



Wesfarmers Limited
ABN 28 008 984 049

NEWS

10 August 2004

2004 full year result

The directors of Wesfarmers Limited today announced a record net profit of \$873.1 million for the year ended 30 June 2004. The result includes an after tax profit of \$303.9 million from the sale of the rural services business (Landmark) in late August 2003. Normalised to exclude the sale of Landmark in 2003/04 and the Girrah coal deposit the previous year, the net profit after goodwill amortisation was \$569.2 million which represents an increase of 18.1 per cent over the \$481.9 million earned in 2002/03.

Operating revenue (not including revenue from the sale of Landmark) was \$7.7 billion, similar to the revenue earned in 2002/03.

Increased earnings were recorded for the hardware, chemicals/fertilisers and insurance businesses with reduced contributions from the energy and industrial/safety businesses. A material contribution to the result was made by the group's investment in the Gresham Private Equity Fund.

The full year result included profit after tax of \$8.6 million on the sale of non-current assets compared to \$14.4 million earned last year.

Normalised earnings per share (before goodwill amortisation) were \$1.74, an increase of 15.2 per cent on the \$1.51 recorded in the previous corresponding period. Cash flow per share of \$3.07 was well above the \$2.20 achieved last year.

Final dividend

The directors have declared a fully-franked final dividend of 92 cents per share (last year 85 cents per share) which will be paid on 30 August 2004. This lifts the full-year dividend to \$1.40 per share compared to last year's \$1.27, an increase of 10.2 per cent.

Finance

Net operating cash flows for the year for the group's activities were \$710.5 million. The group's replacement and expansion capital expenditure was \$258.2 million.

The group's ratio of net debt to equity at 30 June 2004 was 45.5 per cent, up from 23.7 per cent at 30 June 2003 due mainly to the capital return of \$934 million which was made on 18 December 2003.

The directors have decided to continue the suspension of the company's dividend investment plan while debt levels remain low.

In the year ended 30 June 2004, the Company repurchased a further 2.9 million shares under the share buyback (originally announced in February 2003 and extended in February 2004) for \$78.9 million at an average cost of \$27.41 per share.

Gearing is budgeted to increase slightly in the 2004/05 year due to planned capital expenditure of approximately \$450 million.

Hardware

Operating revenue for the Bunnings hardware business increased to \$3.8 billion, 10.7 per cent higher than the previous year. Earnings before interest and tax (before goodwill amortisation) of \$392.1 million were 12.3 per cent higher than last year's. Trading earnings before interest and tax (before goodwill amortisation) increased by 13 per cent.

Store-on-store growth in Bunnings' cash sales for the full year was 11 per cent. Strong growth was achieved particularly in Queensland, Western Australia and New South Wales but growth was lower in Victoria. The June quarter saw more subdued retail hardware spending across Australia. Store on store sales growth in that quarter was seven per cent with the weaker trend continuing in July which recorded growth of around six per cent. New Zealand sales continued to grow strongly as a result of the rebranding programme and the successful opening of the first newly constructed Bunnings Warehouses in Christchurch and Hamilton. Trade sales remained subdued but improved in the final quarter to finish slightly higher than those recorded last year.

The implementation of new processes and procedures during the year resulted in a significant improvement in margin and inventory management.

New store development continued during the year with the opening of 12 new warehouse stores, the largest number of openings in a single year. In addition, the network rationalisation programme resulted in the closure of three warehouses and nine traditional stores. At year end, there were 125 warehouse stores and 85 traditional stores operating across Australia and New Zealand.

The store network improvement programme resulted in the completion of 15 store upgrades during the year. These included six upgrades to older Bunnings Warehouses to achieve current building and merchandising standards; five refits of former BBC Hardware stores with Bunnings' standard merchandise racking and store layout; and four refits of traditional stores to include warehouse style racking and greatly increase the range of available products.

Outlook

The outlook for the hardware business in 2004/05 is for continued but slower retail sales growth in Australia and a modest trade sales improvement. New warehouse development is forecast to continue at between eight to 12 stores per year, although the majority of openings in the next year will be in the second half. The first new Series 3000 warehouse stores in both Australia and New Zealand are due to open later this year.

Energy

Operating revenue of \$1.0 billion from the group's energy businesses was 9.3 per cent below the \$1.1 billion recorded in 2002/03. Earnings before interest and tax (before goodwill amortisation) of \$240.2 million were 7.5 per cent lower than the \$259.8 million earned last year (excluding profit on the sale of the Girrah coal deposit).

Coal

Total sales volumes from the Curragh coal mine in Queensland of 6.9 million tonnes (4.6 million export and 2.3 million domestic) were 12.0 per cent above those achieved in 2002/03. Earnings for the year were 13.8 per cent below last year's due to lower export coking coal prices, stronger exchange rates and higher overall costs, which included unfavourable inventory movements and demurrage costs.

Premier Coal in Collie, Western Australia, achieved sales volumes of 3.4 million tonnes in 2003/04, in line with last year's. Earnings for the year were similar to those recorded last year.

Wesfarmers holds a 40 per cent interest in the Bengalla coal mine in New South Wales. Joint venture sales volumes of 5.8 million tonnes (4.2 million export and 1.6 million domestic) were achieved in 2003/04, slightly higher than last year's with a corresponding increase in revenue. Earnings were slightly ahead of last year's as a result of higher export prices in the second half of the year and the higher sales volumes despite continued congestion at the port of Newcastle which resulted in additional demurrage costs.

Gas and Power

Kleenheat Gas' overall sales volumes were in line with last year's with the acquisition of Peters Gas (operating in Victoria and South Australia) as well as growth in the bulk and cylinder markets offsetting reduced autogas volumes. Earnings were below last year's due to higher international LPG prices impacting margins and competitive pressures in autogas.

Wesfarmers LPG achieved export volumes of 221,000 tonnes, which was slightly below last year. Earnings were marginally lower than those recorded in 2002/03 due to the lower sales tonnages.

Earnings from the 40 per cent-owned Air Liquide W.A. were above last year's due to continued sales revenue growth.

The performance of StateWest Power was significantly better than last year, due mainly to the commencement of operations of the Mid-West Power project. Revenues increased by 32 per cent whilst earnings were significantly higher than those achieved last year.

Outlook

After facing tough market conditions for most of the 2003/04 year the coal businesses are now benefiting from stronger thermal and coking coal prices, as a result of strong demand for these products. The current focus is on the development of the Curragh North resource and delivering new market opportunities for Premier Coal.

As detailed in a separately released statement, production from the Curragh North coal resource is expected to begin ahead of schedule in the first quarter of the 2005 calendar year. During the year the focus has been on finalising mine plans, obtaining necessary approvals and confirming marketing commitments. The development of Curragh North will more than double the recoverable coal reserves currently available, extending the life of the Curragh operations until at least 2025.

Exports from Curragh and Curragh North are now expected to rise from the 2003/04 volume of 4.6 million tonnes to five million tonnes in 2004/05 and then seven million tonnes in 2005/06, including 1.2 million tonnes of a new Pulverised Coal Injection product. Export volumes in 2004/05 are budgeted to be five million tonnes.

The Curragh release also details potential revenue sharing arrangements with Curragh's domestic customer in an environment of high export coal prices.

Earnings from the gas businesses will once again be dependent on the level of international LPG prices and domestic competition. There will be a focus on completing negotiations to secure satisfactory gas supply arrangements for Wesfarmers LPG beyond 30 June 2005, on completing new projects such as the \$45.0 million Air Liquide plant to service Hismelt and on securing expansion opportunities for StateWest Power.

Industrial and safety

Operating revenue of the industrial and safety businesses for the 2003/04 year was \$1.15 billion, 3.5 per cent above the \$1.11 billion recorded last year. Earnings before interest and tax (before goodwill amortisation) of \$112.0 million were 4.4 per cent below the \$117.2 million recorded in 2002/03 primarily due to performance in the Protector Alsafe business.

Increased activity within the mining industry contributed positively to sales performance in Queensland and Western Australia. Sales in New South Wales and Victoria increased in the construction sector but remained flat overall due to subdued growth in the manufacturing sector.

Revenue and profits from the Protector Alsafe business were below expectations. A number of initiatives have been implemented and the business has stabilised and is showing signs of improvement.

The Australian Blackwoods business returned a solid result despite generally flat sales in New South Wales and Victoria. The New Zealand operations achieved strong growth, benefiting from a robust domestic economy and a strong New Zealand dollar.

The integration of the newly acquired Paykels business (New Zealand's largest distributor of maintenance, repair and operating products) with Blackwoods is almost complete. Earnings from the combined businesses were in line with expectations.

Refurbishment and consolidation of industrial and safety's distribution facilities continued during the year with the development of a Blackwoods distribution centre at Scoresby in Victoria, the opening of a new Blackwoods branch in Rockhampton, Queensland and the redevelopment of a distribution centre in Smithfield, New South Wales which will encompass a larger and more efficient import warehouse.

The business continued the rollout of its “hub and spoke” logistics model, improving customer service, speed of delivery and reducing working capital usage. This initiative will support the rollout of shopfront-style or “trade centres” in industrial and mining locations throughout Australia and New Zealand. The model has been further supported by the consolidation of the metropolitan customer service centres to single points of operation in each of the mainland Australian capital cities.

Outlook

The industrial and safety division expects a moderate profit increase in 2004/05. The outlook for the business in Australia is generally positive with continued spending in the mining and transport infrastructure segments anticipated. New Zealand’s economic outlook remains steady and the integration of the Paykels business is expected to contribute to growth in revenue and earnings.

Insurance

The insurance division, which was formed in October 2003, achieved a strong result for the year with operating revenue of \$879.2 million and earnings before interest and tax (before goodwill amortisation) of \$95.8 million. The result includes an eight and a half months’ contribution from Lumley’s Australian and New Zealand businesses and a full twelve months’ contribution from Wesfarmers Federation Insurance. The divisional insurance margin was 16.8 per cent and the combined operating ratio was 86.5 per cent.

All businesses recorded results which exceeded expectations due to lower than expected claims levels and solid premium growth.

Lumley General (Australia) achieved a strong result, notwithstanding a fall in its insurance margin to 18.5 per cent compared with 19.7 per cent in the previous corresponding period and the combined operating ratio (“COR”) increasing to 85.1 per cent from 83.6 per cent previously. The result was characterised by a generally benign claims environment despite a severe storm event in Victoria in December 2003. Gross written premium (“GWP”) for the period increased 0.6 per cent compared with the previous corresponding period.

Lumley General (New Zealand) performed ahead of expectations due to strong revenue growth and a generally favourable claims environment. The COR improved to 87.1 per cent from 89.0 per cent previously. The insurance margin of 14.8 per cent, compared with 12.7 per cent in the previous corresponding twelve month period, was adversely affected by a one in 100 year storm and flooding event that occurred in the lower North Island in January. GWP for the period increased 17.4 per cent compared with the previous corresponding period.

Wesfarmers Federation Insurance experienced higher than anticipated crop insurance claims, but these were offset by lower than anticipated claims in the non-crop insurance business. Overall the result was ahead of expectations with the insurance margin increasing to 16.0 per cent compared with last year’s 13.3 per cent. The COR improved to 88.1 per cent from 90.8 per cent previously. GWP increased 13.5 per cent compared with last year’s.

Integration of the Lumley businesses is proceeding as planned with a number of initiatives underway to standardise procedures and practices and enable modest synergy benefits to be realised, mainly in relation to shared information technology services. Wesfarmers’ management systems, including: management reporting; performance measurement; treasury; company secretarial; corporate planning and human resources have now been implemented in all of the Lumley businesses.

Outlook

The outlook for the insurance division in 2004/05 is positive despite signs emerging of increased competition in some market segments.

Chemicals and fertilisers

Operating revenue of \$518.5 million was recorded by CSBP's chemicals and fertilisers division, representing a 9.5 per cent increase over last year's with higher sales achieved in both the chemicals and fertilisers activities. Earnings before interest and tax (before goodwill amortisation) of \$85.6 million were 8.6 per cent above last year's \$78.9 million.

Chemicals

The company's chemicals activities performed well during the year, with record production of both sodium cyanide and ammonium nitrate. A major planned shutdown of the ammonia plant in May 2004 resulted in reduced production compared to 2002/03. Work to increase production capacity was completed during the shutdown. Sales volumes and revenues were higher than last year's and in line with budget.

CSBP is currently conducting a feasibility study on the potential expansion of its ammonium nitrate capacity by the construction of a duplicate nitric acid plant and new prilling tower at Kwinana, doubling current production volumes, for resource sector use and as a feedstock for the manufacture of the nitrogenous liquid fertiliser, Flexi-N.

The capital cost of these works is estimated at between \$130 million and \$140 million. Production of ammonium nitrate at Kwinana is currently sold out and further demand is anticipated in light of strengthening resource commodity prices, new projects announced by major mining companies and growth in demand for Flexi-N. Subject to completion of a feasibility study and regulatory approvals, construction is planned to commence in 2005 with production on-line in the second half of the 2006/07 financial year.

Sales volumes from CSBP's Queensland ammonium nitrate joint venture improved over last year's and the financial performance exceeded expectations, with equity accounted earnings recorded by CSBP for the first time.

Difficult market conditions and the strong Australian dollar adversely impacted earnings from CSBP's joint venture sodium cyanide operations during the year. Despite this, record production of both solid and liquid product was achieved.

Fertilisers

Improved market conditions and a continuing market focus lifted fertiliser sales within Western Australia by 6.5 per cent, and total sales by 7.9 per cent, over last year's. Total fertiliser sales of 1,062,000 tonnes were achieved. Sales of Flexi-N liquid fertiliser reached over 10 per cent of the total sales volume, more than 50 per cent above last year's.

Favourable seasonal conditions across 2003/04 which, together with gains achieved through supply chain and cost base efficiencies, resulted in a 10.7 per cent increase in CSBP's fertiliser earnings over last year's. To meet increasing demand for customised blended products, investments in specialised blending plants at Bunbury and Albany in regional Western Australia were commissioned during the year.

Outlook

The outlook for CSBP's chemicals and fertilisers businesses for 2004/05 is positive. An improvement in earnings is expected, subject to reasonable seasonal conditions in Western Australia and continued strong demand for chemicals from the mining sector. The 2004/05 result will be dampened by a planned shutdown of ammonium nitrate production at Kwinana in November to complete scheduled maintenance works.

Other operations

Australian Railroad Group

Revenues from the 50 per cent-owned Australian Railroad Group (ARG) of \$426.6 million were 10.0 per cent above last year's due to improved grain and iron ore volumes; and a new contract in New South Wales. Pre-tax earnings were higher than last year's as a result of the higher revenue and a reduction in incident costs, partially offset by an increase in fuel prices and establishment costs in new contracts.

Earnings from the Australian Railroad Group are expected to continue to improve due to a positive outlook for grain and other commodity volumes and better operating performance.

Forest Products

Operating revenue for the forest products business, Sotico, was below budget and last year's due to divestments and the voluntary reduction of hardwood log intake. Earnings for the year were slightly above budget but below last year's. Wespine Industries, in which Wesfarmers has a 50 per cent interest, performed soundly over the year due to the ongoing strength of demand from the Western Australian housing construction market.

As announced on 8 July 2004, agreement was reached for the sale of Sotico's jarrah business assets to Gunns Limited for \$29.0 million, including \$18.0 million of timber stocks. The sale was finalised on 2 August 2004. This sale is the final step in the restructuring of the Sotico operations announced in May 2001. The Wesfarmers group's only remaining active involvement in the forest products industry is its 50 per cent interest in the Wespine plantation pine sawmill at Dardanup, Western Australia.

Gresham Private Equity

Wesfarmers' investment in the Gresham Private Equity Fund made a material contribution to earnings from the divestments of Repco and Cashcard. Pre-tax earnings from private equity, after initial costs for the Gresham Private Equity Fund No. 2, which was launched in February, were \$73.4 million. Earnings from the Gresham Private Equity Fund are anticipated over the next three to four years from divestment of its five remaining investments.

Senior appointments

Management changes at Bunnings and CSBP have been announced today. John Gillam has been appointed Managing Director of the Bunnings hardware business. Peter Davis, who has been Managing Director of Bunnings since January 2003, will assume a new role as the company's Chief Operating Officer with responsibility for store operations, merchandising and marketing and property.

Keith Gordon has been appointed Managing Director of CSBP.

Further details of these appointments, including biographical details, are contained in a separate release.

Outlook

Directors are pleased with the performance of the group and are budgeting another increase in normalised profits in all major divisions in the 2004/05 year.

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WESFARMERS LIMITED PRELIMINARY FINAL REPORT

ABN 28 008 984 049

APPENDIX 4E

Financial year ended 30 JUNE 2004

Results for announcement to the market

				<i>\$000</i>	
Revenues from ordinary activities	up	8.4%	to	8,407,492	*
Net profit for the period attributable to members	up	62.2%	to	873,114	**
Dividends					
		Amount per security		Franked amount per security	
Interim dividend		48 cents		48 cents	
Final dividend		92 cents		92 cents	
Previous corresponding period					
Interim dividend		42 cents		42 cents	
Final dividend		85 cents		85 cents	
Record date for determining entitlements to the dividend	20 August 2004				
Date the final dividend is payable	30 August 2004				
The company's dividend investment plan has been temporarily suspended.					
* Consists of:					
Revenue from ordinary activities				7,706,555	
Revenue from sale of the rural services business				700,937	
				8,407,492	
**(a) Consists of:					
Net profit before goodwill amortisation and before significant items	up	15.3%	to	654,700	
Goodwill amortisation				(85,536)	
Net profit after goodwill amortisation and before significant items	up	18.1%	to	569,164	
(b) Includes net profit on sale of the rural services business				303,950	

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Note	Consolidated	
		2004 \$000	2003 \$000
Revenues from ordinary activities	1	8,407,492	7,753,374
Expenses from ordinary activities	2	(7,209,488)	(6,920,915)
Borrowing expenses	2	(80,296)	(80,197)
Share of net profits of associates	11	114,683	36,382
Profit from ordinary activities before income tax expense		1,232,391	788,644
Income tax expense relating to ordinary activities	5	(363,812)	(250,726)
Profit from ordinary activities after income tax expense		868,579	537,918
Net loss attributable to outside equity interests		4,535	290
Net profit attributable to members of the parent entity	20	873,114	538,208
Adjustment on adoption of revised accounting standard AASB1028 "Employee Benefits"		-	(9,810)
Net increase in asset revaluation reserve		11,492	2,676
Net exchange difference on translation of financial report of foreign controlled entities		4,064	(1,542)
Total revenue and expenses attributable to members and recognised directly in equity		15,556	(8,676)
Total changes in equity other than those resulting from transactions with owners as owners		888,670	529,532
Net profit attributable to members of the parent entity consists of:			
Net profit before goodwill amortisation		958,650	623,942
Goodwill amortisation		(85,536)	(85,734)
Net profit after goodwill amortisation		873,114	538,208
Net profit attributable to members of the parent entity includes significant items:			
Net profit on sale of the rural services business		303,950	-
Net profit on sale of the Girrah coal deposit		-	56,351
Basic and diluted earnings per share (cents per share)	24	232.4	142.9
After goodwill amortisation and before significant items		151.5	127.9
Before goodwill amortisation		255.1	165.7
Before goodwill amortisation and significant items		174.2	150.7

The statement of financial performance should be read in conjunction with the accompanying notes.

Statement of Financial Position

AT 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Note	Consolidated	
		2004 \$000	2003 \$000
Current assets			
Cash assets	7	103,374	170,247
Receivables	8	1,306,186	895,531
Inventories	9	1,260,096	1,345,626
Other insurance assets	10	721,028	19,635
Total current assets		3,390,684	2,431,039
Non-current assets			
Receivables	8	330,843	313,512
Investments accounted for using the equity method	11	395,375	375,220
Other financial assets	12	16,602	6,373
Property, plant and equipment	13	1,600,052	1,688,641
Deferred tax assets		65,118	82,183
Intangible assets	14	1,472,724	1,519,898
Other		2	1,236
Total non-current assets		3,880,716	3,987,063
Total assets		7,271,400	6,418,102
Current liabilities			
Interest bearing liabilities	15	309,822	384,288
Payables	16	840,681	852,968
Current tax liabilities		121,838	117,568
Provisions	17	154,894	175,681
Insurance liabilities	18	806,417	181,020
Total current liabilities		2,233,652	1,711,525
Non-current liabilities			
Interest bearing liabilities	15	1,302,096	671,826
Payables	16	17,612	6,795
Deferred tax liabilities		109,912	107,570
Provisions	17	111,058	111,806
Insurance liabilities	18	166,545	43,503
Total non-current liabilities		1,707,223	941,500
Total liabilities		3,940,875	2,653,025
Net assets		3,330,525	3,765,077
Shareholders' equity			
Contributed equity	19	2,345,633	3,159,466
Reserves	20	55,200	39,644
Retained earnings	20	931,779	559,370
Shareholders' equity attributable to members of Wesfarmers Limited		3,332,612	3,758,480
Outside equity interests in controlled entities	21	(2,087)	6,597
Total shareholders' equity		3,330,525	3,765,077

The statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Note	Consolidated	
		2004 \$000	2003 \$000
Cash flows from operating activities			
Receipts from customers		8,146,065	8,360,603
Payments to suppliers and employees		(7,220,780)	(7,365,855)
Dividends and distributions received from associates		85,959	31,509
Dividends received from others		1,006	2,430
Interest received		20,478	9,909
Borrowing costs		(79,133)	(77,014)
Income tax paid		(243,062)	(142,878)
Net cash provided by operating activities	22	710,533	818,704
Cash flows from investing activities			
Acquisition of property, plant and equipment		(258,198)	(218,311)
Acquisition of investments and insurance deposits		(327,096)	(27,516)
Disposal of controlled entities	26	703,443	-
Acquisition of controlled entities	26	(303,829)	-
Proceeds from sale of non-current assets		157,624	255,634
Return of capital received from associates		20,985	-
Other items		(12,623)	(9,986)
Net cash used in investing activities		(19,694)	(179)
Cash flows from financing activities			
Proceeds from borrowings		696,490	-
Repayment of borrowings		(99,213)	(432,558)
Repayment of Employee Share Plan loans		51,918	37,186
Payment of return of capital		(896,021)	-
Payment for share buyback		(78,891)	(91,489)
Dividends paid to ordinary shareholders		(479,646)	(333,354)
Net cash used in financing activities		(805,363)	(820,215)
Net decrease in cash held		(114,524)	(1,690)
Cash at the beginning of the financial year		170,247	171,937
Cash at the end of the financial year	22	55,723	170,247

The statement of cash flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

Consolidated

2004
\$000

2003
\$000

1 REVENUE FROM ORDINARY ACTIVITIES

Revenue from the sale of goods	6,464,358	6,959,161
Revenue from insurance premiums	825,218	213,734
Revenue from other services	151,963	252,941
Proceeds on sale of non-current assets	157,624	255,634
Proceeds on sale of controlled entities	703,443	-
Dividends from other corporations	1,061	2,329
Interest received	25,784	9,048
Rent received	2,774	7,018
Other income	75,267	53,509
Total revenue from ordinary activities	8,407,492	7,753,374

2 EXPENSES AND OTHER GAINS/LOSSES

Expenses

Cost of goods sold	4,508,462	4,977,752
Distribution expenses	153,181	143,004
Sales and marketing expenses	1,178,973	1,167,637
Direct selling expenses	652,651	198,220
Administration expenses	289,436	267,609
Other expenses	426,785	166,693
Total expenses from ordinary activities	7,209,488	6,920,915

Borrowing expenses

Interest paid	76,267	74,314
Other borrowing costs	4,029	5,883
	80,296	80,197

Expenses from ordinary activities are arrived at after taking into account:

Bad and doubtful debts

Trade debtors	9,657	3,369
Finance advances and loans	295	40
Employee Share Plan loans	334	1,769
	10,286	5,178

Depreciation and amortisation

Depreciation	- Buildings	10,789	10,845
	- Plant and equipment	168,744	181,760
Amortisation	- Leasehold improvements	3,620	3,694
	- Mineral exploration and development costs	10,695	9,941
	- Goodwill	85,536	85,734
		279,384	291,974

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated	
	2004	2003
	\$000	\$000
2 EXPENSES AND OTHER GAINS/LOSSES (CONTINUED)		
Expenses (continued)		
Write down of non-current assets		
Property, plant and equipment	2,213	2,845
Goodwill	-	11
Operating lease rentals	164,409	173,965
Provision charged against profits		
Employee benefits	66,453	39,350
Restoration obligations	5,077	6,916
Restructure	3,202	1,058
Government mining royalties	34,274	35,321
Mineral exploration and development costs written off	142	137
Gains		
Profit on sale of property, plant and equipment	11,991	14,439
Profit on sale of rural services business	400,700	-
Profit on sale of Girrah Coal Deposit	-	80,505
Profit on sale of listed investments	-	6,136
Foreign exchange gains	304	637
3 NET INTEREST		
Interest paid/payable to other persons/corporations	76,267	74,314
Less interest received/receivable from:		
Associated entities	23	28
Other persons/corporations	25,761	9,020
	25,784	9,048
Net interest	50,483	65,266

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated	
	2004	2003
	\$000	\$000
4 AUDITORS' REMUNERATION		
Amounts received or due and receivable by Ernst & Young for:		
Audit or review of the financial reports	1,747	1,631
Other services - tax compliance	923	631
- other	360	579
	3,030	2,841
Amounts received or due and receivable by related practices of Ernst & Young Australia for:		
Audit or review of the financial reports of subsidiary entities	212	89
Other services - tax compliance	7	-
- other	13	-
Amounts received or due and receivable by auditors other than Ernst & Young for:		
Audit or review of the financial reports of subsidiary entities	9	2
	3,271	2,932
5 INCOME TAX		
The prima facie tax on profit from ordinary activities differs from the income tax provided in the financial statements as follows:		
Prima facie tax at 30% on profit from ordinary activities	369,717	236,593
Tax effect on permanent differences:		
Rebateable dividends	(910)	(697)
Share of associated companies' net profits after tax	(10,390)	(9,934)
Non-assessable capital gains	(11,840)	(33)
Depreciation and amortisation	27,342	27,160
Other non-deductible expenses	1,171	1,997
Other items	2,253	266
Recognition of tax benefit upon entry to tax consolidation and resetting tax values	(14,777)	-
Adjustment relating to previous year excluding tax consolidation adjustments	1,246	(4,626)
Income tax attributable to operating profit	363,812	250,726
Adjustment on the adoption of revised accounting standard AASB 1028 "Employee Benefits"	-	(4,208)
Total income tax expense	363,812	246,518
Total income tax comprises:		
Amount set aside to provision for income tax	341,936	209,733
Amount (withdrawn from) set aside to deferred tax liabilities	(2,239)	11,066
Amount withdrawn from deferred tax asset	24,115	25,719
	363,812	246,518

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

5 INCOME TAX (CONTINUED)

	Consolidated	
	2004	2003
	\$000	\$000
<i>Income tax losses</i>		
Future income tax benefit arising from tax losses of the consolidated entity not recognised at reporting date as realisation of the benefit is not regarded as virtually certain	71,963	19,806

This future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

Tax Consolidation Legislation

Effective for the tax year ended 30 June 2003, for the purposes of income taxation, Wesfarmers Limited and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement whereby the head entity, Wesfarmers Limited, meets the tax obligations on behalf of its wholly owned subsidiaries, which are then on-charged.

As a consequence, Wesfarmers Limited, as the head entity in the tax consolidated group, recognised current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable and payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense (revenue).

The deferred tax balances recognised by the parent entity in relation to wholly-owned entities joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidation regime, with one exception. The deferred tax balances relating to assets that had their tax values reset on joining the tax consolidated group, have been remeasured based on the carrying amount of those assets at the tax-consolidated group level and their reset tax values. The measurement adjustments to these deferred tax balances are also recognised in the consolidated financial statements as income tax expense or revenue, or as direct debits to the asset revaluation reserve to the extent the adjustments relate to the revaluation of assets.

As a result of the revised tax legislation and the election made during the period ended 30 June 2004 to form a tax consolidated group, the following adjustments have been made to timing differences recognised in the financial statements:

	Consolidated	
	2004	2003
	\$000	\$000
<i>Deferred tax assets</i>		
Tax losses not previously recognised now brought to account via:		
Income tax expense	26,230	-
Contributed equity (related to the 2001 ownership simplification plan)	128,168	-
	154,398	-
<i>Deferred tax liabilities</i>		
Cost base of property, plant and equipment	11,453	-

The net impact on the result for the period of the above adjustments was to increase profit from ordinary activities after income tax expense by \$14,777,000, including a \$10,945,000 increase in the profit on sale of the rural services business.

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

		Consolidated	
		2004	2003
		\$000	\$000
6	DIVIDENDS PAID		
	Interim 2004 fully franked dividend of 48 cents per share (2003: 42 cents) paid on ordinary shares	180,650	159,865
	Final 2003 fully franked dividend of 85 cents per share (2002: 77 cents) paid on ordinary shares	320,055	286,664
		500,705	446,529
	Franking credits shortfall for subsequent financial years	2,911	3,968
7	CASH ASSETS		
	Cash on hand	5,361	6,207
	Cash on deposit and at bank	98,013	164,040
		103,374	170,247
8	RECEIVABLES		
	Current		
	Finance advances and loans	90,973	11,115
	Less allowance for doubtful debts	(1,683)	(93)
		89,290	11,022
	Employee Share Plan loans	20,960	21,302
		110,250	32,324
	Trade debtors	758,670	738,573
	Less allowance for doubtful debts	(12,097)	(23,881)
		746,573	714,692
	Reinsurance and other recoveries receivable	278,189	10,763
	Amounts from:		
	Associated entities	3,859	13,754
	Other debtors and prepayments	167,315	123,998
		171,174	137,752
		1,306,186	895,531
	Non-current		
	Finance advances and loans	-	4
	Employee Share Plan loans	260,468	300,037
		260,468	300,041
	Reinsurance and other recoveries receivable	61,204	5,074
	Other debtors and prepayments	9,171	8,397
		330,843	313,512

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated	
	2004	2003
	\$000	\$000
9 INVENTORIES		
Raw materials:		
At cost	52,265	53,204
At net realisable value	<u>6,014</u>	6,531
	<u>58,279</u>	<u>59,735</u>
Work in progress:		
At cost	<u>105,044</u>	94,709
Finished goods:		
At cost	1,093,928	1,191,182
At net realisable value	<u>2,845</u>	-
	<u>1,096,773</u>	<u>1,191,182</u>
Total inventories at lower of cost and net realisable value	<u>1,260,096</u>	<u>1,345,626</u>
10 OTHER INSURANCE ASSETS		
Deposits at cost	629,361	-
Deferred acquisition costs	<u>91,667</u>	19,635
	<u>721,028</u>	<u>19,635</u>
11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Units in listed property trust at cost	60,433	55,813
Shares at cost	<u>207,333</u>	222,659
	<u>267,766</u>	278,472
Share of retained earnings and reserves of associated entities	<u>99,346</u>	67,534
Total investment in associated entities	<u>367,112</u>	346,006
Loans to associated entities	<u>28,263</u>	29,214
	<u>395,375</u>	<u>375,220</u>
Aggregate quoted market value at balance date of units listed on a prescribed stock exchange		
Units in listed property trust	<u>103,219</u>	<u>92,523</u>

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Associated entity	Principal activity	Beneficial interest		Consolidated carrying amount		Contribution to consolidated profit	
		2004 %	2003 %	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Air Liquide WA Pty Ltd	Industrial gases	40	40	3,980	3,701	2,933	2,242
Albany Woolstores Pty Ltd	Wool handling	35	35	376	354	-	-
Arcadian Wool Brokers Limited	Wool handling	-	41	-	1,686	3	482
Artfern Pty Ltd	Agricultural chemical distribution	-	-	-	-	-	(328)
Australian Railroad Group Pty Ltd	Rail freight	50	50	171,667	158,076	13,591	18,825
Bengalla Agricultural Company Pty Limited	Dairy	40	40	(225)	(45)	(179)	(17)
Bunnings Warehouse Property Trust	Property	23	23	77,275	64,551	7,242	7,253
Gresham Partners Group Limited	Merchant banking	50	50	24,856	22,466	4,265	1,405
Gresham Private Equity Fund 1	Private equity fund	50	50	37,104	58,144	74,100	(1,413)
Gresham Private Equity Fund No. 2	Private equity fund	76	-	344	-	(656)	-
Presoval Pty Limited	Rural merchandising	-	-	-	-	-	377
Queensland Nitrates Management Pty Ltd	Chemical manufacture	50	50	-	-	-	-
Queensland Nitrates Pty Ltd	Chemical manufacture	50	50	26,706	6,812	6,192	-
The Farmshed Ventures Pty Limited	Online rural venture financing	-	-	-	-	-	(1,383)
Unigas	LP gas distribution	50	50	14,928	12,809	1,006	1,543
Wespine Industries Pty Ltd	Pine sawmillers	50	50	10,101	9,201	6,400	5,780
Wooldumpers Australia Pty Ltd	Wool handling	-	50	-	8,251	(214)	1,616
				367,112	346,006	114,683	36,382

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

Consolidated

2004 2003
\$000 \$000

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Additional disclosures

Share of associates' profits:

Profit before income tax expense	127,541	40,259
Amortisation of goodwill on acquisition	(1,644)	(1,644)
Income tax expense	(11,214)	(2,233)
Net profit	<u>114,683</u>	<u>36,382</u>

Carrying amount of investment in associates:

Balance at the beginning of the financial year	346,006	313,165
Acquisition of associates during the financial year	22,218	28,046
Disposal of associates during the financial year	(9,709)	(5,488)
Return of capital	(20,985)	-
Write down of associates	-	(111)
Share of associates' reserve increments for the financial year	11,492	2,676
Share of associates' profits for the financial year	114,683	36,382
Dividends and distributions received from associates	(96,593)	(28,664)
Carrying amount of investment in associates	<u>367,112</u>	<u>346,006</u>

Share of associates' assets and liabilities:

Current assets	150,831	121,126
Non-current assets	687,733	622,911
Current liabilities	(96,851)	(75,189)
Non-current liabilities	(399,922)	(344,385)
Net assets	<u>341,791</u>	<u>324,463</u>

Particulars of retained earnings and reserves attributable to associates:

Retained earnings	81,294	60,974
Asset revaluation reserve	<u>18,052</u>	<u>6,560</u>

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

Consolidated

2004
\$000

2003
\$000

12 OTHER FINANCIAL ASSETS

Investments in listed entities:

Shares at cost	10,198	4,438
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Other investments:

Shares at cost	6,404	1,485
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Other loans at cost	-	450
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6,404	1,935
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16,602	6,373
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Aggregate quoted market value at balance date of investments in shares listed on a prescribed stock exchange

13,043	5,875
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2004			2003		
Gross value of assets \$000	Provision for depreciation/ amortisation \$000	Net fixed assets \$000	Gross value of assets \$000	Provision for depreciation/ amortisation \$000	Net fixed assets \$000

13 PROPERTY, PLANT AND EQUIPMENT

Consolidated

Freehold land:

At cost	134,817	-	134,817	155,936	-	155,936
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Buildings:

At cost	242,936	(59,920)	183,016	271,573	(61,410)	210,163
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Leasehold improvements:

At cost	65,198	(19,712)	45,486	52,296	(14,836)	37,460
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Plant, vehicles and equipment:

At cost	1,867,000	(904,474)	962,526	1,897,834	(889,300)	1,008,534
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Under construction at cost	60,837	-	60,837	44,636	-	44,636
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1,927,837	(904,474)	1,023,363	1,942,470	(889,300)	1,053,170
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Mineral exploration and development costs:

Production mineral reserves at cost	259,661	(58,461)	201,200	273,306	(51,057)	222,249
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Exploration and evaluation expenditure at cost	6,866	-	6,866	2,146	-	2,146
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266,527	(58,461)	208,066	275,452	(51,057)	224,395
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Plantations at cost

5,304	-	5,304	7,517	-	7,517
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2,642,619	(1,042,567)	1,600,052	2,705,244	(1,016,603)	1,688,641
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Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

		Consolidated	
		2004	2003
		\$000	\$000

14	INTANGIBLE ASSETS		
	Trade names at cost	41,600	41,600
	Goodwill at cost	1,726,408	1,696,196
	Less provision for amortisation	(295,284)	(217,898)
		1,431,124	1,478,298
		1,472,724	1,519,898

15	INTEREST BEARING LIABILITIES		
	Current		
	Secured:		
	Bank loans	5,641	5,413
	Unsecured:		
	Deposits	-	277,659
	Promissory notes	-	16,500
	Bank loans	23,000	83,862
	Bank bills	154,282	-
	Bank overdrafts	47,651	-
	Other loans	79,248	854
		309,822	384,288

	Non-current		
	Secured:		
	Bank loans	1,660	106,620
	Unsecured:		
	Deposits	-	2,772
	Bank loans	-	100,000
	Bank bills	656,945	199,018
	Corporate bonds	549,500	249,341
	Other loans	93,991	14,075
		1,302,096	671,826

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

		Consolidated	
		2004	2003
		\$000	\$000

16	PAYABLES		
	Current		
	Trade creditors and accruals	840,681	852,968

	Non-current		
	Trade creditors and accruals	17,612	6,795

17	PROVISIONS		
	Current		
	Employee benefits	123,547	125,718
	Restoration	7,402	5,487
	Restructure	23,945	44,476

		154,894	175,681

	Non-current		
	Employee benefits	31,798	29,679
	Restoration	57,507	53,649
	Restructure	21,753	28,478

		111,058	111,806

18	INSURANCE LIABILITIES		
	Current		
	Unearned insurance premiums	541,831	114,325
	Outstanding insurance claims	264,586	66,695

		806,417	181,020

	Non-current		
	Outstanding insurance claims	166,545	43,503

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

Consolidated

2004 2003
\$000 \$000

19 CONTRIBUTED EQUITY

Issued and paid up capital: 376,354,416 (2003: 376,536,134) ordinary shares **2,345,633** 3,159,466

	2004		2003	
	Number of shares '000	\$000	Number of shares '000	\$000
Movement in capital during the year:				
Balance at the beginning of the year	376,536	3,159,466	372,291	3,027,008
Issue of shares during the year:				
Employee Share Plan – issue price \$26.24 (2003: \$27.22)	2,706	71,011	4,994	135,937
Dividend Investment Plan – average issue price \$nil (2003: \$28.48)	-	-	3,345	95,277
Return of capital – \$2.50 per share	-	(934,121)	-	-
Tax losses in relation to the 2001 ownership simplification plan not previously recognised now brought to account	-	128,168	-	-
Shares repurchased during the year – average cost \$27.41 (2003: \$24.12)	(2,888)	(78,891)	(4,094)	(98,756)
Balance at the end of the year	376,354	2,345,633	376,536	3,159,466

On 19 December 2003 2,706,016 ordinary shares were issued to employees at \$26.24 per share pursuant to the Employee Share Plan.

A return of capital of \$2.50 per share was paid on 373,648,400 shares on 18 December 2003, being all ordinary shares on issue at the entitlement date of 15 December 2003.

During the year 2,887,734 ordinary shares were bought back on-market by Wesfarmers Ltd at an average cost of \$27.41 per share, representing 0.77% of the weighted average number of shares on issue during the year. The buy back was announced on 11 February 2003 commencing 26 February 2003 and the maximum number of shares the Company specified to buy back was 19,000,000 during a 12 month period. The buy back was extended by 12 months to 25 February 2005 on 11 February 2004.

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated	
	2004	2003
	\$000	\$000
20 RESERVES AND RETAINED EARNINGS		
Capital reserve	24,170	24,170
Asset revaluation reserve	27,500	16,008
Foreign currency translation reserve	3,530	(534)
	55,200	39,644
Capital reserve		
<i>Nature and purpose of reserve</i>		
The capital reserve is used to accumulate realised capital profits. The reserve can be used to pay dividends or issue bonus shares.		
<i>Movements in reserve</i>		
Balance at the beginning	24,170	24,170
Movement during the year	-	-
Balance at the end of the year	24,170	24,170
Asset revaluation reserve		
<i>Nature and purpose of reserve</i>		
The asset revaluation reserve is used to record increments and decrements in the value of non current assets. The reserve can only be used to pay dividends in limited circumstances.		
<i>Movements in reserve</i>		
Balance at the beginning of the year	16,008	14,004
Share of associates' reserve increments arising during the year	11,492	2,676
Transfers to retained earnings	-	(672)
Balance at the end of the year	27,500	16,008
Foreign currency translation reserve		
<i>Nature and purpose of reserve</i>		
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.		
<i>Movements in reserve</i>		
Balance at the beginning of the year	(534)	554
Net exchange difference on translation of report of foreign controlled entities	4,064	(1,542)
Transfers from retained earnings on realisation	-	454
Balance at the end of the year	3,530	(534)
Retained earnings		
Balance at the beginning of the year	559,370	190,619
Adjustment on adoption of AASB 1028 "Employee Benefits"	-	(9,810)
Net profit attributable to members of Wesfarmers Limited	873,114	538,208
Transfer from asset revaluation reserve	-	672
Transfer to foreign currency translation reserve	-	(454)
Total available for appropriation	1,432,484	719,235
Dividends paid	(500,705)	(159,865)
	931,779	559,370

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated	
	2004	2003
	\$000	\$000
21 OUTSIDE EQUITY INTEREST		
Issued capital	5,651	8,313
Reserves	(1,076)	(955)
Retained earnings	(6,662)	(761)
	(2,087)	6,597
22 CASH FLOWS		
Non cash financing and investing activities:		
Share capital issued during the year under:		
Dividend investment plan	-	95,279
Employee Share Plan	71,011	135,939
	71,011	231,218
Dividends declared recorded as Employee Share Plan repayments	21,060	17,902
Dividends receivable recorded as acquisitions of investment in associates	6,775	3,905
Reconciliation of net cash provided by operating activities to operating profit after income tax:		
Operating profit after income tax	868,579	537,918
Depreciation and amortisation	279,384	291,974
Provisions charged against profits	74,732	47,324
Profit on sale of non-current assets and controlled entities	(412,691)	(101,080)
Share of associates' profits after tax	(114,683)	(36,382)
Dividends and distributions received from associates	86,965	28,664
Write down of non-current assets	2,213	2,856
Other items	(11,456)	13,364
Changes in assets and liabilities net of effects of acquisitions of entities and businesses:		
Increase in accounts receivable	(257,988)	(16,629)
Increase in inventories	(85,530)	(34,794)
Increase in accounts payable	309,489	31,885
Increase (decrease) in insurance provisions	(48,969)	27,837
Provisions applied	(100,262)	(82,081)
Increase in deferred taxes payable	14,723	39,296
Increase in income tax payable	106,027	68,552
Net cash provided by operating activities	710,533	818,704
Reconciliation of cash:		
Cash on hand	5,361	6,207
Cash on deposit and at bank	98,013	164,040
Bank overdrafts	(47,651)	-
	55,723	170,247

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

23 SEGMENT INFORMATION

The consolidated entity is comprised of the undermentioned business segments, operating predominantly in Australia. Revenue, expenses and results between segments are not considered material.

Hardware

Retail building materials and home and garden improvement products;
Servicing project builders and the housing industry; and
Bargain hardware and variety.

Energy

Coal mining and development;
Coal marketing to both domestic and export markets;
National marketing and distribution of LP gas;
LP gas extraction for domestic and export markets;
Manufacture and marketing of industrial gases and equipment; and
Electricity supply to mining operations and regional centres.

Insurance

Wesfarmers Federation Insurance is a supplier of specialist rural and small business regional insurance; and

Lumley Insurance Group, which was acquired on 14 October 2003, provides general insurance in Australia and New Zealand. Information for the current year includes results from the Lumley Insurance Group for the eight and a half months from acquisition.

Rural services

Supplier of rural merchandise and fertilisers to cotton, cropping, viticulture, horticulture and grazing industries;

Provider of:

- wool and livestock marketing services;
- real estate and rural property sales;
- seasonal finance, term loans and deposit facilities; and
- rural, domestic and commercial insurance.

Wesfarmers Landmark was sold with effect from 29 August 2003. Information shown for the current year covers only the period from 1 July to 29 August 2003.

Chemicals and fertilisers

Manufacture and marketing of chemicals for industry, mining and mineral processing;

Manufacture and marketing of broadacre and horticultural fertilisers; and

Soil and plant testing and agronomy advisory services.

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

23 SEGMENT INFORMATION (CONTINUED)

Industrial and safety distribution

Supplier and distributor of maintenance, repair and operating (MRO) products; and
Specialised supplier and distributor of industrial safety products and services.

Other

Rail transport

50 per cent ownership in Australian Railroad Group Pty Ltd which:

- has an interest in the South Australian and Western Australian rail freight businesses;
- provides rail services for bulk commodities and associated retail logistics operations; and
- owns track infrastructure under a 49 year lease.

Forest products

Manufacture of products to service the wholesale timber market in Australia and internationally, industrial customers and furniture/cabinet/joinery manufacturers; and

Forestry and timber operations.

Gresham Partners Group Limited

50 per cent ownership in Gresham Partners Group Limited which:

- is an investment bank providing financial advisory and investment management services; and
- operates four separate units including Corporate Advisory, Private Equity, Specialist Funds and Property Advisory.

Gresham Private Equity Funds

50 per cent ownership in Gresham Private Equity Fund 1 which is a 10 year closed-end private equity fund targeting larger size private equity transactions in the areas of management buy-outs, expansion capital and corporate restructuring; and

In February 2004 Wesfarmers announced its commitment of up to \$150m, with an initial firm commitment of \$100m, in Gresham Private Equity Fund No. 2.

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

23 SEGMENT INFORMATION (CONTINUED)

	HARDWARE		ENERGY		INDUSTRIAL AND SAFETY DISTRIBUTION		RURAL SERVICES		INSURANCE		CHEMICALS AND FERTILISERS		OTHER		CONSOLIDATED	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating revenue	3,845,707	3,474,538	1,008,557	1,083,834	1,150,601	1,112,023	221,563	1,280,808	879,235	223,195	518,505	473,562	788,559	114,269	8,412,727	7,762,229
Consolidation adjustment															(5,235)	(8,855)
Total operating revenue															8,407,492	7,753,374
Earnings																
Earnings before interest paid, tax, goodwill amortisation and corporate overheads	392,056	349,031	240,218	340,320	112,011	117,198	8,414	51,116	95,797	25,214	85,649	78,881	515,829	46,435	1,449,974	1,008,195
Goodwill amortisation	(50,074)	(50,074)	(835)	(685)	(25,258)	(25,258)	(1,566)	(9,455)	(7,541)	-	(262)	(262)	-	-	(85,536)	(85,734)
Earnings before interest paid, tax and corporate overheads	341,982	298,957	239,383	339,635	86,753	91,940	6,848	41,661	88,256	25,214	85,387	78,619	515,829	46,435	1,364,438	922,461
Consolidation adjustment															(5,047)	(8,704)
Interest paid and corporate overheads															(127,000)	(125,113)
Operating profit before income tax															1,232,391	788,644
Income tax expense															(363,812)	(250,726)
Net profit before outside shareholder's interest															868,579	537,918
Share of net profit or loss of associates included in earnings before interest paid, tax and corporate overheads	7,242	7,253	3,759	3,768	-	-	(213)	765	-	-	6,192	-	97,703	24,596	114,683	36,382
Depreciation and amortisation of property, plant and equipment	51,302	52,484	78,821	79,361	12,386	10,743	2,940	18,081	6,211	2,085	37,720	37,789	4,468	5,697	193,848	206,240
Non cash expenses other than depreciation and amortisation	33,993	5,399	17,680	14,811	10,335	10,822	125	4,712	1,308	435	3,168	888	17,255	18,951	83,864	56,018

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

23 SEGMENT INFORMATION (CONTINUED)

	HARDWARE		ENERGY		INDUSTRIAL AND SAFETY DISTRIBUTION		RURAL SERVICES		INSURANCE		CHEMICALS AND FERTILISERS		OTHER		CONSOLIDATED	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets and liabilities																
Segment assets	2,325,721	2,303,334	1,024,553	1,009,122	934,019	919,137	-	711,996	1,666,495	293,708	566,648	541,333	716,572	727,574	7,234,008	6,506,204
Tax assets															65,118	82,183
Consolidation adjustment															(27,726)	(170,285)
Consolidated assets															7,271,400	6,418,102
Segment liabilities	349,544	301,837	258,462	249,302	133,045	131,670	-	320,389	1,162,159	241,426	110,484	71,846	83,513	55,303	2,097,207	1,371,773
Tax liabilities															231,750	225,138
Interest bearing liabilities															1,611,918	1,056,114
Consolidated liabilities															3,940,875	2,653,025
Investments accounted for using the equity method	77,275	64,451	18,683	16,460	-	-	-	10,297	-	-	26,706	6,812	244,448	247,986	367,112	346,006
Acquisition of non-current assets	97,911	84,453	93,652	57,792	33,091	25,373	5,103	33,664	312,135	2,584	48,297	19,198	311,559	36,654	901,748	259,718

On 29 August 2003 the consolidated entity sold 100% of the capital of Wesfarmers Rural Holdings Ltd, an Australian company owning the rural services segment of the Group known as Landmark. Information shown for the current year covers only the period from 1 July to 29 August 2003. Disposal proceeds and gains have been included in the "Other" segment.

On 14 October 2003 the consolidated entity acquired 100% of the capital of Edward Lumley Holdings Limited, a UK company with insurance businesses in Australia and New Zealand. Information for the current year includes in the "Insurance" segment the results from Lumley Insurance Group for the eight and a half months from acquisition.

In the prior year the consolidated entity sold the Girrah coal deposit. Disposal proceeds and gains have been included in the "Energy" segment.

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated	
	2004	2003
	\$000	\$000
23 SEGMENT INFORMATION (CONTINUED)		
Insurance Segment Disclosures		
Direct premium revenue	825,218	213,992
Reinsurance premiums expense	(287,662)	(29,902)
Retained premiums	537,556	184,090
Direct claims expense	(447,325)	(127,972)
Reinsurance and other recoveries	151,636	18,794
Net incurred claims	(295,689)	(109,178)
Acquisition costs expense	(107,344)	(20,832)
Earned exchange commissions	59,564	4,371
General and administration expenses	(36,338)	(11,637)
Other underwriting expenses	(87,767)	(30,595)
Net underwriting expenses	(171,885)	(58,693)
Underwriting result	69,982	16,219
Investment income	25,815	8,995
Amortisation of goodwill	(7,541)	-
Earnings before interest and tax	88,256	25,214

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

		Consolidated	
		2004	2003
24	EARNINGS PER SHARE		
	Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	375,727,000	376,610,000

		Consolidated	
		2004	2003
		\$000	\$000
25	INTERESTS IN JOINT VENTURE OPERATIONS		
	Assets employed in joint venture operations:		
	Current assets		
	Cash assets	2,720	1,157
	Receivables	8,481	5,686
	Inventories	19,084	19,862
	Total current assets	30,285	26,705
	Non-current assets		
	Property, plant and equipment	224,150	210,102
	Total non-current assets	224,150	210,102
	Total assets	254,435	236,807

Joint venture	Principal activity	Interest	
		2004	2003
		%	%
Sodium Cyanide	Sodium cyanide manufacture	75	75
Bengalla	Coal mining	40	40
Kwinana Industrial Gases	Nitrogen and oxygen production	40	-

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

26 CHANGES IN THE COMPOSITION OF ENTITY

	Consolidated	
	2004	2003
	\$000	\$000
Disposal of Controlled Entities		
On 29 August 2003 the consolidated entity sold 100% of the capital of Wesfarmers Rural Holdings Ltd, an Australian company owning the rural services segment of the group known as Landmark.		
Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in note 23 – segment information.		
Financial performance information for the period from 1 July to 29 August 2003 and the year ended 30 June 2003		
Revenue from ordinary activities	221,563	1,280,808
Expenses from ordinary activities (including borrowing costs)	(216,759)	(1,252,307)
Profit from ordinary activities before related income tax	4,804	28,501
Income tax expense	(2,568)	(11,824)
Net profit after tax	2,236	16,677
Cash flow information for the period from 1 July to 29 August 2003 and the year ended 30 June 2003		
Net cash inflow (outflow) from operating activities	(2,974)	78,910
Net cash outflow from investing activities	(3,894)	(17,239)
Net cash inflow from financing activities	-	-
Net increase (decrease) in cash generated by the division	(6,868)	61,671
Details of the disposal, which represents a discontinued operation, were as follows:		
Carrying amount of assets and liabilities as at 29 August 2003 and 30 June 2003		
Total assets	815,549	735,491
Total liabilities	(515,312)	(433,721)
Net assets	300,237	301,770
Profit on disposal		
Proceeds on disposal - cash	700,937	-
Carrying amount of assets and liabilities disposed	(300,237)	-
Profit on disposal	400,700	-
Applicable income tax expense	(96,750)	-
Profit on disposal after tax	303,950	-
Net cash effect		
Cash proceeds	829,537	-
Cash balance disposed	(128,600)	-
Cash effect from the disposal of Wesfarmers Rural Holdings Ltd as reflected in the consolidated statement of cash flows	700,937	-
Other minor disposals of controlled entities	2,506	-
Total cash proceeds from disposals of controlled entities	703,443	-

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

26 CHANGES IN THE COMPOSITION OF ENTITY (CONTINUED)

	Consolidated	
	2004 \$000	2003 \$000
Acquisition of Controlled Entities		
On 14 October 2003 the consolidated entity acquired 100% of the capital of Edward Lumley Holdings Limited, a UK company with insurance businesses in Australia and New Zealand. The operating results of this newly controlled entity have been included in the consolidated statement of financial performance since the date of acquisition.		
Fair value of identifiable net assets of controlled entity acquired:		
Cash	44,301	-
Receivables	801,941	-
Insurance investments	324,839	-
Plant and equipment	11,757	-
Deferred tax assets	23,769	-
Goodwill	9,589	-
Payables	(243,456)	-
Interest bearing liabilities	(49,450)	-
Current tax liabilities	(17,369)	-
Deferred tax liabilities	(2,879)	-
Insurance liabilities	(700,330)	-
Provisions	(18,995)	-
	183,717	-
Goodwill on consolidation	175,391	-
Total consideration	359,108	-
The components of the acquisition cost were as follows:		
Cash paid	345,302	-
Cash deferred	12,744	-
Payable due to vendor	1,062	-
Total consideration	359,108	-
Net cash effect		
Cash paid	345,302	-
Cash balance acquired	(44,301)	-
Cash effect from the acquisition of Edward Lumley Holdings Limited as reflected in the consolidated statement of cash flows	301,001	-
Other minor acquisitions of controlled entities	2,828	-
Total cash outflows on acquisitions of controlled entities	303,829	-

Notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

		Consolidated	
		2004	2003
		\$000	\$000
27	RATIOS		
	Net Tangible Asset Backing		
	Net tangible asset backing per ordinary security	\$4.94	\$5.95
	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 net profit after tax and dividing by the weighted average number of ordinary shares on issue during the year	\$3.07	\$2.20

28 SUBSEQUENT EVENTS

A dividend of 92 cents per share which will result in a dividend payment of \$346.2 million was declared on 10 August 2004, for payment on 30 August 2004.

29 AUDIT

This report is based on accounts which are in the process of being audited.

30 COMMENTARY ON RESULTS FOR THE PERIOD

A commentary on the results for the period is contained in the press release dated 10 August 2004 accompanying this statement.