WOOLWORTHS GROUP

23 February 2018

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

APPENDIX 4D AND HALF-YEAR FINANCIAL REPORT

Attached for release to the market are:

- Appendix 4D
- 2018 Half-Year Financial Report

for the half-year ended 31 December 2017 (27 weeks).

For further information contact:

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Appendix 4D
under ASX Listing Rule 4.2A

Current reporting period	26 June 2017 to 31 December 2017
Prior corresponding period	27 June 2016 to 1 January 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information

	% CHANGE		$M
Total revenue from continuing operations	3.8	to	30,045
Profit from continuing operations after tax attributable to equity holders of the parent entity	14.8	to	902
Net profit attributable to equity holders of the parent entity	37.6	to	969

Details relating to dividends[1]

	CENTS PER SHARE	$M
2017 Final dividend (paid 6 October 2017)	50	647
2018 Interim dividend[2,3] declared on 23 February 2018	43	561[4]

1 All dividends are fully franked at a 30% tax rate.
2 Record date for determining entitlement to the 2018 interim dividend is 2 March 2018.
3 The 2018 interim dividend is payable on or around 6 April 2018, and is not provided for at 31 December 2017.
4 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.

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

The Directors have determined that a 1.5% discount will apply to the 2018 interim dividend. Shares allocated to shareholders under the DRP for the 2018 interim dividend will be allocated at an amount equal to 98.5% of the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of 10 trading days commencing on 6 March 2018. The last date for receipt of election notices for the Dividend Reinvestment Plan is 5 March 2018.

In April 2016, the company introduced a 1.5% discount on the dividend reinvestment plan ("DRP") and removed the participation limit. This continued during 2017 and the participation rate for the October 2017 final dividend was approximately 40%. The discount and uncapped participation will remain in place for the April 2018 interim dividend. The discount will not apply to the October 2018 final dividend and for the foreseeable future.

NET TANGIBLE ASSETS PER SHARE

	AS AT	
	31 DECEMBER 2017	1 JANUARY 2017
Net tangible assets per share	273.2	190.8[1]

1 The net tangible assets per share as at 1 January 2017 of 249.2 cents per share has been re-presented to conform with the change in accounting policy adopted by the Group in 2017, refer to Note 3.6 of the 2017 Financial Report contained within the 2017 Annual Report for further details.

DETAILS OF SUBSIDIARIES AND ASSOCIATES

Entities where control was gained or lost

On 11 October 2017, control was lost over Hydrox Holdings Pty Ltd and its subsidiaries at that time. Refer to Note 7 of the 2018 Half-Year Financial Report for further details.

Details of associates

	OWNERSHIP INTEREST AS AT	
	31 DECEMBER 2017	1 JANAURY 2017
The Quantium Group Holdings Pty Limited	47.3%	48.2%

OTHER

Additional Appendix 4D disclosure requirements and further information including commentary on significant features of the operating performance, results of segments, trends in performance and other factors affecting the results for the current period are contained in the Half-Year Financial Report 2018, and Press Release (Half-Year Profit and Dividend Announcement for the 27-week period ended 31 December 2017).

The consolidated financial statements contained within the Half-Year Financial Report 2018, of which this report is based upon, have been reviewed by Deloitte Touche Tohmatsu.

Woolworths Group

Woolworths Group Limited
ABN 88 000 014 675

HALF-YEAR FINANCIAL REPORT 2018

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Directors' Report

This Half-Year Financial Report is given by the directors in respect of Woolworths Group Limited (the 'Company'), previously Woolworths Limited, and the entities it controlled at the end of or during the half-year ended 31 December 2017 (the 'Group' or the 'Consolidated Entity'). On 23 November 2017, a shareholders' resolution was passed at the Annual General Meeting to change the name of the company from Woolworths Limited to Woolworths Group Limited. This name change was approved by Australian Security and Investments Commission (ASIC) and became effective on 7 December 2017. This name change has had no financial impact on the entity or the consolidated Group.

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

THE DIRECTORS

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

Non-Executive Directors

G M Cairns (Chairman)

J R Broadbent

H S Kramer

S L McKenna

S R Perkins

K A Tesija

M J Ullmer

Executive Directors

B L Banducci (Managing Director and Chief Executive Officer)

REVIEW AND RESULTS OF OPERATIONS

Refer to Press Release – Half-Year Profit and Dividend Announcement for the 27 weeks ended 31 December 2017.

ROUNDING OF AMOUNTS

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 3.

This Report is made in accordance with a Resolution of the Directors of the Company on 23 February 2018.

Gordon Cairns
Chairman

Brad Banducci
Managing Director and Chief Executive Officer

Auditor's Independence Declaration

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

23 February 2018

Dear Board Members

Auditor's Independence Declaration to Woolworths Group Limited

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

As lead audit partner for the half-year review of the financial report of Woolworths Group Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss

	NOTE	HALF-YEAR ENDED 31 DECEMBER 2017 $M	HALF-YEAR ENDED 1 JANUARY 2017 $M
Continuing Operations			
Revenue from the sale of goods and services		**29,807**	28,727
Other operating revenue		**118**	104
Total operating revenue		**29,925**	28,831
Cost of sales		**(21,204)**	(20,515)
Gross profit		**8,721**	8,316
Other revenue		**120**	122
Branch expenses		**(5,677)**	(5,486)
Administration expenses		**(1,734)**	(1,651)
Earnings before interest and tax		**1,430**	1,301
Financing costs		**(82)**	(113)
Profit before income tax		**1,348**	1,188
Income tax expense		**(404)**	(368)
Profit for the period from continuing operations		**944**	820
Discontinued Operations			
Profit/(Loss) from discontinued operations, after tax	7	**67**	(82)
Profit for the period		**1,011**	738
Profit attributable to:			
Equity holders of the parent entity		**969**	704
Non-controlling interests		**42**	34
		1,011	738
Profit attributable to equity holders of the parent relates to:			
Profit from continuing operations		**902**	786
Profit/(Loss) from discontinued operations		**67**	(82)
		969	704
		CENTS	CENTS
Earnings Per Share (EPS) attributable to equity holders of the parent			
Basic EPS		**74.9**	56.6
Diluted EPS		**74.4**	56.5
EPS attributable to equity holders of the parent from continuing operations			
Basic EPS		**69.7**	61.3
Diluted EPS		**69.3**	61.2

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

	HALF-YEAR ENDED	
	31 DECEMBER 2017 $M	1 JANUARY 2017 $M
Profit for the period	**1,011**	738
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Hedging reserve		
Movement in the fair value of cash flow hedges	**(12)**	15
Income tax effect	**3**	(2)
Foreign currency translation reserve (FCTR)		
Movement in translation of foreign operations taken to equity	**(156)**	29
Income tax effect	**17**	(3)
Items that will not be reclassified to profit or loss		
Equity instrument reserve		
Movement in the fair value of investments in equity securities	**4**	(5)
Other comprehensive (loss)/income (net of tax)	**(144)**	34
Total comprehensive income from continuing operations	**800**	847
Total comprehensive income/(loss) from discontinued operations	**67**	(75)
Total comprehensive income for the period	**867**	772
Total comprehensive income attributable to:		
Equity holders of the parent entity	**825**	738
Non-controlling interests	**42**	34
	867	772
Total comprehensive income from continuing operations attributable to:		
Equity holders of the parent entity	**758**	813
Non-controlling interests	**42**	34
	800	847

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	AS AT 31 DECEMBER 2017 $M	25 JUNE 2017 $M	1 JANUARY 2017 $M
Current assets				
Cash and cash equivalents		**1,688**	909	1,421
Trade and other receivables		**837**	745	738
Inventories		**4,558**	4,189	4,536
Other financial assets		**16**	16	57
		7,099	5,859	6,752
Assets held for sale	8	**741**	1,244	1,336
Total current assets		**7,840**	7,103	8,088
Non-current assets				
Trade and other receivables		**73**	72	133
Other financial assets		**443**	507	579
Property, plant and equipment		**8,635**	8,438	7,888
Intangible assets		**6,426**	6,533	6,564
Deferred tax assets		**366**	372	491
Total non-current assets		**15,943**	15,922	15,655
Total assets		**23,783**	23,025	23,743
Current liabilities				
Trade and other payables		**7,525**	6,794	7,480
Borrowings		**88**	254	589
Current tax payable		**175**	81	2
Other financial liabilities		**72**	314	68
Provisions		**1,475**	1,470	1,865
		9,335	8,913	10,004
Liabilities directly associated with assets held for sale	8	**21**	21	42
Total current liabilities		**9,356**	8,934	10,046
Non-current liabilities				
Borrowings		**2,709**	2,777	2,672
Other financial liabilities		**105**	116	128
Provisions		**937**	1,011	1,238
Other non-current liabilities		**316**	311	297
Total non-current liabilities		**4,067**	4,215	4,335
Total liabilities		**13,423**	13,149	14,381
Net assets		**10,360**	9,876	9,362
Equity				
Contributed equity	5	**5,881**	5,615	5,496
Reserves		**(11)**	114	122
Retained earnings		**4,121**	3,797	3,404
Equity attributable to equity holders of the parent entity		**9,991**	9,526	9,022
Non-controlling interests		**369**	350	340
Total equity		**10,360**	9,876	9,362

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

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY						
	SHARE CAPITAL $M	SHARES HELD IN TRUST $M	RESERVES $M	RETAINED EARNINGS $M	TOTAL $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 26 June 2017	**5,719**	**(104)**	**114**	**3,797**	**9,526**	**350**	**9,876**
Profit after income tax expense	**–**	**–**	**–**	**969**	**969**	**42**	**1,011**
Other comprehensive loss (net of tax)	**–**	**–**	**(144)**	**–**	**(144)**	**–**	**(144)**
Total comprehensive (loss)/income (net of tax)	**–**	**–**	**(144)**	**969**	**825**	**42**	**867**
Dividends paid	**–**	**–**	**–**	**(647)**	**(647)**	**(23)**	**(670)**
Dividends paid – treasury shares	**–**	**–**	**–**	**2**	**2**	**–**	**2**
Issue of shares under employee long-term incentive plans	**–**	**11**	**(11)**	**–**	**–**	**–**	**–**
Issue of shares under the dividend reinvestment plan	**257**	**(2)**	**–**	**–**	**255**	**–**	**255**
Share-based payments expense	**–**	**–**	**30**	**–**	**30**	**–**	**30**
Balance at 31 December 2017	**5,976**	**(95)**	**(11)**	**4,121**	**9,991**	**369**	**10,360**

FOR THE HALF-YEAR ENDED 1 JANUARY 2017	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY						
	SHARE CAPITAL $M	SHARES HELD IN TRUST $M	RESERVES $M	RETAINED EARNINGS $M	TOTAL $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 27 June 2016	5,347	(95)	94	3,125	8,471	311	8,782
Profit after income tax expense	–	–	–	704	704	34	738
Other comprehensive income (net of tax)	–	–	34	–	34	–	34
Total comprehensive income (net of tax)	–	–	34	704	738	34	772
Dividends paid	–	–	–	(422)	(422)	(5)	(427)
Dividends paid – treasury shares	–	–	–	1	1	–	1
Issue of shares under employee long-term incentive plans	–	33	(33)	–	–	–	–
Issue of shares under the dividend reinvestment plan	211	–	–	–	211	–	211
Share-based payments expense	–	–	23	–	23	–	23
Other	–	–	4	(4)	–	–	–
Balance at 1 January 2017	5,558	(62)	122	3,404	9,022	340	9,362

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

	HALF-YEAR ENDED	
	31 DECEMBER 2017[1] $M	1 JANUARY 2017[1] $M
Cash flows from operating activities		
Receipts from customers	**35,298**	34,660
Payments to suppliers and employees	**(32,892)**	(31,902)
Net financing costs paid	**(95)**	(133)
Income tax paid	**(336)**	(429)
Net cash provided by operating activities	**1,975**	2,196
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment and assets held for sale	**35**	168
Payments for property, plant and equipment (property development)	**(106)**	(89)
Payments for property, plant and equipment (excluding property development)	**(765)**	(646)
Payments for intangible assets	**(5)**	(20)
Proceeds from the sale of subsidiaries and investments, net of completion adjustments	**272**	201
Payments for the purchase of businesses and investments	**(38)**	(2)
Payment to Home Consortium acquisition trust	**(251)**	–
Repayment from Home Consortium acquisition trust	**251**	–
Dividends received	**2**	2
Net cash used in investing activities	**(605)**	(386)
Cash flows from financing activities		
Proceeds from issue of underwritten shares	**–**	56
Repayment of borrowings	**(165)**	(1,113)
Dividends paid	**(390)**	(266)
Dividends paid to non-controlling interests	**(26)**	(5)
Net cash used in financing activities	**(581)**	(1,328)
Net increase in cash and cash equivalents	**789**	482
Effects of exchange rate changes on foreign currency	**(3)**	–
Cash and cash equivalents at the beginning of the period	**917**	956
Cash and cash equivalents at the end of the period	**1,703**	1,438

	AS AT	
	31 DECEMBER 2017 $M	1 JANUARY 2017 $M
Cash and cash equivalents (as presented in the Consolidated Statement of Financial Position)	**1,688**	1,421
Cash and cash equivalents (included within assets held for sale)	**15**	17
	1,703	1,438

1 The above Consolidated Statement of Cash Flows includes both continuing and discontinued operations. Amounts related to discontinued operations are disclosed in Note 7.

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

1 BASIS OF PREPARATION

Woolworths Group Limited (the 'Company') is a for-profit company incorporated and domiciled in Australia. The Half-Year Financial Report for the 27 weeks ended 31 December 2017 ('Half-Year Financial Report') comprises the Company and its subsidiaries (together referred to as the 'Group' or the 'Consolidated Entity').

STATEMENT OF COMPLIANCE

The Half-Year Financial Report of the Group is a general purpose condensed financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The Half-Year Financial Report does not include all of the information required for a full Annual Financial Report, and should be read in conjunction with the Annual Report of the Company as at and for the 52 weeks ended 25 June 2017, and any public announcements by Woolworths Group Limited and its subsidiaries during the half-year in accordance with continuous disclosure obligations under the *Corporations Act 2001* and ASX Listing Rules.

The Half-Year Financial Report was approved by the Board of Directors on 23 February 2018.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through other comprehensive income, and derivative assets and liabilities.

The Half-Year Financial Report is presented in Australian dollars and amounts have been rounded to the nearest million dollars unless otherwise stated, in accordance with ASIC Corporations Legislative Instrument 2016/191. As a result, some prior year comparatives have been rounded to nil.

The accounting policies and methods of computation adopted in the preparation of the Half-Year Financial Report are consistent with those adopted in the Company's Annual Report for the 52 weeks ended 25 June 2017, unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Due to the commencement of new supplier agency arrangements, combined with the progression of AASB 15 *Revenue from Contracts with Customers* impact assessment, the Group has represented the current and comparative period sales for certain legal form agency arrangements, that have historically been presented on a gross basis, as net. That is, the Group's share of an agency sale is recognised as 'revenue from the sales of goods and services' at the time the sale is made.

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

New and amended standards adopted by the Group

None of the new standards or amendments to standards that are mandatory for the first time for the half-year beginning 26 June 2017 materially affected any of the amounts recognised in the current period or any prior period and are not likely to significantly affect future periods.

Issued standards and interpretations not early adopted

(i) AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* establishes a principle-based approach for goods, services and construction contracts which requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised only when the performance obligation is satisfied and the control of goods or services is transferred, typically at the point of sale.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The group will apply AASB 15 in the financial year beginning 25 June 2018. An initial assessment has been performed on existing revenue streams. Based upon this assessment, it is not expected that AASB 15 will have a material impact to the Group's Consolidated Statement of Profit or Loss. Implementation of the new standard continues and the Group is yet to conclude which transition method will be applied.

(ii) AASB 9 Financial Instruments (2014)

AASB 9 *Financial Instruments* is a new standard which replaces AASB 139 *Financial Instruments: Recognition and Measurement*. In previous years, the Group early adopted AASB 9 *Financial Instruments* (2009), AASB 9 (2010), and related amendments. The Group is yet to adopt AASB 9 (2014) which supersedes AASB 9 (2009) and AASB 9 (2010) and introduces a new impairment model for financial assets and a new measurement category 'fair value through other comprehensive income' for certain debt instruments.

1 BASIS OF PREPARATION (CONTINUED)

Issued standards and interpretations not early adopted continued

(ii) AASB 9 Financial Instruments (2014) continued

AASB 9 (2014) is effective for annual reporting periods beginning on or after 1 January 2018. The Group will apply AASB 9 (2014) in the financial year beginning 25 June 2018. An assessment has been performed and the impact of the credit loss model will not be material to the Group. The Group does not hold any investments in debt securities at the end of the reporting period and, as a result, does not expect to be impacted by the introduction of the new measurement category.

(iii) AASB 16 Leases

AASB 16 *Leases* will replace existing accounting requirements for leases under AASB 117 *Leases*. Under current requirements, leases are classified based on their nature as either finance leases, which are recognised on the Consolidated Statement of Financial Position, or operating leases, which are not recognised on the Consolidated Statement of Financial Position. The Group's accounting for operating leases as a lessee will result in the recognition of a right-of-use (ROU) asset and an associated lease liability on the Consolidated Statement of Financial Position. The lease liability represents the present value of future lease payments, with the exception of short-term leases or low value assets. An interest expense will be recognised on the lease liabilities and a depreciation charge will be recognised for the ROU assets. There will also be additional disclosure requirements under the new standard. The Group's accounting for leases as a lessor remains unchanged under AASB 16.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Group will apply AASB 16 in the financial year beginning 1 July 2019. A project has been established to ensure a high quality implementation in compliance with the accounting standard. The project has members from finance, treasury and property functions with oversight from the Chief Financial Officer. Key responsibilities of the project include setting accounting policy, finalising an impact assessment, budgeting and costing of implementation, identifying data and system requirements, and finalising the implementation plan.

As at the end of the reporting period, the Group has non-cancellable undiscounted operating lease commitments of $23,515 million. These commitments predominantly relate to its retail premises, warehousing facilities, distribution centres, and support offices which will require recognition of ROU assets and associated lease liabilities. The Group continues to evaluate the impact of the new requirements on the Group's Consolidated Financial Statements; however the impact is expected to materially 'gross-up' the Group's Consolidated Statement of Financial Position impacting key financial ratios. As the project develops further, quantitative and qualitative disclosure will be provided.

2 SEGMENT DISCLOSURES FROM CONTINUING OPERATIONS

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

The Group's reportable segments are as follows:

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

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

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

Performance is measured based on segment earnings before interest and tax (EBIT) which is consistent with the way management monitor and report the performance of these segments.

2 SEGMENT DISCLOSURES FROM CONTINUING OPERATIONS (CONTINUED)

HALF-YEAR ENDED 31 DECEMBER 2017	AUSTRALIAN FOOD A$M	NEW ZEALAND FOOD A$M	ENDEAVOUR DRINKS GROUP A$M	BIG W A$M	HOTELS A$M	OTHER A$M	CONSOLIDATED FROM CONTINUING OPERATIONS A$M
Revenue from the sale of goods and services	19,339	3,041	4,529	2,037	861	–	29,807
Other operating revenue	116	2	–	–	–	–	118
Inter-segment revenue	–	–	–	–	–	13	13
Segment revenue	19,455	3,043	4,529	2,037	861	13	29,938
Eliminations						(13)	(13)
Unallocated revenue [1]						120	120
Total revenue	19,455	3,043	4,529	2,037	861	120	30,045
Earnings/(loss) before interest and tax	901	138	310	(10)	163	(72)	1,430
Financing costs							(82)
Profit before income tax							1,348
Income tax expense							(404)
Profit for the period from continuing operations							944
Depreciation and amortisation [2]	306	60	40	39	53	65	563
Impairment of non-financial assets	–	–	–	–	–	–	–
Capital expenditure [3]	469	53	54	50	98	153	877

HALF-YEAR ENDED 1 JANUARY 2017	AUSTRALIAN FOOD A$M	NEW ZEALAND FOOD A$M	ENDEAVOUR DRINKS GROUP A$M	BIG W A$M	HOTELS A$M	OTHER A$M	CONSOLIDATED FROM CONTINUING OPERATIONS A$M
Revenue from the sale of goods and services	18,440	3,045	4,319	2,015	829	79 [4]	28,727
Other operating revenue	102	2	–	–	–	–	104
Inter-segment revenue [5]	–	–	–	–	–	25	25
Segment revenue	18,542	3,047	4,319	2,015	829	104	28,856
Eliminations [5]						(25)	(25)
Unallocated revenue [1]						122	122
Total revenue	18,542	3,047	4,319	2,015	829	201	28,953
Earnings/(loss) before interest and tax	812	155	302	(27)	139	(80)	1,301
Financing costs							(113)
Profit before income tax							1,188
Income tax expense							(368)
Profit for the period from continuing operations							820
Depreciation and amortisation [2]	284	57	38	40	55	51	525
Impairment of non-financial assets	–	–	–	21	–	–	21
Capital expenditure [3]	337	72	52	7	65	180	713

1 Unallocated revenue is comprised of rent and other revenue from non-operating activities across the Group.
2 Depreciation and amortisation in Other is in relation to central assets (e.g. Enterprise Resource Planning system) for which a service charge is made to the reportable operating segments and reflected in the segment earnings/loss results.
3 Capital expenditure is comprised of property, plant and equipment additions and intangible asset acquisitions.
4 Revenue from the sale of goods in Other relates to EziBuy. The sale of EziBuy completed on 25 June 2017.
5 Due to a realignment in the operating model for the Group's international procurement function in the current year, the prior period comparatives have been reclassified to conform.

3 IMPAIRMENT OF NON-FINANCIAL ASSETS

Testing for impairment

During the half-year ended 31 December 2017, Woolworths has reviewed each cash generating unit (CGU) for indicators of impairment using both internal and external sources of information. This included an assessment of past and future performance against expectations and a review of key assumptions including discount rates and growth rates.

Consistent with the 2017 disclosure, there are a number of risks and uncertainties associated with the execution of the BIG W turnaround plan, including adverse changes in trading conditions, the competitive landscape, and the inability of BIG W to execute the multi-year plan in line with the assumptions made. The assessment of the recoverable amount represents management's best estimate of the performance of BIG W over the next five years, taking into account risks, uncertainties and opportunities for improvement in the business. Management will continue to assess the progress of the BIG W business against these estimates and it is possible that the Company may require further asset impairments and onerous lease provisions in relation to the BIG W store and support network in future periods.

As at 31 December 2017, the estimated recoverable amount of the business is higher than its carrying amount of $374 million (1 January 2017: $359 million). The undiscounted lease commitments are approximately $2.9 billion.

4 DIVIDENDS PAID

	HALF-YEAR TO 31 DECEMBER 2017		HALF YEAR TO 1 JANUARY 2017	
	CENTS PER SHARE	TOTAL AMOUNT $M	CENTS PER SHARE	TOTAL AMOUNT $M
Prior Year Final	**50**	**647**	33	422

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

5 CONTRIBUTED EQUITY

	HALF-YEAR TO 31 DECEMBER 2017		YEAR TO 25 JUNE 2017	
SHARE CAPITAL	NUMBER (M)	$M	NUMBER (M)	$M
1,304,750,193 fully paid ordinary shares (25 June 2017: 1,294,416,480)				
Movement:				
Balance at start of period	**1,294.4**	**5,719**	1,278.8	5,347
Issue of shares as a result of the Dividend Reinvestment Plan	**10.4**	**257**	15.6	372
Balance at end of period	**1,304.8**	**5,976**	1,294.4	5,719
SHARES HELD IN TRUST				
Movement:				
Balance at start of period	**(3.4)**	**(104)**	(2.7)	(95)
Issue of shares under employee long-term incentive plans	**0.3**	**11**	1.1	37
Shares acquired as a result of Dividend Reinvestment Plan	**(0.1)**	**(2)**	–	–
Shares acquired by share trust	**–**	**–**	(1.8)	(46)
Balance at end of period	**(3.2)**	**(95)**	(3.4)	(104)
Contributed equity at end of period	**1,301.6**	**5,881**	1,291.0	5,615

6 CAPITAL EXPENDITURE COMMITMENTS

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

	AS AT	
	31 DECEMBER 2017 $M	1 JANUARY 2017 $M
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	**481**	556
Later than one year, not later than two years	**3**	10
Later than two years, not later than five years	**–**	–
Total capital commitments for expenditure	**484**	566

7 DISCONTINUED OPERATIONS

Home Improvement

On 18 January 2016, the Company announced that it intended to exit the Home Improvement business. Consequently, the Home Improvement business was classified as a discontinued operation. During the period, the following events have occurred:

- On 26 June 2017 a Share Sale Agreement (SSA) was entered into resulting in crystallisation of capital losses of approximately $2.1 billion. A deferred tax asset has not been recognised in association with these capital losses as it is not probable that there will be sufficient capital gains available against which these capital losses can be utilised in the foreseeable future;
- On 4 August 2017, the shares held by a subsidiary of Lowe's Companies, Inc. (Lowe's) in Hydrox Holdings Pty Ltd (Hydrox) were sold to a Trust in exchange for the $250.8 million agreed consideration. The Joint Venture Agreement was subsequently terminated; and
- On 11 October 2017, the sale of 100% shares in Hydrox from the respective interests (66.6% owned by Woolworths and 33.3% owned by the Trust) for a headline sale price of $525 million to Home Investment Consortium Trust was completed. The resulting net proceeds for Woolworths' respective interest was $274 million. The sale includes 40 Masters freehold trading sites, 21 Masters freehold development sites and 19 Masters leasehold sites. Prior to completion Woolworths Limited, now Woolworths Group Limited, acquired three Masters freehold sites and took assignment of 11 Masters leases, assuming responsibility for the associated liabilities.

The result of the finalisation of the exit from the Home Improvement business is not significant to the Woolworths Group result.

Petrol

On 24 December 2016, Woolworths Group entered into an agreement to sell its Petrol business, comprising 527 Woolworths-owned fuel and convenience sites and 16 committed development sites, to BP for $1.785 billion. The agreement was subject to a range of conditions, including FIRB and regulatory approvals. The Petrol business was classified as a discontinued operation at that time.

On 14 December 2017, the Australian Competition and Consumer Commission (ACCC) announced that it would oppose the acquisition of the Petrol business by BP. BP and Woolworths have a range of available options, including restructuring the sale and challenging the ACCC's decision. Since the ACCC's announcement, other parties have also expressed an interest in the Petrol business.

Woolworths Group continues to assess its options and as the agreement with BP remains in place, the Petrol business continues to be considered a discontinued operation. Woolworths Group will update the market further in due course.

7 DISCONTINUED OPERATIONS (CONTINUED)

Analysis of profit/(loss) for the period from discontinued operations

The results of the Home Improvement and Petrol businesses have been separately disclosed. The comparative financial information in the Consolidated Statement of Profit or Loss and associated Notes, and Consolidated Statement of Other Comprehensive Income have been presented as discontinued operations separately from continuing operations.

The half-year profit/(loss) for the Home Improvement and Petrol businesses are set out below, including comparative information:

	HALF-YEAR ENDED	
HOME IMPROVEMENT	31 DECEMBER 2017 $M	1 JANUARY 2017 $M
Revenue from the sale of goods and services	–	903
Expenses	3	(1,021)
Reversal of impairment of Home Improvement assets and store exit costs	24	–
Earnings/(Loss) before interest and income tax	**27**	(118)
Net financing costs	(3)	(11)
Profit/(Loss) before income tax	**24**	(129)
Income tax expense	(23)	(5)
Profit/(Loss) for the period from Home Improvement discontinued operations	**1**	(134)
PETROL		
Revenue from the sale of goods and services	2,458	2,339
Expenses	(2,363)	(2,265)
Earnings before interest and income tax[1, 2]	**95**	74
Net financing costs	–	–
Profit before income tax	**95**	74
Income tax expense	(29)	(22)
Profit for the period from Petrol discontinued operations	**66**	52
Total profit/(loss) for the period from discontinued operations	**67**	(82)
Total profit/(loss) from discontinued operations attributable to:		
Equity holders of the parent entity	67	(82)
Non-controlling interests	–	–[3]
	67	(82)

1 Included in the Petrol EBIT for the half-year ended 31 December 2017 are overhead and other costs of $9 million to $12 million (half-year ended 1 January 2017: $7 million to $10 million) that will remain with Woolworths following the completion of the transaction. Woolworths plans to minimise the impact of these costs going forward.

2 Included in the Petrol EBIT for the half-year ended 31 December 2017 is the cost of funding the full 4cpl fuel discount offer of $34 million (half-year ended 1 January 2017: $36 million). Upon sale completion, Woolworths and BP will equally fund the 4cpl fuel discount offer based on redemption volumes.

3 As a result of the arbitration award on 21 April 2017, Lowe's was no longer entitled to any profits or responsible for any losses of Hydrox from the date the call option was exercised on 16 January 2016 consistent with the 2017 Annual Report. Prior period loss from discontinued operations attributable to non-controlling interests has been re-presented from $21 million as reported at 2017 Half-Year Financial report to $nil in the current period. Loss for the half-year ended 1 January 2017 is now fully attributable to the equity holders of the parent entity.

7 DISCONTINUED OPERATIONS (CONTINUED)

Cash flows from/(used in) discontinued operations

The results of cash flows from/(used in) the Home Improvement and Petrol businesses during the half-year period are set out below, including comparative information:

	HALF-YEAR ENDED	
HOME IMPROVEMENT	31 DECEMBER 2017 $M	1 JANUARY 2017 $M
Net cash (outflow)/inflow from operating activities	**(41)**	19
Net cash (outflow)/inflow from investing activities	**(69)**	157
Net cash outflow from financing activities	**–**	(4)
	(110)	172
PETROL		
Net cash inflow from operating activities	**13**	40
Net cash outflow from investing activities	**(6)**	(14)
Net cash inflow/(outflow) from financing activities	**–**	–
	7	26

8 ASSETS HELD FOR SALE

In December 2016, management entered into a binding agreement to sell its 527 Woolworths-owned fuel convenience sites and 16 committed development sites to BP (refer to Note 7). In addition, the Group has a number of property assets that it plans to sell.

The sale of Hydrox Holdings Pty Ltd was completed during the period (refer to Note 7). The associated property, plant and equipment were previously classified as held for sale at 25 June 2017.

Assets and liabilities relating to the Petrol business, and other Group properties held for sale are included in the following table.

	AS AT	
	31 DECEMBER 2017 $M	25 JUNE 2017 $M
Property, plant and equipment	**574**	1,111
Other assets	**167**	133
Total assets classified as held for sale	**741**	1,244

	AS AT	
	31 DECEMBER 2017 $M	25 JUNE 2017 $M
Total liabilities directly associated with assets held for sale	**21**	21

9 CONTINGENT LIABILITIES

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

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

No provision has been made in the financial statements in respect of these contingencies, however there is a provision of $607 million for self-insured risks (25 June 2017: $594 million), which includes liabilities relating to workers' compensation claims, that have been recognised in the Consolidated Statement of Financial Position at the reporting date.

10 SUBSEQUENT EVENTS

As at the date of this report, there has not been any matter or circumstance occurring subsequent to the end of the reporting period which would have a material impact on the Half-Year Financial Report 2018.

Directors' Declaration

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in compliance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Gordon Cairns
Chairman
23 February 2018

Brad Banducci
Managing Director and Chief Executive Officer

Independent Auditor's Review Report

Deloitte.

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

We have reviewed the accompanying Half-Year Financial Report of Woolworths Group Limited (the 'Company'), which comprises the Consolidated Statement of Financial Position as at 31 December 2017, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the half-year ended on that date, selected explanatory notes and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 4 to 17.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the Half-Year Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the Half-Year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Half-Year Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-Year Financial Report is not in accordance with *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Woolworths Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual Financial Report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Woolworths Group Limited, would be in the same terms if given to the Directors as at the time of this auditor's review report.

Independent Auditor's Review Report

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants
Sydney, 23 February 2018

Condensed five year summary*

PROFIT OR LOSS

		HALF-YEAR ENDED				
		31 DECEMBER 2017 27 WEEKS	1 JANUARY 2017[1] 27 WEEKS	3 JANUARY 2016[1] 27 WEEKS	4 JANUARY 2015[1] 27 WEEKS	5 JANUARY 2014 27 WEEKS
Continuing operations before significant items[2]						
Sales[3]	($m)	**29,807**	28,727	27,963	31,141	31,536
Cost of goods sold[3]	($m)	**(21,086)**	(20,411)	(19,894)	(22,549)	(22,926)
Gross profit	($m)	**8,721**	8,316	8,069	8,592	8,610
Gross profit margin[3]	(%)	***29.3***	*28.9*	*28.9*	*27.6*	*27.3*
Cost of doing business (CODB)	($m)	**(7,291)**	(7,015)	(6,546)	(6,360)	(6,562)
CODB margin[3]	(%)	***24.5***	*24.4*	*23.4*	*20.4*	*20.8*
Selling, general and administration expenses (excluding, rent, depreciation and amortisation)	($m)	**(5,660)**	(5,443)	(5,039)	(4,871)	(5,065)
EBITDAR	($m)	**3,061**	2,873	3,030	3,721	3,545
EBITDAR margin[3]	(%)	***10.3***	*10.0*	*10.8*	*11.9*	*11.2*
Rent (including fitout rent)	($m)	**(1,068)**	(1,047)	(1,013)	(992)	(974)
EBITDA	($m)	**1,993**	1,826	2,017	2,729	2,571
EBITDA margin[3]	(%)	***6.7***	*6.4*	*7.2*	*8.8*	*8.2*
Depreciation and amortisation	($m)	**(563)**	(525)	(494)	(497)	(523)
EBIT	($m)	**1,430**	1,301	1,523	2,232	2,048
EBIT margin[3]	(%)	***4.8***	*4.5*	*5.5*	*7.2*	*6.5*
Net financing costs	($m)	**(82)**	(99)	(113)	(122)	(119)
Woolworths Notes interest	($m)	**–**	(14)	(20)	(21)	(22)
Profit before tax and significant items[2]	($m)	**1,348**	1,188	1,390	2,089	1,907
Taxation	($m)	**(404)**	(368)	(417)	(628)	(573)
Profit after tax and before significant items[2]	($m)	**944**	820	973	1,461	1,334
Discontinued operations before significant items[1,2]	($m)					
Profit/(Loss) after tax and before significant items[1,2]	($m)	**67**	(82)	(47)	(73)	–
Group net profit after tax before significant items[2]	($m)	**1,011**	738	926	1,388	1,334
Significant items after tax[2]	($m)	**–**	–	(3,014)	(104)	–
Group net profit/(loss) after tax	($m)	**1,011**	738	(2,088)	1,284	1,334
Non-controlling interests	($m)	**42**	(34)	1,115	(4)	(12)
Profit/(Loss) attributable to equity holders of the parent after tax	($m)	**969**	704	(973)	1,280	1,322

* The five year summary has been condensed to include financial information and metrics considered key to the Half-Year Financial Report. The full version of the five year summary can be found on the Woolworths Group website. Visit www.woolworthsgroup.com.au

Condensed five year summary*

BALANCE SHEET

	AS AT				
	31 DECEMBER 2017 27 WEEKS $M	1 JANUARY 2017[1] 27 WEEKS $M	3 JANUARY 2016[1] 27 WEEKS $M	4 JANUARY 2015[1] 27 WEEKS $M	5 JANUARY 2014 27 WEEKS $M
Inventory	**4,558**	4,536	4,923	4,835	4,780
Accounts payable	**(5,784)**	(5,854)	(5,385)	(4,449)	(4,693)
Net investment in inventory	**(1,226)**	(1,318)	(462)	386	87
Receivables	**910**	871	1,071	1,059	874
Other creditors[4]	**(4,468)**	(5,049)	(4,586)	(3,268)	(3,191)
Fixed assets and investments	**8,777**	7,999	8,842	9,906	9,847
Net assets held for sale[1]	**720**	1,294	360	287	144
Intangible assets[5]	**6,426**	6,564	6,254	6,432	6,280
Total funds employed[6]	**11,139**	10,361	11,479	14,802	14,041
Net tax balances[5]	**191**	489	1,094	553	386
Net assets employed	**11,330**	10,850	12,573	15,355	14,427
Cash and borrowings[7]	**(1,109)**	(1,840)	(3,522)	(3,350)	(3,433)
Other financial assets and liabilities[4]	**139**	352	358	(819)	(896)
Total net assets	**10,360**	9,362	9,409	11,186	10,098
Non-controlling interests	**369**	340	321	303	270
Shareholders' equity	**9,991**	9,022	9,088	10,883	9,828
Total equity	**10,360**	9,362	9,409	11,186	10,098
ROFE - Group before significant items[2,4,8] (%)	**28.13**	20.09	22.63	–	–
ROFE - Continuing operations before significant items[2,4,9] (%)	**24.00**	20.77	–	–	–
Return on Equity – Group before significant items[10] (%)	**9.93**	7.92	10.19	12.72	13.45

* The five year summary has been condensed to include financial information and metrics considered key to the Half-Year Financial Report. The full version of the five year summary can be found on the Woolworths Group website. Visit www.woolworthsgroup.com.au

Condensed five year summary*

CASH FLOW

	HALF-YEAR ENDED				
	31 DECEMBER 2017 27 WEEKS $M	1 JANUARY 2017 27 WEEKS[1] $M	3 JANUARY 2016 27 WEEKS[1] $M	4 JANUARY 2015 27 WEEKS[1] $M	5 JANUARY 2014 27 WEEKS $M
Continuing and discontinued operations[1]					
EBITDA	**2,115**	1,801	(1,230)	2,516	2,571
Movement in net investment in inventory	**233**	912	(273)	(446)	158
Other operating cash flows and other non-cash[11]	**58**	45	3,526	208	52
Net interest paid	**(95)**	(133)	(151)	(171)	(172)
Tax paid	**(336)**	(429)	(619)	(599)	(565)
Operating cash flow	**1,975**	2,196	1,253	1,508	2,044
Payments for property, plant, equipment and intangible assets	**(876)**	(755)	(855)	(925)	(827)
Proceeds on disposal of property, plant and equipment, subsidiaries and investments	**307**	369	273	673	85
Other investing cash flows	**(36)**	–	(17)	(82)	(335)
Cash flow from operations after investing activities	**1,370**	1,810	654	1,174	967
New shares issued	**–**	56	–	7	34
Issue of subsidiary shares to non-controlling interests	**–**	–	120	120	60
Movement in gross debt	**(165)**	(1,113)	(282)	125	199
Dividends paid	**(390)**	(266)	(802)	(796)	(777)
Dividends paid to non-controlling interests	**(26)**	(5)	(17)	(1)	(16)
Transactions with non-controlling interests	**–**	–	(12)	(14)	–
Effects of exchange rate changes on balance of cash held in foreign currencies	**(3)**	–	8	13	6
Net cash flow	**786**	482	(331)	628	473

SHAREHOLDER VALUE AND FINANCIAL STRENGTH

		31 DECEMBER 2017 27 WEEKS	1 JANUARY 2017[1] 27 WEEKS	3 JANUARY 2016[1] 27 WEEKS	4 JANUARY 2015[1] 27 WEEKS	5 JANUARY 2014 27 WEEKS
Shareholder Value						
Ordinary share price closing	($)	**27.30**	**24.10**	24.50	30.63	34.00
Market capitalisation	($bn)	**35.5**	**31.0**	31.1	38.7	42.7
Weighted average shares on issue	(m)	**1,294.3**	**1,282.1**	1,261.8	1,254.9	1,246.1
Basic EPS continuing operations before significant items[2,12]	(cents per share)	**69.7**	**61.3**	74.8	114.2	106.1
Interim dividend	(cents per share)	**43.0**	**34.0**	44.0	67.0	65.0
Payout ratio before significant items[2]	(%)	**57.89**	**60.39**	60.40	61.14	61.70
Financial Strength						
Fixed charges cover[13]	(times)	**2.7**	**2.4**	2.5	3.1	3.1

* The five year summary has been condensed to include financial information and metrics considered key to the Half-Year Financial Report. The full version of the five year summary can be found on the Woolworths Group website. Visit www.woolworthsgroup.com.au

Condensed five year summary*

Notes to Five Year Summary

1 Discontinued Operations consist of the following:
- For statutory reporting, the Petrol business was reported as a discontinued operation from the half-year ended 1 January 2017 (HY17). For comparative purposes, with the exception of the balance sheet, the half-year ended 3 January 2016 (HY16) was restated to report Petrol as a discontinued operation. In the half-year ended 4 January 2015 (HY15) and the half-year ended 5 January 2014 (HY14), the Petrol business is reported within continuing operations;
- The Home Improvement business was reported as a discontinued operation from HY16. For comparative purposes, with the exception of the balance sheet, HY15 was restated to show Home Improvement as a discontinued operation. In HY14, the Home Improvement business is reported within continuing operations. Home Improvement sale was completed on 11 October 2017. Please refer to Note 7 in the 2018 Half-Year Financial report.

2 Significant items represent:
- in HY16, the $3,250 million before tax included in discontinued operations ($3,014 million after tax, $1,899 million attributable to equity holders of the parent entity and $1,115 million attributable to non-controlling interests) relating to the impairment of Home Improvement assets and related store exit costs relating to Woolworths' exit from the Home Improvement business;
- in HY15, costs of $148 million before tax ($104 million after tax) relating to the General Merchandise transformation provision; and

  Where noted, profit and loss items have been adjusted to reflect these significant items. There are no significant items in the half-year ended 31 December 2017 (HY18) or HY17.

3 Due to the commencement of new commercial supplier agency arrangements, combined with the progression of the AASB15 revenue impact assessment, the Group has realigned the sales for certain legal form agency arrangements (e.g. gift cards) that have historically been presented on a gross basis.

4 Other financial assets and liabilities primarily represent Hotels gaming entitlement liabilities, and assets and liabilities as a result of hedging per AASB 9 *Financial Instruments*. In calculating funds employed, the contingent consideration (HY17: $22 million, HY16: $21 million, HY15: $18 million) has been reclassified to other creditors to better reflect the economic nature of this liability to the Group.

5 Due to a change in the Group's income tax accounting policy disclosed in Note 3.6 of the 2017 Financial report, the Group is required to 'gross up' the balance sheet for goodwill and deferred tax liabilities in relation to historic purchases of indefinite life intangibles (HY18: $612 million, HY17: $612 million). This change does not impact the profit or loss.

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 9 *Financial Instruments*.

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 calculated as EBIT for the previous 12 months as a percentage of average funds employed. ROFE before significant items is calculated as EBIT for the previous 12 months before significant items as a percentage of average funds employed. This methodology has been adopted for HY18, HY17 and HY16.

9 Return on funds employed (ROFE) is calculated as defined in footnote 8, excluding discontinued operations (Home Improvement and Petrol).

10 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.

11 'Other operating cash flows and other non cash' in HY16 includes $3,250 million of significant items recognised in relation to the impairment of Home Improvement assets and related store exit costs. Additionally, HY15 includes $148 million of significant items relating to the General Merchandise transformation provision.

12 Basic earnings per share (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 AASB 133 *Earnings per Share*.

13 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.

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

Ratios are calculated based on unrounded figures.