

Westfield Group Half-Year Report

Comprising Westfield Holdings Limited and its Controlled Entities for the half-year ended 30 June 2006

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Appendix 4D

Half-Year Report

under ASX listing rule 4.2A.3

Name of stapled entity

WESTFIELD GROUP

Entities that form the stapled entity

Westfield Holdings Limited ("WHL") ABN 66 001 671 496

Westfield Trust ("WT") ARSN 090 849 746

Westfield America Trust ("WAT") ARSN 092 058 449

Current reporting period

6 months ended 30 June 2006

Previous reporting period

6 months ended 30 June 2005

Introduction

This half-year report should be read in conjunction with the annual financial report of the Westfield Group as at 31 December 2005. It is also recommended that the half-year financial report be considered together with any public announcements made by the Westfield Group during the 6 months ended 30 June 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Results for announcement to the market (A\$ million)

	6 months 30 Jun 06	6 months 30 Jun 05		
Revenue and other income* (excluding property revaluation)	1,963.9	1,687.0	up	16.4 %
Property revaluation - consolidated	2,261.9	1,163.2	up	94.5 %
- equity accounted	432.9	58.6	up	638.7 %
Total revenue and other income	4,658.7	2,908.8	up	60.2 %
Profit from ordinary activities after tax expense attributable to stapled security holders of the Westfield Group	3,376.3	1,534.5	up	120.0 %

* Primarily rental revenue and third party property management and development revenue.

Dividends/distributions proposed

	Cents per security	
	WDC Ordinary securities	WDC DRP securities
Stapled dividend/distribution proposed for the six months ended 30 June 2006		
comprising a:		
- dividend in respect of a WHL share	-	-
- distribution in respect of a WT unit ⁽ⁱ⁾	29.17	19.66
- distribution in respect of a WAT unit ⁽ⁱ⁾	25.33	17.07

⁽ⁱ⁾ The aggregate distributions in respect of WT and WAT are expected to be 20% tax advantaged.

Record date for determining entitlements to the half year distribution

5.00 pm 15 August 2006

Commentary and analysis of the results for the period ended 30 June 2006 can be found in the attached Westfield Group media release dated 29 August 2006. This media release forms part of the Appendix 4D.

Amounts in this report shown as 0.0 represent amounts less than \$50,000 that have been rounded.

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

INCOME STATEMENT

for the half-year ended 30 June 2006

	Note	30 Jun 06 \$million	30 Jun 05 \$million
Revenue and other income			
Property revenue	3	1,688.9	1,437.0
Property revaluation		2,261.9	1,163.2
Property development and project management revenue		124.1	114.3
Property and funds management income		25.0	22.1
		4,099.9	2,736.6
Share of after tax profits of equity accounted entities			
Property revenue		196.2	264.8
Property revaluation		432.9	58.6
Property expenses and outgoings		(56.0)	(68.5)
Interest and tax expense		(21.8)	(103.7)
		551.3	151.2
Currency derivatives	10(b) 4	-	15.8
Interest income		7.5	5.2
Total revenue and other income		4,658.7	2,908.8
Expenses			
Property expenses and outgoings		(545.5)	(462.5)
Property development and project management costs		(113.5)	(98.8)
Property and funds management costs		(13.3)	(9.8)
Corporate costs		(14.7)	(13.4)
		(687.0)	(584.5)
Goodwill on acquisitions (due to the recognition of deferred tax liabilities) written off		(102.6)	(50.0)
Currency derivatives	4	(30.2)	-
Financing costs			
- interest bearing liabilities		(160.9)	(334.9)
- other financial liabilities		(28.9)	(220.5)
	6	(189.8)	(555.4)
Total expenses		(1,009.6)	(1,189.9)
Profit before tax expense and minority interests		3,649.1	1,718.9
Tax expense	7	(241.0)	(172.1)
Profit after tax expense for the period		3,408.1	1,546.8
Less: net profit attributable to minority interests			
- Westfield Trust unit holders ("WT")		(2,441.5)	(682.5)
- Westfield America Trust unit holders ("WAT")		(710.2)	(731.1)
- external		(31.8)	(12.3)
Net profit attributable to Members of Westfield Holdings Limited		224.6	120.9
Net profit attributable to stapled security holders of the Westfield Group analysed by amounts attributable to:			
Westfield Holdings Limited security holders		224.6	120.9
Westfield Trust unit holders		2,441.5	682.5
Westfield America Trust unit holders		710.2	731.1
Net profit attributable to stapled security holders of the Westfield Group		3,376.3	1,534.5
		cents	cents
Basic earnings per Westfield Holdings Limited share		12.83	7.12
Diluted earnings per Westfield Holdings Limited share		12.79	7.06
Basic earnings per stapled security		192.84	90.36
Diluted earnings per stapled security		192.08	90.36

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

DIVIDEND/DISTRIBUTION STATEMENT

for the half-year ended 30 June 2006

	Note	30 Jun 06 \$million	30 Jun 05 \$million
Operational segment result (excluding property revaluation) attributable to stapled security holders of the Westfield Group	19	1,302.5	1,143.3
Adjusted for items relating to the operational segment but not included in the operational segment:			
Net interest expense		(494.1)	(402.6)
Minority interest - external		(31.8)	(12.3)
Revaluation of investment properties included in minority interests - external		27.7	8.5
Operational profit attributable to stapled security holders available for distribution		804.3	736.9
Other items available for distribution			
Exchange differences in respect of the hedging of offshore operational profit		82.8	98.8
Project profits available for distribution		128.0	74.6
Profit retained		(60.9)	(43.1)
Income to be distributed		954.2	867.2
Weighted average number of stapled securities on issue for the period		1,750.8	1,698.1
Distributable income per ordinary stapled security (cents)		54.50	51.07
Distributable income per February Distribution Reinvestment Plan ("DRP") security (cents)		36.73	34.42
Dividend/distribution paid/proposed ⁽ⁱ⁾		955.4	873.6
Weighted average number of stapled securities entitled to distribution at 30 June 2006		1,752.9	1,710.6
Dividend/distribution per ordinary security (cents)		54.50	51.07
Dividend/distribution per February DRP security (cents)		36.73	34.42

⁽ⁱ⁾ The dividend/distribution proposed of \$955.4 million includes a \$1.2 million cum-dividend/distribution component in respect of stapled securities that were issued during the period with full dividend/distribution entitlement.

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

BALANCE SHEET

as at 30 June 2006

	Note	30 Jun 06 \$million	31 Dec 05 \$million
Current assets			
Cash and cash equivalents		253.8	199.5
Trade receivables		20.2	44.3
Investment properties	8	217.0	-
Derivative assets		177.9	327.4
Receivables		181.5	134.3
Inventories		36.2	27.4
Tax receivable		33.9	27.8
Prepayments and deferred costs		94.0	75.8
Total current assets		1,014.5	836.5
Non current assets			
Investment properties	8	40,024.5	37,623.1
Equity accounted investments	10(c)	3,955.9	3,467.7
Other investments		120.4	121.5
Derivative assets		566.1	459.8
Property, plant and equipment		183.8	182.0
Receivables		43.6	33.9
Deferred tax assets		66.1	66.2
Prepayments and deferred costs		258.1	260.1
Total non current assets		45,218.5	42,214.3
Total assets		46,233.0	43,050.8
Current liabilities			
Payables		1,083.5	1,169.1
Interest bearing liabilities	11	930.9	1,778.8
Tax payable		39.6	77.4
Derivative liabilities		-	17.8
Total current liabilities		2,054.0	3,043.1
Non current liabilities			
Payables		53.1	48.0
Interest bearing liabilities	11	17,855.9	16,026.1
Other financial liabilities	12	1,663.4	1,752.8
Deferred tax liabilities		2,522.6	2,233.1
Derivative liabilities		41.4	349.5
Total non current liabilities		22,136.4	20,409.5
Total liabilities		24,190.4	23,452.6
Net assets		22,042.6	19,598.2

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

BALANCE SHEET

as at 30 June 2006

	Note	30 Jun 06 \$million	31 Dec 05 \$million
Equity attributable to Members of the Westfield Holdings Limited			
Contributed equity	13	890.3	857.6
Reserves		(7.1)	(3.1)
Retained profits		871.7	715.0
Total equity attributable to Members of the Westfield Holdings Limited		1,754.9	1,569.5
Equity attributable to minority interests - Westfield Trust and Westfield America Trust unit holders			
Contributed equity	13	11,865.4	11,661.8
Reserves		334.2	561.4
Retained profits		7,928.6	5,673.7
Total equity attributable to minority interests - Westfield Trust and Westfield America Trust unit holders		20,128.2	17,896.9
Equity attributable to minority interests - external			
Contributed equity		94.0	94.0
Retained profits		65.5	37.8
Total equity attributable to minority interests - external		159.5	131.8
Total equity attributable to minority interests		20,287.7	18,028.7
Total equity		22,042.6	19,598.2
Equity attributable to stapled security holders of the Westfield Group analysed by amounts attributable to:			
Westfield Holdings Limited security holders		1,754.9	1,569.5
Westfield Trust and Westfield America Trust unit holders		20,128.2	17,896.9
Total equity attributable to stapled security holders of the Westfield Group		21,883.1	19,466.4

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Comprising Westfield Holdings Limited and its Controlled Entities

STATEMENT OF CHANGES IN EQUITY

for the half-year ended 30 June 2006

	30 Jun 06 \$million	30 Jun 05 \$million
Changes in equity attributable to Members of the Westfield Group		
Opening balance of equity at 1 January 2006 (30 June 2005: 1 January 2005)	19,466.4	16,241.0
<u>Contributed equity</u>		
- Application of AASB 132 and 139 effective 1 January 2005 ⁽ⁱⁱⁱ⁾	-	74.0
- Dividend/distribution reinvestment plan	162.3	258.8
- Conversion of options	74.0	374.7
<u>Foreign currency translation reserve</u>		
- Application of AASB 132 and 139 effective 1 January 2005 ⁽ⁱⁱⁱ⁾	-	11.8
- Net exchange difference on translation of foreign operations ^{(i) (ii)}	(231.2)	(32.8)
<u>Retained profits</u>		
- Application of AASB 132 and 139 effective 1 January 2005 ⁽ⁱⁱⁱ⁾	-	(451.8)
- Dividend/distribution paid	(964.7)	(872.6)
Net adjustments recognised directly in equity	(959.6)	(637.9)
Net profit attributable to stapled security holders of the Westfield Group ^{(i) (ii)}	3,376.3	1,534.5
Closing balance of equity attributable to Members of the Westfield Group	21,883.1	17,137.6
Changes in equity attributable to external Minority Interests		
Opening balance of equity attributable to external Minority Interests at 1 January 2006 (30 June 2005: 1 January 2005)	131.8	652.0
Application of AASB 132 and 139 effective 1 January 2005 ⁽ⁱⁱⁱ⁾	-	(534.1)
Profit after tax expense for the period	31.8	12.3
Dividends/distributions paid or provided for	(4.1)	(3.8)
Closing balance of equity attributable to external Minority Interests	159.5	126.4
Total Equity	22,042.6	17,264.0

(i) Total income and expenses for the period attributable to Members of the Westfield Group, including amounts recognised directly in equity, is \$3,145.1 million (30 June 2005: \$1,501.7 million), being profit after tax expense for the period of \$3,376.3 million (30 June 2005: \$1,534.5 million) and the net exchange loss on translation of foreign operations of \$231.2 million (30 June 2005: loss \$32.8 million).

(ii) Total income and expenses for the period attributable to Members of the Westfield Group includes income and expenses attributable to Members of WT and WAT, including amounts recognised directly in equity, of \$2,924.5 million (30 June 2005: \$1,391.3 million), being profit after tax expense for the period of \$3,151.7 million (30 June 2005: \$1,413.6 million) and the net exchange loss on translation of foreign operations of \$227.2 million (30 June 2005: loss \$22.3 million).

(iii) The Group elected to defer the application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement". As a result of the deferral, the opening retained profits at 1 January 2005 has been adjusted to account for the application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement" as at that date.

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Comprising Westfield Holdings Limited and its Controlled Entities

CASH FLOW STATEMENT

for the half-year ended 30 June 2006

	30 Jun 06 \$million	30 Jun 05 \$million
Cash flows from operating activities		
Receipts in the course of operations (including GST)	1,929.8	1,669.1
Payments in the course of operations (including GST)	(788.1)	(702.2)
Settlement of currency derivatives	82.8	84.0
Dividends/distributions received from equity accounted associates	105.7	93.9
Income and withholding taxes paid	(94.7)	(86.8)
Goods and services taxes paid to suppliers for investing activities	(33.9)	(28.8)
Goods and services taxes paid to government bodies	(43.4)	(26.8)
Net cash flows from operating activities	1,158.2	1,002.4
Cash flows from investing activities		
Acquisition of property investments	(412.7)	(283.7)
Payments of capital expenditure for property investments	(639.1)	(499.8)
Proceeds from the sale of property investments	564.0	7.3
Net payments for investments in equity accounted investments	(77.8)	(92.7)
Net proceeds from the sale of property assets by equity accounted entities	-	35.8
Payments for the purchases of property, plant and equipment	(15.4)	(12.3)
Net cash flows used in investing activities	(581.0)	(845.4)
Cash flows from financing activities		
Proceeds from the issues of securities	220.4	568.2
Extinguishment of share option	-	(22.5)
Net proceeds from interest bearing liabilities	815.3	834.6
Financing costs	(592.4)	(431.9)
Interest received	7.2	6.7
Settlement of foreign currency loans and swaps	(6.9)	118.3
Dividends/distributions paid	(964.7)	(872.6)
Dividends/distributions paid by controlled entities to minority interests	(3.9)	(3.6)
Net cash flows from financing activities	(525.0)	197.2
Net increase in cash and cash equivalents held	52.2	354.2
Add opening cash brought forward	171.3	220.9
Effects of exchange rate changes on opening cash brought forward	0.8	(1.1)
Cash and cash equivalents at the end of the year	224.3	574.0

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2006

1 CORPORATE INFORMATION

This financial report of the Westfield Group for the half-year ended 30 June 2006 was approved in accordance with a resolution of the Board of Directors of Westfield Holdings Limited ("Parent Company") on 29 August 2006.

The nature of the operations and principal activities of the Westfield Group are described in the Directors' Report.

2 BASIS OF PREPARATION OF THE FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Westfield Group as at 31 December 2005.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Westfield Group and its controlled entities during the half-year ended 30 June 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for investment properties, equity accounted investments, derivative financial instruments and available for sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year consolidated financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 31 December 2005.

This financial report is presented in Australian dollars.

(b) Statement of compliance

This financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards.

(c) Comparative information

Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

(d) Rounding

In accordance with ASIC Class Order 98/0100, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

	30 Jun 06 \$million	30 Jun 05 \$million
3 Property revenue		
Shopping centre base rent and other property income	1,705.6	1,442.5
Tenant allowances amortised	(16.7)	(5.5)
	1,688.9	1,437.0
4 Currency derivatives		
Gains/losses on currency derivatives (excluding mark to market of derivatives not qualifying for hedge accounting)	36.3	40.9
Mark to market of derivatives	(66.5)	(25.1)
	(30.2)	15.8

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Comprising Westfield Holdings Limited and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2006

	30 Jun 06 \$million	30 Jun 05 \$million
5_Significant items		
Profit before tax and minority interests includes the following significant items which are not expected to recur. The disclosure of these items is relevant in explaining the financial performance of the business.		
Goodwill on acquisitions (due to the recognition of deferred tax liabilities) written off	(102.6)	(50.0)
	(102.6)	(50.0)
6_Financing costs		
Gross financing costs (excluding mark to market of interest rate hedges that do not qualify for hedge accounting)	(445.5)	(290.4)
Financing costs capitalised to construction projects	58.5	13.4
Financing costs	(387.0)	(277.0)
Finance leases interest expense	(4.5)	(4.9)
Mark to market of interest rate hedges that do not qualify for hedge accounting	228.5	(81.9)
Interest expense and mark to market of other financial liabilities	(26.8)	(191.6)
	(189.8)	(555.4)
7_Tax expense		
Current - underlying tax	(45.2)	(35.3)
Current - tax on sale of assets	-	(7.6)
Deferred	(195.8)	(129.2)
	(241.0)	(172.1)
The prima facie tax on profit before income tax expense is reconciled to the income tax expense provided in the financial statements as follows:		
Accounting profit before income tax	3,649.1	1,718.9
Prima facie tax expense at 30% (30 June 2005: 30%)	(1,094.7)	(515.7)
WT income not assessable	729.5	210.2
WAT income not assessable	30.3	29.7
Differential of tax rates on US foreign income	120.3	143.1
Differential of tax rates on UK foreign income	19.5	4.0
Goodwill write off not deductible	(30.8)	(15.0)
Tax on income eliminated on Group consolidation	(19.5)	(33.4)
Capitalised interest not assessable	1.1	-
Prior year under provision	1.3	(0.3)
Other items	2.0	5.3
Tax expense	(241.0)	(172.1)

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2006

	30 Jun 06 \$million	31 Dec 05 \$million
8 Investment properties		
Current		
Shopping centre investments	217.0	-
	217.0	-
Non current		
Shopping centre investments	36,064.7	35,067.5
Redevelopment projects and development properties	3,959.8	2,555.6
	40,024.5	37,623.1
9 Details of investment properties		
Consolidated Australian shopping centres	16,142.0	14,417.7
Consolidated New Zealand shopping centres	1,753.9	1,899.5
Consolidated United Kingdom shopping centres	2,460.3	2,343.9
Consolidated United States shopping centres	15,925.5	16,406.4
Total consolidated shopping centres (current and non current)	36,281.7	35,067.5
Equity accounted Australian shopping centres	1,278.4	996.5
Equity accounted United Kingdom shopping centres	1,124.1	998.1
Equity accounted United States shopping centres	2,559.3	2,542.2
Total equity accounted shopping centres	4,961.8	4,536.8
	41,243.5	39,604.3

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2006

Name of entity	Type of equity	Balance Date	Economic interest		Carrying value	
			30 Jun 06	31 Dec 05	30 Jun 06 \$million	31 Dec 05 \$million
10(a)_Equity accounted entities carrying value						
Australian investments ⁽ⁱ⁾						
AMP Wholesale Shopping Centre Trust	Trust units	30 Jun	10.0%	10.0%	59.2	54.7
Karrinyup	Trust units	30 Jun	25.0%	25.0%	112.1	99.4
Mt Druitt	Trust units	30 Jun	50.0%	50.0%	186.5	173.2
SA Shopping Centre Trust	Trust units	31 Dec	50.0%	50.0%	28.9	21.5
Southland	Trust units	30 Jun	50.0%	50.0%	581.9	407.0
Tea Tree Plaza	Trust units	30 Jun	50.0%	50.0%	283.0	212.7
					1,251.6	968.5
United Kingdom investments ⁽ⁱ⁾						
Broadmarsh ⁽ⁱⁱ⁾	Partnership interest	31 Dec	75.0%	75.0%	192.3	188.3
CastleCourt	Partnership interest	31 Dec	50.0%	50.0%	235.9	183.1
Eagle	Partnership interest	31 Dec	50.0%	50.0%	142.4	110.5
Friary	Partnership interest	31 Dec	50.0%	50.0%	99.5	81.7
Royal Victoria Place	Partnership interest	31 Dec	50.0%	50.0%	96.8	75.4
Wimslow (No. 2) Limited Partnership	Partnership interest	31 Dec	50.0%	50.0%	2.7	4.2
Wimslow (No. 5) Limited Partnership	Partnership interest	31 Dec	50.0%	50.0%	0.5	1.2
Sprucefield	Shares	31 Dec	50.0%	50.0%	18.5	26.6
					788.6	671.0
United States investments ⁽ⁱ⁾						
Fashion Square	Partnership units	31 Dec	50.0%	50.0%	185.8	186.7
Garden State Plaza	Partnership units	31 Dec	50.0%	50.0%	402.9	404.6
Montgomery	Partnership units	31 Dec	50.0%	50.0%	217.9	218.7
North Bridge	Partnership units	31 Dec	33.3%	33.3%	85.8	84.6
Plaza Camino Real	Partnership units	31 Dec	40.0%	40.0%	98.7	96.5
San Francisco Emporium	Partnership units	31 Dec	50.0%	50.0%	213.2	153.8
UTC	Partnership units	31 Dec	50.0%	50.0%	200.4	195.9
Valencia Town Centre	Partnership units	31 Dec	50.0%	50.0%	66.9	60.5
Valley Fair	Partnership units	31 Dec	50.0%	50.0%	425.9	403.6
Other retail and property investments	Units/shares	31 Dec	46.0%	46.0%	18.2	23.3
					1,915.7	1,828.2
Total equity accounted investments					3,955.9	3,467.7

⁽ⁱ⁾ All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

⁽ⁱⁱ⁾ The Group has a 75% economic interest in Broadmarsh. The Group has equal representation and voting rights on the Board of Broadmarsh resulting in joint control, and as a consequence, significant influence. Accordingly, Broadmarsh has been accounted for as an associate in accordance with AASB 131: Interest in Joint Ventures.

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2006

10(b)_Details of the Westfield Group's aggregate share of equity accounted entities net profit

	Australia		United Kingdom		United States		Consolidated	
	30 Jun 06	30 Jun 05	30 Jun 06	30 Jun 05	30 Jun 06	30 Jun 05	30 Jun 06	30 Jun 05
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Property revenue	49.2	45.9	38.8	121.0	108.2	97.9	196.2	264.8
Property revaluation	282.0	20.5	68.3	0.0	82.6	38.1	432.9	58.6
Interest income	-	-	1.3	-	-	-	1.3	-
Total revenue	331.2	66.4	108.4	121.0	190.8	136.0	630.4	323.4
Property outgoing	(14.0)	(12.1)	(12.2)	(33.1)	(29.8)	(23.3)	(56.0)	(68.5)
Borrowing costs	(0.7)	(0.6)	-	(78.3)	(22.4)	(22.3)	(23.1)	(101.2)
Net profit from equity accounted entities before tax expense	316.5	53.7	96.2	9.6	138.6	90.4	551.3	153.7
Income tax expense	-	-	-	(2.5)	-	-	-	(2.5)
Share of net profits of equity accounted entities	316.5	53.7	96.2	7.1	138.6	90.4	551.3	151.2

10(c)_Details of the Westfield Group's aggregate share of equity accounted entities assets and liabilities

	Australia		United Kingdom		United States		Consolidated	
	30 Jun 06	31 Dec 05	30 Jun 06	31 Dec 05	30 Jun 06	31 Dec 05	30 Jun 06	31 Dec 05
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Cash	6.1	5.2	32.8	32.0	25.9	28.7	64.8	65.9
Receivables	2.0	2.3	10.1	29.8	9.1	12.1	21.2	44.2
Shopping centre investments	1,278.4	996.5	1,124.1	998.1	2,559.3	2,542.2	4,961.8	4,536.8
Redevelopment projects	0.3	2.0	221.9	181.7	331.3	233.2	553.5	416.9
Other investments	-	-	-	-	18.0	23.3	18.0	23.3
Other assets	6.5	4.3	9.9	11.5	30.6	28.4	47.0	44.2
Total assets	1,293.3	1,010.3	1,398.8	1,253.1	2,974.2	2,867.9	5,666.3	5,131.3
Payables	(23.7)	(23.8)	(57.6)	(67.5)	(34.0)	(32.1)	(115.3)	(123.4)
Deferred tax	-	-	(1.7)	(10.1)	-	-	(1.7)	(10.1)
Interest bearing liabilities	(18.0)	(18.0)	(550.9)	(504.5)	(1,024.5)	(1,007.6)	(1,593.4)	(1,530.1)
Total liabilities	(41.7)	(41.8)	(610.2)	(582.1)	(1,058.5)	(1,039.7)	(1,710.4)	(1,663.6)
Net assets	1,251.6	968.5	788.6	671.0	1,915.7	1,828.2	3,955.9	3,467.7

10(d)_Details of the Westfield Group's aggregate share of equity accounted entities capital expenditure commitments

	Australia		United Kingdom		United States		Consolidated	
	30 Jun 06	31 Dec 05	30 Jun 06	31 Dec 05	30 Jun 06	31 Dec 05	30 Jun 06	31 Dec 05
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Estimated capital expenditure commitments	-	-	-	-	-	-	-	-
Due within one year	-	0.3	110.3	114.0	79.7	218.4	190.0	332.7
Due between one and five years	-	-	110.3	114.0	-	15.9	110.3	129.9
	-	0.3	220.6	228.0	79.7	234.3	300.3	462.6

10(e)_Details of the Westfield Group's aggregate share of equity accounted entities contingent liabilities

Performance guarantees	-	-	14.8	14.1	2.5	2.5	17.3	16.6
	-	-	14.8	14.1	2.5	2.5	17.3	16.6

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2006

	30 Jun 06 \$million	31 Dec 05 \$million
11_Interest bearing liabilities		
Current		
Unsecured		
Bank overdraft	29.5	28.2
Bank loans	-	857.6
Notes payable - A\$	271.6	446.4
Secured		
Bank loans	629.8	446.6
	930.9	1,778.8
Non current		
Unsecured		
Bank loans	6,057.0	3,747.9
Commercial paper	318.8	240.0
Notes payable		
- US\$	3,497.4	3,548.6
- £	1,480.8	1,413.4
- €	1,026.0	971.1
- A\$	542.1	815.4
Finance leases	134.9	138.7
Secured		
Bank loans	4,798.9	5,118.0
Other	-	33.0
	17,855.9	16,026.1
The maturity profile in respect of current and non current interest bearing liabilities is set out below:		
Due within one year	930.9	1,778.8
Due between one and five years	11,071.2	9,114.7
Due after five years	6,784.7	6,911.4
	18,786.8	17,804.9
12_Other financial liabilities		
Unsecured		
Convertible notes	365.2	451.4
Redeemable Preference Shares		
Convertible redeemable preference shares	257.3	269.5
Other redeemable preference shares/units	1,040.9	1,031.9
	1,663.4	1,752.8

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2006

	30 Jun 06 Number	31 Dec 05 Number
13 Contributed Equity		
13(a) Number of securities on issue		
Balance at the beginning of the year	1,742,314,625	1,677,229,966
Dividend/distribution reinvestment plan	9,516,698	27,687,649
Securities issued on exercise of options	4,217,186	37,397,010
Balance at the end of the year for Westfield Group ⁽ⁱ⁾	1,756,048,509	1,742,314,625

⁽ⁱ⁾ The Westfield Executive Share Option Plan Trust holds 5,869,425 (31 December 2005: 5,869,425) stapled securities in the Group, which have been consolidated and eliminated in accordance with the accounting standards.

Stapled securities have the right to receive dividends from the Parent Company and distributions from WT and WAT and, in the event of winding up of the Parent Company, WT and WAT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of stapled securities can vote their shares and units in accordance with the Corporations Act, either in person or by proxy, at a meeting of either the Parent Company, WT and WAT (as the case maybe).

	30 Jun 06 \$million	31 Dec 05 \$million
13(b) Amount of contributed equity		
of the Parent Company	890.3	857.6
of WT and WAT	11,865.4	11,661.8
of the Westfield Group	12,755.7	12,519.4
Balance at the beginning of the year	12,519.4	11,352.0
Application of AASB 132 and 139 effective 1 January 2005	-	74.0
Dividend reinvestment plan	162.3	466.2
Conversion of options	74.0	627.2
Balance at the end of the year	12,755.7	12,519.4

	30 Jun 06 \$million	30 Jun 05 \$million
14 Dividends/Distributions		
14(a) Interim dividend/distribution proposed		
Parent Company: Nil cents per share (30 Jun 05: 6.41 cents per share, 100% franked)	-	109.7
WT: 29.17 cents per unit ⁽ⁱ⁾ (30 Jun 05: 19.50 cents per unit, 21.3% tax advantaged)	511.4	333.6
WAT: 25.33 cents per unit ⁽ⁱ⁾ (30 Jun 05: 25.16 cents per unit, 45.3% tax advantaged)	444.0	430.3
Westfield Group 54.50 cents (30 June 05: 51.07 cents) per stapled security	955.4	873.6

Distributions proposed are to be paid on 31 August 2006. The record date for these distributions was 15 August 2006.

The Westfield Group Distribution Reinvestment Plan (DRP) was in operation for the distribution payable on 31 August 2006. DRP securities issued during the period rank for distribution from the first day following the date on which they are issued.

⁽ⁱ⁾ The aggregate distributions in respect of WT and WAT are expected to be 20% tax advantaged.

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2006

	30 Jun 06 \$million	30 Jun 05 \$million
14_Dividends/Distributions (continued)		
14(b)_Dividends/Distributions paid during the period		
<i>Dividend/distribution in respect of the six months to 31 December 2005</i>		
Parent Company 4.09 cents per share, 100% franked	71.1	-
WT 22.04 cents per unit, 21.3% tax advantaged	383.1	-
WAT 29.37 cents per unit, 45.3% tax advantaged	510.5	-
<i>Dividend/distribution in respect of the six months to 31 December 2004</i>		
Parent Company 4.47 cents per share, 100% franked	-	74.9
WT 20.74 cents per unit, 42.2% tax advantaged	-	347.8
WAT 26.82 cents per unit, 43.1% tax advantaged	-	449.9
	964.7	872.6

Dividends paid by the Parent Company have been franked at the corporate tax rate of 30%.

	30 Jun 06 \$	31 Dec 05 \$
15_Net tangible asset backing		
Net tangible asset backing per security	12.46	11.17

Net tangible asset backing per security is calculated by dividing Total Equity attributable to Members of the Westfield Group by the number of securities on issue. The number of securities used in the calculation of net tangible asset backing is 1,756,048,509 (31 December 2005: 1,742,314,625).

	30 Jun 06 \$million	31 Dec 05 \$million
16_Capital expenditure commitments		
Estimated capital expenditure commitments		
Due within one year	1,352.3	1,497.4
Due between one and five years	982.3	815.0
	2,334.6	2,312.4
17_Contingent liabilities		
Performance guarantees	98.4	111.8
Special tax assessment municipal bonds	68.9	69.9
	167.3	181.7

From time to time Westfield Group is involved in lawsuits. The Directors believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Westfield Group.

18_Events after the Balance Sheet date

The Group is in the process of investigating a number of capital management initiatives including the establishment of a wholesale funds management business. The Group's review of wholesale fund opportunities is continuing with discussions now being held with interested parties with regard to a A\$2 billion wholesale fund with interests in 6 Australian super regional and regional shopping centres.

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

for the half-year ended 30 June 2006

19_Segment information
Primary segment - Business

	Operational ⁽ⁱ⁾	Development and new business ⁽ⁱⁱ⁾	Corporate ⁽ⁱⁱⁱ⁾	Consolidated
	\$million	\$million	\$million	\$million
30 June 2006				
Revenue and other income (excluding property revaluation)				
Property revenue	1,676.0	12.9	-	1,688.9
Property development and project management revenue	124.1	-	-	124.1
Property and funds management income	25.0	-	-	25.0
	1,825.1	12.9	-	1,838.0
Share of after tax profits of equity accounted entities (excluding property revaluation) ^(v)				
Net operating income	140.2	-	-	140.2
Net interest expense	(36.0)	(4.0)	18.2	(21.8)
	104.2	(4.0)	18.2	118.4
Total revenue and other income (excluding property revaluation) ^(iv)	1,929.3	8.9	18.2	1,956.4
Expenses				
Property expenses and outgoings	(500.0)	(45.5)	-	(545.5)
Property development and project management costs	(113.5)	-	-	(113.5)
Property and funds management costs	(13.3)	-	-	(13.3)
Corporate overheads	-	-	(14.7)	(14.7)
	(626.8)	(45.5)	(14.7)	(687.0)
Goodwill written off on acquisition of assets	-	-	(102.6)	(102.6)
Currency derivatives	-	-	(30.2)	(30.2)
Total segment expenses	(626.8)	(45.5)	(147.5)	(819.8)
Segment result (excluding property revaluation)	1,302.5	(36.6)	(129.3)	1,136.6
Property revaluation ^(iv)	2,139.1	122.8	-	2,261.9
Equity accounted property revaluation ^{(iv)(v)}	400.5	32.4	-	432.9
Segment result	3,842.1	118.6	(129.3)	3,831.4
Interest income ^(iv)				7.5
Financing costs				(189.8)
Tax expense				(241.0)
Consolidated profit after tax				3,408.1
Segment assets				
Segment assets	40,930.5	4,117.0	-	45,047.5
Group assets				1,185.5
Total segment assets	40,930.5	4,117.0	-	46,233.0
Segment liabilities				
Segment liabilities	1,013.7	145.6	-	1,159.3
Group liabilities				23,031.1
Total segment liabilities	1,013.7	145.6	-	24,190.4
Equity accounted associates included in segment assets				
Investment properties	4,905.3	610.0	-	5,515.3
Interest bearing liabilities	(983.4)	(610.0)	-	(1,593.4)
Working capital and deferred tax	34.0	-	-	34.0
Equity accounted associates included in segment assets	3,955.9	-	-	3,955.9
Additions to segment non current assets	270.7	1,155.2	-	1,425.9

(i) Operational segment includes net property income from existing shopping centres and completed developments, revaluation of existing centres, external fee income from third parties (eg. property management and development fees) and other operational expenses.

(ii) Development & new business segment includes revaluation of developments, development expenses, expenses relating to review and assessment of new assets, portfolios & corporate acquisitions, income and expenses on properties held for future redevelopment and the expansion of business activities.

(iii) Corporate segment includes change in value of financial instruments, corporate entity expenses, impact of currency hedging and capital gains and losses.

(iv) Total revenue and other income for the period of \$4,658.7 million (30 June 2005: \$2,908.8 million) being revenue and other income (excluding property revaluation) of \$1,956.4 million (30 June 2005: \$1,681.8 million), property revaluation of \$2,694.8 million (30 June 2005: \$1,221.8 million) and interest income of \$7.5 million (30 June 2005: \$5.2 million).

(v) Total share of after tax profits of equity accounted entities for the period of \$551.3 million (30 June 2005: \$151.2 million) being share of after tax profits of equity accounted entities (excluding property revaluation) of \$118.4 million (30 June 2005: \$92.6 million) and property revaluation of \$432.9 million (30 June 2005: \$58.6 million).

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Comprising Westfield Holdings Limited and its Controlled Entities

for the half-year ended 30 June 2006

19_Segment information (continued)
Primary segment - Business

	Operational	Development and new business	Corporate	Consolidated
30 June 2005	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
Revenue and other income (excluding property revaluation)				
Property revenue	1,422.4	14.6	-	1,437.0
Property development and project management revenue	114.3	-	-	114.3
Property and funds management income	22.1	-	-	22.1
	1,558.8	14.6	-	1,573.4
Share of after tax profits of equity accounted entities (excluding property revaluation)				
Net operating income	196.3	-	-	196.3
Net interest expense	(81.5)	(13.6)	(6.1)	(101.2)
Tax expense		-	(2.5)	(2.5)
	114.8	(13.6)	(8.6)	92.6
Currency derivatives	-	-	15.8	15.8
Total revenue and other income (excluding property revaluation)	1,673.6	1.0	7.2	1,681.8
Expenses				
Property expenses and outgoings	(421.8)	(40.8)	-	(462.6)
Property development and project management costs	(98.8)	-	-	(98.8)
Property and funds management costs	(9.7)	-	-	(9.7)
Corporate overheads	-	-	(13.4)	(13.4)
	(530.3)	(40.8)	(13.4)	(584.5)
Goodwill written off on acquisition of assets	-	-	(50.0)	(50.0)
Total segment expenses	(530.3)	(40.8)	(63.4)	(634.5)
Segment result (excluding property revaluation)	1,143.3	(39.8)	(56.2)	1,047.3
Property revaluation	1,090.8	72.4	-	1,163.2
Equity accounted property revaluation	58.6	-	-	58.6
Segment result	2,292.7	32.6	(56.2)	2,269.1
Interest income				5.2
Financing costs				(555.4)
Tax expense				(172.1)
Consolidated profit after tax				1,546.8
31 December 2005	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
Segment assets				
Segment assets	39,290.4	2,597.7	-	41,888.1
Group assets				1,162.7
Total segment assets	39,290.4	2,597.7	-	43,050.8
Segment liabilities				
Segment liabilities	822.4	368.9	-	1,191.3
Group liabilities				22,261.3
Total segment liabilities	822.4	368.9	-	23,452.6
Equity accounted associates included in segment assets				
Investment properties	4,481.5	472.2	-	4,953.7
Interest bearing liabilities	(1,053.8)	(472.2)	-	(1,526.0)
Working capital and deferred tax	40.0	-	-	40.0
Equity accounted associates included in segment assets	3,467.7	-	-	3,467.7
Additions to segment non current assets	3,867.3	1,669.6	-	5,536.9

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

for the half-year ended 30 June 2006

19_Segment information (continued)
Secondary segment - Geographic

30 June 2006	Australia & New Zealand \$million	United Kingdom \$million	United States \$million	Consolidated \$million
Revenue and other income (excluding property revaluation)				
Property revenue	785.0	74.1	829.8	1,688.9
Property development and project management revenue	53.8	26.8	43.5	124.1
Property and funds management income	9.1	1.8	14.1	25.0
	847.9	102.7	887.4	1,838.0
Share of after tax profits of equity accounted entities (excluding property revaluation) ⁽ⁱⁱ⁾				
Net operating income	35.2	26.6	78.4	140.2
Net interest expense	(0.7)	1.3	(22.4)	(21.8)
	34.5	27.9	56.0	118.4
Total revenue and other income (excluding property revaluation) ⁽ⁱ⁾	882.4	130.6	943.4	1,956.4
Expenses				
Property expenses and outgoings	(227.2)	(29.4)	(288.9)	(545.5)
Property development and project management costs	(48.6)	(21.8)	(43.1)	(113.5)
Property and funds management costs	(2.3)	(1.6)	(9.4)	(13.3)
Corporate overheads	(12.8)	-	(1.9)	(14.7)
	(290.9)	(52.8)	(343.3)	(687.0)
Goodwill written off on acquisition of assets	-	(102.6)	-	(102.6)
Currency derivatives	48.1	-	(78.3)	(30.2)
Total segment expenses	(242.8)	(155.4)	(421.6)	(819.8)
Segment result (excluding property revaluation)	639.6	(24.8)	521.8	1,136.6
Property revaluation ⁽ⁱ⁾	1,762.9	0.9	498.1	2,261.9
Equity accounted property revaluation ⁽ⁱ⁾⁽ⁱⁱ⁾	282.0	68.3	82.6	432.9
Segment result	2,684.5	44.4	1,102.5	3,831.4
Interest income ⁽ⁱ⁾				7.5
Financing costs				(189.8)
Tax expense				(241.0)
Consolidated profit after tax				3,408.1
Segment assets				
Segment assets	19,925.4	5,304.6	19,817.5	45,047.5
Group assets				1,185.5
Total segment assets	19,925.4	5,304.6	19,817.5	46,233.0
Segment liabilities				
Segment liabilities	465.9	166.6	526.8	1,159.3
Group liabilities				23,031.1
Total segment liabilities	465.9	166.6	526.8	24,190.4
Equity accounted associates included in segment assets				
Investment properties	1,278.7	1,346.0	2,890.6	5,515.3
Interest bearing liabilities	(18.0)	(550.9)	(1,024.5)	(1,593.4)
Working capital and deferred tax	(9.1)	(6.5)	49.6	34.0
Equity accounted associates included in segment assets	1,251.6	788.6	1,915.7	3,955.9
Additions to segment non current assets	194.5	601.0	630.4	1,425.9

⁽ⁱ⁾ Total revenue and other income for the period of \$4,658.7 million (30 June 2005: \$2,908.8 million) being revenue and other income (excluding property revaluation) of \$1,956.4 million (30 June 2005: \$1,681.8 million), property revaluation of \$2,694.8 million (30 June 2005: \$1,221.8 million) and interest income of \$7.5 million (30 June 2005: \$5.2 million).

⁽ⁱⁱ⁾ Total share of after tax profits of equity accounted entities for the period of \$551.3 million (30 June 2005: \$151.2 million) being share of after tax profits of equity accounted entities (excluding property revaluation) of \$118.4 million (30 June 2005: \$92.6 million) and property revaluation of \$432.9 million (30 June 2005: \$58.6 million).

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Comprising Westfield Holdings Limited and its Controlled Entities

for the half-year ended 30 June 2006

19_Segment information (continued)
Secondary segment - Geographic

	Australia & New Zealand	United Kingdom	United States	Consolidated
	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
30 June 2005				
Revenue and other income (excluding property revaluation)				
Property revenue	695.4	-	741.6	1,437.0
Property development and project management revenue	59.7	23.6	31.0	114.3
Property and funds management income	7.1	3.1	11.9	22.1
	762.2	26.7	784.5	1,573.4
Share of after tax profits of equity accounted entities (excluding property revaluation)				
Net operating income	33.8	87.9	74.6	196.3
Net interest expense	(0.6)	(78.3)	(22.3)	(101.2)
Tax expense	-	(2.5)	-	(2.5)
	33.2	7.1	52.3	92.6
Currency derivatives	(0.2)	-	16.0	15.8
Total revenue and other income (excluding property revaluation)	795.2	33.8	852.8	1,681.8
Expenses				
Property expenses and outgoings	(197.1)	(7.4)	(258.1)	(462.6)
Property development and project management costs	(50.9)	(17.1)	(30.8)	(98.8)
Property and funds management costs	(2.5)	(1.1)	(6.1)	(9.7)
Corporate overheads	(11.6)	-	(1.8)	(13.4)
	(262.1)	(25.6)	(296.8)	(584.5)
Goodwill written off on acquisition of assets	-	(46.4)	(3.6)	(50.0)
Total segment expenses	(262.1)	(72.0)	(300.4)	(634.5)
Segment result (excluding property revaluation)	533.1	(38.2)	552.4	1,047.3
Property revaluation	552.0	-	611.2	1,163.2
Property revaluation	20.5	0.0	38.1	58.6
Segment result	1,105.6	(38.2)	1,201.7	2,269.1
Interest income				5.2
Financing costs				(555.4)
Tax expense				(172.1)
Consolidated profit after tax				1,546.8
31 December 2005	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
Segment assets				
Segment assets	17,885.9	4,435.9	19,566.3	41,888.1
Group assets				1,162.7
Total segment assets	17,885.9	4,435.9	19,566.3	43,050.8
Segment liabilities				
Segment liabilities	507.5	178.3	505.5	1,191.3
Group liabilities				22,261.3
Total segment liabilities	507.5	178.3	505.5	23,452.6
Equity accounted associates included in segment assets				
Investment properties	998.5	1,179.8	2,775.4	4,953.7
Interest bearing liabilities	(13.9)	(504.5)	(1,007.6)	(1,526.0)
Working capital and deferred tax	(16.1)	(4.3)	60.4	40.0
Equity accounted associates included in segment assets	968.5	671.0	1,828.2	3,467.7
Additions to segment non current assets	1,463.4	2,701.6	1,371.9	5,536.9

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

DIRECTORS' DECLARATION

The Directors of Westfield Holdings Limited ("Company") 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 Financial Statements and notes of the consolidated entity:
 - (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001; and
 - (ii) give a true and fair view of the financial position as at 30 June 2006 and the performance for the half-year ended on that date.

Made on 29 August 2006 in accordance with a resolution of the Board of Directors.



FP Lowy, AC
Chairman



Professor FG Hilmer, AO
Deputy Chairman

INDEPENDENT AUDIT REPORT

to the Members of the Westfield Group



Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Westfield Holdings Limited (the Company) and the entities it controlled during the half year, and the directors' declaration for the Company, for the half year ended 30 June 2006.

The directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company and in order for the Company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standard AASB 134 "Interim Financial Reporting", and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Company.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the Company a written Auditor's Independence Declaration a copy of which is included in the Directors' Report. In addition to our audit of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

Audit Opinion

In our opinion, the financial report of the consolidated entity comprising Westfield Holdings Limited and the entities it controlled during the half year is in accordance with:

- (a) the *Corporations Act 2001*, including:
- giving a true and fair view of the financial position of the consolidated entity at 30 June 2006 and of 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*; and
- (b) other mandatory financial reporting requirements in Australia.

Ernst & Young
Sydney
29 August 2006

Chris Westworth
Partner

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

DIRECTORS' REPORT

The Directors of Westfield Holdings Limited ("Company") submit their report for the half year ended 30 June 2006.

Directors

The names of the Company's directors in office during the half year and until the date of this report are as below.

FP Lowy, AC	Chairman – Executive Director
Professor FG Hilmer, AO	Deputy Chairman – Non-Executive Director
DH Lowy, AM	Deputy Chairman – Non-Executive Director
RL Furman	Non-Executive Director
DM Gonski, AO	Non-Executive Director
SP Johns	Non-Executive Director
PS Lowy	Managing Director – Executive Director
SM Lowy	Managing Director – Executive Director
JB Studdy, AM	Non-Executive Director
FT Vincent	Non-Executive Director
GH Weiss	Non-Executive Director
DR Wills, AO	Non-Executive Director
CM Zampatti, AM	Non-Executive Director

Review and results of operations

The Group reported a net profit of \$3,376.3 million and a distribution of \$955.4 million for the six months to 30 June 2006. Earnings per security is 192.84 cents and a distribution per security of 54.50 cents.

As at 30 June 2006, the Westfield Group had a \$45.8 billion interest in 120 shopping centres with a gross value of approximately \$56.8 billion encompassing 22,000 retail outlets.

Key highlights for the period include:

- strong underlying operating performance results from our portfolios in Australia, New Zealand, the United States and the United Kingdom.
- revaluation uplift of \$2.7 billion on the Group's property interests.
- 21 projects under construction with a forecast cost of A\$8.0 billion (WDC share: A\$5.6 billion).
- the acquisition of a further 75% interest in Stratford City (UK) – now 100% controlled by Westfield Group – adjacent to the site of the 2012 London Olympics, for £140 million. Stratford is the largest zoned retail site in London, and one of the largest in the UK. The location of the site on the east side of London City complements the Group's current £1.6 billion development at White City on London's west side. Together, the two sites provide a unique opportunity for Westfield to gain a major presence in the London market.
- the acquisition of 16 Federated department store sites at 12 Westfield centres in the US, creating the opportunity for 18 new developments with an estimated value of US\$2 billion.
- 3 new department store deals with David Jones in Australia.
- the disposal of 8 non-core US assets for US\$550 million.

Rounding

The Company is of a kind referred to in the Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998. Accordingly, amounts in the Directors' Report, the Financial Statements and the Notes thereto have been rounded to the nearest hundred thousand dollars.

Synchronisation of financial year

Carindale Property Trust is a consolidated entity of the Company, and has a financial year ending on 30 June. By an order dated 27 June 2005 made by the Australian Securities and Investments Commission, the directors of the Company have been relieved from compliance with the requirement to ensure that the financial year of the Company coincides with the financial year of Carindale Property Trust.

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

DIRECTORS' REPORT (continued)

Auditor's independence declaration

The directors have obtained the following independence declaration from the auditors, Ernst & Young.



Auditor's independence declaration to the Directors of Westfield Holdings Limited

In relation to our audit of the financial report of Westfield Holdings Limited for the half year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young
Sydney
29 August 2006

A handwritten signature in cursive script that reads 'Chris Westworth'.

Chris Westworth
Partner

This Report is made on 29 August 2006 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

A handwritten signature in cursive script that reads 'FP Lowy'.

FP Lowy, AC
Chairman

A handwritten signature in cursive script that reads 'F.G. Hilmer'.

Professor FG Hilmer, AO
Deputy Chairman

DIRECTORY

Westfield Group

Westfield Holdings Limited
ABN 66 001 671 496

Westfield Trust
ARSN 090 849 746
(responsible entity Westfield Management Limited
ABN 41 001 670 579, AFS Licence No 230329)

Westfield America Trust
ARSN 092 058 449
(responsible entity Westfield America Management Limited
ABN 66 072 780 619, AFS Licence No 230324)

Registered Office

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Sydney NSW 2011
Telephone: +61 2 9358 7000
Facsimile: +61 2 9358 7077

United States Office

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Los Angeles California 90025
Telephone: +1 310 478 4456
Facsimile: +1 310 478 1267

New Zealand Office

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United Kingdom Office

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71 High Holborn
London WC1V 6EA
Telephone: +44 20 7061 1400
Facsimile: +44 20 7061 1401

Secretaries

Maureen T McGrath
Simon J Tuxen

Auditors

Ernst & Young
The Ernst & Young Centre
680 George Street
Sydney NSW 2000

Investor Information

Westfield Holdings Limited
Level 24, Westfield Towers
100 William Street
Sydney NSW 2011
Telephone: +61 2 9358 7877
Facsimile: +61 2 9358 7881
E-mail: investor@au.westfield.com
Website: www.westfield.com/corporate

Principal Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
GPO Box 7045
Sydney NSW 2001
Telephone: +61 3 9415 4070
Enquiries: 1300 132 211
Facsimile: +61 3 9473 2500
E-mail: webqueries@computershare.com.au
Website: computershare.com

Listing

Australian Stock Exchange – WDC

Website

westfield.com

WESTFIELD GROUP

Comprising Westfield Holdings Limited and its Controlled Entities

ADDITIONAL INFORMATION

for the half-year ended 30 June 2006

Details of earnings, net assets and distribution by entity

	Earnings		Net assets		
	Total	per security	Total	per security	
	\$million	cents	\$million	\$	%
WHL	224.6	12.83	1,754.9	1.00	8.02
WT	2,441.5	139.45	12,006.6	6.84	54.90
WAT	710.2	40.56	8,121.6	4.62	37.08
Westfield Group	3,376.3	192.84	21,883.1	12.46	100.00

	Distribution proposed for the 6 months to 30 June 2006				
	ASX code:	per	ASX code:	per	Total
	WDC	security	WDC DRP	security	WDC
	\$million	cents	\$million	cents	\$million
WHL	-	-	-	-	-
WT	509.5	29.17	1.9	19.66	511.4
WAT	442.4	25.33	1.6	17.07	444.0
Westfield Group	951.9	54.50	3.5	36.73	955.4

Comprising Westfield Holdings Limited and its Controlled Entities

PROPERTY PORTFOLIO

for the half-year ended 30 June 2006

	Appendix	30 Jun 06 \$million	31-Dec-05 \$million
DETAILS OF PROPERTY PORTFOLIO			
Consolidated Australian shopping centres	1A	16,142.0	14,417.7
Consolidated New Zealand shopping centres	1B	1,753.9	1,899.5
Consolidated United Kingdom shopping centres	1C	2,460.3	2,343.9
Consolidated United States shopping centres	1D	15,925.5	16,406.4
Total consolidated shopping centres		36,281.7	35,067.5
Equity accounted Australian shopping centres	1A	1,278.4	996.5
Equity accounted United Kingdom shopping centres	1C	1,124.1	998.1
Equity accounted United States shopping centres	1D	2,559.3	2,542.2
Gross value of equity accounted shopping centres ⁽ⁱ⁾		4,961.8	4,536.8
Total consolidated and equity accounted shopping centres		41,243.5	39,604.3

⁽ⁱ⁾ The value of the Westfield Group's equity accounted property investments excludes its share of borrowings and net working capital associated with these properties.

Comprising Westfield Holdings Limited and its Controlled Entities

PROPERTY PORTFOLIO - AUSTRALIA

for the half-year ended 30 June 2006

Shopping Centre	State	Consolidated			
		or Equity Accounted Interest %	Book value 30 Jun 2006 \$million	Book value 31 Dec 2005 \$million	Retail Cap Rate %
Airport West	Victoria	50	125.7	114.7	6.75%
Bay City	Victoria	50	107.2	97.2	6.50%
Belconnen	ACT	100	645.5	493.2	5.25%
Bondi Junction	New South Wales	100	1,633.6	1,502.9	4.75%
Booragoon	Western Australia	25	167.0	149.5	5.75%
Burwood	New South Wales	100	699.5	544.4	5.25%
Carindale	Queensland	50	369.2	316.8	5.75%
Carousel	Western Australia	100	558.1	509.4	6.00%
Chatswood	New South Wales	100	804.6	752.5	5.75%
Chermside	Queensland	100	573.4	569.9	6.50%
Doncaster	Victoria	100	392.7	374.0	6.75%
Eastgardens	New South Wales	**	n/a	n/a	n/a
Figtree	New South Wales	100	104.8	95.6	7.25%
Fountain Gate	Victoria	100	688.4	598.8	6.00%
Helensvale	Queensland	50	126.2	103.6	6.50%
Hornsby	New South Wales	100	774.4	615.1	5.35%
Hurstville	New South Wales	50	267.3	242.1	6.25%
Innaloo	Western Australia	100	186.0	159.4	6.75%
Knox	Victoria	30	238.1	213.6	6.00%
Kotara	New South Wales	100	282.3	279.3	7.00%
Liverpool	New South Wales	50	230.2	229.4	6.50%
Macquarie	New South Wales	50	343.4	324.2	5.75%
Marion	South Australia	50	381.5	349.3	6.00%
Miranda	New South Wales	50	538.7	481.6	5.50%
Mt Gravatt	Queensland	75	524.4	468.4	6.00%
North Lakes	Queensland	50	57.8	53.2	6.50%
North Rocks	New South Wales	100	79.6	75.6	7.50%
Pacific Fair	Queensland	40	408.2	370.4	5.25%
Parramatta	New South Wales	100	1,430.5	1,124.4	5.00%
Penrith	New South Wales	50	464.7	442.0	5.50%
Plenty Valley	Victoria	50	13.0	11.8	7.00%
Strathpine	Queensland	100	250.4	224.3	6.50%
Sydney City***	New South Wales	100	1,092.9	1,039.3	6.61%
Tuggerah	New South Wales	100	514.7	508.4	6.25%
Warrawong	New South Wales	100	188.9	173.6	7.25%
Warringah Mall	New South Wales	25	237.4	214.4	5.50%
Westlakes	South Australia	50	142.3	130.8	6.50%

Comprising Westfield Holdings Limited and its Controlled Entities

PROPERTY PORTFOLIO - AUSTRALIA

for the half-year ended 30 June 2006

Shopping Centre	State	Consolidated		Book value 30 Jun 2006 \$million	Book value 31 Dec 2005 \$million	Retail Cap Rate %
		or Equity Accounted Interest %				
Whitford City	Western Australia	50		228.5	209.9	6.25%
Woden	ACT	50		270.9	254.7	6.00%
Total consolidated centres				16,142.0	14,417.7	
Karrinyup	Western Australia	25		111.8	99.2	6.00%
Macquarie	New South Wales	5		34.3	32.5	5.75%
Mt Druitt	New South Wales	50		190.7	179.5	6.50%
Pacific Fair	Queensland	4		40.8	37.2	5.25%
Southland	Victoria	50		588.7	414.1	5.00%
Tea Tree Plaza	South Australia	50		312.1	234.0	5.25%
Total equity accounted centres				1,278.4	996.5	
Total Australian portfolio				17,420.4	15,414.2	5.76%

* Includes office suites where applicable

** Eastgardens is managed by Westfield under a Head Lease

*** Sydney City represents the combined value and performance of Sydney Central Plaza, Centrepoint, Skygarden and Imperial Arcade

PROPERTY PORTFOLIO - NEW ZEALAND

APPENDIX 1B

for the half-year ended 30 June 2006

Shopping Centre	Location	Consolidated		Book value at 30 Jun 2006 NZ\$million	Book value at 31 Dec 2005 NZ\$million	Retail Cap Rate %
		or Equity Accounted Interest %				
Chartwell	Hamilton	100		64.4	64.3	9.50%
Downtown	Auckland	100		63.8	59.9	8.25%
Glenfield	Auckland	100		163.8	152.2	8.00%
Manukau	Auckland	100		213.9	210.7	8.50%
Newmarket	Auckland	100		169.6	159.6	7.00%
Pakuranga	Auckland	100		108.4	106.7	8.75%
Queensgate	Wellington	100		312.6	301.1	7.25%
Riccarton	Christchurch	100		326.7	299.9	7.00%
Shore City	Auckland	100		127.8	116.7	7.75%
St Lukes	Auckland	100		405.1	384.8	6.75%
WestCity	Auckland	100		184.7	178.8	7.75%
Total New Zealand portfolio in NZ\$				2,140.8	2,034.7	
Exchange rate				1.2206	1.0712	
Total New Zealand portfolio in A\$				1,753.9	1,899.5	7.53%

PROPERTY PORTFOLIO - UNITED KINGDOM

for the half-year ended 30 June 2006

Shopping Centre	Location	Consolidated or Equity Accounted Interest %	Book value 30 Jun 2006 £million	Book value 31 Dec 2005 £million	Retail Cap Rate %
Merry Hill	Birmingham	100	920.0	920.0	5.00%
Sprucefield	Lisburn, Northern Ireland	100	76.9	75.0	5.00%
Total consolidated centres in £			996.9	995.00	
Exchange rate			0.4052	0.4245	
Total consolidated centres in A\$			2,460.3	2,343.9	
Broadmarsh	Nottingham	75	65.8	64.1	5.25%
CastleCourt	Belfast, Northern Ireland	50	157.0	140.0	5.00%
Eagle Centre	Derby	50	79.6	79.1	5.75%
The Friary	Guildford	50	74.8	68.2	5.00%
Royal Victoria Place	Tunbridge Wells	50	78.4	72.3	5.25%
Total equity accounted centres in £			455.5	423.7	
Exchange rate			0.4052	0.4245	
Total equity accounted centres in A\$			1,124.1	998.1	
Total United Kingdom portfolio in £			1,452.4	1,418.7	
Exchange rate			0.4052	0.4245	
Total United Kingdom portfolio in A\$			3,584.4	3,342.0	5.07%

PROPERTY PORTFOLIO - UNITED STATES

for the half-year ended 30 June 2006

Shopping Centre	Market Region	Consolidated or Equity	Book value at 30 Jun 2006 US\$million	Book value at 31 Dec 2005 US\$million	Retail Cap Rate %
		Accounted Interest %			
Annapolis	Maryland	100	442.2	442.0	5.94%
Belden Village	Ohio	100	164.3	159.8	7.14%
Brandon	Florida	100	217.8	217.5	7.00%
Capital	Washington	100	96.8	96.6	7.50%
Century City	Los Angeles	100	440.1	442.1	5.85%
Chesterfield	Missouri	100	143.5	143.7	8.00%
Chicago Ridge	Illinois/ Indiana	100	125.8	121.5	7.70%
Citrus Park	Florida	100	216.2	216.0	7.60%
Connecticut Post	Connecticut	100	150.9	151.4	7.22%
Countryside	Florida	100	244.1	202.1	6.44%
Crestwood	Missouri	100	78.3	78.2	13.12%
Downtown Plaza	Northern California	100	204.5	190.6	6.00%
Eagle Rock	Los Angeles	100	-	51.2	-
Eastland	Los Angeles	100	125.1	118.2	6.23%
Eastridge	North Carolina	100	46.8	46.4	9.29%
Enfield	Connecticut	100	-	87.9	-
Fox Hills	Los Angeles	100	179.0	178.7	6.93%
Fox Valley	Illinois/ Indiana	100	254.8	245.8	6.74%
Franklin Park	Ohio	100	346.3	341.9	6.50%
Galleria at Roseville	Northern California	100	335.7	297.4	6.23%
Gateway	Nebraska	100	143.1	141.8	7.33%
Great Northern	Ohio	100	164.9	161.4	6.93%
Hawthorn	Illinois/ Indiana	100	240.6	240.2	7.50%
Horton Plaza	San Diego	100	379.8	371.6	5.08%
Independence	North Carolina	100	161.3	154.6	7.24%
Louis Joliet	Illinois/ Indiana	100	129.3	116.9	6.77%
Mainplace	Los Angeles	100	279.7	251.6	6.97%
Meriden	Connecticut	100	177.0	171.5	7.67%
Mid Rivers	Missouri	100	186.8	182.9	6.59%
Midway	Ohio	100	-	89.3	-
Mission Valley	San Diego	100	299.1	297.4	6.39%
North County	San Diego	100	222.7	222.5	7.10%
Northwest	Missouri	100	-	41.6	-
Oakridge	Northern California	100	371.1	362.5	6.26%
Old Orchard	Illinois/ Indiana	100	416.2	415.8	6.33%

PROPERTY PORTFOLIO - UNITED STATES

for the half-year ended 30 June 2006

Shopping Centre	Market Region	Consolidated or Equity		Book value at 30 Jun 2006 US\$million	Book value at 31 Dec 2005 US\$million	Retail Cap Rate %
		Accounted Interest %				
Palm Desert	Los Angeles	100		216.0	213.3	6.02%
Parkway	San Diego	100		351.5	322.2	6.22%
Plaza Bonita	San Diego	100		246.4	246.2	6.10%
Promenade	Los Angeles	100		85.9	85.7	6.64%
Richland	Ohio	100		-	52.9	-
San Francisco Centre	Northern California	100		253.1	252.7	6.00%
Santa Anita	Los Angeles	100		399.0	375.3	6.01%
Sarasota	Florida	100		93.1	93.1	7.50%
Solano	Northern California	100		182.4	182.2	7.27%
Southcenter	Washington	100		266.8	266.2	6.80%
South County	Missouri	100		192.3	193.6	6.25%
Southgate	Florida	100		95.3	93.7	6.80%
Southlake	Illinois/ Indiana	100		208.1	207.5	7.90%
Southpark	Ohio	100		195.0	194.7	7.50%
South Shore	New York	100		256.2	255.7	6.63%
Sunrise	New York	100		159.8	157.0	7.63%
Topanga	Los Angeles	100		228.4	228.2	7.00%
Trumbull	Connecticut	100		309.6	271.9	6.39%
Vancouver	Washington	100		150.9	145.4	6.66%
West County	Missouri	100		351.8	327.6	6.36%
West Covina	Los Angeles	100		283.5	276.0	6.17%
West Park	Missouri	100		-	63.6	-
Westland	Colorado	100		-	28.3	-
Wheaton	Maryland	100		330.1	331.0	7.01%
Department stores		-		-	106.4	-
Total consolidated centres in \$US				11,839.0	12,021.0	
Exchange rate				0.7434	0.7327	
Total consolidated centres in A\$				15,925.5	16,406.4	

PROPERTY PORTFOLIO - UNITED STATES

for the half-year ended 30 June 2006

Shopping Centre	Market Region	Consolidated or Equity		Book value at 30 Jun 2006 US\$million	Book value at 31 Dec 2005 US\$million	Retail Cap Rate %
		Accounted Interest %				
Fashion Square	Los Angeles	50.0		134.6	133.7	5.79%
Garden State Plaza	New Jersey	50.0		539.5	538.9	6.00%
Montgomery	Maryland	50.0		240.3	235.7	5.49%
North Bridge	Illinois/ Indiana	33.3		128.3	126.6	6.78%
Plaza Camino Real	San Diego	40.0		84.9	84.9	6.36%
UTC	San Diego	50.0		180.8	174.6	5.79%
Valencia Town Center	Los Angeles	50.0		110.3	104.9	7.60%
Valley Fair	Northern California	50.0		483.9	463.4	5.41%
Total equity accounted centres in \$US				1,902.6	1,862.7	
Exchange rate				0.7434	0.7327	
Total equity accounted centres in A\$				2,559.3	2,542.2	
Total United States portfolio in \$US				13,741.6	13,883.7	
Exchange rate				0.7434	0.7327	
Total United States portfolio in A\$				18,484.8	18,948.7	6.56%