Wesfarmers Limited
ABN 28 008 984 049

NEWS

16 August 2007

2007 FULL YEAR RESULT

The directors of Wesfarmers Limited today announced a net profit of $786.3 million for the year ended 30 June 2007, a decrease of $83.1 million or 9.6 per cent on the previous year's normalised profit of $869.4 million. Operating revenue was $9.8 billion, an increase of 10.1 per cent compared to $8.9 billion in 2005/06.

The reduction in earnings, forecast in August 2006, was attributable to the impact of lower prices on the Coal division with the five other Wesfarmers' business divisions increasing their contributions to the group result. Bunnings' achievement of underlying store-on-store cash sales growth of 10.4 per cent was particularly notable in the context of Australian retailing performance.

Earnings per share were $2.10, a decrease of 10.7 per cent on the $2.36 recorded in the previous year, excluding the sale of the Australian Railroad Group. Operating cash flow per share of $3.71 was 24.2 per cent above the $2.99 recorded last year.

Managing Director Richard Goyder said the company had achieved another successful year.

"As we foreshadowed 12 months ago and confirmed at the time of our half year result in February, the full year profit is down on last year's record because of the drop in coal prices," he said.

"That expected outcome aside, we have seen an outstanding year from the Bunnings Home Improvement division with a 16 per cent lift in trading earnings. When profit from property development realisations is included, Bunnings' contribution increased by more than 25 per cent and its performance is the highlight of the 2006/2007 result.

"Through its product offer, price competitiveness and service focus, Bunnings is established as one of Australia's leading retailers. While the Bunnings' model is obviously not totally transferable to all other retail operations, the culture that underpins this very successful business is extremely relevant when we look at what needs to be done at Coles.

"Our other four business divisions also contributed more than in 2005/06, boosted by the inclusion of part-year income streams from new acquisitions in insurance and energy.

"Looking ahead, the directors expect that all existing divisions with the exception of Coal will make increased contributions to the 2007/08 profit result. Lower export coal prices will have a negative impact for the first three quarters of the current financial year but current expectations are for a lift in prices in the final quarter and beyond, subject to timing of fulfilment of current year contract volumes. There will also be positive full year impacts from recent acquisitions in other operating divisions.

"We maintain a very significant capital expenditure programme with more than $800 million budgeted for investment in our existing businesses in 2007/08.

"The anticipated completion in November of the Coles transaction will clearly have a major effect on revenues and earnings. More information on the progress of the transaction is contained in a separate statement released today. Further detail will be provided ahead of the vote by Coles' shareholders on our proposal, scheduled for late October."

The full year result included profit before tax of $26.5 million on the sale of non-current assets, compared to $4.9 million last year. In addition, as announced in June, Bunnings sold 11 warehouse properties which, together with other Bunnings property development activity during the period, resulted in a $53.7 million pre-tax contribution. There was also a $17.8 million adjustment of a provision for coal mine rehabilitation. These were offset to some extent by the $33.4 million interest cost on borrowings to fund the Coles' share purchase and $14.2 million in insurance integration and other one-off expenses, as well as $17.9 million in demurrage costs ($6.7 million more than the previous year) because of rail and port infrastructure constraints affecting the Coal division.

Final Dividend

The directors have declared a fully-franked final dividend of $1.40 per share which will be paid on 19 November 2007 to shareholders recorded on the company's register on 2 November 2007, the record date for the dividend. This lifts the total dividend for the year to $2.25 per share, a 4.7 per cent increase on the $2.15 paid last year. The full year dividend includes a component of approximately 25 cents attributable to the sale of the Australian Railroad Group in June 2006. The total dividend for the year represents 110 per cent of net profit after tax.

The directors have decided to continue the operation of the Dividend Investment Plan. The allocation price for shares under the Plan will be calculated at a one per cent discount to the average of the daily volume weighted average price of Wesfarmers shares on each of the five consecutive trading days from and including the second trading day after the record date for participation in the plan which is 2 November 2007. Shares will be allocated under the Plan on 19 November 2007. The directors have determined that the plan will not be underwritten for this dividend.

The Scheme Implementation Agreement for the Coles transaction includes a condition relating to the price of Wesfarmers' shares. The record date and dividend payment date are later than in prior years to ensure that the timing does not have an impact on the assessment of that condition.

The record date and payment date for the final dividend and the record date and the date of allocation of shares for the Dividend Investment Plan may change if the second court date for the Coles Scheme of Arrangement changes. The second court date is currently scheduled for 29 October 2007. Changes to dates will be notified to shareholders by an announcement to the ASX.

As the directors announced on 9 August, on the assumption that the Coles transaction proceeds, Wesfarmers expects to be able to pay fully franked dividends in excess of $2 per Wesfarmers share for the 2008 and 2009 financial years, subject to the availability of retained earnings and franking credits.

Finance

Net operating cash flows for the year for the group's activities were $1.41 billion. The replacement and expansion capital expenditure was $679.9 million.

The group's ratio of net debt to equity at 30 June 2007 was 144 per cent. Excluding borrowings of $2.1 billion to fund the purchase of the shareholding in Coles Group Limited, the ratio would be 84 per cent. The rolling 12 month cash interest cover was 8.7 times, or 10.6 times excluding the interest expense on the Coles borrowings.

Home Improvement

Operating revenue for the Bunnings home improvement division increased to $4.9 billion, 15.5 per cent higher than last year's, with trading revenue increasing by 11.9 per cent over the prior year. Earnings before interest and tax of $528.4 million were 25.7 per cent higher. This result included a net $53.7 million contribution from the sale of property developments in Australia and New Zealand during the year. Trading earnings before interest and tax (excluding property, WA Salvage and other non-trading items) were 16.1 per cent higher than the previous year.

Cash sales growth for the year was 13.8 per cent, with underlying store-on-store cash sales growth of 10.4 per cent. Pleasing results were recorded in all states of Australia and in New Zealand with growth being achieved across all merchandising categories.

Trade sales for the full year grew by 3.2 per cent on the previous year. Market conditions were mixed, with relatively better results in Queensland, New South Wales and Victoria.

In 2006/07, 13 new warehouse stores, three smaller format stores and one trade distribution centre were opened. At year-end there were 155 Bunnings Warehouse stores and 65 smaller Bunnings stores operating across Australia and New Zealand and a further three HouseWorks stores in Western Australia.

During the year 31 stores were upgraded or refreshed as part of the ongoing store network refurbishment programme which brings current building and merchandising standards into the older parts of the network. Other store development work to support enhancements and expansions to the range of products and services offered was also completed. In addition, the re-branding of the Benchmark store network in New Zealand was substantially advanced.

The establishment of a network of stand-alone trade distribution sites in Australia to service high-volume builder customers continued and, at year-end, 11 were in operation. These sites relieve the store network of high volume delivered-to-site business, freeing up space and allowing store teams to focus on pick-up trade business. Eight frame and truss manufacturing sites are also in operation in Australia.

Good progress was made throughout the year on strategies to deliver greater efficiencies and more effective operations within the business, including the successful implementation of phase one of new inventory, warehouse management and business systems. Other highlights included continued positive trends in shrinkage levels, inventory disciplines, supply chain enhancements and in-store process improvements.

WA Salvage, a bargain hardware and variety retail chain that operated in Western Australia, was closed during the year. Steady progress continues in developing the new HouseWorks retail concept.

Outlook

The outlook for the home improvement business in 2007/08 is for continued retail sales growth, with an increased contribution from the trade business.

New warehouse development is forecast to continue at between 10 to 14 warehouse stores per year and the store network refurbishment programme is ongoing with plans to upgrade and refresh around 30 stores in 2007/08.

Coal

Operating revenue from the Coal division decreased to $1.1 billion, 13.1 per cent below last year's with earnings before interest and tax of $338 million. This was 41.5 per cent lower than the $577.8 million earned last year. Lower export coal sales prices from Curragh, foreshadowed in August 2006, were a major contributor to the result in 2006/07. Demurrage costs for the division amounted to $17.9 million for the year, $6.7 million more than in the previous 12 months.

Total sales volumes from Curragh of 8.7 million tonnes (6.5 million metallurgical and 2.2 million steaming) were 1.5 per cent above those achieved in 2005/06. Earnings for the year were 41.5 per cent below last year's record, due to lower prices and increased costs, which were partly offset by higher sales volumes.

The full year highlights included continued metallurgical coal sales volume growth and the completion of the 20 kilometre conveyor and coal handling system to transport coal to Curragh from Curragh North. This was the last major component of the Curragh North Project which has been completed within the budgeted capital cost of $360 million. Annual price negotiations were concluded by April 2007, with Curragh maintaining, and in many cases extending, long-term contracts to supply world-leading steelmakers in Asia, Europe and South America. Curragh was successful in maintaining hard coking coal price relativities in those negotiations.

Curragh is beginning a feasibility study into the expansion of the mine to achieve export tonnages of between 8.0 and 8.5 million tonnes of metallurgical coal.

Premier Coal in Western Australia achieved steaming coal sales volumes of 3.0 million tonnes in 2006/07, 20 per cent lower than last year. Earnings were 25.8 per cent lower than last year's as a result of decreased deliveries to Verve Energy due to the closure in April 2007 of units A and B of the Muja Power Station.

Wesfarmers holds a 40 per cent interest in the Bengalla coal mine in New South Wales. Joint venture steaming coal sales volumes of 5.5 million tonnes (4.5 million export and 1.0 million domestic) were slightly higher than last year while earnings decreased 24.1 per cent, largely as a result of continued infrastructure constraints and flooding in June. Approval to modify Bengalla's Development Consent was obtained during the year. This will potentially allow the mine to increase production to 10.7 million tonnes per annum of run-of-mine coal. A final decision on the expansion is dependent on the availability of adequate rail and port infrastructure.

Outlook

Coal earnings will be adversely effected due to lower prices applying for the first three quarters of the current financial year but should benefit from strong export market fundamentals and customer demand after that time. Metallurgical coal sales from the Curragh mine will continue to increase with near term growth influenced by levels of performance from rail and port infrastructure.

Insurance

The division's principal businesses are Lumley Australia ("LGA"), Lumley New Zealand ("LGNZ"), Wesfarmers Federation Insurance ("WFI") and the insurance brokers OAMPS and Crombie Lockwood, acquired in November 2006 and March 2007 respectively. The Insurance division achieved operating revenue of $1.4 billion with solid support from targeted market sectors. The earnings contribution before interest, tax and amortisation was $130.0 million. The divisional insurance margin was 9.5 per cent and the combined operating ratio ("COR") was 94.2 per cent.

This compares with the previous corresponding period when operating revenue was $1.1 billion with earnings before interest, tax and amortisation of $124.8 million whilst the divisional insurance margin was 14.9 per cent and the COR 88.1 per cent. Amortisation of intangibles of $9.8 million associated with recent acquisitions resulted in earnings before interest and tax for the year of $120.3 million compared with $124.8 million for the previous corresponding period.

LGA's results were impacted by higher than expected claims as a result of the storms in Newcastle and Victoria and Cyclone George in Western Australia. Despite good revenue growth on last year the market was very competitive with discounting of premiums prevalent across all portfolios and particularly the commercial motor, property and liability portfolios. Good growth was underpinned by the integration of the AIIL portfolio and new agencies Dual and Nautilus. The insurance margin decreased to 7.0 per cent compared with last year's 17.1 per cent as claim ratios increased. Net Earned Premium ("NEP") increased by 7.8 per cent compared with the previous corresponding period.

LGNZ's results were substantially impacted by intense competition and falling premium rates. Commercial motor rates fell further during the year. The insurance margin decreased to 5.2 per cent compared with last year's 13.0 per cent, due to reduced premium, higher claims and write offs of capitalised IT costs. The challenging trading environment has put pressure on loss and expense ratios culminating in a disappointing overall profit margin. Plans are now in place to mitigate this.

WFI generated a record profit despite a modest agricultural growing season and lower business confidence in drought-affected regional areas. The results were also affected by several significant events, including Newcastle and Victorian storms and bushfires in Western Australia. Growth was achieved from the expanded national distribution network and the insurance margin increased slightly to 16.1 per cent compared with 15.7 per cent in the previous corresponding period. NEP increased by 2.5 per cent over the previous year. Alliances were formed with a number of new partners during the year.

Earnings contribution from the recent acquisitions of OAMPS and Crombie Lockwood were in line with expectations.

OAMPS Australia performed well in the face of competitive market conditions. With its successful integration into the division largely complete, the broking business is in a strong position for further growth. The United Kingdom operation continues to expand organically and, combined with a small bolt-on acquisition, delivered increased earnings for the year, notwithstanding a decline in rates.

Crombie Lockwood's strong earnings from March were supported by the acquisition of the Law Mooney Williamson Insurance broking business. Generally lower premiums were offset by new business growth to produce an acceptable level of brokerage income.

Outlook

Earnings are expected to increase in 2007/08 following a full year contribution from recent acquisitions. Underwriting performance is likely to be constrained by competitive pressures and the level of claims. The outlook for crop is positive on the expectation of improved weather patterns. Efficiency gains are expected in both underwriting and broking activities as a result of the recent acquisitions.

New business growth is expected from LGA's online initiatives with brokers and new product initiatives across the division. Opportunities for profitable growth through acquisitions that meet investment criteria will continue to be explored.

Industrial and safety

Operating revenue for the industrial and safety division for the 2006/07 year increased to $1.2 billion following sales growth of 8.7 per cent in the second half.

Earnings before interest and tax of $114.6 million were 18.3 per cent higher than last year's due to stronger performance from Blackwoods, Protector Alsafe and Blackwoods Paykels, the inclusion of Bullivants from January and net property income associated with capital management initiatives exceeding restructuring costs.

After taking into account the increased capital associated with Bullivants, the total working capital of the division continued to decrease with an overall reduction of 13 per cent. Return on capital was up three percentage points to 15.6 per cent.

Blackwoods had a better year, with sales and earnings growth aided by strong improvement in delivery performance and the winning of new contracts, particularly in Queensland and Western Australian. Trading performance elsewhere in Australia, despite improving in the second half, was dampened by lower automotive and construction activity.

Protector Alsafe's sales and earnings were ahead of last year with adverse pressure from ongoing commoditisation and a very competitive environment overcome by efficiency gains and strong performance in customer service. Mullings Fasteners' sales were in line with last year, however earnings were lower in a highly competitive environment. Motion Industries' sales and earnings were down on last year due largely to customer decisions to delay shutdown maintenance.

Results for New Zealand-based businesses were down on last year despite improvements in all businesses in the second half. Blackwoods Paykels continued its turnaround with strong productivity improvements lifting earnings. Packaging House sales were marginally ahead of last year, however earnings were slightly down in a highly competitive environment. NZ Safety and Protector Safety managed to retain market share but earnings were disappointingly lower due to a vigorously contested contract environment.

Bullivants sales and earnings performance were in line with projections and the business continued to grow. Progress of integration work and realisation of synergies were ahead of plan.

Restructuring of the division into a business unit structure, initiated in February 2006, produced a strong focus on markets and customers from each business and good progress on improvement programmes.

Improving customer delivery service levels was a key focus with every business achieving better results and an overall lift of 10 percentage points to above competitor benchmark levels. Major initiatives included the rationalisation of duplicated product lines resulting in stockable items reducing by more than 50 per cent, information systems development and the upgrade of facilities, including state-of-the-art distribution centres for Blackwoods and Protector Alsafe in Queensland.

Sales growth was pursued with the addition of 36 new account managers across the division and product range extension, including the launch of Protector Alsafe Training Services. This was supported by new catalogues and websites for Blackwoods Paykels, Protector Safety, Bullivants and Blackwoods.

Each business strengthened its product sourcing and marketing through increasing the capability of category management teams. The Division's existing direct sourcing programme took a significant step forward during the year with the opening of a Shanghai-based Global Sourcing Office.

Outlook

Stronger platforms built over the last 12 months have already benefited the division, enabling it to strengthen its competitive position. Ongoing work, particularly in procurement, logistics and service is expected to provide further value for customers. Each business is firmly focused on growth and in 2007/08 the division will have the benefit of a full year's result from Bullivants.

While strong resource activity is expected to continue, traditional manufacturing markets, particularly in the automotive industry, are likely to remain subdued.

Chemicals and fertilisers

CSBP's operating revenue of $592.1 million was lower than last year as a result of lower sales volumes. Earnings before interest and tax of $100.6 million were 23.6 per cent higher than the previous year's $81.4 million, due to improved contributions from fertilisers, ammonium nitrate and Queensland Nitrates as well as the profit from the sale of the chlor-alkali business.

Chemicals

Despite reduced production, the chemicals business recorded earnings in 2006/07 broadly in line with the previous year. Resource sector demand remained strong, however earnings were constrained by available plant capacity. Production volumes were lower for all operations mainly as a result of planned maintenance shut downs. An unplanned shut down of the ammonia plant in April 2007 also affected production.

Strong demand for ammonium nitrate continued with sales volumes broadly in line with 2005/06. Production of ammonium nitrate from Kwinana was two per cent below the prior year's record output.

Construction of the new ammonium nitrate production facility at Kwinana continued with commissioning scheduled for the first half of 2007/08. The new facilities will double current production with the higher output destined for the resource sector and the manufacture of the Flexi-N nitrogenous fertiliser.

Earnings from CSBP's 50 per cent interest in the Queensland Nitrates ammonium nitrate business exceeded last year, due to improved plant operation and ongoing high product demand in Queensland. Production was significantly higher than last year and demand for ammonium nitrate remained strong. Queensland Nitrates continues to evaluate options to increase production capacity to meet the growing market demand in Queensland.

The 75 per cent-owned Australian Gold Reagents (AGR) business recorded sodium cyanide solution sales consistent with 2005/06, while export sales of solid product were lower due to production capacity constraints and a cessation of third-party product sourcing arrangements. AGR has negotiated off-take from the Boddington gold project which will support an increase in production capacity of sodium cyanide solution.

Fertilisers

Total fertiliser sales declined by 6.1 per cent due to high carry-forward stock held on farm from the 2005/06 season and lack of rain at the start of the growing season in Western Australia in 2007. Despite reduced sales volumes, a greater focus on cost containment and margin management resulted in improved fertiliser earnings. The strong demand for liquid fertiliser products, in particular Flexi-N, continued.

Outlook

Increased ammonium nitrate production will make a positive contribution to earnings. The strength of the resources sector should also provide a favourable environment for other chemical products.

The poor start to the 2007 agricultural season and ongoing high prices for imported fertiliser will present a challenging environment for the fertiliser business.

In August 2007, CSBP entered into an agreement to acquire Australian Vinyls Corporation with completion of the transaction expected in September 2007.

Energy

Operating revenue from the group's energy businesses increased to $463.0 million, 24.5 per cent above last year. Earnings before interest and tax of $75.4 million were 52.6 per cent higher than the $49.4 million earned in 2005/06.

In February 2007 the division acquired Coregas, a major national industrial and medical gas company with operations on the Australian east coast. Earnings for the five months since acquisition were broadly in line with expectations but with some impact experienced from subdued economic activity in Coregas' major market of New South Wales.

Integration of Coregas continues. Good progress was made on its liquid nitrogen and acetylene expansions which are expected to be operational in the second half of 2007/08.

The division's increased earnings were due to a part-year contribution from Coregas and improved performance from the other businesses.

Air Liquide WA, in which Wesfarmers holds a 40 per cent interest, achieved earnings largely in line with last year's.

Wesfarmers LPG increased revenue by 20.5 per cent due primarily to higher export volumes and higher Saudi contract prices. Earnings were 28.9 per cent higher than last year's. Production was up 18.0 per cent to 185,900 tonnes due to slightly higher liquefied petroleum gas content and higher volumes in the Dampier to Bunbury natural gas pipeline.

Kleenheat Gas' total sales volumes increased slightly compared to last year through growth in the key areas of Kwik-Gas cylinder exchange, autogas, distributor and liquefied natural gas (LNG) sales, which were partially offset by lower traditional cylinder and bulk sales volumes. Earnings also increased over last year due to improved margins and better cost control.

Construction of a 175 tonne-per-day LNG plant on the Wesfarmers LPG site at Kwinana is on schedule for completion in March 2008. It is part of a $138 million integrated project to supply the heavy duty vehicle and remote power generation markets.

The Energy Generation (enGen) power generation business achieved increased sales and earnings due mainly to full year contributions from new stations supplying a number of Western Australian regional towns and mine sites. The first of five power stations being developed under the Aboriginal and Remote Communities Power Supply Project came into operation during the year.

Outlook

Higher contributions are forecast for the industrial and medical gases sector with a full-year contribution from Coregas. LPG earnings will continue to remain heavily dependent on Saudi contract prices as well as export and production volumes. The LNG plant is expected to contribute to earnings in the 2008/09 year.

Other operations

<u>Bunnings Warehouse Property Trust</u>

Wesfarmers' investment in the Bunnings Warehouse Property Trust resulted in a pre-tax contribution of $46.9 million, a large proportion of which was due to property revaluations.

<u>Forest Products</u>

The 50 per cent-owned Wespine Industries, which operates a plantation softwood sawmill in Dardanup in Western Australia, contributed earnings of $5.7 million after tax, a reduction of 15.9 per cent on last year due to increased competition and poorer log quality.

<u>Gresham</u>

Earnings of $2.5 million post tax from Gresham Partners, the company's partly-owned investment house associate, were achieved through advisory assignments and funds management.

Wesfarmers' investment in the Gresham Private Equity Fund 1 and Fund 2 contributed pre-tax earnings of $12.8 million, largely through revaluations in Fund 2. During the year, Fund 2 acquired the women's apparel and accessory retailer Witchery Fashions and the GEON commercial printing business was expanded through the acquisition of Promentum.

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Appendix 4E - Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2007 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

ABN 28 008 984 049

RESULTS FOR ANNOUNCEMENT TO THE MARKET		$000
Revenue from ordinary activities	up 10.1% to	**9,753,713**
Profit from ordinary activities after tax attributable to members	down 25.0% to	**786,338**
Net profit for the full year attributable to members	down 25.0% to	**786,338**

DIVIDENDS	Amount per security	Franked amount per security
Interim dividend	**85 cents**	**85 cents**
Final dividend	**140 cents**	**140 cents**
Previous corresponding period		
Interim dividend	65 cents	65 cents
Final dividend	150 cents	150 cents

Record date for determining entitlements to the dividend [1]	2 November 2007
Record date for receipt of election notice for Dividend Investment Plan [1]	2 November 2007
Date the final dividend is payable [1]	19 November 2007

The company operates a Dividend Investment Plan which allows eligible shareholders to elect to invest dividends in new shares. The plan was temporarily suspended on 11 February 2003 and was reinstated with effect from 27 February 2007.

[1] The record date and payment date for the final dividend and the record date and the date of allocation of shares for the Dividend Investment Plan may change if the second court date for the Coles Scheme of Arrangement changes. The second court date is currently scheduled for 29 October 2007. Changes to dates will be notified to shareholders by an announcement to the ASX.

RATIOS

Net tangible asset backing $2.11 (2006: $4.59)
Net tangible asset backing per ordinary share (excluding employee reserved shares).

Operating cash flow per share $3.71 (2006: $2.99)
Operating cash flow per share has been calculated by dividing the net cash flow from operating activities by the weighted average number of ordinary shares (including employee reserved shares) on issue during the year.

ACQUISITIONS AND DISPOSALS
During the period a number of aquisitions were completed. Further details on these transactions are included within this report.

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

PREVIOUS CORRESPONDING PERIOD
The previous corresponding period is the year ended 30 June 2006.

COMMENTARY ON RESULTS FOR THE PERIOD
A commentary on the results for the period is contained in the press release dated 16 August 2007 accompanying this statement.

Income Statement

FOR THE YEAR ENDED 30 JUNE 2007 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Note	CONSOLIDATED	
		2007	2006
		$000	$000
Revenue			
Sale of goods		**8,238,505**	7,610,595
Rendering of services		**1,427,845**	1,207,696
Interest		**71,620**	35,244
Dividends		**402**	786
Other		**15,341**	4,480
		9,753,713	8,858,801
Expenses			
Raw materials and inventory purchased		**(4,799,027)**	(4,118,628)
Employee benefits expense	3	**(1,411,041)**	(1,221,344)
Insurance expenses		**(972,654)**	(847,252)
Occupancy-related expenses		**(244,426)**	(223,890)
Freight and other related expenses		**(188,180)**	(176,217)
Depreciation and amortisation	3	**(344,748)**	(283,467)
Other	3	**(611,972)**	(683,764)
		(8,572,048)	(7,554,562)
Gain on sale of shares in associate		**6,183**	234,859
Other income	3	**34,380**	4,896
Finance costs	3	**(200,322)**	(133,837)
Share of profits and losses of associates	6	**83,062**	56,898
Profit before income tax		**1,104,968**	1,467,055
Income tax expense		**(318,481)**	(418,913)
Profit after tax from continuing operations		**786,487**	1,048,142
Profit attributable to minority interests		**(149)**	-
Profit attributable to members of the parent		**786,338**	1,048,142
Earnings per share (cents per share)	1		
– basic for profit for the period attributable to ordinary equity holders of the parent		**210.5**	284.0
– diluted for profit for the period attributable to ordinary equity holders of the parent		**208.1**	280.9
Dividends per share paid or declared out of profits for the year (cents per share)		**225**	215

Dilution to earnings per share arises as a result of the employee reserved shares issued under the employee share plan being accounted for as in-substance options.

Balance Sheet

AT 30 JUNE 2007 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Note	CONSOLIDATED June 2007 $000	June 2006 $000
ASSETS			
Current Assets			
Cash and cash equivalents		**218,549**	90,046
Trade and other receivables		**1,512,528**	1,140,644
Inventories		**1,235,019**	1,146,398
Derivatives		**89,944**	43,776
Investments backing insurance contracts		**816,201**	559,055
Other		**151,706**	153,673
Total Current Assets		**4,023,947**	3,133,592
Non-current Assets			
Receivables		**112,487**	113,562
Available-for-sale investments		**2,063,988**	5,755
Investment in associates		**389,237**	279,213
Property, plant and equipment		**2,715,894**	2,396,236
Intangible assets and goodwill		**2,698,118**	1,470,212
Derivatives		**72,578**	31,655
Total Non-current Assets		**8,052,302**	4,296,633
TOTAL ASSETS		**12,076,249**	7,430,225
LIABILITIES			
Current Liabilities			
Trade and other payables		**1,254,152**	752,908
Interest-bearing loans and borrowings		**4,435,996**	468,038
Income tax payable		**97,988**	213,708
Provisions		**169,227**	141,120
Derivatives		**13,092**	4,171
Insurance liabilities		**1,138,803**	873,917
Other		**72,455**	124,614
Total Current Liabilities		**7,181,713**	2,578,476
Non-current Liabilities			
Payables		**78,517**	4,352
Interest-bearing loans and borrowings		**686,643**	1,074,875
Deferred tax liabilities		**144,368**	57,335
Provisions		**169,923**	258,778
Derivatives		**106**	7,966
Insurance liabilities		**279,175**	225,417
Other		**32,670**	57,027
Total Non-current Liabilities		**1,391,402**	1,685,750
TOTAL LIABILITIES		**8,573,115**	4,264,226
NET ASSETS		**3,503,134**	3,165,999
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	7	**2,255,958**	1,901,522
Employee reserved shares	7	**(111,182)**	(159,492)
Retained earnings		**1,131,004**	1,233,898
Reserves		**227,153**	190,019
Parent interests		**3,502,933**	3,165,947
Minority interests		**201**	52
TOTAL EQUITY		**3,503,134**	3,165,999

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2007 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

		CONSOLIDATED	
	Note	**2007 $000**	2006 $000
Cash flows from operating activities			
Receipts from customers		**10,732,712**	9,626,613
Payments to suppliers and employees		**(8,805,529)**	(8,148,290)
Dividends and distributions received from associates		**23,733**	44,238
Dividends received from others		**402**	786
Interest received		**65,057**	35,244
Borrowing costs		**(191,793)**	(122,317)
Income tax paid		**(411,290)**	(307,220)
Net cash flows from operating activities		**1,413,292**	1,129,054
Cash flows from investing activities			
Net redemption (acquisition) of insurance deposits		**(223,938)**	(24,465)
Purchase of property, plant and equipment		**(679,874)**	(614,781)
Proceeds from sale of property, plant and equipment		**48,348**	16,399
Proceeds from sale of available-for-sale financial assets		**-**	7,482
Subscription of capital in associates		**(32,247)**	(16,999)
Proceeds from sale of investments in associate		**10,724**	430,719
Return of capital received from associates		**2,999**	3,303
Repayment of loans from associates		**(5,510)**	1,350
Acquisition of subsidiaries, net of cash acquired	8	**(1,338,987)**	(1,470)
Purchase of available-for-sale financial assets		**(2,088,297)**	-
Other		**-**	(2,468)
Net cash flows used in investing activities		**(4,306,782)**	(200,930)
Cash flows from financing activities			
Proceeds from borrowings		**3,943,991**	28,752
Repayment of borrowings		**(399,738)**	(279,626)
Proceeds from exercise of in-substance options under the employee share plan		**32,151**	36,496
Equity dividends paid		**(764,864)**	(707,669)
Proceeds from issue of shares		**214,419**	-
Net cash flows provided by/(used in) financing activities		**3,025,959**	(922,047)
Net increase in cash and cash equivalents		**132,469**	6,077
Cash and cash equivalents at beginning of the period		**83,115**	77,038
Cash and cash equivalents at end of the period	5	**215,584**	83,115

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2007 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Attributable to equity holders of the parent						
CONSOLIDATED	Issued capital $000	Employee reserved shares $000	Retained earnings $000	Reserves $000	Total $000	Minority interest $000	Total equity $000
Balance at 1 July 2005	1,901,164	(215,354)	911,598	228,941	2,826,349	52	2,826,401
Foreign currency translation differences	-	1,193	-	(8,171)	(6,978)	-	(6,978)
Tax losses reversed in relation to the 2001 simplification plan				(481)	(481)	-	(481)
Changes in the fair value of available-for-sale assets net of tax	-	-	-	(1,791)	(1,791)	-	(1,791)
Changes in the fair value of cash flow hedges net of tax	-	-	-	(28,479)	(28,479)	-	(28,479)
Other	358	-	-	-	358	-	358
Net profit/(loss) recognised directly in equity	358	1,193	-	(38,922)	(37,371)	-	(37,371)
Net profit for the period	-	-	1,048,142	-	1,048,142	-	1,048,142
Total recognised income and expense for the period	358	1,193	1,048,142	(38,922)	1,010,771	-	1,010,771
Transactions with equity holders in their capacity as equity holders:							
Proceeds from exercise of in-substance options	-	36,496	-	-	36,496	-	36,496
Equity dividends	-	18,173	(725,842)	-	(707,669)	-	(707,669)
	-	54,669	(725,842)	-	(671,173)	-	(671,173)
					-		
Balance at 30 June 2006	1,901,522	(159,492)	1,233,898	190,019	3,165,947	52	3,165,999
Balance at 1 July 2006	**1,901,522**	**(159,492)**	**1,233,898**	**190,019**	**3,165,947**	**52**	**3,165,999**
Foreign currency translation differences	-	**(619)**	-	**8,061**	**7,442**	-	**7,442**
Changes in the fair value of available-for-sale assets net of tax	-	-	-	**(31,637)**	**(31,637)**	-	**(31,637)**
Changes in the fair value of cash flow hedges net of tax	-	-	-	**60,682**	**60,682**	-	**60,682**
Other		-	-	**28**	**28**	-	**28**
Net profit/(loss) recognised directly in equity	-	**(619)**	-	**37,134**	**36,515**	-	**36,515**
Net profit for the period	-	-	**786,338**	-	**786,338**	**149**	**786,487**
Total recognised income and expense for the period	-	**(619)**	**786,338**	**37,134**	**822,853**	**149**	**823,002**
Transactions with equity holders in their capacity as equity holders:							
Issue of shares under employee long term incentive plans	**33,856**	-	-	-	**33,856**	-	**33,856**
Issue of shares under dividend investment plan	**106,161**	-	-	-	**106,161**		**106,161**
Issue of shares under underwriting agreement	**214,419**	-	-	-	**214,419**	-	**214,419**
Proceeds from exercise of in-substance options	-	**32,151**	-	-	**32,151**	-	**32,151**
Equity dividends	-	**16,778**	**(889,232)**	-	**(872,454)**	-	**(872,454)**
	354,436	**48,929**	**(889,232)**	-	**(485,867)**	-	**(485,867)**
Balance at 30 June 2007	**2,255,958**	**(111,182)**	**1,131,004**	**227,153**	**3,502,933**	**201**	**3,503,134**

1 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares (excluding employee reserved shares treated as in-substance options) outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares (excluding employee reserved shares treated as in-substance options) outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	CONSOLIDATED	
	2007	2006
	$000	$000
Profit attributable to members of the parent	**786,338**	1,048,142
	'000	'000
Weighted average number of ordinary shares for basic earnings per share	**373,594**	368,946
Effect of dilution - employee reserved shares	**4,279**	4,199
Weighted average number of ordinary shares adjusted for the effect of dilution	**377,873**	373,145
Earnings per share (cents per share)	cents	cents
– basic for profit for the period attributable to ordinary equity holders of the parent	210.5	284.0
– diluted for profit for the period attributable to ordinary equity holders of the parent	208.1	280.9

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

2 SEGMENT INFORMATION

	HOME IMPROVEMENT		ENERGY		COAL		INDUSTRIAL AND SAFETY		INSURANCE		CHEMICALS AND FERTILISERS		OTHER		CONSOLIDATED	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Segment revenue	**4,938,941**	4,275,487	**462,957**	371,902	**1,133,725**	1,304,157	**1,208,031**	1,177,669	**1,409,613**	1,117,249	**592,092**	595,204	**8,354**	17,133	**9,753,713**	8,858,801
Segment result																
Earnings before interest, tax, depreciation, amortisation (EBITDA) and corporate overheads	**586,396**	470,443	**104,061**	74,124	**519,534**	720,837	**128,246**	110,987	**144,092**	132,846	**137,576**	123,068	**96,927**	308,903	**1,716,832**	1,941,208
Depreciation and amortisation	**(57,988)**	(49,990)	**(28,689)**	(24,729)	**(181,533)**	(143,067)	**(13,675)**	(14,158)	**(23,808)**	(8,007)	**(36,958)**	(41,688)	**(2,097)**	(1,828)	**(344,748)**	(283,467)
Earnings before interest, tax (EBIT) and corporate overheads	**528,408**	420,453	**75,372**	49,395	**338,001**	577,770	**114,571**	96,829	**120,284**	124,839	**100,618**	81,380	**94,830**	307,075	**1,372,084**	1,657,741
Consolidation adjustment															**(6,465)**	(6,480)
Finance costs															**(200,322)**	(133,837)
Corporate overheads															**(60,329)**	(50,369)
Profit before income tax expense															**1,104,968**	1,467,055
Income tax expense															**(318,481)**	(418,913)
Profit attributable to minority interests															**(149)**	-
Profit attributable to members of the parent															**786,338**	1,048,142
Assets and liabilities																
Segment assets	**2,398,629**	2,340,461	**818,865**	261,202	**1,284,704**	1,334,767	**929,874**	900,895	**3,199,481**	1,562,609	**747,012**	565,705	**2,308,447**	185,373	**11,687,012**	7,151,012
Investments in associates	**-**	-	**10,136**	13,009	**94**	486	**-**	-	**26,893**	-	**60,152**	52,293	**291,962**	213,425	**389,237**	279,213
Total assets															**12,076,249**	7,430,225
Segment liabilities	**424,254**	326,302	**104,325**	76,756	**324,980**	516,349	**172,477**	146,920	**1,972,621**	1,214,520	**127,309**	89,390	**82,154**	80,033	**3,208,120**	2,450,270
Tax liabilities															**242,356**	271,043
Interest bearing liabilities															**5,122,639**	1,542,913
															8,573,115	4,264,226
Other segment information																
Capital expenditure	**196,323**	222,284	**78,075**	236,469	**178,369**	49,533	**25,832**	16,344	**14,928**	20,848	**198,719**	72,528	**2,333**	3,258	**694,579**	621,264
Share of net profit or loss of associates included in EBIT	**-**	-	**5,968**	5,439	**-**	(42)	**-**	-	**623**	-	**7,736**	3,088	**68,735**	48,413	**83,062**	56,898
Non-cash expenses other than depreciation and amortisation	**75,772**	60,729	**6,012**	568	**14,270**	28,580	**16,743**	15,812	**15,066**	2,168	**3,305**	(242)	**6,263**	6,384	**137,431**	113,999

Notes to the Financial Statements

	CONSOLIDATED 2007 $000	2006 $000
3 REVENUE AND EXPENSES		
Other Income		
Gains on disposal of available-for-sale investments	**-**	1,722
Gains on disposal of property, plant and equipment	**21,313**	3,174
Settlement and other income	**13,067**	-
	34,380	4,896
Finance costs		
Total finance costs (on a historical cost basis)	**201,826**	123,991
Discount adjustment	**9,395**	14,334
Interest capitalised	**(14,705)**	(4,488)
Other	**3,806**	-
Total finance costs	**200,322**	133,837
Depreciation and amortisation		
Depreciation	**193,205**	184,954
Amortisation of mineral exploration and development costs	**136,827**	93,845
Other amortisation	**14,716**	4,668
	344,748	283,467
Employee benefits expense		
Remuneration, bonuses and on-costs	**1,285,575**	1,116,858
Amounts provided for employee entitlements	**87,650**	77,407
Share based payments expense	**37,816**	27,079
	1,411,041	1,221,344
Other expenses		
Bad and doubtful debts		
Trade receivables	**4,721**	5,241
Finance advances and loans	**-**	961
Writedown of inventory to net realisable value	**16,789**	28,707
Government mining royalties	**67,209**	72,971
Repairs and maintenance	**80,490**	75,185
Research and developments costs charged to cost of sales	**542**	2,149
4 DIVIDENDS PAID AND PROPOSED		
Declared and paid during the period (fully franked at 30%)		
Final franked dividend for 2006: $1.50 (2005: $1.27)	**567,064**	480,114
Interim franked dividend for 2007: $0.85 (2006: $0.65)	**322,168**	245,727
Proposed and not recognised as a liability (fully franked at 30%)		
Final franked dividend for 2007: $1.40 (2006: $1.50)	**543,298**	567,064
5 CASH FLOWS		
Reconciliation of cash		
For the purposes of the condensed cash flow statement, cash and cash equivalents are comprised of the following:		
Cash on hand and in transit	**49,035**	32,800
Cash at bank and on deposit	**90,581**	57,246
Insurance broking accounts	**78,933**	-
Bank overdraft	**(2,965)**	(6,931)
	215,584	83,115
Non-cash financing and investing activities		
Issue of share capital under dividend investment plan	**106,161**	-
Acquisition of rights to mine via coal rebates payable	**45,728**	106,781
(De)/recognition of mineral exploration via mine rehabilitation provision	**(55,570)**	15,732

6 INVESTMENTS IN ASSOCIATES

		Ownership		Share of profit/loss	
		2007	2006	**2007**	2006
Associate	**Principal Activity**	**%**	%	**$000**	$000
Air Liquide WA Pty Ltd	Industrial gases	**40.0**	40.0	**3,716**	4,008
Albany Woolstores Pty Ltd	Wool handling	**35.0**	35.0	**-**	-
Australian Railroad Group Pty Ltd	Rail freight	**-**	-	**-**	11,344
Bengalla Agricultural Company Pty Ltd	Dairy farming	**40.0**	40.0	**-**	(42)
Bengalla Coal Sales Company Pty Limited	Coal mining	**40.0**	40.0	**-**	-
Bengalla Mining Company Pty Limited	Coal mining	**40.0**	40.0	**-**	-
Bunnings Warehouse Property Trust	Property investment	**22.6**	22.6	**46,860**	17,021
Centrepoint Alliance Limited	Commercial finance	**25.0**	-	**623**	-
Gresham Partners Group Limited	Investment banking	**50.0**	50.0	**2,517**	2,266
Gresham Private Equity Fund 1	Private equity fund	**50.6**	50.6	**282**	11,717
Gresham Private Equity Fund No. 2	Private equity fund	**67.4**	67.4	**12,470**	(1,630)
Oversea & General Stevedoring Co Pty Limited	Investment	**-**	50.0	**865**	865
Queensland Nitrates Management Pty Ltd	Chemical manufacture	**50.0**	50.0	**-**	-
Queensland Nitrates Pty Ltd	Chemical manufacture	**50.0**	50.0	**7,736**	3,088
Unigas	LP gas distribution	**50.0**	50.0	**2,251**	1,431
Wespine Industries Pty Ltd	Pine sawmillers	**50.0**	50.0	**5,742**	6,830
				83,062	56,898

Whilst the consolidated entity's interest in the unitholders' funds of Gresham Private Equity Fund No. 2 amounts to 67.4%, it is not a controlled entity as the consolidated entity does not have the capacity to dominate decision-making in relation to its financial and operating policies. Such control requires a unitholders' resolution of 75% of votes pursuant to the Fund's trust deed.

7 CONTRIBUTED EQUITY

Movement in ordinary shares on issue	Thousands	$000
At 1 July 2005	378,042	1,901,164
Adjustment in relation to 2001 ownership simplification plan	-	358
At 30 June 2006	378,042	1,901,522
Issue of shares under employee long term incentive plans at $34.565 per share	**979**	**33,856**
Issue of shares under dividend investment plan at $35.1915 per share	**3,017**	**106,161**
Issue of shares under underwriting agreement at $35.5506 per share	**6,031**	**214,419**
At 30 June 2007	**388,069**	**2,255,958**

Movement in employee reserved shares on issue	Thousands	$'000
At 1 July 2005	10,494	215,354
Exercise of in-substance options	(2,270)	(36,496)
Dividends applied	-	(18,173)
Foreign currency translation adjustment	-	(1,193)
At 30 June 2006	8,224	159,492
Exercise of in-substance options	**(1,798)**	**(32,151)**
Dividends applied	**-**	**(16,778)**
Foreign currency translation adjustment	**-**	**619**
At 30 June 2007	**6,426**	**111,182**

The Group reinstated a Dividend Investment Plan in January 2007 which was effective from 27 February 2007 and was applied to the interim dividend payable in respect of the period ended 31 December 2006. All holders of Wesfarmers ordinary shares with addresses in Australia or New Zealand are eligible to participate in the plan. The investment price is based on the average of the daily volume weighted average price of Wesfarmers shares sold on the Australian Securities Exchange calculated with reference to a period of not less than five consecutive trading days as determined by the directors.

8 BUSINESS COMBINATIONS

Acquisitions

During the period, Wesfarmers completed several acquisitions, including the following:

On 1 November 2006, Wesfarmers Limited, through its controlled entity Wesfarmers Insurance Investments Pty Ltd ("WIIPL"), acquired, through an on-market cash offer, 90% of the voting shares of OAMPS Limited ("OAMPS"), a publicly listed company and subsidiaries based in Australia operating in the insurance broking and underwriting business in Australia and the United Kingdom. At 90% the offer became unconditional and enabled WIIPL to compulsorily acquire the remaining voting shares resulting in it holding an interest of 100% at balance date.

On 6 December 2006, Wesfarmers Limited, through its controlled entity WID Insurance Broking (NZ) Holdings Limited agreed to acquire 100% of the voting shares of Crombie Lockwood (NZ) Limited, an unlisted private company based in New Zealand which provides insurance broking services.

On 19 December 2006, Wesfarmers Limited, through its controlled entity J Blackwood & Son Limited, agreed to acquire 100% of the voting shares of Bullivants Pty Limited, an unlisted private company based in Australia which is a leading supplier of lifting, rigging and materials handling products and services.

On 1 February 2007, Wesfarmers Limited, through its controlled entity Wesfarmers Energy Limited acquired 100% of the voting shares of Linde Gas Pty Ltd ("Linde") from Linde AG, a publicly listed German company. Linde was an Australian based private company that manufactures, wholesales and retails industrial and specialty gases and has subsequently been renamed Coregas Pty Ltd ("Coregas"). The total purchase consideration paid for the acquisition of Coregas was $510.6 million.

Details of the fair value of the identifiable assets and liabilities of the business combinations and the cost of the acquisitions as at th date of acquisition are outlined below. Note, at 30 June 2007, the balances are provisional due to ongoing work required to finalise the valuations of certain assets and liabilities.

From the date of acquisition, OAMPS contributed $24.8 million and the other acquisitions contributed $11.4 million to the net profit of the Group.

If the combinations had taken place at the beginning of the period, the revenue from continuing operations for the Group would have been $9,963.6 million. It is not practicable to determine the profit of the Group had the combination taken place at 1 July 2006, as the fair value of identifiable assets and liabilities is not known at that date. Assuming that the same fair values detailed above applied at 1 July 2006, the net profit for the Group would not have been materially different from that reported.

The goodwill of $1,097.7 million arising on consolidation includes goodwill attributable to the Coregas acquisition of $302.3 million and is attributable to various factors, including the ability to provide improved products and services to customers, the value of growth opportunities, inseparable intangible assets such as employee skills and experience and synergistic savings opportunities.

8 BUSINESS COMBINATIONS (continued)

	OAMPS Consolidated		Other Acquisitions		Group Consolidated	
	Fair value recognised on acquisition $000	Book carrying value $000	Fair value recognised on acquisition $000	Book carrying value $000	Fair value recognised on acquisition $000	Book carrying value $000
Assets						
Cash and cash equivalents (including Broking trust accounts)	91,751	91,751	12,960	12,960	104,711	104,711
Trade and other receivables	249,972	249,574	62,844	63,044	312,816	312,618
Inventories	-	-	18,224	18,369	18,224	18,369
Financial assets	32,248	32,248	459	459	32,707	32,707
Insurance assets	157,306	147,916	-	-	157,306	147,916
Investment in associate	21,361	19,510	-	-	21,361	19,510
Property plant and equipment	13,117	13,117	169,456	88,982	182,573	102,099
Intangibles Assets	62,965	6,791	72,864	3,524	135,829	10,315
Deferred tax assets	11,464	9,568	3,777	2,275	15,241	11,843
Assets of disposal group classified as held for sale	11,455	11,455	-	-	11,455	11,455
	651,639	581,930	340,584	189,613	992,223	771,543
Liabilities						
Trade and other payables	226,346	225,327	50,775	50,489	277,121	275,816
Interest-bearing loans and borrowings	42,081	42,081	-	-	42,081	42,081
Income tax payable	1,608	1,612	2,843	2,843	4,451	4,455
Provisions	14,587	14,587	9,802	9,565	24,389	24,152
Insurance liabilities	237,217	237,217	-	-	237,217	237,217
Deferred tax liabilities	36,534	13,029	12,558	7,553	49,092	20,582
Liabilities of disposal group classified as held for sale	6,953	6,953	-	-	6,953	6,953
Other	3,087	-	499	499	3,586	499
	568,413	540,806	76,477	70,949	644,890	611,755
Net assets	83,226	41,124	264,107	118,664	347,333	159,788
Goodwill arising on acquisition	586,470		511,209		1,097,679	
	669,696		775,316		1,445,012	
Cost of the combination						
Cash paid to shareholders	645,970		770,335		1,416,305	
Costs associated with the acquisition	23,726		4,981		28,707	
	669,696		775,316		1,445,012	
Cash outflow on acquisition						
Net cash acquired - operating accounts	7,485		1,919		9,404	
Net cash acquired - broking trust accounts	85,580		11,041		96,621	
Cash paid	(669,696)		(775,316)		(1,445,012)	
Net cash outflow	(576,631)		(762,356)		(1,338,987)	

9 CONTINGENCIES

Tax consolidation review

The Group is undergoing a review by the Australian Taxation Office of the implementation of the taxation consolidation rules in relation to the generation of capital losses of approximately $500 million in relation to the 2001 restructure of the Group. Since 2004 the Group has utilised for accounting purposes approximately $370 million of these losses against taxable gains, resulting in an increase in the restructure tax reserve of $110 million and a reduction in tax payable of an equivalent amount. Based on independent expert legal advice management believes that the Group's treatment is correct and will prevail. Should this not be the case, an indeterminable amount of the capital losses previously recognised would be reversed resulting in the payment of income tax and a decrease in the restructure tax reserve. Such an amount could only be determined once the matter is resolved. The only impact on profit and loss of such an outcome would be the expensing of any penalties which may arise.

There has been no change in the accounting position of this contingency since the last balance date.

10 EVENTS AFTER THE BALANCE SHEET DATE

Dividend

A fully franked dividend of 140 cents per share resulting in a dividend payment of $543.3 million was declared on 16 August 2007 for payment on 19 November 2007. The dividend has not been provided for in the 30 June 2007 full-year financial statements. The net amount of dividend paid will depend upon the level of participation in the Dividend Investment Plan.

Proposed Coles Group Limited ("Coles") Acquisition

Initial Coles Stake

On 3 April 2007, Wesfarmers announced that it had acquired a relevant interest in 126.7 million Coles shares. These shares had been acquired at a total cost of $2,077.1 million at an average purchase price of $16.40 per share. On 29 June 2007, Coles' share price had fallen to $16.12 giving rise to a total market value of Wesfarmers' shareholding in Coles of $2,042.0 million. This reduction in market value from original cost has been recognised in the "Available-for-sale" investment Reserve in accordance with Group Accounting Policies.

As at 15 August 2007 the Coles share price has declined to $13.77 and the market value of the Coles shares held by Wesfarmers is $1,744.7 million representing a reduction of $332.4 million from the original purchase price.

Wesfarmers' offer to acquire Coles

On 2 July 2007, the Coles Board unanimously recommended a scrip and cash offer from Wesfarmers to acquire Coles (subject to conditions outlined in the Scheme Implementation Agreement).

The consideration under the offer comprises:
- $4.00 cash per Coles share; and
- 0.2843 Wesfarmers shares per Coles share.

Coles' shareholders will also be entitled to a final Coles dividend of 25 cents.

Subject to Coles' shareholder approval, the merged entity will be owned approximately 44% by Coles' shareholders and 56% by existing Wesfarmers' shareholders.

Wesfarmers and Coles entered into a Scheme Implementation Agreement which provides that the acquisition will be implemented through a Coles Scheme of Arrangement. The Coles' shareholder meeting to approve the scheme is scheduled to be held in October 2007. A Scheme of Arrangement Booklet is expected to be released in September by Coles to its shareholders.

Under the terms of the Scheme Implementation Agreement, until the scheme second court date, if at any time the 20 day volume weighted average price (VWAP) for Wesfarmers shares falls by more than 10% below $45.73 (being the Wesfarmers closing share price on 29 June 2007) and underperforms the S&P/ASX 200 Industrial index for the same period by more than 10% averaged over the period, either Coles or Wesfarmers may terminate the agreement. At 15 August 2007, the 20 day VWAP for Wesfarmers shares was $39.56 which is above the threshold reference point of $39.27.