WOOLWORTHS LIMITED

A.B.N. 88 000 014 675

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR
ENDED 31 DECEMBER 2006




CONTENTS

This interim consolidated financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 25 June 2006 and any public announcements made by Woolworths Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

SHAREHOLDERS' CALENDAR

2007

March
15 Interest Payment on Woolworths Notes
28 Record date for Interim Dividend

April
17 Announcement of Third Quarter Sales Results
27 Payment of Interim Dividend

June
15 Interest Payment for Woolworths Notes

July
17 Announcement of Fourth Quarter Sales Results

August
27 Preliminary Full Year Results and Final Dividend Announcement

September
17 Interest Payment for Woolworths Notes

October
Announcement of First Quarter Sales Results
Payment of Final Dividend

November
16 Annual General Meeting, Sydney

December
17 Interest Payment for Woolworths Notes

Note: Timing of events can be subject to change.

Shareholders' information
For any queries about your Woolworths shareholding please visit the Shareholder Centre at:

www.woolworthslimited.com.au

or contact:

Woolworths Limited Share Registry
c/- Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000

Tel: 1300 368 664
Fax: (02) 8234 5050
Web: www.computershare.com.au

Sales from continuing operations up 15.9% to $22,016 million

Net operating profit after tax up 28.1% to $695.6 million

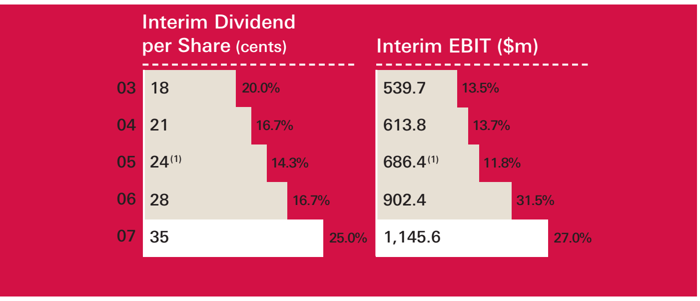
Highlights for the half year

Earnings per share (EPS) up 16.6% to 58.8 cents

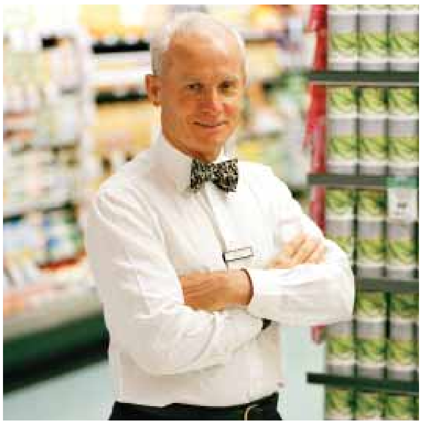
Earnings before interest and tax (EBIT) up 27% to $1,145.6 million

Interim dividend per share up 25.0% to 35 cents

CHAIRMAN'S REPORT



(1) Excluding Bruandwo and adjusted to reflect a comparable 28 week half.



Woolworths Limited is pleased to again present an outstanding interim report for the half year ending 31 December 2006. The highlight of these results is a 27.0% increase in EBIT, reflecting our attention to the fundamentals of day to day business trading, together with driving growth.

The very capable management team is now led by Michael Luscombe, who succeeded Roger Corbett as CEO during this reporting period. Michael has been with Woolworths for 29 years, is an excellent leader, a highly respected retailer and a great colleague. The Woolworths Board of Directors was extremely pleased to be able to appoint a new CEO from within the ranks of the Company.

This half year period has been characterised by excellent organic growth and the consolidation of recent acquisitions. The New Zealand supermarket business continues to gather momentum and is performing well.

In the period ahead we will continue to be driven by a consistent focus on our core retail businesses, whilst enhancing the wonderful supply chain achievements of Project Refresh. The Company remains alert to wider growth opportunities that would complement our existing businesses.

All members of the Board congratulate the Woolworths team on a great financial performance and thank every one of our 175,000 staff members for their contribution to another very successful result.

James Strong

J A STRONG
CHAIRMAN

MANAGING DIRECTOR'S REPORT

I would like to thank all my colleagues for delivering an excellent set of results for this half year. Retail is all about doing the little things well and these figures clearly shows how every individual's contribution adds up to a great overall result.

All trading divisions have reported pleasing results, particularly the Australian Food, Liquor and Grocery business, which exceeded expectations. The price rollback campaign, which was launched in August, has been a significant success and clearly demonstrates the ongoing relevance of price positioning within the Australian retail market.

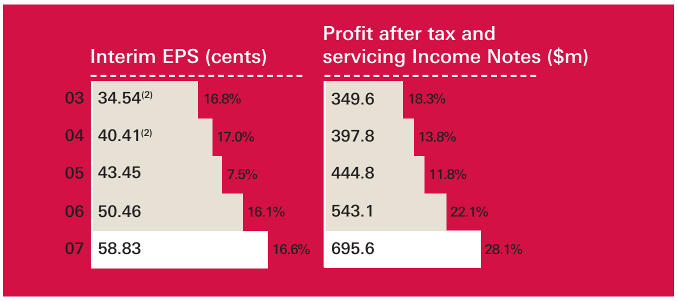
In New Zealand, our supermarkets returned to normal operating levels following the resolution of an industrial dispute in September. The launch of a nationwide petrol loyalty program in conjunction with Shell and Gull further reinforced our commitment to delivering cost savings to New Zealand consumers. We will continue to explore a range of initiatives that will bring lower prices and wider choice to our customers.

In General Merchandise, the Christmas season was notably strong, with BIG W and our consumer electronics businesses recording solid sales in spite of the recent tightness in discretionary spending levels. We anticipate that this upward trend will continue, with BIG W furthering its category refreshment strategy and consumer electronics benefiting from high end technology product launches and range extensions.

Our liquor businesses continue to go from strength to strength, thanks to the outstanding customer acceptance of both the Dan Murphy's and BWS store formats.

In Hotels, sales for the half were buoyant and reflect excellent organic growth as well as the inclusion of Taverner for the full reporting period for the first time. The Queensland smoking ban is having some impact on gaming sales but these were largely offset by strong food and bar sales.

We continue to leverage the benefits of our supply chain initiatives across many areas of the business as we build on our firmly established technology and infrastructure foundations. The IT and logistics capacity developed by Woolworths over recent years is a critical lynchpin to our future success.



(2) EPS before goodwill.

We anticipate overall Group sales growth for FY07 to be in the range of 8% to 12% (unchanged). We also anticipate that EBIT will continue to grow faster than sales in FY07 (unchanged).

Net profit after tax for FY07 is expected to grow in the range of 20% to 24% (an increase from the previously stated guidance of 16% to 21%).

Our long-term EPS objective is to outperform EBIT growth, assisted by capital management. However, in FY07 EPS will continue to be impacted by shares issued under the Group's employee share option plans, on acquisition of FAL and under the Dividend Reinvestment Plan underwriting arrangements.

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

It is a great honour for me to take over the helm of Woolworths Limited and I look forward to continuing our successful journey. I am indebted to our many thousands of employees, suppliers, shareholders and customers who choose Woolworths every day – we value their continued commitment and support more than anything.

M LUSCOMBE
CEO/MANAGING DIRECTOR

DIRECTORS' REPORT

The directors of Woolworths Limited submit herewith the interim financial report for the half-year ended 31 December 2006 and up to the date of this Report. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

Set out below are the names of the Woolworths Limited directors holding office during the entire half year ended 31 December 2006, unless otherwise stated.

M Luscombe	Chief Executive Officer and Managing Director (appointed 1 October 2006)
R C Corbett	(retired 30 September 2006)
T Pockett	(appointed 24 November 2006)
A E Clarke	
R S Deane	
D J Grady	
L M L'Huillier	
J A Strong	Chairman
J F Astbury	
A Watkins	(appointed 30 January 2007)
I Macfarlane	(appointed 30 January 2007)

BUSINESS PERFORMANCE

Australian Supermarket division (including Liquor and Petrol)

	HY06[1]	*HY07*	*Change*
Sales ($ million)	15,365.4	16,849.9	+9.7%
Gross margin (%)	22.78	23.30	+0.52% pts
Cost of doing business (%)	18.43	18.09	-0.34% pts
EBIT to sales (%)	4.35	5.21	+0.86% pts
EBIT ($ million)	669.4	878.8	+31.3%
Funds employed ($ million)	1,947.8	2,171.6	+11.5%

(1) Includes 20 ex-FAL Australian stores results from 2 November 2005.

Australian Food and Liquor

For the half year, Australian Supermarket division sales increased 9.7% of which Food and Liquor sales in Australia grew 9.0% with comparable sales growing 5.7% during the half (Q1: 4.9%, Q2: 6.4%). Inflation was approximately 4.0% over the half year.

For the Australian Supermarket division, EBIT grew faster than sales, increasing by 31.3% compared with sales growth of 9.7%. The Australian Supermarket division's EBIT margin increased from 4.35% last half year to 5.21% this half year, an increase of 86 bps.

The supply chain re-engineering, business initiatives and other cost reduction programs have enabled Woolworths to increase EBIT margin and to lower prices at the same time.

Woolworths' policy is, and has consistently been, to reduce costs and lower prices. The rollback campaign launched in August 2006 has been a real success with price reductions delivering a strong uplift in sales.

The lift in gross margins by 52 bps reflects continued progress in the areas of improved buying, changes in mix, the success of our private label offering, shrinkage control and the benefits flowing from the reduction of direct store deliveries. The reduction in direct store deliveries lowers the cost of goods as suppliers costs are reduced, resulting in improved gross margins.

CODB has decreased 34 bps after we expensed a further $20 million in transition costs associated with moving to our new supply chain. The Brisbane DC became fully operational in March 2007, after which the transition costs are expected to dissipate.

During the half year, six new supermarkets were opened, compared with nine last year. A further 16 stores are planned to be opened in the second half of the year.

Average inventory levels for the Australian Supermarket division were down by 0.8 days reflecting an increase in our indent stock levels, coupled with some dual stocking required during the transition to our new DCs.

The increase in funds employed reflects the store openings since 1 January 2006.

Liquor

Dan Murphy's, BWS and attached liquor, are all performing very well with strong growth in both sales and profits. Group liquor sales (including ALH Group retail liquor sales) for the first half totalled $2.1 billion (HY06: $1.6 billion). This reflects the inclusion of Taverner retail sales from 6 February 2006 and the strong store openings for the Dan Murphy's brand.

Dan Murphy's opened eight stores in the half year bringing the total number of Dan Murphy's stores to 60. A further nine stores are planned to be opened in the second half. We now have the sites and the licences to have in excess of 100 Dan Murphy's around Australia over the next two to three years. Dan Murphy's provides customers with excellent value for money, extensive product ranging, personalised service and expertise.

At the end of December, Woolworths Limited had 1,025 liquor outlets.

Petrol

Petrol sales for the half year were $2.5 billion, an increase of 13.8%. Petrol comparable sales increased by 7.8% during the half, with comparable volumes increasing 3.6%. As at the end of the half year, there were 495 petrol stations including 132 Woolworths/Caltex alliance sites. We opened an additional five (HY06: 16) petrol canopies during the half year and plan to open 13 in the second half.

Petrol EBIT of $41.9 million (HY06: $22.4 million) reflects volume growth through new and existing canopies and a modest improvement in retail margins from a very tight first half last year (up from 1.0% to 1.7%.)

New Zealand Supermarkets (Progressive)

	HY07 A$	*HY07 NZ$*
Sales ($ million)	1,989.4	2,326.5
Gross margin (%)	21.63	21.63
Cost of doing business (%)	18.15	18.15
Trading EBIT ($ million)	74.4	87.0
Less intercompany charges ($ million)	(5.1)	(5.9)
Reported EBIT ($ million)	69.3	81.1
EBIT margin (%)	3.48	3.48
Funds employed ($ million)	2,315.2	2,593.7

We are pleased with the progress on each of the key initiatives in our Progressive business in New Zealand. In particular:

– Buying terms have improved enabling investment into prices to improve our competitiveness which means lower prices for our customers;

– We have commenced enhancing the range, including introducing Home Brand, and improving in-store merchandising and execution;

– We were first to launch a nationwide fuel discount scheme for the benefit of consumers; and

– We are currently undertaking systems integration which is a precursor to establishing our supply chain, inventory management and logistics technology.

These and other initiatives will ensure that we are well placed to strengthen and grow this business. The realisation of all synergies will be over a 2–3 year period.

For the half year, sales in New Zealand were $2.0 billion and EBIT was $69.3 million. The half year incurred a one-off negative impact from industrial action in the first quarter.

Whilst the first quarter was negatively impacted, it was pleasing to see a return to normal operating levels in the second quarter. This was reflected in our comparative store sales which were up 3.8% in the second quarter (Q1: flat). Further, we believe we have almost recovered our market share position to pre-strike levels.

BIG W

	HY06	HY07	Change
Sales ($ million)	1,796.4	1,933.5	+7.6%
Gross margin (%)	29.48	29.01	-0.47% pts
Cost of doing business (%)	23.66	23.45	-0.21% pts
EBIT to sales (%)	5.82	5.56	-0.26% pts
EBIT ($ million)	104.5	107.6	+3.0%
Funds employed ($ million)	360.2	365.3	+1.4%

BIG W sales grew by 7.6% during the half year, representing a solid start to a year in which discretionary spending was tight. Comparable store sales growth for the half year was 0.6%, with an improved second quarter of 1.1%. The December trading period was solid with strong results in a number of our refreshed categories. This positive trend has continued into January and February.

BIG W's business performance has continued to parallel the performance of the national economy with slower performances on the eastern seaboard, particularly in New South Wales.

Discretionary spending was clearly impacted by continuing higher petrol prices and interest rate increases in the half year.

"Significant progress has been made in our buying and support functions. Good results have been achieved. Our current focus is about understanding what our customer really wants. We remain focused on a number of merchandising and display initiatives that will continue to improve the quality of the in-store experience for our customers. The pleasing part is the successes we are having in the areas that we have completed, which supplements BIG W's everyday low price positioning," said Greg Foran, General Manager BIG W.

Gross margins reduced 47 bps mainly due to change in sales mix and continued investment in prices in a tight market. Unseasonably cool weather resulted in lower sales in some higher margin categories such as apparel.

CODB has decreased 21 bps over the half year, with a strong focus on cost control necessary in a tight market.

EBIT increased 3.0% mainly reflecting the inability to fractionalise costs with lower comparable sales.

Average inventory levels were well managed being 0.6 days down on last year. Excluding incremental stock at sea average inventory was down one day on last year.

Seven BIG W stores were opened in the half year, taking the total number of stores in the division to 136. We are on track to open approximately six new stores in the second half which will bring new stores opened during the full year ending 24 June 2007 to 13.

Consumer Electronics (Australia and New Zealand)[1]

	HY06	HY07	Change
Sales ($million)	641.0	698.4	+9.0%
Gross margin (%)	28.90	27.31	-1.59% pts
Cost of doing business (%)	23.14	21.49	-1.65% pts
EBIT to sales (%)	5.76	5.82	+0.06% pts
EBIT ($million)	36.9	40.7	+10.3%
Funds employed ($million)	305.3	293.6	-3.8%

(1) Excludes India sales and costs – refer below.

The division reported solid sales growth for the half year and EBIT growth exceeding sales growth. Sales for the half year reached $698 million, a 9.0% increase on last half year, with comparable store sales (normalised for movements in exchange rates) increasing by 7.0% (Q1: 6.8%, Q2: 7.3%). Unadjusted for exchange rate movements, comparable sales for the half year were 5.3%.

Categories at the higher end of the discretionary market such as TVs, computers and in-car navigation systems continued to achieve strong sales growth.

During the half year, 18 Dick Smith Electronics stores were opened, taking total stores to 380, with a plan to open a further 17 stores during the second half.

Gross margins decreased 159 bps reflecting the continued price deflation in a very competitive market. The Consumer Electronics business continues to provide customers with excellent value for money on the latest technological offerings. This investment in lower prices was made possible by good cost control with CODB as a percentage of sales declining 165 bps over the half year.

Our business venture with Tata opened its first store in India in October under the "Croma" brand. The store is performing in line with expectations. As part of this venture, Woolworths Limited provides buying, wholesale, supply chain and general consulting services to Tata.

The store has made sales of $5 million and an operating loss of $2.1 million which included initial set-up costs, including a Distribution Centre.

Funds employed have decreased due to an improved working capital position.

Average inventory was up slightly with an increase of 0.4 days driven by the high number of store openings in the period.

Hotels

	HY06	HY07(1)	Change
Sales ($million)	405.9	539.8	+33.0%
Gross margin (%)	82.85	83.10	+0.25% pts
Cost of doing business (%)	62.84	62.82	-0.02% pts
EBIT to sales (%)	20.01	20.28	+0.27% pts
EBIT ($million)	81.2	109.5	+34.9%

(1) Includes Taverner hotel sales results for the full 27 weeks. Taverner hotel business was acquired on 6 February 2006.

Hotel half year sales of $540 million represent an increase of 33.0%, reflecting good growth in the existing business and the inclusion of Taverner Group from 6 February 2006.

Comparable sales increased by 3.7% during the half year, which is a good result considering the initial impact of smoking bans in Queensland. Comparable gaming sales for the half were down 0.5% offset by strong food and bar sales. This result demonstrates the well-rounded nature of the hotel business and the success being achieved in the refurbishment and repositioning in the bars, restaurants, conference, entertainment and accommodation segments of this business.

Gross margins have increased 25 bps with the inclusion of Taverner which has a higher proportion of gaming revenue affecting the mix.

CODB has decreased 2 bps which is pleasing given the inclusion of Taverner which has a relatively higher cost structure due to Taverner leasing all its portfolio.

A further five properties were added to the portfolio in the half taking the total hotels to 255 and a total of 1,272 accommodation rooms.

Central Overheads, Net Property Income and Tax Expense

Central overheads have increased $7.9 million reflecting the one-off accrual associated with the drought relief day and various minor other non-recurring items and Hong Kong establishment costs.

Property movement reflects the reduced income due to the sale of the Distribution Centres and other property divestments.

Tax expense is 30.2% down slightly from 30.5% last half year.

Balance Sheet and Cash Flow

Our net investment in inventory at the half year has improved a further $97 million over last half year, with average inventory down one day.

Our cash flow and balance sheet remain strong. Cash generated by operating activities was $1.4 billion up 38.5% on the prior year reflecting strong earnings growth and benefits from working capital management.

Key balance sheet movements from 25 June 2006 to 31 December 2006 are explained as follows:

– Receivables have decreased reflecting the monies received from the sale of the Distribution Centres.

– Fixed assets and investments have increased – reflects the purchase of a 10% stake in The Warehouse Group Limited ($196 million market value) and capital expenditure for the half year offset by depreciation.

– Net repayable debt – this has decreased by $1,283 million to $2,516 million due to strong operating cash flows and the $547 million received from the sale of the Distribution Centres.

Capital Management

Objectives

Woolworths currently sets its capital structure with the objectives of minimising its weighted average cost of capital whilst retaining a flexibility to pursue growth and capital management opportunities. Consistent with these objectives, Woolworths has targeted, achieved and maintained its credit ratings of A- from Standard & Poor's and A3 from Moody's Investor Services.

Capital Returns

To the extent consistent with these objectives and target ratings, Woolworths undertakes capital return strategies that seek to increase EPS and distribute franking credits to shareholders, mainly through ordinary dividends and share buybacks. Over the past eight years, over $4,700 million, comprising off and on-market buybacks and dividends, has been returned to shareholders (including the final dividend for the financial year ended 25 June 2006). Woolworths' capital management strategy has enhanced EPS growth whilst allowing Woolworths to take advantage of growth opportunities such as the ALH and FAL acquisitions. Woolworths will re-examine opportunities for future share buybacks in conjunction with growth strategies and ratings targets. Franking credits available for distribution as at 31 December 2006 amounted to $676 million (after the interim dividend in March 2007).

Share Issuance

Woolworths has strengthened its balance sheet and maintained its current credit ratings during the recent period of acquisitions, integration and business change. It did so via an underwriting agreement in connection with the WOW DRP which ensured that an amount equal to 100% of all interim and final dividends payable in the calendar years 2005 and 2006 was subscribed for Woolworths' shares. The underwriting is now complete. Further, shares were also issued under employee option plans.

Debt Levels

No significant debt transactions were undertaken during the half year. Net repayable debt has decreased $1,283 million since June 2006, reflecting the proceeds from the sale of the Distribution Centres and the strong operating cash flows.

Sale of Distribution Centres

Proceeds of $547 million from the sale of the Distribution Centres received in July 2006 were used to repay existing short-term bank debt. Brisbane and Perth proceeds of $262 million will be received by the end of this financial year with the balance to be received next financial year.

Project Refresh and Costs

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

Over the past seven years to the end of FY06, Project Refresh has delivered cost savings amounting to 4.51% of sales. Measured in dollars, this was a cumulative saving over the last seven years of $5.3 billion.

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

Our supply chain strategy was developed after evaluating systems and logistics features of leading global retailers following which we determined an appropriate and optimum solution for Woolworths. This solution addresses the following key design considerations:

- Common integrated systems required to support supply chain operations;
- 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 temperature controlled and ambient);
- Transport management (primary and secondary freight); and
- Process improvements across the network.

Woolworths has completed a substantial proportion of the end-to-end supply chain improvement program in Supermarkets. Many of the key elements of the program are fully operational and completely integrated into the supply chain operations.

The integration of these elements is achieving the anticipated performance targets and accordingly the benefits. A brief overview of those elements is set out below.

The technology required to support our new supply chain is critical to its success and was complex in its construction. We have now passed the high risk part of our IT application development and these systems are fully operational and integrated into supply chain operations.

The principal systems that have driven the transformation of our supply chain are: StockSmart (DC forecast based replenishment), AutoStockR (store forecast based replenishment), Warehouse Management Systems and Transport Management Systems.

The combination of these systems has significantly enhanced Woolworths' ability to plan its volumes and flows through both DCs and stores on a daily basis. This provides an enormous opportunity to effectively plan labour inputs, therefore increase productivity and to obtain higher levels of "in stock" performance which adds to customer satisfaction whilst reducing stock levels and costs.

The majority of the Distribution Centre network has been completed and is fully operational. Supermarket DCs will be reduced from 31 DCs to nine Regional Distribution Centres (RDCs) and two National Distribution Centres

(NDCs). To date, six RDCs and two NDCs are fully operational and supporting our stores to achieve record service levels and "in stock" positions. The temperature controlled component of the Brisbane, Sydney and Wodonga RDCs was commissioned in the last six months and is achieving performance targets. The ambient component of the Brisbane RDC will be commissioned in March 2007.

In Victoria our chilled and frozen supply chain is under contract with an external provider. Our strategy in Victoria and Tasmania will be reviewed over this period with our experience from Sydney and Brisbane incorporated into our final solution.

The rationalisation of DCs, combined with new DC processes, supported by new warehouse management systems, will capitalise on our site advantages and further reduce costs and stock levels.

For stores, the introduction of phased replenishment, store restocking capabilities, along with store-ready unit load devices such as shelf-ready trays and roll cages, is reducing overall costs. Roll cages have been successfully implemented in Western Australia, South Australia and Queensland and in our Wyong and Wodonga DCs.

The cost of inbound freight is being reduced by Woolworths' management of inbound freight volumes into our DCs by utilising our Transport Management System (TMS).

Managing primary freight makes it possible to better manage critical delivery timing into our DCs and therefore increase operational efficiencies and improve safety. Woolworths transport for inbound freight has been very effective, outperforming industry benchmarks.

Woolworths values its relationship with its suppliers and aims to work with them to improve efficiencies across the supply chain to our mutual advantage. The advent of improved technology will further our relationship with our suppliers. We will do this through collaboration with our vendors, sharing information and requesting feedback on areas for improvement.

The intellectual property we have developed in our supply chain teams, IT systems and DCs is now being applied to other businesses in Woolworths. These include the New Zealand Supermarkets business and our liquor businesses. Further, we are also pursuing opportunities to enhance our meat supply chain by integrating the distribution of meat with the Supermarket supply chain.

Each of these opportunities will capitalise on the strong supply chain network that has been developed for our Supermarkets business and will allow Woolworths to continue to deliver improved customer service and benefits that flow in this year and the years ahead.

Current Trading and Future Outlook

We anticipate overall Group sales growth for FY07 to be in the range of 8% to 12% (unchanged). We also anticipate that EBIT will continue to grow faster than sales in FY07 (unchanged).

Net profit after tax for FY07 is expected to grow in the range of 20% to 24% (an increase from the previously stated guidance of 16% to 21%).

Our long-term EPS objective is to outperform EBIT growth, assisted by capital management. However, in FY07 EPS will continue to be affected by shares issued under the Group's employee share option plans, on acquisition of FAL and under the Dividend Reinvestment Plan underwriting arrangements.

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

Rounding of Amounts

The Company is of a kind referred to in Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998, relating to the "rounding off" of amounts in Financial Reports and Directors' Reports. In accordance with that Class Order, amounts therein have been rounded off to the nearest tenth of a million dollars except where otherwise indicated.

Lead Auditor's Independence Declaration under section 307c of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 12 and forms part of the Directors' Report for the 27 weeks ended 31 December 2006.

This Report is made in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001 and is signed for and on behalf of the Board this 27th day of February 2007.

James Strong

J A STRONG
Director

M LUSCOMBE
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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The Chairman
The Board Audit Committee
Woolworths Limited
1 Woolworths Way
Bella Vista NSW 2153

27 February 2007

Dear Board Members

Woolworths Limited

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

As lead audit partner for the review of the financial statements of Woolworths Limited for the 27 weeks ended 31 December 2006, 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

Rod Smith
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Woolworths Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, cash flow statement, statement of recognised income and expense for the 27 weeks 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 period or from time to time during the period as set out on pages 15 and 22 to 29.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2006 and its performance for the 27 weeks ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Woolworths Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WOOLWORTHS LIMITED

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the 27 weeks ended on that date; and

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

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Rod Smith
Partner
Chartered Accountants
Sydney, 27 February 2007

DIRECTORS' DECLARATION

In the opinion of the Directors of Woolworths Limited:

(a) The consolidated financial statements and notes attached hereto:

(i) give a true and fair view of the consolidated entity's financial position as at 31 December 2006, and the performance represented by the results of its operations and its cash flows for the financial half year ended on that date; and

(ii) comply with Accounting Standards and the Corporations Act 2001, and other mandatory professional reporting requirements; and

(b) At the date of this Declaration there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

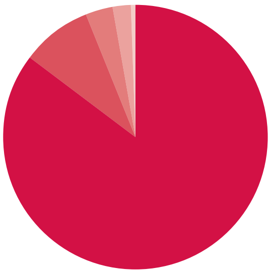
This Declaration is made on the 27th day of February 2007 in accordance with a resolution of the Directors made pursuant to s303(5) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

James Strong

J A STRONG
Director

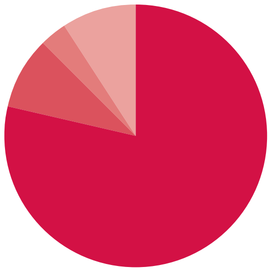
M LUSCOMBE
Managing Director

SEGMENT AND STORE ANALYSIS



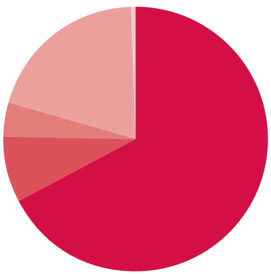
SEGMENT SALES

- 85.3% Supermarkets
- 8.8% BIG W
- 3.2% Consumer Electronics
- 2.4% Hotels
- 0.3% Wholesale



EBIT – RETAIL OPERATIONS

- 78.8% Supermarkets
- 8.9% BIG W
- 3.2% Consumer Electronics
- 9.1% Hotels



SEGMENT ASSETS

- 67.4% Supermarkets
- 8.1% BIG W
- 4.0% Consumer Electronics
- 20.0% Hotels
- 0.5% Wholesale

STORE ANALYSIS

Total number of stores at 31 December 2006

Supermarket division	
Supermarkets in Australia	757
Supermarkets in New Zealand	199
Total Supermarkets	**956**
Freestanding Liquor	209
ALH Retail Liquor Outlets	434
Caltex/WOW Petrol	132
WOW Petrol – Australia	363
WOW Petrol – New Zealand	22
Total Supermarket division	**2,116**
General Merchandise	
BIG W	136
Dick Smith Electronics	237
Dick Smith Electronics Powerhouse	20
Tandy	123
Total General Merchandise	**516**
Hotels	255
Total Group	**2,887**

Area (square metres) at 31 December 2006

Supermarket division – Australia[1]	1,796,374
Supermarket division – New Zealand[2]	290,817
General Merchandise	885,558
Total Group	**2,972,749**

(1) Trading area excludes Petrol and ALH retail outlets but includes Australia ex-FAL stores.
(2) Excludes Gull and franchise stores.

FIVE YEAR SUMMARY

Weeks	AIFRS H-2007 27	AIFRS H-2006 27	AIFRS H-2005 27	AGAAP H-2005 27	AGAAP H-2004 28	AGAAP H-2003 28
PROFIT AND LOSS						
Sales ($ million)						
Food and Liquor[1]	**16,329.5**	13,938.5	12,090.5	12,090.5	11,860.0	11,216.7
Petrol	**2,509.8**	2,205.9	1,627.2	1,627.2	1,069.3	833.9
Total Supermarkets	**18,839.3**	16,144.4	13,717.7	13,717.7	12,929.3	12,050.6
BIG W	**1,933.5**	1,796.4	1,669.9	1,669.9	1,559.3	1,437.2
Consumer Electronics	**703.4**	641.0	545.8	545.8	486.7	435.2
General Merchandise	**2,636.9**	2,437.4	2,215.7	2,215.7	2,046.0	1,872.4
Hotels	**539.8**	405.9	97.5	97.5		
Continuing operations	**22,016.0**	18,987.7	16,030.9	16,030.9	14,975.3	13,923.0
Wholesale	**76.2**	74.8	73.8	73.8	74.2	215.2
Total Group	**22,092.2**	19,062.5	16,104.7	16,104.7	15,049.5	14,138.2
Earnings before interest and tax ($ million)						
Food and Liquor[1]	**906.2**	681.0	553.1	551.0	514.8	451.5
Petrol	**41.9**	22.4	22.2	22.2	10.5	11.9
Total Supermarkets	**948.1**	703.4	575.3	573.2	525.3	463.4
BIG W	**107.6**	104.5	100.6	100.6	93.8	86.0
Consumer Electronics	**38.6**	36.9	31.2	29.4	24.9	20.3
General Merchandise	**146.2**	141.4	131.8	130.0	118.7	106.3
Hotels	**109.5**	81.2	7.3	14.9	–	–
Total trading operations	**1,203.8**	926.0	714.4	718.1	644.0	569.7
Net property income	**(9.9)**	17.3	10.8	10.3	12.3	14.4
Head office overheads	**(49.6)**	(41.7)	(40.2)	(38.7)	(43.4)	(43.5)
Total unallocated[2]	**(59.5)**	(24.4)	(29.4)	(28.4)	(31.1)	(29.1)
Continuing operations	**1,144.3**	901.6	685.0	689.7	612.9	540.6
Wholesale	**1.3**	0.8	1.4	1.4	0.9	(0.9)
Total Group	**1,145.6**	902.4	686.4	691.1	613.8	539.7
EBIT to sales %						
Supermarkets	**5.03**	4.36	4.18	4.18	4.06	3.85
BIG W	**5.57**	5.82	6.03	6.03	6.02	5.98
Consumer Electronics	**5.49**	5.76	5.72	5.39	5.12	4.65
Hotels	**20.29**	20.01	7.49	15.28	–	–
Wholesale	**1.71**	1.12	1.95	1.90	1.21	(0.42)
Total	**5.19**	4.73	4.26	4.29	4.08	3.81

FIVE YEAR SUMMARY

	AIFRS	AIFRS	AIFRS	AGAAP	AGAAP	AGAAP
	H-2007	H-2006	H-2005	H-2005	H-2004	H-2003
Weeks	27	27	27	27	28	28

PROFIT AND LOSS DETAIL ($ million)

Sales	**22,092.2**	19,062.5	16,104.7	16,104.7	15,049.5	14,138.2
Cost of goods sold	**(16,523.2)**	(14,331.1)	(12,158.0)	(12,157.8)	(11,302.1)	(10,586.3)
Gross profit	**5,569.0**	4,731.4	3,946.7	3,946.9	3,747.4	3,551.9
Gross profit margin %	***25.21***	*24.82*	*24.51*	*24.51*	*24.90*	*25.12*
Cost of doing business (CODB)	**(4,423.3)**	(3,829.0)	(3,260.1)	(3,255.8)	(3,133.6)	(3,012.2)
CODB %	***20.02***	*20.09*	*20.25*	*20.22*	*20.82*	*21.31*
Selling, general and administration expenses	**(3,496.1)**	(3,053.7)	(2,613.3)	(2,587.5)	(2,506.1)	(2,410.6)
(Excluding, rent, depreciation and amortisation)	**15.83**	16.02	16.23	16.07	16.65	17.05
EBITDAR	**2,072.9**	1,677.7	1,333.2	1,359.4	1,241.3	1,141.3
EBITDAR margin %	***9.38***	*8.80*	*8.28*	*8.44*	*8.25*	*8.07*
Rent (including fitout rent)	**(631.8)**	(522.9)	(451.8)	(454.6)	(427.0)	(403.9)
EBITDA	**1,441.1**	1,154.8	881.4	904.8	814.3	737.4
EBITDA margin (%)	***6.52***	*6.06*	*5.47*	*5.62*	*5.41*	*5.22*
Depreciation	**(295.5)**	(252.4)	(195.0)	(196.1)	(185.5)	(182.7)
Amortisation of goodwill	**–**	-	-	(17.6)	(15.0)	(15.0)
EBIT	**1,145.6**	902.4	686.4	691.1	613.8	539.7
EBIT margin (%)	***5.19***	*4.73*	*4.26*	*4.29*	*4.08*	*3.81*
Interest	**(131.1)**	(112.1)	(56.4)	(60.0)	(27.0)	(20.8)
WINs interest	**–**	-	-	-	(22.2)	(22.5)
Profit before tax and abnormal items	**1,014.5**	790.3	630.0	631.1	564.6	496.4
Taxation	**(305.9)**	(241.1)	(186.1)	(188.7)	(166.6)	(146.6)
Profit after tax and before abnormal items	**708.6**	549.2	443.9	442.4	398.0	349.8
Outside equity interest	**(13.0)**	(6.1)	0.9	(1.5)	(0.2)	(0.2)
Profit attributable to members of Woolworths Limited after tax and servicing income notes	**695.6**	543.1	444.8	440.9	397.8	349.6

FIVE YEAR SUMMARY

	AIFRS	AIFRS	AIFRS	AGAAP	AGAAP	AGAAP
	H-2007	H-2006	H-2005	H-2005	H-2004	H-2003
Weeks	27	27	27	27	28	28

BALANCE SHEET ($ million)

Funds employed						
Inventory	**3,043.3**	2,832.1	2,433.7	2,441.8	2,042.7	2,064.1
Accounts payable	**(3,792.8)**	(3,484.2)	(2,913.5)	(2,913.5)	(2,032.4)	(1,919.2)
Net investment in inventory	**(749.5)**	(652.1)	(479.8)	(471.7)	10.3	144.9
Fixed assets and investments	**4,643.2**	4,502.4	3,259.2	3,413.9	2,636.0	2,459.2
Intangibles	**4,947.4**	4,557.2	1,990.5	1,978.5	563.1	541.6
Receivables	**748.2**	543.7	464.1	546.0	490.0	486.1
Other creditors	**(1,985.7)**	(1,695.6)	(1,434.5)	(1,400.8)	(1,203.3)	(1,109.9)
Total funds employed[3]	**7,603.6**	7,255.6	3,799.5	4,065.9	2,496.1	2,521.9
Net tax balances	**212.7**	209.9	131.7	98.0	43.7	10.8
Net assets employed	**7,816.3**	7,465.5	3,931.2	4,163.9	2,539.8	2,532.7
Net repayable debt[4]	**(2,516.5)**	(3,411.9)	(2,314.8)	(2,315.3)	(608.2)	(321.7)
Net assets	**5,299.8**	4,053.6	1,616.4	1,848.6	1,931.6	2,211.0
Noteholders' equity (WINs)[5]	**–**	–	–	–	583.0	583.0
Outside shareholders' equity	**235.2**	223.8	32.8	42.2	5.0	4.6
Shareholders' equity	**5,064.6**	3,829.8	1,583.6	1,806.4	1,343.6	1,623.4
Total equity	**5,299.8**	4,053.6	1,616.4	1,848.6	1,931.6	2,211.0

CASH FLOW ($ million)

EBITDA	**1,441.1**	1,154.8	881.4	904.8	814.3	737.4
Movement in net investment in inventory	**279.0**	246.1	67.3	67.3	(242.3)	(304.6)
Other operating cash flows	**71.4**	(40.5)	1.2	(22.2)	(19.6)	100.3
Net interest paid (including cost of income notes)	**(129.9)**	(113.3)	(65.7)	(65.7)	(51.3)	(44.5)
Tax paid	**(252.1)**	(229.2)	(201.8)	(201.8)	(188.8)	(165.1)
Operating cash flow	**1,409.5**	1,017.9	682.4	682.4	312.3	323.5
Payments for property, plant and equipment	**(551.7)**	(791.1)	(534.4)	(534.4)	(342.4)	(319.1)
Proceeds on disposal of property, plant and equipment	**584.4**	288.4	8.0	8.0	11.6	43.4
Major acquisitions debt funded	**–**	(895.7)	(1,191.8)	(1,191.8)	–	–
Other investing cash flows	**(293.0)**	(73.1)	6.0	14.4	(24.9)	(8.5)
Free cash flow	**1,149.2**	(453.6)	(1,029.7)	(1,021.4)	(43.4)	39.3
Movement in gross debt	**(909.9)**	699.7	1,207.2	1,207.2	246.4	65.7
Other	**–**	–	–	–	83.8	(3.3)
Dividends paid	**–**	–	(201.9)	(201.9)	(174.5)	(153.3)
Dividends paid to minority interests	**(7.7)**	–	–	–	–	–
Buyback of shares	**–**	–	–	–	(140.9)	–
New shares issued	**46.1**	26.6	104.5	96.2	26.4	32.8
Effects of exchange rate changes on balance of cash held in foreign currencies	**3.3**	–	–	–	–	–
Net cash flow	**281.0**	272.7	80.1	80.1	(2.2)	(18.8)

FIVE YEAR SUMMARY

	AIFRS H-2007	AIFRS H-2006	AIFRS H-2005	AGAAP H-2005	AGAAP H-2004	AGAAP H-2003
Weeks	*27*	*27*	*27*	*27*	*28*	*28*
SHAREHOLDER VALUE						
ROFE (pre-tax return on funds employed (%)[6]						
Normal	**15.07**	12.44	18.07	17.00	24.59	21.40
Du Pont Analysis (abnormals excluded) (%)						
EBIT to sales	**5.19**	4.73	4.26	4.29	4.08	3.81
Service burden[7]	**88.56**	87.58	91.79	91.32	91.98	91.97
Tax burden[8]	**69.85**	69.50	70.47	70.10	70.49	70.48
Asset turn[9]	**1.50**	1.41	1.83	1.78	2.43	2.35
Financial leverage[10]	**2.90**	3.53	5.56	5.00	4.61	3.70
Return on equity[11]	**13.74**	14.18	28.09	24.41	29.61	21.53
Earnings per share						
Ordinary share price closing ($)	**23.90**	16.85	15.01	15.01	11.90	11.44
Market capitalisation ($ million)	**28,772.6**	19,610.1	15,670.4	15,670.4	12,096.4	12,112.4
Weighted average shares on issue	**1,182.6**	1,076.3	1,023.8	1,037.7	1,021.4	1,055.6
Normal basic EPS[12]	**58.83**	50.46	43.45	42.49	38.95	33.12
EPS pre-goodwill amortisation	**58.83**	50.46	43.45	44.18	40.41	34.54
Interim dividend ($million)[13]	**421.6**	326.3	251.0	251.0	213.6	190.6
Interim dividend (cents per share)	**35.0**	28.0	24.0	24.0	21.0	18.0
Payout ratio (before abnormals) (%)	**60.60**	60.07	56.44	56.93	53.70	54.51
Price/cash flow ratio (times)	**20.05**	17.93	22.74	22.74	38.39	36.90
Growth rates (% increase)						
Sales	**15.89**	18.37	7.01	7.01	6.45	10.89
Sales per equivalent week	**15.89**	18.37	9.25	9.25	6.45	10.89
EBITDA	**24.79**	31.01	8.25	11.11	10.43	13.48
EBIT	**26.95**	31.47	11.83	12.59	13.73	13.55
Profit before tax and abnormal items	**28.38**	25.45	11.58	11.78	13.74	16.26
Profit after tax and servicing income notes	**28.09**	22.12	11.81	10.83	13.79	18.33
Normal basic EPS	**16.58**	16.48	10.06	9.09	17.60	16.26
Financial strength						
Service cover ratio[14] (times)	**8.74**	7.97	11.05	10.52	11.97	12.15
Fixed charges cover (times)	**2.71**	2.64	2.59	2.61	2.59	2.55
Sales to inventory[15]	**7.52**	7.24	7.20	7.18	7.33	6.82
Capital expenditure to EBITDA (%)	**38.28**	43.53	59.71	58.17	40.62	37.39
Operating cash flow per share	**1.19**	0.94	0.66	0.66	0.31	0.31
Repayable gearing[16] (%)	**32.20**	45.70	59.38	56.17	23.99	12.74
Serviced gearing[17] (%)	**32.20**	45.70	59.38	56.17	46.99	35.80
Current assets to current liabilities (%)	**78.00**	72.93	68.80	68.27	83.44	93.37

FIVE YEAR SUMMARY NOTES TO STATISTICS

1 Includes FAL results since 2 November 2005 and Taverner retail sales from 6 February 2006.

2 Unallocated expense represents corporate costs relating to the Woolworths Group as a whole, and profits derived by the Group's corporate property division including the disposal of development properties. These amounts are not identifiable against any particular operating segment and accordingly they remain unallocated, as required by Accounting Standard AASB 114 "Segment Reporting".

3 Funds employed is net assets excluding net tax balances, provision for dividends and net debt, and assets and liabilities as a result of hedging per AASB 139 "Financial Instruments: Recognition and Measurement".

4 Net repayable debt is gross debt less cash on hand, cash at bank, cash on short-term deposit and includes hedge assets and liabilities.

5 On 30 June 2004, the Company amended the WINs Trust Deed. As a result of these amendments the outstanding balance of $600 million, including issue costs of $17 million, is no longer classified as part of Shareholders' Equity in the Balance Sheet. The principal amount of $600 million has been reclassified as a non-current liability and the $17 million of issue costs has been recorded as an adjustment to retained earnings in accordance with Australian Accounting Standards.

6 Return on funds employed (ROFE) is EBIT as a percentage of funds employed for the year.

7 Service burden is net operating profit before income tax expressed as a percentage of EBIT before abnormal items.

8 Tax burden is normal profit after income tax expressed as a percentage of normal profit before income tax.

9 Asset turn is total sales divided by total assets for the half year.

10 Financial leverage is total assets divided by shareholders' funds for the half year.

11 Return on equity is profit after income tax attributable to shareholders, divided by shareholders funds at the end of the period.

12 Normal basic earnings per share (Normal EPS) is profit after tax and servicing WINs before abnormal items divided by the weighted average number of ordinary shares on issue during the period. The weighted average number of shares on issue has been calculated in accordance with Accounting Standard AASB 133 "Earnings per Share" or Accounting Standard AASB 1027 "Earnings per Share", as relevant.

13 The current year figure represents the final dividend value given the shares on issue as at balance date. This figure will change if there are any shares issued between balance date and the ex-dividend date.

14 Service cover ratio is EBIT divided by the sum of interest and WINs interest.

15 Sales to inventory is total sales for the period divided by average inventory.

16 Repayable gearing is net repayable debt divided by net repayable debt plus total equity.

17 Serviced gearing is net repayable debt plus WINs divided by net repayable debt plus total equity.

INTERIM CONSOLIDATED INCOME STATEMENT

For the 27 weeks ended	*Consolidated* *31 Dec 2006* *$m*	*1 Jan 2006* *$m*
Revenue from the sale of goods	**22,092.2**	19,062.5
Other operating revenue	**68.3**	55.4
Total revenue from operations	**22,160.5**	19,117.9
Cost of sales	**(16,591.5)**	(14,386.5)
Gross profit	**5,569.0**	4,731.4
Other revenue	**65.4**	54.0
Other income	**–**	16.3
Branch expenses	**(3,469.9)**	(3,038.2)
Administration expenses	**(1,018.9)**	(861.1)
Earnings before interest and tax	**1,145.6**	902.4
Financial expense	**(146.5)**	(122.1)
Financial income	**15.4**	10.0
Net financing cost	**(131.1)**	(112.1)
Net profit before income tax expense	**1,014.5**	790.3
Income tax expense	**(305.9)**	(241.1)
Profit after income tax expense	**708.6**	549.2
Net profit attributable to:		
Equity holders of the parent entity	**695.6**	543.1
Minority interest	**13.0**	6.1
	708.6	549.2
Earnings per share (EPS)		
Basic EPS (cents per share)	**58.8**	50.5
Diluted EPS (cents per share)	**58.4**	50.2
Weighted average number of shares used in the calculation of basic EPS (million)	**1,182.6**	1,076.3

The interim consolidated income statement should be read in conjunction with the notes to the interim financial statements set out on pages 26 to 29.

INTERIM CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the 27 weeks ended	*Note*	*Consolidated* 31 Dec 2006 $m	1 Jan 2006 $m
Movement in translation of foreign operations taken to equity		**169.4**	(12.6)
Movement in the fair value of available-for-sale assets		**20.5**	–
Movement in fair value of cash flow hedges		**86.3**	(34.3)
Actuarial losses on defined benefit plans		**–**	(9.3)
Tax effect of items recognised directly to equity		**12.1**	12.3
Net income/(expense) recognised directly in equity	9	**288.3**	(43.9)
Profit for the period		**708.6**	549.2
Total recognised income and expense for the period		**996.9**	505.3
Attributable to:			
Equity holders of the parent		**983.9**	499.2
Minority interest		**13.0**	6.1
		996.9	505.3

The interim consolidated income statement of recognised income and expense should be read in conjunction with the notes to the interim financial statements set out on pages 26 to 29.

INTERIM CONSOLIDATED BALANCE SHEET

As at	*31 Dec 06* *$m*	*Consolidated* *25 Jun 2006* *$m*	*1 Jan 2006* *$m*
Current assets			
Cash	**806.9**	525.9	706.5
Trade and other receivables	**738.0**	1,160.4	524.1
Inventories	**3,043.3**	2,316.1	2,832.1
Assets held for sale	**95.5**	115.6	14.2
Other financial assets	**13.6**	2.8	1.0
Total current assets	**4,697.3**	4,120.8	4,077.9
Non-current assets			
Trade and other receivables	**10.2**	14.0	19.6
Other financial assets	**259.9**	59.5	37.2
Property, plant and equipment	**4,350.7**	4,055.8	4,487.5
Intangibles	**4,947.4**	4,759.4	4,557.2
Deferred tax assets	**424.1**	336.9	334.0
Total non-current assets	**9,992.3**	9,225.6	9,435.5
Total assets	**14,689.6**	13,346.4	13,513.4
Current liabilities			
Trade and other payables	**4,670.0**	3,573.4	4,176.9
Borrowings	**479.1**	612.3	840.6
Current tax liabilities	**211.4**	84.6	124.1
Other financial liabilities	**8.7**	–	–
Provisions	**652.6**	604.0	584.9
Total current liabilities	**6,021.8**	4,874.3	5,726.5
Non-current liabilities			
Borrowings	**2,792.8**	3,704.0	3,287.7
Other financial liabilities	**119.2**	70.7	27.6
Provisions	**357.5**	340.7	321.0
Other	**98.5**	99.1	97.0
Total non-current liabilities	**3,368.0**	4,214.5	3,733.3
Total liabilities	**9,389.8**	9,088.8	9,459.8
Net assets	**5,299.8**	4,257.6	4,053.6
Equity			
Issued capital	**3,349.0**	2,947.8	2,617.5
Shares held in trust	**(79.7)**	(87.1)	(95.0)
Reserves	**6.6**	(288.6)	(6.1)
Retained earnings	**1,788.7**	1,455.7	1,313.4
Equity attributable to the members of Woolworths Limited	**5,064.6**	4,027.8	3,829.8
Minority interest	**235.2**	229.8	223.8
Total equity	**5,299.8**	4,257.6	4,053.6

The interim consolidated balance sheet should be read in conjunction with the notes to the interim financial statements set out on pages 26 to 29.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the 27 weeks ended	*Consolidated* *31 Dec 2006* *$m*	*1 Jan 2006* *$m*
Cash flows from operating activities		
Receipts from customers	**23,441.0**	20,114.6
Receipts from vendors and tenants	**15.9**	11.9
Payments to suppliers and employees	**(21,666.7)**	(18,766.1)
Dividends received	**1.4**	–
Interest and costs of finance paid	**(145.4)**	(123.3)
Interest received	**15.4**	10.0
Income tax paid	**(252.1)**	(229.2)
Net cash provided by operating activities	**1,409.5**	1,017.9
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	**584.4**	288.4
Proceeds from sale of investments	**–**	0.4
Payments for property, plant and equipment	**(551.7)**	(791.1)
Payments for the purchase of intangibles	**(14.7)**	–
Payment for purchase of investments	**(173.0)**	–
Payments for purchase of businesses	**(105.3)**	(969.2)
Net cash used in investing activities	**(260.3)**	(1,471.5)
Cash flows from financing activities		
Proceeds from issue of equity securities	**46.1**	26.6
(Repayment of)/proceeds from short-term deposits	**0.7**	(0.6)
Proceeds from external borrowings	**6,625.8**	5,163.0
Repayment of external borrowings	**(7,536.4)**	(4,462.7)
Dividends paid to minority interest	**(7.7)**	–
Net cash (used in)/provided by financing activities	**(871.5)**	726.3
Net increase in cash held	**277.7**	272.7
Effects of exchange rate changes on balance of cash held in foreign currencies	**3.3**	–
Cash at the beginning of the financial period	**525.9**	433.8
Cash at the end of the financial period	**806.9**	706.5

The interim consolidated statement of cash flows should be read in conjunction with the notes to the interim financial statements set out on pages 26 to 29.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Woolworths Limited (the "Company") is a company domiciled in Australia. The interim consolidated financial report of the Company for the 27 weeks ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the "consolidated entity").

Statement of compliance

The interim consolidated financial report for the 27 weeks ended 31 December 2006 ("Half Year Financial Report"), is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards AASB 134 "Interim Financial Reports" and the Corporations Act 2001. The consolidated 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 consolidated annual financial report of the consolidated entity as at and for the 52 weeks ended 25 June 2006, and any public announcements by Woolworths Limited and its subsidiaries during the half year in accordance with continuous disclosure obligations under the Corporations Act 2001.

The Half Year Financial Report has been prepared on the basis of historical cost, except for derivative financial instruments and financial instruments classified as available-for-sale which have been measured at fair value. The carrying value of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair value attributable to the risks that are being hedged.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. The effect of the adoption of these new and revised Standards and Interpretations was not material.

The accounting policies have been consistently applied by each entity in the consolidated entity and, except as described below, are consistent with those applied in the consolidated annual financial report of the consolidated entity as at and for the 52 weeks ended 25 June 2006.

Available-for-sale financial assets

The consolidated entity's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value with any change recorded through an available-for-sale revaluation reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement. In the prior financial year, the consolidated entity held no investments in equity securities classified as available-for-sale financial assets.

The Half Year Financial Report was approved by the Board of Directors on 27 February 2007.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

2. SEGMENT INFORMATION

A$ million	Supermarkets [1] 2007	Supermarkets [1] 2006	BIG W 2007	BIG W 2006	Consumer Electronics 2007	Consumer Electronics 2006	Hotels [2] 2007	Hotels [2] 2006	Wholesale [3] 2007	Wholesale [3] 2006	Consolidated 2007	Consolidated 2006
Segment disclosures												
Business segments												
Sales to customers	18,839.3	16,144.4	1,933.5	1,796.4	703.4	641.0	539.8	405.9	76.2	74.8	22,092.2	19,062.5
Other operating revenue	68.3	55.4	–	–	–	–	–	–	–	–	68.3	55.4
Inter-segment revenue	–	–	–	–	0.2	0.2	–	1.2	122.2	118.0	122.4	119.4
Segment revenue	**18,907.6**	**16,199.8**	**1,933.5**	**1,796.4**	**703.6**	**641.2**	**539.8**	**407.1**	**198.4**	**192.8**	**22,282.9**	**19,237.3**
Eliminations											(122.4)	(119.4)
Unallocated revenue/ (expenses)[4]											65.4	54.0
Total revenue											**22,225.9**	**19,171.9**
Segment result before tax	948.1	703.4	107.6	104.5	38.6	36.9	109.5	81.2	1.3	0.8	1,205.1	926.8
Unallocated revenue/ (expenses)												
– Property											(9.9)	17.3
– Head Office											(49.6)	(41.7)
Net financing cost											(131.1)	(112.1)
Profit before tax											**1,014.5**	**790.3**
Income tax expense											**(305.9)**	**(241.1)**
Profit after tax											**708.6**	**549.2**
Segment assets	8,474.3	8,013.8	1,017.0	909.2	500.1	429.0	2,517.3	1,980.2	63.9	68.5	12,572.6	11,400.7
Unallocated[5]											2,117.0	2,112.7
Total assets											**14,689.6**	**13,513.4**
Segment liabilities	3,555.6	3,256.3	608.0	520.6	192.8	137.4	134.1	87.0	46.6	54.5	4,537.1	4,055.8
Unallocated[5]											4,852.7	5,404.0
Total liabilities											**9,389.8**	**9,459.8**
Capital expenditure	333.1	3,034.8	53.5	43.0	16.0	13.4	152.6	466.1	0.6	1.0	555.8	3,558.3
Unallocated[5]											112.0	372.9
Acquisition of assets											**667.8**	**3,931.2**
Segment depreciation and amortisation	211.1	176.0	21.5	19.1	12.2	10.8	25.8	20.2	0.7	0.7	271.3	226.8
Unallocated[5]											24.2	25.6
Total depreciation and amortisation											**295.5**	**252.4**
Segment other non-cash expenses	4.3	3.3	0.9	0.6	0.2	0.1	0.1	–	–	–	5.5	4.0
Unallocated[6]											53.5	36.8
Total other non-cash expenses											**59.0**	**40.8**

(1) Supermarkets comprise supermarket stores, liquor stores and petrol canopies in Australia and New Zealand.
(2) Hotels comprise on-premise liquor sales, food, accommodation, gaming and venue hire.
(3) Wholesale comprises Statewide Independent Wholesalers (SIW).
(4) Unallocated revenue comprises rent and miscellaneous revenue.
(5) Unallocated comprise corporate head office, property division and includes tax balances and Group external borrowings.
(6) Includes non-cash transactions including the Defined Benefit Liability movement, Financial Instruments, Employee Shares Scheme expenses and Unrealised Foreign Exchange Losses.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT TRANSACTIONS

There were no significant transactions during the current half year period.

4. BUSINESS ACQUISITIONS

Over the course of the half year, the Group acquired various hotel venues and other businesses. Each acquisition was for 100% of the respective enterprise. Total consideration paid was $105.3 million comprising plant and equipment ($48.2 million); liquor and gaming licences ($34.2 million) and other working capital balances ($3.8 million), with goodwill on acquisition of $19.1 million. Goodwill has arisen on acquisition of these businesses primarily because of their capacity to generate recurring revenue streams in the future.

During the period some revisions have been made to the fair value assessment of liquor and gaming licences and property and equipment for certain business acquisitions undertaken in the 2006 financial year, in accordance with AASB 3. The net impact to intangibles was a decrease of $18.1 million and a corresponding increase in property plant and equipment. The accounting for these acquisitions is now final.

5. SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the end of the period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of these operations, or the state of affairs of the consolidated entity in future years.

6. DIVIDENDS PAID

$m	*27 weeks ended 31 Dec 06*	*52 weeks ended 25 Jun 06*	*27 weeks ended 1 Jan 06*
Final dividend in respect of 2006 year of 31 cents (2005: 27 cents) per fully paid ordinary share 100% franked at 30% tax rate (2005: 100%)	367.2	–	287.2
Interim dividend in respect of 2006 year of 28 cents (2005: 24 cents) per fully paid ordinary share 100% franked at 30% tax rate (2005: 100%)	–	325.9	–
Total dividends paid	367.2	325.9	287.2

On 27 February 2007, the Board of Directors declared a dividend of 35 cents (2006: 28 cents) per share. The amount that will be paid on 27 April 2007 will be $421.6 million (2006: $325.9 million). No provision for the dividend has been made in the Half Year Financial Report in line with the requirements of AASB 137 "Provisions, Contingent Liabilities and Contingent Assets".

7. CONTINGENT LIABILITIES

Contingent liabilities at 31 December 2006 were $432.8 million (25 June 2006: $466.9 million) comprising:

$m	*31 Dec 06*	*25 Jun 06*
Trading guarantees	52.4	52.8
Workers' compensation self-insurance	363.0	362.4
Litigation	–	13.6
Other (outstanding letters of credit issued to suppliers)	17.4	38.1

No provision has been made in the Half Year Financial Report in respect of these contingencies, however, there is a provision of $362.1 million (1 January 2006: $329.3 million) for self-insured risks, which includes liabilities relating to workers' compensation claims, that has been recognised in the balance sheet.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

8. EXPLANATION OF SIGNIFICANT BALANCE SHEET MOVEMENTS FROM 25 JUNE 2006 TO 31 DECEMBER 2006

(a) Non-current other financial assets – this has increased from $59.5 million to $259.9 million – this reflects the 10% stake in The Warehouse Group Limited which is recorded at market value at period end.

(b) Trade and other payables have increased as a result of higher inventory levels and timing differences in creditor payment cycles.

(c) Net repayable debt – this has decreased by $1,283 million to $2,516.5 million due to strong operating cash flows and the $547 million received from the sale of the Distribution Centres.

9. OVERALL EQUITY RECONCILIATION ATTRIBUTABLE TO MEMBERS

	31 Dec 06 $m	*25 Jun 06 $m*	*1 Jan 06 $m*
Equity at the beginning of the period	4,027.8	1,974.2	1,974.2
Issue of shares under employee share plan	7.3	15.1	7.2
Issue of shares as a result of dividend reinvestment plan	367.2	613.1	287.2
Issue of shares as a result of options exercised under executive share option plans	37.8	22.5	19.3
Issue of shares as consideration for acquired entity	–	1,330.0	1,330.0
Items recognised directly in equity as disclosed in the statement of recognised income and expense	288.3	(350.4)	(43.9)
Net profit attributable to equity holders of the parent	695.6	1,014.6	543.1
Total dividends provided for or paid	(367.2)	(613.1)	(287.2)
Other	7.8	21.8	(0.1)
Closing equity	5,064.6	4,027.8	3,829.8

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