	–	–	11,200	–
18 Mar 13	18 Mar 14	Nil	1,000	–	(1,000)	–	–	–
18 Mar 13	18 Mar 15	Nil	1,000	–	–	–	1,000	–
3 Apr 13	3 Apr 14	Nil	1,500	–	(1,500)	–	–	–
3 Apr 13	3 Apr 15	Nil	1,500	–	–	–	1,500	–
1 Jul 13	1 Jul 14	Nil	–	1,700	–	–	1,700	–
1 Jul 13	1 Jul 15	Nil	–	1,000	–	–	1,000	–
15 Jul 13	15 Jul 14	Nil	–	700	–	–	700	–
15 Jul 13	15 Jul 15	Nil	–	700	–	–	700	–
29 Jul 13	29 Jul 14	Nil	–	1,000	–	–	1,000	–
29 Jul 13	29 Jul 15	Nil	–	1,000	–	–	1,000	–
22 Aug 13	22 Aug 14	Nil	–	1,000	–	–	1,000	–
22 Aug 13	22 Aug 15	Nil	–	1,000	–	–	1,000	–
26 Aug 13	26 Aug 14	Nil	–	900	–	–	900	–
26 Aug 13	26 Aug 15	Nil	–	900	–	–	900	–
30 Aug 13	30 Aug 14	Nil	–	9,800	–	–	9,800	–
30 Aug 13	30 Aug 15	Nil	–	9,800	–	–	9,800	–
1 Sep 13	1 Sep 14	Nil	–	600	–	–	600	–
1 Sep 13	1 Sep 15	Nil	–	600	–	–	600	–
9 Sep 13	9 Sep 15	Nil	–	3,000	–	–	3,000	–
9 Sep 13	9 Sep 16	Nil	–	3,000	–	–	3,000	–
9 Sep 13	9 Sep 17	Nil	–	4,000	–	–	4,000	–
30 Sep 13	30 Sep 15	Nil	–	5,000	–	–	5,000	–
1 Oct 13	1 Oct 14	Nil	–	4,200	–	–	4,200	–
1 Oct 13	1 Oct 15	Nil	–	5,200	–	–	5,200	–
2 Oct 13	2 Oct 14	Nil	–	3,000	–	–	3,000	–
2 Oct 13	2 Oct 16	Nil	–	3,000	–	–	3,000	–
2 Oct 13	2 Oct 18	Nil	–	4,000	–	–	4,000	–
21 Oct 13	21 Oct 14	Nil	–	1,000	–	–	1,000	–
21 Oct 13	21 Oct 15	Nil	–	1,000	–	–	1,000	–
4 Nov 13	4 Nov 14	Nil	–	6,000	–	–	6,000	–
4 Nov 13	4 Nov 15	Nil	–	1,000	–	–	1,000	–
4 Nov 13	4 Nov 16	Nil	–	5,000	–	–	5,000	–

Notes to the Consolidated Financial Statements

24 EMPLOYEE BENEFITS CONTINUED

Effective date	Expiry date	Exercise price[1] $	No. of options/ rights at 30 June 2013	Options/ rights granted during year	Options/ rights exercised during year	Options/ rights lapsed during year	No. of options/ rights at 29 June 2014	No. of options/rights exercisable at 29 June 2014
25 Nov 13	25 Nov 14	Nil	–	2,200	–	–	2,200	–
25 Nov 13	25 Nov 15	Nil	–	2,200	–	–	2,200	–
1 Dec 13	1 Dec 14	Nil	–	38,000	–	(1,800)	36,200	–
1 Dec 13	1 Dec 15	Nil	–	58,600	–	(1,800)	56,800	–
1 Dec 13	1 Dec 16	Nil	–	13,000	–	–	13,000	–
30 Dec 13	30 Dec 16	Nil	–	1,050	–	–	1,050	–
13 Jan 14	13 Jan 15	Nil	–	1,500	–	–	1,500	–
13 Jan 14	13 Jan 16	Nil	–	1,500	–	–	1,500	–
19 Jan 14	19 Jan 15	Nil	–	1,800	–	(1,800)	–	–
19 Jan 14	19 Jan 16	Nil	–	1,200	–	(1,200)	–	–
3 Feb 14	31 Aug 15	Nil	–	3,600	–	–	3,600	–
10 Feb 14	10 Feb 15	Nil	–	5,000	–	–	5,000	–
10 Feb 14	10 Feb 16	Nil	–	5,000	–	–	5,000	–
17 Mar 14	17 Mar 15	Nil	–	500	–	–	500	–
17 Mar 14	17 Mar 16	Nil	–	500	–	–	500	–
24 Mar 14	24 Mar 15	Nil	–	10,000	–	–	10,000	–
24 Mar 14	24 Mar 16	Nil	–	6,000	–	–	6,000	–
24 Mar 14	24 Mar 17	Nil	–	3,000	–	–	3,000	–
24 Mar 14	24 Mar 18	Nil	–	3,000	–	–	3,000	–
31 Mar 14	1 Dec 14	Nil	–	13,000	–	–	13,000	–
31 Mar 14	1 Dec 15	Nil	–	10,000	–	–	10,000	–
31 Mar 14	1 Dec 16	Nil	–	10,000	–	–	10,000	–
1 May 14	1 May 15	Nil	–	5,000	–	–	5,000	–
15 May 14	15 May 15	Nil	–	1,000	–	–	1,000	–
15 May 14	15 May 16	Nil	–	1,000	–	–	1,000	–
30 May 14	1 Aug 15	Nil	–	6,000	–	–	6,000	–
4 Jun 14	1 Jul 15	Nil	–	2,000	–	–	2,000	–
6 Jun 14	1 Jul 15	Nil	–	2,000	–	–	2,000	–
6 Jun 14	1 Jul 16	Nil	–	2,000	–	–	2,000	–
20 Jun 14	1 Dec 14	Nil	–	4,093	–	–	4,093	–
			11,571,354	**2,403,162**	**(3,095,794)**	**(2,752,341)**	**8,126,381**	**292,865**

The weighted average share price during the financial period ended 29 June 2014 was $34.93.

The following table summarises movements in outstanding options/rights for the financial period ended 30 June 2013:

Effective date	Expiry date	Exercise price[1] $	No. of options/ rights at 24 June 2012[2]	Options/ rights granted during year	Options/ rights exercised during year	Options/ rights lapsed during year	No. of options/ rights at 30 June 2013	No. of options/rights exercisable at 30 June 2013
Options								
1 Jul 07	31 Dec 12	$25.62	6,702,250	–	(5,583,288)	(1,118,962)	–	–
1 Jul 08	31 Dec 13	$24.61	4,576,524	–	(1,764,535)	(2,377,543)	434,446	434,446
1 Jul 09	31 Dec 14	$25.59	3,338,350	–	–	(225,450)	3,112,900	–
Performance Rights								
1 Jul 08	31 Dec 13	Nil	431,719	–	–	(431,719)	–	–
1 Jul 09	31 Dec 14	Nil	777,191	–	–	(51,253)	725,938	–
1 Jul 10	31 Dec 15	Nil	2,462,711	–	(667)	(142,733)	2,319,311	–
1 Jul 11	31 Dec 16	Nil	2,036,696	–	(21,041)	(910,339)	1,105,316	–
1 Jul 11	31 Dec 16	Nil	284,211	–	(787)	(21,213)	262,211	–
1 Jul 12	31 Dec 17	Nil	–	2,172,676	–	(71,229)	2,101,447	–
1 Jul 12	31 Dec 17	Nil	–	8,229	–	–	8,229	–
1 Jul 12	31 Dec 17	Nil	–	428,813	–	(16,707)	412,106	–
1 Jul 12	31 Dec 17	Nil	–	10,000	–	–	10,000	–
Retention Performance Rights								
30 Jun 10	31 Dec 12	Nil	218,910	–	(204,000)	(14,910)	–	–
1 Jan 11	30 Jun 13	Nil	302,000	–	(266,783)	(35,217)	–	–
1 Feb 11	1 Feb 14	Nil	10,000	–	–	–	10,000	–
28 Feb 11	28 Feb 14	Nil	8,000	–	–	–	8,000	–
1 May 11	1 May 14	Nil	9,000	–	–	(9,000)	–	–
23 May 11	23 May 13	Nil	2,000	–	(2,000)	–	–	–
1 Jun 11	1 Jun 13	Nil	8,000	–	(8,000)	–	–	–
1 Jun 11	1 Jun 14	Nil	64,500	–	–	(6,000)	58,500	–
1 Jul 11	1 Jul 13	Nil	15,000	–	–	–	15,000	–
1 Jul 11	1 Jul 14	Nil	15,000	–	–	–	15,000	–
4 Jul 11	4 Jul 14	Nil	6,000	–	–	–	6,000	–
1 Sep 11	31 Dec 13	Nil	10,000	–	–	–	10,000	–
24 Nov 11	23 Nov 13	Nil	22,000	–	–	–	22,000	–
25 Nov 11	1 Dec 12	Nil	5,000	–	(5,000)	–	–	–
25 Nov 11	1 Dec 13	Nil	10,000	–	–	–	10,000	–
25 Nov 11	1 Dec 14	Nil	15,000	–	–	–	15,000	–
12 Dec 11	11 Dec 14	Nil	45,000	–	–	–	45,000	–
12 Dec 11	11 Dec 13	Nil	7,000	–	–	–	7,000	–
29 Feb 12	28 Feb 14	Nil	3,000	–	–	(3,000)	–	–
1 Mar 12	31 Jan 13	Nil	5,000	–	(5,000)	–	–	–
1 Mar 12	31 Jan 14	Nil	5,000	–	–	–	5,000	–
12 Apr 12	12 Apr 14	Nil	6,000	–	–	–	6,000	–
16 Apr 12	16 Apr 13	Nil	10,000	–	(10,000)	–	–	–
16 Apr 12	16 Apr 14	Nil	10,000	–	–	–	10,000	–
16 Apr 12	16 Apr 15	Nil	5,000	–	–	–	5,000	–
14 May 12	13 May 13	Nil	2,500	–	(2,500)	–	–	–

Notes to the Consolidated Financial Statements

24 EMPLOYEE BENEFITS CONTINUED

Effective date	Expiry date	Exercise price[1] $	No. of options/ rights at 24 June 2012[2]	Options/ rights granted during year	Options/ rights exercised during year	Options/ rights lapsed during year	No. of options/ rights at 30 June 2013	No. of options/rights exercisable at 30 June 2013
14 May 12	13 Nov 13	Nil	2,500	–	–	–	2,500	–
1 Jul 12	1 Jul 14	Nil	–	31,000	–	(3,000)	28,000	–
1 Jul 12	1 Jul 14	Nil	–	713,000	(6,041)	(29,459)	677,500	–
3 Sep 12	3 Sep 14	Nil	–	5,000	–	–	5,000	–
9 Oct 12	9 Oct 13	Nil	–	10,000	–	–	10,000	–
9 Oct 12	9 Oct 14	Nil	–	7,000	–	–	7,000	–
9 Oct 12	9 Oct 15	Nil	–	5,000	–	–	5,000	–
23 Oct 12	23 Oct 13	Nil	–	2,000	–	–	2,000	–
1 Dec 12	1 Dec 13	Nil	–	5,000	–	–	5,000	–
1 Dec 12	1 Dec 14	Nil	–	5,000	–	–	5,000	–
1 Dec 12	1 Dec 15	Nil	–	5,000	–	–	5,000	–
1 Jan 13	1 Jan 16	Nil	–	350	–	–	350	–
7 Jan 13	7 Jan 15	Nil	–	5,000	–	–	5,000	–
7 Jan 13	7 Jan 16	Nil	–	5,000	–	–	5,000	–
4 Feb 13	4 Feb 16	Nil	–	6,000	–	–	6,000	–
25 Feb 13	25 Feb 14	Nil	–	8,330	–	–	8,330	–
25 Feb 13	25 Feb 15	Nil	–	8,330	–	–	8,330	–
25 Feb 13	25 Feb 16	Nil	–	8,340	–	–	8,340	–
11 Mar 13	11 Mar 14	Nil	–	11,200	–	–	11,200	–
11 Mar 13	11 Mar 15	Nil	–	11,200	–	–	11,200	–
11 Mar 13	11 Mar 16	Nil	–	11,200	–	–	11,200	–
18 Mar 13	18 Mar 14	Nil	–	1,000	–	–	1,000	–
18 Mar 13	18 Mar 15	Nil	–	1,000	–	–	1,000	–
3 Apr 13	3 Apr 14	Nil	–	1,500	–	–	1,500	–
3 Apr 13	3 Apr 15	Nil	–	1,500	–	–	1,500	–
			21,431,062	**3,487,668**	**(7,879,642)**	**(5,467,734)**	**11,571,354**	**434,446**

The weighted average share price during the financial period ended 30 June 2013 was $30.81.

1 As a result of the capital reduction performed during FY13 in connection with the establishment of the SCA Property Group, and in accordance with ASX listing rule 7.22.3, there was an adjustment of the exercise price of existing options issued under our LTI plans, effective 11 December 2012. The option exercise price was reduced by $0.28782 per option

2 During FY13, 83,000 performance rights were issued with an offer date in FY12 and FY11

The fair value of the services received in return for share options and performance rights granted are measured by reference to the fair value of the share options and performance rights granted. The fair value of the services is recognised as an expense on a straight line basis over the vesting period and is determined by multiplying the fair value per option/performance right by the number of options and performance rights expected to vest. During the financial period ended 29 June 2014, an expense of $50.0 million (2013: $34.9 million) was recognised in the consolidated income statement in relation to options and performance rights issued under the Long Term Incentive Plan.

The probability of achieving market performance conditions (TSR) is incorporated into the determination of the fair value per option/performance right. No adjustment is made to the expense for options and performance rights that fail to meet the market condition. The number of options and performance rights expected to vest based on achievement of non-market conditions (EPS, NPAT and service condition), are adjusted over the vesting period in determining the expense to be recognised in the consolidated income statement.

The fair value of options and performance rights with the relative TSR performance measure is calculated at the date of grant using the Monte-Carlo simulation model, taking into account, amongst other things, the impact of the TSR condition and that right holders are not entitled to dividends during the vesting period. The fair value of options and performance rights with the EPS and NPAT measures, and retention rights is calculated using the Black-Scholes option pricing model, taking into account that right holders are not entitled to dividends during the vesting period. The fair value is measured at the grant date by an independent valuer which for the purposes of measurement is the date of unconditional offer by the Company and acceptance by the employee.

The contractual exercise period of the options and performance rights set out in the previous tables is used as an input into the model. Other inputs in relation to options and performance rights are:

Grant date	Effective date	Share price at grant date	Exercise price	Expected volatility[1]	Dividend yield	Risk free interest rate	Weighted average fair value of options/ performance rights granted	Weighted average fair value of options/performance rights		
								EPS	TSR	NPAT
9 Dec 08	1 Jul 08	$26.63	$24.61	24%	3.50%	4.00%	$4.96	$5.15	$4.76	–
27 Nov 09	1 Jul 09	$27.89	$25.59	19%	3.50%	5.00%	$4.02	$4.77	$3.27	–
27 Nov 09	1 Jul 09	$27.89	–	19%	3.50%	4.60%	$18.96	$24.74	$13.17	–
26 Nov 10	1 Jul 10	$26.95	–	19%	3.75%	5.10%	$20.23	$23.73	$16.73	–
12 Dec 11	1 Jul 11	$25.95	–	–	4.20%	–	$22.39	–	–	$22.39
12 Dec 11	1 Jul 11	$25.95	–	17%	4.20%	3.40%	$16.19	$20.05	$12.33	–
7 Dec 12	1 Jul 12	$29.64	–	16%	4.50%	2.70%	$18.32	$22.60	$14.04	–
7 Dec 12	1 Jul 12	$29.64	–	–	4.50%	–	$25.45	–	–	$25.45
22 Mar 13	1 Jul 12	$34.03	–	16%	4.50%	3.10%	$21.20	$26.41	$15.99	–
22 Mar 13	1 Jul 12	$34.03	–	–	4.50%	–	$29.74	–	–	$29.74
13 Dec 13	1 Jul 13	$32.65	–	16%	4.10%	3.40%	$19.51	$25.56	$13.46	–
13 Dec 13	1 Jul 13	$32.65	–	–	4.10%	–	$28.46	–	–	$28.46
29 Apr 14	1 Jul 13	$38.04	–	16%	4.10%	3.20%	$24.74	$30.39	$19.08	–
29 Apr 14	1 Jul 13	$38.04	–	–	4.10%	–	$33.84	–	–	$33.84

1 The expected volatility is based on the historical implied volatility calculated based on the weighted average remaining life of the share options/performance rights adjusted for any expected changes to future volatility due to publicly available information

Grant date represents the offer acceptance date.

Notes to the Consolidated Financial Statements

24 EMPLOYEE BENEFITS CONTINUED

Employee Share Plan (Share Plan)

The Share Plan was established to enable all employees (other than executive officers) the opportunity to participate in the acquisition of shares in the Company at market price with an interest free loan from the Company to finance the acquisition. Loans are limited in recourse to the proceeds of sale of shares acquired. Dividends and other distributions on the shares are applied to repay the loan. The loan may be repaid at any time after three years and in any event must be settled when the employee ceases employment or at the end of 10 years from grant or when a takeover offer is accepted for the shares, whichever is the earliest. Upon settlement, if the employee elects not to repay the loan, the shares will be sold and the funds received after payment of costs and expenses will be applied to repay the loan. All shares acquired under the Share Plan are held by a wholly owned subsidiary of the Company (Woolworths Custodian Pty Limited) as Trustee of the Share Plan. At any time after three years from the date of acquisition a participant may request the Trustee to transfer the shares, but only if the loan made to acquire those shares is repaid in full. Shares may be transferred earlier at the discretion of the Directors on the employee's death or retirement but only if the loan made to acquire the shares is repaid in full. The Trustee may exercise the voting rights attached to the shares in the manner directed by the Directors until they are transferred to the participant.

This plan was last offered in May 2003 with loans maturing in May 2013. It is not intended to re-open this plan to further offers.

Due to the non-recourse nature of the loan, the loan was considered to be an option for accounting purposes as the employee is exposed to equity appreciation of the Company shares over the loan period with the option whether to repay the loan. The vesting period is three years from the offer date conditional on the employee remaining employed over this period. Any shares forfeited are sold on-market and the proceeds of this sale are contributed to the Woolworths' Group Superannuation Plan. The number and weighted average exercise prices (being the loan value) of these options in the prior period is as follows:

	Weighted average exercise price 2013	Number of options 2013
Balance at the beginning of the period	$7.27	901,348
Forfeited during the period	$7.14	(3,680)
Exercised during the period	$6.13	(897,668)
Balance at the end of the period	–	–
Exercisable at the end of the period	–	–

The weighted average share price during the prior period was $30.81.

Executive Management Share Plan (EMSP)

The EMSP allows executive management, including any Executive Director, to forgo some of their future pre-tax remuneration to acquire shares in the Company on-market at prevailing market prices on the Australian Securities Exchange (ASX).

During the 52 week period ended 29 June 2014, 1,267 shares (2013: 1,584) were purchased under the EMSP. No additional expense is recognised in relation to these shares as they are acquired out of salary sacrificed remuneration.

Employee Share Purchase Plan (SPP)

The SPP was launched in June 2008 and provides permanent full-time and part-time employees who are Australian tax residents and are aged 18 years or over, with the opportunity to purchase shares from pre-tax income via salary sacrifice. Woolworths Limited pays the associated brokerage costs. During the 52 week period ended 29 June 2014, 431,251 (2013: 364,503) shares were purchased on behalf of participating employees.

25 KEY MANAGEMENT PERSONNEL

Total remuneration for Non-executive Directors and other key management personnel of the consolidated entity during the financial period are set out below.

Remuneration by category

	2014 52 weeks $	2013 53 weeks $
Short term employee benefits	14,553,952	20,175,239
Post employment benefits	1,288,816	1,033,020
Other long term benefits	193,937	289,022
Share based payments	3,473,217	4,454,960
Total	**19,509,922**	**25,952,241**

Equity instrument disclosures relating to key management personnel

Details of equity instruments provided as compensation to key management personnel and shares issued on exercise of these instruments, together with the terms and conditions of the instruments, are disclosed in section 2.3.3 and section 4 of the Remuneration Report on pages 53 to 58 and pages 62 to 70.

Loans from Directors or key management personnel

During 2012, several key management personnel applied for and were issued Woolworths Notes II. At 29 June 2014, the number of Woolworths Notes II held were as follows: J Broadbent 2,532 (2013: 2,532), I Macfarlane 700 (2013: 700), M Ullmer 500 (2013: 500) and T Pockett 600 (2013: 600). At 30 June 2013, the following former key management personnel held Woolworths Notes II: J Astbury 261, R Deane 3,000 and P Horton 42. The key features of the Woolworths Notes II are detailed in Note 15.

26 RELATED PARTIES

Parent entity

The ultimate parent entity is Woolworths Limited, a company incorporated in New South Wales. Disclosures relating to interests in subsidiaries are set out in Note 29.

Transactions within the Group

During the financial period and previous financial periods, Woolworths Limited advanced and repaid loans to and received loans from, and provided treasury, accounting, legal, taxation and administrative services to other entities within the Group.

Entities within the Group also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Tax consolidation

Under the application of the tax consolidation regime, the Company is assessed on the tax liabilities of the entities in the tax consolidated group. As a consequence of this, the tax exposures relating to wholly owned group members totalling $133.5 million (2013: $162.9 million) are included in the tax liability of the Company. Pursuant to the Group's Tax Funding Agreement, the Company has charged net tax expense to the group members totalling $133.5 million (2013: $162.9 million) through intercompany accounts.

Directors and key management personnel

Disclosures relating to Directors and key management personnel are set out in Note 25 and in the Remuneration Report.

Notes to the Consolidated Financial Statements

27 FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1.

(b) Foreign currency risk management

The consolidated entity has exposure to movements in foreign currency exchange rates through term borrowings and anticipated purchases of inventory and equipment, which are denominated in foreign currencies. In order to hedge against the majority of this exposure, the consolidated entity enters into forward exchange contracts and cross currency swap agreements. The term borrowings are fully hedged.

Forward exchange contracts and foreign currency options

It is the policy of the consolidated entity to enter into forward exchange contracts and foreign currency options to cover foreign currency payments and receipts of up to 100% of the exposure generated.

At the reporting date, details of outstanding forward exchange contracts, stated in Australian dollar equivalents for the consolidated entity are:

	Average exchange		Foreign currency		Contract value		Mark to market		Market value	
Outstanding contracts	**2014**	**2013**	**2014 FC m**	**2013 FC m**	**2014 $A m**	**2013 $A m**	**2014 $A m**	**2013 $A m**	**2014 $A m**	**2013 $A m**
Hedging imports:										
Forward contracts										
Maturing:										
Within 12 months										
Buy US Dollars	**0.90**	1.03	**413.1**	230.8	**457.8**	224.4	**(16.4)**	25.7	**441.4**	250.1
Buy US Dollars against NZ Dollars	**0.84**	0.79	**22.5**	4.7	**24.9**	4.9	**(0.8)**	0.2	**24.1**	5.1
Buy Euro	**0.67**	0.74	**47.4**	23.2	**70.9**	31.2	**(1.9)**	1.7	**69.0**	32.9
Buy NZ Dollars	**1.09**	–	**7.5**	–	**6.9**	–	**0.1**	–	**7.0**	–
Sell NZ Dollars	**1.09**	1.22	**5.8**	1.6	**5.4**	1.4	**(0.1)**	–	**5.5**	1.4
Hedging balance sheet:										
Forward contracts										
Maturing:										
Sell NZ Dollars	**1.09**	1.09	**153.0**	153.0	**139.9**	140.2	**(2.3)**	11.2	**142.2**	129.0

At the reporting date, the net amount of unrealised gains under forward foreign exchange contracts relating to anticipated future transactions is $19.1 million (2013: $27.6 million unrealised losses). A portion of this amount qualifying as effective hedges has been recognised in the hedging reserve in the current year, with the remainder being recognised through the consolidated income statement.

A portion of the Group's net investment in the New Zealand based subsidiaries are hedged for currency fluctuation under forward foreign exchange contracts. As at the reporting date, the value hedged is NZD153.0 million (2013: NZD153.0 million).

Cross currency swap agreements
To hedge the risk of adverse movements in foreign exchange rates in relation to borrowings denominated in foreign currency by the consolidated entity, it enters into cross currency swap agreements under which it agrees to exchange specified principal and interest foreign currency amounts at an agreed future date at a specified exchange rate.

The following table details the cross currency swaps outstanding for the consolidated group at the reporting date:

	Average interest rate		Average exchange rate		Contract value		Fair value	
Outstanding contracts	**2014 %**	**2013 %**	**2014**	**2013**	**2014 $A m**	**2013 $A m**	**2014 $A m**	**2013 $A m**
Maturing:								
Floating rates – AUD								
Within 12 Months[1, 2, 3]	**BBSW +54.3bp**	–	**0.787**	–	**127.1**	–	**(17.0)**	–
1 to 2 years[1, 2, 3]	**BBSW +105.7bp**	BBSW +54.3bp	**0.861**	0.787	**990.1**	127.1	**(51.6)**	(10.7)
2 to 3 years[1, 2, 3]	**BBSW +54.6bp**	BBSW +105.7bp	**0.787**	0.861	**381.2**	990.1	**(28.5)**	(10.9)
3 to 4 years[1, 2, 3]	**–**	BBSW +54.6bp	**–**	0.787	**–**	381.2	**–**	(11.4)
4 to 5 years[1, 2, 3]	**–**	–	**–**	–	**–**	–	**–**	–
5 years +[1, 2, 3]	**BBSW +175.2bp**	BBSW +175.2bp	**0.959**	0.959	**1,204.2**	1,204.2	**87.9**	132.0
					2,702.6	2,702.6	**(9.2)**	99.0

1 These swap instruments include an interest rate swap component which has been disclosed in the interest rate swap contract section below and have therefore been designated as cash flow hedges due to the currency exposure being hedged in combination with the interest rate exposure via domestic interest rate swaps
2 These swap contracts have cash flow hedge designation
3 These fair value calculations include interest accruals as recorded in trade and other payables of $8.9 million (2013: $7.8 million) payable

Notes to the Consolidated Financial Statements

27 FINANCIAL INSTRUMENTS CONTINUED

(c) Interest rate risk management

The consolidated entity is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly with regard to Board approved policy, which requires a cash flow at risk approach in assessing residual interest rate exposure. The consolidated entity's exposures to interest rates on financial assets and financial liabilities are detailed in the maturity profile of financial instruments section of this note.

Interest rate swap contracts

Under interest rate swap contracts, the consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the consolidated entity to mitigate the risk of adverse movements in interest rates on the debt held. Interest in relation to the swaps is settled on a monthly or quarterly basis. The floating rate on interest rate swaps is the Australian bank bill rate and the consolidated entity settles the difference between the fixed and floating interest rate on a net basis. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding for the consolidated group as at the reporting date:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
Outstanding floating for fixed contracts	**2014 %**	**2013 %**	**2014 $A m**	**2013 $A m**	**2014 $A m**	**2013 $A m**
Interest rate swaps						
Less than 1 year	**5.80**	–	**127.1**	–	**(3.9)**	–
1 to 2 years	**5.69**	5.80	**989.5**	127.1	**(45.0)**	(7.4)
2 to 3 years	**4.90**	5.69	**1,081.2**	989.5	**(58.7)**	(66.5)
3 to 4 years	**–**	4.90	**–**	1,081.2	**–**	(65.3)
4 to 5 years	**–**	–	**–**	–	**–**	–
5 years +	**5.76**	5.76	**1,203.4**	1,203.4	**(162.9)**	(145.7)
			3,401.2	3,401.2	**(270.5)**	(284.9)

The consolidated entity classifies interest rate swaps as cash flow hedges and states them at fair value. All swaps have been designated and are effective as hedges. These fair value calculations include interest accruals as recorded in trade and other payables of $11.3 million (2013: $10.8 million) payable.

Maturity profile of financial instruments

The following tables detail the consolidated exposure to interest rate risk at 29 June 2014 and 30 June 2013:

	Floating interest rate $m	Fixed interest maturing in: 1 year or less $m	1 to 2 years $m	2 to 3 years $m	3 to 4 years $m	4 to 5 years $m	Over 5 years $m	Non-interest bearing $m	Total $m	Effective Interest rate %
Financial assets										
Cash and deposits	572.1	–	–	–	–	–	–	350.5	**922.6**	1.90%
Receivables	–	–	0.1	0.7	0.8	0.9	66.0	643.2	**711.7**	7.27%
Foreign currency forward contracts	–	–	–	–	–	–	–	0.3	**0.3**	–
Currency swaps	–	–	–	–	–	–	–	143.9	**143.9**	–
Equity instruments	–	–	–	–	–	–	–	137.7	**137.7**	–
Other financial assets	–	–	–	–	–	–	–	35.5	**35.5**	–
	572.1	**–**	**0.1**	**0.7**	**0.8**	**0.9**	**66.0**	**1,311.1**	**1,951.7**	**–**
Financial liabilities										
Accounts payable[1]	–	–	–	–	–	–	–	4,657.1	**4,657.1**	–
Accruals	–	–	–	–	–	–	–	1,227.6	**1,227.6**	–
Unearned income	–	–	–	–	–	–	–	121.6	**121.6**	–
Provisions	–	–	–	–	–	–	–	1,572.7	**1,572.7**	–
Short term securities	–	105.9	–	–	–	–	–	–	**105.9**	6.34%
Other bank loans:										
Variable	112.0	–	–	–	–	–	–	(4.0)	**108.0**	4.23%
Other loans	–	–	–	–	–	–	–	0.4	**0.4**	–
Finance leases	–	1.6	1.1	2.6	0.4	–	–	–	**5.7**	10.50%
Fixed rate domestic notes	–	–	499.6	–	–	494.9	–	–	**994.5**	6.48%
Foreign currency forward contracts	–	–	–	–	–	–	–	21.7	**21.7**	–
Interest rate swaps	(3,401.1)	127.1	989.4	1,081.2	–	–	1,203.4	259.2	**259.2**	–
Other financial liabilities[2]	–	34.8	36.2	8.9	–	–	–	800.6	**880.5**	–
USD notes	–	–	906.0	317.7	–	–	1,223.5	–	**2,447.2**	7.05%
Woolworths Notes II	693.8	–	–	–	–	–	–	–	**693.8**	7.63%
Currency swaps	2,702.6	(127.1)	(990.1)	(381.2)	–	–	(1,204.2)	162.0	**162.0**	–
	107.3	**142.3**	**1,442.2**	**1,029.2**	**0.4**	**494.9**	**1,222.7**	**8,818.9**	**13,257.9**	**–**
Net financial assets/ (liabilities)	**464.8**	**(142.3)**	**(1,442.1)**	**(1,028.5)**	**0.4**	**(494.0)**	**(1,156.7)**	**(7,507.8)**	**(11,306.2)**	**–**

1 Offset against the accounts payable balance are amounts owing from vendors of $528.9 million. Gross accounts payable prior to offsetting this balance is $5,186.0 million

2 Refer to pages 159 to 160 for further details in relation to the non-interest bearing 'other financial liabilities'

Notes to the Consolidated Financial Statements

27 FINANCIAL INSTRUMENTS CONTINUED

2013	Floating Interest rate $m	Fixed interest maturing in: 1 year or less $m	1 to 2 years $m	2 to 3 years $m	3 to 4 years $m	4 to 5 years $m	Over 5 years $m	Non-interest bearing $m	Total $m	Effective Interest rate %
Financial assets										
Cash and deposits	520.7	–	–	–	–	–	–	328.5	**849.2**	2.55%
Receivables	–	–	–	–	–	–	–	699.0	**699.0**	–
Foreign currency forward contracts	–	–	–	–	–	–	–	39.4	**39.4**	–
Currency swaps	–	–	–	–	–	–	–	203.5	**203.5**	–
Equity instruments	–	–	–	–	–	–	–	137.9	**137.9**	–
Other financial assets	–	–	–	–	–	–	–	32.1	**32.1**	–
	520.7	**–**	**–**	**–**	**–**	**–**	**–**	**1,440.4**	**1,961.1**	**–**
Financial liabilities										
Accounts payable[1]	–	–	–	–	–	–	–	4,080.0	**4,080.0**	–
Accruals	–	–	–	–	–	–	–	1,200.0	**1,200.0**	–
Unearned income	–	–	–	–	–	–	–	110.3	**110.3**	–
Provisions	–	–	–	–	–	–	–	1,516.4	**1,516.4**	–
Other bank loans:										
Variable	168.1	–	–	–	–	–	–	(6.9)	**161.2**	3.34%
Other loans	–	–	–	–	–	–	–	0.4	**0.4**	–
Finance leases	–	1.3	1.1	1.2	2.6	0.4	–	–	**6.6**	10.42%
Fixed rate domestic notes	–	–	–	499.3	–	–	493.8	–	**993.1**	6.48%
Foreign currency forward contracts	–	–	–	–	–	–	–	0.7	**0.7**	–
Interest rate swaps	(3,401.1)	–	127.1	989.4	1,081.2	–	1,203.4	274.1	**274.1**	–
Other financial liabilities[2]	–	32.0	32.0	32.0	13.0	–	–	642.4	**751.4**	–
USD notes	–	–	107.8	922.5	323.4	–	1,245.7	–	**2,599.4**	7.02%
Woolworths Notes II	691.2	–	–	–	–	–	–	–	**691.2**	7.63%
Currency swaps	2,702.6	–	(127.1)	(990.1)	(381.2)	–	(1,204.2)	112.3	**112.3**	–
	160.8	**33.3**	**140.9**	**1,454.3**	**1,039.0**	**0.4**	**1,738.7**	**7,929.7**	**12,497.1**	**–**
Net financial assets/ (liabilities)	**359.9**	**(33.3)**	**(140.9)**	**(1,454.3)**	**(1,039.0)**	**(0.4)**	**(1,738.7)**	**(6,489.3)**	**(10,536.0)**	**–**

1 Offset against the accounts payable balance are amounts owing from vendors of $420.5 million. Gross accounts payable prior to offsetting this balance is $4,500.5 million

2 Refer to pages 159 to 160 for further details in relation to the non-interest bearing 'other financial liabilities'

Fair value measurement of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined. They are grouped into levels 1 to 3 based on the degree to which the fair value measurement inputs are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair value as at 2014	Fair value as at 2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Listed equity securities	Assets $137.7m	Assets $137.9m	Level 1	Quoted last sale prices in an active market	n/a	n/a
Forward exchange contracts and foreign currency options	Assets $0.3m Liabilities $21.7m	Assets $39.4m Liabilities $0.7m	Level 2	Discounted cash flow Future cash flows are estimated based on market forward exchange rates as at the end of the reporting period and the contract forward rate, discounted by the observable yield curves of the respective currency	n/a	n/a
Interest rate swaps	Liabilities $259.2m	Liabilities $274.1m	Level 2	Discounted cash flow Future cash flows are estimated based on market forward interest rates as at the end of the reporting period and the contract interest rates, discounted at a rate that reflects the credit risk of the various respective counterparties	n/a	n/a
Cross currency swaps	Assets $143.9m Liabilities $162.0m	Assets $203.5m Liabilities $112.3m	Level 2	Discounted cash flow Future cash flows are estimated based on a combination of market forward exchange rates and market forward interest rates as at the end of the reporting period and the contract forward exchange and interest rates, discounted at a rate that reflects the credit risk of the various respective counterparties	n/a	n/a
Put options over non-controlling interests	Liabilities $800.6m	Liabilities $642.4m	Level 3	Discounted cash flow	Free cash flow forecasts over the explicit forecast period	The higher the free cash flow forecasts, the higher the fair value
					Terminal value	The higher the terminal value, the higher the fair value
					The discount rate applied to the free cash flow forecasts and terminal value	The higher the discount rate, the lower the fair value

There were no transfers between Level 1 and Level 2 in the period.

Notes to the Consolidated Financial Statements

27 FINANCIAL INSTRUMENTS CONTINUED

Lowe's Companies, Inc. ('Lowe's') put option

Woolworths Limited owns 66.7% of Hydrox Holdings Pty Ltd (Hydrox) with the remaining 33.3% held by Lowe's. As part of the terms of the Agreement between the parties which was entered in the 2010 financial year, Lowe's holds a put option, which originally could be exercised after the fourth anniversary of the Agreement (i.e. after 20 October 2013). In the 2013 financial year, Lowe's agreed to amend the Agreement such that the option could not be exercised for five years (i.e. after 20 October 2014) and in the 2014 financial year agreed to a further amendment such that the option cannot be exercised for six years (i.e. after 20 October 2015).

Further, in August 2014, Lowe's agreed to amend the terms of the put option such that the opening date for the put option exercise period is now deferred indefinitely. From October 2015, Lowe's can issue a notice setting an exercise date for the option triggering a 13 month notice period after which the option can be exercised.

If exercised, this option requires Woolworths to acquire Lowe's non-controlling interest shareholding of 33.3% in Hydrox at an amount which is representative of Fair Market Value.

The Fair Market Value of the equity in Hydrox was determined based on a discounted cash flow ('DCF') methodology using the Board approved strategic plan. Cash flows beyond the five year period were extrapolated using estimated growth rates, which are based on the Group's estimates taking into consideration past historical performance as well as expected long term operating conditions. Long term growth rates do not exceed the long term average growth rate for the industry. The forecast cash flows over the explicit forecast period and terminal value were discounted to present value using a post-tax discount rate in the range of 10.5% to 11.5%. Discount rates are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs and includes a risk premium given the start up nature of the business. Other assumptions are determined with reference to external sources of information and use consistent and conservative estimates for variables such as terminal cash flow multiples.

The value of the put option remains materially consistent with the net assets of the Hydrox business.

If the above discount rate applied to the valuation model were 0.25% higher/lower while all other variables were held constant, the carrying amount of the put option liability would increase/decrease $53.0 million.

Other put options

This relates to put options granted to the non-controlling interests in a subsidiary of Hydrox Holdings Pty Ltd and a subsidiary of Pinnacle Liquor Group Pty Limited.

Reconciliation of Level 3 fair value measurements

	2014 $m	2013 $m
Opening balance	**(642.4)**	(433.9)
Issue of equity in subsidiary to non-controlling interest and loss attributable to non-controlling interest	**(141.9)**	(197.3)
Put option granted to non-controlling interest	**(16.3)**	(11.2)
Closing balance	**(800.6)**	(642.4)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The carrying value of cash and cash equivalents, financial assets and non-interest bearing monetary financial liabilities of the consolidated entity approximates their fair value and as such they have been omitted from these disclosures.

The fair value of other monetary financial assets and liabilities is based upon market prices where a market exists or the expected future cash flows, discounted where appropriate by current interest rates for assets and liabilities with similar risk profiles.

	2014		2013	
	Carrying amount $m	Fair value $m	Carrying amount $m	Fair value $m
Financial assets/(liabilities):				
Bank loans[1]	(112.4)	(108.4)	(168.1)	(161.2)
Short term securities[1, 2, 3]	(106.7)	(106.6)	–	–
Other loans[1,2,3]	(4,183.4)	(4,174.3)	(4,338.9)	(4,326.2)
Total	**(4,402.5)**	**(4,389.3)**	**(4,507.0)**	**(4,487.4)**

For financial period ended 29 June 2014, the carrying amount of financial liabilities is based on the principal outstanding adjusted for:

1 Interest accruals on outstanding debt (total of $33.8 million)

2 Unamortised borrowing costs (total of $13.2 million)

3 Effect of revaluation of USD borrowings (total of $152.3 million)

28 FINANCIAL RISK MANAGEMENT

The Group's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal communication which identifies exposures. These exposures include credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and equity price risk).

The Group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on liquidity risk, foreign exchange risk, interest rate risk, credit risk and the use of derivative and non-derivative financial instruments.

The Treasury function reports on its compliance with the policy on a monthly basis to the Board of Directors and such compliance is reviewed regularly by its internal auditors.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Unless otherwise stated, all calculations and methodologies used are unchanged from prior period reporting.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of dealing only with creditworthy counterparties (as measured by their Standard and Poor's long term credit rating), as a means of mitigating the risk of financial loss from defaults and does not require collateral in respect of financial assets.

In line with Board approved policy, counterparties are assigned a maximum exposure value, based on their credit rating, which limits concentration of credit risk. The consolidated entity's exposure to counterparties and their credit ratings is continuously monitored and compared against the board approved counterparty credit limits. The consolidated entity measures credit risk using methodologies customarily used by financial institutions, which will yield different results to the balances reported in the balance sheet. There were no unauthorised breaches of credit limits during the reporting period.

Notes to the Consolidated Financial Statements

28 FINANCIAL RISK MANAGEMENT CONTINUED

The maximum exposure to credit risk of the consolidated entity at balance date based on the Board approved policy above, by class of financial asset is as follows:

	Consolidated and Woolworths Limited 2014 Exposure by Financial Instrument $m				
Counterparty S&P Credit rating	Money Market Deposits	Forward Exchange Contracts	Interest Rate Swaps	Cross Currency Swaps	Total Exposure
AA – or above	–	52.2	(24.9)	63.5	90.8
A	50.0	17.8	(9.3)	206.7	265.2

	Consolidated and Woolworths Limited 2013 Exposure by Financial Instrument $m				
Counterparty S&P Credit rating	Money Market Deposits	Forward Exchange Contracts	Interest Rate Swaps	Cross Currency Swaps	Total Exposure
AA – or above	–	33.4	23.7	63.5	120.6
A	–	10.3	(1.4)	206.7	215.6

All of the above exposures are on an unsecured basis.

The recognised financial assets of the consolidated entity include amounts receivable arising from unrealised gains on derivative financial instruments. For derivatives which are deliverable, credit risk may also arise from the potential failure of the counterparties to meet their obligations under the respective contracts at maturity.

As at 29 June 2014, no material credit risk exposure existed in relation to potential counterparty failure on such financial instruments (2013: Nil). Other than amounts provided for impairment of receivables in Note 8, no financial assets were impaired or past due.

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. This risk arises through the possibility that sales may be reduced due to adverse factors, unusually large amounts may fall due for payment, or existing maturing debt is unable to be refinanced.

The company has established an appropriate liquidity risk management framework for the consolidated entity's short, medium and long term funding liquidity management requirements, which has been approved by the Board of Directors.

The consolidated entity maintains a liquidity reserve in the form of undrawn bilateral standby facilities of at least $1 billion with unexpired tenures of at least 12 months at all times. Additionally, to minimise refinancing and re-pricing risk, there are limitations placed upon amounts which may expire in a twelve month period and amounts which may be from a single source. Included in Note 16 is a summary of undrawn facilities that the consolidated entity has at its disposal to draw upon if required.

The following table details the consolidated entity's undiscounted financial liabilities and their contractual maturities:

	Woolworths Limited Group As at 29 June 2014 ($m)					Woolworths Limited Group As at 30 June 2013 ($m)				
Maturity analysis of financial liabilities	**Less than 1 Year**	**1 to 2 Years**	**2 to 5 Years**	**Over 5 Years**	**Total**	**Less than 1 Year**	**1 to 2 Years**	**2 to 5 Years**	**Over 5 Years**	**Total**
Non-derivative liabilities										
Bank loans	(111.7)	–	–	(0.4)	**(112.1)**	(168.3)	–	–	(0.4)	**(168.7)**
Finance leases	(1.6)	(1.1)	(3.0)	–	**(5.7)**	(1.2)	(1.1)	(4.2)	–	**(6.5)**
Domestic Notes	(63.8)	(563.8)	(590.0)	–	**(1,217.6)**	(63.8)	(63.8)	(623.8)	(530.0)	**(1,281.4)**
USD Notes	(237.6)	(1,085.1)	(556.6)	(1,291.5)	**(3,170.8)**	(112.5)	(239.6)	(1,592.6)	(1,347.1)	**(3,291.8)**
Woolworths Notes II	(41.5)	(41.7)	(125.0)	(1,425.7)	**(1,633.9)**	(42.4)	(42.4)	(127.1)	(1,480.8)	**(1,692.7)**
Other financial liabilities[1]										
– Gaming entitlement	(36.8)	(36.8)	(9.2)	–	**(82.8)**	(36.8)	(36.8)	(45.9)	–	**(119.5)**
– Contingent consideration	(1.3)	(1.3)	–	–	**(2.6)**	–	–	–	–	**–**
Accounts payable	(4,657.1)	–	–	–	**(4,657.1)**	(4,080.0)	–	–	–	**(4,080.0)**
Accruals	(1,227.6)	–	–	–	**(1,227.6)**	(1,200.0)	–	–	–	**(1,200.0)**
Total non-derivative liabilities	**(6,379.0)**	**(1,729.8)**	**(1,283.8)**	**(2,717.6)**	**(12,110.2)**	**(5,705.0)**	**(383.7)**	**(2,393.6)**	**(3,358.3)**	**(11,840.6)**
Derivative liabilities										
Foreign exchange contracts pay	(727.1)	–	–	–	**(727.1)**	(410.6)	–	–	–	**(410.6)**
Foreign exchange contracts receive	705.8	–	–	–	**705.8**	448.0	–	–	–	**448.0**
Net foreign exchange contracts	**(21.3)**	**–**	**–**	**–**	**(21.3)**	**37.4**	**–**	**–**	**–**	**37.4**
Interest rate swaps pay fixed	(185.6)	(152.9)	(246.0)	(103.9)	**(688.4)**	(186.4)	(185.6)	(329.4)	(173.4)	**(874.8)**
Interest rate swaps receive floating	91.2	75.6	116.5	47.9	**331.2**	96.8	95.9	168.3	84.0	**445.0**
Net pay interest rate swaps[2]	**(94.4)**	**(77.3)**	**(129.5)**	**(56.0)**	**(357.2)**	**(89.6)**	**(89.7)**	**(161.1)**	**(89.4)**	**(429.8)**
Cross currency swaps pay floating	(233.7)	(1,075.5)	(553.7)	(1,283.4)	**(3,146.3)**	(111.5)	(237.7)	(1,583.1)	(1,340.7)	**(3,273.0)**
Cross currency swaps receive fixed	237.4	1,081.0	556.6	1,291.4	**3,166.4**	112.4	239.4	1,588.6	1,347.0	**3,287.4**
Net receive cross currency swaps	**3.7**	**5.5**	**2.9**	**8.0**	**20.1**	**0.9**	**1.7**	**5.5**	**6.3**	**14.4**
Total derivative liabilities	**(112.0)**	**(71.8)**	**(126.6)**	**(48.0)**	**(358.4)**	**(51.3)**	**(88.0)**	**(155.6)**	**(83.1)**	**(378.0)**
Total financial liabilities	**(6,491.0)**	**(1,801.6)**	**(1,410.4)**	**(2,765.6)**	**(12,468.6)**	**(5,756.3)**	**(471.7)**	**(2,549.2)**	**(3,441.4)**	**(12,218.6)**

1 The put options over non-controlling interests have not been included as there is no contractual maturity
2 Interest rate swaps are net settled

Notes to the Consolidated Financial Statements

28 FINANCIAL RISK MANAGEMENT CONTINUED

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last re-pricing date.

Cash flows represented are contractual and calculated on an undiscounted basis, based on current rates at year end.

Market risk

i Interest rate risk

The consolidated entity manages the majority of its exposure to interest rate risk by borrowing at fixed rates of interest, or by using approved financial instruments. Consistent with Board approved policy the consolidated entity manages risk and reports compliance based upon whether a change in interest rates (measured as an assumed parallel shift in the yield curve of 1%) will cause a reduction in earnings (profit after tax) greater than maximum accepted levels.

The following table summarises the potential impact, on unhedged debt, to profit and equity from a 1% parallel increase and decrease in the yield curve:

	2014		2013	
	Profit $m[1]	Equity $m[2]	Profit $m[1]	Equity $m[2]
After Tax Impact of 1% Increase in Yield Curve	**(0.5)**	**8.9**	(1.3)	9.4
After Tax Impact of 1% Decrease in Yield Curve	**0.5**	**(9.0)**	1.3	(9.4)

1 Impact due to unhedged year end net debt position
2 Impact due to derivative instruments being designated cash flow hedges

This analysis is based on our position as at the reporting date. It is not considered representative of our position during the year, due to changes in the net funding position of the Group.

ii Foreign currency risk

The consolidated entity has exposure to movements in foreign currency exchange rates through term borrowings and anticipated purchases of inventory and equipment, which are denominated in foreign currencies. In order to hedge against the majority of this exposure, the consolidated entity enters into foreign exchange derivatives and cross currency swap agreements. The term borrowings and equipment purchases are fully hedged and inventory purchases are partially hedged.

Foreign currency exposures arising on the translation of net investments in foreign subsidiaries are predominantly unhedged. Changes in value of these foreign subsidiaries due to movements in foreign exchange rates are recognised in OCI.

Income of certain foreign subsidiaries is hedged for movements in foreign exchange rates via the use of foreign exchange derivatives. There were no such derivatives outstanding as at reporting date (2013: Nil).

The following table illustrates the effect on profit and equity as at 29 June 2014 and 30 June 2013 if the currency prices were to move by the changes identified below:

	Sensitivity Assumptions[1]		After Tax Impact on Profit Consolidated Entity				Impact on Equity Consolidated Entity			
	2014	2013	2014 $m		2013 $m		2014 $m		2013 $m	
Currency Pair			+	-	+	-	+	-	+	-
AUD/USD	**7.90%**	11.93%	**-**	**-**	–	–	**(18.80)**	**22.02**	(14.96)	19.01
AUD/EUR	**7.46%**	11.04%	**(0.26)**	**0.30**	(0.40)	0.50	**(2.58)**	**3.00**	(1.74)	2.17
AUD/NZD	**5.75%**	6.83%	**-**	**-**	0.09	(0.10)	**0.09**	**(0.10)**	(0.05)	0.06
AUD/THB	**10.00%**	10.00%	**0.11**	**(0.13)**	0.07	(0.08)	**-**	**-**	–	–
NZD/USD	**8.58%**	12.80%	**-**	**-**	–	–	**(1.36)**	**1.61**	(0.29)	0.37

1 Based on 1 year implied market volatility at balance date. Where this data is not available a notional 10% sensitivity has been used

Sensitivity to foreign exchange exposures are calculated on significant amounts payable in foreign currency less hedges of both foreign currency payables and forecast foreign currency transactions. This analysis is based on our position as at reporting date and it is not considered representative of our position during the year.

As at the reporting date, the Group's exposure to foreign currency risk after taking into consideration hedges of foreign currency borrowings, foreign currency payables and forecast foreign currency transactions is not considered material.

iii Equity price risk
The consolidated entity is exposed to changes in the market price of certain equity investments, being the interests held in the Warehouse Group, ALE Group and SCA Property Group. Subsequent to initial recognition they are measured at fair value with any change recorded in a revaluation reserve in equity. No hedging of this risk is undertaken.

As at the reporting date, the Group's exposure to equity price risk in respect of its investments in the Warehouse Group, ALE Group and SCA Property Group is not considered material.

iv Capital management
Objectives
Woolworths manages its capital structure with the objective of enhancing long term 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 long standing strong investment grade credit ratings from Standard & Poor's and Moody's.

Capital management
Woolworths will seek to return capital to shareholders when that is consistent with its capital structure objectives and where it will enhance shareholder value.

There was no share buy back activity in the 2014 financial year.

Debt financing
Debt financing policy
Woolworths has a long term debt financing policy, which involves:

- A bias towards longer term debt from the capital markets to match longer term assets;
- Minimising re-financing risks by staggering debt maturities and using diversified sources of debt; and
- Fully hedging interest rate and foreign currency exposure to provide certainty around funding costs (with the exception of working capital funding)

The Board considers the benefits of increased certainty in liquidity and funding costs to outweigh potential benefits of increased exposure to financial markets. This may result in weighted average funding costs at any point in time being higher or lower than current spot funding rates.

This policy proved very successful during the global financial crisis.

US 144A bond redemption
In June 2013, Woolworths conducted a tender process whereby the company redeemed a total of US$614.8 million of its outstanding US144A bonds prior to their original maturity dates, which range between November 2015 and April 2021.

The bond buy back was funded primarily with proceeds from the sale of properties to the SCA Property Group and proceeds from the sale of the Consumer Electronics businesses.

A one-off cost of $82.3 million before tax ($57.6 million after tax) was incurred, representing a premium paid on the bonds to redeem them early and termination of associated derivatives. This one-off cost will be more than offset by future net interest savings in both nominal and present value terms due to a reduction in the weighted average cost of Woolworths' remaining debt.

Upcoming maturities
Woolworths has a $580 million tranche of a revolving syndicated bank loan facility maturing in October 2014. This facility is currently undrawn. A further US$100 million (fully hedged at AU$127 million) tranche of the US$500 million US Private Placement matures in April 2015. This will be repaid using surplus cash flow or undrawn committed bank loan facilities.

At the end of the year, Woolworths had $3.5 billion in undrawn bank loan facilities across the Woolworths Group.

Property sales program
Woolworths has a history of developing marketplace style retail centres through its property development arm. In recent times, Woolworths increased its involvement in the development of sites using its own balance sheet due to the significant decline in third party property development since the global financial crisis. This resulted in Woolworths' ownership of a larger (than historical) portfolio of retail centres which has allowed us to continue to invest in our new store pipeline.

Woolworths is generally not a long term holder of property assets and will continue its strategy of divesting property assets as appropriate market opportunities arise.

Notes to the Consolidated Financial Statements

29 SUBSIDIARIES

Name of entity	Note	Country of incorporation	Ownership interest % 2014	Ownership interest % 2013
Woolworths Limited				
A.C.N. 001 259 301 Pty Limited	1	Australia	100	100
ALH Group Pty Ltd	2	Australia	75	75
Albion Charles Hotel (BMG) Pty Ltd		Australia	100	100
ALH Group Property Holdings Pty Ltd		Australia	100	100
Australian Leisure and Hospitality Group Pty Limited		Australia	100	100
ALH Group (No. 1) Pty Ltd		Australia	100	100
Balaclava Hotel (BMG) Pty Ltd		Australia	100	100
Chelsea Heights Hotel (BMG) Pty Ltd		Australia	100	100
Cherry Hill Tavern (BMG) Pty Ltd		Australia	100	100
Club Management (BMG) Pty Ltd		Australia	100	100
Courthouse Brunswick Hotel (BMG) Pty Ltd		Australia	100	100
Courthouse Hotel Footscray (BMG) Pty Ltd		Australia	100	100
Croxton Park Hotel (BMG) Pty Ltd		Australia	100	100
Daisey's Club Hotel (BMG) Pty Ltd		Australia	100	100
Excelsior Hotel (BMG) Pty Ltd		Australia	100	100
First and Last Hotel (BMG) Pty Ltd		Australia	100	100
Glengala Hotel (BMG) Pty Ltd		Australia	100	100
Lyndhurst Club Hotel (BMG) Pty Ltd		Australia	100	100
Management (BMG) Pty Ltd		Australia	100	100
Manningham Hotel (BMG) Pty Ltd		Australia	100	100
MGW Hotels Pty Ltd		Australia	100	100
Aceridge Pty Limited		Australia	100	100
Chatswood Hills Tavern Pty. Ltd.		Australia	100	100
Dapara Pty Ltd		Australia	100	100
Stadform Developments Pty. Limited		Australia	100	100
Fenbridge Pty. Ltd.		Australia	100	100
Kawana Waters Tavern No. 3 Pty Ltd		Australia	100	100
Kawana Waters Tavern No. 1 Pty Ltd		Australia	100	100
Kawana Waters Tavern No. 2 Pty Ltd		Australia	100	100
Vicpoint Pty Ltd		Australia	100	100
Milanos Hotel (BMG) Pty Ltd		Australia	100	100
Monash Hotel (BMG) Pty Ltd		Australia	100	100
Moreland Hotel (BMG) Pty Ltd		Australia	100	100
Nu Hotel (BMG) Pty Ltd		Australia	100	100
Oakleigh Junction Hotel (BMG) Pty Ltd		Australia	100	100
Palace Hotel Hawthorn (BMG) Pty Ltd		Australia	100	100
Powel Hotel Footscray (BMG) Pty Ltd		Australia	100	100
Preston Hotel (BMG) Pty Ltd		Australia	100	100
Queensbridge Hotel (BMG) Pty Ltd		Australia	100	100

Name of entity	Note	Country of incorporation	Ownership interest % 2014	Ownership interest % 2013
Racecourse Hotel (BMG) Pty Ltd		Australia	100	100
Shoppingtown Hotel (BMG) Pty Ltd		Australia	100	100
Taverner Hotel Group Pty. Ltd.		Australia	100	100
Amprok Pty. Ltd.		Australia	100	100
Auspubs Pty Ltd		Australia	100	100
Cooling Zephyr Pty Ltd		Australia	100	100
The Common Link Pty Ltd		Australia	100	100
E. G. Functions Pty. Ltd.		Australia	100	100
Elizabeth Tavern Pty. Ltd.		Australia	100	100
FG Joint Venture Pty Ltd		Australia	100	100
Fountain Jade Pty. Ltd.		Australia	100	100
Hadwick Pty Ltd		Australia	100	100
Markessa Pty. Ltd.		Australia	100	100
Playford Tavern Pty Ltd		Australia	100	100
Seaford Hotel Pty. Limited		Australia	100	100
The Second P Pty Ltd		Australia	100	100
Kilrand Hotels (Hallam) Pty. Ltd.		Australia	100	100
Ashwick (Vic.) No.88 Pty. Ltd.		Australia	100	100
Warm Autumn Pty. Ltd.		Australia	100	100
Werribee Plaza Tavern Pty. Ltd.		Australia	100	100
Waltzing Matilda Hotel (BMG) Pty Ltd		Australia	100	100
Wheelers Hill Hotel (BMG) Pty Ltd		Australia	100	100
Andmist Pty. Limited	1	Australia	100	100
Australian Independent Retailers Pty Ltd		Australia	49	49
Australian Liquor and Grocery Wholesalers Pty Ltd	1	Australia	100	100
Australian Safeway Stores Pty. Ltd.	1	Australia	100	100
Barjok Pty Ltd	1	Australia	100	100
Bergam Pty Limited		Australia	75	75
Calvartan Pty. Limited	1	Australia	100	100
Cenijade Pty. Limited	1	Australia	100	100
Charmtex Pty Ltd	1	Australia	100	100
DB Deals Online Pty Limited		Australia	100	100
DSE Investments, Inc.		USA	100	100
Fabcot Pty Ltd	1	Australia	100	100
Fabsky Pty Ltd		Australia	100	100
Kiaora Lands Pty Limited	1	Australia	100	100
Gembond Pty. Limited	1	Australia	100	100
GreenGrocer.com.au Pty Ltd	1	Australia	100	100
Grocery Wholesalers Pty Ltd	1	Australia	100	100
HP Distribution Pty Limited		Australia	100	100
Hydrogen Nominees Pty Ltd	1	Australia	100	100
Hydrox Holdings Pty Ltd	3	Australia	67	67
Masters Home Improvement Australia Pty Ltd		Australia	100	100

Notes to the Consolidated Financial Statements

29 SUBSIDIARIES CONTINUED

Name of entity	Note	Country of incorporation	Ownership interest % 2014	Ownership interest % 2013
Masters Installation Pty Limited		Australia	100	100
Hydrox Nominees Pty Ltd		Australia	100	100
Carboxy Pty Ltd		Australia	100	100
Danks Holdings Pty Limited		Australia	100	100
Danks Events Pty Ltd		Australia	100	100
Home Hardware Australasia Pty. Ltd.		Australia	100	100
Homestead Hardware Australasia Pty Ltd		Australia	100	100
Thrifty-Link Hardware Pty. Ltd.		Australia	100	100
John Danks and Son Proprietary Limited		Australia	100	100
Australian Hardware Distributors Pty. Limited		Australia	100	100
Hammer Hardware Stores Pty Ltd		Australia	100	100
HTH Stores Pty Limited		Australia	100	100
Hardings Hardware Pty. Ltd.		Australia	60	60
Masters Home Improvement New Zealand Limited		New Zealand	100	100
Jack Butler & Staff Pty. Ltd.	1	Australia	100	100
Josona Pty Ltd	1	Australia	100	100
Kennedy Corporation Holdings Pty Limited	1	Australia	100	100
Kennedy Corporation Pty Limited	1	Australia	100	100
Cellarmaster Wines Pty Limited	1	Australia	100	100
Dorrien Estate Winery Pty Ltd	1	Australia	100	100
Nexday Pty. Limited	1	Australia	100	100
Wine IQ Holdings Pty Ltd	1	Australia	100	100
Langton's Brokerage Pty Ltd	1	Australia	100	100
Cellar Force Pty Ltd	1	Australia	100	100
Wine Ark Cellar Club Pty Ltd	1	Australia	100	100
V I Packaging Pty Ltd	1	Australia	100	100
Vinpac International Pty. Limited	1	Australia	100	100
Winemarket Pty Ltd	1	Australia	100	100
Zimi Wines Pty Ltd	1	Australia	100	100
Langtons Pty. Ltd.	1	Australia	100	100
Leasehold Investments Pty Ltd	1	Australia	100	100
Advantage Supermarkets Pty Ltd	1	Australia	100	100
Advantage Supermarkets WA Pty Ltd	1	Australia	100	100
Mac's Liquor Stores Pty Limited	1	Australia	100	100
Nalos Pty Ltd	1	Australia	100	100
Oxygen Nominees Pty Ltd	1	Australia	100	100
Philip Leong Stores Pty Limited	1	Australia	100	100
Pinnacle Liquor Group Pty Limited	1	Australia	100	100
Pinnacle Wines Pty Limited	1	Australia	100	100
Southtrade International Pty Ltd	4	Australia	51	–
Progressive Enterprises Holdings Limited	1	Australia	100	100
Drumstar Pty Ltd	1	Australia	100	100
PEH (NZ IP) Pty Ltd	1	Australia	100	100

Name of entity	Note	Country of incorporation	Ownership interest % 2014	Ownership interest % 2013
Queensland Property Investments Pty Ltd	1	Australia	100	100
Retail FM Pty Ltd	1	Australia	100	100
Austral Refrigeration (Suzhou) Co. Ltd	5	China	–	100
Universal Wholesalers Pty Limited	1	Australia	100	100
Vincentia Nominees Pty Ltd	1	Australia	100	100
Votraint No. 1622 Pty Limited	1	Australia	100	100
Woolies Liquor Stores Pty. Ltd.	1	Australia	100	100
Woolstar Pty. Limited	1	Australia	100	100
Woolworths (International) Pty Limited	1	Australia	100	100
Woolworths (HK) Sales Limited		Hong Kong	100	100
Woolworths (HK) Procurement Limited		Hong Kong	100	100
Woolworths India Private Limited		India	100	100
Woolworths New Zealand Group Limited		New Zealand	100	100
Big W NZ Limited	6	New Zealand	100	–
BWS (2008) Limited		New Zealand	100	100
Progressive Enterprises Limited		New Zealand	100	100
Caledonian Leasing Limited		New Zealand	100	100
Countdown Foodmarkets Limited		New Zealand	100	100
Foodtown Supermarkets Limited		New Zealand	100	100
Fresh Zone Limited		New Zealand	100	100
General Distributors Limited		New Zealand	100	100
GDL Rx No1 Limited		New Zealand	49	49
GDL Rx No2 Limited	7	New Zealand	49	–
S R Brands Limited		New Zealand	100	100
Kennedy Corporation Holdings NZ Limited		New Zealand	100	100
Kennedy Corporation NZ Limited	8	New Zealand	–	100
Vinpac International NZ Limited		New Zealand	100	100
New Zealand Wine Cellars Limited		New Zealand	100	100
Supervalue/Freshchoice Limited		New Zealand	100	100
The Supplychain Limited		New Zealand	100	100
Wholesale Services Limited		New Zealand	100	100
Wholesale Distributors Limited		New Zealand	100	100
Woolworths (New Zealand) Limited		New Zealand	100	100
Multichannel Holdings Limited	9, 10	New Zealand	–	–
Multichannel Limited	9, 10	New Zealand	–	–
Ezibuy Holdings Limited	9	New Zealand	100	–
Ezibuy Limited	9	New Zealand	100	–
Ezibuy Operations Limited	9	New Zealand	100	–
Profile Limited	9	New Zealand	100	–
Sara Apparel Limited	9	New Zealand	100	–
Ezibuy International Limited	9	Hong Kong	100	–
Ezibuy Pty. Limited	9	Australia	100	–
Ezibuy Australia Limited	9	New Zealand	100	–
Woolworths (Project Finance) Pty. Limited	1	Australia	100	100
Woolworths (Publishing) Pty Ltd	1	Australia	100	100

Notes to the Consolidated Financial Statements

29 SUBSIDIARIES CONTINUED

Name of entity	Note	Country of incorporation	Ownership interest % 2014	Ownership interest % 2013
Woolworths (Q'land) Pty Limited	1	Australia	100	100
Woolworths (R & D) Pty Limited	1	Australia	100	100
Woolworths (South Australia) Pty Limited	1	Australia	100	100
Woolworths (Victoria) Pty Limited	1	Australia	100	100
Statewide Independent Wholesalers Limited		Australia	60	60
Woolworths (W.A.) Pty Limited	1	Australia	100	100
Woolworths Australian Communities Foundation Pty Limited	1	Australia	100	100
Woolworths Custodian Pty Ltd	1	Australia	100	100
Woolworths Executive Superannuation Scheme Pty Limited	1	Australia	100	100
Woolworths Group Superannuation Scheme Pty Ltd	1	Australia	100	100
Woolworths Pte Limited (member's voluntary liquidation)	11	Singapore	100	100
Woolworths Management Pty Ltd	1	Australia	100	100
Woolworths Meat Co. Pty Ltd		Australia	50	50
Woolworths Properties Pty Limited	1	Australia	100	100
Dentra Pty. Limited	1	Australia	100	100
Weetah Pty. Limited	1	Australia	100	100
QFD Pty. Limited	1	Australia	100	100
Woolworths Property Double Bay Pty Limited	1	Australia	100	100
Woolworths Townsville Nominee Pty Ltd	1	Australia	100	100
Woolworths Trust Management Pty Limited	1	Australia	100	100
Woolworths Trustee No. 2 Pty Limited	1	Australia	100	100

Notes:

1. Pursuant to ASIC Class Order 98/1418 the wholly-owned subsidiaries are relieved from the *Corporations Act 2001* requirements for the preparation, audit and lodgment of financial reports. Refer Note 30 for further details
2. ALH Group Pty Ltd is the head company of the ALH consolidated group. Under ASIC class order 98/1418 its subsidiaries are relieved from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of financial reports. ALH Group Pty Ltd is the head entity within the ALH tax consolidated group
3. Hydrox Holdings Pty Ltd is the head company of the Hydrox group. Under ASIC class order 98/1418 its subsidiaries are relieved from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of financial reports. Hydrox Holdings Pty Ltd is the head entity within the Hydrox tax consolidated group
4. 51% of Southtrade International Pty Ltd was acquired on 31 October 2013
5. Austral Refrigeration (Suzhou) Co. Ltd was sold on 15 November 2013
6. Big W NZ Limited was incorporated on 13 January 2014
7. GDL Rx No2 Limited was incorporated on 17 October 2013
8. Kennedy Corporation NZ Limited amalgamated with Kennedy Corporation Holdings NZ Limited on 29 June 2014
9. The Ezibuy group of companies was acquired on 30 August 2013
10. Multichannel Holdings Limited and Multichannel Limited amalgamated with Woolworths New Zealand Group Limited on 29 June 2014
11. Woolworths Insurance Pte Ltd changed its name to Woolworths Pte Ltd effective 10 December 2013 and entered into a member's voluntary liquidation on 19 January 2014

Details of non-wholly owned subsidiaries that have material non-controlling interests

Name of subsidiary	Principal place of business	Proportion of voting rights held by non-controlling interests[1] 2014 %	Proportion of voting rights held by non-controlling interests[1] 2013 %	Profit/(loss) allocated to non-controlling interests 2014 $m	Profit/(loss) allocated to non-controlling interests 2013 $m	Accumulated non-controlling interests 2014 $m	Accumulated non-controlling interests 2013 $m	Dividends paid to non-controlling interests 2014 $m	Dividends paid to non-controlling interests 2013 $m
ALH Group Pty Ltd	Australia	25%	25%	43.2	35.0	274.0	261.3	30.4	20.1
Hydrox Holdings Pty Ltd[2]	Australia	33%	33%	(38.9)	(32.3)	(3.2)	(3.4)	1.6	–
Individually immaterial subsidiaries				2.4	2.5	2.1	14.2	–	–
				6.7	5.2	**272.9**	272.1	**32.0**	20.1

1 Refer pages 166 and 167 for details of ownership interest

2 As required by Australian Accounting Standards, non-controlling interests in share capital, retained earnings and reserves in relation to Hydrox Holdings Pty Ltd has been reclassified to Other Financial Liabilities due to the put option held by Lowe's. Refer to Note 27 for details

Summarised financial information in respect of each of the Group's subsidiaries that has a material non-controlling interest is set out below.

ALH Group Pty Ltd	2014 52 weeks $m	2013 53 weeks $m
Current assets	**859.5**	409.1
Non-current assets	**3,832.8**	4,259.3
Current liabilities	**(1,609.4)**	(1,617.4)
Non-current liabilities	**(2,013.4)**	(2,032.4)
Revenue	**3,848.5**	3,756.0
Profit	**172.6**	139.9
Total comprehensive income	**172.6**	139.9
Net cash (outflow)/inflow	**(22.8)**	32.0

Hydrox Holdings Pty Ltd	2014 52 weeks $m	2013 53 weeks $m
Current assets	**881.5**	653.5
Non-current assets	**1,874.6**	1,527.6
Current liabilities	**(418.6)**	(272.0)
Non-current liabilities	**(23.9)**	(19.6)
Revenue	**1,535.0**	1,243.9
Loss	**(120.1)**	(98.1)
Total comprehensive income	**(121.4)**	(97.6)
Net cash inflow/(outflow)	**2.8**	(37.2)

Notes to the Consolidated Financial Statements

30 DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418, the wholly-owned subsidiaries identified with a '1' in Note 29 are relieved from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of financial reports.

It is a condition of the class order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee (Deed). Under the Deed the Company guarantees the payment of all debts of each of the subsidiaries in full, in the event of a winding up. The subsidiaries in turn guarantee the payment of the debts of the Company in full in the event that it is wound up.

A consolidated income statement and consolidated balance sheet for the closed group representing the Company and the subsidiaries which are party to the Deed as at 29 June 2014 is set out below.

Income Statement

	2014 52 weeks $m	2013 53 weeks $m
Revenue from the sale of goods	**48,427.4**	47,785.6
Other operating revenue	**171.7**	149.9
Total revenue from operations	**48,599.1**	47,935.5
Cost of sales	**(35,666.5)**	(35,222.5)
Gross profit	**12,932.6**	12,713.0
Other revenue	**171.3**	165.1
Branch expenses	**(7,698.7)**	(7,636.9)
Administration expenses	**(2,230.2)**	(2,206.0)
Earnings before interest and tax	**3,175.0**	3,035.2
Financial expense	**(295.9)**	(427.4)
Financial income	**543.6**	519.1
Net financing income	**247.7**	91.7
Profit before income tax expense	**3,422.7**	3,126.9
Income tax expense	**(946.6)**	(884.8)
Profit after income tax expense	**2,476.1**	2,242.1
Retained earnings		
Balance at start of period	**3,866.7**	3,386.3
Profit attributable to members	**2,476.1**	2,242.1
Dividends paid (Note 6)	**(1,703.8)**	(1,597.5)
Dividends paid on Treasury shares	**5.9**	2.2
In-specie distribution to Woolworths Limited shareholders	**–**	(176.1)
Actuarial gain on defined benefit plans	**15.1**	12.5
Tax effect on actuarial gain	**(6.9)**	(2.8)
Balance at end of period	**4,653.1**	3,866.7

Balance Sheet

As at	2014 $m	2013 $m
Current assets		
Cash and cash equivalents	**646.4**	583.5
Trade and other receivables	**1,886.7**	1,965.5
Inventories	**3,406.0**	3,230.8
Other financial assets	**12.6**	53.0
	5,951.7	5,832.8
Assets classified as held for sale	**110.1**	76.2
Total current assets	**6,061.8**	5,909.0
Non-current assets		
Trade and other receivables	**3,662.3**	3,319.1
Other financial assets	**3,799.7**	3,481.1
Property, plant and equipment	**5,863.1**	5,524.0
Intangible assets	**981.7**	953.4
Deferred tax assets	**477.3**	469.9
Total non-current assets	**14,784.1**	13,747.5
Total assets	**20,845.9**	19,656.5
Current liabilities		
Trade and other payables	**4,922.3**	4,691.9
Borrowings	**219.2**	154.4
Other financial liabilities	**131.6**	114.0
Current tax liabilities	**100.4**	130.0
Provisions	**838.5**	824.1
Total current liabilities	**6,212.0**	5,914.4
Non-current liabilities		
Borrowings	**4,135.6**	4,282.1
Other financial liabilities	**311.2**	273.2
Provisions	**536.8**	518.7
Other	**196.5**	211.0
Total non-current liabilities	**5,180.1**	5,285.0
Total liabilities	**11,392.1**	11,199.4
Net assets	**9,453.8**	8,457.1
Equity		
Issued capital	**4,850.1**	4,522.7
Shares held in trust	**(218.9)**	(180.5)
Reserves	**169.5**	248.2
Retained earnings	**4,653.1**	3,866.7
Total equity	**9,453.8**	8,457.1

Notes to the Consolidated Financial Statements

31 BUSINESS ACQUISITIONS

Entity/business acquired 2014	Principal activity	Date of acquisition	Proportion of ownership acquired	Cost of acquisition $m
EziBuy	General Merchandise retailing	30 August 2013	100%	307.0
Miscellaneous businesses	Supermarkets, Home Improvement, Hotels and Liquor retail	Various	51%[1]/100%	67.3
Total				**374.3**

1 Southtrade International Pty Ltd

In August 2013, Woolworths New Zealand Group Limited, a 100% owned subsidiary of Woolworths Limited, completed the acquisition of New Zealand based direct retailer EziBuy Holdings Limited (EziBuy) for consideration of NZ$350.0 million.

Over the course of the year, Woolworths Limited also acquired various other hotel venues and other businesses. Each acquisition was for 100% of the respective enterprise, with the exception of Southtrade International Pty Ltd which was for 51% of the enterprise. Total consideration was $374.3 million (inclusive of the EziBuy acquisition). Net assets acquired comprised liquor and gaming licences and other intangible assets ($67.9 million); inventories ($35.8 million); property, plant and equipment ($16.5 million); receivables ($17.2 million); accounts payable ($22.4 million); provisions ($4.4 million) and other working capital balances (-$8.8 million). There was $1.6 million of non-controlling interest share of the acquired business. Goodwill on acquisition was $274.1 million. Goodwill has arisen on acquisition of these businesses primarily because of their capacity to generate recurring revenue streams. Acquisition costs totalling $6.1 million were recognised in the consolidated income statement.

Entity/business acquired 2013	Principal activity	Date of acquisition	Proportion of ownership acquired	Cost of acquisition $m
Laundy	Hotels	Various	100%	186.3
Miscellaneous businesses	Supermarkets, Home Improvement, Hotels and Liquor retail	Various	60%[1]/100%	52.3
Total				**238.6**

1 Hardings Hardware Pty. Ltd.

In July 2012, ALH Group Pty Ltd (ALH), a 75% owned subsidiary of Woolworths Limited, commenced the staged acquisition of businesses from the Laundy Hotel Group, Waugh Hotel Group, DeAngelis Hotel Group and Bayfield Hotel Group (Laundy acquisition). During the prior year, 29 hotels and 10 retail liquor outlets have been acquired for consideration of $186.3 million.

Over the course of the prior year, Woolworths Limited also acquired various other hotel venues and other businesses. Each acquisition was for 100% of the respective enterprise, with the exception of Hardings Hardware Pty. Ltd. which was for 60% of the enterprise. Total consideration was $238.6 million (inclusive of the Laundy acquisition). Net assets acquired comprised liquor and gaming licences and other intangible assets ($158.5 million); inventories ($30.6 million); property, plant and equipment ($29.8 million), accounts payable ($20.0 million) and other working capital balances ($1.0 million). There was $7.2 million of minority interest share of the acquired business. Goodwill on acquisition was $45.9 million. Goodwill has arisen on acquisition of these businesses primarily because of their capacity to generate recurring revenue streams. Acquisition costs totalling $14.9 million were recognised in the consolidated income statement.

32 SUBSEQUENT EVENTS

On 8 September 2014, Woolworths Limited announced the sale and leaseback of a portfolio of 54 freehold properties held by the ALH Group Pty Ltd (ALH Group) and a number of its wholly owned subsidiaries for consideration of approximately $600 million. Following expected completion of the transaction in October 2014, the ALH Group will retain ongoing operational control of the hotels and co-located retail liquor stores comprising the portfolio through long term leasehold arrangements.

33 PARENT ENTITY INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

Balance Sheet	2014 $m	2013 $m
Assets		
Current assets	**5,560.4**	5,400.6
Non-current assets	**16,702.7**	15,836.3
Total assets	**22,263.1**	21,236.9
Liabilities		
Current liabilities	**10,340.1**	9,728.8
Non-current liabilities	**5,165.6**	5,264.8
Total liabilities	**15,505.7**	14,993.6
Equity		
Issued capital	**4,850.1**	4,522.7
Shares held in trust	**(218.9)**	(180.5)
Reserves		
Hedging reserve	**(99.7)**	(36.2)
Remuneration reserve	**303.1**	290.6
Equity investment reserve	**(3.5)**	(7.6)
Retained earnings	**1,926.3**	1,654.3
Total equity	**6,757.4**	6,243.3

Statement of Comprehensive Income	2014 52 weeks $m	2013 53 weeks $m
Profit for the period	**1,961.7**	1,767.8
Other comprehensive (loss)/income	**(51.3)**	32.9
Total comprehensive income for the period	**1,910.4**	1,800.7

Notes to the Consolidated Financial Statements

33 PARENT ENTITY INFORMATION CONTINUED

(a) Guarantees entered into by the parent entity

	2014 $m	2013 $m
Guarantees		
Bank guarantees[1]	**15.4**	13.2
Workers' compensation self-insurance guarantees[2]	**768.8**	779.5
Guarantees arising from the deed of cross guarantee with other entities in the wholly-owned group	**604.6**	611.3
	1,388.8	1,404.0

1 This item mainly comprises guarantees relating to conditions set out in development applications and for the sale of properties in the normal course of business

2 State WorkCover authorities require guarantees against workers' compensation self-insurance liabilities. The guarantee is based on independent actuarial advice of the outstanding liability. Guarantees held at each balance date do not equal the liability at these dates due to the timing of issuing the guarantees

In addition, Woolworths Limited has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the Deed of Cross guarantee and the subsidiaries subject to the deed are disclosed in Note 29 and 30.

(b) Contingent liabilities of the parent entity

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

	2014 $m	2013 $m
Contingent liabilities		
Outstanding letters of credit issued to suppliers	**6.0**	5.5
Other	**–**	6.5
	6.0	12.0

(c) Capital commitments of the parent entity for the acquisition of property, plant and equipment

	2014 $m	2013 $m
Capital expenditure commitments		
Estimated capital expenditure under firm contracts, not provided for in these financial statements, payable:		
Not later than one year	**153.1**	132.7
	153.1	132.7

34 DISCONTINUED OPERATIONS

2014 financial year

There were no discontinued operations during the 2014 financial year.

2013 financial year

Details with respect to discontinued operations during the 2013 financial year are provided below.

In January 2012, the Company announced its intention to restructure its Consumer Electronics Australia and New Zealand business, with a view to divesting this business. Subsequent to this, as part of the broader Woolworths Group strategy, it was determined that Woolworths would exit the Consumer Electronics market segment and thus its Consumer Electronics wholesale business in India would be divested.

On 27 September 2012, the Group announced the sale of its wholesale operations in India to Infiniti Retail Limited (Infiniti) and the sale of Dick Smith Australia and New Zealand to Anchorage Capital Partners (Anchorage).

The sale of the shares in Woolworths Wholesale (India) Private Limited to Infiniti took effect from 15 October 2012 and the sale of Dick Smith Holdings Pty Limited and its subsidiaries to Anchorage took effect from 26 November 2012.

In July 2013, Woolworths Limited agreed to release Anchorage from its obligation to provide agreed benefits to Woolworths from any upside resulting from the future sale of Dick Smith by Anchorage. In return, Woolworths received payments totalling $74.0 million ($50.0 million paid in June 2013 and a further $24.0 million paid during the 2014 financial year). This additional consideration was recorded as income in the 2013 financial year.

The full year results and cash flows from discontinued operations (the Consumer Electronics business in Australia, New Zealand and India) are as follows:

	2014 $m	2013 $m
Profit from discontinued operations		
Revenue	–	641.6
Other revenue	–	0.3
Total revenue	–	641.9
Expenses	–	(639.9)
Profit before income tax	–	2.0
Attributable income tax expense	–	(0.2)
Profit for the period from discontinued operations	–	1.8
Profit on sale of subsidiaries before income tax	–	9.9
Attributable income tax expense	–	(2.0)
Profit on sale of subsidiaries after income tax	–	7.9
Profit from discontinued operations	–	9.7
Cash Flows from discontinued operations		
Net cash outflow from operating activities	–	(113.7)
Net cash inflow from investing activities	–	103.3
Net cash inflow from financing activities	–	10.3
Net cash outflow	–	(0.1)

Notes to the Consolidated Financial Statements

34 DISCONTINUED OPERATIONS CONTINUED

Details of the sale of the subsidiaries are as follows:

	2013 $m
Consideration received or receivable:	
Cash	126.3
Proceeds receivable[1]	24.0
Total disposal consideration	**150.3**
Carrying amount of net assets sold	131.9
Reserves transferred to profit and loss	8.5
Profit on sale before income tax	**9.9**
Attributable income tax expense	(2.0)
Profit on sale after income tax	**7.9**

1 Proceeds receivable at 30 June 2013 were received during the 2014 financial year

The combined carrying amounts of assets and liabilities as at the date of sale were as follows:

	2013 $m
Cash and cash equivalents	20.5
Trade and other receivables	34.2
Inventories	245.9
Property, plant and equipment	50.9
Deferred tax asset	4.5
Total assets	**356.0**
Trade and other payables	(184.7)
Interest bearing liabilities	(20.7)
Provisions	(12.9)
Other liabilities	(5.8)
Total liabilities	**(224.1)**
Net assets	**131.9**
Reserves transferred to profit and loss on sale of businesses	8.5

35 ASSETS HELD FOR SALE

At June 2014, in line with Woolworths' strategy of divesting property assets as appropriate market opportunities arise, the disposal of a number of property holdings in hotels was being investigated. The carrying amount of these assets at the end of the reporting period (reported as a disposal group) together with other assets held for sale are as follows:

	2014 $m	2013 $m
Assets held for sale – property, plant and equipment		
Property, plant and equipment	**620.6**	148.7
Total assets held for sale – property, plant and equipment	**620.6**	148.7

Directors' Declaration

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;

(c) in the Directors' opinion, the attached Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 29 and 30 to the Financial Statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Ralph Waters
Chairman

Grant O'Brien
Managing Director and Chief Executive Officer

22 September 2014

Deloitte.

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Independent Auditor's Report to the Members of Woolworths Limited

Report on the Financial Report

We have audited the accompanying financial report of Woolworths Limited (the "Company"), which comprises the consolidated balance sheet as at 29 June 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the 52 weeks ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial period as set out on pages 96 to 179.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Woolworths Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Woolworths Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 29 June 2014 and of its performance for the period ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 44 to 70 of the directors' report for the period ended 29 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Woolworths Limited for the period ended 29 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants
Sydney, 22 September 2014

Shareholder Information

The shareholder information set out below was applicable as at 12 September 2014.

Number of shareholders
There were 441,790 shareholders, holding 1,259,904,465 fully paid ordinary shares (FPO).

Distribution of equity securities
(a) Analysis of numbers of shareholders by size of holding:

Range of fully paid ordinary shares/options	Number of FPO Shareholders	Number of FPO Shares	Number of FPO LTIP holders
1 – 1,000	287,449	110,373,160	1,599
1,001 – 5,000	135,490	280,230,085	1,092
5,001 – 10,000	12,808	89,884,202	20
10,001 – 100,000	5,901	114,129,283	51
100,001 – and over	142	665,287,735	2
Total	441,790	1,259,904,465	2,764

(b) There were 4,984 holders of less than a marketable parcel of ordinary shares.

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

	Name	No of fully paid ordinary shares	Percentage of Issued Capital (%)
1	HSBC Custody Nominees (Australia) Limited	223,510,668	17.74
2	JP Morgan Nominees Australia Limited	140,727,112	11.17
3	National Nominees Limited	119,378,367	9.48
4	Citicorp Nominees Pty Limited	40,551,759	3.22
5	BNP Paribas Noms Pty Ltd <DRP>	30,639,368	2.43
6	Citicorp Nominees Pty Ltd <Colonial First State Inv A/C>	8,896,712	0.71
7	AMP Life Limited	6,543,229	0.52
8	Australian Foundation Investment Company Limited	6,213,729	0.49
9	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	5,556,705	0.44
10	Woolworths Custodian Pty Ltd <Share Trust Account>	4,852,476	0.39
11	UBS Wealth Management Australia Nominees Pty Ltd	4,753,325	0.38
12	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	4,302,725	0.34
13	Argo Investments Limited	4,133,026	0.33
14	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	3,397,702	0.27
15	Navigator Australia Ltd <MLC Investment Sett A/C>	3,145,836	0.25
16	RBC Investor Services Australia Nominees Pty Limited <PIPOOLED A/C>	3,034,542	0.24
17	Questor Financial Services Limited <TPS RF A/C>	3,000,693	0.24
18	Milton Corporation Limited	2,869,973	0.23
19	Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	2,380,514	0.19
20	National Nominees Limited DB A/C	2,252,212	0.18

Substantial shareholders
As at 12 September 2014, there were no substantial shareholders in the Company that had provided substantial shareholding notices.

Unquoted equity securities
As at 12 September 2014, there were 4,825,235 options and performance rights granted over unissued ordinary shares in the Company to employees.

Annual General Meeting
The Annual General Meeting of Woolworths Limited will be held on Thursday 27 November 2014 at 11am (Brisbane time) at Brisbane Convention & Exhibition Centre, Cnr Merivale and Glenelg Streets, South Bank, Brisbane Queensland 4101. Full details are contained in the Notice of Meeting sent to all shareholders.

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

Shareholder enquiries
Enquiries and correspondence regarding shareholdings should be directed to Woolworths Limited Share Registrar, Computershare Investor Services Pty Limited, by telephone on 1300 368 664, by facsimile on (03) 9473 2564 or online via the Shareholder Centre on the Woolworths Limited website at www.woolworthslimited.com.au or by visiting the Computershare website at www.computershare.com.au.

Employee shareholder information
For information on Woolworths Limited employee shareholdings please contact:

Woolworths Shareholder Relations
1 Woolworths Way
Bella Vista NSW 2153

Telephone: (02) 8885 1066, (02) 8885 1068 or (02) 8885 3081
Fax: (02) 8888 1066, (02) 8888 1068 or (02) 8888 3081

Final dividend
The final dividend of 72 cents per share will be paid on 10 October 2014 to shareholders entitled to receive dividends and registered on 12 September 2014 (Record Date).

Direct payment to shareholders' accounts
On Woolworths Limited ordinary fully paid shares, dividends may be paid directly into bank, building society or credit union accounts in Australia and New Zealand. Payments are electronically credited on the dividend payment date and a dividend advice confirming deposit details can either be received electronically by shareholders or will be mailed on payment date.

Dividend Reinvestment Plan (DRP)
The Rules of the Dividend Reinvestment Plan (DRP) remain in place and residual balances recorded in a participant's DRP account are carried forward and applied to the next dividend. There is no DRP discount and there is a limit on DRP participation of 20,000 shares. There is currently no minimum number of shares required for participation.

Shareholder Information

Stock Exchange listings

Woolworths Limited ordinary shares are listed on the Australian Securities Exchange (ASX) under code: WOW. Woolworths Notes II are listed on the ASX under code: WOWHC. Woolworths Notes I were listed on the ASX under code: WOWHB.

American Depository Receipts

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

History of dividends paid

Date of dividend	Type	Cents per share	Franking Rate	DRP Price
30 November 1993	Final	6 cents	39%	$2.95
29 April 1994	Interim	6 cents	39%	$2.89
30 November 1994	Final	6 cents	39%+33%	$2.60
28 April 1995	Interim	6 cents	33%	$2.72
17 November 1995	Final	8 cents	39%+33%	$2.90
26 April 1996	Interim	7 cents	33%	$2.87
12 November 1996	Final	8 cents	36%	$2.58
24 April 1997	Interim	7 cents	36%	$3.22
15 October 1997	Final	9 cents	36%	$3.94
24 April 1998	Interim	8 cents	36%	$5.35
9 October 1998	Final	9 cents	36%	$5.18
30 April 1999	Interim	8 cents	36%	$4.83
5 October 1999	Final	10 cents	36%	$5.19
28 April 2000	Interim	10 cents	36%	$4.92
5 October 2000	Final	13 cents	34%	$6.61
27 April 2001	Interim	12 cents	34%	$7.99
5 October 2001	Final	15 cents	30%	$10.98
30 April 2002	Interim	15 cents	30%	$12.23
8 October 2002	Final	18 cents	30%	$11.78
30 April 2003	Interim	18 cents	30%	$11.71
3 October 2003	Final	21 cents	30%	$11.37
30 April 2004	Interim	21 cents	30%	$11.49
8 October 2004	Final	24 cents	30%	$13.16
29 April 2005	Interim	24 cents	30%	$15.50
7 October 2005	Final	27 cents	30%	$15.77
28 April 2006	Interim	28 cents	30%	$18.26
06 October 2006	Final	31 cents	30%	$19.73
27 April 2007	Interim	35 cents	30%	$27.05
05 October 2007	Final	39 cents	30%	$29.82
24 April 2008	Interim	44 cents	30%	$30.08
3 October 2008	Final	48 cents	30%	$27.79
24 April 2009	Interim	48 cents	30%	$25.21
9 October 2009	Final	56 cents	30%	$29.00
23 April 2010	Interim	53 cents	30%	$28.17
15 October 2010	Final	62 cents	30%	$29.23
29 April 2011	Interim	57 cents	30%	$26.88
14 October 2011	Final	65 cents	30%	$24.79
27 April 2012	Interim	59 cents	30%	$25.61
12 October 2012	Final	67 cents	30%	$28.88
26 April 2013	Interim	62 cents	30%	$34.02
11 October 2013	Final	71 cents	30%	$34.97
24 April 2014	Interim	65 cents	30%	$35.82

Shareholders' Calendar

2014
October
10 Payment date for final dividend

Announcement of first quarter sales results

November
27 Annual General Meeting Brisbane

2015
February
Half year results announcement

March
Record Date for interim dividend

April
Payment of interim dividend

Announcement of third quarter sales results

August
Preliminary full year results and final dividend announcement

Please note: the timing of events may be subject to change

Company Directory

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Web: www.progressive.co.nz

Company Secretary
Richard Dammery
Rodney Bordignon

Share Registrar
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GPO Box 2975
Melbourne VIC 3001
Tel: 1300 368 664
Fax: (03) 9473 2564
Web: www.computershare.com.au

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