WOOLWORTHS LIMITED
ABN 88 000 014 675

ASX RELEASE

28 August 2015

ASX APPENDIX 4E

Attached is the Woolworths Limited (ASX:WOW) ASX Appendix 4E for the year ended 28 June 2015.

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE FINANCIAL YEAR ENDED 28 JUNE 2015

Revenue and Net Profit

		Percentage Change %		Amount $m
Revenue from ordinary activities	down	0.1	to	61,149.4
Profit from ordinary activities after tax attributable to members [1]	down	12.5	to	2,146.0
Net profit attributable to members [1]	down	12.5	to	2,146.0

[1] During FY15, certain significant expenses were incurred outside the ordinary course of our trading operations resulting from transformation projects and property portfolio management initiatives. In particular, these items relate to:

- General Merchandise transformation costs of $148.2 million before tax primarily pertaining to inventory and associated expense provisions of facilitating the alignment of inventory to our customer strategy;
- Business transformation costs of $199.1 million before tax primarily representing resourcing and professional services costs associated with business transformation programs, accelerated depreciation of assets no longer in use and inventory provisioning in the Australian Food Liquor and Petrol division required due to changes in strategy;
- Redundancy costs of $43.0 million before tax primarily associated with restructuring initiatives across corporate-wide support functions, supply chain and non-customer store facing positions; and
- Property losses of $35.6 million before tax primarily associated with certain non-core property assets which are unlikely to be developed within the next five years as a result of a review of Woolworths' property portfolio.

Excluding the impact of these significant items, profit from ordinary activities after tax attributable to members and net profit attributable to members increased 0.1%.

Brief Explanation of Revenue, Net Profit and Dividends

Refer to Press Release – Final Profit and Dividend Announcement for the 52 weeks ended 28 June 2015.

Details Relating to Dividends

2015 Financial Year	**Amount per security ¢**	**Franked amount per Security ¢**
Final dividend	72	72
Interim dividend	67	67
Record date for determining entitlement to the final dividend:	11 September 2015	

		Payment Date	**Amount per security ¢**
Final dividend	2015	9 October 2015	72
	2014	10 October 2014	72
Interim dividend	2015	24 April 2015	67
	2014	24 April 2014	65
Total dividend	2015		139
	2014		137

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE FINANCIAL YEAR ENDED 28 JUNE 2015

Details Relating to Dividends (continued)

Total dividend per security

	28-Jun-15 ¢ per share	29-Jun-14 ¢ per share
Ordinary securities (fully franked at 30% tax rate)	139	137

Interim and final dividend on all securities

	28-Jun-15 $m	29-Jun-14 $m
Ordinary securities	1,758.3[1]	1,722.7

[1] Represents the anticipated dividend based on the shares on issue as 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.

Other disclosures in relation to dividends:

On 28 August 2015, the board of directors declared a final dividend of 72 cents per security. The amount that is expected to be paid on or around 9 October 2015 is expected to be approximately $912.0 million. No provision has been made in the Preliminary Final Report in-line with the requirements of AASB 137 '*Provisions, Contingent Liabilities and Contingent Assets*'.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation.

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.

The last date for receipt of election notices for the Dividend Reinvestment Plan	14 September 2015

Net Tangible Assets Per Security

	28-Jun-15 ¢ per share	29-Jun-14 ¢ per share
Net tangible assets per security	362.4	311.0
Add:		
Brand names, liquor and gaming licences, customer relationships, distribution rights and property development rights per security	190.9	194.7
Net tangible assets per security adjusted for brand names, liquor and gaming licences, customer relationships, distribution rights and property development rights	553.3	505.7

RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE FINANCIAL YEAR ENDED 28 JUNE 2015

Details of Entities Over Which Control Has Been Gained or Lost

Control gained over entities

Name of entity (or group of entities)	Hudson Building Supplies Pty Limited
Date control gained	30 September 2014
Name of entity (or group of entities)	Nine Mile Holdings Limited [1] Pudao Trading (Shanghai) Limited Company [2] Pudao Limited [3] Pudao Limited [4] Summergate Holdings Limited [1] Summergate International Trading (Shanghai) Limited Company [2] Summergate Limited [3] Summergate Limited [4]
Date control gained	28 November 2014

[1] Incorporated in British Virgin Islands
[2] Incorporated in the People's Republic of China
[3] Incorporated in Hong Kong
[4] Incorporated in Macau

Details of Associates

	Ownership Interest	
	28-Jun-15	**29-Jun-14**
Name of Entity	**%**	**%**
Associates		
Gage Roads Brewing Co Limited	25%	25%
The Quantium Group Holdings Pty Limited	50%	50%

RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE FINANCIAL YEAR ENDED 28 JUNE 2015

Information on Audit or Review

This Preliminary Final Report is based on accounts to which one of the following applies.

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

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

Not applicable.

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

Not applicable.

Other Comments

Further information has been provided in the attached Preliminary Final Report.

Preliminary Final Report

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Consolidated Statement of Profit or Loss

	Note	2015 $m	2014 $m
Revenue from the sale of goods		60,679.1	60,772.8
Other operating revenue		189.3	179.4
Total revenue	5	60,868.4	60,952.2
Cost of sales		(44,344.8)	(44,474.6)
Gross profit		16,523.6	16,477.6
Other revenue		281.0	242.7
Branch expenses		(10,551.6)	(10,235.8)
Administration expenses		(2,930.5)	(2,709.3)
Earnings before interest and tax		3,322.5	3,775.2
Financing costs	7	(254.8)	(260.1)
Profit before income tax		3,067.7	3,515.1
Income tax expense	14	(930.3)	(1,056.7)
Profit for the period		2,137.4	2,458.4
Profit attributable to:			
Equity holders of the parent entity		2,146.0	2,451.7
Non-controlling interests		(8.6)	6.7
Profit for the period		2,137.4	2,458.4
Earnings Per Share (EPS)		Cents	Cents
Basic EPS	18	170.8	196.5
Diluted EPS	18	170.3	195.6

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Statement of Other Comprehensive Income

	2015 $m	2014 $m
Profit for the period	2,137.4	2,458.4
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Hedging reserve		
Movement in the fair value of cash flow hedges	623.2	(139.1)
Income tax effect	(186.6)	41.7
Transfer cash flow hedges to the statement of profit or loss	(575.2)	46.7
Income tax effect	172.8	(14.0)
Foreign currency translation reserve (FCTR)		
Movement in translation of foreign operations taken to equity	(119.7)	270.3
Income tax effect	14.8	(35.3)
Items that will not be reclassified to profit or loss		
Equity instrument reserve		
Movement in the fair value of investments in equity securities	7.1	(9.7)
Retained earnings		
Actuarial gains on defined benefit superannuation plans	11.3	15.1
Income tax effect	(3.4)	(6.9)
Other comprehensive (loss)/income (net of tax)	(55.7)	168.8
Total comprehensive income for the period	2,081.7	2,627.2
Total comprehensive income attributable to:		
Equity holders of the parent entity	2,090.1	2,620.5
Non-controlling interests	(8.4)	6.7
Total comprehensive income for the period	2,081.7	2,627.2

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

Consolidated Statement of Financial Position

	Note	2015 $m	2014 $m
Current assets			
Cash and cash equivalents	22	1,333.4	922.6
Trade and other receivables	8	885.2	857.0
Inventories	9	4,872.2	4,693.2
Other financial assets	10	188.5	12.7
		7,279.3	6,485.5
Assets held for sale	11	381.6	620.6
Total current assets		7,660.9	7,106.1
Non-current assets			
Trade and other receivables	8	116.7	108.2
Other financial assets	10	497.6	304.7
Property, plant and equipment	12	10,062.1	9,600.7
Intangible assets	13	6,244.5	6,335.0
Deferred tax assets	14	755.0	681.8
Total non-current assets		17,675.9	17,030.4
Total assets		25,336.8	24,136.5
Current liabilities			
Trade and other payables	15	6,181.2	5,937.6
Borrowings	24	1,645.4	219.5
Income tax payable		100.9	158.9
Other financial liabilities	16	161.2	168.2
Provisions	17	1,079.9	1,005.3
Total current liabilities		9,168.6	7,489.5
Non-current liabilities			
Borrowings	24	3,079.3	4,136.0
Other financial liabilities	16	1,075.1	1,155.2
Provisions	17	599.4	567.4
Other		282.4	263.0
Total non-current liabilities		5,036.2	6,121.6
Total liabilities		14,204.8	13,611.1
Net assets		11,132.0	10,525.4
Equity			
Issued capital	20	5,064.9	4,850.1
Shares held in trust	20	(155.9)	(218.9)
Reserves		95.1	198.2
Retained earnings		5,830.1	5,423.1
Equity attributable to equity holders of the parent entity		10,834.2	10,252.5
Non-controlling interests		297.8	272.9
Total equity		11,132.0	10,525.4

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

Consolidated Statement of Changes in Equity

$m	Attributable to Members of Woolworths Limited											
	Issued Capital	Shares Held In Trust	Hedging Reserve	Foreign Currency Translation Reserve	Remuneration Reserve	Asset Revaluation Reserve	Equity Instrument Reserve	General Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 29 June 2014	4,850.1	(218.9)	(100.3)	67.7	303.1	16.4	(88.7)	–	5,423.1	10,252.5	272.9	10,525.4
Profit after income tax expense	–	–	–	–	–	–	–	–	2,146.0	2,146.0	(8.6)	2,137.4
Other comprehensive income (net of tax)	–	–	34.0	(104.9)	–	–	7.1	–	7.9	(55.9)	0.2	(55.7)
Total comprehensive income (net of tax)	**–**	**–**	**34.0**	**(104.9)**	**–**	**–**	**7.1**	**–**	**2,153.9**	**2,090.1**	**(8.4)**	**2,081.7**
Dividends paid	–	–	–	–	–	–	–	–	(1,753.4)	(1,753.4)	(28.8)	(1,782.2)
Dividends paid – Treasury shares	–	–	–	–	–	–	–	–	6.5	6.5	–	6.5
Issue of shares under employee long-term incentive plans	6.5	63.0	–	–	(63.5)	–	–	–	–	6.0	–	6.0
Issue of shares under the dividend reinvestment plan	208.3	–	–	–	–	–	–	–	–	208.3	–	208.3
Issue of shares to non-controlling interests	–	–	–	–	–	–	–	–	–	–	170.0	170.0
Share-based payments expense	–	–	–	–	27.2	–	–	–	–	27.2	–	27.2
Reclassification of non-controlling interests for recognition of financial liability	–	–	–	–	–	–	–	–	–	–	(111.1)	(111.1)
Transactions with non-controlling interests	–	–	–	–	–	–	–	(3.2)	–	(3.2)	3.2	–
Disposal of investment	–	–	–	–	–	0.1	90.9	(91.0)	–	–	–	–
Other	–	–	0.2	–	–	–	–	–	–	0.2	–	0.2
Balance at 28 June 2015	**5,064.9**	**(155.9)**	**(66.1)**	**(37.2)**	**266.8**	**16.5**	**9.3**	**(94.2)**	**5,830.1**	**10,834.2**	**297.8**	**11,132.0**

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

Consolidated Statement of Changes in Equity

$m	Attributable to Members of Woolworths Limited										
	Issued Capital	Shares Held In Trust	Hedging Reserve	Foreign Currency Translation Reserve	Remuneration Reserve	Asset Revaluation Reserve	Equity Instrument Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 July 2013	4,522.7	(180.5)	(35.6)	(167.3)	290.6	16.4	(79.0)	4,661.1	9,028.4	272.1	9,300.5
Profit after income tax expense	–	–	–	–	–	–	–	2,451.7	2,451.7	6.7	2,458.4
Other comprehensive income (net of tax)	–	–	(64.7)	235.0	–	–	(9.7)	8.2	168.8	–	168.8
Total comprehensive income (net of tax)	**–**	**–**	**(64.7)**	**235.0**	**–**	**–**	**(9.7)**	**2,459.9**	**2,620.5**	**6.7**	**2,627.2**
Dividends paid	–	–	–	–	–	–	–	(1,703.8)	(1,703.8)	(32.0)	(1,735.8)
Dividends paid – Treasury shares	–	–	–	–	–	–	–	5.9	5.9	–	5.9
Issue of shares under employee long-term incentive plans	36.1	46.1	–	–	(46.6)	–	–	–	35.6	–	35.6
Issue of shares under the dividend reinvestment plan	206.8	–	–	–	–	–	–	–	206.8	–	206.8
Issue of shares to non-controlling interests	–	–	–	–	–	–	–	–	–	183.0	183.0
Share-based payments expense (post tax)	–	–	–	–	59.1	–	–	–	59.1	–	59.1
Reclassification of non-controlling interests for recognition of financial liability	–	–	–	–	–	–	–	–	–	(141.9)	(141.9)
Shares issued to/(acquired by) the Woolworths Employee Share Trust	84.5	(84.5)	–	–	–	–	–	–	–	–	–
Acquisition of business	–	–	–	–	–	–	–	–	–	(14.6)	(14.6)
Other	–	–	–	–	–	–	–	–	–	(0.4)	(0.4)
Balance at 29 June 2014	**4,850.1**	**(218.9)**	**(100.3)**	**67.7**	**303.1**	**16.4**	**(88.7)**	**5,423.1**	**10,252.5**	**272.9**	**10,525.4**

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

Consolidated Statement of Cash Flows

	Note	2015 $m	2014 $m
Cash Flows from Operating Activities			
Receipts from customers		65,865.4	65,891.7
Payments to suppliers and employees		(61,154.3)	(60,918.3)
Net financing costs paid		(310.3)	(338.2)
Income tax paid		(1,055.7)	(1,162.5)
Net cash provided by operating activities	23	3,345.1	3,472.7
Cash Flows from Investing Activities			
Proceeds from the sale of property, plant and equipment and assets held for sale		840.5	193.9
Payments for property, plant and equipment – property development		(595.7)	(534.9)
Payments for property, plant and equipment (excluding property development)		(1,535.3)	(1,321.5)
Payments for intangible assets		(41.7)	(42.3)
Proceeds from the sale of subsidiaries and investments		84.9	37.0
Payments for the purchase of businesses, net of cash acquired	28	(88.7)	(371.5)
Payments for the purchase of investments and contingent consideration		(2.5)	–
Dividends received		4.6	7.9
Net cash used in investing activities		(1,333.9)	(2,031.4)
Cash Flows from Financing Activities			
Proceeds from the issue of equity securities	20	6.5	36.1
Proceeds from the issue of equity securities in subsidiary to non-controlling interest		170.0	183.0
Transactions with non-controlling interests		(13.5)	–
Proceeds from borrowings		5,039.7	7,859.8
Repayment of borrowings		(5,245.6)	(7,927.1)
Dividends paid	19	(1,538.6)	(1,491.1)
Dividends paid to non-controlling interests		(28.8)	(32.0)
Movements in employee share plan loans		(0.5)	(0.6)
Net cash used in financing activities		(1,610.8)	(1,371.9)
Net increase in cash and cash equivalents		400.4	69.4
Effects of exchange rate changes on foreign currency		10.4	4.0
Cash and cash equivalents at the beginning of the period		922.6	849.2
Cash and cash equivalents at the end of the period	22	1,333.4	922.6

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

Notes to the Consolidated Financial Statements
Basis of Preparation

Woolworths Limited (the "Company") is a for-profit company which is incorporated and domiciled in Australia. The Preliminary Final Report of the Company for the period was for the 52 week period ended 28 June 2015 and comprises the Company and its subsidiaries (together referred to as the "Group"). The comparative period was for the 52 week period ended 29 June 2014.

STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group are a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* (Cth), Australian Accounting Standards and Interpretations, International Financial Reporting Standards (IFRS), and complies with other requirements of the law.

BASIS OF PREPARATION

The consolidated financial statements are presented in Australian dollars and amounts have been rounded to the nearest tenth of a million dollars (unless otherwise stated) in accordance with ASIC Class Order 98/100.

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial assets at fair value through other comprehensive income and certain financial liabilities which have been measured at fair value, as explained in the accounting policies.

The accounting policies have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

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

1. SIGNIFICANT ACCOUNTING POLICIES

This section sets out the significant accounting policies upon which the Group's financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the financial statements. This section also shows information on new accounting standards, amendments and interpretations, and whether they are effective in 2015 or later years.

(A) Basis of consolidation

The consolidated financial statements of the Company incorporate the assets, liabilities and results of all subsidiaries as at 28 June 2015.

Subsidiaries are all entities over which the Group has control.

The Group controls an entity when it 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.

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests in the equity and results of subsidiaries are shown as a separate item in the consolidated financial statements.

(B) Foreign currency

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and Balances (entities with a functional currency of AUD)

Foreign currency transactions are translated into Australian Dollars using the exchange rates at the dates of the transactions.

Assets and liabilities denominated in foreign currencies are translated to Australian dollars at reporting date at the following exchange rates:

Foreign currency amount	Applicable exchange rate
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities measured at historical cost	Date of transaction
Non-monetary assets and liabilities measured at fair value	Date fair value is determined

Foreign exchange differences arising on translation are recognised in profit or loss in the period in which they arise except:

- Exchange differences on transactions entered to hedge certain foreign currency risks (refer Note 26); and
- Items noted within paragraph (iii) below.

(iii) Financial statements of foreign operations (entities with a functional currency other than AUD)

The results and financial position of foreign operations are translated to Australian dollars at the following exchange rates:

Foreign currency amount	Applicable exchange rate
Revenues and expenses of foreign operations	Average for the period
Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation	Reporting date
Equity items	Historical rates

The following foreign exchange differences are recognised in other comprehensive income:

- Foreign currency differences arising on translation of foreign operations; and
- Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future. These monetary items and related hedges are considered to form part of the net investment in a foreign operation and are reclassified into profit or loss upon disposal of the net investment.

Notes to the Consolidated Financial Statements: Basis of Preparation

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(C) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of GST, except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the expense or cost of the asset.

Receivables and payables are stated with the amount of GST included. The net amounts of GST recoverable from or payable to the taxation authorities are included as a current asset or liability in the consolidated statement of financial position.

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

(D) New and amended standards adopted by the Group

The Group has adopted all relevant new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") which are effective for annual reporting periods beginning on or after 30 June 2014.

None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period and are not likely to significantly affect future periods.

During the current year, the Group also elected to early adopt the following standards:

1) AASB 9 *'Financial Instruments'* (AASB 9 (2010) as amended by AASB 2010-7, AASB 2012-6, AASB 2013-9 and AASB 2014-1)

AASB 9 contains guidance on hedge accounting that replaces the existing requirements of AASB 139 *'Financial Instruments: Recognition and Measurement'*. AASB 9 introduces changes to hedge effectiveness and eligibility requirements to align more closely with an entity's risk management framework. There has been no material impact on amounts reported in these financial statements as a result of the adoption of the standard, however application of this standard has resulted in additional disclosures which are incorporated in Note 26.

In previous years, 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)'*. This standard provided 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 statement of profit or loss. 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 were adopted retrospectively with no impact on retained earnings in the current or previous financial years.

2) AASB 2015-2 *'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'*

The Group has early adopted AASB 2015-2 *'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'* ahead of the mandatory, effective date of 1 January 2016. AASB 2015-2 amends AASB 101 *'Presentation of Financial Statements'* to provide clarification regarding the disclosure requirements in AASB 101. The Group has applied these amendments in determining relevant disclosures in the preparation of these financial statements.

(E) Issued standards and interpretations not early adopted

The table below lists the standards and amendments to standards that were available for early adoption and were applicable to the Group. The reported results and financial position of the Group are not expected to change on adoption of any of the amendments to current standards listed below as they do not result in any changes to the Group's existing accounting policies. With respect to the new standards on issue but not yet effective, AASB 15 *'Revenue from Contracts with Customers'* and AASB 9 (2014) *'Financial Instruments'*, the Group has commenced a preliminary assessment of the impact of these standards on the Group's results, financial position and disclosures. The International Accounting Standards Board (IASB) is currently undertaking a consultation process to discuss stakeholder challenges arising from the implementation of the new revenue standard. In finalising its assessment of the impact of the new standards, the Group will continue to monitor developments in this area. The Group does not intend on adopting any of the new standards or amendments before their mandatory effective dates.

Standard/Amendment to Standards	Effective Date – Annual reporting period beginning on or after:
AASB 2015-3 *'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'*	1 July 2015
AASB 2015-1 *'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'*	1 January 2016
AASB 2014-10 *'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'*	1 January 2016
AASB 2014-9 *'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'*	1 January 2016
AASB 2014-4 *'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'*	1 January 2016
AASB 15 *'Revenue from Contracts with Customers'* and AASB 2014-5 *'Amendments to Australian Accounting Standards arising from AASB 15'*	1 January 2017
AASB 9 (2014) *'Financial Instruments'*, and the relevant amending standards	1 January 2018

Notes to the Consolidated Financial Statements: Basis of Preparation

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(E) Issued standards and interpretations not early adopted continued

The following IASB Standards and IFRIC Interpretations were also on issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued:

Standard/Interpretation	Effective Date – Annual reporting period beginning on or after:
IFRS 15 *'Revenue from Contracts with Customers'*	1 January 2018[1]

1 The formal amendment to the standard, specifying the new effective date, is expected to be issued in September 2015.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group's accounting policies, the directors are required to make estimates, judgements and assumptions that affect amounts reported in this Preliminary Final Report. The estimates, judgements and assumptions are based on historical experience, adjusted for current market conditions and other factors that are believed to be reasonable under the circumstances and are reviewed on a regular basis. Actual results may differ from these estimates.

The estimates and judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are included in the following notes:

- Notes 12 and 13 – Estimation of useful lives of assets;
- Note 12 – Impairment of non-financial assets, including estimation of the recoverable amount of the Home Improvement business;
- Note 16 – Valuation of put options over non-controlling interests; and
- Note 17 – Employee benefits and self-insured risks provisions.

Revisions to accounting estimates 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.

3. INDIVIDUALLY SIGNIFICANT ITEMS

Included in the consolidated statement of profit or loss are certain significant expenses incurred outside the ordinary course of our trading operations resulting from transformation projects and property portfolio management initiatives. In particular, these items relate to:

- General Merchandise transformation costs of $148.2 million before tax primarily pertaining to inventory and associated expenses of facilitating the alignment of inventory to our customer strategy;
- Business transformation costs of $199.1 million before tax primarily representing resourcing and professional services costs associated with business transformation programs, accelerated depreciation of assets no longer in use and inventory provisioning in the Australian Food Liquor and Petrol division due to changes in strategy;
- Redundancy costs of $43.0 million before tax primarily associated with restructuring initiatives across corporate-wide support functions, supply chain and non-customer store facing positions; and
- Property losses of $35.6 million before tax primarily associated with certain non-core property assets which are unlikely to be developed within the next five years as a result of a review of Woolworths' property portfolio.

The above expenses have been included in the consolidated statement of profit or loss as follows:

2015 $'m	Cost of sales	Branch expenses	Administration expenses	Impact on Profit before income tax	Income tax benefit	Impact on Profit for the period[1]
Significant Item Expenses						
General Merchandise transformation	126.4	21.8	–	**148.2**		
Business transformation	38.7	12.2	148.2	**199.1**		
Redundancy	–	2.1	40.9	**43.0**		
Property portfolio review	–	–	35.6	**35.6**		
Total	165.1	36.1	224.7	425.9	(117.8)	308.1

1 Comprised of $307.3 million attributable to equity holders of the parent entity and $0.8 million attributable to non-controlling interests.

Notes to the Consolidated Financial Statements
Group Performance

4. SEGMENT DISCLOSURES

Operating Segment reporting

Reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and assess its performance.

The Group has five reportable segments. 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, 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 in Australia
- **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.

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.

Performance is measured based on segment earnings before interest, tax (EBIT) and individually Significant Items (refer to Note 3). Segment EBIT before Significant Items 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 table below provides information on the geographical location of revenue and non-current assets (excluding financial instruments, deferred tax assets and intercompany receivables). Revenue from external customers is allocated to a geography based on the location in which the sales originated. Non-current assets are allocated based on the location of the operation to which they relate.

$A m	Australia		New Zealand		Consolidated	
	2015	2014	2015	2014	2015	2014
Geographical segments						
Revenue from the sale of goods	55,034.5	55,587.3	5,644.6	5,185.5	60,679.1	60,772.8
Other operating revenue	181.5	171.8	7.8	7.6	189.3	179.4
Other revenue	243.6	205.5	37.4	37.2	281.0	242.7
Revenue from external customers	55,459.6	55,964.6	5,689.8	5,230.3	61,149.4	61,194.9
Non-current assets	13,219.3	12,647.4	3,305.9	3,569.7	16,525.2	16,217.1

Notes to the Consolidated Financial Statements: Group Performance

4. SEGMENT DISCLOSURES CONTINUED

Operating segments	Australian Food, Liquor and Petrol		New Zealand Supermarkets		General Merchandise		Hotels		Home Improvement		Unallocated		Consolidated	
$A m	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from the sale of goods	47,763.7	48,235.9	5,467.4	5,185.5	4,105.9	4,351.8	1,475.0	1,472.2	1,867.1	1,527.4	–	–	60,679.1	60,772.8
Other operating revenue	180.9	171.8	7.8	7.6	0.6	–	–	–	–	–	–	–	189.3	179.4
Inter-segment revenue	–	–	–	–	–	–	–	–	–	–	832.6	781.0	832.6	781.0
Segment revenue	47,944.6	48,407.7	5,475.2	5,193.1	4,106.5	4,351.8	1,475.0	1,472.2	1,867.1	1,527.4	832.6	781.0	61,701.0	61,733.2
Eliminations											(832.6)	(781.0)	(832.6)	(781.0)
Unallocated revenue[1]											281.0	242.7	281.0	242.7
Total revenue	47,944.6	48,407.7	5,475.2	5,193.1	4,106.5	4,351.8	1,475.0	1,472.2	1,867.1	1,527.4	281.0	242.7	61,149.4	61,194.9
Segment earnings before interest, tax and Significant Items	3,439.8	3,368.0	303.2	271.4	114.2	152.9	234.5	275.4	(224.7)	(169.0)	(118.6)	(123.5)	3,748.4	3,775.2
Significant Items													(425.9)	–
Earnings before interest and tax													3,322.5	3,775.2
Financing costs													(254.8)	(260.1)
Profit before income tax													3,067.7	3,515.1
Income tax expense													(930.3)	(1,056.7)
Profit for the period													2,137.4	2,458.4
Depreciation and amortisation before Significant Items	609.8	579.7	98.5	96.3	88.9	94.0	98.2	101.2	78.9	58.3	79.4	66.8	1,053.7	996.3
Significant Items													88.7	–
Depreciation and amortisation													1,142.4	996.3
Capital expenditure[2]	877.8	789.3	161.5	140.1	76.9	363.0	193.4	138.3	338.3	352.2	630.8	510.0	2,278.7	2,292.9

1 Unallocated revenue is comprised of rent and other revenue from non-operating activities across the Group.
2 Capital expenditure is comprised of property, plant and equipment and intangible asset additions.

Notes to the Consolidated Financial Statements: Group Performance

5. REVENUE

$m	2015	2014
Operating revenue		
Revenue from the sale of goods	60,679.1	60,772.8
Other operating revenue	189.3	179.4
	60,868.4	60,952.2

Significant Accounting Policies

Revenue is measured at the fair value of consideration received or receivable on the basis that it meets the recognition criteria, set out as follows:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, when it is probable the revenue will be received and the amount of revenue can be reliably measured. Revenue is recognised net of returns and discounts.

6. EXPENSES

$m	2015	2014
Depreciation and amortisation		
Depreciation – property, plant and equipment[1]	961.1	824.2
Amortisation – property, plant and equipment	158.3	151.3
Amortisation – intangible assets	23.0	20.8
	1,142.4	996.3
Employee benefits expense		
Remuneration and on-costs	6,873.1	6,729.4
Superannuation expense	541.1	514.4
Share-based payments expense	27.2	50.0
	7,441.4	7,293.8
Net loss on disposal and write-off of property, plant and equipment	48.7	2.5
Operating lease rental expense		
Minimum lease payments	1,972.3	1,846.3
Contingent rentals	40.3	52.4
	2,012.6	1,898.7

1 Includes $88.7 million relating to Significant Items (refer to Note 3).

Notes to the Consolidated Financial Statements: Group Performance

6. EXPENSES CONTINUED

Significant Accounting Policies

Depreciation and amortisation

Refer Notes 12 and 13 for details on depreciation and amortisation.

Employee benefits

Refer Note 17 for details on employee provisions and Note 34 for details on share-based payments and employee superannuation.

Leases

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Fixed rate increases to lease rental payments, excluding contingent or index-based rental 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.

Operating lease incentives received are initially recognised as a liability and are then recognised as part of the lease expense on a straight-line basis over the lease term.

7. FINANCING COSTS

$m	2015	2014
Interest expense	(338.8)	(352.0)
Less: interest capitalised[1]	56.5	81.5
Other	27.5	10.4
	(254.8)	(260.1)

1 Weighted average capitalisation rate on funds borrowed generally: 7.35% (2014: 7.26%).

Significant Accounting Policies

Financing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for its intended use or sale) are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements
Assets and Liabilities

8. TRADE AND OTHER RECEIVABLES

$m	2015	2014
Current		
Trade receivables	306.8	255.7
Provision for impairment	(13.6)	(8.1)
	293.2	247.6
Other receivables	300.1	310.1
Provision for impairment	(9.3)	(9.7)
	290.8	300.4
Prepayments	301.2	309.0
	885.2	857.0
Non-current		
Prepayments	9.9	13.2
Other receivables	106.8	95.0
	116.7	108.2
Total	1,001.9	965.2

Significant Accounting Policies

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. They generally have terms of up to 30 days.

Impairment of trade and other receivables

The Group assesses at the end of each reporting period whether there is objective evidence that the Group's receivables are impaired.

The recoverable amount of the Group's 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. A provision for impairment of receivables is not recognised until objective evidence is available that a loss event has occurred.

9. INVENTORIES

$m	2015	2014
Finished inventories	4,872.2	4,693.2
	4,872.2	4,693.2

Significant Accounting Policies

Inventories

Inventories are valued at the lower of cost or net realisable value.

Cost is generally determined on a weighted average basis and includes all purchase-related rebates, settlement discounts and other costs incurred to bring inventory to its present condition and location for sale. Where inventory systems do not provide appropriate item level information, the retail method is adopted to measure cost.

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

Notes to the Consolidated Financial Statements: Assets and Liabilities

10. OTHER FINANCIAL ASSETS

$m	2015	2014
Current		
Derivatives	188.5	12.7
	188.5	12.7
Non-current		
Derivatives	395.7	131.5
Listed equity securities	64.0	137.7
Investments in associates	37.2	34.8
Other	0.7	0.7
	497.6	304.7
Total	686.1	317.4

Significant Accounting Policies

Derivatives

Refer to Note 26 for details of derivatives.

Listed equity securities

The Group's investments in listed equity securities are designated as financial assets at fair value through other comprehensive income. Investments are initially measured at fair value net of transaction costs and in subsequent periods, are measured at fair value with any change recognised in other comprehensive income. Upon disposal, the cumulative gain or loss recognised in other comprehensive income is transferred within equity.

11. ASSETS HELD FOR SALE

$m	2015	2014
Assets held for sale – Property, plant and equipment	381.6	620.6
	381.6	620.6

In October 2014, in line with the Group's strategy of divesting property assets as appropriate market opportunities arise, the sale and leaseback of a portfolio of 54 freehold Hotel properties was completed for consideration of $603 million. The assets sold were included in assets held for sale as at 29 June 2014.

Significant Accounting Policies

Assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use, the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group), and the sale is considered highly probable.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are not depreciated or amortised once classified as held for sale.

Notes to the Consolidated Financial Statements: Assets and Liabilities

12. PROPERTY, PLANT AND EQUIPMENT

2015 $m	Development properties	Freehold land, warehouse, retail and other properties	Leasehold improvements	Plant and equipment	Total
Cost	929.7	2,501.4	3,166.1	13,718.8	20,316.0
Less: accumulated depreciation/amortisation	(1.8)	(155.7)	(1,368.1)	(8,728.3)	(10,253.9)
Carrying amount at end of period	927.9	2,345.7	1,798.0	4,990.5	10,062.1
Movement:					
Carrying amount at start of period	1,162.0	2,035.9	1,747.3	4,655.5	9,600.7
Additions	484.2	110.7	221.1	1,304.7	2,120.7
Acquisition of businesses	–	12.5	–	4.9	17.4
Disposals	(21.6)	(56.2)	(16.5)	(37.0)	(131.3)
Transfer to assets held for sale	(266.0)	(114.5)	(1.2)	(5.5)	(387.2)
Depreciation/amortisation expense[1]	(0.2)	(42.6)	(158.3)	(918.3)	(1,119.4)
Transfers and other	(427.9)	406.5	10.7	5.4	(5.3)
Effect of movements in foreign exchange rates	(2.6)	(6.6)	(5.1)	(19.2)	(33.5)
Carrying amount at end of period	927.9	2,345.7	1,798.0	4,990.5	10,062.1

2014 $m	Development properties	Freehold land, warehouse, retail and other properties	Leasehold improvements	Plant and equipment	Total
Cost	1,163.7	2,159.2	2,968.0	12,725.1	19,016.0
Less: accumulated depreciation/amortisation	(1.7)	(123.3)	(1,220.7)	(8,069.6)	(9,415.3)
Carrying amount at end of period	1,162.0	2,035.9	1,747.3	4,655.5	9,600.7
Movement:					
Carrying amount at start of period	1,300.7	1,995.7	1,662.3	4,287.4	9,246.1
Additions	485.5	82.6	220.5	1,120.8	1,909.4
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

1 Includes $88.7 million relating to Significant Items (refer to Note 3).

Total property, plant and equipment – net book value

An assessment of the carrying amount of Woolworths owned properties as at 28 June 2015 was performed. The basis of the assessment was a combination of external market assessments and/or valuations and internal VIU assessments. External valuations are obtained every three years. Based on the most recent assessments, an accumulated provision for impairment of $99.8 million (2014: $84.6 million) exists as at 28 June 2015.

Notes to the Consolidated Financial Statements: Assets and Liabilities

12. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Significant Accounting Policies

Carrying value

The Group's property, plant and equipment is measured as cost less accumulated depreciation/amortisation and accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and a proportion of overheads. The cost of development properties (those being constructed or developed for future use) includes borrowing, holding and development costs until the asset is complete.

Depreciation

Assets are depreciated on a straight-line basis over their estimated useful lives. Useful lives are reassessed each period. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets.

The expected useful lives are as follows:

Buildings	25 – 40 years
Plant and equipment	2.5 – 10 years
Leasehold improvements	Maximum of 25 years (retail properties) or 40 years (hotels)[1]

1 Leasehold improvements are amortised over the shorter of the remaining period of the individual leases or the estimated useful life of the improvement to the Group.

Proceeds from sale of assets

The gross proceeds from asset sales are recognised at the date that an unconditional contract of sale is exchanged with the purchaser. The net gain/(net loss) is recognised in the consolidated statement of profit or loss.

Impairment of non-financial assets

The carrying amounts of the Group's property, plant and equipment, goodwill and intangible assets (refer to Note 13) are reviewed for impairment as follows:

Property, plant and equipment and finite life intangibles	When there is an indication that the asset may be impaired (assessed at least each reporting date) or when there is an indication that a previously recognised impairment may have changed
Goodwill and indefinite life intangibles	At least annually and when there is an indication that the asset may be impaired

Calculation of recoverable amount

In assessing impairment, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of an asset is the greater of its value in use ("VIU") and its fair value less costs to dispose ("FVLCTD"). For an asset that does not generate largely independent cash inflows, 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 asset. Goodwill is allocated to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments and grouped at the lowest levels for which goodwill is monitored for internal management purposes.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss.

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 other assets in the CGU on a pro-rata basis to their carrying amounts.

Notes to the Consolidated Financial Statements: Assets and Liabilities

12. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Significant Accounting Policies continued

Key assumptions

Key assumptions used in determining the recoverable amount of assets include expected future cash flows, long-term growth rates (terminal value assumptions) and discount rates.

In assessing VIU, estimated future cash flows are based on the Group's latest internal forecasts reviewed by the Board covering a period not exceeding five years, adjusted to exclude the costs and benefits of expansionary capital. Cash flows beyond the forecast period are extrapolated using estimated long-term growth rates.

In assessing FVLCTD, estimated future cash flows are based on the Group's latest Board approved strategic plan. Cash flow forecasts beyond the period covered by the strategic plan are based on estimated long-term growth rates. Refer to 'critical accounting estimates' below for further details.

For both VIU and FVLCTD models, long-term growth rates are based on past experience, expectations of external market operating conditions, and other assumptions which take account of the specific features of each business unit. Terminal value growth is based on an estimated long-term growth rate of generally 2.5% (2014: 3%), and does not exceed industry growth rates for the business in which the CGU operates. In this regard, the cash flow projections are based on assumptions that would be considered typical for a market participant.

Estimated future cash flows in VIU models are discounted to 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. Pre-tax discount rates used in VIU models range between 13% and 14% (2014: 13% and 15%) depending on the nature of the business and the country of operation. Estimated future cash flows in FVLCTD models are discounted to present value using a post-tax weighted average cost of capital.

With the exception of the Home Improvement segment which is discussed in 'critical accounting estimates' below, the Group believes that any reasonably possible change in the key assumptions applied would not cause the carrying value of the segment assets to exceed their recoverable amount and result in a material impairment based on current economic conditions and CGU performance.

Reversals of impairment

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.

Critical Accounting Estimates

Estimation of useful life of assets

Estimates of remaining useful lives require significant management judgement and are reviewed at least annually. Where useful lives are changed, the net written-down value of the asset is depreciated or amortised from the date of the change in accordance with the revised useful life. Depreciation recognised in prior financial years is not changed. Reasonably possible changes in estimated useful lives are unlikely to have a material impact as the change is assessed for specific assets.

Recoverable amount of the Home Improvement business

In line with its long term strategy, during FY15 Woolworths has continued to invest in its Home Improvement Joint Venture ('Hydrox') which consists of Home Timber and Hardware ('HTH') and Masters Home Improvement ('Masters'), which remains in its development phase. The carrying amount of net assets in the total Hydrox business at 28 June 2015 is $2.8 billion (2014: $2.3 billion).

The recoverable amount of Masters has been determined using a FVLCTD discounted cash flow model which is underpinned by the Board approved strategic plan. The key assumptions used for assessing the recoverable amount include the sales density achieved in the new format stores, the refocused store roll-out plan and the period of time to reach maturity. The cash flows in the first four years are based on the strategic plan which aims to increase the frequency of visitations through improving the store layout and addressing range gaps, while controlling our central and supply chain costs. Cash flows in the years beyond the strategic plan are based on management's long-term forecasts, including new store opening plans, growth rates for existing stores not exceeding the long-term growth rate for the industry and a terminal year growth rate of 2.5% (2014: 3%).

Cash flows are discounted to present value using a post-tax weighted average cost of capital of 11% (2014: 11%). The discount rate is based on the weighted average cost of capital determined by prevailing or benchmarked market inputs and includes a risk premium given the business remains in its development phase. 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 or future strategy for this business may cause the carrying value of net assets to exceed their recoverable amount.

Notes to the Consolidated Financial Statements: Assets and Liabilities

13. INTANGIBLE ASSETS

2015 $m	Goodwill	Brand names	Liquor and gaming licences	Other	Total
Cost	3,920.2	273.3	2,128.2	169.3	6,491.0
Less: accumulated amortisation	(94.0)	(0.8)	(104.6)	(47.1)	(246.5)
Carrying amount at end of period	3,826.2	272.5	2,023.6	122.2	6,244.5
Movement:					
Carrying amount at start of period	3,882.4	279.1	2,073.1	100.4	6,335.0
Acquisition of businesses	38.5	0.4	18.7	10.8	68.4
Other acquisitions	–	0.1	3.3	17.5	20.9
Disposals, transfers and other	(4.4)	–	(54.7)	(0.3)	(59.4)
Amortisation	–	–	(16.8)	(6.2)	(23.0)
Effect of movements in foreign exchange rates	(90.3)	(7.1)	–	–	(97.4)
Carrying amount at end of period	3,826.2	272.5	2,023.6	122.2	6,244.5

2014 $m	Goodwill	Brand names	Liquor and gaming licences	Other	Total
Cost	3,976.4	279.9	2,118.6	141.4	6,516.3
Less: accumulated amortisation	(94.0)	(0.8)	(45.5)	(41.0)	(181.3)
Carrying amount at end of period	3,882.4	279.1	2,073.1	100.4	6,335.0
Movement:					
Carrying amount at start of period	3,400.9	242.9	2,065.8	74.7	5,784.3
Acquisition of businesses	274.1	20.0	20.0	27.9	342.0
Other acquisitions	–	0.6	10.0	–	10.6
Disposals, transfers and other	(4.1)	–	(5.5)	–	(9.6)
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

Notes to the Consolidated Financial Statements: Assets and Liabilities

13. INTANGIBLE ASSETS CONTINUED

The components of goodwill and indefinite life intangible assets by segment are as follows:

	Goodwill		Brand names		Liquor, gaming licences and other	
$m	2015	2014	2015	2014	2015	2014
Australian Food, Liquor and Petrol	866.9	836.1	6.8	6.7	280.5	275.8
New Zealand Supermarkets	1,953.9	2,036.5	236.8	243.0	–	–
Hotels	670.8	672.6	–	–	1,686.8	1,725.6
Home Improvement	87.9	80.4	8.7	8.4	0.4	0.4
General Merchandise	246.4	256.5	20.2	21.0	–	–
Unallocated	0.3	0.3	–	–	–	–
	3,826.2	3,882.4	272.5	279.1	1,967.7	2,001.8

Significant Accounting Policies

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation and impairment losses (if any). Where acquired in a business combination, cost represents the fair value at the date of acquisition.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives. Useful lives are reassessed each period. The useful lives of intangible assets have been assessed as follows:

Brand names	Generally indefinite useful life
Liquor and gaming licences	Indefinite useful life
Victorian gaming entitlements	Life of the gaming entitlement (10 years)
Other (primarily customer relationships and property development rights)	Indefinite and finite (up to 20 years) lives specific to the asset

Impairment

Intangible assets are tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in Note 12.

Critical Accounting Estimates

Estimation of useful life of assets

Assessments of useful lives and estimates of remaining useful lives require significant management judgement. Brand names are generally assessed as having an indefinite useful life on the basis of brand strength, ongoing expected profitability and continuing support. Brand names incorporate complementary assets such as store formats, networks and product offerings. Liquor and gaming licences (excluding Victorian gaming entitlements) have been assessed to have an indefinite useful life on the basis that the licences are expected to be renewed in line with business continuity requirements.

Notes to the Consolidated Financial Statements: Assets and Liabilities

14. INCOME TAXES

Income tax recognised in the consolidated statement of profit or loss

$m	2015	2014
Income tax expense		
Current tax expense	1,003.2	1,130.0
Adjustments recognised in the current year in relation to the current tax of prior years	3.7	10.2
Deferred tax relating to the origination and reversal of temporary differences	(76.6)	(83.5)
	930.3	1,056.7

Reconciliation between tax expense and profit before income tax

$m	2015	2014
Income tax expense		
Profit before income tax expense	3,067.7	3,515.1
Income tax using the Australian corporate tax rate of 30%	920.3	1,054.5
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	28.3	18.6
Impact of differences in offshore tax rates	(11.0)	(11.2)
Exempt dividend income	(0.5)	(1.4)
Other	(10.5)	(14.0)
	926.6	1,046.5
Adjustments relating to prior years	3.7	10.2
	930.3	1,056.7

Income tax recognised in other comprehensive income

$m	2015	2014
Current tax		
Cash flow hedges	0.3	–
Transactions charged to foreign currency translation reserve	0.3	1.0
Transactions credited to remuneration reserve	–	(9.1)
	0.6	(8.1)
Deferred tax		
Cash flow hedges	13.5	(27.7)
Transactions charged to foreign currency translation reserve	(15.1)	34.1
Actuarial movements on defined benefit plans	3.4	6.9
	1.8	13.3

Notes to the Consolidated Financial Statements: Assets and Liabilities

14. INCOME TAXES CONTINUED

Deferred tax balances recognised in the statement of financial position

2015 $m	Opening Balance	Credited/ (Charged) to income	Credited/ (Charged) to OCI	Acquisitions	Closing Balance
Deferred tax assets					
Property plant and equipment	79.4	(27.9)	–	–	51.5
Provisions and accruals	512.9	45.5	(3.4)	1.4	556.4
Cash flow hedges	42.8	–	(13.5)	–	29.3
Unrealised foreign exchange differences	(27.2)	(2.6)	15.7	–	(14.1)
Tax losses (revenue)	126.3	56.2	–	–	182.5
Other	0.4	3.3	–	–	3.7
	734.6	74.5	(1.2)	1.4	809.3
Deferred tax liabilities					
Intangible assets	(14.0)	–	–	–	(14.0)
Prepayments	(2.7)	(1.1)	–	–	(3.8)
Other	(36.1)	3.2	(0.6)	(3.0)	(36.5)
	(52.8)	2.1	(0.6)	(3.0)	(54.3)
Net deferred tax asset/(liability)	681.8	76.6	(1.8)	(1.6)	755.0

2014 $m	Opening Balance	Credited/ (Charged) to income	Credited/ (Charged) to OCI	Acquisitions	Closing Balance
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)
Tax losses (revenue)	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
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)
Net deferred tax asset/(liability)	618.4	83.5	(13.3)	(6.8)	681.8

Notes to the Consolidated Financial Statements: Assets and Liabilities

14. INCOME TAXES CONTINUED

Significant Accounting Policies

Income tax in the consolidated statement of profit or loss for the period presented comprises current and deferred tax.

Current Tax

Income tax payable represents the amount expected to be paid to taxation authorities on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill.

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.

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

Income tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2002. Woolworths Limited is the head entity of the tax consolidated group and has assumed the current tax liabilities of the members in the tax consolidated Group.

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 subsidiary where the subsidiary would have been able to recognise the deferred tax asset or deferred tax liability on a standalone basis.

The members of the tax consolidated group have entered into a tax funding agreement with the Company which sets out the funding obligations in respect of income tax amounts. The agreement requires payments by the subsidiary to the Company equal to the income tax liability assumed by the Company. The Company is required to make payment to the subsidiary equal to the current tax asset assumed by the Company.

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

Income tax expense of $130.7 million (FY14: $133.5 million) was charged by the Company to subsidiaries during the period through at-call intercompany accounts.

15. TRADE AND OTHER PAYABLES

$m	2015	2014
Trade payables	5,040.0	4,588.4
Accruals	1,008.9	1,227.6
Unearned income	132.3	121.6
	6,181.2	5,937.6

Notes to the Consolidated Financial Statements: Assets and Liabilities

16. OTHER FINANCIAL LIABILITIES

$m	2015	2014
Current		
Gaming entitlement liability	34.5	33.5
Derivatives	111.8	133.4
Other	14.9	1.3
	161.2	168.2
Non-current		
Gaming entitlement liability	8.9	43.8
Put option over non-controlling interest in Hydrox Holdings Pty Ltd	886.5	771.2
Derivatives	148.4	309.5
Other	31.3	30.7
	1,075.1	1,155.2
Total	1,236.3	1,323.4

Significant Accounting Policies

Derivatives

Refer to Note 26 for details on derivatives.

Put options over non-controlling interests

Put options held by non-controlling interests 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 and continue to be attributed a share of profits. Subsequent changes in the liability are recorded directly in equity.

Critical Accounting Estimates

Put option over non-controlling interest in Hydrox Holdings Pty Ltd ('Hydrox')

Woolworths Limited owns 66.7% of Hydrox with the remaining 33.3% held by Lowe's Companies, Inc. ('Lowe's'). As part of the terms of the Agreement between the parties, Lowe's holds a put option, which cannot be exercised until after 20 October 2015. From this date, 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. Until such time the option is exercised, Lowe's continues to have access to voting rights and dividends in Hydrox and continues to be attributed a share of losses. 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 value.

The fair value of the put option in Hydrox was determined based on a discounted cash flow ('DCF') methodology using the Board approved strategic plan. The key assumptions used for assessing the valuation include sales density achieved in the new format stores, the refocused store roll-out plan and the period of time to reach maturity. The cash flows in the first four years are based on the strategic plan which aims to increase the frequency of visitations through improving the store layout and addressing range gaps, while controlling our central and supply chain costs. Cash flows in the years beyond the strategic plan are based on management's long-term forecasts, including new store opening plans, growth rates for existing stores not exceeding the long-term growth rate for the industry and a terminal year growth rate of 2.5% (2014: 3%). The forecast cash flows over the explicit forecast period and terminal value were discounted to present value using a post-tax discount rate ranging between 10.5% to 11.5% (2014: 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 business remains in its development phase.

The put option held by Lowe's is classified as a financial liability. The value of the put option remains consistent with 33.3% of the fair value of Hydrox. Subsequent changes in the put option financial liability are recorded directly in equity.

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 decrease/increase by $53.8 million (2014: decrease/increase by $53.0 million).

Notes to the Consolidated Financial Statements: Assets and Liabilities

17. PROVISIONS

$m	2015	2014
Current		
Employee benefits	848.2	820.4
Self-insured risks	167.4	158.7
Restructuring and other	64.3	26.2
	1,079.9	1,005.3
Non-current		
Employee benefits	163.7	134.1
Self-insured risks	430.3	421.0
Restructuring and other	5.4	12.3
	599.4	567.4
Total	1,679.3	1,572.7

Movements in total self-insured risks, restructuring and other provisions

	Self-insured risks		Restructuring and other	
	2015	2014	2015	2014
Movement:				
Balance at start of period	579.7	564.1	38.5	64.8
Additional provisions recognised	155.6	164.8	136.3	119.0
Acquisition of controlled entities	–	–	–	1.5
Reductions arising from payments	(133.9)	(146.1)	(104.9)	(146.8)
Other	(3.6)	(3.6)	0.1	(0.8)
Effect of movements in foreign exchange rates	(0.1)	0.5	(0.3)	0.8
Balance at end of period	597.7	579.7	69.7	38.5
Current	167.4	158.7	64.3	26.2
Non-current	430.3	421.0	5.4	12.3

Notes to the Consolidated Financial Statements: Assets and Liabilities

17. PROVISIONS CONTINUED

Significant Accounting Policies

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made as to the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of annual leave and long service leave.

Liabilities expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Self-insurance

The provision for self-insured risks primarily represents the estimated liability for workers' compensation and public liability claims.

Restructuring

Provision for restructuring is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected by the restructuring that the restructuring will occur.

Critical Accounting Estimates

Discount Rates

Where a provision is measured using the cash flows estimated to settle the obligation, the cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Rates are reviewed periodically and given the nature of the estimate, reasonably possible changes are not considered likely to have a material impact.

Employee Benefits Assumptions

In estimating the value of employee benefits, consideration is given to expected future salary and wage levels (including on-cost rates), experience of employee departures and periods of service. The assumptions are reviewed periodically and given the nature of the estimate, reasonably possible changes in assumptions are not considered likely to have a material impact.

Actuarial Assumptions

Self-insurance provisions are determined 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 assumptions are reviewed periodically and given the nature of the estimate, reasonably possible changes in assumptions are not considered likely to have a material impact.

Notes to the Consolidated Financial Statements
Capital Structure, Financing and Risk Management

18. EARNINGS PER SHARE

	2015	2014
Basic earnings per share (cents per share)[1]	170.8	196.5
Diluted earnings per share (cents per share)[1, 2]	170.3	195.6
Weighted average number of shares (shares, millions)		
Basic earnings per share[1]	1,256.6	1,248.0
Diluted earnings per share[1,2]	1,260.2	1,253.2
Profit for the period used in earnings per share ($'m)	2,146.0	2,451.7

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).
2 Includes 3.6 million (FY14: 5.2 million) shares deemed to be issued for no consideration in respect of employee options and performance rights.

19. DIVIDENDS

2015	Cents per share	Total amount $m	Date of payment
Interim 2015 ordinary	67	846.3	24/04/15
Final 2014 ordinary	72	907.1	10/10/14
	139	1,753.4	

2014	Cents per share	Total amount $m	Date of payment
Interim 2014 ordinary	65	815.6	24/04/14
Final 2013 ordinary	71	888.2	11/10/13
	136	1,703.8	

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

On 28 August 2015, the Board of Directors determined a final dividend in respect of the 2015 year of 72 cents (2014: 72 cents) per share fully franked at a 30% tax rate. The amount will be paid on 9 October 2015 (2014: 10 October 2014) and is expected to be $912.0 million (2014: $907.1 million). As the dividend was declared subsequent to 28 June 2015, no provision has been made as at 28 June 2015.

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 to participate in the DRP. The maximum number of shares which a shareholder (other than broker's nominee and certain trustees) may designate as participating in the DRP is 20,000. During the year, 12% (2014: 12%) of the dividend paid was reinvested in the shares of the Company.

Dividends paid during the year

$m	2015	2014
Dividends paid	1,753.4	1,703.8
Issue of shares under the DRP	(208.3)	(206.8)
Dividends paid on Treasury shares	(6.5)	(5.9)
Net cash outflow	1,538.6	1,491.1

Franking credit balance

$m	2015	2014
Franking credits available for future financial years (tax paid basis, 30% tax rate)	2,305.7	2,147.1

The above amount represents the balance of the franking accounts as at the end of the period, adjusted for:

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

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

The above franking credit balance excludes $102.3 million (2014: $102.4 million) attributable to non-controlling interests.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

20. ISSUED CAPITAL

	2015		2014	
	No (m)	$m	No (m)	$m
Share capital				
1,266,615,199 fully paid ordinary shares (2014: 1,259,818,910)				
Movement:				
Balance at start of period	1,259.8	4,850.1	1,250.2	4,522.7
Issue of shares as a result of share rights and options exercised under employee long-term incentive plans	0.3	6.5	1.4	36.1
Issue of shares as a result of the dividend reinvestment plan	6.5	208.3	5.8	206.8
Issue of shares to the Woolworths Employee Share Trust	–	–	2.4	84.5
Balance at end of period	1,266.6	5,064.9	1,259.8	4,850.1
Shares held in trust				
Movement:				
Balance at start of period	7.8	(218.9)	5.8	(180.5)
Issue of shares under employee long-term incentive plans	(2.0)	63.0	(0.4)	46.1
Shares acquired by the Woolworths Employee Share Trust	–	–	2.4	(84.5)
Balance at end of period	5.8	(155.9)	7.8	(218.9)

Share capital

Holders of ordinary shares are entitled to receive dividends as declared 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.

Significant Accounting Policies

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.

Share options and performance rights

Refer to Note 34 for further details of outstanding options and performance rights. Options and performance rights carry no rights to dividends and no voting rights.

21. RESERVES

Movements in reserves and reserve balances are detailed in the consolidated statement of changes in equity. The nature and purpose of each reserve account is as follows:

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 statement of profit or loss when the hedged transaction impacts the profit or loss, consistent with the applicable accounting policy. Refer to Note 26 for details of hedging.

Foreign currency translation reserve

The foreign currency translation reserve (FCTR) 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 FCTR. Refer to Note 26 for details of hedging.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

21. RESERVES CONTINUED

Remuneration reserve

The employee remuneration reserve comprises the fair value of share-based payment plans recognised as an expense in the consolidated statement of profit or loss. Refer to Note 34 for details of share-based payments.

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 Group'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 recognised in other comprehensive income. Upon disposal, the cumulative gain or loss recognised in other comprehensive income is transferred within equity. Refer to Note 10 for details of listed equity securities.

General reserve

The general reserve is used to record the cumulative gain or loss recognised in other comprehensive income which is transferred within equity upon disposal of listed equity securities (refer to Note 10). The reserve is also used to record differences which may arise as a result of transactions with non-controlling interests that do not result in loss of control.

22. CASH AND CASH EQUIVALENTS

$m	2015	2014
Cash and cash equivalents	1,333.4	922.6
	1,333.4	922.6

Significant Accounting Policies

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

23. NET CASH PROVIDED BY OPERATING ACTIVITIES

Reconciliation of profit for the period to net cash provided by operating activities

$m	2015	2014
Profit after income tax expense	2,137.4	2,458.4
Adjustments for:		
Depreciation and amortisation	1,142.4	996.3
Share-based payments expense	27.2	50.0
Net loss on disposal and write-off of property, plant and equipment	48.7	2.5
Interest capitalised	(56.5)	(81.5)
Dividends received	(4.6)	(7.9)
Other	7.3	31.3
Changes in:		
Increase in deferred tax asset	(92.6)	(50.3)
Decrease in income tax payable	(58.8)	(42.3)
Increase in trade and other receivables	(28.0)	(21.2)
Increase in inventories	(161.0)	(420.9)
Increase in trade payables	406.8	524.1
(Decrease)/increase in sundry payables and provisions	(23.2)	34.2
Net cash provided by operating activities	3,345.1	3,472.7

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

24. BORROWINGS

$m	2015	2014
Current, unsecured		
Short-term money market loans	10.0	27.6
Bank loans	23.8	84.4
Short-term securities	1,609.9	105.9
Finance leases	1.7	1.6
	1,645.4	219.5
Non-current, unsecured		
Long-term securities	2,384.6	3,441.8
Unamortised borrowing costs	(4.7)	(3.7)
Woolworths Notes II	696.5	693.8
Finance leases	2.9	4.1
	3,079.3	4,136.0
Total	4,724.7	4,355.5

Composition of borrowings

	2015 (million)		2014 (million)		
	Carrying value (net of unamortised borrowing costs)	Instrument currency (if not AUD)	Carrying value (net of unamortised borrowing costs)	Instrument currency (if not AUD)	Maturity
Short-term money market loans					
Short-term loan, on call*	$10.0	–	$27.6	NZ$29.7	At call
Bank loans					
Committed Revolving Credit Facility*	$22.4	–	$83.7	NZ$90.0	At call
Other	$1.4	–	$0.7	–	At call
	$23.8		$84.4		
Short term securities					
US senior notes (private placement)	–	–	$105.9	US$100.0	Apr 2015
US senior notes (US 144A market)	$362.5	US$279.3	–	–	Sep 2015
US senior notes (US 144A market)	$457.7	US$352.6	–	–	Nov 2015
US senior notes (US 144A market)	$289.8	US$223.3	–	–	Apr 2016
Medium Term Notes	$499.9	–	–	–	Mar 2016
	$1,609.9		$105.9		
Long term securities					
US senior notes (US 144A market)	–	–	$296.0	US$279.3	Sep 2015
US senior notes (US 144A market)	–	–	$373.7	US$352.6	Nov 2015
US senior notes (US 144A market)	–	–	$236.7	US$223.3	Apr 2016
US senior notes (US 144A market)	$800.6	US$617.0	$653.9	US$617.0	Sep 2020
US senior notes (US 144A market)	$568.6	US$438.0	$461.2	US$438.0	Apr 2021
US senior notes (private placement)	$389.3	US$300.0	$317.9	US$300.0	Apr 2017
US senior notes (private placement)	$129.7	US$100.0	$106.0	US$100.0	Apr 2020
Medium Term Notes	–	–	$498.0	–	Mar 2016
Medium Term Notes	$496.0	–	$498.0	–	Mar 2019
Other	$0.4	–	$0.4	–	–
	$2,384.6		$3,441.8		
Woolworths Notes II					
Woolworths Notes II	$696.5	–	$693.8	–	Nov 2036

* Drawn by a controlled entity.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

24. BORROWINGS CONTINUED

Significant Accounting Policies

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequently, borrowings are stated at amortised cost. Any difference between cost and redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings.

25. FINANCING ARRANGEMENTS

Unrestricted access was available at the reporting date to the following lines of credit:

$m	Bank overdrafts	Bank loan facilities	Total
Facilities			
2015			
Used at reporting date	–	33.8	33.8
Unused at reporting date	41.0	2,293.1	2,334.1
	41.0	2,326.9	2,367.9
2014			
Used at reporting date	–	112.0	112.0
Unused at reporting date	38.2	3,476.5	3,514.7
	38.2	3,588.5	3,626.7

Bank loan facilities may be drawn at any time, subject to the terms of the lending agreements. The facilities are denominated in Australian dollars, NZ dollars, Chinese Yuan and US 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, Senior Notes and Medium Term Notes.

In December 2014, a total of A$1.1 billion in committed bank loan facilities was terminated and a further NZ$200 million was terminated in April 2015 (refer to Note 26(E) for details).

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT

The Group's Treasury function is responsible for managing the liquidity requirements of the Group and mitigating any financial risks relating to the operations of the Group through continuous monitoring and evaluation. These financial risks include:

- Market risk (see Note 26(A));
- Liquidity risk (see Note 26(B)); and
- Credit risk (see Note 26(C)).

These risks affect the fair value measurements applied by the Group, which is discussed in Note 26(D).

The Group adheres to a set of 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 financial instruments for hedging purposes. The Treasury function reports on its compliance with the policy on a monthly basis to the Board of Directors and such compliance is reviewed periodically by its internal auditors.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group holds various types of derivative financial instruments to hedge its exposures to variability in interest rates and foreign exchange rates.

Significant Accounting Policies

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into. Subsequently, at each reporting date, the gain or loss on remeasurement to fair value is recognised immediately in the consolidated statement of profit or loss, unless they qualify for hedge accounting as outlined in AASB 9 *Financial Instruments (2013)*. The Group has two types of hedge relationships:

Cash flow hedge

A cash flow hedge is a hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss. Woolworths' cash flow hedges include:

- Interest rate swap contracts;
- Cross currency interest rate swaps; and
- Forward foreign exchange contracts.

Where a derivative financial instrument is designated as a cash flow hedge, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated as a separate cash flow hedge 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 the 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 will be reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. The ineffective part of any derivative designated as a hedge is recognised immediately in the consolidated statement of profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, but the hedged forecast transaction is still 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, the cumulative unrealised gain or loss accumulated in equity is reclassified immediately into the consolidated statement of profit or loss.

Gains or losses removed from equity during the period in relation to interest rate hedge instruments are recognised within 'financing costs' in the consolidated statement of profit or loss.

Hedges of net investments in foreign operations

A portion of the Group's net investment in New Zealand based subsidiaries were hedged for currency fluctuations using forward foreign exchange contracts. Changes in value of these subsidiaries due to movements in foreign exchange rates are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(A) Market risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates (see (i) below), interest rates (see (ii) below) and equity price risk (see (iii) below).

(i) Foreign currency risk

The Group has exposure to movements in foreign currency exchange rates through:

- Term borrowings denominated in foreign currency;
- Anticipated purchases of inventory and equipment; and
- Translation of net investments in foreign subsidiaries denominated in foreign currencies.

To hedge against the majority of this exposure, the Group enters into forward exchange contracts and cross currency interest rate swap agreements. All foreign currency term borrowings are 100% hedged by cross currency interest rate swap agreements.

Forward exchange contracts and foreign currency options

It is the policy of the Group 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. These have been designated as cash flow hedges, hedging foreign currency risk and the Group has established a 100% hedge relationship against the identified exposure.

At the reporting date, details of significant outstanding forward exchange contracts, stated in Australian dollar equivalents for the Group are:

	Average exchange rate		Foreign currency		Contract value		Mark to market assets (refer to Note 10)		Mark to market liabilities (refer to Note 16)	
	2015	2014	2015 FC m	2014 FC m	2015 $A m	2014 $A m	2015 $A m	2014 $A m	2015 $A m	2014 $A m
Hedging imports:										
Maturing in 12 months										
Buy US Dollars	0.78	0.90	726.8	413.1	934.0	457.8	19.2	–	(2.8)	(16.4)
Buy US Dollars against NZ Dollars	0.74	0.84	29.8	22.5	36.2	24.9	2.7	–	–	(0.8)
Buy Euro	0.68	0.67	103.5	47.4	152.9	70.9	0.1	0.2	(1.1)	(2.1)
Buy/(sell) NZ Dollars	1.08	1.09	(3.2)	1.7	(3.4)	1.5	0.6	0.1	–	(0.1)
Within 1-3 years										
Buy Euro	0.66	–	72.2	–	109.5	–	0.1	–	(0.7)	–
Hedging balance sheet:										
Maturing in 12 months										
Sell NZ Dollars	–	1.09	–	153.0	–	139.9	–	–	–	(2.3)
Total					1,229.2	695.0	22.7	0.3	(4.6)	(21.7)

At the reporting date, the net amount of unrealised gains under forward foreign exchange contracts hedging anticipated purchases of inventory and equipment is $18.1 million (2014: $19.1 million unrealised losses). The hedge relationships are all assessed as highly effective with insignificant hedge ineffectiveness and the movement of $18.1 million has been recognised in the hedging reserve (2014: $18.2 million).

Foreign currency exposures arising on translation of net investments in foreign subsidiaries are predominantly unhedged. A portion of the Group's net investment in the New Zealand subsidiaries were hedged for currency fluctuation under forward foreign exchange contracts. As at the reporting date, no value is hedged (2014: NZD153.0 million).

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(A) Market risk continued

(i) Foreign currency risk continued

Cross currency swap agreements
To hedge the risk of adverse movements in foreign exchange rates in relation to borrowings denominated in foreign currency, the Group 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.

As at the reporting date, cross currency swaps have a net unrealised gain of $542.0 million (2014: $18.5 million unrealised loss). These cross currency swaps (combined with interest rate swaps hedging the related interest rate exposure – refer to part (ii)) are designated as cash flow hedges, in a 100% hedge relationship with the underlying debt. The unrealised gain of $122.4 million attributable to the interest rate component of the cross currency swaps has been recognised in the hedging reserve (2014: $133.8 million gain), with insignificant hedge ineffectiveness.

The following table details the cross currency swaps outstanding for the Group at the reporting date:

	Average interest rate		Average exchange rate		Contract value		Fair value asset (refer to Note 10)		Fair value liability (refer to Note 16)	
	2015 %	2014 %	2015	2014	2015 $A m	2014 $A m	2015 $A m	2014 $A m	2015 $A m	2014 $A m
Maturing:										
Floating rates – AUD										
Within 12 Months[1]	BBSW +105.7bp	BBSW +54.3bp	0.861	0.787	990.1	127.1	148.5	1.2	(19.5)	(18.2)
1 to 2 years[1]	BBSW +54.6bp	BBSW +105.7bp	0.787	0.861	381.2	990.1	37.8	42.8	–	(94.4)
2 to 5 years[1]	BBSW +69.0bp	BBSW +54.6bp	0.787	0.787	127.1	381.2	22.1	4.1	–	(32.6)
5 years +[1]	BBSW +187.7bp	BBSW +175.2bp	0.979	0.959	1,077.1	1,204.2	368.0	97.2	–	(9.3)
					2,575.5	2,702.6	576.4	145.3	(19.5)	(154.5)

1 These fair value calculations include interest accruals of $14.9 million (2014: $9.3 million).

Sensitivity
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.

(ii) Interest rate risk

The Group has exposure 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 through 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 Group manages risk and reports compliance based upon whether a 1% change in interest rates will cause a reduction in earnings (profit after tax) greater than the maximum acceptable levels.

Interest rate swap contracts
Interest rate swap contracts enable the Group to mitigate the risk of adverse movements in interest rates on the debt held.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(A) Market risk continued

(ii) Interest rate risk continued

The following table details the interest rate swap contracts outstanding for the Group as at the reporting date:

	Average contracted fixed interest rate		Notional principal amount		Fair value asset (refer to note 10)		Fair value liability (refer to note 16)	
Outstanding floating for fixed contracts	2015 %	2014 %	2015 $A m	2014 $A m	2015 $A m	2014 $A m	2015 $A m	2014 $A m
Interest rate swaps								
Less than 1 year	5.69	5.80	989.5	127.1	–	–	(18.7)	(3.9)
1 to 2 years	4.90	5.69	1,081.2	989.5	–	–	(50.5)	(45.0)
2 to 5 years	5.90	4.90	127.1	1,081.2	–	–	(18.8)	(58.7)
5 years +	5.75	5.76	1,076.3	1,203.4	–	–	(160.5)	(162.9)
			3,274.1	3,401.2	–	–	(248.5)	(270.5)

The fair value of interest rate swaps has a net unrealised loss of $248.5 million (2014: $270.5 million unrealised loss). These fair value calculations include interest accruals as recorded in trade and other payables of $12.4 million (2014: $11.3 million). All interest rate swaps have been designated as cash flow hedges based on a 100% hedge relationship against the identified exposure, with insignificant hedge ineffectiveness and the balance of $236.1 million has been recognised in the hedging reserve (2014: $259.2 million).

Sensitivity analysis

As at the reporting date, the Group's exposure to interest rate risk after excluding debts that have been hedged is not considered material.

Cash Flow Hedge Reserve

The table below details the movements in the cash flow hedge reserve during the year:

$m	2015	2014
Balance at beginning of year	(100.3)	(35.6)
Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges:		
Cross currency and interest rate swaps	583.6	(94.5)
Forward currency contracts	18.1	(18.2)
Income tax related to gains/losses recognised in other comprehensive income	(181.1)	33.8
	420.6	(78.9)
Cumulative (gain)/loss arising on changes in fair value of hedging instruments reclassified to profit or loss:		
Cross currency and interest rate swaps	(571.9)	46.7
Forward currency contracts	(3.3)	–
Income tax related to amounts reclassified to profit or loss	172.8	(14.0)
	(402.4)	32.7
Transferred to initial carrying amount of hedged item:		
Forward currency contracts	21.5	(26.4)
Income tax related to amounts transferred to initial carrying amount of hedged item	(5.5)	7.9
	16.0	(18.5)
Balance at end of year	(66.1)	(100.3)

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(A) Market risk continued

(ii) Interest rate risk continued

Maturity profile of financial instruments

The following tables detail the Group's exposure to interest rate risk at 28 June 2015 and 29 June 2014:

2015	Floating interest rate $m	Fixed interest maturing in: 1 year or less $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Non-interest bearing $m	Total $m	Average effective Interest rate %
Financial assets								
Cash and cash equivalents	985.5	–	–	–	–	347.9	1,333.4	1.70%
Trade and other receivables	–	0.3	1.0	3.4	74.2	611.9	690.8	7.20%
Other financial assets	–	–	–	–	–	686.1	686.1	–
	985.5	0.3	1.0	3.4	74.2	1,645.9	2,710.3	–
Financial liabilities								
Trade and other payables[1]	–	–	–	–	–	6,181.2	6,181.2	–
Provisions	–	–	–	–	–	1,679.3	1,679.3	–
Borrowings	730.3	1,611.5	391.7	626.2	1,369.3	(4.3)	4,724.7	7.01%
Other financial liabilities	(698.6)	48.9	740.2	–	(0.8)	1,146.6	1,236.3	–
	31.7	1,660.4	1,131.9	626.2	1,368.5	9,002.8	13,821.5	–
Net financial assets/(liabilities)	953.8	(1,660.1)	(1,130.9)	(622.8)	(1,294.3)	(7,356.9)	(11,111.2)	–

1 Offset against the accounts payable balance are amounts owing from vendors of $651.9 million. Gross accounts payable prior to offsetting this balance is $5,691.9 million.

Maturity profile of financial instruments

2014	Floating interest rate $m	Fixed interest maturing in: 1 year or less $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Non-interest bearing $m	Total $m	Average effective Interest rate %
Financial assets								
Cash and cash equivalents	572.1	–	–	–	–	350.5	922.6	1.90%
Trade and other receivables	–	–	0.1	2.4	66.0	574.5	643.0	7.27%
Other financial assets	–	–	–	–	–	317.4	317.4	–
	572.1	–	0.1	2.4	66.0	1,242.4	1,883.0	–
Financial liabilities								
Trade and other payables[1]	–	–	–	–	–	5,937.6	5,937.6	–
Provisions	–	–	–	–	–	1,572.7	1,572.7	–
Borrowings	805.8	107.5	1,406.7	815.6	1,223.5	(3.6)	4,355.5	6.93%
Other financial liabilities	(698.5)	34.8	35.5	708.9	(0.8)	1,243.5	1,323.4	–
	107.3	142.3	1,442.2	1,524.5	1,222.7	8,750.2	13,189.2	–
Net financial assets/ (liabilities)	464.8	(142.3)	(1,442.1)	(1,522.1)	(1,156.7)	(7,507.8)	(11,306.2)	–

1 Offset against the accounts payable balance are amounts owing from vendors of $586.5 million. Gross accounts payable prior to offsetting this balance is $5,174.9 million.

(iii) Equity price risk

The Group is exposed to changes in the market price of certain equity investments, being the interests held in the ALE Group and SCA Property Group. Subsequent to initial recognition they are measured at fair value with any change recognised in other comprehensive income.

As at the reporting date, the Group's exposure to equity price risk in respect of its investments in the ALE Group and SCA Property Group is not considered material and as such, no hedging of this risk is undertaken.

(B) Liquidity risk

Liquidity risk is the risk that the Group 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.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(B) Liquidity risk continued

The Group has established an appropriate liquidity risk management framework for short, medium and long-term funding liquidity management requirements, which has been approved by the Board of Directors.

The Group maintains a liquidity reserve in the form of undrawn bilateral standby facilities of at least $500 million 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 25 is a summary of undrawn facilities that the Group has at its disposal to draw upon if required.

The following table details the Group's undiscounted financial liabilities and their contractual maturities:

	2015 ($m)					2014 ($m)				
Maturity analysis of financial liabilities	1 year or less $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m	1 year or less $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m
Non-derivative liabilities										
Borrowings	(1,741.9)	(536.3)	(995.2)	(2,437.7)	(5,711.1)	(456.2)	(1,691.7)	(1,274.6)	(2,717.6)	(6,140.1)
Other financial liabilities[1]	(38.1)	(29.6)	–	–	(67.7)	(36.8)	(36.8)	(9.2)	–	(82.8)
Trade and other payables	(6,048.9)	–	–	–	(6,048.9)	(5,816.0)	–	–	–	(5,816.0)
Total non-derivative liabilities	(7,828.9)	(565.9)	(995.2)	(2,437.7)	(11,827.7)	(6,309.0)	(1,728.5)	(1,283.8)	(2,717.6)	(12,038.9)
Derivative liabilities										
Foreign exchange contracts pay	(1,133.2)	(100.2)	(9.3)	–	(1,242.7)	(727.1)	–	–	–	(727.1)
Foreign exchange contracts receive	1,143.3	96.1	8.8	–	1,248.2	705.8	–	–	–	705.8
Net foreign exchange contracts	10.1	(4.1)	(0.5)	–	5.5	(21.3)	–	–	–	(21.3)
Cross currency swaps pay floating	(1,064.5)	(438.4)	(268.2)	(1,099.8)	(2,870.9)	(233.7)	(1,075.5)	(553.7)	(1,283.4)	(3,146.3)
Cross currency swaps receive fixed	1,101.5	466.2	321.9	1,119.0	3,008.6	237.4	1,081.0	556.6	1,291.4	3,166.4
Net receive cross currency swaps	37.0	27.8	53.7	19.2	137.7	3.7	5.5	2.9	8.0	20.1
Net pay interest rate swaps[2]	(92.2)	(65.6)	(130.7)	(21.8)	(310.3)	(94.4)	(77.3)	(129.5)	(56.0)	(357.2)
Total derivative liabilities	(45.1)	(41.9)	(77.5)	(2.6)	(167.1)	(112.0)	(71.8)	(126.6)	(48.0)	(358.4)
Total financial liabilities	(7,874.0)	(607.8)	(1,072.7)	(2,440.3)	(11,994.8)	(6,421.0)	(1,800.3)	(1,410.4)	(2,765.6)	(12,397.3)

1 The put options over non-controlling interests have not been included as there is no contractual maturity. The put option over non-controlling interest in Hydrox cannot be exercised until after October 2015. From this date, Lowes can issue a notice setting an exercise date for the option triggering a 13 month notice period after which the option can be exercised (refer to Note 16 for details).

2 Interest rate swaps are net settled.

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last re-pricing date. Cash flows represented are contractual and calculated on an undiscounted basis, based on current rates at the reporting date.

(C) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

In line with Board approved policy, the Group can only invest short-term surplus funds or execute derivative financial instruments with approved counterparty banks and financial institutions that are rated A or higher by Standard & Poor's. This is to mitigate the risk of financial loss due to a default by the counterparty.

Each counterparty is assigned a maximum exposure value, based on their credit rating, to limit concentration of credit risk. The Group's exposure to counterparties and their credit ratings is continuously monitored and compared against the Board approved counterparty credit limits. The Group measures credit risk using methodologies customarily used by financial institutions. There were no breaches of credit limits during the reporting period.

The recognised financial assets of the Group 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 the reporting date, no material credit risk exposure existed in relation to potential counterparty failure on such financial instruments (2014: Nil). Other than amounts provided for impairment of receivables in Note 8, no financial assets were impaired or past due.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(D) Fair value measurement of financial instruments

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	Note	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
		2015	2014				
Listed equity securities	10	**Assets $64.0m**	Assets $137.7m	Level 1	Quoted last sale prices in an active market	n/a	n/a
Forward exchange contracts and foreign currency options	10 16	**Assets $22.7m** **Liabilities $4.6m**	Assets $0.3m Liabilities $21.7m	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 and cross currency swaps	10 16	**Assets $561.5m** **Liabilities $255.6m**	Assets $143.9m Liabilities $421.2m	Level 2	Discounted cash flow Future cash flows are estimated based on market forward rates[1] as at the end of the reporting period and the contract 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	16	**Liabilities $898.2m**	Liabilities $800.6m	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
						Discount rate	The higher the discount rate, the lower the fair value
Contingent consideration payable	16	**Liabilities $20.4m**	Liabilities –	Level 3	Discounted cash flow	Probability-adjusted cash flows of the acquired business	The higher the probability-adjusted cash flows, the higher the contingent consideration payable
						Discount rate	The higher the discount rate, the lower the contingent consideration payable

1 Refers to interest rates for interest rate swaps and foreign exchange rates and interest rates for cross currency swaps.

There were no transfers between Level 1 and Level 2 in the period.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

26. FINANCIAL RISK MANAGEMENT CONTINUED

(D) Fair value measurement of financial instruments continued

Reconciliation of Level 3 fair value measurements

$m	2015	2014
Movement:		
Balance at start of period	(800.6)	(642.4)
Issue of equity in subsidiary to non-controlling interest and loss attributable to non-controlling interest	(111.1)	(141.9)
Put option granted to non-controlling interest	–	(16.3)
Acquisition of non-controlling interest	13.5	–
Contingent consideration payable arising from acquisition of business	(18.4)	–
Foreign exchange losses recognised in other comprehensive income	(2.0)	–
Balance at end of period	(918.6)	(800.6)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying value of cash and cash equivalents, financial assets, bank and other loans and non-interest bearing monetary financial liabilities of the Group approximates their fair value.

(E) Capital management

The Company 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, the Company has targeted, achieved and maintained its long standing strong investment grade credit ratings from Standard & Poor's and Moody's.

The Company will seek to return capital to shareholders when that is consistent with its capital structure objectives and where it will enhance shareholder value.

Debt financing

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).

Debt maturities

The A$580 million tranche of a revolving syndicated bank loan facility matured in October 2014. This was re-financed via a new A$600 million revolving syndicated bank loan facility which will mature in October 2019.

A further US$100 million (fully hedged at A$127.1 million) tranche of the US$500 million US Private Placement matured in April 2015. This was repaid using surplus cash and committed bank loan facilities.

In December 2014, a total of A$1.1 billion in committed bank loan facilities was early terminated. This consisted of the remaining A$620 million tranche of the above revolving syndicated bank loan facility maturing in October 2016 and A$500m in Revolving Credit Facilities with maturities ranging between October 2016 and October 2019. In April 2015, a further NZ$200 million in Revolving Credit Facilities has been terminated as there was a surplus to Woolworth's funding requirements.

Guarantee facility

In August 2014, Woolworths finalised a A$400 million Bank Guarantee facility underpinned by the international surety market. This facility is available on a committed basis for 3 years and is for the purpose of Woolworths meeting its Work Cover obligations as a "self-insurer" by issuing bank guarantees in favour of Australian Work Cover Authorities. The facility is currently fully drawn and an equivalent amount of existing bank supported guarantees has been cancelled.

Notes to the Consolidated Financial Statements: Capital Structure, Financing and Risk Management

27. COMMITMENTS FOR EXPENDITURE

$m	2015	2014
Capital expenditure commitments		
Estimated capital expenditure under firm contracts, not provided for in these financial statements, payable:		
Not later than one year	547.5	363.1
Later than one year, not later than two years	2.5	–
Later than two years, not later than five years	–	–
	550.0	363.1
Operating lease commitments		
Future minimum rentals under non-cancellable operating leases not provided for in these financial statements, payable:		
Not later than one year	1,970.8	1,815.4
Later than one year, not later than five years	6,969.2	6,358.9
Later than five years	13,424.9	12,065.1
	22,364.9	20,239.4
Total commitments for expenditure	22,914.9	20,602.5

The commitments set out above do not include contingent turnover rentals, which are charged on many of the retail premises leased by the Group. 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 Group 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 five and 25 years and most include multiple renewal options for additional five to 10 year terms. Under most leases, the Group 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
Group Structure

28. BUSINESS ACQUISITIONS

2015 Entity/business acquired	Principal activity	Date of acquisition	Proportion of ownership acquired	Total Consideration $m
Miscellaneous businesses	Supermarkets, Home Improvement, Hotels and Liquor retail	Various	100%	109.6
				109.6

2014 Entity/business acquired	Principal activity	Date of acquisition	Proportion of ownership acquired	Total Consideration $m
EziBuy	General Merchandise retailing	30 August 2013	100%[1]	307.0
Miscellaneous businesses	Supermarkets, Home Improvement, Hotels and Liquor retail	Various	51%[2]/100%	67.3
				374.3

1 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.

2 Southtrade International Pty Ltd.

Details of the aggregate assets and liabilities of the businesses acquired as at the date of acquisition were as follows:

$m	2015	2014
Property, plant and equipment	17.4	16.5
Inventories	34.1	35.8
Liquor and gaming licences and other intangible assets	29.9	67.9
Cash	2.5	0.2
Receivables	33.9	17.2
Deferred tax liability	(1.6)	(6.8)
Accounts payable	(41.3)	(22.4)
Provisions	(2.6)	(4.4)
Other liabilities	(1.2)	(2.2)
Net assets acquired	**71.1**	101.8
Non-controlling interest share of acquired businesses	–	(1.6)
Goodwill on acquisition	38.5	274.1
Fair value of net assets acquired	**109.6**	374.3

Details of the aggregate cash outflow relating to the acquisition of businesses were as follows:

$m	2015	2014
Cash paid	91.2	371.7
Contingent consideration	18.4	2.6
Total consideration	**109.6**	374.3
Cash paid	91.2	371.7
Less: cash balances acquired	(2.5)	(0.2)
Cash consideration paid for the purchase of businesses, net of cash acquired	**88.7**	371.5

Notes to the Consolidated Financial Statements: Group Structure

29. SUBSIDIARIES

Details of subsidiaries in the Woolworths Group are as follows:

Name of entity	Ownership Interest % 2015	Ownership Interest % 2014
Woolworths Limited		
A.C.N. 001 259 301 Pty Limited[1]	100	100
ALH Group Pty Ltd[2]	75	75
Albion Charles Hotel (BMG) Pty Ltd	100	100
ALH Group Property Holdings Pty Ltd	100	100
Australian Leisure and Hospitality Group Pty Limited	100	100
ALH Group (No. 1) Pty Ltd	100	100
Balaclava Hotel (BMG) Pty Ltd	100	100
Chelsea Heights Hotel (BMG) Pty Ltd	100	100
Cherry Hill Tavern (BMG) Pty Ltd	100	100
Club Management (BMG) Pty Ltd	100	100
Courthouse Brunswick Hotel (BMG) Pty Ltd	100	100
Courthouse Hotel Footscray (BMG) Pty Ltd	100	100
Croxton Park Hotel (BMG) Pty Ltd	100	100
Daisey's Club Hotel (BMG) Pty Ltd	100	100
Excelsior Hotel (BMG) Pty Ltd	100	100
First and Last Hotel (BMG) Pty Ltd	100	100
Glengala Hotel (BMG) Pty Ltd	100	100
Lyndhurst Club Hotel (BMG) Pty Ltd	100	100
Management (BMG) Pty Ltd	100	100
Manningham Hotel (BMG) Pty Ltd	100	100
MGW Hotels Pty Ltd	100	100
Aceridge Pty. Limited	100	100
Chatswood Hills Tavern Pty. Ltd.	100	100
Dapara Pty Ltd	100	100
Stadform Developments Pty. Limited	100	100
Fenbridge Pty. Ltd.	100	100
Kawana Waters Tavern No. 3 Pty Ltd	100	100
Kawana Waters Tavern No. 1 Pty Ltd	100	100
Kawana Waters Tavern No. 2 Pty Ltd	100	100
Vicpoint Pty Ltd	100	100
Milanos Hotel (BMG) Pty Ltd	100	100
Monash Hotel (BMG) Pty Ltd	100	100
Moreland Hotel (BMG) Pty Ltd	100	100
Nu Hotel (BMG) Pty Ltd	100	100
Oakleigh Junction Hotel (BMG) Pty Ltd	100	100
Palace Hotel Hawthorn (BMG) Pty Ltd	100	100
Powel Hotel Footscray (BMG) Pty Ltd	100	100
Preston Hotel (BMG) Pty Ltd	100	100
Queensbridge Hotel (BMG) Pty Ltd	100	100
Racecourse Hotel (BMG) Pty Ltd	100	100
Shoppingtown Hotel (BMG) Pty Ltd	100	100
Taverner Hotel Group Pty. Ltd.	100	100
Amprok Pty. Ltd.	100	100
Auspubs Pty Ltd	100	100
Cooling Zephyr Pty Ltd	100	100
The Common Link Pty Ltd	100	100
E. G. Functions Pty. Ltd.	100	100
Elizabeth Tavern Pty. Ltd.	100	100
FG Joint Venture Pty Ltd	100	100

Name of entity	Ownership Interest % 2015	Ownership Interest % 2014
Fountain Jade Pty. Ltd.	100	100
Hadwick Pty Ltd	100	100
Markessa Pty. Ltd.	100	100
Playford Tavern Pty Ltd	100	100
Seaford Hotel Pty. Limited	100	100
The Second P Pty Ltd	100	100
Kilrand Hotels (Hallam) Pty. Ltd.	100	100
Ashwick (Vic.) No.88 Pty. Ltd.	100	100
Warm Autumn Pty. Ltd.	100	100
Werribee Plaza Tavern Pty. Ltd.	100	100
Waltzing Matilda Hotel (BMG) Pty Ltd	100	100
Wheelers Hill Hotel (BMG) Pty Ltd	100	100
Andmist Pty. Limited[1]	100	100
Australian Independent Retailers Pty Ltd[1,4]	100	49
Australian Liquor and Grocery Wholesalers Pty Ltd[1]	100	100
Australian Safeway Stores Pty. Ltd.[1]	100	100
Barjok Pty Ltd[1]	100	100
Bergam Pty Limited	75	75
Calvartan Pty. Limited[1]	100	100
Cenijade Pty. Limited[1]	100	100
Charmtex Pty Ltd[1]	100	100
DB Deals Online Pty Limited	100	100
DSE Investments, Inc.[14]	100	100
Fabcot Pty Ltd[1]	100	100
Fabsky Pty Ltd	100	100
Kiaora Lands Pty Limited[1]	100	100
Gembond Pty. Limited[1]	100	100
GreenGrocer.com.au Pty Ltd[1]	100	100
Grocery Wholesalers Pty Ltd[1]	100	100
HP Distribution Pty Limited	100	100
Hydrogen Nominees Pty. Ltd[1]	100	100
Hydrox Holdings Pty Ltd[3]	67	67
Masters Home Improvement Australia Pty Ltd	100	100
Masters Installation Pty Limited	100	100
Hydrox Nominees Pty Ltd	100	100
Hydrox Brands Pty Ltd[5]	100	100
Danks Holdings Pty Limited	100	100
HTH Events Pty Ltd[6]	100	100
Home Hardware Australasia Pty. Ltd.	100	100
Homestead Hardware Australasia Pty Ltd	100	100
Thrifty-Link Hardware Pty. Ltd.	100	100
Home Timber & Hardware Group Pty Ltd[7]	100	100
Australian Hardware Distributors Pty. Limited	100	100
Hammer Hardware Stores Pty. Ltd.	100	100
HTH Stores Pty Limited	100	100
Hardings Hardware Pty. Ltd.[1,8]	100	60
Hudson Building Supplies Pty Limited[1,9]	100	–
Hydrox Brands Limited[10,15]	100	100
Jack Butler & Staff Pty. Ltd.[1]	100	100

Notes to the Consolidated Financial Statements: Group Structure

29. SUBSIDIARIES CONTINUED

Name of entity	Ownership Interest % 2015	Ownership Interest % 2014
Josona Pty Ltd[1]	100	100
Kennedy Corporation Holdings Pty Limited[1]	100	100
Kennedy Corporation Pty Limited[1]	100	100
Cellarmaster Wines Pty Limited[1]	100	100
Dorrien Estate Winery Pty Ltd[1]	100	100
Nexday Pty. Limited[1]	100	100
Wine IQ Holdings Pty Ltd[1]	100	100
Langton's Brokerage Pty Ltd[1]	100	100
Cellar Force Pty Ltd[1]	100	100
Wine Ark Cellar Club Pty Ltd[1]	100	100
V I Packaging Pty Ltd[1]	100	100
Vinpac International Pty. Limited[1]	100	100
Winemarket Pty Ltd[1]	100	100
Zimi Wines Pty Ltd[1]	100	100
Langtons Pty. Ltd.[1]	100	100
Leasehold Investments Pty Ltd[1]	100	100
Advantage Supermarkets Pty Ltd[1]	100	100
Advantage Supermarkets WA Pty Ltd[1]	100	100
Mac's Liquor Stores Pty Limited[1]	100	100
Nalos Pty Ltd[1]	100	100
Oxygen Nominees Pty. Ltd.[1]	100	100
Philip Leong Stores Pty Limited[1]	100	100
Pinnacle Liquor Group Pty Limited[1]	100	100
Pinnacle Wines Pty Limited[1]	100	100
Southtrade International Pty Ltd	51	51
Progressive Enterprises Holdings Limited[1]	100	100
Drumstar Pty Ltd[1]	100	100
PEH (NZ IP) Pty Ltd[1]	100	100
Queensland Property Investments Pty Ltd[1]	100	100
Retail FM Pty Ltd[1]	100	100
Universal Wholesalers Pty Limited[1]	100	100
Vincentia Nominees Pty Ltd[1]	100	100
Votraint No. 1622 Pty Limited[1]	100	100
Woolies Liquor Stores Pty. Ltd.[1]	100	100
Woolstar Pty. Limited[1]	100	100
Woolworths (International) Pty Limited[1]	100	100
Woolworths (H.K.) Holdings Limited[11, 16]	100	–
Summergate Holdings Limited[12, 18]	100	–
Summergate International Trading (Shanghai) Limited Company[12, 19]	100	–
Summergate Limited[12, 16]	100	–
Summergate Limited[12, 20]	100	–
Nine Mile Holdings Limited[12, 18]	100	–
Pudao Trading (Shanghai) Limited Company[12, 19]	100	–
Pudao Limited[12, 16]	100	–
Pudao Limited[12, 20]	100	–
Woolworths (H.K.) Sales Limited[16]	100	100
Woolworths (H.K.) Procurement Limited[16]	100	100
Woolworths India Private Limited[17]	100	100
Woolworths New Zealand Group Limited[15]	100	100
Big W NZ Limited[15]	100	100
BWS (2008) Limited[15]	100	100

Name of entity	Ownership Interest % 2015	Ownership Interest % 2014
Progressive Enterprises Limited[15]	100	100
Caledonian Leasing Limited[15]	100	100
Countdown Foodmarkets Limited[15]	100	100
Foodtown Supermarkets Limited[15]	100	100
Fresh Zone Limited[15]	100	100
General Distributors Limited[15]	100	100
GDL Rx No1 Limited[15]	49	49
GDL Rx No2 Limited[15]	49	49
S R Brands Limited[15]	100	100
Kennedy Corporation Holdings NZ Limited[15]	100	100
Vinpac International NZ Limited[15]	100	100
New Zealand Wine Cellars Limited[15]	100	100
Supervalue/Freshchoice Limited[15]	100	100
The Supplychain Limited[15]	100	100
Wholesale Services Limited[15]	100	100
Wholesale Distributors Limited[15]	100	100
Woolworths (New Zealand) Limited[15]	100	100
Ezibuy Holdings Limited[15]	100	100
Ezibuy Limited[15]	100	100
Ezibuy Operations Limited[15]	100	100
Profile Limited[15]	100	100
Sara Apparel Limited[15]	100	100
Ezibuy International Limited[16]	100	100
Ezibuy Pty. Limited	100	100
Ezibuy Australia Limited[15]	100	100
Last Stop Shop Limited[15]	100	–
Woolworths (Project Finance) Pty. Limited[1]	100	100
Woolworths (Publishing) Pty Ltd[1]	100	100
Woolworths (Q'land) Pty Limited[1]	100	100
Woolworths (R & D) Pty Limited[1]	100	100
Woolworths (South Australia) Pty Limited[1]	100	100
Woolworths (Victoria) Pty Limited[1]	100	100
Statewide Independent Wholesalers Limited	60	60
Woolworths (W.A.) Pty Limited[1]	100	100
Woolworths Australian Communities Foundation Pty Limited[1]	100	100
Woolworths Custodian Pty Ltd[1]	100	100
Woolworths Executive Superannuation Scheme Pty Limited[1]	100	100
Woolworths Group Superannuation Scheme Pty Ltd[1]	100	100
Woolworths Pte Limited (member's voluntary liquidation)[21]	100	100
Woolworths Management Pty Ltd[1]	100	100
Woolworths Meat Co. Pty Ltd	50	50
Woolworths Properties Pty Limited[1]	100	100
Dentra Pty. Limited[1]	100	100
Weetah Pty. Limited[1]	100	100
QFD Pty. Limited[1]	100	100
Woolworths Property Double Bay Pty Limited[1]	100	100
Woolworths Townsville Nominee Pty Ltd[1]	100	100
Woolworths Trust Management Pty Limited[1]	100	100
Woolworths Trustee No. 2 Pty Limited[1]	100	100

Notes to the Consolidated Financial Statements: Group Structure

29. SUBSIDIARIES CONTINUED

Notes:

Unless otherwise noted, all entities are incorporated in Australia

1 Pursuant to ASIC Class Order 98/1418 the wholly-owned subsidiaries are relieved from the *Corporations Act 2001* (Cth) 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* (Cth) 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* (Cth) 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 Australian Independent Retailers Pty Ltd became wholly owned on 13 February 2015. It joined the Woolworths Limited Deed of Cross Guarantee by way of an Assumption Deed made on 22 June 2015

5 Carboxy Pty Ltd changed its name to Hydrox Brands Pty Ltd on 15 January 2015

6 Danks Events Pty Ltd changed its name to HTH Events Pty Ltd on 24 November 2014

7 John Danks and Son Proprietary Limited changed its name to Home Timber & Hardware Group Pty Ltd on 24 November 2014

8 Hardings Hardware Pty. Ltd. became wholly owned on 31 October 2014. It joined the Hydrox Holdings Pty Ltd Deed of Cross Guarantee by way of an Assumption Deed made on 22 June 2015

9 Hudson Building Supplies Pty Limited was acquired on 30 September 2014. It joined the Hydrox Holdings Pty Ltd Deed of Cross Guarantee by way of an Assumption Deed made on 22 June 2015

10 Masters Home Improvement New Zealand Limited changed its name to Hydrox Brands Limited on 15 January 2015

11 Woolworths (H.K.) Holdings Limited was established on 20 November 2014

12 The Summergate group of companies was acquired on 28 November 2014

13 Last Stop Shop Limited was incorporated on 15 April 2015

14 Incorporated in the United States of America

15 Incorporated in New Zealand

16 Incorporated in Hong Kong

17 Incorporated in India

18 Incorporated in British Virgin Islands

19 Incorporated in People's Republic of China

20 Incorporated in Macau

21 Incorporated in Singapore

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 2015 %	2014 %	Profit/(loss) allocated to non-controlling interests 2015 $m	2014 $m	Accumulated non-controlling interests 2015 $m	2014 $m	Dividends paid to non-controlling interests 2015 $m	2014 $m
ALH Group Pty Ltd	Australia	25	25	39.7	43.2	286.2	274.0	27.5	30.4
Hydrox Holdings Pty Ltd[1]	Australia	33	33	(54.0)	(38.9)	–	(3.2)	0.7	1.6
Individually immaterial subsidiaries				5.7	2.4	11.6	2.1	0.6	–
				(8.6)	6.7	297.8	272.9	28.8	32.0

1 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 16 for details.

Summarised financial information in respect of each of the Group's subsidiaries that has a material non-controlling interest were as follows:

$m	ALH Group Pty Ltd 2015	ALH Group Pty Ltd 2014	Hydrox Holdings Pty Ltd 2015	Hydrox Holdings Pty Ltd 2014
Current assets	384.6	859.5	1,068.0	881.5
Non-current assets	3,842.4	3,832.8	2,125.6	1,874.6
Current liabilities	(1,839.1)	(1,609.4)	(509.7)	(418.6)
Non-current liabilities	(1,246.3)	(2,013.4)	(23.9)	(23.9)
Revenue	3,950.2	3,848.5	1,874.1	1,535.0
Profit/(loss) after tax	158.8	172.6	(163.4)	(120.1)
Total comprehensive income/(loss)	158.8	172.6	(162.5)	(121.4)
Net cash (outflow)/inflow	(0.8)	(22.8)	(8.8)	2.8

Notes to the Consolidated Financial Statements: Group Structure

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* (Cth) 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 statement of profit or loss and retained earnings and statement of financial position for the entities which are party to the Deed at the reporting date are as follows:

Statement of profit or loss and retained earnings

$m	2015	2014
Revenue from the sale of goods	48,458.4	48,427.4
Other operating revenue	181.5	171.7
Total revenue	48,639.9	48,599.1
Cost of sales	(35,870.4)	(35,666.5)
Gross profit	12,769.5	12,932.6
Other revenue	208.0	171.3
Branch expenses	(7,800.7)	(7,698.7)
Administration expenses	(2,389.5)	(2,230.2)
Earnings before interest and tax	2,787.3	3,175.0
Financing income	15.9	247.7
Profit before income tax	2,803.2	3,422.7
Income tax expense	(820.3)	(946.6)
Profit for the period	1,982.9	2,476.1
Retained earnings		
Balance at start of period	4,653.1	3,866.7
Profit attributable to members	1,982.9	2,476.1
Dividends paid (Note 19)	(1,753.4)	(1,703.8)
Dividends paid on Treasury shares	6.5	5.9
Actuarial gains on defined benefit superannuation plans	11.3	15.1
Tax effect of actuarial gain	(3.4)	(6.9)
Balance at end of period	4,897.0	4,653.1

Notes to the Consolidated Financial Statements: Group Structure

30. DEED OF CROSS GUARANTEE CONTINUED

Statement of financial position

$m	2015	2014
Current assets		
Cash and cash equivalents	1,017.1	646.4
Trade and other receivables	1,322.2	1,886.7
Inventories	3,439.8	3,406.0
Other financial assets	185.0	12.6
	5,964.1	5,951.7
Assets held for sale	232.5	110.1
Total current assets	6,196.6	6,061.8
Non-current assets		
Trade and other receivables	3,589.2	3,662.3
Other financial assets	4,456.3	3,799.7
Property, plant and equipment	6,160.3	5,863.1
Intangible assets	985.7	981.7
Deferred tax assets	471.6	477.3
Total non-current assets	15,663.1	14,784.1
Total assets	21,859.7	20,845.9
Current liabilities		
Trade and other payables	5,150.2	4,922.3
Borrowings	1,611.2	219.2
Other financial liabilities	125.1	131.6
Income tax payable	40.0	100.4
Provisions	902.2	838.5
Total current liabilities	7,828.7	6,212.0
Non-current liabilities		
Borrowings	3,078.9	4,135.6
Other financial liabilities	169.7	311.2
Provisions	569.1	536.8
Other	200.8	196.5
Total non-current liabilities	4,018.5	5,180.1
Total liabilities	11,847.2	11,392.1
Net assets	10,012.5	9,453.8
Equity		
Issued capital	5,064.9	4,850.1
Shares held in trust	(155.9)	(218.9)
Retained earnings	4,897.0	4,653.1
Reserves	206.5	169.5
Total equity	10,012.5	9,453.8

Notes to the Consolidated Financial Statements: Group Structure

31. PARENT ENTITY INFORMATION

Financial information for the parent entity is as follows:

$m	2015	2014
Assets		
Current assets	5,532.2	5,560.4
Non-current assets	17,944.8	16,702.7
Total assets	23,477.0	22,263.1
Liabilities		
Current liabilities	12,396.8	10,340.1
Non-current liabilities	4,028.5	5,165.6
Total liabilities	16,425.3	15,505.7
Equity		
Issued capital	5,064.9	4,850.1
Shares held in trust	(155.9)	(218.9)
Reserves		
Hedging reserve	(69.1)	(99.7)
Remuneration reserve	266.8	303.1
Equity instrument reserve	10.3	(3.5)
Retained earnings	1,934.7	1,926.3
Total equity	7,051.7	6,757.4

$m	2015	2014
Profit for the period	1,747.4	1,961.7
Other comprehensive income/(loss)	68.1	(51.3)
Total comprehensive income for the period	1,815.5	1,910.4

Guarantees

$m	2015	2014
Bank guarantees[1]	8.7	15.4
Workers' compensation self-insurance guarantees[2]	702.1	768.8
Guarantees arising from the deed of cross guarantee with other entities in the wholly-owned group (Note 30)	1,330.3	604.6
	2,041.1	1,388.8

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 reporting date do not equal the liability at these dates due to the timing of issuing the guarantees.

Notes to the Consolidated Financial Statements: Group Structure

31. PARENT ENTITY INFORMATION CONTINUED

Contingent liabilities

$m	2015	2014
Contingent liabilities for which no provision has been made in the financial statements	26.1	6.0

Capital commitments for the acquisition of property, plant and equipment

$m	2015	2014
Payable not later than one year	141.3	153.1

Significant Accounting Policies

Financial information for the parent entity, Woolworths Limited, has been prepared on the same basis as the consolidated financial statements with the exception of investments in subsidiaries which are accounted for at cost.

32. RELATED PARTIES

Transactions within the Group

During the financial period and previous financial periods, Woolworths Limited advanced loans to, received and repaid 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.

Directors and key management personnel

Disclosures relating to Directors and key management personnel are set out in Note 35.

Notes to the Consolidated Financial Statements
Other

33. CONTINGENT LIABILITIES

$m	2015	2014
Bank guarantees[1]	55.2	52.2
Workers' compensation self-insurance guarantees[2]	702.1	768.8
Other	31.6	9.0
	788.9	830.0

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 reporting date do not equal the liability at these dates due to the timing of issuing the guarantees.

No provision has been made in the financial statements in respect of these contingencies, however there is a provision of $597.7 million for self-insured risks (2014: $579.7 million), which includes liabilities relating to workers' compensation claims, that have been recognised in the consolidated statement of financial position at the reporting date.

Infinity Cable

Between March 2012 and October 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.

Woolworths Limited has established a dedicated project team to contact affected customers and determine the appropriate course of remediation in accordance with the Safety Recall Notice and other legislative requirements. Notwithstanding the work undertaken to date, as at the balance sheet date, there is limited available data relating to the specific application of the cable sold to customers and the range of possible remediation outcomes. As a result, a reliable estimate as to the cost associated with remediation or other action required at this time is not possible.

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS

(A) Share-based payments – Woolworths Long Term Incentive Plan

Equity settled share based payments form part of the remuneration of certain employees of the Group. At the 2004 Annual General Meeting shareholders approved the introduction of the Woolworths Long Term Incentive Plan (LTIP). Sub-plans within the LTIP are as follows:

	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

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

LTIP

The Performance Rights Sub-Plan has been used to make offers of LTIP which have the following features:

- A maximum exercise period of five and a half years;
- Upon exercise, each performance right entitles the holder to one ordinary fully paid Woolworths Limited share; and
- Participants do not receive dividends on unvested equity.

A summary of the LTIP performance hurdles for all outstanding grants is as follows:

Summary of LTIP performance measures					
		EPS		TSR	
Grant year	Vesting period	Weighting	Hurdle	Weighting	Hurdle
FY12[1]	5	50%	8% – 12%	50%	51st – 75th percentile
FY13 – FY14[2]	5	50%	6% – 8%	50%	51st – 75th percentile
FY15[2]	3	50%	6% – 8%	50%	51st – 75th percentile

1 Earnings per share (EPS) component vests progressively upon attaining average annual growth of 8% with the full 50% vesting at an average annual growth of 12%. The Total Shareholder Return (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 6% with the full 50% vesting at an average annual growth of 8%. The vesting of the TSR component has not changed from FY12. There is no retest if either performance measure is not met.

Deferred Short Term Incentive (STI)

The Performance Rights Sub-Plan has been used from FY12 to make offers of Deferred STI which has the following features:

- a one year performance measure linked to Net Profit After Tax (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.

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:

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

Attraction and retention rights generally do not have performance measures attached to them due to the objective of retaining key talent and vest subject to the executive remaining employed by the Company, generally for two or more years.

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS CONTINUED

(A) Share-based payments – Woolworths Long Term Incentive Plan continued

The total number of outstanding options and performance rights on issue at balance date are as follows:

	Grant year					
2015	FY11	FY12	FY13	FY14	FY15	Total
Performance rights	–	149,389	1,916,295	1,401,834	2,337,550	5,805,068
Retention performance rights	–	–	35,890	166,850	179,490	382,230
						6,187,298

	Grant year					
2014	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
						8,126,381

Options and performance rights by grant date

The following table summarises movements in outstanding options/rights for the financial period ended 28 June 2015:

Financial Year	Effective date	Expiry date	No. of options/ rights at 29 June 2014	Options/ rights granted during year	Options/ rights exercised during year	Options/ rights lapsed and forfeited during year	No. of options/ rights at 28 June 2015
Options							
FY10	1-Jul-09	31-Dec-14	292,865	–	(253,023)	(39,842)	–
Performance Rights							
FY11	1-Jul-10	31-Dec-15	1,083,695	–	–	(1,083,695)	–
FY12	1-Jul-11	31-Dec-16	1,266,438	–	(1,011,515)	(105,534)	149,389
FY13	1-Jul-12	31-Dec-17	2,328,268	–	(80,643)	(331,330)	1,916,295
FY14	1-Jul-13	31-Dec-18	2,076,452	–	(7,234)	(667,384)	1,401,834
FY15	1-Jul-14	31-Dec-19	–	2,537,514	–	(199,964)	2,337,550
Retention Performance Rights							
FY12	1-Jul-11 to 14-May-12	1-Jul-13 to 16-Apr-15	55,000	–	(55,000)	–	–
FY13	1-Jul-12 to 3-Apr-13	1-Jul-14 to 11-Mar-16	737,420	–	(692,930)	(8,600)	35,890
FY14	1-Jul-13 to 20-Jun-14	1-Jul-14 to 2-Oct-18	286,243	–	(101,843)	(17,550)	166,850
FY15	1-Jul-14 to 1-Jun-15	2-Sep-14 to 7-Apr-18	–	185,050	(4,130)	(1,430)	179,490
			8,126,381	2,722,564	(2,206,318)	(2,455,329)	6,187,298

The weighted average share price during the financial period ended 28 June 2015 was $31.96.

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS CONTINUED

(A) Share-based payments – Woolworths Long Term Incentive Plan continued

Movements in options/performance rights during the financial period ended 29 June 2014 are as follows:

Financial Year	Effective date	Expiry date	No. of options/ rights at 30 June 2013	Options/ rights granted during year	Options/ rights exercised during year	Options/ rights lapsed and forfeited during year	No. of options/ rights at 29 June 2014
Options							
FY09	1-Jul-08[1]	31-Dec-13	434,446	–	(360,222)	(74,224)	–
FY10	1-Jul-09[1]	31-Dec-14	3,112,900	–	(1,064,543)	(1,755,492)	292,865
Performance Rights							
FY10	1-Jul-09	31-Dec-14	725,938	–	(316,980)	(408,958)	–
FY11	1-Jul-10	31-Dec-15	2,319,311	–	(1,096,446)	(139,170)	1,083,695
FY12	1-Jul-11	31-Dec-16	1,367,527	–	(14,924)	(86,165)	1,266,438
FY13	1-Jul-12	31-Dec-17	2,531,782	–	(17,113)	(186,401)	2,328,268
FY14	1-Jul-13	31-Dec-18	–	2,110,319	–	(33,867)	2,076,452
Retention Performance Rights							
FY11	1-Feb-11 to 1-Jun-11	1-Feb-14 to 1-Jun-14	76,500	–	(70,000)	(6,500)	–
FY12	1-Jul-11 to 14-May-12	1-Jul-13 to 16-Apr-15	173,500	–	(109,324)	(9,176)	55,000
FY13	1-Jul-12 to 3-Apr-13	1-Jul-14 to 11-Mar-16	829,450	–	(46,242)	(45,788)	737,420
FY14	1-Jul-13 to 20-Jun-14	1-Jul-14 to 2-Oct-18	–	292,843	–	(6,600)	286,243
			11,571,354	2,403,162	(3,095,794)	(2,752,341)	8,126,381

The weighted average share price during the financial period ended 30 June 2014 was $34.93

1 Options effective on 1 July 2008 had an exercise price of $24.61. Options effective on 1 July 2009 had an exercise price of $25.59 and were exercisable at 29 June 2014. 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.

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS CONTINUED

(A) Share-based payments – Woolworths Long Term Incentive Plan continued

The contractual exercise period of the instruments set out in the previous tables is used as an input into the model to determine the fair value of options and performance rights. Other inputs in relation to these instruments are:

Grant Date[1]	Effective Date	Share Price at grant Date	Exercise Price	Expected Volatility[2]	Dividend Yield	Risk Free Interest Rate	Weighted Average FV	Fair Value		
								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
17-Oct-14	1-Jul-14	$34.76	–	16%	4.10%	2.50%	$21.51	$29.78	$13.24	–
17-Oct-14	1-Jul-14	$34.76	–	–	4.10%	–	$29.78	–	–	$29.78
27-Nov-14	1-Jul-14	$31.75	–	16%	4.10%	2.50%	$18.66	$27.37	$9.94	–
19-Jun-15	1-Jul-14	$27.30	–	20%	5.10%	1.90%	$12.50	$23.53	$1.46	–

1 Grant date represents the offer acceptance date.
2 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.

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 period, 1,735 shares (2014: 1,267) 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 year, 520,066 (2014: 431,251) shares were purchased on behalf of participating employees.

The total shares purchased during the year was 521,801 at an average price per share of $30.28.

Significant Accounting Policies

Share based payments

The grant date fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period, with a corresponding increase in equity.

The fair value of instruments with market-based performance conditions (e.g. TSR) is calculated at the date of grant using the Monte-Carlo simulation model. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions (e.g. EPS and NPAT) and service conditions and retention rights is calculated using the Black-Scholes option pricing model.

The amount recognised as an expense over the vesting period is adjusted to reflect the actual number of instruments that vest except where forfeiture is due to failure to achieve market-based performance conditions.

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS CONTINUED

(B) 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 Group. The WGSP invests entirely in pooled superannuation trust products where prices are quoted on a daily basis.

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 relate only to the Company's obligation in respect of defined benefit entitlements.

The Group 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.

Actuarial valuation was carried out at both reporting dates by Mr John Burnett, FIAA, Towers Watson. The principal actuarial assumptions used for the purpose of the valuation are as follows:

	2015 %	2014 %
Discount rate	4.40	3.70
Expected rate of salary increase	3.00	3.00
Rate of price inflation	2.50	2.50

The average duration of the defined benefit obligation at the end of the reporting period is 7.7 years (2014: 8.0 years) which relates wholly to active participants.

Total defined benefit costs are as follows:

	2015 $m	2014 $m
Current service cost	13.6	11.1
Net interest/(income) on net defined benefit liability	2.3	3.2
Remeasurement effects recognised in other comprehensive income	(11.3)	(15.1)
Total defined benefit (income)	4.6	(0.8)

The amount included in the consolidated statement of financial position in respect of the defined benefit plan is as follows:

	2015 $m	2014 $m
Defined benefit obligation	(508.8)	(528.8)
Fair value of plan assets	440.9	454.9
Closing net liability for defined benefit obligations	(67.9)	(73.9)

Notes to the Consolidated Financial Statements: Other

34. EMPLOYEE BENEFITS CONTINUED

(B) Retirement plans continued

Movements in the present value of the net liability for defined benefit obligations are as follows:

	2015 $m	2014 $m
Movement:		
Net liability for defined benefit obligations at start of period	(73.9)	(102.9)
Current service cost	(13.6)	(11.1)
Interest cost	(18.5)	(18.6)
Interest income[1]	16.2	15.4
Return on plan assets greater than discount rate[1]	31.5	39.8
Actuarial loss due to experience	(19.7)	(24.7)
Actuarial loss due to assumption changes	(0.5)	–
Employer contributions	10.6	28.2
Net liability for defined benefit obligations at end of period	(67.9)	(73.9)

1 The actual return on plan assets was $47.7 million (2014: $55.2 million).

Significant actuarial assumptions for the determination of the defined benefit obligation are the 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 $3.8 million (increase by $5.6 million)
- If the rate of salary growth increases (decreases) by 1%, the defined benefit obligation would increase by $4.7 million (decrease by $3.3 million)

Company contributions are agreed between the Plan Trustees and Company, following advice from the Plan Actuary at least every year. The expected Group and employee contributions to the WGSP in respect of members with defined benefit entitlements for the 2016 financial year are $10.4 million and $4.4 million respectively.

Defined contribution plans

The majority of employees in Australia and New Zealand are part of a defined contribution superannuation scheme and receive fixed contributions from the Group in accordance with the rules of the WGSP and/or any statutory obligations.

Significant Accounting Policies

Defined benefit plan

The net defined benefit obligation recognised in the consolidated statement of financial position 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.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognised in the period in which they occur, directly 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 statement of profit or loss.

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.

Notes to the Consolidated Financial Statements: Other

35. KEY MANAGEMENT PERSONNEL

The total remuneration for key management personnel of the Group is as follows:

$	2015	2014
Short-term employee benefits	8,135,863	14,553,952
Post employment benefits	752,359	1,288,816
Other long-term benefits	135,456	193,937
Share-based payments	358,786	3,473,217
	9,382,464	19,509,922

36. AUDITORS' REMUNERATION

$'000	2015	2014
Auditors of the parent entity – Deloitte Touche Tohmatsu Australia		
Audit or review of the financial report	2,518	2,569
Regulatory and compliance related services	13	463
Other non-audit related services[1]	687	1,549
Tax compliance services	85	22
	3,303	4,603
Other auditors[2]		
Audit or review of the financial report	172	271
Other non-audit related services[1]	525	–
Tax compliance services	101	80
	798	351
Total auditors' remuneration	4,101	4,954

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.

37. SUBSEQUENT EVENTS

At the date of this report, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

WOOLWORTHS LIMITED

28 August 2015

FINAL PROFIT AND DIVIDEND ANNOUNCEMENT FOR THE 52 WEEKS ENDED 28 JUNE 2015

FY15 earnings and final dividend in line with FY14

Three year journey to regain sales momentum underway

Delivering on our price promise for customers

Gathering momentum in operating efficiencies

Net Profit After Tax Before Significant Items[1], up 0.1%

Earnings Per Share Before Significant Items[1], down 0.7%

FY15 Key Financial Highlights

Before Significant Items[1]

- **Sales** of $60.7 billion, down 0.2% or up 2.5% excluding Petrol[2]
- **Earnings Before Interest and Tax** of $3,748.4 million, down 0.7%
- **Net Profit After Tax** of $2,453.3 million, up 0.1%
- **Earnings Per Share** of 195.2 cents, down 0.7%
- **Fully franked FY15 dividends** of 139 Cents Per Share, up 1.5%

After Significant Items[1]

- **Earnings Before Interest and Tax** of $3,322.5 million, down 12.0%
- **Net Profit After Tax** of $2,146.0 million, down 12.5%

Note: This announcement contains certain non-IFRS measures that Woolworths believes are relevant and appropriate to understanding its business. Refer to Appendix One for further information.

Media Release

Woolworths Limited (Woolworths) Chief Executive Officer, Grant O'Brien said: "Woolworths today reported net profit after tax of $2.45 billion before significant items[1] for FY15. In a year of clear challenges and structural change, we have delivered sales and profit[1] in line with the prior year, albeit below our expectations.

"Woolworths' financial performance is largely determined by its Australian Food, Liquor and Petrol business which in FY15 delivered an increase in earnings before interest and tax of 2.1% on the prior year reflecting subdued sales growth in the second half.

"The market environment has changed dramatically with stronger competition and significant shifts in customers' shopping behaviour. Woolworths is evolving and innovating to meet these challenges and finding new ways to delight our customers."

Woolworths Food Group Managing Director, Brad Banducci, said: "We are resetting our Food business to ensure a sustainable competitive position and maintain strong returns to shareholders. We enjoy significant advantages in scale, network, supply chain and a proven ability to extract operating efficiencies. However, a more competitive environment will result in lower margins as we invest to improve all aspects of the customer experience, notwithstanding gathering momentum in operating efficiencies.

"In May I outlined the Australian Supermarket Customer 1st Strategy. We have made a strong start to our three year journey of regaining sales momentum. Our new leadership team is in place and they are delivering on our commitment not to be beaten on price, enhancing the shopping experience, improving the fruit and vegetable offer, increasing the effectiveness of our communication and, most importantly, embedding a culture which has customers at the heart of every decision.

"We have invested more than $200 million in price in H2'15 and this has continued into H1'16. In a comparison of almost 9,000 items to Coles using Nielsen Homescan (an independently verifiable source) over Q4'15, Woolworths was cheaper.

"Our reinvestment into team hours in FY15 and FY16 is resulting in improved availability and customer service and a better fruit and vegetable offer, and is also translating into improving customer feedback measures, including Net Promoter Score. Whilst Australian Food and Liquor comparable sales in July and August declined 0.9% for the first eight weeks of the year, we are confident that our investment will lead to improved sales momentum. However, given the scale and timing of the changes we are making we expect it will take time for sales to respond to our initiatives," Mr Banducci said.

Liquor continued to perform well and extended its leadership in a flat market across all of its formats on price, offer, convenience and innovation.

Countdown Supermarkets delivered a strong second half performance with improved sales and profit momentum.

The General Merchandise result has continued to be adversely impacted by our BIG W business transformation, the clearance of unproductive inventory, and systems implementation issues arising from the transition to our new merchandising system in the second half of the year which impacted stock availability. Stock availability issues and inventory clearance have continued to impact Q1'16 with comparable sales declining 8.9% for the first eight weeks of the year. We continue to target an improvement in profitability in FY16 but will require improved sales momentum over the key Christmas trading period.

Hotels delivered an improved sales performance with positive sales momentum in the second half. As expected, earnings were impacted by the additional Victorian gaming tax which came into effect in May 2014 as well as the divestment of a portfolio of freehold hotel sites in October. Excluding these, earnings before interest and tax were up on the prior year.

In Home Improvement, we now have approximately 20% of our Masters stores in the new format with the average sales per store more than 30% higher than the original format stores. We will refit three stores in NSW in H1'16 and will open fewer new stores in FY16, focusing on key metropolitan markets, as previously announced.

We reinforced our position as Australia's leading online retailer with online sales increasing 15.6% to $1.42 billion in FY15 across Food, Liquor and General Merchandise.

Following our Investor Day in May we have made good progress in our transition to our Lean Retail Model with cost savings tracking ahead of our stated targets of more than $500m. However, FY16 will bear the impact of our decisive response to the competitive environment to meet our value commitment to customers with our investments in price, service and experience exceeding cost reductions in this period. We are committed to making the right long term decisions for our customers and shareholders.

Woolworths Limited Chairman, Ralph Waters, said: “The Board has announced a final dividend of 72 cents per share taking FY15 dividends to 139 cents per share, a 1.5% increase on the prior year. There is an intense focus on restoring Woolworths to a sustainable growth path. I am convinced that shareholders will be rewarded and our decisions will result in a better and stronger Woolworths.”

PROGRESS AGAINST DIVISION PLANS

1. Woolworths Food Group

- ***Invested more than $200 million to lower prices in Australian Supermarkets with average price deflation of 2.8% in FY15 and 5.2% in Q4'15*** with our internal price comparisons of 17,000 items showing price parity since the end of June 2015. Woolworths was also cheaper than Coles across almost 9,000 key items using Nielsen Homescan in Q4'15 and materially cheaper on an online basket of 10,000 items
- ***Reinvested an incremental 56,000 team hours per week*** in service in store with a particular focus on Fresh and on-shelf availability
- ***New leadership team in place and focused on implementing customer led strategy*** with the appointments of Stephen Harrison, Director of Finance, Natalie Davis, Director of Customer Transformation and Steve Donohue, Director of Buying
- ***First national retailer to sign the Australian Food & Grocery Industry Code of Conduct*** providing greater transparency and certainty for food and grocery suppliers
- ***Continued to lower prices in Countdown New Zealand*** through Price Lockdown and Price Drop campaigns leading to comparable customer and unit growth during the second half
- ***Reinforced our position as Australia and New Zealand's leading online grocery retailer*** with another year of strong sales growth in both countries in FY15

2. Woolworths Liquor Group

- ***Continued growth and market share gains in a low growth environment*** with Liquor sales of $7.7 billion, an increase of 4.2% on the prior year
- ***Balanced growth across our formats*** with Dan Murphy's (Destination), BWS (Convenience) and The Wine Quarter (Direct & Digital) all reporting improved results
- ***Better engagement of customers through MyDanMurphy's*** – Dan Murphy's new loyalty program successfully launched in November with over 900,000 members to date
- ***Reinforced danmurphys.com.au as Australia's premier online liquor destination***

3. General Merchandise

- ***Progress in clearance of unproductive inventory through Drop Zone*** with approximately 80% cleared to date and on track to complete clearance activity before Christmas
- ***Visual merchandising improvement programs in Womenswear, Menswear and Childrenswear*** rolled out to 40 stores in FY15 with another 67 stores planned for H1'16
- ***Rolled out new Party category to 63 stores*** with planning underway for a further 67 stores in FY16
- ***Significantly increased the number of products available online to over 28,000*** with a further 8,000 products for customers to research
- ***Ongoing focus on newness*** with exclusive Arts & Crafts, Technology, Toys and Kardashian Kids Clothing Collection in stores from August

4. Hotels

- ***Rollout of voluntary pre-commitment functionality gathered pace*** with the NSW rollout completed in June. We expect to complete Queensland and Victoria by December 2015
- ***Refurbished 39 key venues*** including the Brunswick Hotel, Melbourne Hotel, Jimboomba Hotel, and Dublin Docks in Queensland, the Pascoe Vale Hotel in Victoria and the Village Tavern in SA with more to be completed in FY16
- ***A focus on improving bar sales delivering results*** through a focus on entertainment, sponsorships and events
- ***Continued growth in food and accommodation sales*** benefitting from improved menus, promotions and online growth

5. Home Improvement

- ***11 stores in new format at the end of the financial year comprising nine new stores and two retrofitted stores*** with financial performance significantly better than the performance of the original store formats
- ***Significant progress in our comprehensive range review*** with new ranges being progressively rolled out with 5,300 new lines added. Global leading brands, Sherwin-Williams (paint), Loctite (adhesives) and Honda (mowers) are due to be rolled out to stores during September/October
- ***Store rollout refocused on strategic and high potential locations*** with stores opening in Penrith and Northmead, NSW during FY16

BUSINESS PERFORMANCE

Earnings Before Interest and Tax (EBIT)

$ million	FY15 (52 weeks)	FY14 (52 weeks)	Change
Before Significant Items[1]			
Australian Food, Liquor and Petrol	3,439.8	3,368.0	2.1%
New Zealand Supermarkets	303.2	271.4	11.7%
New Zealand Supermarkets (NZD)	*326.0*	*309.8*	*5.2%*
General Merchandise	114.2	152.9	(25.3)%
Hotels	234.5	275.4	(14.9)%
Home Improvement	(224.7)	(169.0)	33.0%
Central Overheads	(118.6)	(123.5)	(4.0)%
Group EBIT (before Significant Items[1])	**3,748.4**	**3,775.2**	**(0.7)%**
Significant Items[1] (before tax)*	(425.9)	-	n.c
Group EBIT (after Significant Items[1])	**3,322.5**	**3,775.2**	**(12.0)%**

Net Profit After Tax (NPAT)

$ million	FY15 (52 weeks)	FY14 (52 weeks)	Change
Group EBIT (before Significant Items[1])	**3,748.4**	**3,775.2**	**(0.7)%**
Net financing costs	(254.8)	(260.1)	(2.0)%
Tax expense	(1,048.1)	(1,056.7)	(0.8)%
Non controlling interests	7.8	(6.7)	216.4%
Group net profit after income tax and non-controlling interests (before Significant Items[1])	**2,453.3**	**2,451.7**	**0.1%**
Significant items[1] (after tax and non controlling interests)*	(307.3)	-	n.c
Group net profit after income tax and non-controlling interests (after Significant Items[1])	**2,146.0**	**2,451.7**	**(12.5)%**

**Refer to Appendix Two for further detail on significant items[1] recognised in FY15*

GROUP INCOME STATEMENT PERFORMANCE*

Sales were $60.7 billion, representing a decrease of 0.2% driven by lower fuel sales as a result of changes to the Woolworths – Caltex alliance[2], the declining average fuel sale price, as well as a disappointing trading result in Australian Food and Liquor and General Merchandise. The new arrangement with Caltex became effective progressively during Q2'15 with 131 Caltex operated sites exiting the joint venture with Woolworths no longer recording sales from these sites. Excluding Petrol, sales increased 2.5% on the prior year. Details of FY15 sales by quarter are provided in Appendix Three.

Gross profit (before significant items[1]) as a percentage of sales increased 39 bps on the prior year to 27.5% driven by the change in sales mix from Petrol to our higher margin businesses combined with Petrol margin accretion due to falling wholesale fuel prices, outweighing gross profit margin declines in both Australia and New Zealand Supermarkets as we continued to invest in lower prices.

Cost of doing business (CODB) (before significant items[1]) as a percentage of sales increased 42 bps on the prior year to 21.3% due to subdued sales growth impacted by the changes to the Woolworths – Caltex alliance[2] limiting the ability to fractionalise costs. This was partially offset by cost savings generated through improved efficiency across store operations and support functions and lower employee incentive based remuneration.

Earnings before interest and tax (before significant items[1]) decreased 0.7% on the prior year to $3,748.4 million.

Net financing costs decreased 2.0% on the prior year, driven by interest savings as a result of the repayment of debt partially offset by lower capitalised interest associated with fewer active property development sites.

Net profit after tax and non-controlling interests (before significant items[1]) increased 0.1% on the prior year to $2,453.3 million, with corresponding earnings per share (EPS) down 0.7% to 195.2 cents.

On a statutory basis, after reflecting the impact of significant items[1], NPAT decreased 12.5% to $2,146.0 million with corresponding EPS down 13.1% to 170.8 cents.

** Unless otherwise stated, growth percentages and metrics represent continuing operations before significant items[1]. Refer to Appendix Two for further information*

AUSTRALIAN FOOD, LIQUOR AND PETROL*

	FY15 (52 weeks)	FY14 (52 weeks)	Change
***Before Significant Items*[1]**			
Sales			
Food and Liquor ($ million)	42,132	41,171	2.3%
Petrol ($ million)	5,632	7,065	(20.3)%
Food, Liquor and Petrol ($ million)	**47,764**	**48,236**	**(1.0)%**
EBIT			
Food, Liquor and Petrol ($ million)	**3,439.8**	**3,368.0**	**2.1%**
Funds Employed ($ million)	4,756.4	4,576.9	3.9%
Gross Margin (%)	25.70	25.19	51 bps
Cost of Doing Business (%)	18.50	18.21	29 bps
EBIT to Sales (%)	7.20	6.98	22 bps
Return on Average Funds Employed (%)	73.71	75.66	(195) bps

Trading Performance

Australian Food and Liquor sales for the year were $42.1 billion, an increase of 2.3% on the previous year. Comparable sales increased 0.7% on the previous year. As previously advised, the Australian Food and Liquor sales performance in Q4'15 was disappointing, with Easter adjusted[3] comparable sales declining by 0.9%.

We reported deflation in average prices (when the effects of promotions and volumes are included) of 5.2% in Q4'15, significantly above the 2.8% deflation for FY15 (FY14: deflation of 3.1%) as we accelerated our investment in lower prices for our Australian Food customers.

The standard shelf price movement index[4] which excludes the significant investment in promotional activity increased by 1.2% in Q4'15 which was also well below the FY15 increase of 3.0% (FY14: 2.1%). Despite significant cost inflation in some products like meat in Q4'15, shelf price increases were kept low as we absorbed cost price increases.

Liquor continued to perform well across all three formats – Dan Murphy's (Destination), BWS (Convenience) and The Wine Quarter (Direct & Digital). Total Liquor sales for the year (including ALH Group on premise liquor sales) of $7.7 billion represent an increase of 4.2% on the previous year.

Petrol sales for the year were $5.6 billion, a decrease of 20.3% on the previous year (volumes decreased by 13.1%). Sales were impacted by changes to the Woolworths – Caltex alliance[2] where sales from 131 Caltex operated sites are no longer recognised by Woolworths, and declining average fuel sell prices (unleaded FY15: 134.4 cpl; FY14: 151.1 cpl). As previously reported, the new arrangement for Caltex operated sites has not had a material profit impact on the Woolworths Group[2] in FY15.

Comparable petrol sales (dollars) decreased 10.7% for the year due to the impacts of declining global oil prices and a decline in comparable volumes (2.3%) which have been impacted by reduced fuel discount activity following the undertaking to the Australian Competition and Consumer Commission (ACCC) which limited fuel discounts available to customers.

** Unless otherwise stated, growth percentages and metrics represent continuing operations before significant items[1]*

Australian Food, Liquor and Petrol (continued)*

Growth in non-fuel categories continued with total merchandise sales for the year increasing 9.3% and comparable merchandise sales increasing 6.2%.

Australian Food, Liquor and Petrol (FLP) gross margin increased 51 bps, as changes to the Woolworths – Caltex alliance[2] drove a change in sales mix from Petrol towards the higher margin Food and Liquor businesses. Our continued investment in lowering prices resulted in our Australian Food and Liquor gross margin declining by 53 bps.

FLP CODB as a percentage of sales increased 29 bps on the prior year driven by lower sales and investment in store labour to improve the customer experience. This was partly offset by cost savings generated through improved efficiency across store operations and support functions and lower employee incentive based remuneration.

FLP EBIT of $3,439.8 million increased 2.1% on the previous year, with the EBIT margin increasing 22 bps primarily due to the mix benefit of lower Petrol sales.

Return on Average Funds Employed (ROFE) for FLP decreased 195 bps on the prior year, reflecting continued investment in stores and refurbishments across Supermarkets, Liquor and Petrol on lower EBIT growth.

We expect investment in price and service to continue to exceed cost savings with the impact of this most pronounced in H1'16 as we look to regain comparable sales momentum in our Australian Food business.

** Unless otherwise stated, growth percentages and metrics represent continuing operations before significant items[1]*

NEW ZEALAND SUPERMARKETS*

$NZD	FY15 (52 weeks)	FY14 (52 weeks)	Change[5]
***Before Significant Items*[1]**			
Sales ($ million)	5,878	5,737	2.5%
EBIT ($ million)	326.0	309.8	5.2%
Funds Employed ($ million)	3,080.7	3,052.9	0.9%
Gross Margin (%)	23.50	23.67	(17) bps
Cost of Doing Business (%)	17.95	18.27	(32) bps
EBIT to Sales (%)	5.55	5.40	15 bps
Return on Average Funds Employed (%)	10.63	9.88	75 bps

Trading Performance

New Zealand Supermarkets' sales for the year were NZ$5.9 billion, an increase of 2.5%[5] on the previous year (5.4% increase in AUD). Comparable sales increased 0.9%[5] benefiting from our strategy to invest in lower prices and as we cycled a weaker sales performance in the prior year.

The Countdown Supermarkets food price index showed deflation of 0.2% (Q4'15: deflation of 0.3%; FY14: inflation of 0.7%), with deflation across a number of categories, particularly Grocery and Bakery, as the Price Lockdown and Price Drop campaigns gained momentum, as well as Liquor. We have continued to see comparable growth in customer numbers and units sold since we launched these campaigns.

Gross margin decreased 17 bps[5] on the previous year driven by the reinvestment in price.

CODB as a percentage of sales decreased 32 bps[5] on the previous year due to the impact of lower employee incentive compensation combined with strong cost control across support functions.

EBIT increased 5.2%[5] on the previous year to NZ$326.0 million.

ROFE was 75 bps[5] higher than the prior year driven by EBIT growth.

** Unless otherwise stated, growth percentages and metrics represent continuing operations before significant items[1]*

GENERAL MERCHANDISE*

	FY15 (52 weeks)	FY14 (52 weeks)	Change
Before Significant Items[1]			
Sales ($ million)	4,106	4,352	(5.7)%
EBIT ($ million)	114.2	152.9	(25.3)%
Funds Employed ($ million)	1,075.6	1,230.5	(12.6)%
Gross Margin (%)	34.72	33.78	94 bps
Cost of Doing Business (%)	31.94	30.27	167 bps
EBIT to Sales (%)	2.78	3.51	(73) bps
Return on Average Funds Employed (%)	9.90	13.75	(385) bps

Trading Performance

Sales for the year were $4.1 billion, a decrease of 5.7% on the previous year with comparable store sales decreasing 7.2%. Sales continue to be impacted by the ongoing BIG W transformation plan.

As part of the BIG W transformation, we introduced a new merchandising system which will significantly improve insights into our trading performance and inventory management with enhanced item level detail, necessary as the business mix shifts towards softgoods. Issues with the implementation during Q4'15 led to low stock availability in a number of categories which impacted sales. These issues are now largely resolved with final resolution expected in late September. Sales were also impacted by ongoing price deflation (FY15: 2.6%) and inventory clearance activity which cannibalised the sales and margins of full priced merchandise.

Trading in July and August, whilst still disappointing, has improved relative to Q4'15 with comparable sales for the first eight weeks of the financial year declining by 8.9%. Categories such as Entertainment, Toys, Books and Womenswear are showing an improved performance while Footwear and Homewares remains weak.

The 94 bps gross margin improvement reflects shifts in sales mix towards higher margin apparel, improvements in buying and lower shrinkage costs and a full year contribution of EziBuy (which trades at a higher margin), partially offset by price markdowns and clearance activity.

CODB as a percentage of sales increased 167 bps on the prior year, driven by a disappointing trading result limiting the ability to fractionalise costs and the inclusion of EziBuy for the full year. Total CODB was flat despite opening two BIG W stores and one EziBuy store, as overhead costs were well managed.

We have made good progress in the clearance of unproductive inventory with approximately 80% by value sold to date, ahead of our initial expectations. We expect to have cleared all unproductive inventory before Christmas.

EBIT of $114.2 million decreased 25.3% on the previous year.

ROFE decreased 385 bps impacted by lower EBIT despite a reduction in Funds Employed due to the clearance of unproductive inventory.

We continue to target an improvement in profitability in FY16 but this will require an improvement in sales momentum over the key Christmas trading period.

** Unless otherwise stated, growth percentages and metrics represent continuing operations before significant items*[1]

HOTELS

	FY15 (52 weeks)	FY14 (52 weeks)	Change
Sales ($ million)	1,475	1,472	0.2%
EBIT ($ million)	234.5	275.4	(14.9)%
Gross Margin (%)	83.11	82.82	29 bps
Cost of Doing Business (%)	67.21	64.11	310 bps
EBIT to Sales (%)	15.90	18.71	(281) bps

Trading Performance

Excluding the impact of the additional Victorian gaming tax which came into effect in May 2014 of $18.7 million, Hotel sales increased 1.5% and comparable sales increased 0.9%. Sales for the year were $1,475 million, an increase of 0.2% on the previous year with comparable sales decreasing by 0.4%. While trading in Victoria and Queensland remains subdued, we have seen an improvement in trading conditions over the second half driven by improved promotional offerings.

Gross margin increased 29 bps on the prior year due to changes in sales mix.

CODB as a percentage of sales increased 310 bps on the prior year, impacted mainly by additional rental expense (net of depreciation savings) of $24.2 million following the sale and leaseback of 54 freehold hotel sites in October 2014 and the lower trading result due to the Victorian gaming tax. Cost savings from improved efficiency across support functions and venue operations were offset by an increase in marketing and promotional spend.

Excluding the impact of the additional Victorian gaming tax and the additional net rental expense following the sale of the hotel sites, EBIT increased marginally on the prior year. Reported EBIT decreased 14.9% on the previous year to $234.5 million.

We expect a further $9 million of non-comparable costs in H1'16 until we cycle the sale of the hotel sites in October.

HOME IMPROVEMENT*

$ million	FY15 (52 weeks)	FY14 (52 weeks)	Change
***Before Significant Items*[1]**			
Sales			
Masters	930	752	23.7%
Home Timber and Hardware	937	775	20.9%
Home Improvement	**1,867**	**1,527**	**22.3%**
EBIT			
Masters	(245.6)	(176.0)	39.5%
Home Timber and Hardware	20.9	7.0	198.6%
Home Improvement	**(224.7)**	**(169.0)**	**33.0%**

Trading Performance

Masters sales for the year were $930 million, an increase of 23.7%. We opened our 58th store shortly before the end of the financial year. At the end of FY15, Masters stores had traded on average for two years.

In April this year we opened our first store with the new format and range and by the end of FY15 we had opened nine. These new stores are delivering pleasing results with the average sales per store over 30% higher than the original format stores. The sales uplifts we are seeing reflect the investments we have made in space and ranges in our core categories.

In FY15 we also commenced a program to retrofit the new format and range into the existing network. We successfully retrofitted two stores by the end of FY15 with another store completed in early July. The early results from these stores are also pleasing.

At the end of FY15, approximately 20% of our store network was trading in the new format and by the end of FY16 we are aiming to have half of the store network in the new format and range. We will continue to carefully assess the performance of these new format stores and have reduced the rollout to focus on key metropolitan areas and high potential sites as previously advised.

Masters loss before interest and tax increased by 39.5% to $245.6 million with the annualisation of the 18 original format stores we opened in FY14 contributing to the increase.

Home Timber and Hardware sales for the year were $937 million, an increase of 20.9% on the previous year, driven by the acquisition of Hudson Building Supplies and Belmont Timber and Hardware as well as strong growth in our wholesale operations benefitting from a buoyant trade market.

Home Timber and Hardware reported strong growth in EBIT on the back of the improved sales performance and recent acquisitions.

** Unless otherwise stated, growth percentages represent continuing operations before significant items*[1]

OVERHEADS, CASH FLOW AND BALANCE SHEET

Central Overheads

Central Overheads before significant items[1] were $118.6 million for the year (FY14: $123.5 million), and were lower than we anticipated driven by lower employee incentive payments due to business performance and other minor one-off benefits. Central Overheads are expected to be approximately $150 million in FY16.

Balance Sheet

Key balance sheet movements relative to the prior year were as follows:

- **Closing inventory** increased 3.8%, driven by new store openings, in particular 30 (net) Australian Supermarkets, nine Masters and 41 (net) Liquor stores and business acquisitions in Liquor and Home Improvement. Closing inventory increased 1.6 days to 40.2 days. Average inventory increased 2.1 days or increased 1.0 days after excluding Home Improvement
- **Net investment in inventory** of -$167.8 million decreased $272.6 million, impacted by differences in the timing of creditor payments relative to the reporting date (approximately $155 million)
- **Fixed assets and investments** increased $151.1 million to $10,545.6 million, reflecting ongoing property development and capital expenditure, with 157 new stores added to the network and 211 refurbishments during the year offset by the disposal of property assets (primarily the sale of 54 freehold hotel sites) and the divestment of shares held in The Warehouse Group
- **Intangible assets** decreased $90.5 million to $6,244.5 million, primarily reflecting decreased intangible assets in our New Zealand Supermarkets business attributable to the weaker New Zealand dollar partially offset by acquisitions
- **Net repayable debt** (which includes cash, borrowings, hedge assets and liabilities) decreased $664.3 million to $3,067.3 million, driven by $925.4 million of proceeds from the sale of property (primarily the sale of 54 freehold hotel sites) and investments
- **Other financial liabilities** increased $95.6 million to $976.1 million, primarily reflecting the movement in the value of the Lowe's put option in our Home Improvement business
- **Shareholders' equity increased** $581.7 million to $10,834.2 million primarily reflecting profits generated by the Group offset by the payment of dividends
- **Return on Average Funds Employed (ROFE) before significant items[1]** was 25.73%, a decrease of 125 bps or a decrease of 37 bps after excluding the investment in our Home Improvement business.

Overheads, Cash Flow and Balance Sheet (continued)

Cash Flow

Free cash flow generated by the business (before the payment of dividends and movements in borrowings) was $2,167.7 million after the acquisition of businesses and capital expenditure.

Cash flow from operating activities before interest and tax decreased $262.3 million to $4,711.1 million, impacted by approximately $100 million of operating cash outflows relating to significant items[1] and the timing of creditor payments relative to the reporting date (approximately $145 million). Excluding these, cash flow from operating activities before interest and tax was largely flat on the prior year.

Our **cash realisation ratio**[6] before significant items[1] was 102.7% after adjusting for differences in the timing of creditor payments.

Net interest paid of $310.3 million decreased $27.9 million driven by lower average net debt throughout the year due to proceeds received from the sale of fixed assets and investments.

Tax payments decreased to $1,055.7 million for year (FY14: $1,162.5 million) predominately due to a higher number of payments in FY14 due to changes to Australian tax legislation.

Cash used in investing activities was $1,333.9 million, a decrease of $697.5 million on the prior year. During the period, cash proceeds of $603.0 million were received from the sale of 54 freehold hotel sites, $84.2 million from the sale of shares in The Warehouse Group and $238.2 million from the sale of other property assets. Payments for the purchase of businesses were $88.7 million, reflecting the acquisition of Summergate Fine Wines and Spirits, Hudson Building Supplies, Belmont Timber and Hardware and other hotel acquisitions.

Expenditure on property development of $595.7 million was higher than the prior year (FY14: $534.9 million) driven by property investment activities supporting our future store network.

Investment in property, plant and equipment of $1,535.3 million included continued investment in new stores and increased store refurbishments, investment in new merchandising systems, and spend associated with our supply chain initiative, Mercury 2.

Cash contributions from Lowe's in relation to our Home Improvement business were $170.0 million (FY14: $183.0 million).

Transactions with non-controlling interests of $13.5m represents the acquisition of the remaining 40% interest in Hardings Hardware in October 2014.

Proceeds from share issues of $6.0 million were lower than the prior year (FY14: $35.5 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.

Our **fixed charges cover ratio**[7] before significant items[1] is 2.9 times.

CAPITAL MANAGEMENT

Credit rating[8]

Woolworths remains committed to strong investment grade credit ratings however as advised at the Investor Day in May, there is limited headroom under our current ratings. Woolworths is reviewing its capital structure and believes that a BBB+ rating (S&P) and Baa1 rating (Moody's) provides the appropriate financial flexibility for all foreseeable requirements. S&P and Moody's placed Woolworths on Negative Outlook in June and the company expects no material impact in the event of a one notch rating change.

Dividends

The Board have approved a final dividend per share of 72c resulting in a total dividend of 139c for FY15, an increase of 1.5% on the prior year.

The payment of the April 2015 and October 2015 dividends will return $1.8 billion and $0.8 billion in franking credits to shareholders. Woolworths expects that after these events, there will be approximately $1.9 billion of franking credits available for future distribution.

Debt Maturities

The following borrowings were refinanced or repaid during FY15:

- A$580 million revolving syndicated bank loan facility which matured in October 2014 was re-financed with a new A$600 million syndicated bank loan facility which will mature in October 2019; and
- US$100 million tranche of the US$500 million US Private Placement matured in April 2015 and was repaid using surplus cash.

In December 2014, a total of A$1.1 billion in committed bank loan facilities was terminated and a further NZ$200 million was terminated in April 2015. These facilities were identified as surplus to Woolworths' funding requirements and as a result of early termination, Woolworths will benefit from savings in borrowing costs.

During FY16 US$855.1 million of US144A Senior Notes and A$500 million domestic Senior Medium Term Notes are maturing and are planned to be repaid through a combination of surplus cash, undrawn bank loan facilities and the issuance of new Senior Notes.

At the end of the year, Woolworths had $2.3 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 as demonstrated through the sale and leaseback of 54 freehold hotel sites during the year.

New store rollout plans

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

	FY15 Net Store Openings (incl. acquisitions)	Long Term Target (Net)
Australian Supermarkets	30	– 20 – 30 new full range supermarkets per annum
New Zealand Supermarkets		
Countdown	6	– 3 – 5 new supermarkets per annum
Franchise Stores	1	
Dan Murphy's	10	– 10 – 15 new stores per annum
BWS (including attached)	31	– 6 – 10 new standalone stores per annum
Petrol	(117)	– Grow as appropriate to support the Supermarket new store strategy – FY15 net decline of 117 stores due to changes to the Woolworths – Caltex alliance[2]
General Merchandise		
BIG W	2	– Only where contracted commitment
EziBuy	1	
Hotels (ALH Group)	1	– Acquire as appropriate opportunities arise
Home Improvement		
Masters	9	– Plan to open approx 5-8 Masters stores per year for the next few years
Home Timber and Hardware (Retail)	16	– Acquire as appropriate opportunities arise

OUTLOOK

At the Investor Day in May we identified significant opportunities for performance improvement within the business. We also identified key challenges to realising that performance. Whilst we have begun to address these challenges, there remains much more to do.

As previously disclosed, we will not provide profit guidance for FY16. We expect investment in price and service to continue to exceed cost savings with the impact of this most pronounced in H1'16 as we look to restore the rate of comparable sales growth in our Australian Food business.

We are ensuring that all our divisions are focused on improving sales momentum over the key Christmas trading period.

- Ends -

For further information contact:

Media
Claire Kimball, Corporate Communications
+ 61 432 696 650

Investors and Analysts
David Marr, Chief Financial Officer
+ 61 2 8885 1105

Sales Summary – FY15 and Q4'15

Group Sales – Full Year

$ million	FY15 (52 weeks)	FY14 (52 weeks)	Change
Australian Food and Liquor	42,132	41,171	2.3%
Petrol (dollars)*	5,632	7,065	(20.3)%
*Petrol (litres)**	*4,229*	*4,864*	*(13.1)%*
Australian Food, Liquor and Petrol*	47,764	48,236	(1.0)%
New Zealand Supermarkets (AUD)	5,467	5,186	5.4%
New Zealand Supermarkets (NZD)	*5,878*	*5,737*	*2.5%*
General Merchandise	4,106	4,352	(5.7)%
Hotels	1,475	1,472	0.2%
Masters	930	752	23.7%
Home Timber and Hardware	937	775	20.9%
Home Improvement	1,867	1,527	22.3%
Group Sales	**60,679**	**60,773**	**(0.2)%**
Group Sales (excluding Petrol)	***55,047***	***53,708***	***2.5%***

Group Sales – Fourth Quarter

$ million	Q4'15 (13 weeks)	Q4'14 (13 weeks)	Change
Australian Food and Liquor	9,311	9,312	neg.%
Petrol (dollars)*	1,145	1,578	(27.4)%
*Petrol (litres)**	*879*	*1,083*	(18.8)%
Australian Food, Liquor and Petrol*	10,456	10,890	(4.0)%
New Zealand Supermarkets (AUD)	1,244	1,190	4.5%
New Zealand Supermarkets (NZD)	*1,324*	*1,288*	*2.8%*
General Merchandise	834	974	(14.4)%
Hotels	334	327	2.1%
Masters	208	180	15.6%
Home Timber and Hardware	216	177	22.0%
Home Improvement	424	357	18.8%
Group Sales	**13,292**	**13,738**	**(3.2)%**
Group Sales (excluding Petrol)	***12,147***	***12,160***	***(0.1)%***

** Petrol sales and litres are not comparable with the prior year given changes to the Woolworths – Caltex alliance that became effective during Q2'15[2]*

Group Profit and Loss for the 52 weeks ended 28 June 2015

$ million	FY15 (52 weeks)	FY14 (52 weeks)	Change
Before Significant Items[1]			
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	**6,814.7**	**6,670.2**	**2.2%**
Rent	(2,012.6)	(1,898.7)	6.0%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**4,802.1**	**4,771.5**	**0.6%**
Depreciation and amortisation[i]	(1,053.7)	(996.3)	5.8%
Earnings before interest and tax (EBIT)	**3,748.4**	**3,775.2**	**(0.7)%**
Net financial expenses	(254.8)	(260.1)	(2.0)%
Income tax expense	(1,048.1)	(1,056.7)	(0.8)%
Net profit after income tax	**2,445.5**	**2,458.4**	**(0.5)%**
Non controlling interests	7.8	(6.7)	216.4%
Group net profit after income tax and non-controlling interests (before Significant Items[1])	**2,453.3**	**2,451.7**	**0.1%**
Significant Items[1] (after tax and non controlling interests)	**(307.3)**	**-**	**n.c**
Group net profit after tax, non controlling interests (after Significant Items[1])	**2,146.0**	**2,451.7**	**(12.5)%**
MARGINS - Before Significant Items[1]			
Gross Profit (%)	27.50	27.11	39 bps
Cost of Doing Business (%)	21.32	20.90	42 bps
EBIT (%)	6.18	6.21	(3) bps
EARNINGS PER SHARE (EPS) AND DIVIDENDS			
Weighted average ordinary shares on issue (million)	1,256.6	1,248.0	0.7%
Ordinary EPS (cents) – before significant items[1]	195.2	196.5	(0.7)%
Ordinary EPS (cents) – after significant items[1]	170.8	196.5	(13.1)%
Diluted EPS (cents) – before significant items[1]	194.7	195.6	(0.5)%
Diluted EPS (cents) – after significant items[1]	170.3	195.6	(12.9)%
Interim dividend per share (cents)	67	65	3.1%
Final dividend per share (cents)[ii]	72	72	-%
Total dividend per share (cents)	**139**	**137**	**1.5%**

[i] Depreciation and amortisation presented in the table above excludes $88.7 million of accelerated depreciation relating to significant items[1]

[ii] Final 2015 dividend payable on 9 October 2015 will be fully franked

Group Balance Sheet as at 28 June 2015

$ million	FY15 28 June 2015	FY14 29 June 2014	Change
Inventory	4,872.2	4,693.2	3.8%
Trade Payables	(5,040.0)	(4,588.4)	9.8%
Net Investment in Inventory	**(167.8)**	**104.8**	**(260.1)%**
Receivables	1,001.9	965.2	3.8%
Other Creditors	(3,102.9)	(3,184.9)	(2.6)%
Working Capital	**(2,268.8)**	**(2,114.9)**	**7.3%**
Fixed Assets and Investments	10,545.6	10,394.5	1.5%
Intangible Assets	6,244.5	6,335.0	(1.4)%
Total Funds Employed	**14,521.3**	**14,614.6**	**(0.6)%**
Net Tax Balances	654.1	522.9	25.1%
Net Assets Employed	**15,175.4**	**15,137.5**	**0.3%**
Net Repayable Debt	(3,067.3)	(3,731.6)	(17.8)%
Other Financial Liabilities[i]	(976.1)	(880.5)	10.9%
Total Net Assets	**11,132.0**	**10,525.4**	**5.8%**
Non-controlling Interests	297.8	272.9	9.1%
Shareholders' Equity	10,834.2	10,252.5	5.7%
Total Equity	**11,132.0**	**10,525.4**	**5.8%**

KEY RATIOS – Continuing Operations			
Closing Inventory Days (based on COGS)	40.2	38.6	1.6 days
Closing Creditor Days (based on sales)	48.8	47.0	1.8 days
Return on Average Funds Employed (ROFE) (before significant items[1])[ii]	25.73%	26.98%	(125) bps

[i] Other financial liabilities primarily represent put options held by non-controlling interests and the Hotels gaming entitlement liability

[ii] ROFE (before significant items[1]) decreased 37 bps excluding the investment in our Home Improvement business

Group Cash Flow for the 52 weeks ended 28 June 2015

$ million	FY15 (52 weeks)	FY14 (52 weeks)	Change
EBITDA before Significant Items[1]	**4,802.1**	**4,771.5**	**0.6%**
Significant Items[1] excluding items presented below EBITDA[i]	(337.2)	-	
EBITDA – Total	**4,464.9**	**4,771.5**	**(6.4)%**
Net increase in inventory	(161.0)	(420.9)	
Net increase in trade payables	406.8	524.1	
Net change in other working capital and non-cash	0.4	98.7	
Cash from Operating Activities before interest and tax	**4,711.1**	**4,973.4**	**(5.3) %**
Net interest paid	(310.3)	(338.2)	
Tax paid	(1,055.7)	(1,162.5)	
Total cash provided by Operating Activities	**3,345.1**	**3,472.7**	**(3.7)%**
Proceeds from the sale of property to the SCA Property Group	-	12.2	
Proceeds from the sale of property, plant and equipment and investments	925.4	218.7	
Payments for the purchase of businesses	(88.7)	(371.5)	
Payments for property development	(595.7)	(534.9)	
Payments for property, plant and equipment	(1,535.3)	(1,321.5)	
Payments for intangible assets	(41.7)	(42.3)	
Payments for the purchase of investments and contingent consideration	(2.5)	-	
Dividends received	4.6	7.9	
Total cash used in Investing Activities	**(1,333.9)**	**(2,031.4)**	**(34.3)%**
Lowe's cash contributions (Home Improvement)	170.0	183.0	
Transactions with non-controlling interests	(13.5)	-	
Free Cash Flow before equity related Financing Activities	**2,167.7**	**1,624.3**	
Proceeds from share issues/other	6.0	35.5	
Dividends paid (including to non-controlling interests)	(1,567.4)	(1,523.1)	
Free Cash Flow after equity related Financing Activities	**606.3**	**136.7**	

[i] Significant items[1] excluding items presented below EBITDA is calculated as total EBIT impact from significant items[1] of $425.9 million (refer to Appendix Two for details) less accelerated depreciation of $88.7 million included in significant items[1]

Appendix One: ASIC Regulatory Guide 230 Disclosing non-IFRS financial information

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Woolworths is required to make a clear statement about the non-IFRS information included in the Full Year Profit and Dividend Announcement ('Profit Announcement') for the 52 weeks ended 28 June 2015.

In addition to statutory reported amounts, the following non-IFRS measures are used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments.

Non-IFRS measures used in describing the business performance include:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)
- Fixed charges cover ratio
- Cost of doing business
- Comparable sales

Non-IFRS measures used in describing the balance sheet and cash flow statement include:

- Funds employed
- Cash flow from operating activities before interest and tax
- Free cash flow
- Free cash flow before equity related financing activities
- Free cash flow after equity related financing activities
- Cash realisation ratio

The above non-IFRS measures may also be referred to before significant items[1].

The Directors consider that these performance measures are appropriate for their purposes and present meaningful information on the underlying drivers of the business.

Many of the measures used are common practice in the industry within which Woolworths operates.

The Profit Announcement has not been audited in accordance with Australian Auditing Standards.

Appendix One: ASIC Regulatory Guide 230 Disclosing non-IFRS financial information (continued)

The following table provides a reconciliation of EBIT, NPAT and EPS before significant items[1] to the statutory statement of profit or loss.

$ million	FY15 (52 weeks)	FY14 (52 weeks)	Change
EBIT			
EBIT – before Significant Items[1]	**3,748.4**	**3,775.2**	**(0.7)%**
Other items included in statutory EBIT:			
Significant Items[1] (before tax)	(425.9)	-	
Statutory EBIT	**3,322.5**	**3,775.2**	**(12.0)%**
NPAT			
Profit after income tax and non-controlling interests – before Significant Items[1]	**2,453.3**	**2,451.7**	**0.1%**
Other items included in statutory NPAT:			
Significant Items[1] (after tax and non controlling interests)	(307.3)	-	
Statutory profit attributable to equity holders of the parent entity	**2,146.0**	**2,451.7**	**(12.5)%**
Ordinary EPS			
Profit after income tax and non-controlling interests – before Significant Items[1] (as above)	**2,453.3**	**2,451.7**	**0.1%**
Weighted average ordinary shares on issue	*1,256.6*	*1,248.0*	
Ordinary EPS (cents) – before Significant Items[1]	**195.2**	**196.5**	**(0.7)%**
Statutory profit attributable to equity holders of the parent entity (as above)	**2,146.0**	**2,451.7**	**(12.5)%**
Weighted average ordinary shares on issue	*1,256.6*	*1,248.0*	
Ordinary EPS (cents)	**170.8**	**196.5**	**(13.1)%**
Diluted EPS			
Profit after income tax and non-controlling interests – before Significant Items[1] (as above)	**2,453.3**	**2,451.7**	**0.1%**
Weighted average ordinary shares on issue	*1,260.2*	*1,253.2*	
Diluted EPS (cents) – before Significant Items[1]	**194.7**	**195.6**	**(0.5)%**
Statutory profit attributable to equity holders of the parent entity (as above)	**2,146.0**	**2,451.7**	**(12.5)%**
Weighted average ordinary shares on issue	*1,260.2*	*1,253.2*	
Diluted EPS (cents)	**170.3**	**195.6**	**(12.9)%**

Appendix Two: Significant Items[1]

The following table provides a breakdown of the significant items recognised in FY15.

$ million	Reported at HY15	Reported at June 15	Total FY15
General Merchandise transformation provision	(148.2)	-	(148.2)
Business transformation costs	-	(199.1)	(199.1)
Redundancy costs	-	(43.0)	(43.0)
Property portfolio review	-	(35.6)	(35.6)
EBIT impact from Significant Items	**(148.2)**	**(277.7)**	**(425.9)**
Tax benefit	44.5	73.3	117.8
Non controlling interests	-	0.8	0.8
NPAT impact from Significant Items after non controlling interests	**(103.7)**	**(203.6)**	**(307.3)**

As outlined in our June 2015 Market Update, the Woolworths Group is going through significant strategic change. There are a number of significant items, representing non-recurring costs, which are included in the FY15 profit result. Each of these relate to unlocking value within the strategic plans we outlined during our Investor Strategy Day in May 2015, including a major cost transformation project, 'Fuel For Growth', and a continued focus on managing the balance sheet to drive shareholder returns.

Total significant items recognised in FY15 of $425.9 million before tax ($307.3 million after tax and non controlling interests) includes the following:

- **General Merchandise transformation provision** of $148.2 million before tax primarily related to inventory and associated expenses of facilitating the alignment of inventory to our customer strategy;
- **Business transformation costs** of $199.1 million before tax primarily representing resourcing and professional services costs associated with business transformation programs, accelerated depreciation of assets no longer in use and inventory provisioning in the Australian Food, Liquor and Petrol division due to changes in strategy;
- **Redundancy costs** of $43.0 million before tax primarily associated with restructuring initiatives across corporate-wide support functions, supply chain and non customer store facing positions (including those relating to the new distribution centre and meat processing facility announced in June 2015); and
- **Property portfolio impact** of $35.6 million before tax primarily associated with accelerating the disposal of certain non-core property sites unlikely to be developed within the next five years.

Appendix Three: Quarterly Sales Summary

Total Sales Growth (%)

	Q1'15	Q2'15	HY15	Q3'15	Q3'15 Easter Adj[3]	Q4'15	Q4'15 Easter Adj[3]	H2'15	FY15
Australian Food and Liquor	3.9	2.8	**3.4**	2.3	1.7	-	0.6	**1.2**	**2.3**
Petrol (dollars)	(4.5)	(15.7)	**(9.8)**	(35.2)	(34.8)	(27.4)	(28.0)	**(31.6)**	**(20.3)**
Petrol (litres)	*(3.6)*	*(10.5)*	***(6.8)***	*(20.8)*	*(20.2)*	*(18.8)*	*(19.5)*	***(19.9)***	***(13.1)***
Australian Food, Liquor and Petrol	2.6	0.3	**1.4**	(3.3)	(3.7)	(4.0)	(3.6)	**(3.6)**	**(1.0)**
NZ Supermarkets (AUD)	5.6	3.8	**4.7**	7.7	7.7	4.5	4.5	**6.2**	**5.4**
NZ Supermarkets (NZD)	*1.1*	1.1	**1.1**	*5.0*	*5.0*	*2.8*	*2.7*	***3.9***	***2.5***
General Merchandise	(0.4)	(6.0)	**(3.5)**	(2.1)	(5.7)	(14.4)	(11.1)	**(8.4)**	**(5.7)**
Hotels	(1.0)	(0.5)	**(0.8)**	0.6	1.1	2.1	1.5	**1.3**	**0.2**
Home Improvement	20.7	27.4	**24.1**	21.7	21.7	18.8	18.8	**20.2**	**22.3**
Total Group	**3.0**	**0.7**	**1.8**	**(1.6)**	**(2.1)**	**(3.2)**	**(2.7)**	**(2.4)**	**(0.2)**
Total Group *(excluding Petrol)*	***4.1***	***2.7***	***3.4***	***3.0***	***2.3***	***(0.1)***	***0.7***	***1.5***	***2.5***

Comparable Sales Growth (%)

	Q1'15	Q2'15	HY15	Q3'15	Q3'15 Easter Adj[3]	Q4'15	Q4'15 Easter Adj[3]	H2'15	FY15
Australian Food and Liquor	2.1	1.2	**1.7**	0.7	0.2	(1.5)	(0.9)	**(0.3)**	**0.7**
Petrol (dollars)	(6.1)	(7.3)	**(6.6)**	(19.8)	(19.3)	(11.4)	(12.1)	**(15.9)**	**(10.7)**
Petrol (litres)	*(5.2)*	*(1.1)*	***(3.4)***	*(1.5)*	*(0.8)*	*(0.3)*	*(1.2)*	***(1.0)***	***(2.3)***
NZ Supermarkets (NZD)	(0.1)	(0.5)	**(0.3)**	3.0	3.0	1.3	1.2	**2.2**	**0.9**
General Merchandise	(4.1)	(6.5)	**(5.4)**	(4.1)	(7.3)	(14.6)	(11.7)	**(9.5)**	**(7.2)**
Hotels	(1.7)	(1.1)	**(1.4)**	0.2	0.7	1.4	0.8	**0.7**	**(0.4)**

Appendix Four: Five Year Store and Trading Area Analysis

Year Ended 28 June 2015 STORES (number)	2015 FULL YEAR	2014 FULL YEAR	2013 FULL YEAR	2012 FULL YEAR	2011 FULL YEAR
NSW & ACT	292	282	271	262	255
QLD	230	225	209	203	194
VIC	234	224	221	214	203
SA & NT	82	80	78	78	76
WA	92	89	88	85	83
TAS	31	31	30	30	29
Supermarkets in Australia [i]	961	931	897	872	840
New Zealand Supermarkets [ii]	177	171	166	161	156
Total Supermarkets	1,138	1,102	1,063	1,033	996
Thomas Dux	9	11	11	11	11
Freestanding Liquor (incl. Dan Murphy's)	359	349	339	329	305
Attached Liquor [iii]	527	509	490	477	457
ALH Retail Liquor Outlets	557	544	526	507	488
Summergate	2	-	-	-	-
Caltex/WOW Petrol	-	131	131	132	132
Woolworths Petrol – Australia	516	502	482	467	449
Total Food, Liquor and Petrol	**3,108**	**3,148**	**3,042**	**2,956**	**2,838**
BIG W	184	182	178	172	165
Dick Smith	-	-	-	-	390
Tandy	-	-	-	-	4
EziBuy	5	4	-	-	-
Total General Merchandise Division	**189**	**186**	**178**	**172**	**559**
Hotels (includes clubs)	330	329	326	294	282
Home Timber and Hardware (retail)	44	28	26	21	19
Masters	58	49	31	15	-
Total Continuing Operations	**3,729**	**3,740**	**3,603**	**3,458**	**3,698**
Discontinued Operations (Dick Smith and Tandy)	-	-	-	348	-
Total Group	**3,729**	**3,740**	**3,603**	**3,806**	**3,698**
Wholesale customer stores					
Dick Smith	-	-	-	-	3
Super Value and Fresh Choice	60	59	55	54	51
Consumer Electronics India	-	-	-	77	64
Home Timber and Hardware (wholesale)	452	475	490	518	543
Statewide Independent Wholesale	220	220	220	220	220
Total wholesale customer stores	**732**	**754**	**765**	**869**	**881**
Trading Area (sqm)					
Supermarkets Division – Australia [iv]	2,617,924	2,522,981	2,413,527	2,318,756	2,202,620
Supermarkets Division – New Zealand [v]	397,889	386,818	372,373	351,744	333,274
General Merchandise Division [vi]	1,055,231	1,042,927	1,016,086	1,107,732	1,086,082

Store Movements July 14 – June 15	[i] **Australian Supermarkets**	[ii] **New Zealand Supermarkets**
New Stores – incremental	37	8
Closures – permanent	(7)	(2)
Net New Stores	**30**	**6**

[iii] Attached liquor stores were previously not reported separately
[iv] Excludes Langton's, Cellarmasters, Petrol, Wholesale and ALH Group Retail (BWS)
[v] Excludes Gull and franchise stores
[vi] Includes BIG W, EziBuy, Dick Smith and Tandy in the periods these businesses were owned by Woolworths

Appendix Five: New Stores and Refurbishments

Full Year

	Gross New Stores (incl acquisitions)	Net New Stores (incl acquisitions)	Refurbishments
Continuing Operations			
Australian Supermarkets	37	30	58
Thomas Dux	-	(2)	-
Liquor (including attached)	64	43	65
New Zealand Supermarkets	8	6	6
Petrol*	15	(117)	39
BIG W	2	2	2
EziBuy	1	1	-
Hotels	3	1	39
Masters	9	9	2
Home Timber and Hardware (retail)	18	16	-
Total	**157**	**(11)**	**211**

Fourth Quarter

	Gross New Stores (incl acquisitions)	Net New Stores (incl acquisitions)	Refurbishments
Continuing Operations			
Australian Supermarkets	12	9	20
Thomas Dux	-	(1)	-
Liquor (including attached)	15	10	4
New Zealand Supermarkets	3	3	2
Petrol *	4	3	6
BIG W	1	1	1
EziBuy	-	-	-
Hotels	-	-	18
Masters	5	5	2
Home Timber and Hardware (retail)	-	-	-
Total	**40**	**30**	**53**

* Decline in Petrol sites due to changes to the Woolworths – Caltex alliance[2]

Endnotes

n.c Not comparable

[1] Total significant items of $425.9 million before tax ($307.3 million after tax and non controlling interests) was recognised in FY15. Details of these costs have been provided in Appendix Two of this announcement.

There were no significant items in FY14.

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

[2] Petrol sales and volumes are not comparable with the prior year given changes to the Woolworths – Caltex alliance that became effective progressively during H1'15.

At the end of FY14, the Woolworths – Caltex fuel network comprised 633 sites, including 131 Caltex-operated sites with the remainder operated by Woolworths.

Under the revised arrangements, 92 of the Caltex-operated sites were rebranded as 'Star Mart' or 'Star Shop' convenience stores and have continued to offer the Woolworths fuel discount redemption.

The remaining 39 sites, which were located in close proximity to Woolworths Petrol sites, have exited the Woolworths – Caltex alliance and no longer offer Woolworths fuel discount redemptions.

Since January 2015, an additional 11 Caltex-operated 'Star Mart' or 'Star Shop' sites have begun offering Woolworths fuel discount redemptions. Woolworths' petrol discounts are redeemable at 103 Caltex-operated 'Star Mart' or 'Star Shop' sites and at more than 500 Woolworths-operated sites. Woolworths has no plans to close sites as a result of any of these changes to the alliance.

Given operational changes under the new arrangements with Caltex, Woolworths no longer recognises sales from the Caltex-operated sites in its financial results. The new arrangements do not have a material profit impact on the Woolworths Group.

Further details on the revised arrangements with Caltex were provided in our ASX announcement dated 20 November 2014.

[3] Where specifically noted, Q3 and Q4 sales growth rates have been adjusted for differences in the timing of Easter. In FY14, Easter was in Q4, whereas in FY15, the first week of the Easter trading period fell in Q3. The impact of Easter is an approximation only and has been estimated for FY15 by adjusting FY14 sales to reflect the timing of Easter in FY15.

[4] 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.

[5] Growth for New Zealand Supermarkets is quoted in New Zealand Dollars.

[6] Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation.

[7] 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.

[8] 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

FIVE YEAR ANALYSIS

PROFIT AND LOSS	2015	2014	2013	2012 [2]	2011 [2]
Weeks	52	52	53	52	52
SALES ($m)					
Australian Food and Liquor	42,131.6	41,170.7	40,031.2	37,549.2	36,176.1
Petrol	5,632.1	7,065.2	6,793.9	6,714.2	6,025.3
Australian Food, Liquor and Petrol	47,763.7	48,235.9	46,825.1	44,263.4	42,201.4
New Zealand Supermarkets	5,467.4	5,185.5	4,599.7	4,301.8	4,110.5
General Merchandise [1]	4,105.9	4,351.8	4,383.4	4,179.6	4,158.3
Consumer Electronics [2]	-	-	-	-	1,855.5
Total General Merchandise	4,105.9	4,351.8	4,383.4	4,179.6	6,013.8
Hotels	1,475.0	1,472.2	1,468.9	1,204.0	1,153.1
Home Improvement [3]	1,867.1	1,527.4	1,239.3	828.3	-
Unallocated [4]	-	-	-	-	664.1
Total continuing operations	**60,679.1**	**60,772.8**	**58,516.4**	**54,777.1**	**54,142.9**
Discontinued operations [2]	-	-	641.6	1,923.0	-
Total Group	**60,679.1**	**60,772.8**	**59,158.0**	**56,700.1**	**54,142.9**
EARNINGS BEFORE INTEREST AND TAX ($m)					
Continuing operations *before significant items* [5]					
Australian Food, Liquor and Petrol	3,439.8	3,368.0	3,199.3	2,944.3	2,796.5
New Zealand Supermarkets	303.2	271.4	236.2	224.5	191.9
General Merchandise [1]	114.2	152.9	191.3	178.4	177.0
Consumer Electronics [2]	-	-	-	-	26.8
Total General Merchandise	114.2	152.9	191.3	178.4	203.8
Hotels	234.5	275.4	263.7	195.7	183.7
Home Improvement [3]	(224.7)	(169.0)	(138.9)	(96.7)	-
Total trading operations	3,867.0	3,898.7	3,751.6	3,446.2	3,375.9
Central overheads [4]	(118.6)	(123.5)	(98.4)	(99.8)	(99.5)
Total continuing operations *before significant items* [5]	**3,748.4**	**3,775.2**	**3,653.2**	**3,346.4**	**3,276.4**
Discontinued operations [2]					
Discontinued operations *before significant items* [2],[5]	-	-	2.5	30.3	-
Total Group *before significant items* [5]	**3,748.4**	**3,775.2**	**3,655.7**	**3,376.7**	**3,276.4**
Significant items [5]	(425.9)	-	(48.7)	(420.0)	-
Total Group	**3,322.5**	**3,775.2**	**3,607.0**	**2,956.7**	**3,276.4**
EBIT TO SALES (%)					
Continuing operations *before significant items* [5]					
Australian Food, Liquor and Petrol	7.20	6.98	6.83	6.65	6.63
New Zealand Supermarkets	5.55	5.23	5.14	5.22	4.67
General Merchandise [1]	2.78	3.51	4.36	4.27	4.26
Consumer Electronics [2]	-	-	-	-	1.44
Hotels	15.90	18.71	17.95	16.25	15.93
Home Improvement [3]	(12.03)	(11.06)	(11.21)	(11.67)	-
Total continuing operations *before significant items* [5]	**6.18**	**6.21**	**6.24**	**6.11**	**6.05**
Discontinued operations [2]					
Discontinued operations *before significant items* [2],[5]	-	-	0.39	1.58	-
Total Group *before significant items* [5]	**6.18**	**6.21**	**6.18**	**5.96**	**6.05**
Total Group	**5.48**	**6.21**	**6.10**	**5.21**	**6.05**
PROFIT & LOSS DETAIL ($m)					
Continuing operations *before significant items* [5]					
Sales	60,679.1	60,772.8	58,516.4	54,777.1	54,142.9
Cost of goods sold	(43,990.5)	(44,295.2)	(42,754.9)	(40,316.1)	(40,049.7)
Gross profit	16,688.6	16,477.6	15,761.5	14,461.0	14,093.2
Gross profit margin (%)	*27.50*	*27.11*	*26.94*	*26.40*	*26.03*
Cost of doing business (CODB)	(12,940.2)	(12,702.4)	(12,108.3)	(11,114.6)	(10,816.8)
CODB margin (%)	*21.32*	*20.90*	*20.70*	*20.29*	*19.98*
Selling, general and admin expenses (excluding, rent, depreciation and amortisation)	(9,873.9)	(9,807.4)	(9,378.6)	(8,671.6)	(8,417.7)
EBITDAR	6,814.7	6,670.2	6,382.9	5,789.4	5,675.5
EBITDAR margin (%)	*11.23*	*10.98*	*10.91*	*10.57*	*10.48*
Rent (including fitout rent)	(2,012.6)	(1,898.7)	(1,764.2)	(1,559.5)	(1,541.2)
EBITDA	4,802.1	4,771.5	4,618.7	4,229.9	4,134.3
EBITDA margin (%)	*7.91*	*7.85*	*7.89*	*7.72*	*7.64*
Depreciation and amortisation	(1,053.7)	(996.3)	(965.5)	(883.5)	(857.9)
EBIT	3,748.4	3,775.2	3,653.2	3,346.4	3,276.4
EBIT margin (%)	*6.18*	*6.21*	*6.24*	*6.11*	*6.05*
Net financing costs	(214.4)	(218.9)	(251.1)	(242.9)	(225.3)
Woolworths Notes interest	(40.4)	(41.2)	(46.4)	(39.3)	(36.2)
Profit before tax and significant items [5]	3,493.6	3,515.1	3,355.7	3,064.2	3,014.9
Taxation	(1,048.1)	(1,056.7)	(996.6)	(885.0)	(874.6)
Profit after tax and *before significant items* [5]	2,445.5	2,458.4	2,359.1	2,179.2	2,140.3
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]	**2,445.5**	**2,458.4**	**2,360.9**	**2,200.9**	**2,140.3**
Significant items after tax [5]	(308.1)	-	(96.3)	(383.7)	-
Group net profit after tax	**2,137.4**	**2,458.4**	**2,264.6**	**1,817.2**	**2,140.3**
Non-controlling interests	8.6	(6.7)	(5.2)	(0.5)	(16.3)
Profit attributable to members of Woolworths Limited after tax	**2,146.0**	**2,451.7**	**2,259.4**	**1,816.7**	**2,124.0**

FIVE YEAR ANALYSIS

BALANCE SHEET ($m)	2015	2014	2013	2012 [2]	2011 [2]
Weeks	52	52	53	52	52
Inventory	4,872.2	4,693.2	4,205.4	3,698.3	3,736.5
Accounts payable	(5,040.0)	(4,588.4)	(4,080.0)	(4,013.4)	(4,132.0)
Net investment in inventory	(167.8)	104.8	125.4	(315.1)	(395.5)
Fixed assets and investments	10,545.6	10,394.5	9,564.8	9,846.5	8,830.5
Intangibles	6,244.5	6,335.0	5,784.3	5,282.0	5,236.6
Receivables	1,001.9	965.2	985.2	894.4	778.0
Other creditors	(3,102.9)	(3,184.9)	(3,086.1)	(2,954.7)	(2,646.8)
Total funds employed [6]	**14,521.3**	**14,614.6**	**13,373.6**	**12,753.1**	**11,802.8**
Net tax balances	654.1	522.9	425.2	423.2	305.7
Net assets employed	**15,175.4**	**15,137.5**	**13,798.8**	**13,176.3**	**12,108.5**
Cash and borrowings [7]	(3,391.3)	(3,432.9)	(3,602.7)	(3,916.3)	(3,325.3)
Capital call receivable from non-controlling interest	-	-	-	-	93.0
Other financial assets and liabilities	(652.1)	(1,179.2)	(895.6)	(833.7)	(1,030.4)
Net assets continuing operations	**11,132.0**	**10,525.4**	**9,300.5**	**8,426.3**	**7,845.8**
Net assets discontinued operations [2]	-	-	-	20.0	-
Total net assets	**11,132.0**	**10,525.4**	**9,300.5**	**8,446.3**	**7,845.8**
Non-controlling interests	297.8	272.9	272.1	258.1	252.6
Shareholders' equity	10,834.2	10,252.5	9,028.4	8,188.2	7,593.2
Total equity	**11,132.0**	**10,525.4**	**9,300.5**	**8,446.3**	**7,845.8**

CASH FLOW ($m)	2015	2014	2013	2012 [2]	2011 [2]
Continuing and discontinued operations [2]					
EBITDA	4,464.9	4,771.5	4,572.5	3,852.6	4,134.3
Movement in net investment in inventory	245.8	103.2	(490.6)	(282.6)	(75.9)
Other operating cash flows and other non cash	0.4	98.7	69.8	614.5	83.8
Net interest paid	(310.3)	(338.2)	(454.5)	(369.3)	(309.6)
Tax paid	(1,055.7)	(1,162.5)	(977.3)	(941.4)	(841.5)
Operating cash flow	**3,345.1**	**3,472.7**	**2,719.9**	**2,873.8**	**2,991.1**
Payments for property, plant, equipment and intangibles	(2,172.7)	(1,898.7)	(1,955.3)	(2,141.8)	(2,138.5)
Proceeds on disposal of property, plant & equipment, subsidiaries and investments	925.4	230.9	1,008.9	199.5	394.4
Other investing cash flows	(86.6)	(363.6)	(255.3)	(138.0)	(433.3)
Cash flow from operations after investing activities	**2,011.2**	**1,441.3**	**1,518.2**	**793.5**	**813.7**
Movement in gross debt	(205.9)	(67.3)	(527.3)	(468.9)	1,758.3
Issue of subsidiary shares to non-controlling interests	170.0	183.0	230.0	203.0	176.6
Dividends paid	(1,538.6)	(1,491.1)	(1,396.7)	(1,317.2)	(1,260.0)
Dividends paid to non-controlling interests	(28.8)	(32.0)	(20.1)	(15.6)	(13.2)
Buyback of shares	-	-	-	-	(738.7)
Transactions with non-controlling interests	(13.5)	-	-	-	-
New shares issued	6.0	35.5	193.7	129.5	105.1
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	10.4	4.0	6.2	1.3	(6.8)
Net cash flow	**410.8**	**73.4**	**4.0**	**(674.4)**	**806.2**

FIVE YEAR ANALYSIS

SHAREHOLDER VALUE	2015	2014	2013	2012 [2]	2011 [2]
Weeks	52	52	53	52	52
ROFE (Pre-tax return on funds employed) (%) [8]					
Group normal	22.81	26.98	27.61	24.08	29.28
Continuing operations before significant items [5]	25.73	26.98	27.99	27.75	29.28
DU PONT ANALYSIS (*before significant items*) (%) [5]					
EBIT to sales	6.18	6.21	6.18	5.96	6.05
Service burden [9]	93.20	93.11	91.85	91.60	92.02
Tax burden [10]	70.22	69.75	70.16	71.14	70.99
Asset turn [11]	2.45	2.62	2.70	2.67	2.77
Financial leverage [12]	2.35	2.41	2.55	2.69	2.58
Return on equity [13]	23.27	25.43	27.37	27.89	28.01
EARNINGS PER SHARE					
Ordinary share price closing ($)	27.39	35.66	32.81	26.38	27.25
Market capitalisation ($m)	34,692.6	44,925.1	41,018.7	32,498.3	33,149.6
Weighted average shares on issue (m)	1,256.6	1,248.0	1,237.4	1,222.0	1,216.2
Normal basic EPS (cents per share) [14]	170.8	196.5	182.6	148.7	174.6
Normal basic EPS *before significant items* (cents per share) [5],[14]	195.2	196.5	190.4	180.1	174.6
Normal basic EPS continuing operations *before significant items* (cents per share) [5],[14]	195.2	196.5	190.2	178.3	174.6
Interim dividend ($m)	846.3	815.6	770.6	723.9	691.4
Interim dividend (cents per share)	67.0	65.0	62.0	59.0	57.0
Final dividend ($m) [15]	912.0	907.1	888.2	826.9	792.9
Final dividend (cents per share)	72.0	72.0	71.0	67.0	65.0
Total dividend ($m) [15]	1,758.3	1,722.7	1,658.8	1,550.8	1,484.3
Total dividend (cents per share)	139.0	137.0	133.0	126.0	122.0
Payout ratio (%)	81.93	70.27	73.42	85.36	69.88
Payout ratio *before significant items* (%) [5]	71.67	70.27	70.42	70.48	69.88
Price/earnings ratio (times)	16.04	18.15	17.97	17.74	15.60
Price/earnings ratio *before significant items* (times) [5]	14.03	18.15	17.23	14.65	15.60
Price/operating cash flow ratio (times)	10.30	12.83	14.91	11.23	11.08
GROWTH RATES (continuing operations *before significant items*) (% increase) [5],[16]					
Sales - total Group	(0.15)	3.86	6.83	4.76	4.74
Sales - total Group excluding Petrol	2.49	3.84	7.61	3.89	4.12
Sales per equivalent week - total Group	(0.15)	5.85	4.81	4.76	4.74
Sales per equivalent week - total Group excluding Petrol	2.49	5.83	5.58	3.89	4.12
EBITDA	0.64	3.31	9.19	3.72	6.56
EBIT	(0.71)	3.34	9.17	2.98	6.30
Profit before tax	(0.61)	4.75	9.51	2.51	5.03
Normal basic EPS	(0.66)	3.31	6.67	3.06	6.48

FINANCIAL STRENGTH (*before significant items*) [5]	2015	2014	2013	2012	2011
Service cover ratio (times) [17]	14.71	14.51	12.27	11.91	12.53
Fixed charges cover (times) [18]	2.9	3.0	3.0	2.9	3.0
Sales to inventory (times) [19]	12.69	13.66	14.69	14.95	15.09
Capital expenditure to EBITDA (%)	45.24	39.79	42.31	50.13	51.73
Operating cash flow per share ($)	2.66	2.78	2.20	2.35	2.46
Serviced gearing (%) [20]	21.60	26.17	28.72	33.76	33.83
Current assets to current liabilities (%)	83.56	94.93	90.68	85.75	78.87

FIVE YEAR ANALYSIS

PRODUCTIVITY	2015	2014	2013	2012 [2]	2011 [2]
STORES (Number)					
Supermarkets					
New South Wales and Australian Capital Territory [21]	292	282	271	262	255
Queensland [21]	230	225	209	203	194
Victoria [21]	234	224	221	214	203
South Australia and Northern Territory [21]	82	80	78	78	76
Western Australia [21]	92	89	88	85	83
Tasmania [21]	31	31	30	30	29
Supermarkets - Australia [21]	**961**	**931**	**897**	**872**	**840**
Supermarkets - New Zealand	177	171	166	161	156
Total Supermarkets	**1,138**	**1,102**	**1,063**	**1,033**	**996**
Thomas Dux	9	11	11	11	11
Freestanding Liquor	359	349	339	329	305
Attached Liquor [22]	527	509	490	477	457
ALH Group Retail Outlets	557	544	526	507	488
Summergate	2	-	-	-	-
Caltex / WOW Petrol	-	131	131	132	132
WOW Petrol - Australia	516	502	482	467	449
Total Supermarkets, Liquor and Petrol	**3,108**	**3,148**	**3,042**	**2,956**	**2,838**
General Merchandise					
BIG W	184	182	178	172	165
EziBuy	5	4	-	-	-
Dick Smith Electronics	-	-	-	-	390
Tandy	-	-	-	-	4
Total General Merchandise	**189**	**186**	**178**	**172**	**559**
Hotels including clubs (ALH Group)	330	329	326	294	282
Home Timber and Hardware [23]	44	28	26	21	19
Masters	58	49	31	15	-
Total continuing operations	**3,729**	**3,740**	**3,603**	**3,458**	**3,698**
Discontinued operations [2]					
Dick Smith Electronics	-	-	-	347	-
Tandy	-	-	-	1	-
TOTAL GROUP	**3,729**	**3,740**	**3,603**	**3,806**	**3,698**

STORES (Movement) FY15	29 June 2014	OPENED/ACQ	CLOSED	28 JUNE 2015
Supermarkets				
New South Wales and Australian Capital Territory [21]	282	12	2	292
Queensland [21]	225	6	1	230
Victoria [21]	224	11	1	234
South Australia and Northern Territory [21]	80	3	1	82
Western Australia [21]	89	4	1	92
Tasmania [21]	31	1	1	31
Supermarkets - Australia [21]	**931**	**37**	**7**	**961**
Supermarkets - New Zealand	171	8	2	177
Total Supermarkets	**1,102**	**45**	**9**	**1,138**
Thomas Dux	11	-	2	9
Freestanding Liquor	349	17	7	359
Attached Liquor [22]	509	21	3	527
ALH Group Retail Outlets	544	24	11	557
Summergate	-	2	-	2
Caltex / WOW Petrol	131	-	131	-
WOW Petrol - Australia	502	15	1	516
Total Supermarket Division	**3,148**	**124**	**164**	**3,108**
General Merchandise				
BIG W	182	2	-	184
EziBuy	4	1	-	5
Total General Merchandise	**186**	**3**	**-**	**189**
Hotels including clubs (ALH Group)	329	3	2	330
Home Timber and Hardware [23]	28	18	2	44
Masters	49	9	-	58
TOTAL GROUP MOVEMENT	**3,740**	**157**	**168**	**3,729**

	2015	2014	2013	2012 [2]	2011 [2]
Weeks	52	52	53	52	52
AREA (sqm)					
Supermarket Division (Australia) [24]	2,617,924	2,522,981	2,413,527	2,318,756	2,202,620
Supermarket Division (New Zealand) [25]	397,889	386,818	372,373	351,744	333,274
General Merchandise Division [26]	1,055,231	1,042,927	1,016,086	1,107,732	1,086,082
SALES PER AVERAGE SQUARE METRE (normalised 52 weeks)					
Supermarket Division (Australia) [24]	15,728.9	16,020.8	15,972.9	15,980.2	16,171.8
Supermarket Division (New Zealand) [25]	13,755.1	14,097.5	14,568.1	15,178.9	15,131.6
General Merchandise Division [26]	3,913.8	4,227.1	4,275.2	5,241.9	5,299.9

FIVE YEAR ANALYSIS

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 2015, costs of $425.9m before tax ($308.1m after tax, $307.3m attributable to equity holders of Woolworths Limited and $0.8m attributable to non controlling interests) relating to the General Merchandise transformation, Business transformation, Redundancy, and Property portfolio review.
   - 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. Total funds employed is net assets excluding net tax balances, cash and borrowings 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 (before significant items) expressed as a percentage of EBIT.
10. Tax burden is profit after income tax (before significant items) 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 (before significant items) 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 (before significant items) divided by the sum of net financing costs and Hybrid Notes interest.
18. Fixed charges cover is EBITDAR (before significant items) 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. The 2014 Australian Supermarkets store numbers by State and Territory have been re-classified to conform with the 2015 store profile.
22. Attached Liquor stores were previously not reported separately.
23. Previously known as 'Danks'.
24. Supermarkets Division (Australia) excludes Langton's, Cellarmasters, Petrol, Wholesale and ALH Group retail (BWS).
25. New Zealand Supermarkets excludes Gull and franchise outlets. Sales per square metre is presented in New Zealand dollars.
26. Includes Big W, EziBuy, Dick Smith and Tandy. Excludes Woolworths India.

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