

WOOLWORTHS LIMITED

A.B.N. 88 000 014 675

NEWS RELEASE NEWS RELEASE

23rd August 2004

PRELIMINARY FINAL REPORT AND DIVIDEND ANNOUNCEMENT FOR THE 52 WEEKS ENDED 27 JUNE 2004

EARNINGS PER SHARE AND DIVIDENDS UP OVER 15%

“An all round excellent result for the year with strong profit growth at the top end of our earnings guidance, underpinned by solid sales growth and ongoing cost savings, together with a strengthened balance sheet and strong cash flows”

Roger Corbett, CEO

- EARNINGS PER SHARE BEFORE GOODWILL UP 15.6 % TO 70.1 CENTS
- DIVIDENDS PER SHARE UP 15.4% TO 45 CENTS
- SALES FROM CONTINUING OPERATIONS UP 6.7%
- COSTS FROM CONTINUING OPERATIONS DOWN 54 BASIS POINTS TO 21.12%
- EARNINGS BEFORE INTEREST AND TAX FROM CONTINUING OPERATIONS UP 12.4% TO \$1.06 BILLION
- NET OPERATING PROFIT AFTER TAX AND SERVICING INCOME NOTES UP 12.8% TO \$687.8 MILLION
- FREE CASH FLOW 93% OF NET OPERATING PROFIT AFTER TAX AND SERVICING INCOME NOTES

The Board of Woolworths Limited today released the preliminary final report and dividend announcement of Woolworths Limited and its controlled entities for the 52 weeks ended 27 June 2004. The net operating profit after tax and servicing income notes was \$687.8 million. The Board has declared a final dividend of 24 cents per share payable on 8 October 2004 (21 cents in 2002/03) bringing the dividend for the full year to 45 cents per share fully franked (39 cents in 2002/03).

Chairman of Woolworths Limited, James Strong said: "An excellent result with the achievement of yet another year of double digit earnings growth, demonstrating the Company's ability to manage all aspects of its business and effectively react to short term competitive pressures, while maintaining focus on delivery of its longer term plans."

"The 15.6% increase in Earnings per Share to 70.1 cents before goodwill, and the 15.4% increase in Dividend per Share to 45 cents, reflect the strength of the business and demonstrate that the Company can achieve its twin goals of increasing shareholder returns and increasing customer satisfaction", said Mr Strong.

<u>Five Year Shareholder Returns</u>	<u>Earnings Per Share (cents)⁽¹⁾</u>		<u>Dividend Per Share (cents)</u>	
2000	32.9	+18.9%	23	+27.8%
2001	41.0	+24.7%	27	+17.4%
2002	52.5	+28.0%	33	+22.2%
2003	60.7	+15.7%	39	+18.2%
2004	70.1	+15.6%	45	+15.4%

(1) Before goodwill amortisation

In summary, Woolworths' results for the year 2003/2004 are as follows:

- Sales up 6.7% from continuing operations
- Total sales for this year compared with last year up 6.1% to \$27,934 million
- Earnings before interest, taxation, depreciation, and amortisation (EBITDA) up 9.6% to \$1,472.7 million
- Earnings before Interest and Taxation (EBIT) up 12.6% to \$1,065.1 million
- Net operating profit after tax and servicing income notes up 12.8% to \$687.8 million
- Earnings per Share (EPS) after goodwill up 16.0% to 67.4 cents
- Earnings per Share before goodwill up 15.6% to 70.1 cents
- Final Dividend per Share (DPS) 24 cents, to bring total DPS for the year to 45 cents, up 15.4%, with total dividend paid and proposed for the year amounting to approximately \$460 million
- EBIT margins improved from 3.59% in 2003 to 3.81% in 2004

Other Highlights

- Funds Employed down marginally, while sales up 6.7%, underpinned by a 2.0 day reduction in inventory days to 32.1 days
- Average Return on Funds Employed (ROFE) rose from 42.8% last year to 49.3%
- Average Return on Equity (ROE) increased from 49.3% last year to 51.0%

<u>Earnings (EBIT) (\$million)</u>	FY2003		FY2004		Change	
	Before Goodwill	After Goodwill	Before Goodwill	After Goodwill	Before Goodwill	After Goodwill
Food and Liquor	848.2	825.1	965.6	941.7	13.8%	14.1%
Petrol	29.9	29.9	18.6	18.6	(37.8%)	(37.8%)
Total Supermarkets	878.1	855.0	984.2	960.3	12.1%	12.3%
BIG W	103.7	103.7	116.2	116.2	12.1%	12.1%
Consumer Electronics	41.2	37.0	48.2	44.1	17.0%	19.2%
Total General Merchandise	144.9	140.7	164.4	160.3	13.5%	13.9%
Total Trading Result	1,023.0	995.7	1,148.6	1,120.6	12.3%	12.5%
Property	26.6	26.6	21.7	21.7	(18.4%)	(18.4%)
Central Overheads	(76.7)	(76.7)	(79.0)	(79.0)	3.0%	3.0%
Continuing Operations	972.9	945.6	1,091.3	1,063.3	12.2%	12.4%
Wholesale	0.2	0.1	1.8	1.8	-	-
Group EBIT	973.1	945.7	1,093.1	1,065.1	12.3%	12.6%

2003-2004 Business Performance

Woolworths Limited CEO, Roger Corbett said: "A strong result in a highly competitive market with an excellent profit result, solid sales increase, continued cost reductions, a strengthened balance sheet and strong cash flows. Woolworths continues to provide customers with a combination of greater convenience, freshness and quality, best range and consistently lower prices across all divisions. The continued and detailed focus on all aspects of our business places us in a good position in a year which saw the supermarket sales increase affected by the 'once off' roll out of competitors' petrol offers. As previously stated, this has resulted in some rebalancing, however the impact of this will diminish during the coming year as a further 110 Woolworths/Caltex jointly branded sites are rolled out, and the 12 month anniversary of a competitor's petrol openings passes. As we continue to expand the sites the resultant increases in supermarket sales is encouraging."

"We have a culture of vigorously pursuing cost savings. This year we achieved a further 0.54%pts reduction in costs as a percentage of sales for the year, from continuing operations. The CODB basis points reduction excluding petrol cost fractionalisation, meets our previously stated target of at least 20 bps per annum reduction in CODB. This has greatly benefited both customers and shareholders. We will continue to reduce costs in the future, reflected in better prices for our customers and growth in Earnings per Share for our shareholders. We are confident of achieving our 5 year target of reducing cost of doing business by at least another 1% of sales or 20 bps per annum."

"Project "Refresh" Level I initiatives and improving efficiency of operations have delivered cost savings amounting to 2.85% of sales over the past five years. Measured in dollars, this was a cumulative saving over the last five years of \$2.5 billion. Approximately 79% of these savings has been reinvested in lower selling prices. The balance of around 21% went to shareholders through increased EBIT margins. Earnings per Share has grown at a compound annual rate of 19.9% over this period. EBIT margins and Earnings per Share will continue to grow going forward."

"Our supply chain initiatives are well underway, are on track and are exceeding our expectations in a number of areas. As previously advised StockSmart (Distribution Centre forecast based replenishment) is operating in our distribution centres. AutostockR, which is an automated re-ordering store stock system, has been rolled out in all stores nationally, five months ahead of schedule and under budget. In addition, progress is well underway with the introduction of roll cages (units that enable stock to be pre-packed at our Distribution Centres and delivered direct to store) in Western Australia, and plans are on track for the other states over the coming months. Our Distribution Centre programme is also on track."

"Our solid performance has extended to the balance sheet. A further reduction in inventory of 2 days compared with last year, combined with improvements in working capital, has helped reduce Funds Employed. Average Return on Funds Employed has increased from 42.8% last year to 49.3% this year."

"Our capital management strategy continued during the year with a \$141 million on-market share buy-back at an average cost of \$11.13 per share. Capital management has, over time, helped drive growth in Earnings per Share, however this has not precluded us from taking advantage of many growth opportunities including numerous acquisitions."

Supermarket Group including Petrol

	2003	2004	Change
Sales (\$ million)	22,749.5	24,192.5	+6.3%
Gross margin (%)	24.39	24.11	-0.28%pts
Cost of Doing Business (%)	20.63	20.14	-0.49%pts
EBIT to sales (%)	3.76	3.97	+0.21%pts
EBIT to sales (%) (excluding Petrol)	3.92	4.28	+0.36%pts
EBIT before Goodwill (\$ million)	878.1	984.2	+12.1%
EBIT after Goodwill (\$ million)	855.1	960.3	+12.3%
Funds Employed (\$ million)	1,457.0	1,387.2	-4.8%
Av. Return on Funds Employed (%)	57.9	67.5	+9.6%pts

Supermarket sales (including petrol) rose 6.3% with Food and Liquor sales growing 4.6% for the year.

Comparable store sales for Food & Liquor grew 2.7% for the full year, with June, July and August (to date) showing an increase in comparable sales growth compared to the fourth quarter of FY04.

Gross margins have been impacted by continued price reductions to customers, offset by improved shrinkage control and better buying.

EBIT (including petrol) grew faster than sales at 12.3%, underpinned by cost savings with cost of doing business falling by 49 basis points. EBIT margin increased by 21 basis points on last year. EBIT margin, excluding petrol, at 4.28% was equal to the first half.

Days inventory for supermarkets has continued to be reduced, with a further reduction of 2.3 days this year to 25.8 days. This stock reduction reflected the implementation last year of Stocksmart (distribution centre forecast replenishment) and this year in part from the rollout of AutostockR. These systems also provide us the opportunity to re-range the store without decreasing stock availability levels.

There were 18 new supermarkets opened during the year bringing the total number to 708. Total trading area for the division grew by 3.1%, within our stated range, with most of this occurring in the fourth quarter.

Our liquor business continues to perform well, reporting strong growth in sales and profits. Customer reaction and support of our liquor offering has been high which has been a key element in driving our sales growth at a rate three times as fast as the market.

Woolworths continues to bring greater price competition in the Australian liquor market over the last three years, with customers therefore benefiting from lower prices.

Dan Murphy's has had wide customer acceptance, providing customers with excellent value for money and extensive product ranging, together with personalised fine wine advice and expertise. Dan Murphy's range is the most extensive in Australia, benefiting both our smaller producers and our customers. This outstanding customer offering has been expanded in the FY04 year with seven new stores, two opened in Queensland, two in NSW / ACT and a further three stores opened in Victoria.

Sales from our 50% owned Queensland liquor business, MGW (a Joint Venture with the Bruce Mathieson Group), were \$296.8 million for the year, an increase of 34%. This comprised \$172.2 million from liquor stores operations and \$124.6 million from hotel operations. We expect strong growth in the future as store refurbishment, relocations and general repositioning of the business progresses. This will include the roll out of further Dan Murphy's stores into Queensland over the next 12 months. MGW sales are not consolidated into Woolworths Group sales as this entity is not a controlled entity in accordance with Australian Accounting Standards.

As of the end of FY04, Woolworths Limited had 26 Dan Murphy's destination outlets, 168 BWS and fine wine neighbourhood stores, and 344 Woolworths/Safeway attached liquor stores. MGW had 31 hotels and 110 liquor stores (which includes 2 Dan Murphy's outlets).

Total liquor sales for the year (including MGW) were \$2.1 billion and we are confident of exceeding our stated target of \$2.5 billion in the near to medium term.

Our Petrol Supply Division continued to grow rapidly with sales of \$2.2 billion up 28.3%. The offering of a petrol discount off the lowest local price (currently 4c/litre discount) with purchases of \$30 or more from Supermarkets or BIG W stores is very attractive to our customers.

Sales growth has been driven by both a significant increase in volume in existing canopies and by the addition of new canopies. Current volume is approximately 60 million litres per week (including Caltex alliance sites). The rollout of other competitors' petrol discount schemes resulted in high levels of pump price competition which reduced petrol gross margins. As a result, despite tight cost control, EBIT declined over the year.

At the end of the year we had 359 petrol stations including 44 Woolworths/Caltex alliance sites. Excluding the alliance sites, we opened an additional 28 petrol canopies. As of today we have 407 sites, including 92 Woolworths/Caltex alliance sites either signed or operating as alliance sites. We are well on track to achieve our target to have around 410 sites by the end of the first quarter.

We believe a chain of around 470 canopies, most of which will be in close proximity to our supermarkets, is the optimum number of canopies to drive profitable sales for our existing chain of Supermarket and BIG W stores.

BIG W

	2003	2004	Change
Sales (\$ million)	2,500.3	2,717.9	+ 8.7%
Gross margin (%)	30.88	30.25	-0.63%pts
Cost of Doing Business (%)	26.73	25.98	-0.75%pts
EBIT to sales (%)	4.15	4.28	+ 0.13%pts
EBIT (\$ million)	103.7	116.2	+ 12.1%
Funds Employed (\$ million)	269.5	325.7	+20.9%
Av. Return on Funds Employed (%)	36.5	39.0	+2.5%pts

BIG W recorded a strong result in a continuing competitive market. The 2003/2004 year saw the division achieve sales of \$2.7 billion and EBIT of \$116 million with cost of doing business falling below 26%.

Sales increased 8.7%, underpinned by comparable store sales, which showed improving growth over the year, 4.2% in the first half, 6.9% in the second half and 5.3% for the full year. Solid growth was achieved with home entertainment (including music, DVD and computer consumables) being particularly strong.

Our longstanding and well accepted 'Everyday Low Price' strategy, underwritten by ongoing cost reductions, has been the cornerstone of the division's consistent growth in sales and earnings over the past decade.

Cost of doing business fell 75 basis points driven by several in store initiatives which included new night fill and back office processes.

EBIT rose faster than sales at 12.1% with EBIT margin increasing from 4.15% in FY03 to 4.28% this year.

Funds employed increased during the year due to stock levels being higher as a result of bringing forward the mid-year toy sale, as well as capital expenditure on an extension to an existing warehouse and store refurbishments. Despite this the average return on funds employed increased to 39% (FY03 36.5%).

Seven stores were opened during the year taking the total number of stores in the division to 111. We anticipate sufficient demand to grow this chain in the order of six to ten stores each year to at least 150 stores.

Consumer Electronics

	2003	2004	Change
Sales (\$ million)	791.2	886.3	+ 12.0%
Gross margin (%)	33.59	31.59	-2.00%pts
Cost of Doing Business (%)	28.91	26.61	-2.30%pts
EBIT to sales (%)	4.68	4.98	+ 0.30%pts
EBIT before goodwill (\$ million)	41.2	48.2	+ 17.0%
EBIT after goodwill (\$ million)	37.0	44.1	+ 19.2%
Funds Employed (\$ million)	245.1	220.4	-10.1%
Av. Return on Funds Employed (%)	14.9	18.9	+4.0%pts

This was a rewarding year for our Consumer Electronics business, highlighted by sales growth of 12%, a significant reduction in the cost of doing business of 230 basis points and an EBIT increase of 19.2%

Competitive pricing and a strong retail offering have been key factors in driving sales growth for the year of 12.0% and comparable store sales growth of 10.1%. Strong growth over the year was experienced in computer and home entertainment, specifically in TV's and DVD's.

The cost of doing business reduced from 28.91% to 26.61%. This reduction was accompanied by a planned reduction in gross margin which fell by 200 basis points through reduced prices and some changes in sales mix.

As a result EBIT has risen faster than sales at 19.2%, with EBIT margin rising 30 basis points to 4.98%.

Inventory control was strong with days stock on hand at year end down over 12 days, compared with the previous year despite sales growing at 12%.

Wholesale

Following the closure of the AIW business, the wholesale division (including Statewide Independent Wholesales (SIW) in Tasmania) recorded an operating profit of \$1.8 million compared with a profit of \$0.1 million in the previous year.

Central Overheads and Net Property Income

Central overheads marginally increased by \$2.3 million or 3.0% from \$76.7 million (0.29% of sales) last year to \$79.0 million (0.28 % of sales), due to a number of minor items.

Net Property Income was \$4.9 million less than the previous year. This was primarily due to a reduction in internal rental charges.

Balance Sheet and Cash Flow

Our solid performance for the year has also been reflected in our balance sheet, and working capital position which both remain strong and have continued to improve during the year.

We have reduced our net investment in inventory. Inventory at year end was only \$3.9 million above that reported last year despite sales increasing by \$1.6 billion. This translated to a 2.0 day reduction in inventory, with a corresponding cash flow benefit of approximately \$115 million.

Trade creditors and other creditors increased in line with sales with day's creditors not materially changing. Receivables decreased due largely to externally refinancing the MGW debt. Working capital continues to improve with negative working capital increasing 34% (\$294 million) from \$879 million last year to \$1,173 million.

The increase in negative working capital saw funds employed at year end \$3.8 million lower than the previous year. Net capital expenditure in FY04 was \$637 million compared with \$518 million in FY03. FY04 expenditure included \$53 million for new Distribution Centres and \$39 million for Norwest Office Park, the sale of which is currently underway. Fixed assets, including investments, and intangibles increased by \$291 million, after allowing for depreciation and amortisation.

Average return on funds employed increased from 42.8% last year to 49.3%.

Shareholders equity increased by \$228.9 million during the year to \$1,464.3 million.

Average Return on Equity increased from 49.3% last year to 51.0%.

Net repayable debt at year end decreased by \$196 million to \$164 million due to solid cash flows from operations underpinned by strong profit growth and a reduction in working capital. Daily average debt was up on the previous year by around \$206 million due to a combination of off market and on market buy-back activity.

Free Cash Flow was \$640 million which represented 93% of our net profit after tax. Free cash flow is net of capital expenditure on Norwest Office Park and our new Distribution Centres.

Capital Management

Over the past five years \$3.3 billion, comprising off and on-market buy-backs and dividends, have been returned to shareholders. Our capital management strategy over this time has helped drive growth in earnings per share whilst not precluding us from taking advantage of many growth opportunities.

During the year the company repurchased 12.7 million shares at a cost of \$141 million on market.

Franking credits available for distribution as at 27 June 2004 amounted to \$404 million (prior to final dividend).

Share buy-backs and other capital management initiatives remain under continual review.

Project Refresh and Costs

Project "Refresh", since its commencement in 1999 has concentrated on a number of initiatives including a business restructuring program which saw significant changes in the way we do business as well as numerous cost reduction programs.

Over the past five years Project "Refresh" has delivered cost savings amounting to 2.85% of sales. Measured in dollars, this was a cumulative saving over the last five years of \$2.5 billion.

Our focus is on our end-to-end supply chain improvement program.

Our Supply Chain strategy was developed after evaluating logistics features of leading global retailers and determining an appropriate and optimum solution for Woolworths. This solution addresses the following key design considerations:

- store supply chain costs (from the Supermarket back dock to the shelf);
- distribution centre (DC) location and numbers;
- DC function (cross-docking and flow-through);
- composite supply chain (integrating cold and ambient);
- transport management (primary and secondary freight);
- process improvements across the network; and
- common integrated systems

Woolworths carried out extensive and detailed planning to ensure each initiative will be effective on implementation. Each initiative is on its own a significant improvement. However, the interaction of these initiatives provides greater impetus to the overall project outcome and benefits.

Significant progress has been made to date with implementation of several initiatives now well down the track, a brief overview of which is provided below.

We have introduced Every Day Low Pricing (EDLP) for key icon lines in supermarkets. There has been strong customer acceptance of this offer.

Our inventory replenishment program is progressing well. Stocksmart (DC forecast based replenishment) was implemented fully in our DC's last year. We have completed the roll-out of AutostockR (store forecast based replenishment) to all supermarkets five months ahead of the original schedule and under budget. We now have AutostockR in all our stores nationally, a significant achievement for the year.

Supermarket DCs will be reduced from 31 DCs to 9 Regional Distribution Centres (RDCs) and 2 National Distribution Centres (NDCs). The strategic location of these DCs is imperative in order to optimise network efficiencies. Four RDC sites have already been secured - Wyong in NSW, Wodonga in Victoria, Perth and Brisbane.

Investment in existing distribution centre infrastructure is also being undertaken in NSW, VIC and SA to enable the future DC network. Designs are completed with construction contracts either secured or under tender.

Perth will be the first Regional Distribution Centre to be implemented and will be a 'blueprint' for our future transitions. The temperature controlled facility and the ambient facility will be commissioned during 2005 – construction for both components is ahead of schedule.

The rationalisation of DCs, combined with new cross-dock and flow-through processes, supported by new warehouse management systems, will utilise very effectively our site advantages and further reduce cost and stock levels, and further reduce the cost of transport from DCs to stores.

Reducing the volume of our direct store deliveries and introducing electronic store delivery will reduce costs by utilising our DCs' infrastructures as well as eliminating administration costs.

For stores, the introduction of phased replenishment store restocking capabilities along with store-ready unit load devices (eg. Shelf-ready trays) and roll cages will reduce overall costs. During the year roll cages have been successfully implemented in our 40 Western Australian stores and 2 DCs - expectations have been exceeded in Stores, DCs and transport. Rollout into Victoria, South Australia and Queensland is planned over the coming months. Rollout to New South Wales will align with the opening of the RDCs.

The cost of inbound freight will be reduced by Woolworths' management of inbound freight volumes into our DC and utilising a transport management system (TMS). The primary freight TMS was implemented during the year (ahead of schedule and below budget). Secondary freight is planned for 2005.

Woolworths values its relationship with its suppliers and aims to work with them to improve efficiencies across the supply chain. We will do this through collaboration with our vendors, sharing information, requesting feedback to improve and by harnessing innovation so that mutually beneficial outcomes are achieved.

Workshops have been conducted nationally with our vendors. Approximately 1,100 of our vendors have been involved in these interactive action-based sessions which have developed collaborative business plans to deliver key enablers.

Overall our supply chain initiatives are well underway and on track.

Growth

We anticipate overall sales growth for FY05, and the foreseeable future, to be in the upper single digits assisted by bolt-on acquisitions, given the continuation of current economic, business and retail conditions.

We see a considerable number of opportunities for continuing growth in both sales and earnings.

The Australian food, liquor and grocery (FLG) market continues to be very competitive by world standards. According to Dimasi Strategic Research the Australian FLG market is approximately \$70 billion. Of this market Woolworths has 28.4% market share with the smaller chains together with other independent grocers and specialty food stores holding 49.1%.

By world standards we have a relatively low share of the FLG market and in particular the fresh food business. The majority of bread, meat, fruit and vegetables are sold through the independents. We have a large proportion of our stores in the early stage of their life with significant potential for growth. We will continue to develop our fresh food business on the strong brand position we already possess in this segment.

Our major emphasis is to continue to drive our core businesses to world class standards of execution at all levels. The Group over the last five years has established and grown numerous new categories, in particular, petrol, liquor, electronics and hotels and has significantly expanded existing categories such as our fresh offers including meat, seafood, produce, etc. The Group is focused on continuing this successfully into the future; bringing to our customers diverse, interesting and wide ranges of merchandise, always fresh and at fair, low and consistent prices. Our range features the major industry brands and the Company's respected 'Fresh Food' offer. While retaining a strong commitment to branded merchandise, it must be recognised that Woolworths "Homebrand" continues to be Australia's largest supermarket grocery brand.

We will have a continued focus on improving in-store execution and service together with delivering best quality at the best prices.

The continued flow on effect of Project Refresh Level I and the success of Project Refresh Level II will deliver cost savings that will result in continuous reductions in prices to our customers.

The trend toward gradual deregulation of both trading hours and product restrictions continues to assist sales.

It is anticipated that we will continue to add 15 to 25 supermarkets each year for the foreseeable future, which, together with the continued profitable expansion of existing stores should increase trading area between 3% and 5% per year. BIG W has the ability to expand its chain in the order of 6 to 10 each year from 111 today to at least 150. The Petrol business presently has 407 outlets and will grow to around 470 canopies. Dan Murphy's is expected to open between 6 and 12 destination liquor outlets per annum, with plans to continue to extend the roll out of these stores into Queensland under our MGW joint venture. We plan to grow our liquor business from a current level of around \$2.1 billion (including our MGW joint venture in Queensland) to over \$2.5 billion. Our ability to secure retail sites is enhanced by our high sales per square metre which makes our stores highly attractive to landlords. Our store expansion program is supported by detailed plans for the next two to three years.

The Group will continue to seek appropriate bolt-on acquisitions that are value accretive and fit overall strategy. Over the last five years the Group has successfully acquired and integrated Franklins, Tandy and numerous liquor acquisitions including but not limited to Dan Murphy's, Booze Bros, Liberty Liquor, and Supa Cellars. We have also entered into the MGW joint venture which has acquired 31 hotels and 110 liquor stores. The Group has a disciplined approach to any acquisition including rigorous financial disciplines.

The strength of our balance sheet allows us to address larger acquisitions should they become available.

At the time of this release Bruandwo Pty Limited (jointly owned by Woolworths Limited and the Bruce Mathieson Group) is still in the process of a takeover offer for the Australian Leisure & Hospitality Group Limited (ALH).

We remain confident that Woolworths will deliver its indicated growth targets to shareholders.

Current Trading and Future Outlook

Since the end of the financial year, sales from continuing businesses has grown at 6.7%.

Food and Liquor comparable sales in June, July and August (to date) have seen a very pleasing change in trend in comparison to the fourth quarter of FY04. Comparable (like for like) sales for Food and Liquor since the end of the year has increased by 2.65% compared with 1.5% for the fourth quarter of FY04. We are confident that this improving trend will continue.

BIG W and Consumer Electronics comparable sales to date are better than last year comparable sales growth.

We believe that our FY05 sales will grow in the upper single digits and we anticipate that net profit after tax (NPAT) will increase in the range of 10% - 15%.

The Board has decided to revisit capital management strategies after the resolution of the current takeover offer for ALH. This, together with the uncertainty surrounding the number of employee options which can be exercised by option holders mainly under the 1999 Long Term Incentive Plan (up to 20 million are eligible to be exercised), led the Board to decide to provide Profit Growth guidance at this time, which it considered to be more relevant for shareholders.

Subject to the current circumstances, our ongoing objectives remain to continually review and implement appropriate capital management strategies, to maintain an efficient balance sheet and to achieve low double digit EPS growth.

This guidance is given subject to current retail trading patterns and the present business, competitive and economic climate continuing.

For further information contact: Mr Roger Corbett (CEO) (02) 9323 1632
Mr Tom Pockett (CFO) (02) 9323 1602

Profit and Loss for 52 weeks ended 27 June 2004

	Summary of Results (\$ millions)		
	FY03	FY04	Increase
Sales			
Food and Liquor	21,039	21,998	4.6%
Petrol	1,711	2,195	28.3%
Supermarkets Division	22,750	24,193	6.3%
BIG W	2,500	2,718	8.7%
Dick Smith Consumer Electronics	791	886	12.0%
General Merchandise Division	3,291	3,604	9.5%
Continuing Operations	26,041	27,797	6.7%
Wholesale Division	280	137	-51.1%
Group Sales	26,321	27,934	6.1%
Margins			
Gross Profit	25.14%	24.91%	-0.23%pts
Cost of Doing Business	21.55%	21.10%	-0.45%pts
EBIT to sales	3.59%	3.81%	+0.22%pts
Profit			
Earnings before interest, tax, depreciation amortisation & rent (EBITDAR)	2,102.7	2,282.5	8.6%
Property rent – base	620.2	664.2	7.1%
Property rent – turnover contingent	77.1	79.0	2.5%
Fitout rent	61.4	66.6	8.5%
Earnings before interest, tax, depreciation & amortisation (EBITDA)	1,344.0	1,472.7	9.6%
Depreciation --Note 1	370.9	379.6	2.3%
Goodwill Amortisation	27.4	28.0	2.2%
Earnings before interest & tax (EBIT)	945.7	1,065.1	12.6%
Net interest expense – Note 2	39.7	47.3	
WINS distribution	41.1	42.9	
Operating income tax expense	255.0	286.7	
Net operating profit after income tax	609.9	688.2	12.8%
Outside equity interests	(0.4)	(0.4)	
Net operating profit after tax and servicing income notes	609.5	687.8	12.8%
Funds employed	2,161.5	2,157.7	-0.18%
Return on funds employed (ROFE)	42.8%	49.3%	6.5%pts
Weighted average ordinary shares on issue (million)	1,049.2	1,020.5	-2.7%
Ordinary earnings per share (cents)	58.09	67.4	16.0%
Fully diluted earnings per share (cents)	57.20	66.6	16.4%
Earnings per share pre goodwill (cents)	60.70	70.1	15.6%
Interim dividend per share (cents)	18.0	21.0	16.7%
Final dividend per share (cents) – Note 3	21.0	24.0	14.3%
Total dividend per share (cents)	39.0	45.0	15.4%

Note 1 – Depreciation increase is lower than expected due to a reduction in the depreciation charge in BIG W due to 1997 new stores being fully depreciated, sale of telecommunications assets and the motor vehicle fleet, and a higher level of numerous small items (less than \$500) in 2003 that were written off

Note 2 – Interest capitalisation \$5.5m (LY \$1.5m)

Note 3 – Final dividend payable 8 October 2004 will be fully franked at 30%

GROUP BALANCE SHEET AS AT 27 JUNE 2004

	FY03 \$ Millions	FY04 \$ Millions
Funds Employed		
Inventory	1,843.1	1,847.0
Trade Payables	(2,078.9)	(2,176.3)
Net investment in inventory	(235.8)	(329.3)
Receivables	543.1	423.0
Other creditors	(1,186.1)	(1,267.1)
Working Capital	(878.8)	(1,173.4)
Fixed assets & other non-current assets	3,040.3	3,331.1
Total Funds Employed	2,161.5	2,157.7
Net Tax Balances	21.3	58.7
Net Assets Employed	2,182.8	2,216.4
Net Repayable Debt	(359.6)	(163.9)
Net Assets	1,823.2	2,052.5
Noteholders Equity (WINS)	583.0	583.0
Outside Shareholders Equity	4.8	5.2
Shareholders Equity	1,235.4	1,464.3
Total Equity	1,823.2	2,052.5
Return on average funds employed (ROFE)	42.81%	49.32%
Return on equity (ROE)	49.34%	50.95%
Inventory days (Based on COGS)	34.1	32.1
Creditor days (Based on sales)	45.2	44.9

GROUP CASH FLOW AS AT 27 JUNE, 2004

	FY03	FY04
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	1,344.0	1,472.7
Net interest paid (including WINs)	(82.3)	(95.7)
Taxation paid	(283.8)	(324.1)
Net reduction in working capital	245.7	201.2
Other non cash items	(14.1)	(34.7)
Total cash provided by operating activities (1)	1,209.5	1,219.4
Acquisition of other businesses	(41.5)	(56.4)
Capital expenditure	(593.4)	(718.7)
Advances to/ repayments from associate (MGW)	(23.8)	83.5
Dividend received from associate (MGW)	-	1.1
Proceeds on disposal of property plant & equipment	114.5	138.1
Payments for purchase of investments	-	(26.8)
Total cash used in investing activities	(544.2)	(579.2)
Free Cash	665.3	640.2
Free Cash Flow as a % of Net operating profit after tax	109%	93%

(1) In FY04 net cash provided by operating activities has been mainly impacted by increased interest paid of \$13.4m, higher tax payments of \$40.3m, due primarily to higher quarterly instalment rates in 2004 and the impact of timing of creditor payments.

Convergence with international financial reporting standards

In July 2002 the Financial Reporting Council (FRC) announced that from 1 January 2005 financial statements for all Australian reporting entities will be required to be in compliance with the Australian equivalent of International Financial Reporting Standards (A-IFRS). The new requirement applies to financial periods commencing on or after 1 January 2005. The requirement to prepare comparative financial information in accordance with A-IFRS effectively brings the starting date for compliance to financial periods beginning on or after 1 January 2004. In Woolworths' case this means from July 2004.

In our 2004 annual report we will disclose narratively the anticipated impact of adopting A-IFRS, along with an explanation of the key differences in accounting policies that are expected to arise from adopting A-IFRS. We have had a project team in place for the last year assessing the impact of these changes and implementing the processes and procedures necessary to enable the preparation of A-IFRS compliant financial statements. These disclosures are required under AASB1047 "Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards" and in addition ASIC has indicated they also expect disclosures to include the anticipated directional impact of the adoption of A-IFRS.

Preliminary Final Report of Woolworths Limited for the Financial Year Ended 27 June 2004

ACN 88 000 014 675

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period: Financial Year ended 27 June 2004

Previous Corresponding Period: Financial Year ended 29 June 2003

Source Reference: ASX Appdx 4E.1, ASX Listing Rules 4.3C.1

Woolworths Limited

Results For Announcement To The Market For the Financial Year Ended 27 June 2004

Source
Reference

Revenue and Net Profit/(Loss)

			Percentage Change %		Amount \$'M
ASX Appdx 4E.2.1	Revenue from ordinary activities	up	6.2%	to	28,645.4
ASX Appdx 4E.2.2	Profit/(loss) from ordinary activities after tax attributable to members	up	12.3%	to	730.7
ASX Appdx 4E.2.3	Net profit/(loss) attributable to members	up	12.3%	to	730.7

Dividends (Distributions)

			Amount per security		Franked amount per security
ASX Appdx 4E.2.4	Final dividend		24 ¢		24 ¢
ASX Appdx 4E.2.4	Interim dividend		21 ¢		21 ¢
ASX Appdx 4E.2.5	Record date for determining entitlements to the dividend:			Final Dividend:	3 September 2004

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

ASX Appdx
4E.2.6

REFER TO PRESS RELEASE

Woolworths Limited

Statement of Financial Performance For the Financial Year Ended 27 June 2004

	Note	2004 \$m	2003 \$m
Sales revenue (sales of goods)		27,933.9	26,321.4
Other operating revenue		547.3	493.2
<i>Total revenue from operations</i>		28,481.2	26,814.6
Cost of sales		(21,522.8)	(20,196.2)
Gross Profit		6,958.4	6,618.4
Other revenue from ordinary activities		151.0	139.7
Share of net profits of associates and joint venture entities accounted for using the equity method		3.1	1.6
Branch expenses		(4,627.6)	(4,418.0)
Administration expenses		(1,419.8)	(1,396.0)
<i>Earnings before interest and tax</i>		1,065.1	945.7
Interest expenses		(57.4)	(53.0)
Interest income		10.1	13.3
Correction of fundamental error	4	-	-
Profit From Ordinary Activities Before Income Tax Expense	2	1,017.8	906.0
Income tax expense relating to ordinary activities		(286.7)	(255.0)
Profit From Ordinary Activities After Related Income Tax Expense		731.1	651.0
Profit from extraordinary items after related income tax expense	5	-	-
Net Profit		731.1	651.0
Net profit attributable to outside equity interests		(0.4)	(0.4)
Net Profit Attributable to Members of the Parent Entity		730.7	650.6
Change in Foreign Currency Translation Reserve		0.9	(0.4)
Total Revenue, Expense and Valuation Adjustments Attributable to Members of the Parent Entity Recognised Directly in Equity		0.9	(0.4)
Total Changes in Equity Other Than Those Resulting From Transactions With Owners As Owners		731.6	650.2

Source Reference: ASX Appdx 4E.3

Woolworths Limited

Statement of Financial Position As at 27 June 2004

	Note	2004 \$m	2003 \$m
Current Assets			
Cash		348.9	287.3
Receivables		208.6	242.4
Inventories		1,847.0	1,843.1
Property, plant and equipment		259.6	133.7
Other		112.3	114.1
Total Current Assets		2,776.4	2,620.6
Non-Current Assets			
Receivables		96.4	186.0
Investments accounted for using the equity method		3.6	1.6
Other financial assets		28.0	1.2
Property, plant and equipment		2,467.6	2,348.5
Intangibles		572.3	555.3
Deferred tax assets		195.4	172.6
Other		5.7	0.6
Total Non-Current Assets		3,369.0	3,265.8
Total Assets		6,145.4	5,886.4
Current Liabilities			
Accounts payable		2,176.3	2,078.9
Accruals		554.5	541.9
Interest-bearing liabilities		18.0	150.5
Current tax liabilities		132.2	144.1
Provisions		348.0	328.2
Total Current Liabilities		3,229.0	3,243.6
Non-Current Liabilities			
Interest-bearing liabilities		494.8	496.4
Deferred tax liabilities		4.5	7.2
Provisions		364.6	316.0
Total Non-Current Liabilities		863.9	819.6
Total Liabilities		4,092.9	4,063.2
Net Assets		2,052.5	1,823.2
Equity			
Contributed equity		575.4	606.5
Reserves		184.6	183.7
Retained profits	7	704.3	445.2
Parent Entity Interest		1,464.3	1,235.4
Woolworths Income Notes		583.0	583.0
Outside Equity Interest		5.2	4.8
Total Equity		2,052.5	1,823.2

Source Reference: ASX Appdx 4E.4

Woolworths Limited

Statement of Cash Flows For the Financial Year Ended 27 June 2004

	Note	2004 \$m	2003 \$m
Cash Flows From Operating Activities			
Receipts from customers		29,681.7	27,963.8
Receipts from vendors and tenants		415.4	364.9
Payments to suppliers and employees		(28,457.9)	(26,766.6)
Interest and other borrowing costs paid		(62.9)	(54.5)
Interest received		10.1	13.3
Income tax paid		(324.1)	(283.8)
Other		-	13.5
Net cash provided by operating activities	8(f)	<u>1,262.3</u>	<u>1,250.6</u>
Cash Flows From Investing Activities			
Proceeds from the sale of property, plant and equipment		138.1	114.5
Payments for property, plant and equipment		(718.7)	(593.4)
Payment for purchase of investments		(26.8)	-
Advance of employee loans		14.9	(25.5)
Loans to related entities		(69.9)	(102.7)
Loans repaid by related entities		153.4	78.9
Dividend received from related entity		1.1	-
Payment for purchase of businesses	8(b)	(56.4)	(41.5)
Net cash used in investing activities		<u>(564.3)</u>	<u>(569.7)</u>
Cash Flows From Financing Activities			
Proceeds from issue of shares		28.0	75.6
Payments for buy-back of shares		(140.9)	(534.1)
Proceeds from short term deposits		0.4	3.7
Proceeds from external borrowings		9,716.3	4,858.9
Repayment of external borrowings		(9,850.4)	(4,744.3)
Dividends paid		(346.9)	(307.3)
Woolworths Income Notes distribution		(42.9)	(41.1)
Net cash used in financing activities		<u>(636.4)</u>	<u>(688.6)</u>
Net Increase/(Decrease) In Cash Held		61.6	(7.7)
Cash At The Beginning Of The Financial Year		287.3	295.0
Cash At The End Of The Financial Year	8(a)	<u>348.9</u>	<u>287.3</u>

Source Reference: ASX Appdx 4E.5

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Note	Contents
1	Basis of Preparation
2	Profit from Ordinary Activities
3	Commentary on Results
4	Fundamental Errors
5	Extraordinary Items
6	Sales of Assets
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8	Notes to the Statement of Cash Flows
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10	Earnings Per Share
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13	Details of Associates and Joint Venture Entities
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15	Segment Information
16	Discontinuing Operations
17	Subsequent Events
18	Other Significant Information
19	Information on Audit or Review

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

1. Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the 2003 annual financial report.

Details of changes in accounting policies:

NONE

2. Profit From Ordinary Activities

ASX Appdx
4E.3

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

(a) Operating revenue

	2004 \$m	2003 \$m
Revenue from the sale of goods	27,933.9	26,321.4
Other operating revenue – rebates, discounts received and other	547.3	493.2
Interest:		
Related parties	3.7	5.9
Other parties	6.4	7.4
<i>Total operating revenue</i>	<u>28,491.3</u>	<u>26,827.9</u>

(b) Other revenue from ordinary activities

Rent	12.9	11.7
Gross proceeds from disposal of non-current assets	138.1	114.5
Recoveries of state franchise fees	-	13.5
<i>Total other revenue from ordinary activities:</i>	<u>151.0</u>	<u>139.7</u>
Share of net profits of associate accounted for using the equity method	3.1	1.6
<i>Total revenue</i>	<u>28,645.4</u>	<u>26,969.2</u>

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

	2004 \$m	2003 \$m
(c) Expenses		
Amounts provided for:		
Bad and doubtful debts	2.9	2.4
Employee entitlements	221.0	215.9
Self-insured risks	121.8	122.7
Net loss/(profit) on disposal of:		
Property, plant, equipment, fixtures and fittings	(31.6)	(12.1)
Depreciation:		
Buildings	9.7	8.4
Plant and equipment, fixtures and fittings	331.7	327.5
Amortisation:		
Leasehold improvements	38.2	35.0
Goodwill	28.0	27.4
Contributions to defined benefit superannuation plans	117.4	92.4
Operating lease rental expenses:		
Leased premises		
- minimum lease payments	659.2	617.2
- contingent rentals	79.0	77.1
- sub-leases	5.0	3.0
Leased equipment		
- minimum lease payments	66.6	61.4
<i>Total operating lease rental expenses</i>	<u>809.8</u>	<u>758.7</u>

(d) Individually significant non-recurring items

NONE

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

2. Profit/(Loss) From Ordinary Activities (continued)

(e) *Revision of Accounting Estimates*

Details of the nature and amount of revisions of accounting estimates:

NONE

3. Commentary on Results

ASX Appdx
4E.14

REFER TO PRESS RELEASE

4. Fundamental Errors

ASX Appdx
4E.3

NONE

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

		2004 \$m	2003 \$m
5. Extraordinary Items			
ASX Appdx 4E.3	NONE		
6. Sales of Assets			
ASX Appdx 4E.3	Sales of assets in the ordinary course of business have given rise to the following:		
	Net (Profits)/ Losses		
	Property, plant and equipment	(31.6)	(12.1)
		(31.6)	(12.1)
7. Retained Profits			
ASX Appdx 4E.8	Balance at beginning of financial year	445.2	457.2
	Net profit attributable to the members of Woolworths	730.7	650.6
	Woolworths Income Notes distribution	(42.9)	(41.1)
	Dividends paid or provided	(428.7)	(778.5)
	Reversal of provision for final dividend (upon adoption of AASB 1044, "Provisions, Contingent Liabilities and Contingent Assets").	-	188.9
	Adjustment due to change in AASB 1028	-	(31.9)
	Balance at end of financial year	704.3	445.2

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

2004 \$m	2003 \$m
-------------	-------------

8. Notes to the Statement of Cash Flows

ASX Appdx
4E.5

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash	348.9	287.3
Deposits at call	-	-
	348.9	287.3

ASX Appdx
4E.5

(b) Businesses Acquired

Details of the aggregate cash outflow relating to the acquisition of businesses and the aggregate assets and liabilities of those businesses at the date of acquisition were as follows:

Consideration

Cash	56.4	41.5
	56.4	41.5

Fair Value of Net Assets Acquired

Property, plant and equipment	9.4	3.7
Inventories	3.8	2.5
Liquor licenses	32.1	30.3
Employee entitlements	(0.1)	(0.1)

Net assets acquired	45.2	36.4
---------------------	------	------

Goodwill on acquisition	11.2	5.1
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	56.4	41.5
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Net Cash Outflow on Acquisition

Cash consideration – current year	56.4	41.5
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Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

8. Notes to the Statement of Cash Flows (continued)

ASX Appdx
4E.5

(c) Non-Cash Financing and Investing Activities

In accordance with the Company's Dividend Reinvestment Plan 19% (19% in the year ended 29 June 2003) of the dividend paid was reinvested in the shares of the Company. Issuance of shares under the Plan accounted for \$81.8m during the year ended 27 June 2004 (\$73.6m in the year ended 29 June 2003).

ASX Appdx
4E.5

(d) Financing Facilities

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

Total facilities

Bank overdrafts

Bank loan facilities

	2004 \$m	2003 \$m
	13.0	13.0
	1,442.0	1,322.4
	<u>1,455.0</u>	<u>1,335.4</u>
Used at balance date		
Bank overdrafts	-	-
Bank loan facilities	10.9	12.4
	<u>10.9</u>	<u>12.4</u>
Unused at balance date		
Bank overdrafts	13.0	13.0
Bank loan facilities	1,431.1	1,310.0
	<u>1,444.1</u>	<u>1,323.0</u>

(e) Cash Balances Not Available for Use

ASX Appdx
4E.5

NOT APPLICABLE

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

	2004 \$m	2003 \$m
8. Notes to the Statement of Cash Flows (continued)		
ASX Appdx 4E.5	<i>(f) Reconciliation of Profit From Ordinary Activities After Related Income Tax to Net Cash Flows From Operating Activities</i>	
Profit from ordinary activities after related income tax	731.1	651.0
Depreciation	341.4	335.9
Amortisation	66.2	62.4
Share of (profit)/ loss of equity accounted associate	(3.1)	(1.6)
Loss on sale of Crazy prices		-
(Profit)/loss on sale of other businesses		-
(Profit)/loss on sale of investment		-
(Profit)/loss on sale of property, plant and equipment	(31.6)	(12.1)
Borrowing costs capitalised	(5.5)	(1.5)
(Increase)/decrease in deferred tax asset	(22.8)	9.2
Increase/(decrease) in income tax payable	(11.9)	30.7
Increase/(decrease) in deferred tax liability	(2.7)	(69.1)
(Increase)/decrease in receivables	26.0	16.2
(Increase)/decrease in inventories	(0.1)	(2.2)
(Increase)/decrease in sundry debtors and prepayments	(4.7)	(17.1)
Increase/(decrease) in payables	97.4	78.3
Increase/(decrease) in sundry payables and provisions	82.6	170.5
Net cash from operating activities	1,262.3	1,250.6

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

9. Details Relating to Dividends (Distributions)

ASX Appdx
4E.6, ASX
Appdx
4E.14.2

		Date dividend payable	Amount per security ¢	Amount per security of foreign sourced dividend ¢
Final dividend	2004	8 October 2004	24	
	2003	3 October 2003	21	
Interim dividend	2004	30 April 2004	21	
	2003	30 April 2003	18	
Total	2004		45	
	2003		39	

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

ASX Appdx
4E.6, ASX
Appdx
4E.14.2

	2004 ¢	2003 ¢
Ordinary securities (each class separately)	45	39
Preference securities (each class separately)	NIL	NIL
Other equity instruments (each class separately)	NIL	NIL

Interim and final dividend (distribution) on all securities

ASX Appdx
4E.6, ASX
Appdx
4E.14.2

	2004 \$m	2003 \$m
Ordinary securities (each class separately)	428.7	380.9
Preference securities (each class separately)	NIL	NIL
Other equity instruments (each class separately)	NIL	NIL
Special Dividend (see below)	-	397.6
	428.7	778.5
Woolworths Income Notes distribution	42.9	41.1
Total	471.6	819.6

Any other disclosures in relation to dividends (distributions).

ASX Appdx
4E.6, ASX
Appdx
4E.14.2

A special dividend of \$8.52 per fully paid ordinary share was paid on 24 April 2003 to shareholders that participated in the off-market share buy-back.

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

9. Details Relating to Dividends/(Distributions) (continued)

Dividend Reinvestment Plans

ASX Appdx
4E.7

The dividend or distribution plans shown below are in operation.

Dividend Reinvestment Plan

Eligible shareholders may elect to participate in the Plan in respect to all or part of their shareholding, subject to any maximum and/or minimum number of shares to participate in the Plan that the Directors may specify.

The last date(s) for receipt of election notices for the dividend or distribution plans

3 September 2004

10. Earnings Per Share

	2004 ¢ per share	2003 ¢ per share
Basic EPS	67.40	58.09
Diluted EPS	66.63	57.20

Basic Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2004 \$m	2003 \$m
Earnings (a)	687.8	609.5
	2004 No. m	2003 No. m
Weighted average number of ordinary shares (b)	1,020.5	1,049.2

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

10. Earnings Per Share (continued)

- (a) Earnings used in the calculation of basic earnings per share reconciles to net profit in the statement of financial performance as follows:

	2004 \$m	2003 \$m
Operating net profit attributable to the members of Woolworths Limited	730.7	650.6
Woolworths income Notes Distribution	(42.9)	(41.1)
	687.8	609.5

- (b) Options are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share (refer below).

Diluted Earnings per Share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	2004 \$m	2003 \$m
Earnings (a)	687.8	609.5
		2003 No. m
Weighted average number of ordinary shares and potential ordinary shares (b), (c), (d)	1,032.3	1,065.5

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

10. Earnings Per Share (continued)

- (a) Earnings used in the calculation of diluted earnings per share reconciles to net profit in the statement of financial performance as follows:

	2004	2003
	\$m	\$m
Operating net profit attributable to the members of Woolworths Limited	730.7	650.6
Woolworths income Notes Distribution	(42.9)	(41.1)
Earnings used in the calculation of diluted EPS	<u>687.8</u>	<u>609.5</u>

- (b) Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2004	2003
	No. m	No. m
Weighted average number of ordinary shares used in the calculation of basic EPS	1,020.5	1,049.2
Shares deemed to be issued for no consideration in respect of employee options	11.8	16.3
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	<u>1,032.3</u>	<u>1,065.5</u>

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

10. Earnings Per Share (continued)

- (c) The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

	2004 No. m	2003 No. m
Shares deemed to be issued at average market price in respect of employee options	31.8	26.1
	31.8	26.1

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

	2004 No. '000	2003 No. '000
NOT APPLICABLE		

11. Net Tangible Assets Per Security

ASX Appdx
4E.9

Net tangible assets per security

	2004 ¢ per share	2003 ¢ per share
	87.29	66.61
	87.29	66.61

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

ASX Appdx
4E.10

Control gained over entities

ASX Appdx
4E.10.1

Name of entity (or group of entities)

Bergam Pty Limited

ASX Appdx
4E.10.2

Date control gained

1 June 2004

ASX Appdx
4E.10.3

Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, from the date of gaining control.

2004 \$m

-

2003 \$m

-

ASX Appdx
4E.10.3

Net profit/(loss) of the controlled entity (or group of entities) for the whole of the previous corresponding period.

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

12. Details of Entities Over Which Control Has Been Gained or Lost (continued)

ASX Appdx 4E.10	Loss of control of entities	NOT APPLICABLE
ASX Appdx 4E.10.1	Name of entity (or group of entities)	
ASX Appdx 4E.10.2	Date control lost	

		2004 \$m
ASX Appdx 4E.10.3	Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, to the date of losing control.	
		2003 \$m
ASX Appdx 4E.10.3	Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities for the whole of the previous corresponding period.	

13. Details of Associates and Joint Venture Entities

Name of Entity	Ownership Interest		Contribution to net profit	
	2004 %	2003 %	2004 \$m	2003 \$m
Associates				
Bruandwo Pty Limited and its controlled entities (MGW Hotels Pty Limited)	50.0%	50.0%	3.1	1.6
Joint Venture Entities			3.1	1.6
		-	-	-
Aggregate Share of Profits/ (Losses)			3.1	1.6

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

14. Contingent Liabilities and Contingent Assets

	2004 \$'000	2003 \$'000
Contingent liabilities		
Trading guarantees	30.3	8.7
Workers' compensation self-insurance guarantees	268.0	159.8
Outstanding letters of credit issued to suppliers	27.8	21.2
Litigation	19.5	8.7
	<u>345.6</u>	<u>198.4</u>
Contingent assets		
NONE		

15. Segment Information

REFER TO ATTACHMENT 1.

16. Discontinuing Operations

NOT APPLICABLE

**Notes to the Financial Statements
For the Financial Year Ended 27 June 2004**

17. Subsequent Events

Woolworths Income Notes

On 30 June 2004, the Company has amended the WINs' trust deed. The principal change to the terms of the WINs was that entitlements to distributions in respect of the WINs will now be cumulative, whereas previously they were non-cumulative.

As a result of these amendments to the terms of the WINs the outstanding balance will no longer be classified as part of Shareholders' Equity in the Statement of Financial Position, but will instead be classified as a non-current interest bearing liability. Going forward, distributions in respect of the WINs will be recorded as part of interest expense in the Statement of Financial Performance.

Australian Leisure & Hospitality Group Limited

At 27 June 2004 a subsidiary of Woolworths Limited, Bergam Pty Limited (Bergam), held approximately 3% of the ordinary share capital of Australian Leisure & Hospitality Group Limited (ALH). Subsequent to the year end, Bergam has increased its holding to approximately 16%.

At present, Bruandwo Pty Limited (jointly owned by Woolworths Limited and The Bruce Mathieson Group) is in the process of a takeover offer for ALH.

Woolworths Limited

Notes to the Financial Statements For the Financial Year Ended 27 June 2004

Source
Reference

18. Other Significant Information

ASX Appdx
4E.12

Ordinary Securities increases through Issues – see Attachment 2;
Options – see Attachment 3.

19. Information on Audit or Review

ASX Appdx
4E.15

This preliminary final report is based on accounts to which one of the following applies.

- | | | | |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have not yet been audited or reviewed. |

ASX Appdx
4E.16

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

ASX Appdx
4E.17

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

NOT APPLICABLE

ATTACHMENT 1

	Supermarkets ⁽¹⁾		BIG W		Consumer Electronics		Wholesale ⁽²⁾		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$A million	\$A million	\$A million	\$A million	\$A million	\$A million	\$A million	\$A million	\$A million	\$A million
Segment disclosures										
Business segments										
Sales to customers	24,192.5	22,749.5	2,717.9	2,500.3	886.3	791.2	137.2	280.4	27,933.9	26,321.4
Rebates, Discounts and other	306.7	288.4	198.9	160.9	30.6	27.5	5.6	8.0	541.8	484.8
Inter-segment revenue					0.3	0.5	205.5	194.7	205.8	195.2
Segment revenue	24,499.2	23,037.9	2,916.8	2,661.2	917.2	819.2	348.3	483.1	28,681.5	27,001.4
Eliminations									(205.8)	(195.2)
Unallocated revenue									166.6	161.4
Share of net profits of associate accounted for using the equity method	3.1	1.6							3.1	1.6
Total revenue									28,645.4	26,969.2
Segment operating profit	960.3	855.0	116.2	103.7	44.1	37.0	1.8	0.1	1,122.4	995.8
Unallocated expenses- Property - Head Office									21.7	26.6
									(79.0)	(76.7)
Net interest									(47.3)	(39.7)
Profit from ordinary activities before tax									1,017.8	906.0
Income tax on ordinary activities									(286.7)	(255.0)
Profit from ordinary activities after tax									731.1	651.0
Segment assets	3,447.5	3,394.2	664.7	583.4	337.1	333.9	61.2	69.5	4,510.5	4,381.0
Unallocated									1,634.9	1,505.4
Total Assets									6,145.4	5,886.4
Segment liabilities	2,030.0	1,916.3	328.3	301.8	103.3	70.6	35.6	51.4	2,497.2	2,340.1
Unallocated									1,595.7	1,723.1
Total Liabilities									4,092.9	4,063.2
Acquisition of assets	362.7	409.6	68.1	47.5	17.2	21.8	0.8	1.0	448.8	479.9
Unallocated									284.8	118.7
Acquisition of Assets									733.6	598.6
Segment depreciation and amortisation	305.1	294.8	32.8	35.2	19.8	18.5	3.0	2.7	360.7	351.2
Unallocated									46.9	47.1
Total depreciation and amortisation									407.6	398.3
Segment other non cash expenses									-	-
Unallocated									81.8	73.6
Total other non cash expenses									81.8	73.6
Share of (loss) gain of associates	3.1	1.6							3.1	1.6
Carrying value of investment in associate	3.6	1.6							3.6	1.6

(1) Supermarkets comprise supermarket stores, liquor stores and petrol canopies

(2) Wholesale comprises Australian Independent Wholesalers (AIW) and Statewide Independent Wholesalers (SIW)

The consolidated entity operates predominantly in Australia.

ATTACHMENT 2

Ordinary Securities-Movements through issues and buy-back of shares

Date	No of Shares	Issue Price per security	Amount paid up per security
1/07/2003	150,000	\$ 5.11	\$ 5.11
11/07/2003	133,125	\$ 5.11	\$ 5.11
11/07/2003	5,000	\$ 5.16	\$ 5.16
11/07/2003	129	\$ -	\$ -
18/07/2003	28,125	\$ 5.11	\$ 5.11
18/07/2003	4,000	\$ 5.16	\$ 5.16
21/07/2003	133,543	\$ -	\$ -
25/07/2003	196,875	\$ 5.11	\$ 5.11
25/07/2003	43,750	\$ 6.17	\$ 6.17
1/08/2003	4,000	\$ 5.16	\$ 5.16
1/08/2003	3,125	\$ 6.17	\$ 6.17
1/08/2003	257,375	\$ 5.11	\$ 5.11
8/08/2003	2,000	\$ 5.16	\$ 5.16
8/08/2003	10,000	\$ 6.17	\$ 6.17
8/08/2003	42,500	\$ 5.11	\$ 5.11
15/08/2003	94,375	\$ 5.11	\$ 5.11
15/08/2003	97	\$ -	\$ -
22/08/2003	162,500	\$ 5.11	\$ 5.11
22/08/2003	42,000	\$ 5.16	\$ 5.16
22/08/2003	12,500	\$ 6.17	\$ 6.17
29/08/2003	17,000	\$ 5.16	\$ 5.16
29/08/2003	636,250	\$ 5.11	\$ 5.16
29/08/2003	158,750	\$ 6.17	\$ 6.17
3/09/2003	92	\$ 5.11	\$ 5.11
5/09/2003	147,500	\$ 5.11	\$ 5.11
5/09/2003	78,000	\$ 5.16	\$ 5.16
5/09/2003	50,000	\$ 6.17	\$ 6.17
9/09/2003	58,000	\$ 5.16	\$ 5.16
9/09/2003	38,750	\$ 5.11	\$ 5.11
9/09/2003	1,000,000	\$ 7.84	\$ 7.84
9/09/2003	3,125	\$ 6.17	\$ 6.17
10/09/2003	3,125	\$ 5.11	\$ 5.11
12/09/2003	40,000	\$ 5.11	\$ 5.11
12/09/2003	2,000	\$ 5.16	\$ 5.16
19/09/2003	7,000	\$ 5.16	\$ 5.16
19/09/2003	133,125	\$ 5.11	\$ 5.11
26/09/2003	20,000	\$ 5.16	\$ 5.16
26/09/2003	18,125	\$ 6.17	\$ 6.17
26/09/2003	280,000	\$ 5.11	\$ 5.11
3/10/2003	29,000	\$ 5.16	\$ 5.16
3/10/2003	13,125	\$ 6.17	\$ 6.17
3/10/2003	316,250	\$ 5.11	\$ 5.11
3/10/2003	3,577,510	\$ 11.37	\$ 11.37
14/10/2003	(877,183)	\$ 11.16	\$ 11.16
15/10/2003	(550,000)	\$ 11.12	\$ 11.12
16/10/2003	(469,283)	\$ 11.12	\$ 11.12
17/10/2003	112	\$ -	\$ -
17/10/2003	(300,975)	\$ 11.15	\$ 11.15
20/10/2003	(265,000)	\$ 11.20	\$ 11.20
21/10/2003	(411,020)	\$ 11.27	\$ 11.27
23/10/2003	(492,000)	\$ 11.13	\$ 11.13
24/10/2003	(440,000)	\$ 11.15	\$ 11.15

27/10/2003	(400,000)	\$	11.14	\$	11.14
28/10/2003	(870,000)	\$	11.06	\$	11.06
29/10/2003	(500,000)	\$	11.06	\$	11.06
30/10/2003	(300,000)	\$	11.07	\$	11.07
31/10/2003	(500,000)	\$	11.12	\$	11.12
3/11/2003	(660,000)	\$	11.09	\$	11.09
4/11/2003	(303,267)	\$	11.09	\$	11.09
5/11/2003	(625,000)	\$	11.01	\$	11.01
6/11/2003	(325,000)	\$	10.92	\$	10.92
7/11/2003	(648,042)	\$	10.93	\$	10.93
10/11/2003	36,250	\$	5.11	\$	5.11
10/11/2003	2,000	\$	5.16	\$	5.16
10/11/2003	(650,000)	\$	10.82	\$	10.82
11/11/2003	(270,000)	\$	10.82	\$	10.82
12/11/2003	(260,000)	\$	10.94	\$	10.94
13/11/2003	(325,442)	\$	11.02	\$	11.02
14/11/2003	69	\$	-	\$	-
14/11/2003	(300,000)	\$	11.03	\$	11.03
17/11/2003	(365,000)	\$	10.96	\$	10.96
18/11/2003	(305,000)	\$	11.03	\$	11.03
20/11/2003	9,375	\$	5.11	\$	5.11
24/11/2003	(100,000)	\$	11.39	\$	11.39
25/11/2003	59,375	\$	5.11	\$	5.11
25/11/2003	18,750	\$	6.17	\$	6.17
28/11/2003	(40,000)	\$	11.28	\$	11.28
2/12/2003	16,250	\$	5.11	\$	5.11
8/12/2003	20,000	\$	5.11	\$	5.11
8/12/2003	10,000	\$	5.16	\$	5.16
11/12/2003	(180,000)	\$	11.37	\$	11.37
12/12/2003	209	\$	-	\$	-
12/12/2003	(300,000)	\$	11.32	\$	11.32
15/12/2003	(285,741)	\$	11.38	\$	11.38
15/12/2003	3,125	\$	5.11	\$	5.11
15/12/2003	22,000	\$	5.16	\$	5.16
17/12/2003	(22,746)	\$	11.36	\$	11.36
19/12/2003	(341,944)	\$	11.38	\$	11.38
22/12/2003	(20,000)	\$	11.37	\$	11.37
23/12/2003	35,625	\$	5.11	\$	5.11
30/12/2003	78,000	\$	5.16	\$	5.16
30/12/2003	11,875	\$	5.11	\$	5.11
22/01/2004	19,000	\$	5.16	\$	5.16
22/01/2004	36,250	\$	5.11	\$	5.11
22/01/2004	90	\$	-	\$	-
20/02/2004	294	\$	-	\$	-
24/02/2004	113,625	\$	5.11	\$	5.11
2/03/2004	3,125	\$	5.11	\$	5.11
2/03/2004	19,375	\$	6.17	\$	6.17
9/03/2004	30,000	\$	5.11	\$	5.11
16/03/2004	50,000	\$	5.11	\$	5.11
19/03/2004	158	\$	-	\$	-
22/03/2004	10,000	\$	5.11	\$	5.11
30/03/2004	12,500	\$	5.11	\$	5.11
30/03/2004	3,582,336	\$	11.49	\$	11.49
14/05/2004	307	\$	-	\$	-
14/05/2004	3,125	\$	5.11	\$	5.11
14/05/2004	1,545,175	\$	-	\$	-
18/06/2004	149	\$	-	\$	-
Total	<u>997,627</u>				

ATTACHMENT 3

Options Outstanding

Expiry Date	Numbers	Exercise Price
1 March 2004	0	\$5.16
1 October 2004	300,000	\$5.11
30 June 2005	0	\$7.84
30 June 2009	20,494,375	\$5.11
30 June 2010	2,586,250	\$6.17
30 June 2011	6,739,000	\$10.89
30 June 2012	6,162,000	\$12.94
30 June 2013	7,331,350	\$12.60
	<u>43,612,975</u>	

Option Issued

Expiry Date	Numbers	Exercise Price
30 June 2013	<u>7,523,350</u>	\$12.60
	<u>7,523,350</u>	

Options Exercised

Expiry Date	Numbers	Exercise Price
17 November 2002	0	\$5.87
2 March 2003	0	\$5.87
2 March 2003	0	\$5.87
2 March 2003	0	\$4.57
1 March 2004	498,125	\$5.16
1 October 2004	0	\$5.11
30 June 2005	1,000,000	\$7.84
30 June 2009	3,008,125	\$5.11
30 June 2010	353,750	\$6.17
	<u>4,860,000</u>	

Options Expired

Expiry Date	Numbers	Exercise Price
2 March 2003	0	\$5.87
1 March 2004	34,000	\$5.16
30 June 2009	315,000	\$5.11
30 June 2010	0	\$7.84
30 June 2011	577,200	\$10.89
30 June 2012	304,000	\$12.94
30 June 2013	192,000	\$12.60
	<u>1,422,200</u>	