

# Preliminary Final Report

Name of entity

WESFARMERS LIMITED

ACN

008 984 049

Financial year ended

30 JUNE 1998

## Equity accounted results for announcement to the market

				\$A'000
Sales (or equivalent operating) revenue (item 1.1)	up	4.9%	to	2,727,325
Abnormal items after tax attributable to members (item 2.5)				Nil
Operating profit (loss) and extraordinary items after tax (before amortisation of goodwill) attributable to members (item 1.26)	up	18.2%	to	174,026
Operating profit (loss) after tax attributable to members (item 1.10)	up	19%	to	166,070
Extraordinary items after tax attributable to members (item 1.13)				Nil
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	up	19%	to	166,070
<b>Dividends (distribution)</b>				
		Amount per security		Franked amount per security at 36% tax
Final dividend (item 15.4)		43¢		43¢
Previous corresponding period (item 15.5)		38¢		38¢
Record date for determining entitlements to the dividend (see item 15.2)				2 October 1998
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market: Nil				
* Consists of				
Profit before abnormal items and goodwill amortisation	up	17.3%	to	173,425
Goodwill amortisation				(7,355)
Profit before abnormal items	up	17.9%	to	166,070
Abnormal items				-
				<u>166,070</u>

## Consolidated profit and loss account

	Current Year \$A'000	Previous year \$A'000
1.1 Sales (or equivalent operating) revenue	2,727,325	2,600,602
1.2 Share of associates' "net profit (loss) attributable to members" (equal to item 16.7)	6,690	-
1.3 Other revenue	88,759	108,921
<b>Total operating revenue</b>	<b>2,822,774</b>	<b>2,709,523</b>
1.4 <b>Operating profit (loss) before abnormal items and tax</b>	<b>258,983</b>	<b>219,209</b>
1.5 Abnormal items before tax (detail in item 2.4)	-	(1,250)
1.6 Operating profit (loss) before tax (items 1.4 + 1.5)	258,983	217,959
1.7 Less tax	92,312	77,782
1.8 Operating profit (loss) after tax but before outside equity interests	166,671	140,177
1.9 Less outside equity interests	601	624
1.10 <b>Operating profit (loss) after tax attributable to members*</b>	<b>166,070</b>	<b>139,553</b>
1.11 Extraordinary items after tax (detail in item 2.6)	-	-
1.12 Less outside equity interests	-	-
1.13 Extraordinary items after tax attributable to members	-	-
1.14 <b>Total operating profit (loss) and extraordinary items after tax (items 1.8 + 1.11)</b>	<b>166,671</b>	<b>140,177</b>
1.15 Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 + 1.12)	601	624
1.16 Operating profit (loss) and extraordinary items after tax attributable to members (item 1.10 + 1.13)	166,070	139,553
1.17 Retained profits (accumulated losses) at beginning of financial period	205,921	204,651
1.18 Adjustment on introduction of new accounting standard – equity accounting	1,597	-
1.19 Aggregate of amounts transferred from reserves	1,246	169
1.20 Total available for appropriation	374,834	344,373
1.21 Dividends provided for or paid	165,040	138,452
1.22 Aggregate of amount transferred to reserves	-	-
1.23 <b>Retained profits (accumulated losses) at end of financial period</b>	<b>209,794</b>	<b>205,921</b>
* Consists of:		
Profit before abnormal items and goodwill amortisation	173,425	147,827
Goodwill amortisation	(7,355)	(7,024)
Profit before abnormal items	166,070	140,803
Abnormal items	-	(1,250)
	166,070	139,553

## Profit restated to exclude amortisation of goodwill

	Current Year \$A'000	Previous year \$A'000
1.24 Operating profit (loss) after tax before outside equity interests (item 1.8) and amortisation of goodwill (item 2.1)	174,026	147,201
1.25 Less (plus) outside equity interests relating to goodwill	-	-
1.26 Operating profit (loss) after tax (before amortisation of goodwill) attributable to members	174,026	147,201

## Intangible, abnormal and extraordinary items

		Consolidated – current year			
		Before tax \$A'000	Related tax \$A'000	Related outside equity interests \$A'000	Amount (after tax) attributable to members \$A'000
2.1	Amortisation of goodwill	7,355	-	-	7,355
2.2	Amortisation of other intangibles	-	-	-	-
2.3	<b>Total amortisation of intangibles</b>	7,355	-	-	7,355
2.4	Abnormal items				
2.5	<b>Total abnormal items</b>	Nil	Nil	Nil	Nil
2.6	Extraordinary items				
2.7	<b>Total extraordinary items</b>	Nil	Nil	Nil	Nil

## Comparison of half year profits

	Current Year \$A'000	Previous year \$A'000
3.1 Consolidated operating profit (loss) after tax attributable to members reported for the first half year (item 1.10 in the half yearly report)	71,560	57,548
3.2 Consolidated operating profit (loss) after tax attributable to members for the second half year	94,510	82,005

## Consolidated balance sheet

	At end of current year \$A'000	As shown in last Annual Report \$A'000	As shown in last Half Yearly Report \$A'000
<b>Current assets</b>			
4.1 Cash	66,878	30,672	43,445
4.2 Receivables	367,613	362,695	292,354
4.3 Investments	-	-	-
4.4 Inventories	379,444	368,051	440,769
4.5 Other (provide details if material)	-	-	-
4.6 <b>Total current assets</b>	813,935	761,418	776,568
<b>Non-current assets</b>			
4.7 Receivables	80,901	64,842	91,537
4.8 Investments in associates	40,166	20,843	23,301
4.9 Other investments	26,519	36,681	33,986
4.10 Inventories	-	-	-
4.11 Exploration and evaluation expenditure capitalised	-	-	-
4.12 Development properties (mining entities)	88,252	31,686	52,232
4.13 Other property, plant and equipment (net)	1,161,675	976,957	1,062,151
4.14 Intangibles (net)	148,883	152,241	153,263
4.15 Other (provide details if material)	13,314	13,142	14,866
4.16 <b>Total non-current assets</b>	1,559,710	1,296,392	1,431,336
4.17 <b>Total assets</b>	2,373,645	2,057,810	2,207,904
<b>Current liabilities</b>			
4.18 Accounts payable	389,436	386,288	286,111
4.19 Borrowings	195,776	161,846	234,395
4.20 Provisions	160,386	170,618	135,666
4.21 Other (insurance provisions)	111,875	103,119	105,862
4.22 <b>Total current liabilities</b>	857,473	821,871	762,034
<b>Non-current liabilities</b>			
4.23 Accounts payable	2,521	2,591	2,587
4.24 Borrowings	220,192	112,456	208,718
4.25 Provisions	101,202	89,908	97,309
4.26 Other (insurance provisions)	22,719	18,989	18,989
4.27 <b>Total non-current liabilities</b>	346,634	223,944	327,603
4.28 <b>Total liabilities</b>	1,204,107	1,045,815	1,089,637
4.29 <b>Net assets</b>	1,169,538	1,011,995	1,118,267
<b>Equity</b>			
4.30 Capital	125,549	119,826	124,060
4.31 Reserves	832,355	685,111	769,477
4.32 Retained profits (accumulated losses)	209,794	205,921	222,659
4.33 Equity attributable to members of the parent entity	1,167,698	1,010,858	1,116,196
4.34 Outside equity interests in controlled entities	1,840	1,137	2,071
4.35 <b>Total equity</b>	1,169,538	1,011,995	1,118,267
4.36 Preference capital and related premium included as part of 4.33	Nil	Nil	Nil

## Exploration and evaluation expenditure capitalised

Not applicable

## Development properties

	Current Year \$A'000	Previous year \$A'000
6.1 Opening balance	31,686	14,874
6.2 Expenditure incurred during current period	56,566	16,812
6.3 Expenditure transferred from exploration and evaluation	-	-
6.4 Expenditure written off during current period	-	-
6.5 Acquisitions, disposals, revaluation increments, etc.	-	-
6.6 Expenditure transferred to mine properties	-	-
<b>6.7 Closing balance as shown in the consolidation balance sheet (item 4.12)</b>	<b>88,252</b>	<b>31,686</b>

## Consolidated statement of cash flows

	Current Year \$A'000	Previous year \$A'000
<b>Cash flow related to operating activities</b>		
7.1 Receipts from customers	2,735,745	2,603,696
7.2 Payments to suppliers and employees	(2,377,848)	(2,243,820)
7.3 Dividends received from associates	5,528	3,133
7.4 Other dividends received	808	1,029
7.5 Interest and other items of similar nature received	7,521	6,499
7.6 Interest and other costs of finance paid	(17,310)	(27,088)
7.7 Income taxes paid	(95,089)	(72,437)
7.8 Other (provide details if material)	-	-
<b>7.9 Net operating cash flows</b>	<b>259,355</b>	<b>271,012</b>
<b>Cash flows related to investing activities</b>		
7.10 Payment for purchases of property, plant and equipment	(374,504)	(184,818)
7.11 Proceeds from sale of property, plant and equipment	17,093	22,218
7.12 Payment for purchases of equity investments	(9,984)	(961)
7.13 Proceeds from sale of equity investments	8,920	46,919
7.14 Loans to other entities	(3,794)	(138)
7.15 Loans repaid by other entities	-	8,600
7.16 Acquisitions of goodwill	(4,575)	(376)
Proceeds from sale of business	30,053	-
Other	(671)	-
<b>7.17 Net investing cash flows</b>	<b>(337,462)</b>	<b>(108,556)</b>
<b>Cash flows related to financing activities</b>		
7.18 Proceeds from issues of securities (shares, options, etc.)	352	14
7.19 Proceeds from borrowings	136,699	-
7.20 Repayment of borrowings	-	(156,458)
7.21 Dividends paid	(40,425)	(42,930)
7.22 Repayment of employee share plan loans	18,308	12,739
<b>7.23 Net financing cash flows</b>	<b>114,934</b>	<b>(186,635)</b>
<b>7.24 Net increase (decrease) in cash held</b>	<b>36,827</b>	<b>(24,179)</b>
7.25 Cash at beginning of year (see Reconciliation of cash)	30,051	54,230
7.26 Exchange rate adjustments to item 7.25	-	-
<b>7.27 Cash at end of period (see Reconciliation of cash)</b>	<b>66,878</b>	<b>30,051</b>

## Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

	Current Year \$'000	Previous year \$'000
Share capital issues:		
Dividend investment plan	101,950	46,642
Employee share plan	41,709	45,511
Acquisition of shares in a controlled entity	-	-
	143,659	92,153
Dividends:		
Employee share plan repayments	6,555	3,835

## Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current Year \$A'000	Previous year \$A'000
8.1 Cash on hand and at bank	45,996	6,498
8.2 Deposits at call	20,882	24,174
8.3 Bank overdraft	-	(621)
8.4 Other (provide details)	-	-
8.5 <b>Total cash at end of period (item 7.27)</b>	66,878	30,051

## Ratios

	Current Year \$A'000	Previous year \$A'000
<b>Profit before abnormals and tax/sales</b>		
9.1 Consolidated operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1)	9.5%	8.4%
<b>Profit after tax/equity interests</b>		
9.2 Consolidated operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)		
(a) Before abnormal items and goodwill amortisation	14.9%	14.6%
(b) Before abnormal items	14.2%	13.9%
(c) After abnormal items	14.2%	13.8%

## Earnings per security (EPS)

		Current Year	Previous year
10.1	Calculation of basic and fully diluted, EPS in accordance with AASB 1027: Earnings per share		
	(a) & (b) Basic and diluted		
	(i) Before abnormals and goodwill amortisation	70.6¢	63.2¢
	(ii) Before abnormal items	67.6¢	60.2¢
	(iii) After abnormal items	67.6¢	59.6¢
	(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	245,496,307	233,991,742

## NTA backing

		Current Year	Previous year
11.1	Net tangible asset backing per ordinary security	\$4.06	\$3.58

## Supplementary information – “cashflow per share”

In accordance with general principles used by financial analysts, “cashflow per share” has been calculated by adding all forms of depreciation and amortisation to operating profit after tax and before abnormal items and dividing by the weighted average number of ordinary shares on issue during the year.

Current Year	Previous year
\$1.12	\$1.07

## Details of specific receipts/outlays, revenues/expenses

		Current Year \$A'000	Previous year \$A'000
12.1	Interest revenue included in determining item 1.4	5,686	10,057
12.2	Interest revenue included in item 12.1 but not received (if material)	2,658	4,493
12.3	Interest expense included in item 1.4 (include all forms of interest, lease, finance charges, etc.)	17,717	25,978
12.4	Interest costs excluded from item 12.3 and capitalised in asset values (if material)	5,513	1,610
12.5	Outlays (except those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6	Depreciation and amortisation (excluding amortisation of intangibles)	101,483	101,585

## Control gained over entities having material effect

Not applicable



## Loss of control of entities having material effect

Not applicable

## Reports for industry and geographical segments

	Operating revenue		Segment assets		Earnings	
	1998 \$A'000	1997 \$A'000	1998 \$A'000	1997 \$A'000	1998 \$A'000	1997 \$A'000
Rural operations and insurance	739,441	677,680	466,970	468,400	27,881	22,138
Fertiliser and chemicals	467,592	531,294	406,684	343,681	78,693	83,560
Energy	455,133	453,923	526,299	414,318	99,762	96,995
Building and forest products	892,415	794,800	796,431	691,297	70,108	56,840
Other	273,772	258,305	285,844	238,766	26,293	14,583
	2,828,353	2,716,002	2,482,228	2,156,462	302,737	274,116
Consolidation adjustments	(5,579)	(6,479)	(108,583)	(98,652)	(5,486)	(6,379)
Abnormal items						
- Other segment		-		-	-	(1,250)
Interest paid and corporate overheads		-		-	(38,268)	(48,528)
Operating profit before income tax					258,983	217,959
Income tax expense					92,312	77,782
	2,822,774	2,709,523	2,373,645	2,057,810	166,671	140,177

## Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable

29 October 1998

15.2 Record the date to determine entitlements to the dividend (distribution) (ie. on the basis of registrable transfers received up to 5.00pm if paper based or by "End of Day" if a proper SCH transfer)

2 October 1998

15.3 If it is a final dividend, has it been declared

Yes

## Amount per security

			Amount per security	Franked amount per security at 36% tax
15.4	Final dividend	Current year	43¢	43¢
15.5		Previous year	38¢	38¢
15.6	Interim dividend	Current year	23¢	23¢
15.7		Previous year	20¢	20¢

## Total annual dividend (distribution) per security

- 15.8 Ordinary securities  
15.9 Preference securities

Current Year	Previous year
66¢	58¢
Nil	Nil

## Total dividend (distribution) on all securities

- 15.10 Ordinary securities  
15.11 Preference securities  
15.12 Total

Current Year \$A'000	Previous year \$A'000
165,040	138,452
-	-
165,040	138,452

The dividend or distribution plans shown below are in operation.

Westfarmers Limited Shareholders' Investment Plan – Dividend Investment Plan

The last date(s) for receipt of election notices for the dividend or distributions plans

2 October 1998

Any other disclosures in relation to dividends (distributions)

The directors have reduced the discount rate for new Westfarmers Limited shares issued through the company's Dividend Investment Plan. The discount rate applicable to the 1998 final dividend has been set at 2.5 per cent; down from five percent previously.

## Details of aggregate share of profits (losses) of associates

Entity's share of associates	Current Year \$A'000	Previous year \$A'000
16.1 Operating profit (loss) before income tax	11,233	-
16.2 Income tax expense	4,543	-
16.3 Operating profit (loss) after income tax	6,690	-
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	6,690	-
16.6 Outside equity interests	-	-
16.7 Net profit (loss) attributable to members	6,690	-

In the previous year the profit included dividends from associated companies of \$4.8 million.

## Material interests in entities which are not controlled entities

No material interest

## Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of securities	Number issued	Number quoted	Par value (cents)	Paid-up value (cents)
18.1 Preference securities	Nil			
18.2 Issued during current period	Nil			
18.3 Ordinary securities	251,098,438	251,098,438	50	50
18.4 Issued during current period	11,446,418	11,446,418	50	50
18.5 Convertible debt securities	Nil			
18.6 Issued during current period	Nil			
18.7 Options	6,747,076	6,747,076	Exercise price	Expiry date
			\$12.50	30/06/99
18.8 Issued during current period	Nil			
18.9 Exercised during current period	28,178	28,178	\$12.50	
18.10 Expired during current period	Nil			
18.11 Debentures	Nil			
18.12 Unsecured notes				

## Comments by directors

Material factors affecting the revenues and expenses of the economic entity for the current period.

Refer to the press release dated 11 August 1998 accompanying this statement.

## Comments by directors (continued)

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible).

Since the end of the financial year:

- (a) the shareholders of the company and the Supreme Court of Western Australia have approved a capital return of 50 cents per fully paid ordinary share that will be paid to shareholders on the register of members on 11 August 1998 (the record date). The impact of the capital return will increase borrowings and reduce shareholders' equity by \$125.5M. The capital return will be paid from the company's share premium reserve.
- The exercise price of Wesfarmers Limited share options (see item 18.7) has been reduced by \$0.50 to \$12.00 on all options outstanding on 11 August 1998 (the record date).
- (b) Bunnings Properties Pty Ltd, a wholly owned subsidiary of Wesfarmers Limited, has granted to the Trustee of the Bunnings Warehouse Property Trust (the Trust) an option to purchase 16 Bunnings Warehouses and four sites on which construction of Bunnings Warehouses has now commenced. The property option is conditional on the approval of the Australian Stock Exchange for the admission of the Trust to the official list and successful completion of the public offering of units in the Trust on or before the expiration of 120 days from the granting of the option.
- Wesfarmers Investments Pty Ltd, a wholly owned subsidiary of Wesfarmers Limited, has entered into an agreement to subscribe for 33 million units in the Trust at the issue price of \$1.00 per unit if the Trust is successful in raising \$99M from the initial public offering of 99 million units.
- On the settlement of the sale of the Bunnings Warehouses or practical completion of the Bunnings Warehouses (as the case may be), the Trustee is to grant to Bunnings Building Supplies Pty Ltd, a wholly owned subsidiary of Wesfarmers Limited, leases of the Bunnings Warehouses.
- The financial impact of the above agreements on the economic entity will be:
- (i) Land and buildings included in the balance sheet at 30 June 1998 with a book value of \$86.7 million will be sold for \$110.5 million resulting in an estimated profit, after income tax and after elimination of internal profit on equity accounting, of \$10.5 million.
  - (ii) Investments in associated entities increased by \$33 million.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

It is anticipated that dividends paid or declared for the year ended 30 June 1999 will be fully franked.

Changes in accounting policies since the last annual report are disclosed as follows.

The economic entity has adopted the proposed revised Accounting Standard AASB 1016 Accounting for Investments in Associates in accordance with ASC Class Order 97/98 and has for the first time accounted for its investments in associates in accordance with the equity method of accounting in its consolidated accounts.

## Additional disclosure for trusts

Not applicable

## Annual meeting

The annual meeting will be held as follows:

Place	Hyatt Regency Perth, Western Australia
Date	4 November 1998
Time	2.00pm
Approximate date the annual report will be available	25 September 1998

## Compliance statement

- 1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law.
- 2 This report and the financial statements under the Corporations Law (if separate), use the same accounting policies.
- 3 This report gives a true and fair view of the matters disclosed.
- 4 This report is based on financial statements which are in the process of being audited.
- 5 As the accounts are being audited and the audit report is not attached, details of any qualifications will follow immediately they are available.
- 6 The entity has a formally constituted audit committee.



Sign here:

(Company Secretary)

Date: 11 August 1998

Print name:

P J JOHNSTON