WOOLWORTHS LIMITED

ABN 88 000 014 675

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 DECEMBER 2007

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 24 June 2007 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

2008

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

April
16 Announcement of 3rd Quarter Sales Results
24 Payment of Interim Dividend

June
16 Interest Payment on Woolworths Income Notes

July
16 Announcement of 4th Quarter Sales Results

August
26 Preliminary Full Year Results and
Final Dividend Announcement

September
15 Interest Payment on Woolworths Income Notes

October
Announcement of 1st Quarter Sales Results
Payment of Final Dividend

November
27 Annual General Meeting Sydney

December
15 Interest Payment on Woolworths Income Notes

Please note: Timing of events may 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

KEY GROWTH INITIATIVES

- Continued investment in price, range, merchandise and quality.
- National rollout of "Everyday Rewards" program.
- Expansion and repositioning of BIG W.
- Further investment in our supply chain in all businesses.
- Acceleration of store refurbishments – customer focussed.
- Leverage significant strategic advantage in our supply chain.
- Increase in capex to $1.8 billion (from $1.3 billion).
- Development of our financial services capability.
- New credit card to be launched in late 2008.
- Continue to expand global sourcing.
- Significant growth potential in all our businesses.
- Adjacencies/new business opportunities will assist in driving growth.
- Focus on consumer electronics strategy.

Sales

8.6%↑

8.6% increase in sales to $24.0 billion

NPAT

28.1%↑

28.1% increase in net profit after tax to $891.3 million

Interim DPS

25.7%↑

25.7% increase in interim dividend per share to 44 cents

Highlights for the half year

EPS

25.9%↑

25.9% increase in earnings per share to 74.1 cents

EBIT

20%↑

20.0% increase in earnings before interest and tax to $1,374.9 million

CHAIRMAN'S REPORT

	Interim Dividend per Share (cents)		Interim EBIT ($m)	
04	21	16.7%	613.8	13.7%
05	24 (1)	14.3%	686.4 (1)	11.8%
06	28	16.7%	902.4	31.5%
07	35	25.0%	1,145.6	27.0%
08	44	25.7%	1,374.9	20.0%

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

On behalf of the board of Woolworths Limited, I am delighted to present the interim report for the half year ended 30 December 2007.

Our commitment to our core business of everyday retailing has brought continuing success with an increase in Earnings Before Interest and Tax (EBIT) of 20% for the interim period.

Our growth momentum remains strong and will be accelerated by new initiatives currently under development such as financial services and store refurbishments.

Looking ahead to 2009 and beyond, Woolworths Limited's strategy is to continue to improve its offer to customers and to capitalise on a wide number of sustainable growth opportunities – both organic and acquisitive, to deliver solid returns to shareholders in the future.

Again, I would like to acknowledge the value of our management team led by Michael Luscombe, dedicated to taking the company from strength to strength. The fact that there is such an abundance of talented people, both at management level and right across the business, is a testimony to the company's open and engaging culture and its focus on people retention and development.

James Strong

JAMES STRONG
CHAIRMAN

MANAGING DIRECTOR'S REPORT

	Interim EPS (cents)		Profit after tax and servicing Income Notes ($m)	
04	40.41(1)	17.0%	397.8	13.8%
05	43.45	7.5%	444.8	11.8%
06	50.46	16.1%	543.1	22.1%
07	58.83	16.6%	695.6	28.1%
08	74.06	25.9%	891.3	28.1%

(1) EPS before goodwill.

I am very pleased to announce that Woolworths Limited has once again recorded a strong half year financial performance, headlined by a net profit of $891.3 million – an increase of 28.1%.

Retailing is a dynamic and constantly evolving industry, particularly when it comes to everyday needs such as food, general merchandise, petrol and liquor. After more than 80 years at the forefront of retailing in Australia, Woolworths fully understands how important it is to focus on your customers and build your business around their wants and needs. As such, our strategy is to continue to innovate and grow in order to meet and exceed the expectations of our customers.

A number of new projects are underway that will help propel growth long into the future and solidify the market leading position of our brands.

Financial services is a key area for development, both in terms of the creation of customer financial services products and the development of in-house capacity to maximise the efficiency of our payments systems. During the last half year period we have ramped up our store refurbishment program and this will be further accelerated in the next half. New store formats for both Australian supermarkets and BIG W are proving to be extremely popular with customers, who are appreciative of an enhanced shopping experience. This involves significant capital expenditure, but is undoubtedly a worthwhile strategic investment.

Customer research and engagement is a pivotal platform for future growth and will be central to our individual business strategies moving forwards.

During the second half of the 2008 financial year we will be undertaking a national rollout of the Everyday Rewards program, which involves the transfer of the fuel savings scheme from a paper docket to a convenient reusable card. This is the first step in a broader customer engagement and data analytics strategy that will deliver mutual benefits for Woolworths and our customers.

Woolworths Limited constantly strives to balance the interests of all stakeholders in order to achieve sustainable growth. In a highly competitive retail environment, we aim to maintain low prices for customers whilst still providing good returns for our supply partners – many of whom have been suppliers for several decades. Quality, consistency, value and convenience remain the hallmarks of all the Woolworths Limited brands and we do our utmost to ensure that we deliver on our commitments to customers, suppliers, shareholders and the community, every day.

Finally, I would like to extend my thanks to the 185,000 hard working men and women who choose to work for Woolworths. Their sense of passion, dedication and willingness to go above and beyond, are the reason for our continued success.

MICHAEL LUSCOMBE
MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

DIRECTORS' REPORT

The directors of Woolworths Limited submit herewith the interim financial report for the half year ended 30 December 2007. 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 30 December 2007, unless otherwise stated.

J A Strong	Chairman
J F Astbury	
A E Clarke	Retired (effective 30 September 2007)
R S Deane	
D J Grady	
L M L'Huillier	
I Macfarlane	
A Watkins	
M Luscombe	Chief Executive Officer and Managing Director
T Pockett	Finance Director

BUSINESS PERFORMANCE

Australian Supermarket Division (including Liquor and Petrol)

	HY07	*HY08*	*Change*
Sales ($ million)	16,849.9	18,166.3	7.8%
Gross margin (%)	23.30	23.69	39bps
Cost of Doing Business (%)	18.09	17.95	–14bps
EBIT to sales (%)	5.21	5.74	53bps
EBIT ($ million)	878.8	1,042.2	18.6%
Funds employed ($ million)	2,171.6	2,518.9	16.0%

For the half year, Australian Supermarket division sales increased 7.8%, of which Food and Liquor sales in Australia grew 8.1%. EBIT grew faster than sales, increasing by 18.6%. The Australian Supermarket division's EBIT margin increased from 5.21% last half year to 5.74% this half year, an increase of 53bps. The result includes $20 million of transition costs (2007: $20 million) associated with moving to our new supply chain arrangements.

When the impact of incremental owned imported inventory is excluded, the reduction in average inventory days for the Australian Supermarket division was 0.8 days (0.5 including imported inventory).

The increase in funds employed reflects the store openings and refurbishment activity since 31 December 2006.

Australian Food and Liquor

Australian Food and Liquor delivered another solid result with gains in market share leading to comparable sales growth of 6.8% during the half year. (2007: 5.7%). Inflation levels were lower than last year at 2.0% (2007: 4.0%).

Woolworths' policy has consistently been to reduce costs and lower prices. The improvement in Food and Liquor gross margins is attributable to several factors:

- further reductions in shrinkage;
- the change in sales mix achieved through the price Rollback campaigns;
- the success of Woolworths Select private label;
- the benefit flowing from the reduction of direct store deliveries;
- improvements in buying, including the benefits gained through the increased level of activity through our overseas buying office; and
- offset by price re-investment and varying levels of pricing activity in the market.

Australian Food and Liquor has achieved our targeted CODB reduction of 20bps per annum and has been assisted by continued fractionalisation of fixed costs being achieved through strong sales growth.

During the half year, 19 new supermarkets were opened, compared with six last year. A further 12 stores are planned to be opened in the second half of the year.

Liquor

Dan Murphy's, BWS and attached liquor, all continue to perform very well with strong growth in both sales and profits. Group liquor sales (including ALH Group retail liquor sales) for the first half totalled $2.5 billion (HY07: $2.1 billion). This reflects the strong growth in all our liquor brands and the high level of new store openings for Dan Murphy's.

Dan Murphy's opened 13 stores in the half year bringing the total number of Dan Murphy's stores to 80. A further 13 stores are planned to be opened in the second half. We plan to have in excess of 150 Dan Murphy's around Australia over the next four to five years. Dan Murphy's provides customers with excellent value for money, extensive product ranging, personalised service and expertise.

At the end of December 2007, Woolworths Limited operated 1,058 liquor outlets.

Petrol

Petrol sales for the half year were $2.7 billion, an increase of 6.4%. Petrol comparable sales increased by 3.7% during the half, with comparable volumes increasing 0.8%, reflecting a higher level of pump prices in the half. As at the end of the half year, there were 516 petrol stations including 135 Woolworths/Caltex alliance sites. We opened an additional 12 petrol canopies during the half year and plan to open eight in the second half.

Petrol EBIT of $43.5 million increased by 3.8% which was slightly below the sales growth of 6.4%. The EBIT margin remained constant at 1.6%, with a lower fuel margin offset by improved non-fuel sales and margins.

New Zealand Supermarkets (Progressive)

	H107 NZD[1]	*H207 NZD*	*H108 NZD*	*Change H108 vs H107*
Sales ($ million)	2,326.5	2,200.5	2,483.8	6.8%
Gross margin (%)	21.63	21.91	21.42	–21bps
Cost of Doing Business (%)[2]	17.89	17.17	17.12	–77bps
Trading EBIT ($ million)	87.0	104.3	106.8	22.8%
Less intercompany charges ($ million)	(5.9)	(7.2)	(7.1)	20.3%
Reported EBIT ($ million)	81.1	97.1	99.7	22.9%
EBIT margin (%)	3.49	4.41	4.01	52bps
Funds employed ($ million)	2,593.7	2,510.7	2,469.9	–4.8%

(1) Includes impact of the industrial action in the first quarter.

(2) Excludes intercompany charges.

New Zealand Supermarkets achieved sales of NZD 2.48 billion for the half year, which represents a 6.8% increase (8.5% in AUD terms) on the prior half year. Comparable sales for the half year were 7.7% (in NZD terms). Overall food inflation was 2.7% in the half (prior half year 1.1%).

The improvement in first half trading performance relative to the first half last year reflects the return to normal operating conditions following the prior year industrial action and demonstrates the continued progress being made in improving our offer to the New Zealand customer.

CODB in the first half is the same as the second half last year.

Gross Profit margins in the first half are lower than the second half last year and reflect our continued re-investment in price in the New Zealand market. We have made significant progress in reducing the price differential between our business and the equivalent offerings from our main competitor.

We have continued to make progress on the various initiatives being undertaken to strengthen and grow this business. These initiatives are on track to be completed within three years (since acquisition) and will ensure the business is well positioned for the future.

The initial harmonisation initiative allowed our New Zealand business to be significantly more competitive in the New Zealand market together with offering our customers a petrol offer similar to the offer in Australia.

Our focus on improving store layouts, merchandising and range is in progress with many initiatives underway.

Our Home Brand and Select rollout has continued and is being well received by customers.

The systems integration is progressing well. The conversion of all major store and support office systems to Woolworths' platforms by the end of the three years (since acquisition) is on track. This includes merchandising, point of sale, replenishment (Stocksmart and AutostockR) and finance platforms.

Our focus on improving our property pipeline is continuing. To date our property team has identified and secured 14 sites for future development. During the half year we closed two stores and plan to open three stores in the second half of the financial year. Improvements in the trading area are also expected in 2008, through expansion and refurbishments.

BIG W

	HY07	*HY08*	*Change*
Sales ($ million)	1,933.5	2,186.6	13.1%
Gross margin (%)	29.01	30.10	109bps
Cost of Doing Business (%)	23.45	24.19	74bps
EBIT to sales (%)	5.56	5.91	35bps
EBIT ($ million)	107.6	129.2	20.1%
Funds employed ($ million)	365.3	307.3	–15.9%

BIG W has delivered an excellent first half result with the division reporting double digit growth in both revenue and earnings. Sales grew by 13.1% during the half year with comparable store sales increasing by 5.9%. EBIT has grown faster than sales, increasing by 20.1%.

The result reflects the improvements that have been made through the repositioning of the BIG W business, which has continued during the half year, with the BIG W brand relaunch occurring in late October 2007, an acceleration of our refurbishment program and the extension of the revised merchandising program across our network of stores.

"The repositioning of our BIG W business has continued and is progressing well. We remained focussed on improving the shopping experience for our customers, while ensuring we maintain both quality and BIG W's everyday low price positioning" said Greg Foran, General Manager BIG W.

We continue to maintain BIG Ws everyday low price position and continue to lead the market on price. The increase in gross margin of 109bps reflects improved buying, improvements in sales mix and increased sourcing through the Hong Kong buying office and benefits flowing from the strong Australian dollar.

CODB has increased 74bps over the half year, reflecting several factors designed to improve the shopping experience for our customers and include:

- further investment in in-store service levels, particularly in key categories such as digital processing and home entertainment;
- costs associated with improving the presentation standards within our store which includes the extension of our new merchandising initiatives across our network; and
- costs associated with the increased refurbishment and new store activity.

The cost increases are higher in the first half than what we anticipate for the full year due to the timing of certain costs.

The decrease in funds employed reflects the timing of creditor payments which occurred immediately after 30 December 2007.

Average inventory levels were well managed being 3.3 days lower than last year.

Six BIG W stores were opened in the half year, taking the total number of stores in the division to 148. We plan to open a further three new stores in the second half.

Consumer Electronics (Australia and New Zealand)[1]

	HY07	HY08	Change
Sales ($ million)	698.4	769.0	10.1%
Gross margin (%)	27.31	27.39	8bps
Cost of Doing Business (%)	21.49	21.79	30bps
EBIT to sales (%)	5.82	5.60	–22bps
EBIT ($ million)	40.7	43.1	5.9%
Funds employed ($ million)	293.6	270.8	–7.8%

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

Consumer Electronics reported solid sales growth for the half year with sales for the half year reaching $769.0 million, up 10.1% on last half year and comparable store sales increasing by 4.5% (normalised for movements in exchange rates).[1]

The Consumer Electronics business continues to provide customers with excellent value for money on the latest technological offerings. Key categories such as LCDs, Plasma TVs, computers, digital products and in-car navigation equipment continue to perform well, with many of these categories achieving growth in market share. There is a need to transition out of certain categories that have become less relevant to the consumer.

We are pleased with this solid result; however we recognise there are areas for improvement. As we have done successfully in BIG W, we have commenced a review of the positioning and ranging within this business with a number of new format trial stores operating in the market. We remain confident of the service, quality and value which this business offers to our customers.

During the half year, 24 stores were opened taking total stores to 416, with plans to open a further 21 stores during the second half. The high level of new store openings in the half and previous full year has impacted our ability to fractionalise costs as new stores ramp up to maturity. As a result CODB has increased 30bps when compared to the previous half year.

Gross margins increased 8bps, which is a good outcome given the continued price deflation in a very competitive market.

Funds employed have decreased, reflecting the timing of creditor payments which occurred immediately after 30 December 2007, offset by new store openings.

Average inventory grew at the same rate as sales, despite opening 24 stores.

Consumer Electronics (India)

Our business venture with TATA in India now services 13 retail stores operating under the Croma brand and has produced sales of $46 million and an operating loss of $2.3 million for the half year. The business is performing in line with expectations. As part of this venture Woolworths Limited provides buying, wholesale, supply chain and general consulting services to TATA.

(1) Unadjusted for exchange rate movements, comparable sales for the half year were 5.0%.

Hotels

	HY07	*HY08*	*Change*
Sales ($ million)	540	586	8.5%
Gross margin (%)	83.10	82.27	–83bps
Cost of Doing Business (%)	62.82	61.69	–113bps
EBIT to sales (%)	20.28	20.58	30bps
EBIT ($ million)	109.5	120.6	10.1%

Our Hotels business enjoyed solid growth in a challenging market, with sales in the first half increasing by 8.5% to $586 million.

Comparable sales increased by 2.9% during the half year, which is a solid result in a market where further smoking bans(1) were introduced. Comparable gaming sales for the half were strong at 3.7%. Bar sales were impacted by smoking bans.

This is a pleasing result, which shows the strength of our hotel portfolio and the capability and experience of our management team. These results continue to exceed those experienced by the broader market. Although the business has performed well in the first half, we remain cautious on the extent of the impact of smoking bans over the remainder of the financial year.

Gross margins have decreased 83bps, reflecting the impact of recent hotel acquisitions that currently have a lower proportion of gaming sales.

CODB has decreased 113bps, reflecting strong cost control and a change in cost mix as the majority of the hotels acquired in the period were freehold properties.

A further nine properties were added to the portfolio in the half taking the total hotels to 271 and a total of 1,375 accommodation rooms.

(1) Note: Full smoking bans were introduced into South Australia during this quarter (from 31 October 2007). Full smoking bans were applied in NSW and Victoria from 1 July 2007. Full smoking bans were previously in force in Queensland, Western Australia and Tasmania.

Central Overheads, Net Property Income

Central overheads have increased $6.0m, reflecting transaction costs expensed during the period and the initial costs associated with the trial of our "Everyday Rewards" program that will replace paper petrol dockets with a customer card based system.

The profit reported for the Property division includes a profit on the sale of certain properties of $9.2 million and a lower level of costs associated with the management and development of our property portfolio.

Net Financing Costs and Tax Expense

Net Financing costs of $91.3m have reduced significantly from the prior half year ($131.1 million) reflecting the lower debt levels driven by continued strong operating cash flows and the receipt of dividends ($10.8 million) from our 10% stake in The Warehouse Group.

Tax expense is 29.4%, down slightly from 30.2% last half year, reflecting the receipt of a fully imputed special dividend from The Warehouse Group and other minor tax differences.

Supply Chain and Logistics Initiatives

Woolworths has completed a substantial proportion of the end-to-end supply chain program in Australian Supermarkets. The intellectual property we have developed in our supply chain teams, IT systems and DCs is now being applied to other businesses in Woolworths, including New Zealand Supermarkets, Liquor, BIG W and Dick Smith Electronics.

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. These systems have clearly improved productivity, enabling higher levels of "in stock" performance.

Supermarket DCs are being reduced from 31 DCs to nine Regional Distribution Centres (RDCs) and two National Distribution Centres (NDCs). The development of our Supermarkets' supply chain is now largely complete, with the opening of our largest distribution centre (DC) in Brisbane in March 2007. In Victoria, the chilled and frozen supply chain is under contract with an external provider and future arrangements are currently being reviewed.

The financial benefits of this program will continue over future years as the DC infrastructure reaches mature efficiency levels and we put the transition costs behind us. The DCs located in Perth, Adelaide, Wyong and Wodonga are already exceeding their initial projected business case. These benefits will underpin our targeted reduction in CODB of 20bps per annum (excluding Petrol and Hotels).

For stores, the introduction of time phased replenishment, store re-stocking capabilities, along with store ready unit load devices such as shelf ready trays and roll cages, is reducing overall costs. We have engaged an external provider to continue the roll out of produce crates in our stores commencing in the first half of the new financial year.

The efficiency of inbound freight is being improved by Woolworths' management of inbound freight volumes into DCs by using our Transport Management System (TMS). Woolworths transport for inbound freight has been very effective, outperforming industry benchmarks.

New Zealand Supermarkets

In New Zealand, the rollout of StockSMART and AutoStockR is progressing well with completion expected by the end of calendar year 2008. We have developed a supply chain strategy that will improve the service and cost performance of our logistics operations and will be progressively implemented over the next three years.

Liquor

Works are underway for the construction of our Melbourne and Sydney Liquor DCs, which we expect to be completed in 2008. We have identified an opportunity to consolidate our Liquor distribution for South East Queensland into a Liquor DC located in the Brisbane area and are sourcing a suitable location. AutoStockR (store forecast based replenishment) is being rolled out into our Free Standing Liquor Stores (BWS and Dan Murphy's) which will be complete in 2008.

BIG W

The Quicksilver program has been established in BIG W to develop our end-to-end supply chain capabilities that will support the businesses growth to over 200 stores. The initiatives currently underway include:

- Design and developing the third BIG W distribution centre;
- Developing and implementing store forecast based replenishment systems that build on the capabilities of AutostockR; and
- Developing our capabilities in overseas logistics.

Quicksilver is a business transformation program that focuses on the effectiveness of the end-to-end flow of merchandise through our business.

Dick Smith Electronics

We will explore opportunities for improvement in our Consumer Electronics business as part of the current strategic review process. As part of this review, a new national distribution centre is being considered.

We currently have four distribution centres operating in India.

Global Sourcing

We have made significant progress in developing our global sourcing strategy that will provide the platform for future growth in direct sourcing. This strategy encompasses effective buying, efficient management and control of inventory, focus on product quality and key ethical sourcing considerations.

Our global sourcing office in Hong Kong is operating well, with 58 staff in place currently. Due to the success and potential in this area, we have recently opened a new buying office in Shanghai.

Balance Sheet and Cash Flow

Our cash flow and balance sheet remain strong.

Cash generated by operating activities was $2.0 billion up 38.5% on the previous year reflecting strong earnings growth, continued benefits from working capital management and the timing of period end creditor payments.

Normalising for the timing impact of period end creditor payments, cash flows from operating activities would have more closely approximated EBITDA growth.

Our free cash flow (cash flow from operations less capex and investments) was maintained at $1.1 billion and includes higher capital expenditure levels offset by the receipt of further proceeds from the sale of our Distribution Centres ($82 million).

Key balance sheet movements from 24 June 2007 to 30 December 2007 are explained as follows:

- The net investment in inventory fell by $785.1 million reflecting the timing of creditor payments (which occurred immediately after 30 December 2007) and continued improvements in our inventory balance, with average inventory for the group down 0.8 days (excluding incremental indent).
- As a result of the above, negative working capital has increased $634.4 million to $2,720.8 million.
- Net repayable debt (which includes cash) has decreased by $940.9 million to $1,501.9 million due to strong operating cash flows and the timing of the creditor payments.
- Fixed assets and investments have increased reflecting capital expenditure for the half year offset by depreciation.

Capital Management

Objectives

Woolworths currently sets its capital structure with the objectives of minimising its weighted average cost of capital whilst retaining 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 and Poors 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. Since 2000, over $5,900 million, comprising off and on-market buybacks and dividends, has been returned to shareholders (including the interim dividend payable in March 2008).

Woolworths' capital management strategy has enhanced EPS growth, whilst allowing Woolworths to take advantage of growth opportunities.

Woolworths remains committed to undertaking some form of capital management in the 2008 calendar year.

Franking credits available for distribution after 30 December 2007 are estimated to be $830 million (following payment of the interim dividend in March 2008).

The maturity profile of our debt facilities is such that there is no immediate need to refinance any debt in the current financial year. AUD 300 million worth of domestic bonds will mature in September 2008. Following this the next maturity is in 2011.

Current Trading and Future Outlook
We believe we are very well positioned for future growth.

We expect overall group sales to grow in the range of 8% to 10%.

We also expect that EBIT will continue to grow faster than sales in FY08.

Net profit after tax for FY08 is expected to grow in the range of 19% to 23%. In stating this guidance it should be noted that the second half profit includes investment costs associated with several key strategic growth initiatives outlined in this profit release.

Excluded from this guidance is an expected profit on sale of certain properties of approximately $35 million, which if included would increase our earnings guidance to 21% to 25%.

The 2008 financial year is a 53 week trading year and these statements are on a 53 week basis.

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 10th 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 16 and forms part of the Directors' Report for the 27 weeks ended 30 December 2007.

This Report is made in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001 and is signed for and on behalf of the Board this 26th day of February 2008.

JAMES STRONG
Director

MICHAEL LUSCOMBE
CEO/Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Chairman
Woolworths Limited
1 Woolworths Way
Bella Vista
NSW 2153

26 February 2008

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 30 December 2007, 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

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

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Members of Woolworths 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 30 December 2007, 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 19 and 25 to 32.

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 establishing 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 half year 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 30 December 2007 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 consolidated entity's financial position as at 30 December 2007 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, 26 February 2008

Member of
Deloitte Touche Tohmatsu

DIRECTORS' DECLARATION

The directors declare that:

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

(b) in the director's opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

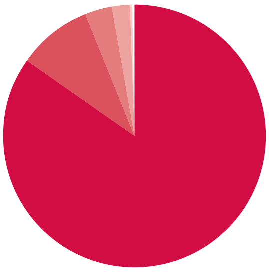
James Strong

JAMES STRONG
Chairman

MICHAEL LUSCOMBE
CEO/Managing Director

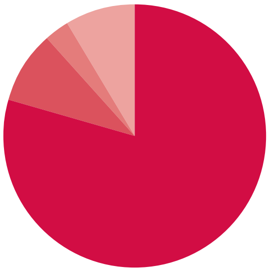
26 February 2008

SEGMENT AND STORE ANALYSIS



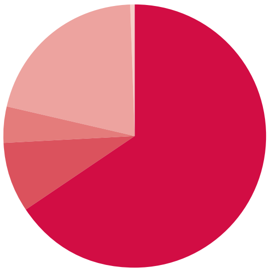
SEGMENT SALES

- 84.7% Supermarkets
- 9.1% BIG W
- 3.4% Consumer Electronics
- 2.4% Hotels
- 0.3% Wholesale



EBIT – RETAIL OPERATIONS

- 79.5% Supermarkets
- 9.1% BIG W
- 2.9% Consumer Electronics
- 8.5% Hotels



SEGMENT ASSETS

- 65.8% Supermarkets
- 8.5% BIG W
- 4.4% Consumer Electronics
- 20.9% Hotels
- 0.4% Wholesale

STORE ANALYSIS

Total number of stores at 30 December 2007

Supermarket division	
Supermarkets in Australia	774
Supermarkets in New Zealand (incl. franchise)	197
Total Supermarkets	**971**
Freestanding Liquor	223
ALH Retail Liquor Outlets	436
Caltex/Woolworths Petrol	135
WOW Petrol – Australia	381
WOW Petrol – New Zealand	22
Total Supermarket Division	**2,168**
General Merchandise	
BIG W	148
Dick Smith Electronics	273
Dick Smith Electronics Powerhouse	26
Tandy	117
Total General Merchandise	**564**
Hotels (ALH/MGW/BMG)	**271**
Total Group	**3,003**

Area (square metres) at 30 December 2007

Supermarket Division – Australia(1)	1,898,274
Supermarket Division – New Zealand(2)	289,920
General Merchandise(3)	972,615

(1) Trading area excludes Petrol and ALH retail outlets but includes Australian ex-FAL stores.
(2) Excludes Gull and franchise stores.
(3) Excludes India stores operating under the Croma brand.

FIVE YEAR SUMMARY

Weeks	A-IFRS H-2008 27	A-IFRS H-2007 27	A-IFRS H-2006 27	A-IFRS H-2005 27	A-GAAP H-2004 28
PROFIT AND LOSS					
Sales ($ million)					
Food and Liquor[1]	**17,653.4**	16,329.5	13,938.5	12,090.5	11,860.0
Petrol	**2,671.0**	2,509.8	2,205.9	1,627.2	1,069.3
Total Supermarkets	**20,324.4**	18,839.3	16,144.4	13,717.7	12,929.3
BIG W	**2,186.6**	1,933.5	1,796.4	1,669.9	1,559.3
Consumer Electronics[2]	**814.7**	703.4	641.0	545.8	486.7
General Merchandise	**3,001.3**	2,636.9	2,437.4	2,215.7	2,046.0
Hotels	**586.1**	539.8	405.9	97.5	
Continuing operations	**23,911.8**	22,016.0	18,987.7	16,030.9	14,975.3
Wholesale	**80.4**	76.2	74.8	73.8	74.2
Total Group	**23,992.2**	**22,092.2**	**19,062.5**	**16,104.7**	**15,049.5**
Earnings Before Interest and Tax ($ million)					
Food and Liquor[1]	**1,085.3**	906.2	681.0	553.1	514.8
Petrol	**43.5**	41.9	22.4	22.2	10.5
Total Supermarkets	**1,128.8**	948.1	703.4	575.3	525.3
BIG W	**129.2**	107.6	104.5	100.6	93.8
Consumer Electronics[2]	**40.8**	38.6	36.9	31.2	24.9
General Merchandise	**170.0**	146.2	141.4	131.8	118.7
Hotels	**120.6**	109.5	81.2	7.3	–
Total trading operations	**1,419.4**	1,203.8	926.0	714.4	644.0
Net property income/(expense)	**8.9**	(9.9)	17.3	10.8	12.3
Head office overheads	**(55.6)**	(49.6)	(41.7)	(40.2)	(43.4)
Total unallocated[3]	**(46.7)**	(59.5)	(24.4)	(29.4)	(31.1)
Continuing operations	**1,372.7**	1,144.3	901.6	685.0	612.9
Wholesale	**2.2**	1.3	0.8	1.4	0.9
Total Group	**1,374.9**	**1,145.6**	**902.4**	**686.4**	**613.8**
EBIT to Sales %					
Supermarkets	**5.55**	5.03	4.36	4.18	4.06
BIG W	**5.91**	5.57	5.82	6.03	6.02
Consumer Electronics	**5.01**	5.49	5.76	5.72	5.12
Hotels	**20.58**	20.29	20.01	7.49	–
Wholesale	**2.74**	1.71	1.12	1.95	1.21
Total	**5.73**	5.19	4.73	4.26	4.08
PROFIT AND LOSS DETAIL ($ million)					
Sales	**23,992.2**	22,092.2	19,062.5	16,104.7	15,049.5
Cost of goods sold	**(17,860.3)**	(16,523.2)	(14,331.1)	(12,158.0)	(11,302.1)
Gross Profit	**6,131.9**	5,569.0	4,731.4	3,946.7	3,747.4
Gross Profit margin %	***25.56***	*25.21*	*24.82*	*24.51*	*24.90*
Cost of Doing Business (CODB)	**(4,757.0)**	(4,423.3)	(3,829.0)	(3,260.1)	(3,133.6)
CODB %	***19.83***	*20.02*	*20.09*	*20.25*	*20.82*
Selling, general and admin expenses (excluding, rent, depreciation & amortisation)	**(3,785.5)**	(3,496.1)	(3,053.7)	(2,613.3)	(2,506.1)
EBITDAR	**2,346.4**	2,072.9	1,677.7	1,333.2	1,241.3
EBITDAR margin %	***9.78***	*9.38*	*8.80*	*8.28*	*8.25*
Rent (including fitout rent)	**(656.5)**	(631.8)	(522.9)	(451.8)	(427.0)
EBITDA	**1,689.9**	1,441.1	1,154.8	881.4	814.3
EBITDA margin (%)	***7.04***	*6.52*	*6.06*	*5.47*	*5.41*
Depreciation and Amortisation	**(315.0)**	(295.5)	(252.4)	(195.0)	(185.5)
Amortisation of goodwill	–	–	–	–	(15.0)
EBIT	**1,374.9**	1,145.6	902.4	686.4	613.8
EBIT margin (%)	***5.73***	*5.19*	*4.73*	*4.26*	*4.08*
Net financing cost	**(91.3)**	(131.1)	(112.1)	(56.4)	(27.0)
Hybrid Notes interest	–	–	–	–	(22.2)
Profit before tax and abnormal items	**1,283.6**	1,014.5	790.3	630.0	564.6
Taxation	**(377.6)**	(305.9)	(241.1)	(186.1)	(166.6)
Profit after tax and before abnormal items	**906.0**	708.6	549.2	443.9	398.0
Outside equity interest	**(14.7)**	(13.0)	(6.1)	0.9	(0.2)
Profit attributable to members of Woolworths Limited after tax and Hybrid Notes	**891.3**	695.6	543.1	444.8	397.8

FIVE YEAR SUMMARY

Weeks	A-IFRS H-2008 27	A-IFRS H-2007 27	A-IFRS H-2006 27	A-IFRS H-2005 27	A-GAAP H-2004 28
BALANCE SHEET ($ million)					
Funds employed					
Inventory	**3,230.3**	3,043.3	2,832.1	2,433.7	2,042.7
Accounts payable	**(4,553.6)**	(3,792.8)	(3,484.2)	(2,913.5)	(2,032.4)
Net investment in inventory	**(1,323.3)**	(749.5)	(652.1)	(479.8)	10.3
Fixed assets and investments	**5,278.9**	4,643.2	4,502.4	3,259.2	2,636.0
Intangibles	**5,041.9**	4,947.4	4,557.2	1,990.5	563.1
Receivables	**699.4**	748.2	543.7	464.1	490.0
Other creditors	**(2,096.9)**	(1,985.7)	(1,695.6)	(1,434.5)	(1,203.3)
Total funds employed[4]	**7,600.0**	7,603.6	7,255.6	3,799.5	2,496.1
Net tax balances	**97.5**	212.7	209.9	131.7	43.7
Net assets employed	**7,697.5**	7,816.3	7,465.5	3,931.2	2,539.8
Net repayable debt[5]	**(1,501.9)**	(2,516.5)	(3,411.9)	(2,314.8)	(608.2)
Net assets	**6,195.6**	5,299.8	4,053.6	1,616.4	1,931.6
Noteholders' equity (WINs)[6]	**–**	–	–	–	583.0
Minority interest	**239.8**	235.2	223.8	32.8	5.0
Shareholders' equity	**5,955.8**	5,064.6	3,829.8	1,583.6	1,343.6
Total equity	**6,195.6**	5,299.8	4,053.6	1,616.4	1,931.6

CASH FLOW ($ million)	A-IFRS H-2008	A-IFRS H-2007	A-IFRS H-2006	A-IFRS H-2005	A-GAAP H-2004
EBITDA	**1,689.9**	1,441.1	1,154.8	881.4	814.3
Movement in net investment in inventory	**787.6**	279.0	246.1	67.3	(242.3)
Other operating cash flows	**(111.6)**	71.4	(40.5)	1.2	(19.6)
Net interest paid (including cost of income notes)	**(112.1)**	(129.9)	(113.3)	(65.7)	(51.3)
Tax paid	**(301.3)**	(252.1)	(229.2)	(201.8)	(188.8)
Operating cash flow	**1,952.5**	1,409.5	1,017.9	682.4	312.3
Payments for property plant and equipment	**(719.1)**	(551.7)	(791.1)	(534.4)	(342.4)
Proceeds on disposal of property plant and equipment	**109.5**	584.4	288.4	8.0	11.6
Major acquisitions debt funded	**–**	–	(895.7)	(1,191.8)	–
Other investing cash flows	**(204.5)**	(293.0)	(73.1)	6.0	(24.9)
Free cash flow	**1,138.4**	1,149.2	(453.6)	(1,029.7)	(43.4)
Movement in gross debt	**(279.4)**	(909.9)	699.7	1,207.2	246.4
Other	**–**	–	–	–	83.8
Dividends paid	**(402.1)**	–	–	(201.9)	(174.5)
Dividends paid to minority interests	**(14.3)**	(7.7)	–	–	–
Buyback of shares	**–**	–	–	–	(140.9)
New shares issued	**68.7**	46.1	26.6	104.5	26.4
Effects of exchange rate changes on balance of cash held in foreign currencies	**(0.2)**	3.3	–	–	–
Net cash flow	**511.1**	281.0	272.7	80.1	(2.2)

FIVE YEAR SUMMARY

Weeks	A-IFRS H-2008 27	A-IFRS H-2007 27	A-IFRS H-2006 27	A-IFRS H-2005 27	A-GAAP H-2004 28
SHAREHOLDER VALUE					
ROFE (Pre-tax return on funds employed) (%)[7]					
Normal	**18.09**	15.07	12.44	18.07	24.59
Du Pont Analysis (abnormals excluded) (%)					
EBIT to sales	**5.73**	5.19	4.73	4.26	4.08
Service burden[8]	**93.36**	88.56	87.58	91.79	91.98
Tax burden[9]	**70.58**	69.85	69.50	70.47	70.49
Asset turn[10]	**1.49**	1.50	1.41	1.83	2.43
Financial leverage[11]	**2.70**	2.90	3.53	5.56	4.61
Return on equity[12]	**14.97**	13.74	14.18	28.09	29.61
Earnings Per Share					
Ordinary share price closing ($)	**33.90**	23.90	16.85	15.01	11.90
Market capitalisation ($m)	**41,174.0**	28,772.6	19,610.1	15,670.4	12,096.4
Weighted average shares on issue	**1,203.4**	1,182.6	1,076.3	1,023.8	1,021.4
Normal basic EPS[13]	**74.06**	58.83	50.46	43.45	38.95
EPS pre goodwill amortisation	**74.06**	58.83	50.46	43.45	40.41
Interim dividend ($m)[14]	**534.4**	421.7	326.3	251.0	213.6
Interim dividend (cents per share)	**44.0**	35.0	28.0	24.0	21.0
Payout ratio (before abnormals) (%)	**59.96**	60.62	60.07	56.44	53.70
Price/cash flow ratio (times)	**20.89**	20.05	17.93	22.74	38.39
Growth rates (% increase)					
Sales	**8.60**	15.89	18.37	7.01	6.45
Sales per equivalent week	**8.60**	15.89	18.37	9.25	6.45
EBITDA	**17.26**	24.79	31.01	8.25	10.43
EBIT	**20.01**	26.95	31.47	11.83	13.73
Profit before tax	**26.52**	28.38	25.45	11.58	13.74
Normal basic EPS	**25.90**	16.58	16.48	10.06	17.60
FINANCIAL STRENGTH					
Service cover ratio (times)[15]	**15.06**	8.74	7.97	11.05	11.97
Fixed charges cover (times)[16]	**3.06**	2.74	2.64	2.59	2.59
Sales to Inventory[17]	**7.65**	7.52	7.24	7.20	7.33
Capital expenditure to EBITDA (%)	**42.55**	38.28	43.53	59.71	40.62
Operating cash flow per share	**1.62**	1.19	0.94	0.66	0.31
Serviced gearing (%)[18]	**19.51**	32.20	45.70	59.38	46.99
Current assets to current liabilities (%)	**77.99**	78.00	72.93	68.80	83.44

FIVE YEAR SUMMARY
NOTES TO STATISTICS

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

2 Includes India wholesale results since October 2006. (HY08 Sales $45.6m, EBIT ($2.3m), HY07 Sales $5.0m EBIT ($2.1m)).

3 Unallocated expense represents corporate costs relating to the Woolworths Group as a whole, and income and expense 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.

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

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

6 On 30 June 2004, the Company amended the WINs Trust Deed. As a result of these amendments the outstanding balance of $600.0 million, including issue costs of $17.0 million, is no longer classified as part of Shareholders' Equity in the Balance Sheet. The principal amount of $600.0 million has been reclassified as a non-current liability and the $17.0 million of issue costs has been recorded as an adjustment to retained earnings in accordance with Australian Accounting Standards.

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

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

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

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

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

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

13 Normal basic Earnings Per Share (Normal EPS) is profit after tax and servicing Hybrid Notes before abnormal items divided into 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.

14 The current year figure represents the 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.

15 Service cover ratio is EBIT divided by the sum of net financing cost and Hybrid Notes interest.

16 Fixed charges cover is rent and interest costs divided by EBITDAR. It excludes foreign exchange gains/losses and dividend income.

17 Sales to inventory is total sales divided by average (of opening and closing) inventory.

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

INTERIM CONSOLIDATED INCOME STATEMENT

For the 27 weeks ended	*30 Dec 2007 $m*	*31 Dec 2006 $m*
Revenue from the sale of goods	**23,992.2**	22,092.2
Other operating revenue	**64.8**	68.3
Total revenue from operations	**24,057.0**	22,160.5
Cost of sales	**(17,925.1)**	(16,591.5)
Gross Profit	**6,131.9**	5,569.0
Other revenue	**65.9**	65.4
Branch expenses	**(3,726.5)**	(3,469.9)
Administration expenses	**(1,096.4)**	(1,018.9)
Earnings Before Interest and Tax	**1,374.9**	1,145.6
Financial expense	**(118.7)**	(146.5)
Financial income	**27.4**	15.4
Net financing cost	**(91.3)**	(131.1)
Net profit before income tax expense	**1,283.6**	1,014.5
Income tax expense	**(377.6)**	(305.9)
Profit after income tax expense	**906.0**	708.6
Net profit attributable to:		
Equity holders of the parent entity	**891.3**	695.6
Minority interest	**14.7**	13.0
	906.0	708.6
Earnings Per Share (EPS)		
Basic EPS (cents per share)	**74.1**	58.8
Diluted EPS (cents per share)	**73.3**	58.4
Weighted average number of shares used in the calculation of basic EPS (million)	**1,203.4**	1,182.6

The interim consolidated income statement should be read in conjunction with the notes to the interim financial statements set out on pages 29 to 32.

INTERIM CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the 27 weeks ended	*30 Dec 2007 $m*	*31 Dec 2006 $m*
Movement in translation of foreign operations taken to equity	**(55.9)**	169.4
Movement in the fair value of available for sale assets	**(7.8)**	20.5
Movement in fair value of cash flow hedges	**99.1**	(42.4)
Tax effect of items recognised directly to equity	**22.9**	12.1
Net income/(expense) recognised directly in equity	**58.3**	159.6
Transfer to income statement cash flow hedges	**41.0**	128.7
Profit for the period	**906.0**	708.6
Total recognised income and expense for the period	**1,005.3**	996.9
Attributable to:		
Equity holders of the parent	**990.6**	983.9
Minority interest	**14.7**	13.0
	1,005.3	996.9

The interim consolidated statement of recognised income and expense should be read in conjunction with the notes to the interim financial statements set out on pages 29 to 32.

INTERIM CONSOLIDATED BALANCE SHEET

As at	*30 Dec 2007 $m*	*24 Jun 2007 $m*	*31 Dec 2006 $m*
Current assets			
Cash	**1,309.9**	798.8	806.9
Trade and other receivables	**693.3**	484.7	738.0
Inventories	**3,230.3**	2,739.2	3,043.3
Assets held for sale	**65.6**	96.9	95.5
Other financial assets	**54.5**	41.4	13.6
Total current assets	**5,353.6**	4,161.0	4,697.3
Non-current assets			
Trade and other receivables	**6.0**	5.4	10.2
Other financial assets	**264.5**	256.0	259.9
Property, plant and equipment	**5,059.3**	4,623.0	4,350.7
Intangibles	**5,041.9**	5,003.5	4,947.4
Deferred tax assets	**358.9**	367.2	424.1
Total non-current assets	**10,730.6**	10,255.1	9,992.3
Total assets	**16,084.2**	14,416.1	14,689.6
Current liabilities			
Trade and other payables	**5,496.2**	4,184.7	4,670.0
Borrowings	**414.8**	379.8	479.1
Current tax liabilities	**261.2**	212.9	211.4
Other financial liabilities	**42.3**	74.9	8.7
Provisions	**650.1**	650.5	652.6
Total current liabilities	**6,864.6**	5,502.8	6,021.8
Non-current liabilities			
Borrowings	**2,339.5**	2,690.9	2,792.8
Other financial liabilities	**180.2**	227.2	119.2
Provisions	**404.8**	382.3	357.5
Other	**99.5**	98.2	98.5
Total non-current liabilities	**3,024.0**	3,398.6	3,368.0
Total liabilities	**9,888.6**	8,901.4	9,389.8
Net assets	**6,195.6**	5,514.7	5,299.8
Equity			
Issued capital	**3,551.2**	3,422.7	3,349.0
Shares held in trust	**(63.8)**	(71.6)	(79.7)
Reserves	**84.3**	(38.3)	6.6
Retained earnings	**2,384.1**	1,962.5	1,788.7
Equity attributable to the members of Woolworths Limited	**5,955.8**	5,275.3	5,064.6
Minority interest	**239.8**	239.4	235.2
Total equity	**6,195.6**	5,514.7	5,299.8

The interim consolidated balance sheet should be read in conjunction with the interim notes to the financial statements set out on pages 29 to 32.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the 27 weeks ended	*30 Dec 2007 $m*	*31 Dec 2006 $m*
Cash flows from operating activities		
Receipts from customers	**25,843.6**	23,441.0
Receipts from vendors and tenants	**20.9**	15.9
Payments to suppliers and employees	**(23,498.6)**	(21,666.7)
Dividends received	**–**	1.4
Interest and costs of finance paid	**(122.6)**	(145.4)
Interest received	**10.5**	15.4
Income tax paid	**(301.3)**	(252.1)
Net cash provided by operating activities	**1,952.5**	1,409.5
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	**109.1**	584.4
Proceeds from the sale of businesses	**0.4**	–
Payments for property, plant and equipment	**(719.1)**	(551.7)
Payments for the purchase of intangibles	**(10.0)**	(14.7)
Payment for purchase of investments	**–**	(173.0)
Dividends received	**10.8**	–
Payments for purchase of businesses	**(205.3)**	(105.3)
Net cash used in investing activities	**(814.1)**	(260.3)
Cash flows from financing activities		
Proceeds from issue of equity securities	**68.7**	46.1
Proceeds from short-term deposits	**–**	0.7
Proceeds from external borrowings	**3,415.8**	6,625.8
Repayment of external borrowings	**(3,695.2)**	(7,536.4)
Dividends paid	**(402.1)**	–
Dividends paid to minority interest	**(14.3)**	(7.7)
Net cash used in financing activities	**(627.1)**	(871.5)
Net increase in cash held	**511.3**	277.7
Effects of exchange rate changes on balance of cash held in foreign currencies	**(0.2)**	3.3
Cash at the beginning of the financial period	**798.8**	525.9
Cash at the end of the financial period	**1,309.9**	806.9

The interim consolidated statement of cash flows should be read in conjunction with the interim notes to the financial statements set out on pages 29 to 32.

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 30 December 2007 comprises 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 30 December 2007 ("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 24 June 2007, 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*.

Basis of preparation

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 2007. The effect of the adoption of these new and revised Standards and Interpretations was not material.

The accounting policies and methods of computation adopted in the preparation of the Half Year Financial Report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 24 June 2007.

The Half Year Financial Report was approved by the Board of Directors on 26 February 2008.

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 10th of a million dollars, unless otherwise stated.

2. SEGMENT INFORMATION

A$ million

For the half year	Supermarkets (1) 2008	Supermarkets (1) 2007	BIG W 2008	BIG W 2007	Consumer Electronics (2) 2008	Consumer Electronics (2) 2007	Hotels (3) 2008	Hotels (3) 2007	Wholesale (4) 2008	Wholesale (4) 2007	Consolidated 2008	Consolidated 2007
Segment disclosures												
Business segments												
Sales to customers	20,324.4	18,839.3	2,186.6	1,933.5	814.7	703.4	586.1	539.8	80.4	76.2	23,992.2	22,092.2
Other operating revenue	64.8	68.3	–	–	–	–	–	–	–	–	64.8	68.3
Inter-segment revenue	–	–	–	–	0.3	0.2	–	–	133.5	122.2	133.8	122.4
Segment revenue	**20,389.2**	**18,907.6**	**2,186.6**	**1,933.5**	**815.0**	**703.6**	**586.1**	**539.8**	**213.9**	**198.4**	**24,190.8**	**22,282.9**
Eliminations											(133.8)	(122.4)
Unallocated revenue/ (expenses)(5)											65.9	65.4
Total revenue											**24,122.9**	**22,225.9**
Segment result before tax	1,128.8	948.1	129.2	107.6	40.8	38.6	120.6	109.5	2.2	1.3	1,421.6	1,205.1
Unallocated revenue/ (expenses)												
– Property											8.9	(9.9)
– Head Office											(55.6)	(49.6)
Net financing cost											(91.3)	(131.1)
Profit before tax											**1,283.6**	**1,014.5**
Income tax expense											**(377.6)**	**(305.9)**
Profit after tax											**906.0**	**708.6**
Segment assets	8,842.7	8,474.3	1,147.7	1,017.0	588.8	500.1	2,811.1	2,517.3	55.0	63.9	13,445.3	12,572.6
Unallocated(6)											2,638.9	2,117.0
Total assets											**16,084.2**	**14,689.6**
Segment liabilities	3,917.5	3,555.6	820.2	608.0	259.9	192.8	173.8	134.1	47.8	46.6	5,219.2	4,537.1
Unallocated(6)											4,669.4	4,852.7
Total liabilities											**9,888.6**	**9,389.8**
Capital expenditure	525.7	333.1	59.9	53.5	20.2	16.0	214.4	152.6	0.8	0.6	821.0	555.8
Unallocated(6)											104.1	112.0
Acquisition of assets											**925.1**	**667.8**
Segment depreciation and amortisation	225.3	211.1	26.5	21.5	13.1	12.2	28.1	25.8	0.7	0.7	293.7	271.3
Unallocated(6)											21.3	24.2
Total depreciation and amortisation											**315.0**	**295.5**
Segment other non cash expenses	14.7	4.3	2.4	0.9	0.6	0.2	0.9	0.1	–	–	18.6	5.5
Unallocated											49.7	53.5
Total other non cash expenses(7)											**68.3**	**59.0**

(1) Supermarkets comprise supermarket stores, liquor stores and petrol canopies in Australia and New Zealand.
(2) Consumer Electronics includes Woolworths Wholesale India.
(3) Hotels comprise on-premise liquor sales, food, accommodation, gaming and venue hire.
(4) Wholesale comprises Statewide Independent Wholesalers (SIW).
(5) Unallocated revenue comprise rent and other revenue from operating activities.
(6) Unallocated comprise corporate head office and property division.
(7) Includes non cash transactions including the defined benefit liability movement, employee shares scheme expenses and unrealised foreign exchange losses.

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 $215.3 million comprising property, plant and equipment ($117.6 million); liquor and gaming licences ($60.3 million) and other working capital balances ($9.2 million), with goodwill on acquisition of $28.2 million. Goodwill has arisen on acquisition of these businesses primarily because of their capacity to generate recurring revenue streams in the future.

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

27 weeks ended	*30 Dec 2007 $m*	*24 Jun 2007 $m*	*31 Dec 2006 $m*
Final dividend in respect of 2007 year of 39 cents (2006: 31 cents) per fully paid ordinary share 100% franked at 30% tax rate (2006: 100%)	471.9	–	367.2
Interim dividend in respect of 2007 year of 35 cents (2006: 28 cents) per fully paid ordinary share 100% franked at 30% tax rate (2006: 100%)	–	421.7	–
Total dividends paid	471.9	421.7	367.2

On 26 February 2008, the Board of Directors declared a dividend of 44 cents (2007: 35 cents) per share. The amount that will be paid on 24 April 2008 will be approximately $534.4 million (2007: $421.7 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 30 December 2007 were $494.1 million (24 June 2007: $448.6 million) comprising:

	30 Dec 2007 $m	*24 Jun 2007 $m*
Trading guarantees	53.5	55.7
Workers' compensation self-insurance	425.8	363.0
Litigation	–	–
Other (outstanding letters of credit issued to suppliers)	14.8	29.9

No provision has been made in the Half Year Financial Report in respect of these contingencies, however there is a provision of $380.6 million (31 December 2006: $362.1 million) for self-insured risks, which includes liabilities relating to workers' compensation claims, that has been recognised in the balance sheet.

8. EXPLANATION OF SIGNIFICANT BALANCE SHEET MOVEMENTS FROM 24 JUNE 2007 TO 30 DECEMBER 2007

(a) The net investment in inventory has reduced by $785.1 million reflecting the timing of creditor payments (which occurred immediately after 30 December 2007) and continued improvements in our inventory balance, with average inventory for the group down 0.8 days (excluding incremental indent).

(b) As a result of the above, negative working capital has increased $634.4 million to $2,720.8 million.

(c) Net repayable debt (which includes cash) has decreased by $940.9 million to $1,501.9 million due to strong operating cash flows and the timing of the creditor payments.

(d) Fixed assets and investments have increased reflecting capital expenditure for the half year offset by depreciation.

9. OVERALL EQUITY RECONCILIATION ATTRIBUTABLE TO MEMBERS

	30 Dec 2007 $m	*24 Jun 2007 $m*	*31 Dec 2006 $m*
Equity at the beginning of the period	5,275.3	4,027.8	4,027.8
Issue of shares under employee share plan	7.8	15.4	7.3
Issue of shares as a result of Dividend Reinvestment Plan	67.5	433.7	367.2
Issue of shares as a result of options exercised under executive share option plans	62.7	47.4	37.8
Items recognised directly in equity as disclosed in the statement of recognised income and expense	99.3	228.1	288.3
Net profit attributable to equity holders of the parent	891.3	1,294.0	695.6
Total dividends provided for or paid	(471.9)	(788.9)	(367.2)
Share based payments expense	23.3	17.0	6.8
Other	0.5	0.8	1.0
Closing equity	5,955.8	5,275.3	5,064.6

GLOSSARY OF TERMS

GP	Gross Profit
CODB	Cost of Doing Business
EBIT	Earnings Before Interest and Tax
ROFE	Return on Funds Employed
EPS	Earnings Per Share
DRP	Dividend Reinvestment Plan
EBITDAR	Earnings Before Interest and Tax, Depreciation, Amortisation and Rent
EBITDA	Earnings Before Interest and Tax, Depreciation and Amortisation

COMPANY DIRECTORY

WOOLWORTHS LIMITED

Principal registered office in Australia
1 Woolworths Way
Bella Vista NSW 2153
Tel: (02) 8885 0000
Web: www.woolworthslimited.com.au

BIG W
Web: www.bigw.com.au

National Supermarkets
Web: www.woolworths.com.au

Woolworths Petrol
Tel: 1300 655 055

BWS
Web: www.beerwinespirits.com.au

Dan Murphy's
789 Heidelberg Road
Alphington VIC 3078
Tel: (03) 9497 3388
Fax: (03) 9497 2782

Web: www.danmurphys.com.au

Dick Smith Electronics/Tandy
2 Davidson Street
Chullora NSW 2190
Tel: (02) 9642 9100
Fax: (02) 9642 9111
Web: www.dse.com.au

Progressive Enterprises Limited
80 Favona Road
Mangere
Auckland
New Zealand
Tel: +64 (9) 275 2788
Fax: +64 (9) 275 3074
Web: www.progressive.co.nz

ALH Group Pty Ltd
- **Registered Office**
  1 Woolworths Way
  Bella Vista NSW 2153
  Tel: (02) 8885 0000

- **Victorian Office**
  Ground Floor
  16–20 Claremont Street
  South Yarra VIC 3141
  Tel: (03) 9829 1000

- **Queensland Office**
  Level 1
  152 Oxford Street
  Bulimba QLD 4171

Company Secretary
Peter Horton

Share Registrar
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

Auditor
Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000
Web: www.deloitte.com.au