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1 March 2012

The Manager Companies
Australian Securities Exchange Limited
Company Announcements Office
Level 4 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

RE: Woolworths Limited – Appendix 4D

Woolworths Limited Half Year Results – Appendix 4D - for the 27 weeks to 1 January 2012 is attached.

For and on behalf of
WOOLWORTHS LIMITED

PETER J HORTON
Group General Counsel and Company Secretary

WOOLWORTHS LIMITED

1 March 2012 **PRESS RELEASE**

FINAL PROFIT REPORT AND DIVIDEND ANNOUNCEMENT FOR THE 27 WEEKS ENDED 1 JANUARY 2012

Net Profit From Continuing Operations After Tax up 3.2% to $1,184.3 million

Net Profit After Tax down 16.8% to $966.9 including Discontinued Operations and Consumer Electronics Provision

Progress made against strategic priorities, with major initiatives achieved

- Sales from continuing operations of $28.9 billion, up 5.2%. Total Group sales up 5.0%
- 4.1% increase in EBITDA from continuing operations (total Group EBITDA before Consumer Electronics provision up 3.9%)
- EBIT trading result from continuing operations up 5.6% (before Central Overheads and Home Improvement)
- 3.3% increase in EBIT from continuing operations to $1,825.9 million (total Group EBIT before Consumer Electronics provision up 3.3%)
- 3.2% increase in NPAT from continuing operations to $1,184.3 million (total Group NPAT before Consumer Electronics provision up 3.1%) and 3.4% increase in EPS from continuing operations to 97.2 cents
- 16.8% decrease in NPAT and 16.6% decrease in EPS (including discontinued operations and Consumer Electronics provision)
- 3.5% increase in fully franked interim dividend to 59 cents per share

Woolworths Chief Executive Officer and Managing Director, Grant O'Brien, said: "Woolworths Limited today reported an increase in net profit after tax from continuing operations of 3.2%. It was also pleasing to achieve an increase in our trading result of 5.6% before central overheads and our investment in Home Improvement. This is a sound result considering subdued consumer confidence, deflationary pressures and the significant investment we are making in the business in line with our strategic priorities for growth."

Woolworths Limited Chairman, James Strong, added: "The Board has announced a 3.5% increase in Dividends Per Share (DPS) to 59c up from 57c in HY11. We are continuing to invest in future growth for the Group in existing and new businesses, whilst Grant and the team he has brought together are re-invigorating and improving every aspect of our Group operations."

Note: This announcement contains certain non-IFRS measures that Woolworths believe are relevant and appropriate for the understanding of the business. Refer to Appendix 2 for further information.

PROGRESS AGAINST STRATEGIC PRIORITIES

At an Investor Briefing Day on 2 November 2011, Woolworths outlined its strategic priorities and business initiatives to ensure future growth.

"Whilst it is early days and there is much to do on this change agenda, I am encouraged by the focus of our team and early progress on key initiatives," Mr O'Brien said.

1. Extend and defend leadership in food and liquor

- ✓ Tjeerd Jegen is making excellent progress with people, planning and performance strategies for Australian Supermarkets, but more work is still to be done. As the Fresh Food people, we are determined to extend our leadership in Fresh Food and be the home of national brands, while reducing improving costs and improving the customer experience
- ✓ Space growth is continuing, further increasing Woolworths' competitive position, with up to 39 new Supermarkets this year
- ✓ Excellent momentum in liquor continues with further extension of market share leadership and best value price perception
- ✓ New Zealand transformation is delivering strong results with market share gains and positive brand momentum

2. Act on our portfolio to maximise shareholder value

- ✓ We accelerated the review of Dick Smith, culminating in a decision to restructure and divest the business, with a $300 million provision taken in the first half of FY12. The sale process is underway with pleasing interest from prospective purchasers
- ✓ Initial steps have been taken to improve BIG W's value perception, with sharper entry price points and clearer messaging, including the "Get it For Less" campaign, the launch of "Smart Value" and the appointment of Saatchi & Saatchi as the new marketing agency

3. Maintain our track record of building new growth

- ✓ A strong multi-option growth strategy is firmly on track under the direction of Penny Winn who rejoined the business in December
- ✓ Recently we launched the Door Buster daily deals site, the Supermarkets mobile shopping app, a virtual shopping wall, BIG W mobile app, click then collect trials and rolled out the new generation supermarket online platform
- ✓ We achieved a 118% increase in total online sales for the half – 47% without Cellarmasters
- ✓ Seven Masters stores opened during HY12 and two opened in February 2012. Stores are trading well, with a further 18 under construction
- ✓ During the half we acquired 12 hotels in Western Australia from the Compass Group and secured an agreement to purchase 31 new Hotels and two bottle shops from Laundy, subject to regulatory approval. Danks also acquired Tait Timber and Hardware as part of its strategy to build a portfolio of company-owned hardware stores

4. Put in place the enablers for a new era of growth

- ✓ The new state of the art Hoxton Park Distribution Centre (DC) is about to go live and will be the most advanced retail DC in Australia, supporting BIG W, Home Improvement and multi-option fulfilment
- ✓ Our data-driven "Category Lab" is proving to be a growing and powerful capability, leveraging Australia and New Zealand's largest loyalty program
- ✓ Cost savings as a result of Quantum initiatives leveraging group scale and incorporating global best practices are underway and will start delivering benefits in FY13
- ✓ We are focused on assembling a world class retail team by blending the best local and international talent at Board, Management Board and Senior Management level with several prominent new recruits appointed in recent months

BUSINESS PERFORMANCE

Earnings Before Interest and Tax (EBIT)

($ million)	HY11 Statutory (27 weeks)	HY12 Statutory (27 weeks)	Change %
Continuing Operations			
Australian Food and Liquor	1,404.8	1,493.5	6.3%
Petrol	63.4	67.4	6.3%
Australian Supermarkets	**1,468.2**	**1,560.9**	**6.3%**
New Zealand Supermarkets (NZD)	***134.3***	***149.1***	***11.0%***
New Zealand Supermarkets	**108.6**	**118.5**	**9.1%**
BIG W	**125.0**	**119.6**	**(4.3)%**
Hotels	**111.9**	**116.2**	**3.8%**
Total Trading Result – Continuing Operations	***1,813.7***	***1,915.2***	***5.6%***
Central Overheads, Consumer Electronics India and Home Improvement	(46.7)	(89.3)	91.2%
Group EBIT – Continuing Operations	***1,767.0***	***1,825.9***	***3.3%***
Discontinued Operations			
Consumer Electronics – Aust & NZ	20.0	19.5	(2.5)%
Group EBIT – Discontinued Operations before Consumer Electronics Provision	***20.0***	***19.5***	***(2.5)%***
Total Group EBIT before Consumer Electronics Provisions	**1,787.0**	**1,845.4**	**3.3%**
Consumer Electronics Provision[1]	-	(300.0)	n.m
Total Group EBIT after Consumer Electronics Provision	**1,787.0**	**1,545.4**	**(13.5)%**

[1] *Represents provision associated with the announcement to divest the Dick Smith business.*

Mr O'Brien commented: "The net profit after tax increase from continuing operations increased 3.2% to $1,184.3 million was a solid result. It was also pleasing to achieve an increase in the trading result of 5.6% before central overheads and our investment in Home Improvement. Given prevailing macroeconomic and market challenges, along with the growth and the change agenda we are driving through our business, this is a commendable result.

"During the half year Woolworths continued to focus on meeting customer needs. We served an additional 26.9 million customers in the half (up 3.8%) in our continuing operations, reflecting improved customer buying power through price investment and deflation."

Sales from continuing operations grew by $1.4 billion or 5.2% to $28.9 billion. Supermarkets achieved volume and market share growth. General Merchandise was impacted by deflation in key categories with price reductions passed on to the customer. Hotels achieved solid sales growth with strong sales across both food and bar offerings.

Gross margin as a percentage of sales for continuing operations increased 15 bps, reflecting the benefits of global direct sourcing, improved shrinkage rates, increasing sales of exclusive brand products, the impact of moving from direct-to-store delivery to distribution centres in liquor and the success of new store formats. We have continued to re-invest in lower prices, delivering greater value to customers.

Cost of Doing Business (CODB) as a percentage of sales for continuing operations increased by 26 bps as a consequence of our investment in Masters and the first year impact of the Cellarmasters acquisition. There were also additional costs incurred in the half as a result of the higher than usual number of stores opened, particularly in Australian Supermarkets, with more than half the openings occurring in November and December. Excluding these impacts, costs were reasonably well controlled in dollar terms in a challenging trading period with significant selling price deflation. We are however, very focused on reducing our cost base, particularly above the store, with project Quantum well underway and set to commence delivering results from FY13 onwards.

EBIT from continuing operations grew 3.3% and EBIT margin decreased 11 bps, primarily as a result of our investment in building the Masters home improvement business.

NPAT from continuing operations for the half year increased by 3.2%. This is a solid result in the period considering the change and growth agenda of the group and the headwinds faced by the whole retail sector with subdued consumer confidence and significant selling price deflation. Total NPAT including Discontinued Operations and the Consumer Electronics Provision was down 16.8%.

Average inventory days for continuing operations for the half year are 32.6 days, up from 31.4 days for HY11 as a result of the planned structural changes that have impacted inventory levels. These include; incremental inventory for increased indent, incremental liquor through new DC infrastructure, the Cellarmasters acquisition and our investment in Home Improvement. Excluding these structural changes, average inventory decreased by 0.6 days when compared to HY11, reflecting continuing improvements in inventory management across the business.

Cash flow from operating activities before interest and tax was down 5.1% on the previous year impacted primarily by planned increases in inventory in our start up business, Masters, additional investment in indent inventory, timing differences in the collection of receivables and the timing of the payment of normal company superannuation contributions compared to last year. Excluding the above cash flow impacts, cash from operating activities was up 2.4%.

Net financing costs of $151.4 million have increased 14.7% as expected from the prior half year (HY11: $132.0 million). This is as a result of higher debt levels reflecting the full impact of the share buy back activity undertaken in the prior year, funding of capital expenditure including property development and business acquisitions.

We continue to enhance **shareholder value** by investing capital in core and growth opportunities, such as our new store pipeline, our multi-option offer, our Masters business and bolt on acquisitions, including the Compass Group hotels and Tait Timber and Hardware.

Our **Fixed Charges Cover Ratio** before Consumer Electronics provision remains strong at 3.04 times. We have maintained our financial strength and flexibility as reflected by the maintenance of our **strong long-term credit ratings** for Standard & Poor's (A- since 2001) and Moody's (A3 since 2005). We look to release capital from the sale of real estate and the exit from our non-core Consumer Electronics business, Dick Smith. We continue to seek to optimise our returns on capital over time.

FOOD, LIQUOR & PETROL

Key Highlights for The Half

- **Australian Supermarkets** Solid growth in Sales and EBIT as well as growth in both customer transactions and market share, opening of 25 new stores in the half
- **New Zealand Supermarkets** Continuing strong momentum in Sales, EBIT and market share. Completion of shift to single Countdown brand
- **Liquor Strong growth** across all brands through continuing to improve our in-store offering, our new multi-option offers and capability in direct marketing, production and distribution through the Cellarmasters acquisition

Australian Supermarkets Results (inc. Liquor and Petrol)

	HY11 (27 weeks)	HY12 (27 weeks)	Change %
Sales – Food and Liquor ($ million)	18,772	19,571	4.3%
– Petrol ($ million)	2,945	3,434	16.6%
– Total ($ million)	21,717	23,005	5.9%
Gross Margin (%)	24.80	24.83	3 bps
Cost of Doing Business (%)	18.04	18.04	- bps
EBIT to sales (%)	6.76	6.79	3 bps
EBIT ($ million)	1,468.2	1,560.9	6.3%
Funds Employed ($ million)	3,509.8	4,188.5	19.3%

Australian Food and Liquor

Australian Food and Liquor sales for the half-year were $19.6 billion, an increase of $0.8 billion or 4.3% over last year. Comparable store sales in Australian Food and Liquor for the half-year increased 1.5% (HY 2011: 2.2%).

Sales growth was impacted by significant deflation particularly in produce, seafood, bakery and deli in the second quarter. Produce deflation was experienced in all months of the second quarter and by December was double digit. We continued to invest in price, particularly in the grocery, general merchandise and liquor categories. Sales growth was also dampened in the second quarter by cooler weather with the lowest December Australia wide temperatures since 2001. The impact was greatest in lines such as soft drinks, ice cream and deli items including salads, cold meats and roast chickens.

Although the trading environment has remained tough, we increased market share, customer numbers, basket size and items sold. During the half year, we served on average 19.3 million customers per week. Despite the deflationary pressures, fresh food continued positive sales momentum, led by bakery, deli and meat, and we continue to see strong results from our new season launches. Grocery market share increased over the half. We are focused on further improving the growth momentum in this category.

The standard shelf price movement index[1] for the half year was 0.9% (HY 2011: 2.2%). This was impacted by produce prices which were in significant inflation in the first quarter due to the natural disasters early in the 2011 calendar year, however were in significant deflation in the second quarter as supply improved and we cycled the high prices in the prior year. Excluding produce the index for the half year was 0.8%.

Average prices continued to experience deflation for the half year of 3.7% when the effects of promotions and volumes are included (HY 2011: 3.8% deflation). Part of this deflation resulted from Woolworths lowering its prices to meet increasing customer demand for value.

We opened 25 Australian Supermarkets during the half year bringing the total to 864. 17 stores were opened in the second quarter with 14 of these opened in November/ December. We plan to open another 14 Supermarkets in the 2012 financial year.

Australian Food & Liquor EBIT increased 6.3% to $1,493.5 million with EBIT margin improving 15 bps.

The increase in gross margin is attributable to several factors including significant focus on shrinkage improvement, improvements in buying, including benefits gained from global sourcing, expansion and improvement of the exclusive brands ranges, further reductions in direct store deliveries and the roll out of new formats. Much of the benefit from these programs has been reinvested in price reductions for the value conscious customer.

CODB was well controlled in dollar terms. CODB as a percentage of sales was impacted by a challenging trading period with significant selling price deflation as CODB was experiencing cost inflation in key lines including salaries and wages and energy. Our recently acquired business, Cellarmasters has contributed to the CODB increase. There were also additional costs incurred in the half as a result of a higher than usual number of stores opening. More than half of the Supermarket openings and almost half of Dan Murphy's openings occurred in the last two months of the half.

The increase in funds employed reflects our investment in growth through the acquisition of Cellarmasters and continued investment in our store and distribution networks. Inventory levels continue to be well managed. Excluding the impact of incremental imported inventory, the impact of incremental liquor stock in the new warehouses, Petrol and Cellarmasters, average inventory days increased by 0.3 days. The unusually high number of new stores opened in the half and the introduction of the Meat Standards Australia (MSA) guidelines for the aging of beef have contributed to this increase.

Return on Funds Employed (ROFE) for Australian Food and Liquor for the half was 38.7% (down from 43.1% in the prior year). Excluding the impact of our newly acquired Cellarmasters business, ROFE was 41.9%. As we continue to realise further synergies in the Cellarmasters business we expect ROFE to improve. The remainder of the decrease has largely resulted from the significantly higher number of new stores that were opened during HY12 compared to prior periods.

[1] The shelf price movement index is calculated by comparing the number of products sold in the current year using the current year prices to the number of products sold in the current year using the prior year prices. The price used for this comparison is the standard shelf price. Products on promotion are excluded from the calculation (i.e. the volume of these items sold is removed from both years' sales). The calculation removes the impact of any changes in volumes and the distortion of promotional activity.

Petrol

Petrol sales for the half year, including Woolworths/Caltex Alliance sites, increased by 16.6% to $3.4 billion, reflecting an increase in average fuel sell prices (HY 2012: 140.8 cpl, HY 2011: 124.0 cpl). Petrol volumes increased 2.5% for the half year with market share and customer numbers increasing.

Total merchandise (non-fuel) sales were up 9.4% and comparable merchandise (non-fuel) sales were up 4.0% for the half year.

Fuel comparable sales (dollars) increased 13.7% for the half year. Fuel comparable volumes decreased 0.1% for the half year (HY 2011: 0.1% increase).

Petrol EBIT increased by 6.3% to $67.4 million as a result of increased volumes and buying benefits achieved together with our supply partner Caltex.

As at the end of December 2011, we had 591 petrol stations including 132 Woolworths/Caltex alliance sites. We opened an additional 10 petrol canopies during the half year. We plan to open a further eight sites in the 2012 financial year as we continue with our target of supporting all supermarkets with a petrol offer.

Australian Supermarkets – Progress Against Strategic Objectives

1. First Choice for Fresh Food

- ✓ Innovations in Fresh Food have continued, with positive sales momentum, led by Bakery, Deli and Meat
- ✓ First Australian supermarket to receive MSA accreditation, launched four weeks ago with a very strong customer response
- ✓ We have removed approximately half a day from our produce end to end supply chain in the last six months, which marks good progress on our targeted 1 day reduction
- ✓ The 2015 format continues to develop, delivering strong growth in Fresh

2. Unbeatable Value

- ✓ We are making good progress on our value contract with customers and this will be further reinforced once the marketing review has been completed and a new campaign commences in Q4
- ✓ We have rolled out a new store wide price ticketing program to clearly highlight value to customers
- ✓ Continued improvements in reducing COGS are just starting to flow through, with considerably more work underway
- ✓ We have made significant improvements in our promotional effectiveness by removing nil or low value promotions and focusing on promotions that deliver maximum value to customers
- ✓ We are making significant improvements in shrinkage with over 30 projects now in scope
- ✓ We had a very strong customer response to our seasonal value offers including, our lamb leg coupons and our Christmas ham offer

3. **Customer Led – The Power of Insights**

- ✓ We are making extensive progress on our "Category Lab" reviews with six dedicated teams. This is proving to be a growing and powerful capability for the business
- ✓ We have completed category deep dives on over 20% of our sales base, or 35 key categories in the last 6 months
- ✓ This is an accelerated approach to delivering an improved range in all stores through effective range tailoring
- ✓ Started weekly 'Customer Talkback' focus groups in stores to improve individual store performance and to obtain greater insights into opportunities and customer delights

4. **Exciting New Offers**

- ✓ We have further expanded our own brand range, resulting in higher sales during the half year including a 37% increase in Macro Wholefoods sales and a 20% increase in Select sales. Macro is now our fastest growing segment
- ✓ In many instances, own brand innovations are reinvigorating category growth. For example Select Pizzas
- ✓ Sales increases are being achieved through quality enhancements (utilisation of the Woolworths Sensory Kitchen), improved design and packaging, as well as improved pricing and space allocation

5. **Shopping Tailored for Our Customers**

- ✓ 1.5 million customers have downloaded the original Woolworths Smartphone app
- ✓ Upgraded mobile app was launched two weeks ago, which now connects to online shopping, with 500,000 downloads so far
- ✓ A virtual shopping wall was trialled in Sydney and Melbourne last week with great potential for further applications
- ✓ The new online shopping platform was launched in November 2011 and has enhanced features and benefits including predictive searching, favourites list, multi-buy offers and "have you forgotten" prompts
- ✓ A "Click then Collect" trial has commenced

Liquor

Liquor experienced another half of strong growth across all brands, particularly Dan Murphy's and BWS, gaining further market share despite increased competitor activity around the Christmas period and sell price deflation. Group liquor sales (including ALH Group liquor sales) for the first half totalled $3.6 billion (HY11: $3.2 billion).

Liquor – Progress Against Strategic Objectives

1. **Grow Network**

- ✓ We opened 14 Dan Murphy's and 32 BWS stores during the half. Total liquor outlets were 1,302 at the end of HY12
- ✓ The Compass acquisition added 12 hotels to the network. Laundy, subject to regulatory approval, will represent an additional 31 hotels and two bottle shops

2. **Improve Store Formats**
   - ✓ 23 Dan Murphy's are now trading in the new format
   - ✓ We continue to refine space utilisation and develop the customer offer for BWS and Woolworths Liquor
3. **Multi-Option**
   - ✓ Dan Murphy's online experienced a very strong half and is well positioned to be the leading Liquor website in Australia
   - ✓ The Cellarmasters integration is now complete with the business continuing to deliver on available synergies
4. **Grow Own Brand Share**
   - ✓ Own brand is now equivalent to the second largest supplier to the liquor division by value
   - ✓ 100 new own brand lines were launched during the half including alcoholic ginger beer, flavoured ciders, rum and premium bourbon
5. **Vertical Integration**
   - ✓ The first own brand lines managed by Dorrien Estate went into production and are now available for retail sale
   - ✓ Volume growth in Gage Roads of over 70%
   - ✓ We are in the process of transitioning our own brand bottling to our own facilities
6. **Australia's Best Local Pubs**
   - ✓ Our industry leading hotel and gaming charter is underpinning our strong commitment to responsible service
   - ✓ We have completed new systems implementations in hotels, including centralised price and range control, payroll, rostering and time and attendance
   - ✓ Implementation of changes to meet the new Victorian gaming arrangements has commenced
7. **Grow The Best Talent**
   - ✓ We continue to focus heavily on staff training and development to advance responsible service
   - ✓ In August, we announced the retirement of Bruce Mathieson Snr as CEO of ALH and the succession of Bruce Mathieson Jnr in his place

New Zealand Supermarkets

Key Highlights for The Half

- Delivering on transition and integration strategy creating a strong business
- Sales up 3.0%[3], Trading EBIT up 9.2%[3]
- Comparable sales up 4.5%[3]
- Largest retail brand by turnover in New Zealand sustained by growth in market share, customer numbers, basket size and items sold

	HY11 (27 weeks) $NZD	HY12 (27 weeks) $NZD	Change % $NZD
Sales ($ million)	2,795	2,879	3.0%
Gross Margin (%)	22.41	23.02	61 bps
Cost of Doing Business (%)[2]	17.44	17.75	31 bps
EBIT to sales (%)	4.97	5.27	30 bps
Trading EBIT ($ million)	138.9	151.7	9.2%
Less intercompany charges ($ million)	(4.6)	(2.6)	(43.5)%
Reported EBIT ($ million)	134.3	149.1	11.0%
Funds Employed ($ million)	3,211.8	3,364.7	4.8%

New Zealand Supermarkets Results

New Zealand Supermarkets achieved sales of NZ$2.9 billion for the half year, an increase of 3.0%[3] (2.8% increase in AUD). Comparable sales grew 4.5%[3] for the first half (HY 2011: 3.5%[3]). Stores closed due to the Christchurch earthquake and the petrol sites transferred back to Gull have been excluded from comparable sales. The food price index inflation for the half year was 1.7% (HY 2011: 0.6%).

This is a commendable result achieved in an economic environment that remains challenging. We have continued to grow market share, customer numbers, items sold and basket size. This reflects the success of the conversion of stores to the value positioned Countdown brand, which was completed just before Christmas when the last two Woolworths and Foodtown stores were converted to the Countdown brand. A single brand has enhanced marketing and promotional activity and reinvestment in price has continued to enhance the value proposition.

We opened three new stores and re-opened one earthquake damaged store during the half year, bringing total New Zealand Supermarkets to 158 excluding franchisees. One Countdown and one franchise store remain closed as a result of the 2011 Christchurch earthquakes.

Trading EBIT increased 9.2%[3], with EBIT margin up 30 bps. This result, achieved in continued challenging circumstances, is underpinned by the successful execution of the turnaround strategy and the shift to a single brand. It shows the success of the cross-leveraging and scale synergies with Australian Supermarkets including supply chain integration, customer analytics driving store tailoring and range selection and direct global sourcing.

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[2] Excludes intercompany charges
[3] Quoted in NZD

Gross Margin improved by 61 bps as we continue to capitalise on the benefits of merchandising, point of sale and replenishment core support systems, further improvements in shrinkage, on shelf availability, speed to market with new lines, and own brand.

CODB increased by 31 bps reflecting commissioning and transition costs for the new National DC and increased insurance premiums following the recent Christchurch earthquakes. Excluding these costs, CODB decreased 3 bps.

Funds Employed reflects continued investment in new stores, refurbishments and the new National DC that became operational in June 2011, offset by depreciation.

New Zealand Supermarkets – Progress Against Strategic Objectives

1. **Single brand**
   - ✓ All stores now rebranded as Countdown

2. **Grow Countdown network**
   - ✓ Two new stores opened in January 2012 including the first Countdown Metro store in the Auckland CBD

3. **Larger, modern format stores**
   - ✓ Replacement, extension and refurbishment program continues providing customers with an improved value offer

4. **Multi-option**
   - ✓ Continued high online sales growth. Leveraging Onecard loyalty card, targeted email and direct marketing, my specials, my mailer, facebook, YouTube, Countdown website

5. **Grow franchise network**
   - ✓ Opened first FreshChoice franchise store in Auckland in the new format and brand package. We will continue to grow the franchise network

6. **Grow market share**
   - ✓ Sustained growth in market share over last 2½ years in both dollars and units sold

7. **Supply chain**
   - ✓ Successful commissioning of the National DC in South Auckland, providing growth in range and distribution effectiveness

BIG W

Key Highlights for The Half

- **Price leadership** Customers responded positively to the "Get it for Less" marketing campaign, reinforcing the message that BIG W continues to provide customers with the opportunity to Win on Value Everyday
- **Multi-option** Extended our leadership with exceptional online sales growth, pleasing results from Daily Deals as well as the launch of the BIG W iPhone application
- **Well controlled costs** with CODB dollars for comparable stores remaining flat when compared to the prior year
- **Market share gains** Overall sales results would indicate BIG W has improved its market share during the key Christmas trading period

	HY11 (27 weeks)	**HY12 (27 weeks)**	**Change %**
Sales ($ million)	2,392	2,362	(1.3)%
Gross margin (%)	29.52	30.37	85 bps
Cost of Doing Business (%)	24.29	25.31	102 bps
EBIT to sales (%)	5.23	5.06	(17) bps
EBIT ($ million)	125.0	119.6	(4.3)%
Funds Employed ($ million)	717.8	734.1	2.3%

BIG W Results

BIG W sales for the half year were $2.4 billion representing a decrease of 1.3%. Sales for the second quarter were $1.3 billion (Q2 2011: $1.3 billion). Comparable sales decreased 2.8% for the first half (HY 2011: decreased 4.2%) and decreased 1.7% for the second quarter (Q2 2011: decreased 4.5%).

Customer numbers and items sold increased during the second quarter. Price deflation continued, averaging 5% during the first half. Deflation was most evident in Home Entertainment and Toys.

Trading over the Christmas period was pleasing with positive customer and unit growth in December offset by deflation resulting in lower average basket sizes. Strong results were achieved in DVDs, Books, Toys, Sporting and Footwear whilst cooler weather in December had a modest effect on apparel and outdoor categories.

EBIT decreased 4.3% to $119.6 million, however the result for the second quarter was particularly pleasing with positive EBIT growth when compared to the prior year. The result reflects strong performance from our Toys and Sporting, Office, Menswear and Footwear departments.

The increase in Gross Margin of 85 bps reflects the benefits of strong inventory management, improved buying, sales mix and stronger control of promotional activity. Global sourcing volumes continue to grow and represent an opportunity to strengthen BIG W's price leadership position, whilst maintaining gross margins.

Strong cost control resulted in CODB dollars for comparable stores remaining consistent with the prior year, despite inflationary pressure on costs. Lower sales in the half and the investment in new stores and multi-option has resulted in a 102 bps increase in CODB.

The increase in funds employed of 2.3% reflects continued investment in the BIG W business to build a platform for long term growth. Key investments include: new stores and refurbishments, supply chain systems, multi-option, the optical offer, a DC at Hoxton Park and stronger merchandise planning capabilities.

Inventory levels at the end of the half year were up 3%, primarily driven by five additional stores. Average inventory decreased by 1.6 days excluding incremental imported inventory (remained flat including incremental imported inventory).

BIG W – Progress Against Strategic Objectives

1. **Win on Value Everyday**
   - ✓ Successful launch of new brands evolving merchandise categories across our business
   - ✓ "Get it for Less" marketing campaign launch was well received by customers reinforcing BIG W's price leadership position
   - ✓ Successful launch of BIG W's Smart Value range to appeal to price conscious shoppers

2. **Continue to Grow Store Footprint**
   - ✓ Delivered four new stores in the half with a further three to open in the second half
   - ✓ Strong property pipeline to deliver up to 35 stores in the next five years
   - ✓ 69% of stores now have the new livery

3. **Lead in Multi-Option**
   - ✓ Extended leadership with exceptional online sales growth – sales for the half were double the prior year
   - ✓ Mobile shopping App to be fully transactional prior to Christmas
   - ✓ Daily deals site launched

4. **Exploit Benefits of Supply Chain Overhaul**
   - ✓ DC in Hoxton Park about to go operational
   - ✓ Continued investment in enhanced supply chain systems

5. **Step Up Global Sourcing**
   - ✓ 85 bps increase in gross margin influenced by increase in global sourcing volumes

HOTELS

Key Highlights for The Half

- **A solid operating performance** combined with strategic expansion of our hotel portfolio
- **Continued focus** on improving all aspects of the business, in particular the food and bar offers
- **Acquired** 12 hotels in Western Australia from the receivers of the Compass Group
- **Implemented** new central on premise price and range control system, plus a new integrated payroll, rostering and time and attendance system

	HY11 (27 weeks)	HY12 (27 weeks)	Change %
Sales ($ million)	612	636	3.9%
Gross margin (%)	81.60	81.47	(13) bps
Cost of Doing Business (%)	63.32	63.20	(12) bps
EBIT to sales (%)	18.28	18.27	(1) bps
EBIT ($ million)	111.9	116.2	3.8%

Our Hotel business continues to perform well, reflecting the overall quality of our management team and venue portfolio. The Hotel business is a key enabler of Dan Murphy's and BWS, with 56 Dan Murphy's stores on hotel sites and 453 BWS stores affiliated with hotels. Growth in hotels will continue to be delivered organically through continued improvements in food and entertainment offers combined with bolt on acquisitions. Responsible service of alcohol and gaming remains a continued focus.

Hotel sales for the half year were $636 million, an increase of 3.9% over last year. Comparable sales increased by 2.9% for the half year (HY 2011: 3.4%). Gaming comparable sales increased 1.3% for the half year (HY 2011: 2.3%). This result reflects the strong sales across both food and bar offerings.

Late in the second quarter, 12 hotels located in Western Australia were acquired from the receivers of the Compass Group, with integration of operations fully completed in February. In addition, during the half year, two hotels were re-opened after undergoing full renovations, and one hotel and one club business were disposed, with total venues now numbering 294.

EBIT increased 3.8% to $116.2 million. There continues to be a change in sales mix towards food resulting in lower gross margins with higher sales and good cost control assisting the CODB%. CODB includes acquisition costs relating to the hotel acquisitions from the Compass Group.

Implementation of the changes in our Hotels to meet the new Victorian gaming arrangements for 2013 have commenced. These arrangements, whilst reducing overall electronic gaming machine numbers, will be beneficial for our Hotel business.

HOME IMPROVEMENT

We continue to make good progress on our Home Improvement business Joint Venture with Lowe's. Home Improvement sales increased 16.4% to $412 million for the first half and increased 26.6% to $224 million for the second quarter.

Key Highlights include

- Our first Masters store commenced trade during September 2011, with seven stores open at the end of the half and a further eight are planned to open before the end of the financial year. Customer feedback has been very positive in relation to the new home improvement offering and trade is progressing well.
- Of the 150 sites we plan to secure over 5 years, there are over 100 sites in the pipeline. At the end of the half, there were a further 18 stores under construction.
- Our DC in Hoppers Crossing Victoria is successfully supporting the Masters store network and has the capacity to service at least 40 trading stores. Our DC in Hoxton Park New South Wales is planned to commence operations in the first quarter of FY13 and will provide additional support to the network and provide freight savings across the group
- Our multi-option project is well underway, with a fully transactional website to be launched in 2012.
- We successfully acquired Tait Timber and Hardware in November 2011 to further build the Danks Retail business. This acquisition comprised two hardware stores in Melbourne in the suburbs of Tooronga and Somerville.

CONSUMER ELECTRONICS (INDIA)

Our business venture with TATA in India now services 72 retail stores operating under the Croma brand, and has produced sales of $193 million for the half year compared to $177 million for HY11 - an increase of 9.0%. The business is performing well, with EBIT increasing to $2.7 million for the half year, compared to $2.3 million for HY11. As part of this venture Woolworths Limited provides buying, wholesale, supply chain and general consulting services to TATA.

DISCONTINUED OPERATIONS
CONSUMER ELECTRONICS (AUSTRALIA and NZ)

Following an accelerated strategic review, Woolworths announced on 31 January 2012 that the Dick Smith business will be restructured and divested as a going concern in a staged and managed process. That process is now underway and a number of potential purchasers have expressed interest. As a result of the pending divestment, Consumer Electronics (Australia and New Zealand) has been disclosed as a discontinued operation. A restructuring provision of $300 million before tax is included in the HY12 result.

	HY11 (27 weeks)	HY12 (27 weeks)	Change %
Sales ($ million)	868	873	0.6%
EBIT ($ million)	20.0	19.5	(2.5)%
EBIT after restructuring provision ($ million)	20.0	(280.5)	n.m

Consumer Electronics Australia sales increased 0.7% for the half year. Comparable store sales increased 2.4% for the half year (HY 2011: 4.1%). Second quarter sales were pleasing given that Consumer Electronics continues to be impacted by the current retail trading environment, price competition across the sector and price deflation in key products. The new format stores, which are now 74% of the total store network also continue to outperform older format stores and achieved sales growth of 8.7%. These stores delivered strong comparable sales growth of 5.2% for the second quarter.

Consumer Electronics New Zealand sales increased 2.2%[4] for the half year and comparable store sales increased 6.5%[4] for the half year (HY 2011: decreased 5.0%[4]). This is a particularly strong result given that New Zealand continues to face a very challenging macroeconomic environment and significant price deflation in key categories.

Our Consumer Electronics multi-option offer in Australia and New Zealand continues to display strong growth in customers and sales.

[4] Sales growth for Consumer Electronics New Zealand are quoted in NZD

OVERHEADS, EXPENSES & BALANCE SHEET

Central Overheads (including Home Improvement and Consumer Electronics India)
Central overheads have increased $42.6 million to $89.3 million for the half-year. This increase has been driven by the commencement of operations in Masters, with the first seven stores having opened during the period. Corporate costs, also included in central overheads, were well controlled.

Balance Sheet and Cash Flow Statement
Our cash flow and balance sheet remain strong.

Cash generated by operating activities before interest and tax was $2,315.5 million. This has been impacted as expected by key strategic initiatives which include the growth in our Home Improvement business (primarily the net investment in inventory as we open Masters stores) and the impact of additional sourcing from overseas. Further, cash flows were impacted due to differences in the timing of payments (primarily normal company superannuation contributions) and the collection of receivables. The impact of these items has the effect of reducing cash generated by operating activities before interest and tax by 5.1% on the previous year. Excluding the impact of these items cash flow from operating activities would have increased 2.4% from HY11.

Net interest paid of $187.7 million has increased as expected from the prior half year from $151.5 million, as a result of higher debt levels, reflecting the impact of the share buy back undertaken in the prior year and increased property development activity.

Tax payments are up $32.6 million. This reflects a lower instalment rate in the prior year due to the one off impact of R&D claims and the investment allowance incentives.

Key balance sheet movements for the continuing operations of the Group relative to the prior half year are explained as follows:

- **Inventory balances** increased 14.4%, driven by the opening of our first Masters stores, the acquisition of Cellarmasters, the increased store network (in particular, an additional 32 supermarkets), additional sourcing from overseas and incremental liquor inventory from new DC infrastructure. Excluding the impact of Masters, Cellarmasters, incremental indent and incremental liquor inventory, average inventory days are 30.8 days, down from 31.4 days at HY11.
- **Accounts payable** balances increased by 6.4%, reflecting purchasing for the Masters business, the acquisition of Cellarmasters and general business growth.
- **Receivables are** up 15.7%, primarily reflecting the change to the timing of collections and the acquisition of Cellarmasters. Excluding the impact of these, receivables increased 3.2%.
- **Fixed assets and investments** increased by $1,260.2 million to $9,423.6 million, primarily reflecting ongoing capital expenditure offset by depreciation.
- **Intangibles** increased $304.2 million to $5,206.5 million, reflecting goodwill and other intangibles related mainly to the acquisition of Cellarmasters, the Compass Group hotels and Home Improvement retail outlets.
- **Net repayable debt** (which includes cash, borrowings, financial assets and liabilities) has increased by $657.2 million to $4,130.3 million reflecting increased borrowings to fund capital expenditure and the FY11 share buy backs.
- **ROFE** was 15.4%, down 164 bps. The decrease reflects investment in the start up phase of the Masters business and the acquisition of Cellarmasters. Excluding the impact of these, ROFE decreased 33 bps. ROFE is being adversely impacted by the property development activity being undertaken by the group. However, this activity has facilitated the ongoing store roll out across the group. As Woolworths is not a long term holder of substantial property assets, as previously stated these assets will be sold progressively as market opportunities present themselves.

CAPITAL MANAGEMENT

Objectives

Woolworths sets its capital structure with the objective of enhancing long term shareholder value through optimising its weighted average cost of capital while retaining flexibility to pursue growth and undertake capital management initiatives. Consistent with this objective, Woolworths has targeted, achieved and maintained its strong credit ratings of A- from Standard and Poor's and A3 from Moody's Investor Services.

Capital Returns

Woolworths will seek to return capital to shareholders when that is consistent with its capital structuring objectives and where it will enhance shareholder value. Since July 2001, over $11.0 billion has been returned to shareholders through dividends (including the interim dividend for the half year ended 1 January 2012) and on-market and off-market share buy backs.

There will be no share buy back activity in 2012 given the subdued trading environment.

The payment of the October 2011 and April 2012 dividends will result in $651 million in franking credits having been returned to shareholders. Woolworths expects that after these events, there will be approximately $1.4 billion of franking credits available for future distribution.

Financing Transactions

In October 2011, Woolworths executed a A$1.2 billion syndicated revolving bank loan facility comprised of two tranches, three years (A$580 million) and five years (A$620 million). Shortly thereafter, two existing syndicated bank loan facilities of A$800 million and US$700 million, maturing in April and May 2012 respectively, were terminated.

In November 2011, Woolworths issued A$700 million in hybrid notes having a 25 year maturity with a non-call period of five years.

Maturities during the half included A$600 million in perpetual hybrid notes which were redeemed at the expiry of the five year non-call period in September 2011 and US$300 million in US 144A notes (hedged at A$410 million) in November 2011.

There are no maturities of debt in the immediate term. As at the end of the half year, Woolworths had $3.5 billion in undrawn bank loan facilities.

Note: The credit ratings referred to in this document have been issued by a credit rating agency which holds an Australian Financial Services Licence with an authorisation to issue credit ratings to wholesale clients only. The credit ratings in this document are published for the benefit of Woolworths Debt Providers.

Property Sales Program

Woolworths has a history of developing Marketplace style retail centres through its property development arm. Woolworths increased its involvement in the development of sites using its own balance sheet due to the significant decline in third party property development. This has resulted in Woolworths' ownership of a larger (than historical) portfolio of retail centres. Woolworths is generally not a long-term holder of property assets and continues its strategy of divesting property as appropriate market opportunities arise. Total proceeds from the disposal of property for the 2012 half year were approximately $71 million. For FY12, Woolworths is targeting sales of up to $200 million subject to market conditions.

Defined plans to continue space roll out

Space roll out is supported by detailed plans for the next 3-5 years identifying specific sites.

	Gross store openings in HY12	Target
Australian Supermarkets	25	15-25 new Supermarkets per annum and 3%+ space growth. In FY12, we plan to open 39 Supermarkets and will achieve approximately 4% space growth
NZ Supermarkets	4[5]	3-5 new Supermarkets per annum
Dan Murphy's	14	Plans to open 10 - 15 new stores per annum targeting over 200 stores
BWS	32	Plans to open 6 - 10 stores (net) per annum
Petrol	10	Will grow supporting the Supermarket rollout strategy
BIG W	4	4 - 7 stores per annum
Hotels (ALH Group)	14[6]	Acquire selectively as appropriate opportunities arise
Home Improvement	9[7]	Planning to secure 150 Masters sites in 5 years (from announcement of JV). Plan to open 15 - 20 Masters stores per year

[5] Includes re-opening of one earthquake impacted store

[6] 12 hotels located in Western Australia were acquired from the receivers of the Compass Group

[7] Seven Masters stores opened and acquisition of two Danks stores from Tait Timber and Hardware

OUTLOOK

We anticipate trading will continue to be subdued over the remainder of the year as a result of the prevailing external conditions.

As noted previously, Woolworths plans for future growth, through expansion into the circa $40 billion Home Improvement market. We anticipate start up costs for Masters in FY12 of up to $100 million (before tax and non-controlling minority interests). The amount of the start up costs is dependent upon a range of factors, particularly the pace of our new store roll out.

Woolworths is well positioned in all its market segments and has a strong and sustainable business model geared towards the less discretionary retail segments. Therefore, we continue to expect growth of Net Profit after Tax, excluding the $300 million restructuring provision for Consumer Electronics, to be in the range of 2% – 6% in FY12, subject to the uncertainty in prevailing external conditions.

- ENDS -

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Profit and Loss for the 27 weeks ended 1 January 2012

	HY11 (27 weeks) ($m)	HY12 (27 weeks) ($m)	Change
GROUP SALES			
Sales – Continuing Operations			
Australian Food and Liquor	18,772	19,571	4.3%
New Zealand Supermarkets	2,183	2,244	2.8%
Petrol	2,945	3,434	16.6%
Supermarket Division	**23,900**	**25,249**	**5.6%**
BIG W	**2,392**	**2,362**	**(1.3)%**
Consumer Electronics – India	**177**	**193**	**9.0%**
Hotels	**612**	**636**	**3.9%**
Home Improvement	**354**	**412**	**16.4%**
Group Sales – Continuing Operations	**27,435**	**28,852**	**5.2%**
Group Sales – Continuing Operations (excluding Petrol)	**24,490**	**25,418**	**3.8%**
Sales – Discontinued Operations			
Consumer Electronics – Australia and New Zealand	868	873	0.6%
Group Sales – Discontinued Operations	**868**	**873**	**0.6%**
Total Group Sales	**28,303**	**29,725**	**5.0%**
Total Group Sales (excluding Petrol)	**25,358**	**26,291**	**3.7%**
MARGINS – Continuing Operations			
Gross Profit	26.04%	26.19%	15 bps
Cost of Doing Business	19.60%	19.86%	26 bps
EBIT to sales	6.44%	6.33%	(11) bps
GROUP PROFIT			
Continuing Operations			
Earnings before interest, tax, depreciation amortisation and rent (EBITDAR)	2,943.0	3,077.0	4.6%
Rent	(750.5)	(794.5)	5.9%
Earnings before interest, tax, depreciation & amortisation (EBITDA) from continuing operations	**2,192.5**	**2,282.5**	**4.1%**
Depreciation and amortisation	(425.5)	(456.6)	7.3%
Earnings before interest & tax (EBIT) from continuing operations	**1,767.0**	**1,825.9**	**3.3%**
Net financial expenses [1]	(132.0)	(151.4)	14.7%
Income tax expense	(473.5)	(482.1)	1.8%
Net profit after income tax from continuing operations	**1,161.5**	**1,192.4**	**2.7%**
Non-controlling interests	(13.9)	(8.1)	41.7%
Total profit from continuing operations after tax and non-controlling interests	**1,147.6**	**1,184.3**	**3.2%**
Discontinued Operations			
Profit after income tax from discontinued operations before Consumer Electronics Provision [2]	**14.1**	**13.8**	**(2.1)%**
Group net profit after income tax and non-controlling interests before Consumer Electronics Provision	**1,161.7**	**1,198.1**	**3.1%**
Consumer Electronics Provision after income tax	-	(231.2)	n.m
Group net profit after income tax, non-controlling interests and Consumer Electronics Provision	**1,161.7**	**966.9**	**(16.8)%**

[1] Breakdown of net financing costs

Interest expense	(161.0)	(198.2)	23.1%
Less Interest Capitalised	22.5	43.5	93.3%
Net Interest expense	(138.5)	(154.7)	11.7%
Dividend Income	5.3	3.2	(39.6)%
Foreign Exchange Gain	1.2	0.1	(91.7)%
Net financing costs	**(132.0)**	**(151.4)**	**14.7%**

[2] Discontinued operations represent the Consumer Electronics Australia and New Zealand businesses

Group Balance Sheet as at 1 January 2012

	HY11 2 January 2011 ($m)	PRO-FORMA HY11 2 January 2011 ($m)	HY12 1 January 2012 ($m)	HY11 / HY12 Change	HY11 (PRO-FORMA) / HY12 Change
Funds Employed – Continuing Operations					
Inventory	3,989.6	3,592.5	4,111.5	3.1%	14.4%
Trade Payables	(4,917.8)	(4,753.1)	(5,057.4)	2.8%	6.4%
Net Investment in Inventory – Continuing Operations	**(928.2)**	**(1,160.6)**	**(945.9)**	**1.9%**	**(18.5)%**
Receivables	1,106.8	1,062.6	1,229.0	11.0%	15.7%
Other Creditors	(2,567.5)	(2,498.9)	(2,667.9)	3.9%	6.8%
Working Capital – Continuing Operations	**(2,388.9)**	**(2,596.9)**	**(2,384.8)**	**(0.2)%**	**(8.2%)%**
Fixed Assets and Investments	8,296.8	8,163.4	9,423.7	13.6%	15.4%
Intangibles	4,975.0	4,902.3	5,206.5	4.7%	6.2%
Total Funds Employed – Continuing Operations	**10,882.9**	**10,468.8**	**12,245.4**	**12.5%**	**17.0%**
Net Tax Balances	238.6	227.8	344.1	44.2%	51.0%
Net Assets Employed – Continuing Operations	**11,121.5**	**10,696.6**	**12,589.5**	**13.2%**	**17.7%**
Net Repayable Debt	(3,475.9)	(3,473.1)	(4,130.2)	18.8%	18.9%
Other Financial Liabilities (Lowe's Put Option)	(151.7)	(151.7)	(365.9)	141.2%	141.2%
Net Assets – Continuing Operations	**7,493.9**	**7,071.8**	**8,093.4**	**8.0%**	**14.4%**
Net Assets – Discontinued Operations					
Assets classified as held for sale	-	653.9	458.5	n.m.	(29.9)%
Liabilities associated with assets classified as held for sale	-	(231.8)	(324.7)	n.m.	40.1%
Net Assets – Discontinued Operations	**-**	**422.1**	**133.8**	**n.m.**	**(68.3)%**
Total Net Assets	**7,493.9**	**7,493.9**	**8,227.2**	**9.8%**	**9.8%**
Shareholders Equity	7,237.1	7,237.1	7,964.9	10.1%	10.1%
Non-controlling interests	256.8	256.8	262.3	2.1%	2.1%
Total Equity	**7,493.9**	**7,493.9**	**8,227.2**	**9.8%**	**9.8%**
Key Ratios - Continuing Operations					
Average Inventory Days (Based On COGS)		31.4	32.6		
Creditor Days (Based On Sales)		51.6	50.6		
Return on Funds Employed (ROFE)		17.09%	15.45%		

Group Cash Flow for the 27 weeks ended 1 January 2012

	HY11 (27 weeks) ($m)	HY12 (27 weeks) ($m)	Change
EBITDA – Total Group (excluding Consumer Electronics provision)	**2,227.3**	**2,314.2**	**3.9%**
Net (increase) in net investment in Masters inventory	-	(42.6)	
Net decrease / (increase) in investment in overseas indent inventory	13.5	(20.1)	
Net (increase) in ongoing inventory	(548.7)	(683.3)	
Net increase in ongoing creditors	723.8	818.5	
Net (increase) in receivables[8]	(107.4)	(177.2)	
Net increase in superannuation accruals[9]	47.0	8.6	
Net change in other working capital and non cash[10]	84.9	97.4	
Cash from Operating Activities before interest and tax	**2,440.4**	**2,315.5**	(5.1)%
Net interest paid (including cost of income notes)[11]	(151.5)	(187.7)	
Tax paid[12]	(423.1)	(455.7)	
Total Cash provided by Operating Activities	**1,865.8**	**1,672.1**	(10.4)%
Payments for the purchase of businesses – other[13]	(113.4)	(128.8)	
(Advances)/repayments related to property development	(20.2)	3.2	
Payments for the purchase of investments	-	(0.6)	
Payments for property, plant and equipment – property development	(391.2)	(650.6)	
Payments for property, plant and equipment – other	(628.8)	(612.5)	
Proceeds on disposal of property, plant and equipment[14]	68.4	72.9	
Dividends received	5.3	3.2	
Total Cash used in Investing Activities	**(1,079.9)**	**(1,313.2)**	
Lowe's cash contributions (Home Improvement)	74.6	121.0	
Free Cash Flow	**860.5**	**479.9**	
Proceeds from share issues / other	92.4	117.2	
Dividends paid	(662.4)	(688.7)	
Free Cash Flow after dividends and share issues	**290.5**	**(91.6)**	

[8] Receivables increased at HY12 reflecting changes to the timing of receivables collection, growth in our Home Improvement business and the acquisition of Cellarmasters.

[9] Cash payments for company superannuation contributions vary between HY11 and HY12.

[10] Key non-cash items include share based payments expense and the gain / loss on sale of property, plant and equipment.

[11] Interest paid reflects expected higher average debt levels in HY12 to fund the FY11 share buy-back and increased property development expenditure.

[12] Tax payments increased reflecting a higher instalment rate compared to the prior year. The prior year contained advantages relating to R&D claims and investment allowance incentives.

[13] Other purchases of businesses in HY12 relate to the acquisition of hotels from the Compass Group, Tait Timber and Hardware and various individual hotel / store acquisitions.

[14] Proceeds from the disposal of property, plant and equipment primarily represent proceeds from the sale of Australian development properties.

Appendix 1

Five Year Store and Trading Area Analysis					
Half Year Ended 1 January 2012	**2012**	**2011**	**2010**	**2009**	**2008**
	HALF	**FULL**	**FULL**	**FULL**	**FULL**
STORES (number)	**YEAR**	**YEAR**	**YEAR**	**YEAR**	**YEAR**
NSW & ACT	260	255	248	241	234
QLD	202	194	189	186	177
VIC	211	203	200	192	187
SA & NT	78	76	74	72	72
WA	83	83	83	82	81
TAS	30	29	29	29	29
Supermarkets in Australia [1]	864	840	823	802	780
New Zealand Supermarkets (includes franchise)[2]	158	156	152	149	149
Total Supermarkets	1,022	996	975	951	929
Thomas Dux	11	11	11	3	1
Freestanding Liquor (incl. Dan Murphy)	322	305	281	256	233
ALH Retail Liquor Outlets	509	488	480	463	434
Caltex/WOW Petrol	132	132	132	133	133
Woolworths Petrol – Australia	459	449	429	409	389
Woolworths Petrol/Convenience – New Zealand	-	-	22	22	22
Total Supermarket Division	**2,455**	**2,381**	**2,330**	**2,237**	**2,141**
BIG W	169	165	161	156	151
Dick Smith	384	390	394	349	310
Tandy	3	4	22	87	106
Total General Merchandise Division	556	559	577	592	567
Hotels (includes 7 clubs)	294	282	284	280	271
Masters	7	-	-	-	-
Danks (Home Improvement Retail)	21	19	8	-	-
Total Group	**3,333**	**3,241**	**3,199**	**3,109**	**2,979**
Wholesale customer stores					
Dick Smith	2	3	18	35	43
Progressive	52	51	54	53	52
Croma (India CEG)	72	64	50	33	22
Danks (Home Improvement Wholesale)	529	543	581	-	-
Statewide Independent Wholesale	220	220	220	218	216
Total Wholesale customer stores	875	881	**923**	**339**	**333**
Trading Area (sqm)					
Supermarkets Division – Australia [3]	2,280,568	2,202,620	2,127,195	2,037,680	1,945,641
Supermarkets Division – New Zealand [4]	343,574	333,274	325,256	303,889	296,549
General Merchandise Division[5]	1,112,193	1,086,082	1,061,934	1,038,561	989,767

Supermarket Store Movements July 11 - Dec 11	**[1]Australian Supermarkets**	**[2]New Zealand Supermarkets**
New Stores – incremental	25	3
Closures – permanent	-	(1)
Closures – for re-development	(1)	(1)
Openings / Closures – natural disasters	-	1
Net New Stores	**24**	**2**

[3] Australian Supermarkets Division trading area (excluding Petrol and ALH BWS outlets) has increased by 3.54% (HY11: 2.20%)
[4] Excludes Gull and franchise stores.
[5] Excludes Woolworths India.

Appendix 2

ASIC Regulatory Guide 230 Disclosing non-IFRS financial information

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Woolworths is required to make a clear statement about the non-IFRS information included in the Profit Report and Dividend Announcement ('Profit Announcement") for the 27 weeks ended 1 January 2012.

In addition to statutory report amounts, the following non-IFRS measures are used by management and the directors' as the primary measures of assessing financial performance of the Group and individual Segments:

Non-IFRS measures used in describing the Business Performance include:

- Total Group EBITDA, EBIT and NPAT before consumer electronics provision
- EBIT
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)
- Total Trading Result – Continuing Operations or trading EBIT, which represents business segment EBIT before central overheads and the investment in Home Improvement
- Fixed Charges Cover Ratio
- Cost of doing business
- Comparable sales

Non-IFRS measures used in describing Balance Sheet and Cash Flow Statement include:

- Funds employed separated between continuing operations and discontinued operations
- Funds Employed excluding consumer electronics provision
- Cash flow from operating activities before interest and tax
- Free cash flow
- Free cash flow after dividends and share issues
- Pro forma HY 2011 balance sheet, restated to remove balances relating to the Dick Smith business which has been classified as an assets and liabilities held for sale in the HY 2012 balance sheet

The directors consider that these performance measures are appropriate for their purposes and present meaningful information on the underlying drivers of the continuing business after announcing acceleration of the restructure of the specialty Consumer Electronics brand Dick Smith, with a view to divesting this business. Many of the measures used are common practice in the industry within which Woolworths operates.

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

Woolworths Limited

ACN 000 014 675

Interim Financial Report for the Half Year Ended 1 January 2012

This Half Year Financial Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2011 Annual Financial Report and any announcements made to the market during the period.

Woolworths Limited

Interim Financial Report
for the Half Year Ended 1 January 2012

Appendix 4D Additional Information
For the Half Year Ended 1 January 2012

This Half Year Financial Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3.

Current Reporting Period: Half Year ended 1 January 2012 (27 weeks)

Previous Corresponding Period: Half Year ended 2 January 2011 (27 weeks)

Appendix 4D Additional Information
For the Half Year Ended 1 January 2012

Results For Announcement To The Market
For the Half Year Ended 1 January 2012

Revenue and Net Profit/(Loss)

		Percentage Change %		Amount $'M
Revenue from continuing operations	up	5.2	to	29,039.6
Revenue from discontinued operations	up	0.7	to	873.8
Total Group revenue from ordinary activities	**up**	**5.0**	**to**	**29,913.4**
Profit from continuing operations after tax	up	3.2	to	1,184.3
Loss from discontinued operations after tax[1]	down	n.m	to	(217.4)
Profit from ordinary activities after tax attributable to members	**down**	**16.8**	**to**	**966.9**
Net profit attributable to members[1]	**down**	**16.8**	**to**	**966.9**

[1] A restructure provision and impairment loss totalling $300 million before tax was recognised on initial re-classification of the Dick Smith business to a discontinued operation – refer note 10 for further detail. Excluding the impact of this amount, net profit after tax attributable to members was $1,198.1 million, up 3.1%.

Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend	N/A	N/A
Interim dividend	59 cents	59 cents
Record date for determining entitlement to the dividend	Interim Dividend: 23 March 2012	

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

Refer to press release.

Appendix 4D Additional Information
For the Half Year Ended 1 January 2012

I. Details Relating to Dividends (Distributions)

		Date dividend payable	Amount per security ¢
Interim dividend	2012	27 April 2012	59
	2011	29 April 2011	57

Interim dividend (distribution) per security

	Current Period ¢	Previous Corresponding Period ¢
Ordinary securities	59	57
Preference securities	NIL	NIL
Other equity instruments	NIL	NIL

Interim dividend (distribution) on all securities

	Current Period $m	Previous Corresponding Period $m
Ordinary securities	723.9	691.4
Preference securities	-	-
Other equity instruments	-	-
Total	**723.9**	**691.4**

Other disclosures in relation to dividends (distributions)

The interim dividends in respect of ordinary shares for the half years ended 1 January 2012 and 2 January 2011 have not been recognised in this report because they were not declared, determined or publicly recommended as at 1 January 2012 or at 2 January 2011, respectively.

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

Dividend Reinvestment Plans

The dividend reinvestment plan shown below is in operation.

Dividend Reinvestment Plan (DRP)

Under the terms and conditions of the DRP, eligible shareholders may elect to participate in the Plan in respect of all or part of their shareholding, subject to any maximum and/or minimum number of shares to participate in the Plan that the Directors may specify. There is currently no minimum number of shares which a shareholder may designate as participating in the Plan. The maximum number of shares which a shareholder (other than broker's nominees and certain trustees) may designate as participating in the Plan is 20,000.

The last date for receipt of election notices for the dividend reinvestment plan	23 March 2012

II. Net Tangible Assets Per Security

	Current Period ¢ per share	Previous Corresponding Period ¢ per share
Net tangible assets per security	224.8	187.0
Add:		
Brand names, liquor and gaming licences and property development rights	166.4	165.4
Net tangible assets per security adjusted for brand names, licences and property development rights	391.2	352.4

Appendix 4D Additional Information
For the Half Year Ended 1 January 2012

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

Control gained over entities

Name of entity (or group of entities)	NOT APPLICABLE
Date control gained	NOT APPLICABLE

	Current Period $m
Contribution of the controlled entity (or group of entities) to profit/ (loss) after tax from ordinary activities during the period, from the date of gaining control	-

For details of businesses acquired during the half year, refer to note 4.

IV. Details of Associates and Joint Venture Entities

Name of Entity	Ownership Interest		Contribution to net profit	
	Current Period %	Previous Corresponding Period %	Current Period $m	Previous Corresponding Period $m
Associates				
Gage Roads Brewing Co Limited	25%	25%	(0.0)	(0.1)

Appendix 4D Additional Information
For the Half Year Ended 1 January 2012

V. Information on Audit or Review

This half-year report is based on accounts to which one of the following applies.

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

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

NOT APPLICABLE

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

NOT APPLICABLE

Directors' Report

The directors of Woolworths Limited submit herewith the half year financial report of Woolworths Limited and its subsidiaries (the Group) for the half year ended 1 January 2012.

DIRECTORS

Set out below are the names of the Woolworths Limited Directors holding office at any time during the half year ended 1 January 2012 and up to the date of this Report:

Non-Executive Directors

JA Strong	Chairman
JF Astbury	
JR Broadbent	
C Cross	(appointed 30 January 2012)
RS Deane	
CJ Hrdlicka	
LM L'Huillier	(retired 24 November 2011)
IJ Macfarlane	
ADD Mackay	(appointed 30 January 2012)
MJ Ullmer	(appointed 30 January 2012)
RG Waters	

Executive Directors

G O'Brien	Managing Director and Chief Executive Officer
MG Luscombe	Managing Director and Chief Executive Officer (retired 30 September 2011)
TW Pockett	Finance Director

REVIEW AND RESULTS OF OPERATIONS

Refer to press release.

Directors' Report (continued)

Rounding of amounts

The Company is of a kind referred to in Australian Securities and Investments Commission Class Order 98/100, dated 10 July 1998, relating to the "rounding off" of amounts in the Directors' report and Financial Report. In accordance with that Class Order, amounts in the Directors' report and half year financial report have been rounded off to the nearest tenth of a million dollars except where otherwise indicated.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

This Report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001 on 1 March 2012.

James Strong

JAMES STRONG
Chairman

GRANT O'BRIEN
Managing Director and Chief Executive Officer

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Woolworths Limited
1 Woolworths Way
Bella Vista
NSW 2153

1 March 2012

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 1 January 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants

Independent Auditor's Review Report (continued)

Deloitte.

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

We have reviewed the accompanying half-year financial report of Woolworths Limited, which comprises the consolidated balance sheet as at 1 January 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 12 to 29.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 1 January 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Woolworths Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Independent Auditor's Review Report

Deloitte.

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.

Auditor's Independence Declaration

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Woolworths 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 1 January 2012 and of its performance for the half-year 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

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants
Sydney, 1 March 2012

Directors' Declaration

The Directors declare that:

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

(b) in the Directors' opinion, the attached financial statements and notes thereto are in 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
Chairman

GRANT O'BRIEN
Managing Director and Chief Executive Officer

1 March 2012

CONSOLIDATED INCOME STATEMENT

For the half year ended

	Consolidated	
	1-Jan-12	**2-Jan-11**
	$m	**$m**
Continuing Operations		
Revenue from the sale of goods	28,851.7	27,435.2
Other operating revenue	73.6	68.2
Total revenue	**28,925.3**	**27,503.4**
Cost of sales	(21,370.1)	(20,359.2)
Gross profit from continuing operations	**7,555.2**	**7,144.2**
Other revenue	114.3	113.4
Branch expenses	(4,496.8)	(4,248.9)
Administration expenses	(1,346.8)	(1,241.7)
Earnings from continuing operations before interest and tax	**1,825.9**	**1,767.0**
Financial expense	(172.2)	(149.7)
Financial income	20.8	17.7
Net financing costs	**(151.4)**	**(132.0)**
Net profit from continuing operations before income tax expense	**1,674.5**	**1,635.0**
Income tax expense relating to continuing operations	(482.1)	(473.5)
Profit from continuing operations after income tax expense	**1,192.4**	**1,161.5**
Discontinued Operations		
(Loss)/Profit from discontinued operations	(217.4)	14.1
Profit for the period	**975.0**	**1,175.6**
Net profit attributable to:		
Equity holders of the parent entity	966.9	1,161.7
Non-controlling interests	8.1	13.9
Profit for the period	**975.0**	**1,175.6**
Profit attributable to owners of the parent entity relates to:		
Profit from continuing operations	1,184.3	1,147.6
(Loss)/Profit from discontinued operations	(217.4)	14.1
Profit attributable to equity holders of the parent entity	**966.9**	**1,161.7**

CONSOLIDATED INCOME STATEMENT (continued)

For the half year ended	Consolidated	
	1-Jan-12	**2-Jan-11**
	$m	**$m**
Earnings Per Share (EPS) from continuing and discontinued operations		
Basic EPS (cents per share)	79.4	95.2
Diluted EPS (cents per share)	79.1	94.7
Weighted average number of shares used in the calculation of Basic EPS (million)	1,217.8	1,220.3
Earnings Per Share (EPS) from continuing operations		
Basic EPS (cents per share)	97.2	94.0
Diluted EPS (cents per share)	96.8	93.5
Weighted average number of shares used in the calculation of Basic EPS (million)	1,217.8	1,220.3

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended	Consolidated	
	1-Jan-12	2-Jan-11
	$m	$m
Net profit from continuing operations	1,192.4	1,161.5
Net (loss)/profit from discontinued operations	(217.4)	14.1
Profit for the period	**975.0**	**1,175.6**
Other comprehensive income from continuing operations		
Movement in translation of foreign operations taken to equity	(37.7)	(173.8)
Movement in the fair value of investments in equity securities	(9.0)	(3.6)
Movement in the fair value of cash flow hedges	119.3	(472.5)
Transfer cash flow hedges to the income statement	(132.6)	351.7
Tax effect of items recognised directly to equity	9.7	60.9
Other comprehensive income for the period (net of tax) from continuing operations	**(50.3)**	**(237.3)**
Other comprehensive income from discontinued operations		
Movement in translation of foreign operations taken to equity	(0.7)	(3.5)
Movement in the fair value of cash flow hedges	(0.1)	2.0
Tax effect of items recognised directly to equity	-	(0.3)
Other comprehensive income for the period (net of tax) from discontinued operations	**(0.8)**	**(1.8)**
Total comprehensive income from continuing operations	1,142.1	924.2
Total comprehensive income from discontinued operations	(218.2)	12.3
Total comprehensive income for the period	**923.9**	**936.5**
Total comprehensive income from continuing operations attributable to:		
Equity holders of the parent	1,134.0	910.3
Non-controlling interests	8.1	13.9
	1,142.1	**924.2**
Total comprehensive income from discontinued operations attributable to:		
Equity holders of the parent	(218.2)	12.3
	(218.2)	**12.3**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

Income tax on other comprehensive income

From continuing operations For the half year ended 1 Jan 2012	Before tax $m	Tax (expense)/ benefit $m	Net of tax $m
Movement in translation of foreign operations taken to equity	(37.7)	5.5	(32.2)
Movement in the fair value of investments in equity securities	(9.0)	-	(9.0)
Movement in the fair value of cash flow hedges	119.3	(35.7)	83.6
Transfer cash flow hedges to the income statement	(132.6)	39.9	(92.7)
	(60.0)	**9.7**	**(50.3)**

For the half year ended 2 Jan 2011	Before tax $m	Tax (expense)/ benefit $m	Net of tax $m
Movement in translation of foreign operations taken to equity	(173.8)	24.7	(149.1)
Movement in the fair value of investments in equity securities	(3.6)	-	(3.6)
Movement in the fair value of cash flow hedges	(472.5)	141.1	(331.4)
Transfer cash flow hedges to the income statement	351.7	(104.9)	246.8
	(298.2)	**60.9**	**(237.3)**

From discontinued operations For the half year ended 1 Jan 2012	Before tax $m	Tax (expense)/ benefit $m	Net of tax $m
Movement in translation of foreign operations taken to equity	(0.7)	-	(0.7)
Movement in the fair value of cash flow hedges	(0.1)	-	(0.1)
	(0.8)	**-**	**(0.8)**

For the half year ended 2 Jan 2011	Before tax $m	Tax (expense)/ benefit $m	Net of tax $m
Movement in translation of foreign operations taken to equity	(3.5)	(0.3)	(3.8)
Movement in the fair value of cash flow hedges	2.0	-	2.0
	(1.5)	**(0.3)**	**(1.8)**

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

CONSOLIDATED BALANCE SHEET

	Note	1-Jan-12 $m	Consolidated 26-Jun-11 $m	2-Jan-11 $m
Current assets				
Cash		922.7	1,519.6	1,139.5
Trade and other receivables		1,204.5	1,122.2	1,094.9
Inventories		4,111.5	3,736.5	3,989.6
Other financial assets		140.3	120.8	134.8
		6,379.0	**6,499.1**	**6,358.8**
Assets classified as held for sale	10	493.7	93.9	17.4
Total current assets		**6,872.7**	**6,593.0**	**6,376.2**
Non-current assets				
Trade and other receivables		24.5	14.9	11.9
Other financial assets		106.8	119.3	150.7
Property, plant and equipment		9,281.7	8,620.3	8,162.9
Intangibles		5,206.5	5,236.6	4,975.0
Deferred tax assets		584.8	510.4	475.9
Total non-current assets		**15,204.3**	**14,501.5**	**13,776.4**
Total assets		**22,077.0**	**21,094.5**	**20,152.6**
Current liabilities				
Trade and other payables		6,171.0	5,512.8	6,049.3
Borrowings		521.4	1,471.1	869.6
Current tax liabilities		240.7	204.7	237.3
Other financial liabilities		69.6	238.7	38.1
Provisions		867.9	861.0	803.4
		7,870.6	**8,288.3**	**7,997.7**
Liabilities directly associated with assets classified as held for sale	10	324.7	-	-
Total current liabilities		**8,195.3**	**8,288.3**	**7,997.7**
Non-current liabilities				
Borrowings		4,159.1	3,373.8	3,199.5
Other financial liabilities		809.0	915.5	828.9
Provisions		485.9	465.2	438.6
Other		200.5	205.9	194.0
Total non-current liabilities		**5,654.5**	**4,960.4**	**4,661.0**
Total liabilities		**13,849.8**	**13,248.7**	**12,658.7**
Net assets		**8,227.2**	**7,845.8**	**7,493.9**
Equity				
Contributed equity		4,212.6	3,988.6	3,899.1
Shares held in trust		(39.6)	(56.1)	(37.3)
Reserves		(272.2)	(236.8)	(255.4)
Retained profits		4,072.4	3,897.5	3,630.7
		7,973.2	**7,593.2**	**7,237.1**
Amounts recognised directly in equity relating to assets classified as held for sale	10	(8.3)	-	-
Equity attributable to the members of Woolworths Limited		7,964.9	7,593.2	7,237.1
Non-controlling interests		262.3	252.6	256.8
Total equity		**8,227.2**	**7,845.8**	**7,493.9**

The consolidated balance sheet should be read in conjunction with the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 1 January 2012

Consolidated	**Issued Capital**	**Shares held in trust**	**Hedging Reserve**	**Foreign Currency Translation Reserve**	**Remuneration Reserve**	**Asset Revaluation Reserve**	**Equity Instrument Reserve**	**Retained Earnings**	**Equity attributable to members of Woolworths Limited**	**Non-controlling Interests**	**Total**
	$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Balance at 26 June 2011	3,988.6	(56.1)	3.2	(381.2)	220.4	16.4	(95.6)	3,897.5	7,593.2	252.6	7,845.8
Profit after income tax expense	-	-	-	-	-	-	-	966.9	966.9	8.1	975.0
Other comprehensive income for the period (net of tax)	-	-	(9.2)	(32.9)	-	-	(9.0)	-	(51.1)	-	(51.1)
Total comprehensive income for the period (net of tax)	-	-	(9.2)	(32.9)	-	-	(9.0)	966.9	915.8	8.1	923.9
Dividends paid	-	-	-	-	-	-	-	(792.9)	(792.9)	(5.4)	(798.3)
Issue of shares as a result of options exercised under executive share option plans	120.9	-	-	-	-	-	-	-	120.9	-	120.9
Issue of shares as a result of dividend reinvestment plan	104.1	-	-	-	-	-	-	-	104.1	-	104.1
Issue of shares under employee share plan	-	2.7	-	-	-	-	-	-	2.7	-	2.7
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	28.0	28.0
Compensation on share based payments	-	-	-	-	21.2	-	-	-	21.2	-	21.2
Reclassification of non-controlling interests for recognition of financial liability	-	-	-	-	-	-	-	-	-	(21.0)	(21.0)
Shares acquired/(issued) by the Woolworths Employee Share Trust	-	13.8	-	-	(13.8)	-	-	-	-	-	-
Other	(1.0)	-	-	-	-	-	-	0.9	(0.1)	-	(0.1)
Balance at 1 January 2012	**4,212.6**	**(39.6)**	**(6.0)**	**(414.1)**	**227.8**	**16.4**	**(104.6)**	**4,072.4**	**7,964.9**	**262.3**	**8,227.2**

Consolidated	**Issued Capital**	**Shares held in trust**	**Hedging Reserve**	**Foreign Currency Translation Reserve**	**Remuneration Reserve**	**Asset Revaluation Reserve**	**Equity Instrument Reserve**	**Retained Earnings**	**Equity attributable to members of Woolworths Limited**	**Non-controlling Interests**	**Total Equity**
	$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Balance at 28 June 2010	3,784.4	(41.2)	107.6	(262.3)	200.6	16.4	(90.3)	3,855.2	7,570.4	247.3	7,817.7
Profit after income tax expense	-	-	-	-	-	-	-	1,161.7	1,161.7	13.9	1,175.6
Other comprehensive income for the period (net of tax)	-	-	(82.6)	(152.9)	-	-	(3.6)	-	(239.1)	-	(239.1)
Total comprehensive income for the period (net of tax)	-	-	(82.6)	(152.9)	-	-	(3.6)	1,161.7	922.6	13.9	936.5
Dividends paid	-	-	-	-	-	-	-	(766.3)	(766.3)	(4.7)	(771.0)
Issue of shares as a result of options exercised under executive share option plans	96.5	-	-	-	-	-	-	-	96.5	-	96.5
Issue of shares as a result of dividend reinvestment plan	103.9	-	-	-	-	-	-	-	103.9	-	103.9
Issue of shares under employee share plan	-	3.9	-	-	-	-	-	-	3.9	-	3.9
Share buy-back	(84.7)	-	-	-	-	-	-	(621.6)	(706.3)	-	(706.3)
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	74.6	74.6
Compensation on share based payments	-	-	-	-	11.7	-	-	-	11.7	-	11.7
Reclassification of non-controlling interests for recognition of financial liability	-	-	-	-	-	-	-	-	-	(74.3)	(74.3)
Other	(1.0)	-	-	-	-	-	-	1.7	0.7	-	0.7
Balance at 2 January 2011	**3,899.1**	**(37.3)**	**25.0**	**(415.2)**	**212.3**	**16.4**	**(93.9)**	**3,630.7**	**7,237.1**	**256.8**	**7,493.9**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended	1-Jan-12 $m	2-Jan-11 $m
Cash Flows From Operating Activities		
Receipts from customers	32,088.0	30,423.4
Receipts from vendors and tenants	23.6	26.9
Payments to suppliers and employees	(29,796.1)	(28,009.9)
Interest and costs of finance paid	(205.5)	(162.3)
Interest received	17.8	10.8
Income tax paid	(455.7)	(423.1)
Net cash provided by operating activities	**1,672.1**	**1,865.8**
Cash Flows From Investing Activities		
Proceeds from the sale of property, plant and equipment	72.9	68.4
Advances/(repayments) of property related receivables	3.2	(20.2)
Payments for property, plant and equipment – property development	(650.6)	(391.2)
Payments for property, plant and equipment (excl. property development)	(609.1)	(627.4)
Payments for the purchase of investments	(0.6)	-
Payments for the purchase of intangibles	(3.4)	(1.4)
Dividends received	3.2	5.3
Payments for the purchase of businesses	(128.8)	(113.4)
Net cash used in investing activities	**(1,313.2)**	**(1,079.9)**
Cash Flows From Financing Activities		
Proceeds from the issue of equity securities	122.6	97.1
Proceeds from the issue of equity securities in subsidiary to non-controlling interest	121.0	74.6
Payments for share buy back	-	(737.9)
Proceeds from external borrowings	6,327.3	8,397.1
Repayment of external borrowings	(6,817.2)	(7,516.7)
Dividends paid	(688.7)	(662.4)
Dividends paid to non-controlling interests	(5.4)	(4.7)
Net cash used in financing activities	**(940.4)**	**(352.9)**
Net (Decrease)/Increase In Cash Held	(581.5)	433.0
Effect of exchange rate changes on foreign currency held	(0.4)	(6.9)
Cash at the beginning of the financial year	**1,519.6**	**713.4**
Cash at the end of the financial year	**937.7**	**1,139.5**

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the half year ended	1-Jan-12 $m	2-Jan-11 $m
Reconciliation of cash		
Reconciliation of cash at the end of the financial period (as shown in the consolidated statement of cash flows) to the related items in the consolidated balance sheet is as follows:		
Cash at bank and on hand - continuing operations	922.7	1,139.5
Bank overdraft - continuing operations	(1.3)	-
Cash at bank and on hand - discontinued operations	16.3	-
Cash at the end of the financial period	**937.7**	**1,139.5**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Significant accounting policies

Woolworths Limited (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company for the 27 weeks ended 1 January 2012 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity" or "Group").

Statement of compliance

The half year financial report for the 27 weeks ended 1 January 2012 ("Half Year Financial Report") is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The 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 annual financial report of the Consolidated Entity as at and for the 52 weeks ended 26 June 2011 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 was approved by the Board of Directors on 1 March 2012.

Basis of preparation

The half year financial report has been prepared on the basis of historical cost, except for available for sale financial assets, derivative financial instruments, financial assets valued through other comprehensive income and other financial liabilities that are measured at re-valued amounts or fair values.

All amounts are presented in Australian Dollars, unless otherwise noted.

The Company 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 tenth of a million dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted in the Company's annual financial report for the 52 weeks ended 26 June 2011. These accounting policies are consistent with Accounting Standards and with International Financial Reporting Standards.

The following amendments to Australian Accounting Standards have been adopted during the period but do not have a material impact on the group:

- AASB 124 'Related Party Disclosures' and AASB 2009-12 'Amendments to Australian Accounting Standards';
- AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement';
- AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'; and
- AASB 2010-5 'Amendments to Australian Accounting Standards'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Segment Information

The Group has five reportable segments related to continuing operations. The reportable segments were identified on the basis of internal reports on the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance.

These business units offer different products and services and are managed separately because they require different technology and marketing strategies. The Group's reportable segments are as follows:

- **Australian Food and Liquor** – procurement of Food and Liquor and products for resale to customers in Australia
- **New Zealand Supermarkets** – procurement of Food and Liquor and products for resale to customers in New Zealand
- **Petrol** – procurement of petroleum products for resale to customers in Australia
- **BIG W** – procurement of discount general merchandise products for resale to customers in Australia
- **Hotels** – provision of leisure and hospitality services including food and alcohol, accommodation, entertainment and gaming

The Unallocated group consists of the Group's other operating segments that are not separately reportable (including Home Improvement) as well as various support functions including Property and Head office costs.

Discontinued operations represents the Consumer Electronics segment, which is the procurement of electronic products for resale in Australia and New Zealand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Segment Information

	Australian Food & Liquor (1)		New Zealand Supermarkets		Petrol		BIG W		Hotels (2)		Unallocated (3)		Total Continuing Operations		Discontinued Operations (4)		Consolidated	
	2012 $A m	2011 $A m	2012 $A m	2011 $A m	2012 $A m	2011 $A m	2012 $A m	2011 $A m	2012 $A m	2011 $A m	2012 $A m	2011 $A m	2012 $A m	2011 $A m	2012 $A m	2011 $A m	2012 $A m	2011 $A m
Segment disclosures																		
Business segments																		
Sales to customers	19,570.6	18,771.9	2,244.0	2,183.4	3,434.0	2,944.5	2,361.9	2,392.0	635.8	611.9	605.4	531.5	28,851.7	27,435.2	873.4	867.5	29,725.1	28,302.7
Other operating revenue	70.1	62.0	3.5	6.2	-	-	-	-	-	-	-	-	73.6	68.2	-	-	73.6	68.2
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	265.8	192.5	265.8	192.5	0.2	0.3	266.0	192.8
Segment revenue	19,640.7	18,833.9	2,247.5	2,189.6	3,434.0	2,944.5	2,361.9	2,392.0	635.8	611.9	871.2	724.0	29,191.1	27,695.9	873.6	867.8	30,064.7	28,563.7
Eliminations											(265.8)	(192.5)	(265.8)	(192.5)	(0.2)	(0.3)	(266.0)	(192.8)
Unallocated revenue (5)											114.3	113.4	114.3	113.4	0.4	0.5	114.7	113.9
Total revenue	19,640.7	18,833.9	2,247.5	2,189.6	3,434.0	2,944.5	2,361.9	2,392.0	635.8	611.9	719.7	644.9	29,039.6	27,616.8	873.8	868.0	29,913.4	28,484.8
Segment earnings before interest and tax	1,493.5	1,404.8	118.5	108.6	67.4	63.4	119.6	125.0	116.2	111.9	(89.3)	(46.7)	1,825.9	1,767.0	19.5	20.0	1,845.4	1,787.0
Loss on remeasurement to fair value less cost to sell															(300.0)	-	(300.0)	-
Earnings before interest and tax	1,493.5	1,404.8	118.5	108.6	67.4	63.4	119.6	125.0	116.2	111.9	(89.3)	(46.7)	1,825.9	1,767.0	(280.5)	20.0	1,545.4	1,787.0
Net financing cost																	(151.3)	(132.0)
Profit before tax																	1,394.1	1,655.0
Income tax expense																	(419.1)	(479.4)
Profit after tax																	975.0	1,175.6
Segment depreciation and amortisation	274.9	255.9	43.2	37.5	16.9	16.3	42.0	39.0	33.6	36.3	46.0	40.5	456.6	425.5	12.2	14.8	468.8	440.3
Segment other non cash items	12.3	7.1	1.2	1.1	0.3	0.3	2.8	3.7	1.0	0.8	6.1	5.2	23.7	18.2	0.5	(0.7)	24.2	17.5
Capital expenditure (6)	349.7	329.1	96.2	141.1	23.1	26.1	48.3	66.0	124.8	97.2	723.0	425.1	1,365.1	1,084.6	19.3	32.1	1,384.4	1,116.7

(1) Australian Food & Liquor is comprised of supermarket and liquor stores and wholesale food and liquor in Australia.
(2) Hotels is comprised of on-premise liquor sales, food, accommodation, gaming and venue hire.
(3) Unallocated is comprised of corporate head office, the property division, Consumer Electronics India and the Home Improvement division.
(4) Discontinued operations is comprised of Consumer Electronics Australia and New Zealand.
(5) Unallocated revenue is comprised of rent and other revenue from operating activities.
(6) Capital expenditure is property, plant and equipment and intangible asset additions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Significant Transactions

In December 2011, ALH Group Pty Ltd, a 75% owned subsidiary of Woolworths Limited, lodged a submission with the Australian Competition and Consumer Commission (ACCC) for the acquisition of 31 hotels and two bottleshops from the Laundy Hotel Group, Waugh Hotel Group and DeAngelis Group. The acquisition is currently being reviewed by the ACCC.

4 Business Acquisitions

Over the course of the half year, the Consolidated Entity acquired various hotel venues, home improvement retail stores and other businesses. Each acquisition was for 100% of the respective enterprise. Where the acquisition was made through Hydrox Holdings Pty Ltd, Woolworths effective share was 67% in line with its shareholding.

Total consideration paid was $129.1 million. Net assets acquired comprised mainly property, plant and equipment $48.8 million, inventory $5.5 million, liquor and gaming licences $32.4 million and other working capital balances of $4.3 million, with goodwill on acquisition of $38.1 million. Goodwill has arisen on acquisition of these businesses primarily because of their capacity to generate recurring revenue streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Dividends Paid

27 weeks ended	1-Jan-12 $m	26-Jun-11 $m	2-Jan-11 $m
Final dividend in respect of 2011 year of 65 cents (2010: 62 cents) per fully paid ordinary share 100% franked at 30% tax rate (2010: 100%)	792.9	-	766.3
Interim dividend in respect of 2011 year of 57 cents (2010: 53 cents) per fully paid ordinary share 100% franked at 30% tax rate (2010: 100%)	-	691.4	-

On 29 February 2012, the board of directors declared a dividend of 59 cents (2011: 57 cents) per share. The amount that will be paid on 27 April 2012 will be approximately $723.9 million (2011: $691.4 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.

6 Contingent Liabilities

Contingent liabilities at 1 January 2012 were as follows:

	1-Jan-12 $m	2-Jan-11 $m
Bank guarantees[1]	71.7	49.2
Workers compensation self-insurance guarantees[2]	615.4	522.4
Outstanding letters of credit issued to suppliers	14.3	19.0
Other	6.5	-
	707.9	**590.6**

[1]This item comprises guarantees relating to conditions set out in development applications and for the sale of properties in the normal course of business.

[2]State Work Cover authorities require guarantees against workers' compensation self-insurance liabilities. The guarantee is based on independent actuarial advice of the outstanding liability. Guarantees held at each balance date do not equal the liability at these dates due to delays in issuing the guarantees.

No provision has been made in the half year Financial Report in respect of these contingencies, however there is a provision of $501.6 million (2 January 2011: $440.7 million) for self-insured risks, which includes liabilities relating to workers' compensation claims, that has been recognised in the balance sheet at balance date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Goodwill

The intangibles balance in the consolidated balance sheet includes the following movements in goodwill for the half years:

For the half year ended 1 January 2012

	1-Jan-12 $m	2-Jan-11 $m
Carrying amount at start of period	3,227.7	3,078.2
Additions arising from the acquisition of businesses	38.1	25.2
Disposals and transfers	(2.3)	-
Effect of movements in foreign exchange rates	(27.8)	(129.2)
Impairment[1]	(70.6)	-
Carrying amount at end of period	**3,165.1**	**2,974.2**

[1] Relates to the impairment of goodwill in the Consumer Electronics business. Refer to note 10 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Issued Capital

For the half year ended 1 January 2012

	1-Jan-12	2-Jan-11
	$m	$m
Issued and paid up share capital		
1,226,894,810 fully paid ordinary shares		
(2 January 2011: 1,212,888,209)		
Fully paid ordinary shares carry one vote per share and the right to dividends		
Reconciliation of fully paid share capital		
Balance at beginning of period	3,988.6	3,784.4
Issue of shares as a result of options exercised under executive long term incentive plans	120.9	96.5
Issue of shares as a result of the Dividend Reinvestment Plan	104.1	103.9
Adjustment to reflect final proceeds for shares issued under the Employee Share Plan	(1.0)	(1.0)
Shares bought back	-	(84.7)
Balance at end of period	**4,212.6**	**3,899.1**

Reconciliation of fully paid share capital	**No. of shares**	**No. of shares**
Balance at beginning of period	1,216.5	1,231.2
Issue of shares as a result of options exercised under executive long term incentive plans	6.2	5.7
Issue of shares as a result of the Dividend Reinvestment Plan	4.2	3.6
Shares bought back	-	(27.5)
Balance at end of period	**1,226.9**	**1,213.0**

Shares held in trust	**$m**	**$m**
Reconciliation of shares held in trust		
Balance at beginning of period	(56.1)	(41.2)
Issue of shares under the Employee Share Plan	2.7	3.9
Other shares issued by the Woolworths Employee Share Trust	13.8	-
Balance at end of period	**(39.6)**	**(37.3)**

Reconciliation of shares held in trust	**No. of shares**	**No. of shares**
Balance at beginning of period	3.3	3.8
Issue of shares under the Employee Share Plan	(0.2)	(0.4)
Other shares issued by the Woolworths Employee Share Trust	(0.5)	-
Balance at end of period	**2.6**	**3.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Subsequent Events

There have been no events subsequent to the balance date, which would have a material impact on the group's financial statements at 1 January 2012.

10 Assets Held for Sale and Discontinued Operations

Woolworths Limited has announced it will accelerate the restructure of its specialty Consumer Electronics brand Dick Smith, with a view to divesting this business. The Dick Smith Australian and New Zealand operations have been classified as a discontinued operation at 1 January 2012.

A restructure provision and impairment loss totalling $300 million was recognised on initial re-classification of the Dick Smith business to a discontinued operation. In accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations, the amount of this provision was determined by reference to the fair value less costs to sell of the business.

The half year results and cash flows from the discontinued operation are as follows:

	1-Jan-12	2-Jan-11
	$m	$m
Profit/Loss from Discontinued Operations		
Revenue	873.4	867.5
Other revenue	0.4	0.5
Total revenue	**873.8**	**868.0**
Expenses	(854.2)	(848.0)
Profit before income tax	**19.6**	**20.0**
Attributable income tax expense	(5.8)	(5.9)
Profit after tax before loss on re-measurement	**13.8**	**14.1**
Loss on re-measurement to fair value less costs to sell[1]	(300.0)	-
Attributable income tax expense	68.8	-
(Loss)/Profit for the period from discontinued operations	**(217.4)**	**14.1**
Cash Flows from Discontinued Operations		
Net cash inflows from operating activities	30.6	7.7
Net cash outflows from investing activities	(19.3)	(32.0)
Net cash inflows from financing activities[2]	-	-
Net cash inflows/(outflows)	**11.3**	**(24.3)**

[1] Loss on re-measurement to fair value less costs to sell represents an impairment loss for the write-off of goodwill and anticipated restructuring provisions for inventory, property, plant and equipment and certain lease exit costs for the Dick Smith business.

[2] All financing for the Dick Smith business is intercompany in nature and is therefore excluded from financing activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Assets Held for Sale and Discontinued Operations (continued)

The major classes of assets and liabilities of the Dick Smith Australian and New Zealand businesses at the end of the reporting period are as follows:

	1-Jan-12 $m	2-Jan-11 $m
Assets classified as held for sale		
Disposal group held for sale (discontinued operation)		
Cash	16.3	
Trade and other receivables	42.3	
Inventories	312.6	
Property, plant and equipment	78.8	
Deferred tax assets	8.5	
Total disposal group held for sale (discontinued operations)	**458.5**	
Other assets held for sale – property, plant and equipment		
Property, plant and equipment	35.2	17.4
Total other assets held for sale – property, plant and equipment	**35.2**	**17.4**
Total assets classified as held for sale	**493.7**	**17.4**
Liabilities directly associated with assets classified as held for sale		
Disposal group held for sale (discontinued operation)		
Trade and other payables	223.3	
Current tax liabilities	0.1	
Provisions	95.8	
Other liabilities	5.5	
Total liabilities directly associated with assets classified as held for sale	**324.7**	
Total amounts recognised directly in equity associated with assets classified as held for sale	**(8.3)**	