



26 February 2020

ASX Market Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

APPENDIX 4D AND HALF-YEAR FINANCIAL REPORT

Attached for release to the market are the ASX Appendix 4D and the 2020 Half-Year Financial Report for the period ended 5 January 2020.

Marcin Firek
Company Secretary
Woolworths Group Limited

For further information contact:

Media: Woolworths Group Press Office: +61 2 8885 1033 media@woolworths.com.au

Investors and Analysts: Paul van Meurs, Head of Investor Relations: +61 407 521 651

Appendix 4D under ASX Listing Rule 4.2A

Current reporting period
Prior corresponding period

1 July 2019 to 5 January 2020
25 June 2018 to 30 December 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information

	% CHANGE	to	\$M
Total revenue from continuing operations	6.0		32,410
Profit from continuing operations after tax attributable to equity holders of the parent entity	(1.7)		887
Profit attributable to equity holders of the parent entity	(7.7)		887

Details relating to dividends¹

	CENTS PER SHARE	\$M
2019 final dividend paid 30 September 2019	57	717
2020 interim dividend declared on 26 February 2020 ^{2,3}	46	580 ⁴

- All dividends are fully franked at a 30% tax rate.
- Record date for determining entitlement to the 2020 interim dividend is 5 March 2020.
- The 2020 interim dividend is payable on or around 9 April 2020, and is not provided for at 5 January 2020.
- Represents the anticipated dividend based on the shares on issue at the date of this report. This value will change if there are any shares issued between the date of this report and the ex-dividend date.

The Dividend Reinvestment Plan (DRP) remains active. Eligible shareholders may participate in the DRP in respect of all or part of their shareholding. There is currently no DRP discount applied to the dividend and no limit on the number of shares that can participate in the DRP.

Shares will be allocated to shareholders under the DRP for the 2020 interim dividend at an amount equal to the average of the daily volume weighted average market price of ordinary shares of Woolworths Group Limited traded on the ASX over the period of 10 trading days commencing on 9 March 2020. The last date for receipt of election notices for the DRP is 6 March 2020. Shares may be acquired on-market during this period to satisfy Woolworths Group Limited's obligation under the DRP.

NET TANGIBLE ASSETS PER SHARE

	AS AT	
	5 JANUARY 2020 ¹	RESTATED ² 30 DECEMBER 2018
Net tangible assets per share	200.9	315.6

- Includes lease assets and lease liabilities recognised in accordance with AASB 16 Leases.
- Restated for the impact of salaried store team member remediation.

DETAILS OF SUBSIDIARIES AND ASSOCIATES

Entities where control was gained or lost

During the half-year ended 5 January 2020, the following entities were incorporated: W23 Investments 2 Pty Limited (22 July 2019), Woolworths360 Pty Limited (12 November 2019), Primary Connect International Pty Limited (22 November 2019), and Endeavour Custodian Pty Ltd (20 December 2019). Chapel Hill Winery Pty Ltd was acquired on 10 September 2019 and Shorty's Liquor CBD Pty Ltd was acquired on 24 December 2019. Control was lost over 1262154 Limited in New Zealand following its deregistration.

Details of associates

	OWNERSHIP INTEREST AS AT	
	5 JANUARY 2020	30 DECEMBER 2018
The Quantum Group Holdings Pty Limited	47.3%	47.3%
SouthTrade International Pty Ltd	25.0%	25.0%
B & J City Kitchen Pty Ltd	23.0%	23.0%

OTHER

Additional Appendix 4D disclosure requirements and further information, including commentary on significant features of the operating performance, results of segments, trends in performance, and other factors affecting the results for the current period, are contained in the Half-Year Financial Report 2020, and Press Release (2020 Half-Year Results Announcement).

The Consolidated Financial Statements contained within the Half-Year Financial Report 2020, upon which this report is based, have been reviewed by Deloitte Touche Tohmatsu.

WOOLWORTHS GROUP



Half-Year Financial Report 2020

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Directors' Report

This Half-Year Financial Report is presented by the directors in respect of Woolworths Group Limited (the Company) and the entities it controlled at the end of, or during, the half-year ended 5 January 2020 (the Group).

In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report is as follows:

THE DIRECTORS

The Directors of the Company at any time during or since the end of the half-year, and up to the date of this report, are:

Non-executive Directors

G M Cairns (Chairman)
J R Broadbent, AC
J C Carr-Smith
H S Kramer
S L McKenna
S R Perkins
K A Tesija
M J Ullmer, AO

Executive Directors

B L Banducci (Managing Director and Chief Executive Officer)

REVIEW AND RESULTS OF OPERATIONS

Refer to 2020 Half-Year Results Announcement for the 27-week period ended 5 January 2020.

ROUNDING OF AMOUNTS

The Half-Year Financial Report is presented in Australian dollars and amounts have been rounded to the nearest million dollars, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 3.

The Half-Year Financial Report is made in accordance with a resolution of the Directors of the Company on 26 February 2020.



Gordon Cairns
Chairman



Brad Banducci
Chief Executive Officer



Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060
Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia
DX 103075SE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
Woolworths Group Limited
1 Woolworths Way
Bella Vista
NSW 2153

26 February 2020

Dear Board Members

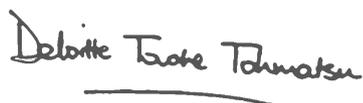
Auditor's Independence Declaration

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 Group Limited.

As lead audit partner for the review of the financial report of Woolworths Group Limited for the half-year ended 5 January 2020, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



A V Griffiths
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss

	NOTE	HALF-YEAR ENDED	
		5 JANUARY 2020 \$M	RESTATED ¹ 30 DECEMBER 2018 \$M
Continuing operations			
Revenue from the sale of goods and services	4	32,410	30,587
Cost of sales		(22,825)	(21,682)
Gross profit		9,585	8,905
Other revenue		101	117
Branch expenses		(5,817)	(5,711)
Administration expenses		(2,107)	(1,892)
Earnings before interest and tax		1,762	1,419
Finance costs	5	(440)	(71)
Profit before income tax		1,322	1,348
Income tax expense		(390)	(404)
Profit for the period from continuing operations		932	944
Discontinued operations			
Profit for the period from discontinued operations, after tax		-	59
Profit for the period		932	1,003
Profit for the period attributable to:			
Equity holders of the parent entity		887	961
Non-controlling interests		45	42
		932	1,003
Profit for the period attributable to equity holders of the parent entity relates to:			
Profit from continuing operations		887	902
Profit from discontinued operations		-	59
		887	961
		CENTS	CENTS
Earnings per share (EPS) attributable to equity holders of the parent entity			
Basic EPS		70.6	73.4
Diluted EPS		70.2	73.1
Earnings per share attributable to equity holders of the parent entity from continuing operations			
Basic EPS		70.6	68.9
Diluted EPS		70.2	68.6

1 Refer to Note 2 for details regarding the restatement for salaried store team member remediation.

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying Condensed Notes to the Consolidated Financial Statements.

The Group has applied AASB 16 *Leases* (AASB 16) using the modified retrospective approach from 1 July 2019. The comparative amounts presented for the half-year ended 30 December 2018 were not restated for the impact of AASB 16 and continue to be reported under AASB 117 *Leases*. Refer to Note 1.3 for further details.

Consolidated Statement of Other Comprehensive Income

	HALF-YEAR ENDED	
	5 JANUARY 2020 \$M	RESTATED ¹ 30 DECEMBER 2018 \$M
Profit for the period	932	1,003
Other comprehensive income		
<i>Items that may be reclassified to profit or loss, net of tax</i>		
Effective portion of changes in the fair value of cash flow hedges	(4)	18
Foreign currency translation of foreign operations	7	61
<i>Items that will not be reclassified to profit or loss, net of tax</i>		
Change in the fair value of investments in equity securities	9	(11)
Other comprehensive income for the period, net of tax	12	68
Total comprehensive income for the period	944	1,071
Total comprehensive income for the period attributable to:		
Equity holders of the parent entity	899	1,029
Non-controlling interests	45	42
	944	1,071
Total comprehensive income for the period from continuing operations attributable to:		
Equity holders of the parent entity	899	970
Non-controlling interests	45	42
	944	1,012

1 Refer to Note 2 for details regarding the restatement for salaried store team member remediation.

The above Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying Condensed Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

	NOTE	AS AT		
		5 JANUARY 2020 \$M	RESTATED ¹ 30 JUNE 2019 \$M	RESTATED ¹ 30 DECEMBER 2018 \$M
Current assets				
Cash and cash equivalents		1,037	1,066	1,618
Trade and other receivables		811	682	821
Inventories		4,621	4,280	4,752
Other financial assets		294	45	54
		6,763	6,073	7,245
Assets held for sale	11	198	225	843
Total current assets		6,961	6,298	8,088
Non-current assets				
Trade and other receivables		204	145	107
Other financial assets		368	633	564
Lease assets	7.1	11,993	-	-
Property, plant and equipment		9,583	9,519	9,335
Intangible assets		6,540	6,526	6,522
Deferred tax assets		1,002	391	302
Other assets		61	59	58
Total non-current assets		29,751	17,273	16,888
Total assets		36,712	23,571	24,976
Current liabilities				
Trade and other payables		7,149	6,676	7,726
Lease liabilities	7.2	1,676	-	-
Borrowings		1,419	274	555
Current tax payable		101	84	117
Other financial liabilities		59	58	60
Provisions		1,748	1,793	1,641
		12,152	8,885	10,099
Liabilities directly associated with assets held for sale		-	-	207
Total current liabilities		12,152	8,885	10,306
Non-current liabilities				
Lease liabilities	7.2	12,707	-	-
Borrowings		1,602	2,855	2,316
Other financial liabilities		11	24	39
Provisions		753	986	932
Other non-current liabilities		83	337	321
Total non-current liabilities		15,156	4,202	3,608
Total liabilities		27,308	13,087	13,914
Net assets		9,404	10,484	11,062
Equity				
Contributed equity	9	6,049	5,828	6,169
Reserves		399	490	447
Retained earnings		2,625	3,783	4,065
Equity attributable to equity holders of the parent entity		9,073	10,101	10,681
Non-controlling interests		331	383	381
Total equity		9,404	10,484	11,062

¹ Refer to Note 2 for details regarding the restatement for salaried store team member remediation.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying Condensed Notes to the Consolidated Financial Statements. The Group has applied AASB 16 *Leases* (AASB 16) using the modified retrospective approach from 1 July 2019. The comparative amounts presented as at 30 June 2019 and 30 December 2018 were not restated for the impact of AASB 16 and continue to be reported under AASB 117 *Leases*. Refer to Note 1.3 for further details.

Consolidated Statement of Changes in Equity

HALF-YEAR ENDED 5 JANUARY 2020	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY					NON-CONTROLLING INTERESTS \$M	TOTAL EQUITY \$M
	SHARE CAPITAL \$M	SHARES HELD IN TRUST \$M	RESERVES \$M	RETAINED EARNINGS \$M	TOTAL \$M		
Balance at 30 June 2019, as previously reported	6,033	(205)	490	3,968	10,286	383	10,669
Adjustment on restatement for salaried team member remediation ¹	-	-	-	(185)	(185)	-	(185)
Restated balance at 30 June 2019	6,033	(205)	490	3,783	10,101	383	10,484
Adjustment on initial application of AASB 16, net of tax	-	-	-	(1,329)	(1,329)	(69)	(1,398)
Adjusted balance at 1 July 2019	6,033	(205)	490	2,454	8,772	314	9,086
Profit for the period	-	-	-	887	887	45	932
Other comprehensive income for the period, net of tax	-	-	12	-	12	-	12
Total comprehensive income for the period, net of tax	-	-	12	887	899	45	944
Dividends paid	-	-	-	(717)	(717)	(25)	(742)
Transfer of shares to satisfy employee long-term incentive plans	-	129	(129)	-	-	-	-
Issue of shares to satisfy the dividend reinvestment plan	94	(1)	-	1	94	-	94
Purchase of shares by the Woolworths Employee Share Trust	-	(1)	-	-	(1)	-	(1)
Share-based payments expense	-	-	26	-	26	-	26
Recognition of put option over non-controlling interest	-	-	-	-	-	(3)	(3)
Balance at 5 January 2020	6,127	(78)	399	2,625	9,073	331	9,404

RESTATED ¹ HALF-YEAR ENDED 30 DECEMBER 2018	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY					NON-CONTROLLING INTERESTS \$M	TOTAL EQUITY \$M
	SHARE CAPITAL \$M	SHARES HELD IN TRUST \$M	RESERVES \$M	RETAINED EARNINGS \$M	TOTAL \$M		
Balance at 25 June 2018, as previously reported	6,201	(146)	353	4,073	10,481	368	10,849
Adjustment on restatement for salaried team member remediation	-	-	-	(184)	(184)	-	(184)
Restated balance at 25 June 2018	6,201	(146)	353	3,889	10,297	368	10,665
Profit for the period	-	-	-	961	961	42	1,003
Other comprehensive income for the period, net of tax	-	-	68	-	68	-	68
Total comprehensive income for the period, net of tax	-	-	68	961	1,029	42	1,071
Dividends paid	-	-	-	(788)	(788)	(29)	(817)
Transfer of shares to satisfy employee long-term incentive plans	-	3	(3)	-	-	-	-
Issue of shares to satisfy the dividend reinvestment plan	114	(3)	-	3	114	-	114
Share-based payments expense	-	-	29	-	29	-	29
Balance at 30 December 2018	6,315	(146)	447	4,065	10,681	381	11,062

¹ Refer to Note 2 for details regarding the restatement for salaried store team member remediation.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Condensed Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

	NOTE	HALF-YEAR ENDED	
		5 JANUARY 2020 \$M	30 DECEMBER 2018 \$M
Cash flows from operating activities			
Receipts from customers		35,105	35,909
Payments to suppliers and employees		(32,154)	(33,422)
Payments for the interest component of lease liabilities	7.4	(414)	-
Finance costs paid on borrowings		(91)	(86)
Income tax paid		(385)	(386)
Net cash provided by operating activities		2,061	2,015
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment and assets held for sale		158	115
Payments for property, plant and equipment and intangible assets		(888)	(1,002)
Proceeds from the sale of subsidiaries and investments, net of cash disposed		18	-
Payments for the purchase of businesses, net of cash acquired		(47)	(26)
Loans to related parties		(4)	-
Dividends received		2	2
Net cash used in investing activities		(761)	(911)
Cash flows from financing activities			
Repayment of lease liabilities	7.4	(602)	-
Proceeds from borrowings		8	-
Repayment of borrowings		(86)	(49)
Dividends paid	8	(623)	(674)
Dividends paid to non-controlling interests		(25)	(29)
Payment for shares held in trust		(1)	-
Net cash used in financing activities		(1,329)	(752)
Net (decrease)/increase in cash and cash equivalents			
Effect of exchange rate changes on cash and cash equivalents		-	4
Cash and cash equivalents at start of period		1,066	1,277
Cash and cash equivalents at end of period		1,037	1,633
		AS AT	
		5 JANUARY 2020 \$M	30 DECEMBER 2018 \$M
Cash and cash equivalents (as presented in the Consolidated Statement of Financial Position)		1,037	1,618
Cash and cash equivalents (included in Other assets within Assets held for sale)		-	15
		1,037	1,633

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Condensed Notes to the Consolidated Financial Statements.

The Group has applied AASB 16 *Leases* (AASB 16) using the modified retrospective approach from 1 July 2019. The comparative amounts presented for the half-year ended 30 December 2018 were not restated for the impact of AASB 16 and continue to be reported under AASB 117 *Leases*. Refer to Note 1.3 for further details.

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

1 BASIS OF PREPARATION

1.1 BASIS OF PREPARATION

Woolworths Group Limited (the Company) is a for-profit company which is incorporated and domiciled in Australia. The Half-Year Financial Report of the Company is for the 27-week period ended 5 January 2020 and comprises the Company and its subsidiaries (together referred to as the Group). The comparative period is the 27-week period ended 30 December 2018.

The Half-Year Financial Report was authorised for issue by the Directors on 26 February 2020.

The Consolidated Financial Statements are presented in Australian dollars and amounts have been rounded to the nearest million dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

The Consolidated Financial Statements have been prepared on the historical cost basis except for financial assets at fair value through other comprehensive income, derivative assets and liabilities, and certain financial liabilities which have been measured at fair value.

The accounting policies applied in the preparation of the Half-Year Financial Report are consistent with those applied in the Company's Financial Report for the 53-week period ended 30 June 2019 (2019 Financial Report), unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

Certain other comparative amounts have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group.

1.2 STATEMENT OF COMPLIANCE

The Half-Year Financial Report of the Group is a general purpose condensed financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* (AASB 134) and the *Corporations Act 2001*.

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The Half-Year Financial Report does not include all of the information required for a full Financial Report, and should be read in conjunction with the 2019 Financial Report, and any public announcements by Woolworths Group Limited and its subsidiaries during the half-year in accordance with continuous disclosure obligations under the *Corporations Act 2001* and ASX Listing Rules.

1.3 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group adopted all relevant new and amended accounting standards and interpretations issued by the Australian Accounting Standards Board which are effective for annual reporting periods beginning on or after 1 July 2019. The standards that had a material effect on the Consolidated Financial Statements in the period are outlined below.

AASB 16 Leases

On 1 July 2019, the Group adopted AASB 16 *Leases* (AASB 16) which replaced existing accounting requirements for leases under AASB 117 *Leases* (AASB 117), Interpretation 4 - *Determining whether an Arrangement contains a Lease* and Interpretation 115 *Operating Leases - Incentives*.

The Group has applied AASB 16 using the modified retrospective approach with the cumulative effect of initially applying the new standard recognised on 1 July 2019 to retained earnings. The comparatives have not been restated for the impact of AASB 16 and continue to be reported under AASB 117.

Under AASB 117, leases were classified based on their nature as either finance leases, which were recognised in the Consolidated Statement of Financial Position, or operating leases, which were not recognised in the Consolidated Statement of Financial Position. The Group recognised operating lease expense on a straight-line basis over the term of the leases, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Under AASB 16, where the Group is a lessee, there is no distinction between operating leases and finance leases. The Group is required to recognise leases in the Consolidated Statement of Financial Position as lease assets and associated lease liabilities with the exception of short-term leases for which the Group has elected to continue to account for the lease payments as an expense over the lease term. An interest expense is recognised on the lease liabilities and a depreciation charge is recognised for the lease assets. The Group assesses its lease assets for impairment under AASB 136 *Impairment of Assets* (AASB 136).

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

1 BASIS OF PREPARATION (CONTINUED)

AASB 16 Leases (continued)

The Group's accounting for leases as a lessor remains largely unchanged under AASB 16 and the Group therefore continues to classify leases as either finance or operating leases.

Transition

On 1 July 2019, the Group adopted AASB 16 using the modified retrospective approach. Under this approach, the Group recognised a lease asset calculated as if AASB 16 had always applied, and a lease liability under the lease arrangement using the incremental borrowing rate at 1 July 2019. The incremental borrowing rate was determined by reference to the original lease term measured from the lease commencement date. The impact of the adoption of AASB 16 on the Group was dependent on a number of key estimates and judgements including the determination of the reasonably certain lease term, the identification and valuation of non-lease components, and the application of an appropriate discount rate.

On transition, the Group elected to apply the following practical expedients:

- Grandfather the assessment of which transactions are leases;
- Leases with terms less than 12 months remaining from transition date continue to be expensed on a straight-line basis;
- Exclude initial direct costs from the measurement of the lease asset; and
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

At the date of initial application the Group also assessed the carrying amounts of lease assets where there was an indication of impairment in accordance with AASB 136.

The net effect of the lease liabilities and lease assets, net of impairment, deferred tax and the reversal of the existing straight-line lease and incentive liability, and prepayments, has been recognised in opening retained earnings on 1 July 2019 with no restatement of comparative information. The impact predominantly related to the Group's property leases.

Impact of the adoption of AASB 16

IMPACT ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 JULY 2019

	\$M
Recognition of lease assets	12,239
Recognition of lease liabilities	(14,711)
Derecognition of straight-line lease liabilities	273
Derecognition of onerous lease provisions	194
Net deferred tax assets	583
Other	24
Reduction in retained earnings	1,398

On 1 July 2019, the weighted average incremental borrowing rate was 4.9%.

Lease payments other than for short-term leases, service components of leases, and variable lease payments (other lease payments), are classified within financing activities in the Consolidated Statement of Cash Flows, with the interest portion of lease payments included in Finance costs paid in operating activities. Other lease payments continue to be classified within Payments to suppliers and employees within operating activities. There was no net impact to the Consolidated Statement of Cash Flows from the adoption of AASB 16.

Operating lease commitments

The following is a reconciliation of the Group's operating lease commitments (AASB 117) at 30 June 2019 to the lease liability that was recognised on 1 July 2019 in accordance with AASB 16:

RECONCILIATION OF OPERATING LEASE COMMITMENTS TO LEASE LIABILITY UNDER AASB 16

	\$M
Operating lease commitments at 30 June 2019 (as disclosed in the 2019 Financial Report)	21,791
Less: leases not yet commenced	(1,322)
Less: exemption for short-term leases	(153)
Less: service components of lease payments	(3,583)
Plus: impact of extension and termination options reasonably certain to be exercised	3,964
Less: discounting using the incremental borrowing rate at 1 July 2019	(5,986)
Lease liabilities recognised at 1 July 2019	14,711

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

2 RESTATEMENT FOR SALARIED STORE TEAM MEMBER REMEDIATION

In February 2019, a review was initiated which identified that certain salaried store team members across the Group were not paid in full compliance with the Group's obligations under the General Retail Industry Award (GRIA). While the review was continuing to determine the extent of the remediation required, the Group recorded a provision of \$50 million for the payment shortfalls as at 30 June 2019, which represented the best estimate at the time of the potential exposure.

In October 2019, the Group announced its commitment to rectify payment shortfalls to current and former salaried team members across the Group employed under the GRIA, including interest and superannuation contributions. Since the announcement in October further progress has been made to analyse prior years for Woolworths Supermarkets, Metro, Endeavour Drinks, and BIG W. At 5 January 2020, the Group has estimated the incremental one-off cost of remediation for the total salary payments shortfall to be \$265 million (total salary payment shortfall of \$315 million less the \$50 million provided at 30 June 2019). Initial payments of \$69 million have been made to affected Woolworths Supermarkets and Metro team members for F18 and F19. The total salary payment shortfall of \$315 million represents management's best estimate of payment shortfalls against a range of potential outcomes, given the level of estimation required and given the progress of the review to date.

The Group continues to review all the periods over which the payment shortfalls relate and for which records exist. The calculations of the salary payment shortfall involve a substantial volume of data, a high degree of complexity, interpretation, estimations, and are subject to further analysis of prior periods and the Fair Work Ombudsman's ongoing investigation. Determining the historical payment shortfall requires consideration of numerous clauses of the GRIA, which translates into over 2,000 decision rules for the purposes of the Group's analysis, across each year, for every current and former team member. Changes to any of these variables have the potential to result in a future adjustment to the provision in subsequent periods as analysis and work continues. Any changes to the provision in subsequent periods due to revisions of these estimates will be recognised in the Group's Consolidated Statement of Profit or Loss. The Group is working with diligence and care to finalise the review and address the payment shortfalls to our team.

As a consequence of the payment shortfalls, employee benefits expenses, provisions, and deferred tax balances have been understated, however the annual amounts were not material to the performance of the Group in any of the individual periods to which they related. As management considers the cumulative understatement to be material, the understatement has been corrected by restating each of the affected financial statement line items for prior periods in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

In addition to the payment shortfall outlined above, the Group has also estimated interest and other remediation costs of \$80 million relating to the salary payment shortfall as at the half-year ended 5 January 2020 which have been recognised as a significant item, as outlined in Note 3.

As part of this review, the impact on historical short-term incentive (STI) and long-term incentive (LTI) payments to above store management resulting from prior period payment shortfalls has been reviewed and there is no material impact on STI and LTI payments in prior periods.

As at 5 January 2020 the Group's best estimate for the payment shortfall to salaried store team members for prior periods, and the impacts to the Group's Consolidated Financial Statements in the reporting periods to which they relate, are outlined in the table below.

	RESTATEMENT				TOTAL \$M
	F19 OPENING RETAINED EARNINGS \$M	H1 F19 PROFIT FOR THE PERIOD \$M	H2 F19 PROFIT FOR THE PERIOD \$M	F19 PROFIT FOR THE PERIOD \$M	
Pre-F18 payment shortfall (including ex-gratia period)	(263)	-	-	-	(263)
F19 payment shortfall	-	(26)	(26)	(52)	(52)
Payment shortfall to salaried store team members for prior periods	(263)	(26)	(26)	(52)	(315)
Less: provisions recognised	-	-	50	50	50
Payment shortfall to salaried store team members for prior periods, net of provisions recognised	(263)	(26)	24	(2)	(265)
Income tax benefit	79	8	(7)	1	80
Payment shortfall to salaried store team members for prior periods, net of tax	(184)	(18)	17	(1)	(185)

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

2 RESTATEMENT FOR SALARIED STORE TEAM MEMBER REMEDIATION (CONTINUED)

Consolidated Statement of Profit or Loss (extract)

HALF-YEAR ENDED 30 DECEMBER 2018	IMPACT OF RESTATEMENT		
	PREVIOUSLY REPORTED \$M	ADJUSTMENTS \$M	RESTATED \$M
Continuing operations			
Administration expenses	(1,866)	(26)	(1,892)
Profit before income tax	1,374	(26)	1,348
Income tax expense	(412)	8	(404)
Profit for the period from continuing operations	962	(18)	944
Discontinued operations			
Profit for the period from discontinued operations, after tax	59	-	59
Profit for the period	1,021	(18)	1,003

YEAR ENDED 30 JUNE 2019	IMPACT OF RESTATEMENT		
	PREVIOUSLY REPORTED \$M	ADJUSTMENTS \$M	RESTATED \$M
Continuing operations			
Administration expenses	(3,682)	(2)	(3,684)
Profit before income tax	2,227	(2)	2,225
Income tax expense	(668)	1	(667)
Profit for the period from continuing operations	1,559	(1)	1,558
Discontinued operations			
Profit for the period from discontinued operations, after tax	1,200	-	1,200
Profit for the period	2,759	(1)	2,758

Basic and diluted earnings per share attributable to equity holders of the parent entity for the Group and from continuing operations for the prior reporting periods have also been restated. For the half-year ended 30 December 2018, the amount of the correction for both basic and diluted earnings per share attributable to equity holders of the parent entity for the Group was a decrease of 1.3 cents per share, and for continuing operations was a decrease of 1.4 cents per share. The amount of the correction did not have any impact on earnings per share for the year ended 30 June 2019.

Consolidated Statement of Financial Position (extract)

AS AT 25 JUNE 2018	IMPACT OF RESTATEMENT		
	PREVIOUSLY REPORTED \$M	ADJUSTMENTS \$M	RESTATED \$M
Deferred tax assets	271	79	350
Provisions - current	1,451	263	1,714
Net assets	10,849	(184)	10,665
Retained earnings	4,073	(184)	3,889
Total equity	10,849	(184)	10,665

AS AT 30 DECEMBER 2018	IMPACT OF RESTATEMENT		
	PREVIOUSLY REPORTED \$M	ADJUSTMENTS \$M	RESTATED \$M
Deferred tax assets	215	87	302
Provisions - current	1,352	289	1,641
Net assets	11,264	(202)	11,062
Retained earnings	4,267	(202)	4,065
Total equity	11,264	(202)	11,062

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

2 RESTATEMENT FOR SALARIED STORE TEAM MEMBER REMEDIATION (CONTINUED)

AS AT 30 JUNE 2019	IMPACT OF RESTATEMENT		
	PREVIOUSLY REPORTED \$M	ADJUSTMENTS \$M	RESTATED \$M
Deferred tax assets	311	80	391
Provisions - current	1,528	265	1,793
Net assets	10,669	(185)	10,484
Retained earnings	3,968	(185)	3,783
Total equity	10,669	(185)	10,484

3 INDIVIDUALLY SIGNIFICANT ITEMS

Individually significant items represent non-recurring income received and expenses incurred that are not part of the core operations of the Group.

Significant items have been highlighted to help users of this Half-Year Financial Report understand the financial performance of the Group during the reporting period.

The significant items included within administration expenses in the Consolidated Statement of Profit or Loss are as follows:

2020	PROFIT BEFORE INCOME TAX \$M	INCOME TAX BENEFIT \$M	PROFIT FOR THE PERIOD \$M
Continuing operations			
Salaried store team member remediation	(80)	24	(56)
Endeavour Group Transformation costs	(51)	15	(36)
Total Group significant items	(131)	39	(92)

Salaried store team member remediation

During the current period, a charge of \$80 million was recorded which included the interest and other remediation costs incurred as a result of the Group's non-compliance with the General Retail Industry Award for salaried store team members. This charge is based on management's best estimate of these costs as at the end of the period.

Endeavour Group Transformation costs

The on-going Endeavour Group Transformation has resulted in the recognition of incremental one-off costs totalling \$51 million in the current period. The costs have been included in administration expenses and include external consulting costs, costs associated with regulatory requirements, contractor costs, and other incremental costs associated to backfill roles.

4 REVENUE FROM THE SALE OF GOODS AND SERVICES FROM CONTINUING OPERATIONS

	HALF-YEAR ENDED	
	5 JANUARY 2020 \$M	30 DECEMBER 2018 \$M
Sale of goods in-store	29,271	27,976
Sale of goods online	1,650	1,250
Leisure and hospitality services	919	865
Other	570	496
Total	32,410	30,587

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

5 FINANCE COSTS FROM CONTINUING OPERATIONS

	HALF-YEAR ENDED	
	5 JANUARY 2020 \$M	30 DECEMBER 2018 \$M
Interest expense - leases	360	-
Interest expense - non-leases	93	94
Less: interest capitalised	(4)	(18)
Other	(9)	(5)
Total	440	71

6 SEGMENT DISCLOSURES FROM CONTINUING OPERATIONS

Reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Chief Executive Officer in order to allocate resources to the segment and assess its performance. These business units offer different products and services and are managed separately.

The Group's reportable segments are as follows:

- **Australian Food** - procurement of food and related products for resale and provision of services to customers in Australia;
- **New Zealand Food** - procurement of food and drinks for resale to customers in New Zealand;
- **Endeavour Drinks** - procurement of drinks for resale to customers in Australia;
- **BIG W** - procurement of discount general merchandise products for resale to customers in Australia;
- **Hotels** - provision of leisure and hospitality services including food and drinks, accommodation, entertainment, and gaming in Australia; and
- **Other** - consists of the Group's other operating segments that are not separately reportable as well as various support functions including property and central overhead costs.

The financial performance of the Group, in particular BIG W, is affected by seasonality whereby earnings are typically greater in the first half of the financial year due to the Christmas trading period.

There are varying levels of integration between the Australian Food, Endeavour Drinks, and Hotels reportable segments. This includes the common usage of property and services and administration functions. Inter-segment pricing is determined on an arm's length basis.

The primary reporting measure of the reportable segments is earnings before interest and tax which is consistent with the way management monitor and report the performance of these segments.

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

6 SEGMENT DISCLOSURES FROM CONTINUING OPERATIONS (CONTINUED)

HALF-YEAR ENDED 5 JANUARY 2020	AUSTRALIAN FOOD \$M	NEW ZEALAND FOOD \$M	ENDEAVOUR DRINKS \$M	BIG W \$M	HOTELS \$M	OTHER \$M	CONSOLIDATED CONTINUING OPERATIONS \$M
Revenue from the sale of goods and services	21,200	3,367	4,775	2,149	919	-	32,410
Intersegment revenue	-	-	-	-	-	2	2
Segment revenue	21,200	3,367	4,775	2,149	919	2	32,412
Eliminations	-	-	-	-	-	(2)	(2)
Other revenue ¹	-	-	-	-	-	101	101
Total revenue	21,200	3,367	4,775	2,149	919	101	32,511
Earnings/(loss) before interest, tax, and significant items	1,177	175	338	50	224	(71)	1,893
Significant items	-	-	-	-	-	(131)	(131)
Earnings/(loss) before interest and tax	1,177	175	338	50	224	(202)	1,762
Finance costs							(440)
Profit before income tax							1,322
Income tax expense							(390)
Profit for the period from continuing operations							932
Depreciation and amortisation - lease assets	327	58	70	55	66	13	589
Depreciation and amortisation - non-lease assets	425	65	57	33	52	27	659
Capital expenditure²	458	71	81	31	65	199	905

RESTATED HALF-YEAR ENDED 30 DECEMBER 2018	AUSTRALIAN FOOD ³ \$M	NEW ZEALAND FOOD \$M	ENDEAVOUR DRINKS ³ \$M	BIG W \$M	HOTELS \$M	OTHER ⁴ \$M	CONSOLIDATED CONTINUING OPERATIONS ⁴ \$M
Revenue from the sale of goods and services	19,928	3,143	4,560	2,091	865	-	30,587
Intersegment revenue	-	-	-	-	-	5	5
Segment revenue	19,928	3,143	4,560	2,091	865	5	30,592
Eliminations	-	-	-	-	-	(5)	(5)
Other revenue ¹	-	-	-	-	-	117	117
Total revenue	19,928	3,143	4,560	2,091	865	117	30,704
Earnings/(loss) before interest and tax	933	137	294	(8)	161	(98)	1,419
Finance costs							(71)
Profit before income tax							1,348
Income tax expense							(404)
Profit for the period from continuing operations							944
Depreciation and amortisation	380	59	51	42	56	23	611
Capital expenditure²	487	80	41	65	87	266	1,026

1 Other revenue is comprised of rent and revenue from non-operating activities across the Group and as such is not allocated to the reportable segments.

2 Capital expenditure is comprised of property, plant and equipment, and intangible asset acquisitions.

3 Restated for the transfer of the management of the Summergate business from Endeavour Drinks to Australian Food during the current period.

4 Loss before interest and tax for the Other reportable segment has been restated to include \$26 million of costs relating to salaried store team member remediation. Consolidated Continuing Operations has also been restated for this cost and the associated tax impact. Refer to Note 2.

The Group has applied AASB 16 *Leases* (AASB 16) from 1 July 2019. The comparative amounts presented for the half-year ended 30 December 2018 were not restated for the impact of AASB 16 and continue to be reported under AASB 117 *Leases*. Refer to Note 1.3 for further details.

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

7 LEASES

The Group leases various properties (stores, support offices, distribution centres, and warehouses), equipment, and vehicles. Property rental contracts are typically made for fixed periods of five to 12 years with up to ten options of two to five years. Other lease contracts are typically made for fixed periods of two to ten years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

7.1 LEASE ASSETS

AS AT 5 JANUARY 2020	PROPERTIES \$M	PLANT AND EQUIPMENT \$M	OTHER \$M	TOTAL \$M
Cost	19,863	242	27	20,132
Less: Accumulated depreciation and impairment	(8,014)	(119)	(6)	(8,139)
Carrying amount at end of period	11,849	123	21	11,993
<i>Movement:</i>				
Recognition on initial application of AASB 16	12,113	112	14	12,239
Additions	257	23	11	291
Terminations	(41)	-	-	(41)
Remeasurements	74	-	-	74
Depreciation expense	(571)	(14)	(4)	(589)
Other	17	2	-	19
Carrying amount at end of period	11,849	123	21	11,993

7.2 LEASE LIABILITIES

MATURITY PROFILE OF CONTRACTUAL UNDISCOUNTED CASH FLOWS AS AT 5 JANUARY 2020	\$M
One year or less	1,760
One year to two years	1,741
Two years to five years	4,959
Five years to ten years	6,732
Over ten years	5,416
Total undiscounted lease liabilities	20,608
Effect of discounting	(6,225)
Total lease liabilities	14,383
Current	1,676
Non-current	12,707
Total lease liabilities	14,383

Commitments for leases not yet commenced

At 5 January 2020 the Group had committed to leases which had not yet commenced. Accordingly, these lease contracts are not included in the calculation of the Group's lease liability. The Group has estimated that the potential future lease payments for these lease contracts as at the end of the financial period would result in an increase in undiscounted lease liabilities of \$768 million.

7.3 OTHER AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

HALF-YEAR ENDED 5 JANUARY 2020	BRANCH EXPENSES \$M	FINANCE COSTS \$M
Interest expense on lease liabilities	-	360
Variable lease payments not included in the measurement of lease liabilities ¹	25	-
Expense relating to short-term leases	28	-

¹ Variable lease payments represent less than 2% of total lease payments.

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

7 LEASES (CONTINUED)

7.4 AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

HALF-YEAR ENDED 5 JANUARY 2020	\$M
Payments for short-term leases, service components of leases, and variable payments (included in Payments to suppliers and employees)	(291)
Payments for the interest component of lease liabilities ¹	(414)
Repayment of lease liabilities	(602)
Total cash outflow for leases	(1,307)

¹ Includes \$54 million of prepaid lease interest recognised as a reduction to the lease liability.



SIGNIFICANT ACCOUNTING POLICIES

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits from an identified asset for a period of time in exchange for consideration. A lease liability and corresponding lease asset are recognised at commencement of the lease.

Lease liabilities

Lease liabilities are measured at the present value of lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, at the Group's incremental borrowing rate specific to the lease term. Lease payments (excluding non-lease components) include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the Group under residual value guarantees;
- Exercise price of a purchase option that the Group is reasonably certain to exercise; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease liabilities are subsequently measured at amortised cost using the effective interest rate method. When there is a change in lease term or a change in future lease payments, lease liabilities are remeasured, with a corresponding adjustment to lease assets.

Lease assets

Lease assets are initially measured at cost comprising the initial lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs, and any restoration costs.

Lease assets are subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Lease assets are tested for impairment in accordance with the policy adopted for non-financial assets in the 2019 Financial Report.

Short-term leases

Short-term leases of 12 months or less are recognised as an expense in the Consolidated Statement of Profit or Loss as incurred.

Non-lease components

Non-lease components of lease payments are recognised as an expense in the Consolidated Statement of Profit or Loss as incurred and include items such as embedded property outgoings and repairs and maintenance.

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

7 LEASES (CONTINUED)



CRITICAL ACCOUNTING ESTIMATES

Determining the lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. Extension options are most common for property leases. At the end of the reporting period, the weighted average lease expiries for the portfolio of leases were:

AS AT 5 JANUARY 2020	WEIGHTED AVERAGE LEASE EXPIRY ¹ YEARS
Australian Food	11.5
New Zealand Food	10.3
Endeavour Drinks	7.8
BIG W	9.1
Hotels	15.0
Other	8.2
Group	11.0

1 Represents the weighted average number of years from the end of the reporting period to the end of the reasonably certain lease term.

During the current financial period, revising lease terms for exercising extension options resulted in an increase in recognised lease liabilities and lease assets of \$44 million.

Determination of non-lease components

Determining the non-lease components of lease payments requires significant judgement. The Group separates the non-lease components for property leases based on a residual method using property outgoing market data and separates the non-lease components for other leases based on the individual contract breakdown of these costs or otherwise best estimate of these costs.

Discount rates

In calculating the lease liability, the lease payments are discounted using the rate implicit in the lease or the Group's incremental borrowing rate. Determining the incremental borrowing rate requires significant judgement. The discount rate is derived from key external market based rates, the Group's credit margin, and the length of the lease.

At the end of the reporting period, the weighted average incremental borrowing rate for the Group was 4.8%.

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

8 DIVIDENDS

	HALF-YEAR ENDED 5 JANUARY 2020			HALF-YEAR ENDED 30 DECEMBER 2018		
	CENTS PER SHARE	TOTAL AMOUNT \$M	DATE OF PAYMENT	CENTS PER SHARE	TOTAL AMOUNT \$M	DATE OF PAYMENT
Prior year final	57	717	30 September 2019	50	657	12 October 2018
Prior year special	-	-		10	131	12 October 2018
Dividends paid during the period	57	717		60	788	
Issue of shares to satisfy the dividend reinvestment plan		(94)			(114)	
Dividends paid in cash		623			674	

All dividends are fully franked at a 30% tax rate.

On 26 February 2020, the Board of Directors declared an interim dividend in respect of the 2020 financial period of 46 cents per share, fully franked at a 30% tax rate. The amount will be paid on or around 9 April 2020 and is expected to be \$580 million. As the dividends were declared subsequent to 5 January 2020, no provision has been made as at 5 January 2020.

DIVIDEND REINVESTMENT PLAN

The Dividend Reinvestment Plan (DRP) remains active. Eligible shareholders may participate in the DRP in respect of all or part of their shareholding. There is currently no DRP discount applied and no limit on the number of shares that can participate in the DRP.

Shares will be allocated to shareholders under the DRP for the 2020 interim dividend at an amount equal to the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of ten trading days commencing on 7 March 2020. The last date for receipt of election notices for the DRP is 6 March 2020. The Company may acquire shares on-market during this period to satisfy its obligation under the DRP.

9 CONTRIBUTED EQUITY

	HALF-YEAR ENDED 5 JANUARY 2020		YEAR ENDED 30 JUNE 2019	
	NUMBER M	\$M	NUMBER M	\$M
SHARE CAPITAL				
1,261,210,319 fully paid ordinary shares (30 June 2019: 1,258,690,067)				
<i>Movement:</i>				
Balance at start of period	1,258.7	6,033	1,313.3	6,201
Share buy-back	-	-	(58.7)	(282)
Issue of shares to satisfy the dividend reinvestment plan	2.5	94	4.1	114
Balance at end of period	1,261.2	6,127	1,258.7	6,033
SHARES HELD IN TRUST				
<i>Movement:</i>				
Balance at start of period	(6.9)	(205)	(4.9)	(146)
Transfer of shares to satisfy employee long-term incentive plans	4.5	129	0.2	6
Issue of shares to satisfy the dividend reinvestment plan	(0.1)	(1)	(0.2)	(5)
Purchase of shares by the Woolworths Employee Share Trust	(0.1)	(1)	(2.0)	(60)
Balance at end of period	(2.6)	(78)	(6.9)	(205)
Contributed equity at end of period	1,258.6	6,049	1,251.8	5,828

Condensed Notes to the Consolidated Financial Statements for the half-year ended 5 January 2020

10 COMMITMENTS FOR CAPITAL EXPENDITURE

Capital expenditure commitments of the Group at the reporting date are as follows:

	AS AT	
	5 JANUARY 2020 \$M	30 DECEMBER 2018 \$M
<i>Estimated capital expenditure under firm contracts, payable:</i>		
Not later than one year	854	512
Later than one year, not later than two years	-	-
Later than two years, not later than five years	-	-
	854	512

11 ASSETS HELD FOR SALE

At 5 January 2020, assets held for sale include Group properties.

	AS AT	
	5 JANUARY 2020 \$M	30 JUNE 2019 \$M
Property, plant and equipment	198	209
Other assets	-	16
Total assets classified as held for sale	198	225

12 CONTINGENT LIABILITIES

The Group has entered the following guarantees however the probability of having to make a payment under these guarantees is considered remote:

- Guarantees in the normal course of business relating to conditions set out in development applications and for the sale of properties; and
- Guarantees against workers' compensation self-insurance liabilities as required by State WorkCover authorities. The guarantees are based on independent actuarial advice of the outstanding liability.

No provision has been made in the Consolidated Financial Statements in respect of these contingencies, however there is a provision of \$628 million for self-insured risks (30 June 2019: \$603 million), which includes liabilities relating to workers' compensation claims, that have been recognised in the Consolidated Statement of Financial Position at the reporting date.

13 SUBSEQUENT EVENTS

On 4 February 2020, the Group announced the completion of the Restructure Scheme and ALH Merger to combine its Endeavour Drinks and Hotels businesses to create Endeavour Group. Effective from that date, the Group holds 85.4% of the combined Endeavour Group. The Group is now considering options for the planned separation of Endeavour Group which is expected to occur later in calendar year 2020.

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 director's opinion, the attached Consolidated Financial Statements are in compliance with International Financial Reporting Standards, as stated in Note 1.2 to the Consolidated Financial Statements;
- (c) in the directors' opinion, the attached Consolidated 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 Group; and
- (d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

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.



Gordon Cairns
Chairman

26 February 2020



Brad Banducci
Chief Executive Officer



Independent Auditor's Review Report



Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060
Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia
DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Members of Woolworths Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Woolworths Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the Consolidated Statement of Financial Position as at 5 January 2020, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash flows and the Consolidated Statement of Changes in Equity for the half-year 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 end of the half-year or from time to time during the half-year as set out on pages 4 to 21.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated group's financial position as at 5 January 2020 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Woolworths Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, 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 Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Independent Auditor's Review Report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Woolworths Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated group's financial position as at 5 January 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths

Partner

Chartered Accountants

Sydney, 26 February 2020

Company directory

REGISTERED OFFICE

1 Woolworths Way
Bella Vista NSW 2153
Tel: (02) 8885 0000
Web: www.woolworthsgroup.com.au

COMPANY SECRETARY

Marcin Firek

INVESTOR RELATIONS

Paul van Meurs – Head of Investor Relations

AUDITOR

Deloitte Touche Tohmatsu
225 George Street, Sydney NSW 2000
Tel: (02) 9322 7000
Web: www.deloitte.com.au

SHAREHOLDER ENQUIRIES

Enquiries and correspondence should be directed to Woolworths Group Limited's Share and Share Plans Registrar, Link Market Services as follows:

Link Market Services

Locked Bag A14, Sydney South NSW 1235
Web: www.linkmarketservices.com.au

For shareholders:

Tel: 1300 368 664
Email: woolworths@linkmarketservices.com.au

For team members:

Tel: 1800 111 281
Email: wow.eps@linkmarketservices.com.au

MEDIA

Woolworths Press Office
Tel: (02) 8885 1033
Email: media@woolworths.com.au

