

WOOLWORTHS LIMITED

A.B.N 88 000 014 675

31 January 2007

The Manager, Companies
Australian Stock Exchange Limited
Company Announcements Office
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RE: Woolworths Limited – Listing Rule 3.1

Please find attached the First Half Year Sales Results for the 27 weeks to 31 December 2006.

**For and on behalf of
WOOLWORTHS LIMITED**



**PETER J HORTON
COMPANY SECRETARY**

WOOLWORTHS LIMITED

A.C.N. 000 014 675

NEWS RELEASE NEWS RELEASE

31 January 2007

FIRST HALF YEAR SALES RESULTS FOR THE 27 WEEKS TO 31 DECEMBER 2006

SALES OF \$22.1 BILLION UP 15.9% OR \$3.0 BILLION

“The positive momentum in the business has continued into the second quarter, with strengthened sales results in all divisions delivering both accelerated growth and increased market share.” - Michael Luscombe, CEO and Managing Director

	2006 27 weeks	2007 27 weeks	Increase (%)
Half Year by Division (\$millions)			
Australian Food and Liquor	(1) 13,160	(2) 14,340	9.0
New Zealand Supermarkets	(3) 779	1,989	155.3
Petrol	2,206	2,510	13.8
Supermarket Division	16,145	18,839	16.7
BIG W	1,796	1,934	7.7
Consumer Electronics	641	703	9.7
General Merchandise Division	2,437	2,637	8.2
Hotels	406	(4) 540	33.0
Continuing Operations	18,988	22,016	15.9
Wholesale Division	75	76	1.3
Total First Half Year Sales	19,063	22,092	15.9

Woolworths Chief Executive Officer and Managing Director, Michael Luscombe, today announced half year sales growth of 15.9% from continuing operations. “The positive momentum in the business has continued into the second quarter, with strengthened sales results in all divisions delivering both accelerated growth and increased market share. The December trading period was solid and in line with expectations,” he said. “Supermarkets have performed strongly and we are very pleased with the improved trend in BIG W. The Woolworths management team can be proud that the consistent delivery continues to pay off in increased customer acceptance.”

- (1) Includes the 20 Australian Ex-FAL stores from 2 November 2005.
- (2) Includes the 20 Australian Ex-FAL stores and Taverner retail liquor sales for the full 27 weeks.
- (3) Includes sales revenue from Foodland (NZ) sales from 2 November 2005.
- (4) Includes Taverner Hotel sales for the full 27 weeks. Taverner Hotels acquired 6 February 2006.

AUSTRALIAN FOOD AND LIQUOR

Supermarkets have continued to build on the solid platform provided by range, service, quality and lower prices. Australian Food and Liquor sales for the half year were \$14.3 billion, an increase of 9.0%. Sales for the second quarter were \$7.3 billion, an increase of 8.9% over last year. These increases reflected the contribution from recent acquisitions and strong underlying comparable sales in the Food & Liquor division.

Comparable store sales in Food and Liquor for the second quarter increased 6.4% on last year – a strengthened result over the 1st quarter. (1st quarter: 4.9%, half year: 5.7%). Inflation in the quarter remained at approximately 4.0% consistent with the first quarter, mainly reflecting the short term pressure on produce prices, however this pressure started to ease in the later part of the quarter.

“The growth in our comparable sales results reflects real acceptance from our customers of our comprehensive offer, improved store execution, our on-going investment in lower prices and customer benefits flowing from our new supply chain technologies. The rollback campaign launched in August has been a great success,” said Naum Onikul, Director of Supermarkets.

There were 6 new supermarkets opened during the half year. We also opened 8 new Dan Murphy stores taking the total to 60.

NEW ZEALAND SUPERMARKETS

New Zealand Supermarkets achieved a sales result of \$1.99 billion for the half year, with second quarter sales of \$1.05 billion.

New Zealand comparable sales for the second quarter were 3.8% (1st quarter: flat; half year 1.9%).

In New Zealand, overall food inflation was approximately 1% in the quarter.

“The second quarter saw a return to normal operating levels following the industrial action in September. We remain focused on a number of initiatives that continue to improve our offering to the New Zealand customer in what is a highly competitive market” said Peter Smith, Managing Director New Zealand Supermarkets.

PETROL

Petrol sales for the half, including Woolworths/Caltex Alliance sites, increased by 13.8% to \$2.5 billion, reflecting higher petrol prices and increased volumes in this half compared to last year. Petrol sales in the quarter increased 9.4%.

Petrol comparable sales increased 7.8% during the half, (2nd quarter: 4.5%) with comparable volumes increasing 3.6% in the half (2nd quarter: 6.8%).

During the half year 5 petrol canopies were opened taking total sites to 495, including 132 alliance sites.

BIG W

BIG W sales grew by 7.7% during the half and 8.8% for the second quarter representing a solid start to a year in which discretionary spending continues to be tight.

Comparable store sales in the quarter were 1.1% (1st quarter: flat, half year: 0.6%).

“We were very pleased with a solid December trading period, with strong results from a number of our refreshed categories. This positive trend has continued into January,” said Greg Foran, General Manager BIG W.

Seven BIG W stores were opened during the half year taking total stores in the division to 136.

CONSUMER ELECTRONICS

Consumer Electronics has continued to enjoy solid growth with sales for the half year increasing 9.7% and increasing 10.8% in the second quarter.

Comparable store sales in the second quarter increased by 7.3%, normalised for movements in exchange rates (1st quarter: 6.8%, half year: 7.0%) ⁽⁵⁾.

“Categories at the higher end of the discretionary market improved from the first quarter, with stronger sales in TVs, computer systems and in-car navigation systems, in a very competitive market,” said Alvin Ng, General Manager Dick Smith Electronics.

Eighteen Dick Smith Electronics stores were opened during the half taking total stores to 380. Our business venture with TATA opened its first store in India in October under the Croma brand. This store is performing in line with expectations. As part of this venture Woolworths Limited provides buying, wholesale, supply chain and general consulting services to TATA.

HOTELS

Hotel sales in the half year increased by 33.0% to \$540 million. Sales in the second quarter increased 32.7% to \$268 million. This is another solid result from the Hotel division and reflects good growth in the business and the inclusion of the Taverner group from 6 February 2006.

Overall comparable sales increased by 4.4% in the quarter (1st quarter: 3.0%, half year: 3.7%). Comparable sales continue to reflect the impact of smoking bans in Queensland with comparable gaming sales for the quarter of negative 1.0% (1st quarter: flat,) offset by strong food and bar sales. This solid result, despite the negative gaming sales, shows the well-rounded nature of the hotel business and the success being achieved in the refurbishment and repositioning in the bars, restaurants and accommodation segments of this business.

We remain cautious on the extent of the impact of smoking bans in Queensland over the remainder of the financial year.

A further 5 properties were added to the portfolio in the half taking the total hotels to 255.

⁽⁵⁾ Unadjusted for exchange rate movements comparable store sales for the half year were 5.3%

SALES OUTLOOK AND EARNINGS GUIDANCE FOR THE FULL YEAR

“Woolworths continues to gain value from the solid platform created by continuing to focus on lower costs, lower prices and on-going management emphasis on value and convenience for the customer, right across the organization. Provided current retail trading patterns and the present business, competitive and economic climate continue, we expect sales from continuing operations for the full year to grow in the region of 8% to 12%. We therefore maintain our sales outlook for the full year” said Mr Luscombe.

Earnings guidance for the full year will be provided in conjunction with the half year profit announcement on 27 February 2007.

For further information contact:

Michael Luscombe (CEO and Managing Director)

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Appendix 1

	2006 13 weeks	2007 13 weeks	Increase (%)
<u>Second Quarter by Division</u> (\$million)			
Australian Food and Liquor	(1) 6,691	7,288	8.9
New Zealand Supermarkets	(2) 779	1,056	35.6
Petrol	1,078	1,179	9.4
Supermarket Division	8,548	9,523	11.4
BIG W	1,040	1,131	8.8
Consumer Electronics	351	389	10.8
General Merchandise Division	1,391	1,520	9.3
Hotels	202	268	32.7
Continuing Operations	10,141	11,311	11.5
Wholesale Division	38	38	-
Total Second Quarter Sales	10,179	11,349	11.5
	2006 27 weeks	2007 27 weeks	Increase (%)
<u>Periods</u> (\$million)			
14 Weeks Ended 1 October, 2006	8,884	10,743	20.9
13 Weeks Ended 31 December, 2006	10,179	11,349	11.5
Total Half Year Sales	19,063	22,092	15.9

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

(2) Includes Foodland (NZ) sales from 2 November 2005.

Appendix 2

Woolworths Limited	2007 HALF YEAR	2006 FULL YEAR	2005 FULL YEAR	2004 FULL YEAR	2003 FULL YEAR
STORES (number)					
NSW & ACT	236	238	233	234	228
QLD	162	161	147	143	141
VIC	183	182	183	179	175
SA & NT	70	69	69	63	63
WA	79	79	64	60	58
TAS	27	27	27	29	29
Supermarkets in Australia	757	756	723	708	694
Supermarkets in New Zealand (incl. franchise)	199	198	-	-	-
Total Supermarkets	956	954	723	708	694
Freestanding Liquor (incl. Dan Murphy)	209	204	192	192	164
ALH Retail Liquor Outlets	434	432	382	-	-
Caltex/Woolworths Petrol	132	131	117	44	-
Woolworths Petrol – Australia	363	360	339	315	287
Woolworths Petrol/Convenience – New Zealand	22	22	-	-	-
Total Supermarket Division	2,116	2,103	1,753	1,259	1,145
BIG W	136	129	120	111	104
Dick Smith Electronics	237	223	202	164	153
Dick Smith Powerhouse	20	20	18	18	16
Tandy	123	123	122	148	179
Total General Merchandise Division	516	495	462	441	452
Hotels (incl. 8 clubs)	255	250	169	-	-
Total Group	2,887	2,848	2,384	1,700	1,597
TRADING AREA (sq metres)	(2)	(2)			
Supermarket Division – Australia ⁽¹⁾	1,796,374	1,780,086	1,678,343	1,623,530	1,574,640
Supermarket Division – New Zealand ⁽³⁾	290,817	291,792	-	-	-
General Merchandise Division	885,558	843,316	783,685	731,788	695,338
Total Group	2,972,749	2,915,194	2,462,028	2,355,318	2,269,978

Supermarkets in Australia Store Movements

Jul 06 - Dec 06

New Stores – Incremental	6
Closures – Permanent	(5)
Net New Stores	1

(1) Australian Supermarkets Division trading area (excluding Petrol and ALH retail outlets and including Australian Ex-FAL stores) has increased by:

0.92%

(2) Includes Australian ex-FAL stores

(3) Excludes Gull and franchise stores