17 September 2015

The Manager
Market Announcements Office
Australian Securities Exchange

Dear Sir,

2015 ANNUAL REPORT

Attached is the Wesfarmers Limited 2015 Annual Report.

A copy of the report will be sent in October 2015 to those shareholders who have elected to receive a copy. The report is also available on the company's website www.wesfarmers.com.au.

Yours faithfully,

L J KENYON
COMPANY SECRETARY

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Delivering value today and tomorrow.

Annual Report 2015

Wesfarmers

About Wesfarmers

From its origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies. With headquarters in Western Australia, its diverse business operations cover: supermarkets; home improvement and office supplies; department stores; chemicals, energy and fertilisers; coal; and industrial and safety products. Wesfarmers is one of Australia's largest private sector employers and has a shareholder base of approximately 500,000.

About this report

This annual report is a summary of Wesfarmers' and its subsidiary companies' operations, activities and financial position as at 30 June 2015. In this report references to 'Wesfarmers', 'the company', 'the Group', 'we', 'us' and 'our' refer to Wesfarmers Limited (ABN 28 008 984 049) unless otherwise stated.

References in this report to a 'year' are to the financial year ended 30 June 2015 unless otherwise stated. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated.

All references to 'Indigenous' people are intended to include Aboriginal and/or Torres Strait Islander peoples.

Wesfarmers is committed to reducing the environmental footprint associated with the production of the annual report and printed copies are only posted to shareholders who have elected to receive a printed copy. This report is printed on environmentally responsible paper manufactured under ISO14001 environmental standards.

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Our Objective

The primary objective of Wesfarmers is to provide a satisfactory return to our shareholders.

Wesfarmers is one of Australia's largest private sector employers and has a shareholder base of approximately 500,000.

Contents

Wesfarmers

Chairman's message

It gives me great pleasure to introduce Wesfarmers' annual report for 2015, the thirty-first report since our public listing in 1984, and my last as Chairman. I am extremely pleased that we have again been able to produce another very strong result for shareholders.

The Wesfarmers story is unique in Australia. It's all been possible because of the skills and attributes of our people who have adjusted and set new directions as the domestic and international realities have changed around them. The company has demonstrated incredible resilience over the 101 years of its existence. It has developed a very strong culture which gives us the ability to recruit talented people and that has been the single most important factor in Wesfarmers' success this year as in previous years.

2015 – our performance

I'd like to thank everybody who has played a part in achieving this year's result. Your contributions are what makes Wesfarmers such a great company, able to deliver on its commitment to provide satisfactory returns to our shareholders over the long-term and, in so doing, create value for all our stakeholders.

We are in a very sound financial position, our balance sheet is strong and we are well positioned to take advantage of growth opportunities in the future. We achieved a net profit after tax of $2,440 million for the full-year, an underlying increase of 8.3 per cent when excluding discontinued operations and non-trading items.

On the same underlying basis, earnings per share rose 9.9 per cent. The directors were able to declare a fully-franked final dividend of $1.11 per share at year's end. That took the full-year dividend to $2.00 per share, up 5.3 per cent, excluding last year's special 'Centenary' dividend of 10 cents per share.

This year's result builds on a truly excellent legacy. Since listing, Wesfarmers has delivered compound annual growth in total shareholder return (TSR) of 20.3 per cent, 1.8 times the rate of TSR growth achieved by the market as represented by the All Ordinaries Index.

Over the past five years, Wesfarmers has delivered compound annual growth in TSR of 11.5 per cent, compared with TSR growth of the ASX 200 of 9.4 per cent.

Building on strong foundations

Last year, as we celebrated our centenary year, we reflected on the Wesfarmers journey since being registered in June 1914 as a farmers' cooperative with a paid up capital of £2,050. By the time we listed as a public company on 15 November 1984, we still only had a market capitalisation of $30 million. Today we are one of Australia's largest companies with a market capitalisation of more than $45 billion. We are one of the nation's largest private sector employers with more than 205,000 employees in Australia, as well as in New Zealand and Asia. With that size comes responsibility, and employing more people, paying our taxes and supporting suppliers are all obligations we take extremely seriously.

Our core values – integrity, openness, accountability and boldness – stay the same. Our financial discipline must remain of paramount importance. If we are not financially strong and successful, with a focus on our returns to shareholders, we cannot survive, prosper and do the many good things in the community we like to do. To attract the best talent by being an employer of choice, we must also reflect the communities in which we operate, and to set and live up to the standards we believe are desirable in those communities.

In a nation where we want to see women given every opportunity to fulfil their potential in employment at all levels, we must do everything we can to provide those opportunities and encourage that potential. In a society where we believe Indigenous people need better representation in employment, we need to provide those opportunities and help address the issues and difficulties which may be inhibiting their progress. Of critical importance is the profound responsibility we have to provide a safe working environment for all our employees – in fact, a safe environment for all our stakeholders.

All of these factors are important to our chances of remaining strong in the modern economy. I am proud to say we are increasingly providing greater career opportunities for women; we now employ several thousand Indigenous Australians when just a few years ago we had only a handful; and we provide much safer workplaces for our employees. There is still much to be done, but the progress has been good and I thank and further encourage all of those involved in these efforts.

Our uncomplicated view is that we want to make the communities we are part of stronger, healthier and better places to live and raise families. It's the same vision that small group of farmers had when they started the company way back in 1914.

There will always be challenges. Successful companies must have the right vision supported by great strategies and implemented by the right people. Under the outstanding leadership of Richard Goyder and his management team, Wesfarmers is well-placed to meet the inevitable challenges that will confront us in the years ahead. We have a strong team of talented executives and the organisational changes made in August this year are an indication of the constant drive for better performance and readiness for growth opportunities.

The Board

On behalf of the Board, I would like to thank the Wesfarmers Leadership Team led by our Managing Director, Richard Goyder, for the tremendous work it has done over the past 12 months to ensure that this company's future remains bright. Richard has been at the helm throughout my time as Chairman and, in that period, has developed into one of the very best chief executives in Australia. It has been a pleasure working with him.

We had two retirements and one addition to the Board during the 2015 financial year. Charles Macek and Colin Carter retired last November, after long and outstanding service in their respective roles. Their combined efforts over more than a decade of significant change and growth for the company were outstanding. I and the other Board members truly appreciated their wise counsel.

I am delighted Michael Chaney has joined the Board as Chairman-elect, some 10 years after his very successful period as Managing Director of the company. When I was appointed Chairman of Wesfarmers, I declared my main objective was to be custodian of the company's culture. Who better then to succeed me than Michael Chaney, who played such a vital role in establishing that culture? Michael has had an outstanding career as an executive, as Managing Director of Wesfarmers, and as director and then chairman of other major Australian companies. He brings that experience and his expertise back to the company as it moves into its next phase.

I would like to thank my Board colleagues for their hard work and support throughout the year. Their varied skills, experience and perspectives is complemented by a truly collaborative and cooperative approach. I can faithfully report that the Board members are serving the shareholders well. And I would like to extend my appreciation to all the other people who have served on the Board with me. Their individual and collective contributions to the company have been enormous, their unwavering focus has been on delivering value to our shareholders, and their support for me in my role as firstly fellow Board member and then Chairman has been tremendous. I cannot thank them enough for it.

Thank you to shareholders

Most importantly, of course, I want to thank all our shareholders whose continued support and involvement in our company is such a vital ingredient in the mix that makes the culture of Wesfarmers so unique.

I am humbled to have been Chairman of this company, whose history and culture has been fashioned by the contribution of many hundreds of thousands of people over such a long period of time.

It has been a privilege to serve you.
Thanks for having me.

Bob Every

— **Bob Every AO**
Chairman

Managing Director's report

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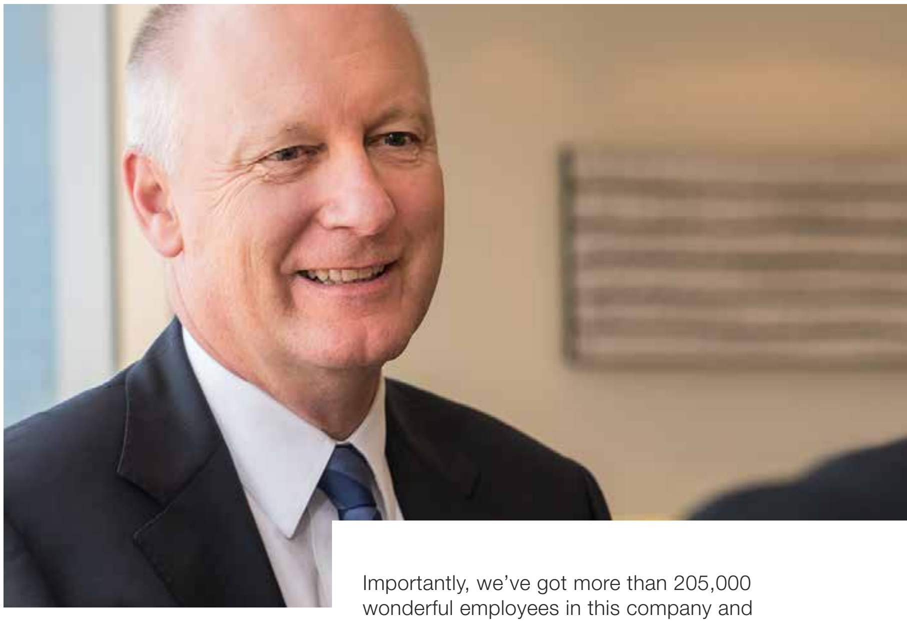
A conversation with
Richard Goyder AO



What were your highlights for the 2015 financial year?

It's been another strong year for Wesfarmers with good revenue growth, a strong profit performance – we were up over eight per cent on an underlying basis – strong cash generation and the balance sheet is in good shape. We can reward our shareholders and we are creating value for all our stakeholders. So overall, another strong year for the Group and something that we should all be proud of.

There were varying performances in the retail and industrial portfolios. Can you take us through those?

We had a strong year from the retail businesses. All of the businesses increased their profit on the previous year. Coles had another strong performance, Bunnings was extremely positive, as was Officeworks. Officeworks' profits were up nearly 15 per cent, Bunnings up 11 per cent. Kmart had another extraordinary year, up 18 per cent compared to last year. At Target, we are seeing some improvement in that business, they were up nearly five per cent on the previous year. So the retail businesses were all strong.

In the industrial businesses, it's tougher. It's really tough for coal at the moment, and it's tough if you are supplying to industrial businesses, like our Industrial and Safety business. So those businesses went backwards from a profit point of view, but I think they have done some really good things in managing their costs and looking to grow the businesses. Our Chemicals, Energy and Fertilisers business has had another pretty strong year, earnings were pretty much in line with last year when adjusted for some one-offs, with good performances from the chemicals and fertilisers businesses.

Is it still accurate to call Wesfarmers a conglomerate given the dominance of the retail earnings?

There's no doubt that Wesfarmers is still a conglomerate, and proud and happy to be a conglomerate. We've got diversified businesses across retail and industrial. We've got the capacity to run different businesses in the Group and we are looking to grow our industrial businesses, but we are also looking to grow our retail businesses. And who knows what else we might acquire in the years ahead.

What about the outlook for the coming year?

Last year we spent over $2.2 billion on capital, growing our existing businesses, and we undertook acquisition activity, including the Workwear Group, taking out the 50 per cent of the Coles credit card business we didn't already own, and buying a stake in Quadrant Energy. That's a significant investment in growth, so that augers well for the Group in the near-term. And then over the longer term we've got a really strong balance sheet. We've got the capacity to do things if it's in the interests of our shareholders to do so. As far as I'm concerned the future is very bright.

Importantly, we've got more than 205,000 wonderful employees in this company and we want all of these people to be looking to see how we can grow the company and create value for all our stakeholders.

It's still looking pretty tough though for the industrial portfolio?

In the near-term it's tough, but I've always felt that good businesses shine in a tough environment. The cost reductions we've had at our coal mines and in the Industrial and Safety business this year, and indeed in our gas businesses, have set those businesses up for a recovery in prices. They are in cyclical industries and it's difficult now, but things will improve I think. And the chemicals business is going pretty strongly at the moment. So we've got well run businesses with good assets that made good returns in the past and I am very confident they will make good returns in the future.

Other than growth, are there other key challenges for the Group going ahead?

I think we always worry about reputation, and it's important that we all strive to ensure that Wesfarmers has a very good reputation because that brings opportunities to us and it also means we attract good people to come and work with us. So we've got to keep an eye on reputation, and ultimately that's about performance but it's also about how we conduct ourselves.

Operating sustainably is really important too. Ensuring that we are working with the communities in which we operate, working with the environment, operating in a way that means the company can continue in the years ahead, as we have for the past 101 years.

And the other thing that we are always focused on is safety. We have 205,000 employees or more and we want to make sure that every employee goes home safely each day. Our safety performance has improved a lot over the past few years, but we've got more to do on that front. We have a really strong focus on making sure we improve safety.

After year-end, Wesfarmers announced quite a significant organisational restructure. Can you explain what has happened there and why?

We think it makes sense to group the industrial businesses together – so combining our Chemicals, Energy and Fertilisers business, our Industrial and Safety division and our Resources business into one. Rob Scott will lead that division, and Anthony Gianotti is going into it as Finance Director. We think it makes sense. There will be a focus on growth, there will be a focus on ensuring that it's the right portfolio in that division. And it will free me and others up to look at opportunities beyond some of the things we are currently looking at. So we think we will have a stronger focus in that division and enable the Group to look at more opportunities.

Wesfarmers announced earlier this year that Bob Every would be retiring as Chairman and be replaced by your predecessor as Managing Director, Michael Chaney. What contribution has Bob made and what difference do you think it will make when Michael takes on the Chair?

I think Bob has been a terrific Chair. He's guided the Group post-Coles through the Global Financial Crisis, he's worked really closely with me and the Leadership Team and he embodies the values of Wesfarmers, particularly integrity and openness. And Bob's had a really strong focus, because of his industrial background, on safety and we've had dramatic improvement in this area.

We're looking forward to working with Michael Chaney as the new Chair. I've worked with Mike through my executive career. He's an outstanding business person, he knows Wesfarmers well, knows the culture well. I think we will have a terrific working relationship and Mike will be great for the Group.

Finally, Wesfarmers is a big player in most of the sectors in which it operates. Is big bad?

I think Wesfarmers and all our stakeholders, particularly our shareholders and our employees, should be proud of the contribution Wesfarmers makes. Not just through delivering satisfactory returns to our shareholders – and in the past 12 months we have delivered some $3.5 billion back to our shareholders through dividends and capital distributions. We employ more than 205,000 people, we pay nearly $8 billion in salaries and wages, we pay more than $1.3 billion in taxes and royalties each year, we're spending billions of dollars reinvesting in our company and we pay approximately $43 billion to our suppliers. So I think we make a really significant contribution. And then we do things in the communities in which we operate and that equals about another $103 million a year. So I am, and I think we should all be, proud of the work that we do to continue to grow Wesfarmers so we can do all those great things.

Group revenue up 3.8 per cent to $62.4 billion

↗ **3.8**[1] **%**

2.16 $

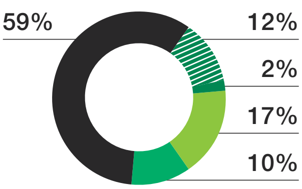
Earnings per share

[1] On an underlying basis, excluding discontinued operations and non-trading items.

Highlights summary

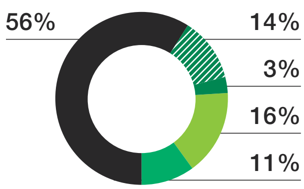
2015

13,382 $M



2014

13,842 $M



WEALTH CREATED BY WESFARMERS

- **Employees** salaries, wages and other benefits
- **Government** tax and royalties
- **Lenders** finance costs related to borrowed funds
- **Shareholders** dividends on their investments
- **Reinvested in the business**

Business performance

Key financial data		2015	2014
Revenue from continuing operations	$m	**62,447**	60,181
Earnings before interest, tax, depreciation and amortisation from continuing operations	$m	**4,978**	3,877
Depreciation and amortisation	$m	**1,219**	1,082
Earnings before interest and tax from continuing operations	$m	**3,759**	2,795
Earnings before interest and tax from continuing operations, excluding NTIs[1]	$m	**3,759**	3,566
Finance costs and income tax expense	$m	**1,319**	1,285
Profit after tax from discontinued operations[2]	$m	**–**	1,179
Net profit after tax	$m	**2,440**	2,689
Net profit after tax from continuing operations, excluding NTIs[1]	$m	**2,440**	2,253
Operating cash flows	$m	**3,791**	3,226
Net capital expenditure on property, plant and equipment and intangibles	$m	**1,552**	1,216
Free cash flows	$m	**1,893**	4,178
Equity dividends paid	$m	**2,597**	2,160
Total assets	$m	**40,402**	39,727
Net debt	$m	**6,209**	3,401
Shareholders' equity	$m	**24,781**	25,987
Key share data			
Earnings per share	cents	**216.1**	234.6
Earnings per share from continuing operations, excluding NTIs[1]	cents	**216.1**	196.6
Operating cash flow per share	cents	**335.1**	281.0
Free cash flow per share	cents	**167.3**	363.9
Total dividends per share (declared)	cents	**200**	200
– Ordinary	cents	**200**	190
– Special 'Centenary'	cents	**–**	10
Capital management distribution (paid)	cents	**100**	50
Key ratios			
Return on average shareholders' equity (R12)	%	**9.8**	10.5
Fixed charges cover (R12)	times	**3.0**	3.2
Interest cover (R12) (cash basis)	times	**20.5**	15.9
Gearing (net debt to equity)	%	**25.1**	13.1

[1] Non-trading items in FY2014 reflect the Coles Liquor restructuring provision and the impairment of Target's goodwill.

[2] Discontinued operations relate to the disposal of the Insurance division and WesCEF's interest in Air Liquide WA Pty Ltd.

In 2015, our net profit after tax was $2,440 million, an underlying increase of 8.3 per cent when excluding discontinued operations and non-trading items.

Coles

Coles		2015	2014
Revenue	$m	**38,201**	37,391
Earnings before interest and tax	$m	**1,783**	1,672
Segment assets	$m	**21,533**	20,532
Segment liabilities	$m	**3,913**	3,974
Capital employed	$m	**16,276**	16,272
Return on capital employed	%	**11.0**	10.3

Home Improvement and Office Supplies

Home Improvement and Office Supplies		2015	2014
Revenue	$m	**11,248**	10,121
Earnings before interest and tax	$m	**1,206**	1,082
Segment assets	$m	**5,959**	5,706
Segment liabilities	$m	**1,476**	1,177
Home Improvement			
Revenue	$m	**9,534**	8,546
Earnings before interest and tax	$m	**1,088**	979
Capital employed	$m	**3,244**	3,343
Return on capital employed	%	**33.5**	29.3
Office Supplies			
Revenue	$m	**1,714**	1,575
Earnings before interest and tax	$m	**118**	103
Capital employed	$m	**1,034**	1,097
Return on capital employed	%	**11.4**	9.4

Department store retailing

Kmart		2015	2014
Revenue	$m	**4,553**	4,209
Earnings before interest and tax	$m	**432**	366
Segment assets	$m	**2,182**	2,131
Segment liabilities	$m	**849**	692
Capital employed	$m	**1,312**	1,361
Return on capital employed	%	**32.9**	26.9

Department store retailing

Target		2015	2014
Revenue	$m	**3,438**	3,501
Earnings before interest and tax	$m	**90**	86
Segment assets	$m	**3,021**	2,963
Segment liabilities	$m	**515**	486
Capital employed	$m	**2,466**	2,979
Return on capital employed	%	**3.6**	2.9

Industrials

Industrials		2015	2014
Revenue	$m	**4,985**	4,977
Earnings before interest and tax	$m	**353**	482
Capital employed	$m	**4,245**	4,125
Return on capital employed	%	**8.3**	11.7
Chemicals, Energy and Fertilisers			
Revenue	$m	**1,839**	1,812
Earnings before interest and tax	$m	**233**	221
Segment assets	$m	**1,732**	1,746
Segment liabilities	$m	**341**	355
Capital employed	$m	**1,535**	1,539
Return on capital employed	%	**15.2**	14.4
Resources			
Revenue	$m	**1,374**	1,544
Earnings before interest and tax	$m	**50**	130
Segment assets	$m	**1,892**	1,904
Segment liabilities	$m	**362**	384
Capital employed	$m	**1,453**	1,459
Return on capital employed	%	**3.4**	8.9
Industrial and Safety			
Revenue	$m	**1,772**	1,621
Earnings before interest and tax	$m	**70**	131
Segment assets	$m	**1,626**	1,349
Segment liabilities	$m	**391**	273
Capital employed	$m	**1,257**	1,127
Return on capital employed	%	**5.5**	11.6

Leadership Team

01. Richard Goyder AO

Managing Director, Wesfarmers Limited

Richard was appointed Chief Executive Officer and Managing Director of Wesfarmers in 2005. He has held a number of executive positions in Wesfarmers, including Managing Director of Wesfarmers Landmark Limited and Finance Director of Wesfarmers. Before joining Wesfarmers in 1993, Richard held a number of senior positions with Tubemakers of Australia.

02. Terry Bowen

Finance Director, Wesfarmers Limited

Terry joined Wesfarmers in 1996 and undertook various roles with Wesfarmers Landmark, including Chief Financial Officer from 2001. In 2003, he was appointed as Jetstar Airways' inaugural Chief Financial Officer before rejoining Wesfarmers in 2005 as Managing Director, Wesfarmers Industrial and Safety. Terry became Finance Director, Coles in 2007 before being appointed Finance Director, Wesfarmers Limited in 2009.

03. John Durkan

Managing Director, Coles

John was appointed Managing Director of Coles in July 2014. John joined Coles in July 2008 as Merchandise Director and was subsequently appointed Chief Operating Officer in June 2013. He brings a wealth of customer, product and buying knowledge having worked for 17 years with Safeway Stores PLC and as the Chief Operating Officer for Carphone Warehouse in the UK.

04. John Gillam

Managing Director, Home Improvement and Office Supplies

John was appointed Managing Director of the Home Improvement division in 2004 and became the Managing Director of the expanded Home Improvement and Office Supplies division in 2007. John started at Wesfarmers in 1997, was appointed Chief Financial Officer of Bunnings in 1999, Wesfarmers Company Secretary in 2001 and Managing Director of CSBP in 2002.

05. Guy Russo

Managing Director, Kmart

Guy was appointed Managing Director of Kmart in 2008. After joining McDonald's Australia in 1974, Guy became Managing Director and Chief Executive Officer in 1999 and President, McDonald's Greater China 2005–2007. He is currently on the Board of Guzman y Gomez, premium fast casual Mexican restaurants and is President of Half the Sky Foundation for orphaned children in China.

06. Stuart Machin

Managing Director, Target

Stuart was appointed Managing Director of Target in April 2013 to lead the Target transformation. Prior to this, Stuart was Store Development and Operations Director at Coles Supermarkets where he led more than 83,000 team members and various departments also including IT, Coles Online, and Central and Store Operations. Stuart's career in retailing spans more than 25 years working across food, general merchandise and clothing. He completed the Advanced Management Program at Harvard Business School in 2012.

07. Rob Scott

Managing Director, Wesfarmers Industrials Division

Rob was appointed Managing Director of the newly formed Wesfarmers Industrials Division in August 2015. Rob started with Wesfarmers in 1993 before moving into investment banking, where he had various roles in corporate finance and mergers and acquisitions in Australia and Asia. He rejoined Wesfarmers in business development in 2004 before being appointed Managing Director of Wesfarmers Insurance in 2007 and then Chief Financial Officer of Coles in February 2013. He was appointed to the role of Managing Director, Financial Services in October 2014.

08. Tom O'Leary

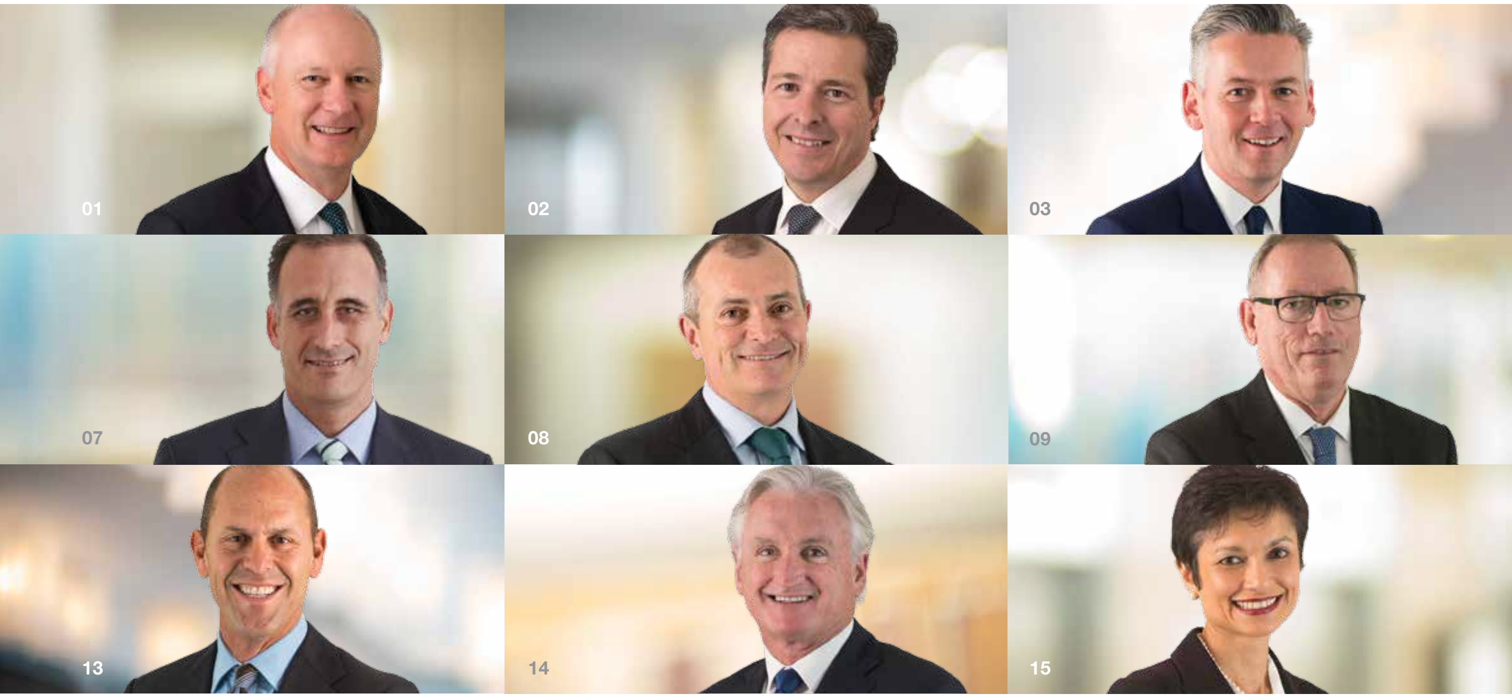
Managing Director, Wesfarmers Chemicals Energy & Fertilisers

Tom joined Wesfarmers' business development team in 2000 and became General Manager of the team in 2002. He was appointed Executive General Manager, Business Development in 2006 before his appointment as Managing Director, Wesfarmers Energy in 2009. In July 2010, Tom became Managing Director of Chemicals, Energy and Fertilisers. Prior to joining Wesfarmers, Tom worked in finance law and investment banking.

09. Stewart Butel

Managing Director, Wesfarmers Resources

Stewart joined Wesfarmers in 2000 following Wesfarmers' acquisition of the Curragh mine. In 2002 he was appointed Managing Director of Wesfarmers Premier Coal, and in 2005 he became Director Coal Operations for Wesfarmers Energy. Stewart was appointed Managing Director of Wesfarmers Resources in 2006.



10. Olivier Chretien

Managing Director, Business Development and Corporate Planning

Olivier was appointed Managing Director, Business Development and Corporate Planning in August 2015. Prior to this he was Managing Director, Wesfarmers Industrial and Safety, since 2008. Olivier joined Wesfarmers in 2006 as General Manager Commercial, Wesfarmers Industrial and Safety. Before joining Wesfarmers, Olivier was a management consultant with The Boston Consulting Group in France and Australia. He previously worked in logistics and project management with engineering contractor Jacobs Serete.

11. Tim Bult

Director, Associate Businesses and International Development

Tim was appointed Director, Associate Businesses and International Development in August 2015. He joined Wesfarmers in 1999, working in commercial and business development roles within the Wesfarmers Energy division, before his appointment as General Manager of Wesfarmers Kleenheat Gas in 2005. He became Managing Director of Wesfarmers Energy in 2006. He was Executive General Manager, Business Development from July 2009 to August 2015. Tim is also a director of Quadrant Energy, in which Wesfarmers acquired a 13.7 per cent interest in June 2015.

12. Linda Kenyon

Company Secretary, Wesfarmers Limited

In 2002, Linda was appointed Company Secretary of Wesfarmers and is also company secretary of a number of Wesfarmers Group subsidiaries. Linda joined Wesfarmers in 1987 as legal counsel and held that position until 2000 when she was appointed Manager of the responsible entity for the listed BWP Trust (formerly Bunnings Warehouse Property Trust).

13. Ben Lawrence

Chief Human Resources Officer, Wesfarmers Limited

Ben joined Wesfarmers in 2008. Prior to joining Wesfarmers, Ben was the Chief Human Resources Officer for Foster's Group Limited. He has held a variety of senior roles in the United States, including Chief Human Resources Officer, Beringer Wine Estates; Vice President International Human Resources, the Clorox Company; and Director Human Resources, FMC Gold Company. Ben is a non-executive director of Red Dust and the Wunan Foundation.

14. Alan Carpenter

Executive General Manager, Corporate Affairs, Wesfarmers Limited

Alan joined Wesfarmers as Executive General Manager, Corporate Affairs in December 2009. Prior to that he was Premier of Western Australia from January 2006 to September 2008 and served 13 years in the Western Australian Parliament. Alan has also worked as a journalist with the Seven Network and the ABC and lectured in Australian politics at the University of Notre Dame, Fremantle.

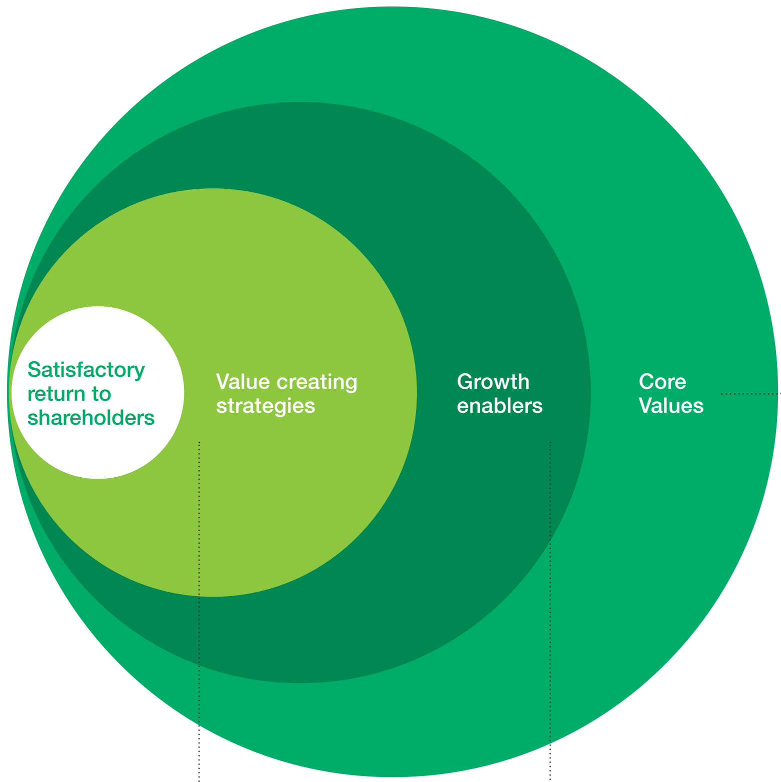
15. Maya vanden Driesen

Group General Counsel, Wesfarmers Limited

Maya was appointed Group General Counsel of Wesfarmers Limited in January 2015. Prior to this, Maya held a number of senior roles in the company including Legal Counsel-Litigation, Senior Legal Counsel and General Manager Legal-Litigation. Maya holds Bachelor of Jurisprudence and Bachelor of Laws degrees from The University of Western Australia and was admitted to practise as a barrister and solicitor in 1990. Prior to joining Wesfarmers Maya practised law at Parker & Parker and Downings Legal.

Operating and financial review

The Wesfarmers Way



Our objective

To provide a satisfactory return to our shareholders

Value creating strategies

- Strengthen existing businesses through operating excellence and satisfying customer needs
- Secure growth opportunities through entrepreneurial initiative
- Renew the portfolio through value-adding transactions
- Ensure sustainability through responsible long-term management

Growth enablers

- Outstanding people
- Commercial excellence
- Empowering culture
- Innovation
- Social responsibility
- Robust financial capacity

Core values

- Integrity
- Openness
- Accountability
- Boldness

On behalf of the Board, I'm very pleased to present the operating and financial review of Wesfarmers for shareholders.

Terry Bowen
Finance Director

Contents

Wesfarmers' primary objective is to deliver satisfactory returns to shareholders through financial discipline and strong management of a diversified portfolio of businesses. A key focus of the Group is ensuring that each of its divisions has a strong management capability that is accountable for strategy development and execution, as well as day-to-day operational performance. Each division is overseen by a divisional board of directors or steering committee including the Wesfarmers Managing Director and Finance Director, and is guided by a Group-wide operating cycle and governance framework.

Consistent with last year, this operating and financial review sets out the Group's growth enablers, objective and strategies, as well as summarising its operating model, risks and prospects. It also outlines each division's competitive environment, strategies, risks and prospects, in addition to a review of operational performance for the 2015 financial year.

The review should be read in conjunction with the financial statements, which are presented on pages 87 to 130 of this annual report. As introduced last year, these statements are streamlined, with notes grouped in order to make it easier for readers to access information and understand its relevance. An explanation of the Group's accounting policies is disclosed alongside relevant notes with the aim of enhancing the understanding of the financial statements. Key estimates and judgements have also been highlighted throughout the accounts to improve transparency.

The Wesfarmers Way

From our origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies and private sector employers.

Wesfarmers' diverse business operations in this year's review cover: supermarkets; home improvement and office supplies; department stores; chemicals, energy and fertilisers; coal; and industrial and safety products. The vast majority of Wesfarmers' businesses operate in Australia and New Zealand, with the portfolio including some of these countries' leading brands.

The Group's objective of delivering long-term satisfactory returns to shareholders through a strong focus on operating excellence and disciplined capital deployment was demonstrated this year, with solid growth in underlying revenue and earnings achieved.

Portfolio management undertaken during the year included the sale of Kleenheat's east coast LPG operations, and acquisitions of the Workwear Group, the remaining 50 per cent of the Coles credit card joint venture and a 13.7 per cent interest in Quadrant Energy.

The Wesfarmers Way is the framework for the company's business model and comprises core values, growth enablers and value creating strategies directed at achieving the Group's primary objective of providing a satisfactory return to shareholders.

Growth enablers

A core attribute of the Wesfarmers operating model is that each of our businesses operates with a high degree of autonomy. Rather than mandating detailed strategies or implementation plans, the Group focuses on ensuring that six key enablers are in place in our businesses, with a goal of driving operating performance to best practice.

Outstanding people

Wesfarmers seeks to be an employer of choice. Attracting outstanding people and utilising their individual talents is the most critical element in striving for sustainable success. Wesfarmers recognises that while great assets and strategies are critical, it is people who ultimately drive outcomes.

Commercial excellence

Wesfarmers seeks to ensure that it employs strong financial discipline in all of its decisions across the Group. Wesfarmers has a clear bias towards promoting strong commercial capability across its leadership base.

Empowering culture

Wesfarmers recognises that an empowering culture is critical to engendering accountability for delivering the results agreed upon through the Group's corporate planning framework. Wesfarmers uses stretch targets in objective setting and encourages team members to be proactive in driving the creation of value in their businesses.

Innovation

Wesfarmers seeks to develop a culture that encourages innovation, and rewards boldness and creativity.

Social responsibility

Respect for employees, customers and suppliers and a relentless focus on providing safe workplaces are fundamental to the way that Wesfarmers operates. Wesfarmers' social responsibility extends to maintaining high standards of ethical conduct, environmental responsibility and community contribution.

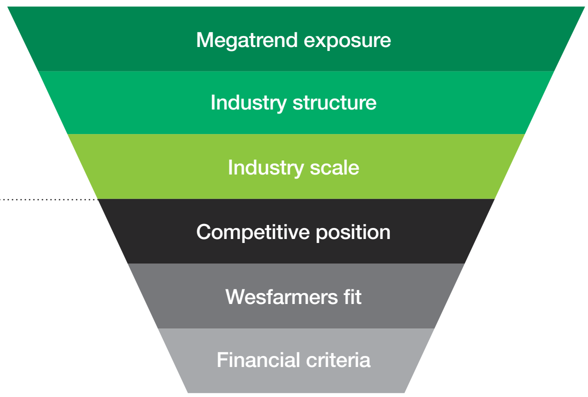
Robust financial capacity

By maintaining a strong balance sheet, the Group aims to provide a competitive cost and access to capital in order to allow the Group to act when value-creating opportunities present themselves.

Acquisition and investment review opportunity identification

INDUSTRY CRITERIA

BUSINESS CRITERIA



Investment approach

- Capacity to act through a strong balance sheet and focus on cash flow
- Flexibility through different ownership models (e.g., minority interest, full control, partnerships)
- Remain opportunistic to sector, structure and geography
- Financially disciplined including investment comparison to capital management alternatives

Our objective

The primary objective of Wesfarmers is to provide a satisfactory return to shareholders. The measure used by the Group to assess satisfactory returns is total shareholder return (TSR) over time. We measure our performance by comparing Wesfarmers' TSR against that achieved by the S&P/ASX 50 Index.

Performance measures

Growth in TSR relies on improving returns from invested capital relative to the cost of that capital and growing the capital base at a satisfactory rate of return on capital (ROC)[1].

Given a key factor in determining TSR performance is movement in Wesfarmers' share price, which can be affected by factors outside the control of the company (including market sentiment, business cycles, interest rates and exchange rates), the Group focuses on return on equity (ROE) as a key internal performance indicator.

While ROE is recognised as a fundamental measure of financial performance at a Group level, ROC has been adopted as the principal measure of business unit performance. ROC focuses divisional businesses on increasing earnings and/or increasing capital productivity by managing factors they can control, as well as making an adequate return on any new capital deployed.

[1] ROC = EBIT/(Working capital, fixed assets and investments less provisions and other liabilities).

Minimum ROC targets for each division are set based on their pre-tax cost of capital, while satisfactory ROC targets are established based on the Group's ROE targets, which are reviewed annually with reference to the performance of the broader market.

Capital efficiency focus

We believe that in order to deliver satisfactory shareholder returns it is important to try to achieve a cost of capital advantage, which we feel is best done through a strong focus on cash realisation, the maintenance of a strong balance sheet and having flexibility in financing options.

Working capital and capital expenditure

The Group continuously looks to improve the working capital efficiency of all of its businesses, and also ensures strong discipline in relation to capital expenditure or any other investment decisions that are made.

Shareholder distributions and portfolio management

The Group endeavours to optimise shareholder returns through its dividend policy, its approach to capital management and disciplined portfolio management.

In summary, the Group seeks to:

– continue to invest in Group businesses where capital investments exceed return requirements;
– acquire or divest businesses where doing so is estimated to increase long-term shareholder wealth; and
– manage the Group's balance sheet to achieve an appropriate risk profile and an optimised cost of capital.

Acquisition approach

When reviewing the acquisition of businesses the Group applies various filters, as illustrated in the diagram at the top of this page.

Importantly, in applying these filters the Group applies a long-term horizon to investment decisions and remains very disciplined in its approach to evaluation, with the most important filter being whether the investment is going to create value for shareholders over time.

Approach to delivering satisfactory returns to shareholders

Cash flow generation +	Balance sheet strength =	Delivery of long-term shareholder returns
Drive long-term earnings growth	Risk management of maturities	Improve returns on invested capital
Manage working capital effectively	Diversity of funding sources	Grow dividends over time
Strong capital expenditure processes	Optimise funding costs	Effective capital management
Invest above the cost of capital	Maintain strong credit metrics	
Financial discipline		

Focused approach to deliver satisfactory returns to shareholders

As illustrated above, the Group has a focused approach to delivering satisfactory returns to shareholders.

Cash flow generation

In generating cash flow and earnings, the Group seeks to employ excellent management teams who are empowered to drive long-term earnings growth. This is achieved through deploying best practice principles in operational execution and maintaining a long-term focus in regards to strategy and results. In addition, the Group manages working capital very closely and ensures that strong discipline in capital expenditure and investment processes are maintained.

Balance sheet strength

The Group endeavours to achieve a cost of capital advantage while maintaining balance sheet strength and flexibility in order to be able to act when opportunities arise.

Long-term shareholder returns

With a focus on generating strong cash flows and maintaining balance sheet strength, the Group aims to deliver satisfactory returns to shareholders through improving returns on capital invested in the Group. As well as share price appreciation, Wesfarmers seeks, where possible, to grow dividends over time. Dependent upon circumstances, capital management decisions may also be taken from time to time where this activity is in shareholders' interests.

Our approach to sustainability

Wesfarmers will only be sustainable as a corporation if, in addition to its continued financial success, it adequately addresses a range of other issues which are significant in their own right and ultimately influence financial outcomes.

Wesfarmers operates its businesses in accordance with the Group's ten community and environment principles, which relate to our people, sourcing networks, the communities in which we operate, and environmental and governance standards.

Within this framework, each business has identified the key issues most relevant to its operations within their summaries as detailed later in this operating and financial review. Further information on our sustainability performance can also be found on pages 53 to 61 of this annual report.

Our full 2015 Sustainability Report will be available in October on our website **sustainability.wesfarmers.com.au**

In implementing our overarching strategies, we maintain a long-term focus and act sustainably in creating value across our business portfolio.

Our value creating strategies

Consistent with the Wesfarmers Way, the Group's primary objective to provide a satisfactory return to shareholders is driven by four overarching strategies. These are:

- strengthening existing businesses through operating excellence and satisfying customer needs
- securing growth opportunities through entrepreneurial initiative
- renewing the portfolio through value-adding transactions
- ensuring sustainability through responsible long-term management.

As shown in the table below, each strategy is underpinned by the Group's well established strategic planning framework. A key attribute of this approach is the maintenance of a long-term focus and acting sustainably in the creation of value and the building of businesses.

At a divisional level, detailed strategies are developed specific to the opportunities to improve each of our individual businesses. Divisional strategies are discussed within their respective summaries, starting on page 22.

Operating excellence

Our strategies	Our achievements	Our focus for the coming years
Strengthen existing businesses through operating excellence and satisfying customer needs	– Continued to make improvements in our customer offers, including reinvesting in value to drive business growth. – Further optimised and invested in our retail store networks. – Focused on production plant efficiency following recent capacity expansions and maintaining customer relationships in our industrial businesses. – Made further operational productivity improvements and reduced costs across our businesses.	– **Coles** remains committed to implementing customer-led strategies and delivering trusted value. Coles will continue to invest in value, supported by a focus on simplification and cost reduction. The division has plans to drive further improvement in fresh category sales. Coles will also maintain a disciplined and returns-focused approach to network expansion and capital investment, develop new channels and services and progress its Liquor transformation. – **Bunnings** will maintain its focus on driving long-term value creation through strengthening its core business, including delivering more customer value, better customer experiences, greater brand reach, an expanded commercial business and further merchandise innovation. – **Officeworks** will continue to deliver a unique 'one-stop shop' via its 'every channel' strategy while extending reach across all channels through new categories and services, and drive further productivity improvements. – **Kmart** aims to grow through continued price leadership, expansion of its digital strategy, product ranges and store network. The division will continue to focus on delivering increased operational efficiency across the business. – **Target** will continue to transform its business through improved sourcing, supply chain efficiencies and range improvements. It will also seek to further lower the cost of doing business to provide greater value to customers and further improve in-store and online offers. – **Chemicals, Energy and Fertilisers** will optimise production and plant efficiencies following recent capacity expansions, while ensuring readiness to take advantage of value-generating opportunities as they arise. – **Resources** will maintain focus on cost control and productivity improvement, with low-cost plant expansions and counter-cyclical investments to be implemented where satisfactory returns can be achieved. – **Industrial and Safety** will continue to focus on cost control and operational productivity improvements. The business will continue to seek to increase revenue through market share growth and expansion into addressable adjacent markets.

Entrepreneurial initiative

Our strategies	Our achievements	Our focus for the coming years
Secure growth opportunities through entrepreneurial initiative	– Provided even greater value for customers through price reinvestment of innovation-led productivity gains. – Continued to innovate our product ranges and categories across all businesses providing value and quality to customers. – Further improved and extended channel and brand reach in our retail portfolio, focusing on store format innovation and the expansion of online offers. – Grown our customer programs, particularly the flybuys loyalty program and the PowerPass offer at Bunnings. – Continued to better leverage data, particularly in our retail businesses. – Maintained our focus on growing new businesses, including Coles Financial Services and natural gas retailing.	– Continue to reinforce innovation and drive boldness as growth enablers. – Continue to rigorously apply financial disciplines and financial evaluation methodologies. – Increase and encourage collaboration across divisions, where appropriate.

Renewing the portfolio

Our strategies	Our achievements	Our focus for the coming years
Renew the portfolio through value-adding transactions	– Acquired Pacific Brands' Workwear business in our Industrial and Safety business. – Completed the divestment of Kleenheat's east coast LPG distribution business. – Exercised the call option to acquire the remaining 50 per cent of the Coles credit card joint venture. – Acquired a 13.7 per cent interest in Quadrant Energy.	– Maintain a strong ongoing focus and capability to evaluate growth opportunities where long-term shareholder value can be created. – Consider innovative investment approaches to complement traditional growth models to provide future optionality. – Ensure a patient, disciplined and broad scanning approach to investment opportunities is maintained. – Apply rigorous due diligence and integration processes post-acquisition. – Maintain a strong balance sheet to enable the Group to act opportunistically. – Consider opportunities to divest assets either in full or in part, where long-term shareholder value can be created.

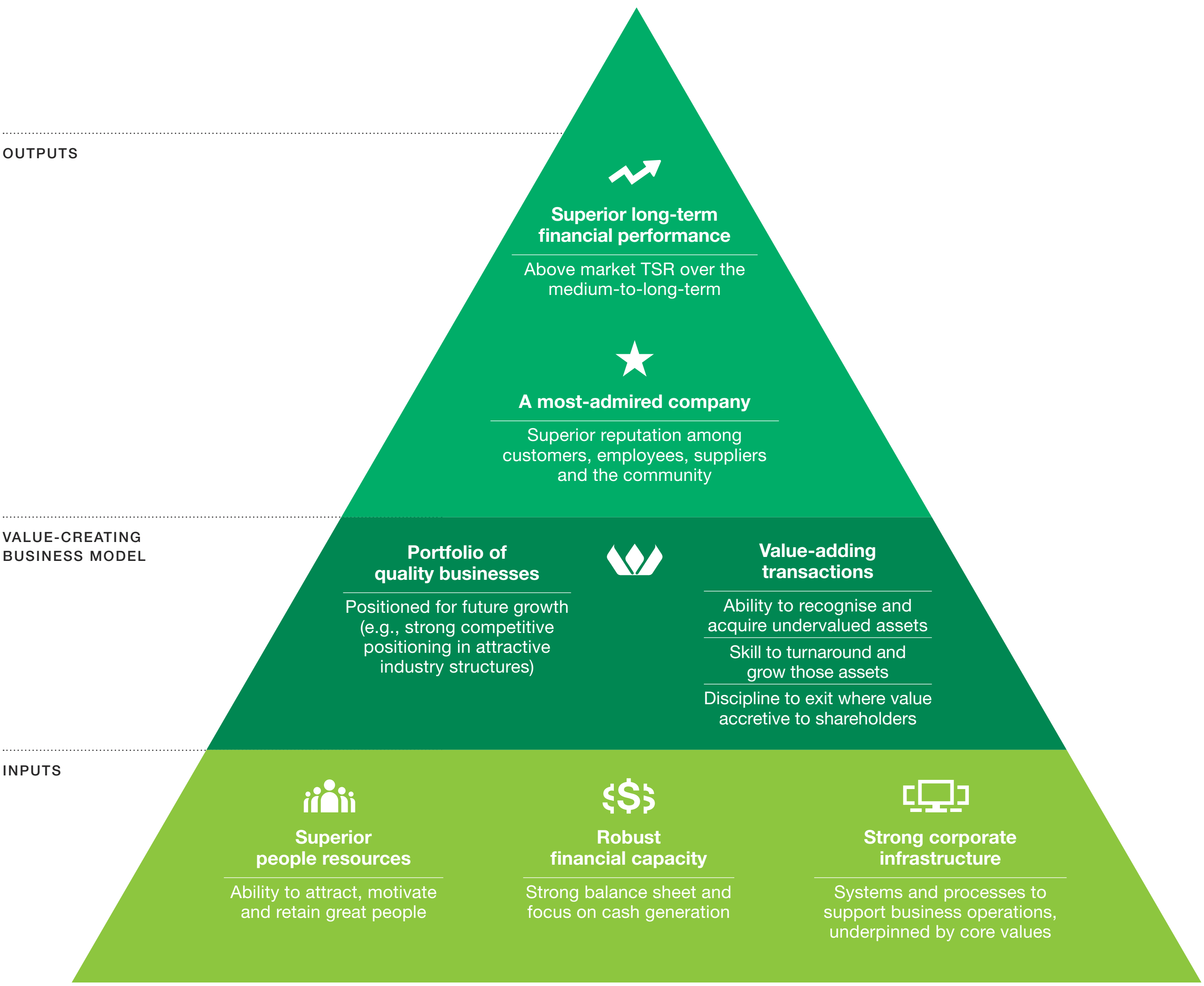
Operating sustainably

Our strategies	Our achievements	Our focus for the coming years
Ensure sustainability through responsible long-term management	– Maintained a strong balance sheet. – Achieved good improvements in our safety performance. – Maintained a very strong focus on the development and management of our teams. – Continued to promote diversity in our workplaces, with 60 per cent more self-identified Indigenous employees this year, and 500 new Indigenous employees at Coles alone. – Advanced our executive development, retention and succession programs. – Continued to actively contribute to the communities in which we operate, where in the 2015 financial year, we made community contributions, both direct and indirect, of $103 million.	– Continue to foster a more inclusive work environment, with particular focus on diversity (gender, age and ethnicity). – Increase the number of women in leadership positions across the Group. – Continue to look after the health, safety and development of our people. – Minimise our environmental footprint. – Contribute positively to the communities in which we operate. – Provide appropriate governance structures to safeguard future value creation.

Operating model, risks and prospects

Operating model

The operating model adopted to achieve the Group's objective is represented below:



Inputs

The three key inputs considered at the Group level are as follows:

Superior people resources – the ability to attract and retain great people, bringing a mix of skills, knowledge, experience and diversity to the Group, and successful development through succession planning.

Robust financial capacity – a strong balance sheet and focus on cash generation, including recycling of capital where returns can be optimised.

Strong corporate infrastructure – systems and processes which support the way the businesses operate, underpinned by a set of core values.

The Group ensures that each of its divisions has a very strong management capability and day-to-day operational autonomy.

Businesses are governed by divisional boards and a Group-wide framework where key disciplines and processes are coordinated over a 12-month operating cycle. This approach encourages strong accountability for operating results, as well as assurance in areas such as:

- strategic planning, budgeting and monitoring of performance;
- risk management, including internal audit and insurance protection;
- group-wide human resource management systems such as executive remuneration and share schemes, talent development and key role succession planning; and
- centralised support in areas such as statutory accounting, tax, treasury and legal support.

The Group also has a Business Development function that provides assurance over any significant capital expenditure evaluation, as well as merger and acquisition activity.

Value-creating business model

The value-creating business model comprises the portfolio of quality businesses, and is shaped by value-adding transactions, with a focus on creating long-term shareholder value.

Outputs

The two key outputs from the operating model are:

The delivery of superior long-term financial performance – as measured by medium-to-long-term TSR performance relative to the S&P/ASX 50 Index.

Remaining a most-admired company – superior reputation among customers, employees, suppliers and the community.

Risks

Wesfarmers recognises the importance of, and is committed to, the identification, monitoring and management of material risks associated with its activities across the Group.

The following information sets out the major Group-wide risks. These are not in any particular order and do not include generic risks such as changes to macroeconomic conditions affecting business and households in Australia, which would affect all companies with a large domestic presence and which could have a material affect on the future performance of the Group.

Further information on risk management, including policies, responsibility and certification, can be found in the corporate governance section of the company's website at **www.wesfarmers.com.au/cg**

Strategic

- Increased competition
- Ineffective execution of strategy
- Loss of key management personnel
- Damage or dilution to Wesfarmers' brands
- Digital disruption to industry structures

Operational

- Loss of critical supply inputs or infrastructure, including IT systems
- Loss of data security and integrity
- Business interruption arising from industrial disputes, work stoppages and accidents
- Risks inherent in distribution and sale of products

Regulatory

- Non-compliance with applicable laws, regulations and standards
- Adverse regulatory or legislative change

Financial

- Currency volatility
- Adverse commodity price movements
- Reduced access to funding

Prospects

The Group is well-placed to strengthen and further build upon its existing businesses with a focus on seeking to deliver improved returns to shareholders.

With consumers remaining focused on value, the Group's portfolio of retail businesses is expected to benefit from strategies that drive further value for customers and improvements in merchandise offers. As the Group enters the 2016 financial year, the Coles, Bunnings, Officeworks and Kmart businesses all have good momentum, with Target expected to improve as its transformation plan continues.

The retail businesses will seek to create increased value for customers through reinvestment of sourcing and supply chain efficiencies, as well as other productivity gains. Each business also has strategies aimed at driving increased merchandise innovation, better customer service, and extending channel reach and performance through improving store networks and digital offers.

The near-term outlook for the Group's Industrials division remains challenging. In this environment, each business will seek to further reduce cost structures and optimise plant and mine performance.

Within Chemicals, Energy and Fertilisers, the ammonium nitrate business is expected to benefit from increased customer demand, while lower benchmark pricing and a planned major plant shutdown in the second half of the 2016 financial year will affect ammonia earnings. Production economics are expected to remain challenging for Australian Vinyls, with a strategic review of its polyvinyl chloride business underway. Kleenheat is expected to benefit from lower gas input costs, while strong recent harvests afford a positive outlook for the fertilisers business, subject to seasonal conditions.

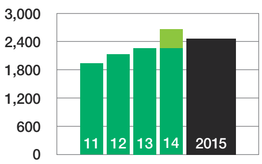
The Resources and the Industrial and Safety businesses will seek to further reduce costs and improve operational productivity. Recent pricing pressures, as evidenced by declines in the current quarter's export coal price settlements, present a subdued revenue and earnings environment for the Resources business. With volume and margin pressure expected, the Industrial and Safety business will tightly manage its cost base, while endeavouring to grow sales in existing and new markets, including through integration and improvement of the Workwear Group.

Wesfarmers will retain a strong balance sheet to secure growth opportunities, should they arise, and where practical, optimise the portfolio.

Year in review

Net profit after tax

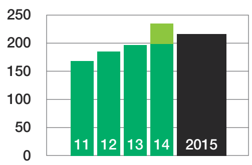
2,440 $M



2015	**2,440**
2014	2,689
2013	2,261
2012	2,126
2011	1,922

Earnings per share

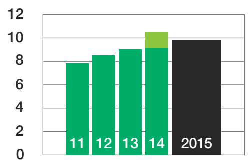
216.1 cents



2015	**216.1**
2014	234.6
2013	195.9
2012	184.2
2011	166.7

Return on equity

9.8 %



2015	**9.8**
2014	10.5
2013	8.9
2012	8.4
2011	7.7

Including discontinued operations and non-trading items in 2014 which contributed a $436 million post-tax profit. Discontinued operations (a post-tax contribution of $1,179 million) relate to the disposal of the Insurance division and WesCEF's interest in Air Liquide WA Pty Ltd. Non-trading items (a post-tax loss of $743 million) represent the Coles Liquor restructuring provision and the impairment of Target's goodwill.

Overview

The 2015 financial year saw a solid increase in underlying performance for the Group. The Group's 205,000 plus team members delivered a net profit after tax of $2,440 million for the year, an underlying increase of 8.3 per cent when excluding discontinued operations and non-trading items (NTIs). On the same underlying basis, earnings per share rose 9.9 per cent to 216 cents, and return on equity (R12) increased 40 basis points to 9.8 per cent.

The Group's retail portfolio delivered strong earnings growth. All retail businesses grew earnings, having benefited from hard work to deliver an improved merchandise offer and better value for customers.

Despite good cost control and operational productivity, the Industrial businesses recorded lower overall earnings. This was due to a challenging sales environment, created by lower commodity prices, reduced project activity and customers' cost reduction programs.

Divisional financial performances are outlined in pages 22 to 51.

Operating cash flow

Despite lower reported earnings, operating cash flow performance improved on last year due to working capital cash inflows and reduced finance costs. Operating cash flows of $3,791 million were $565 million or 17.5 per cent above last year, with a cash realisation ratio of 104 per cent recorded.

The good cash realisation result was supported by working capital cash inflows from the retail portfolio as a result of further improvements in overall inventory management and period-end timing differences which resulted in an additional creditor payment at Coles last year.

Capital expenditure and property recycling

The Group retains very strong disciplines in respect to capital expenditure, with generally conservative business cases and appropriate hurdle rates applied, commensurate with the risks of the project.

Gross capital expenditure of $2,239 million was in line with the prior year. Consistent with our aim of deploying capital to high return opportunities, capital expenditure continued to be weighted to the Group's retail portfolio through growth and refurbishment of store networks, most notably in Coles and Home Improvement. Capital expenditure in the Group's industrial businesses was well down on the prior year, following the completion of the ammonium nitrate plant capacity expansion and the debottlenecking of sodium cyanide capacity.

Net capital expenditure of $1,552 million was 27.6 per cent or $336 million above the prior year due to lower proceeds from the sale of retail property during the year, with proceeds of $687 million compared to $1,017 million last year.

Illustrative of the benefits from this capital expenditure to capture high return opportunities, Coles and Bunnings achieved strong returns on capital employed for the year, excluding acquisition goodwill, of 29.7 per cent and 45.8 per cent respectively. Similarly, Kmart, which has seen higher levels of investment this year due to its store renewal program and network growth, delivered a return on capital employed excluding goodwill of 78.1 per cent.

Cash capital expenditure ($m)

	2015	2014
Coles	**941**	1,016
HIOS	**750**	557
Kmart	**169**	162
Target	**127**	78
WesCEF	**56**	172
Resources	**137**	163
Industrial and Safety	**57**	51
Other*	**2**	34

* 2014 includes discontinued operations.

Free cash flow

Free cash flows of $1,893 million were below the $4,178 million recorded last year, which included the proceeds from the disposal of the Insurance division. When adjusting for the proceeds from the disposal of the Insurance division, free cash flows were $159 million above last year, with higher operating cash flows partially offset by increased acquisition activity and higher net capital expenditure.

When adjusting for the proceeds from the disposal of the Insurance division, free cash flows were $159 million above last year, with higher operating cash flows partially offset by increased acquisition activity and higher net capital expenditure.

Balance sheet

The Group's balance sheet continues to be strong. Net debt at the end of the period, comprising interest-bearing liabilities less cash at bank and on deposit, was $6,209 million, $2,808 million above the net debt position at 30 June 2014. At period-end, net financial debt was $5,515 million when including fair value assets relating to cross currency interest rate swaps.

Capital employed at year-end was $29.0 billion, $168 million above last year. Increased capital employed reflected a higher value of property, plant and equipment given increased net capital expenditure from the Group's retail businesses, and higher intangibles following acquisitions made during the year. These were partially offset by lower working capital.

Working capital finished lower mainly as a result of lower receivables, due to the receipt of the completion adjustments related to the divestment of the Insurance division, and higher payables within the retail businesses due to store network expansion, sales growth and better offshore terms. These cash inflows were partially offset by outflows relating to increased inventories due to store network growth and acquisition activity.

Impairment testing of non-current assets, including goodwill and other intangible assets, was undertaken during the year with no material non-cash impairments recognised.

Group capital employed

Year ended 30 June[a]	$m 2015	$m 2014
Inventories	5,497	5,336
Receivables and prepayment	1,658	1,805
Trade and other payables	(5,764)	(5,424)
Other	393	403
Net working capital	1,784	2,120
Property, plant and equipment	10,205	9,952
Intangibles	19,309	18,956
Other assets	775	721
Provisions and other liabilities	(3,040)	(2,884)
Total capital employed	29,033	28,865
Net financial debt[b]	(4,746)	(3,050)
Net tax balances	494	172
Total net assets	24,781	25,987

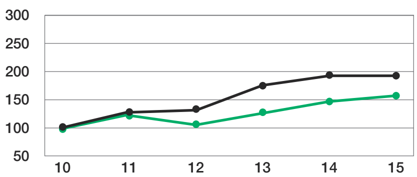
[a] Balances reflect the management balance sheet, which is based on different classification and groupings than the balance sheet in the financial statements.

[b] Net debt including interest rate swap assets and excluding financing of credit book relating to the Coles credit card.

Year in review (continued)

TSR: Wesfarmers and ASX 200

- Wesfarmers Limited TSR Index[1]
- ASX 200 Accumulation Index



[1] Assumes 100 per cent dividend reinvestment on the ex-dividend date, and full participation in capital management initiatives e.g., rights issues and share buybacks. Source: Bloomberg.

In December 2014, the Group returned $1,148 million to shareholders via a capital management distribution of $1.00 per fully-paid ordinary share. A special 'Centenary' dividend of 10 cents per share fully-franked was also paid in October 2014.

Debt management and financing

The Group's debt levels increased during the year, following the capital management distribution paid in December 2014. Investments funded by debt during the year included the acquisitions of Pacific Brands Limited's Workwear Group, the remaining 50 per cent of the Coles credit card joint venture which included the entire financing of the credit book and the 13.7 per cent interest in Quadrant Energy.

Consistent with the Group's strategy to diversify sources of debt, pre-fund upcoming maturities and maintain a presence in key debt markets, the Group issued a seven-year bond in October 2014 raising €600 million (approximately A$864 million) through its Euro medium term note program. In May 2015, the Group issued five-and-a-half-year fixed and floating bonds through its domestic medium term notes program, raising A$500 million.

In September 2014, following settlement of the sale of the Insurance division, the Group repaid A$500 million of medium term notes from existing cash on hand. During the year, the Group also reduced syndicated debt facilities by a net A$750 million. Post the completion of the year, in July 2015 the Group repaid €500 million (A$756 million) of Euro medium term notes.

Finance costs for the year decreased 13.2 per cent to $315 million, largely as a result of a lower average net debt balance. The Group's 'all-in' effective borrowing cost was in line with the prior year at 5.45 per cent. Reduced finance costs resulted in continued strong liquidity metrics, with cash interest cover[1] increasing to 20.5 times and fixed charges cover[1] of 3.0 times.

The Group's credit ratings for Standard & Poor's and Moody's Investors Services remained unchanged at A- (stable) and A3 (stable) respectively.

Capital management

As a key enabler of delivering satisfactory returns to shareholders, the Group aims to maintain an efficient capital structure that is consistent with a strong investment grade credit rating.

Strong free cash flow generation, assisted by disciplined portfolio management, has enabled the Group to undertake capital management. Since 2009, the Group has undertaken cumulative capital management of $2.6 billion, which has comprised the full neutralisation of the dividend investment plan and the purchasing on-market of shares relating to employee share plans.

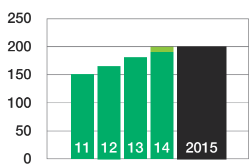
In December 2014, the Group returned $1,148 million to shareholders via a capital management distribution of $1.00 per fully-paid ordinary share. A special 'Centenary' dividend of 10 cents per share fully-franked was also paid in October 2014. This capital management distribution was undertaken after the sale of the Insurance division to return a portion of the Group's surplus capital to shareholders to achieve a more efficient capital structure.

The capital management comprised both a capital return component (75 cents per share returning $861 million to shareholders) and a fully-franked dividend component (25 cents per share returning $287 million to shareholders). The capital management distribution was accompanied by an equal and proportionate share consolidation through the conversion of one share into 0.9827 of a share.

[1] Calculated on a rolling 12-month basis.

Dividends per share

200 cents



2015	200
2014	200
2013	180
2012	165
2011	150

2014 includes a 10 cents per share special 'Centenary' dividend.

The Board declared a fully-franked final ordinary dividend of 111 cents per share, taking the full-year ordinary dividend to 200 cents per share, representing an increase of 5.3 per cent on the 2014 financial year full-year ordinary dividend of 190 cents per share.

Equity

Shares on issue decreased during the year as a result of the capital management distribution completed in December 2014 and associated proportionate share consolidation. This had the effect of reducing the number of shares on issue by 19 million to 1,124 million.

Dividends

A key component of TSR is the dividends paid to shareholders.

Wesfarmers' dividend policy seeks to deliver growing dividends over time, with dividends declared reflective of the Group's current and projected cash position, profit generation and available franking credits.

The Board declared a fully-franked final ordinary dividend of 111 cents per share, taking the full-year ordinary dividend to 200 cents per share, representing an increase of 5.3 per cent on the 2014 financial year full-year ordinary dividend of 190 cents per share. The final dividend will be paid on 30 September 2015 to shareholders on the company's register on 27 August 2015, the record date for the final dividend.

Given the preference of many shareholders to receive dividends in the form of equity, the directors have decided to continue the operation of the Dividend Investment Plan (the 'Plan'). The allocation price for shares issued under the Plan will be calculated as the average of the daily volume weighted average price of Wesfarmers shares on each of the 15 consecutive trading days from and including the third trading day after the record date, being 1 September 2015 to 21 September 2015.

No discount will apply to the allocation price and the Plan will not be underwritten. Given the company's current capital structure and strong balance sheet, any shares to be issued under the Plan will be acquired on-market and transferred to participants on 30 September 2015.

Coles

Since opening its first store in 1914, Coles has grown into an iconic Australian retailer with brands including Coles Supermarkets, Coles Express, Liquorland, Vintage Cellars, First Choice Liquor, Spirit Hotels, Coles Financial Services and Coles Online.

The Coles Nurture Fund, announced in April 2015, will provide funding to help small Australian producers, farmers and manufacturers innovate and grow. Over the next five years, the Nurture Fund will allocate $50 million in grants and interest-free loans to small businesses to fund the development of new market-leading products, technologies and processes.

Our business

Coles provides fresh food, groceries, general merchandise, liquor, fuel and financial services to more than 20 million customers on average each week through its store network and online platform. Coles has more than 101,000 team members and operates 2,386 retail outlets nationally.

Our market

Coles has a store network of 776 supermarkets, 858 liquor stores, 90 hotels and 662 convenience outlets located from as far south as Blackmans Bay, Tasmania, to as far north as Casuarina, Northern Territory, operating in Australia's highly dynamic and evolving food, grocery, liquor and convenience sector.

Coles Financial Services has more than 880,000 customers and has issued more than 440,000 home, car, life and landlord insurance policies as at 30 June 2015.

Sustainability

During the year, Coles sought feedback about its sustainability performance and reporting from external stakeholders. How Coles supports Australian made food and product quality and safety were the two most frequently mentioned issues. Other priority issues included community partnerships and support, supplier relationships and labour rights.

Australian sourcing

Coles is proud of its Australia First sourcing policy, which aims to support Australian farmers and manufacturers. Today 96 per cent of fresh fruit and vegetables sourced for Coles are Australian grown, along with 100 per cent of fresh milk and 100 per cent of fresh meat from the meat department. During the year, Coles secured a contract with Bundaberg Sugar to supply the whole Coles brand range and guarantee customers 100 per cent Australian grown sugar.

6.6%

increase in earnings to $1,783 million

Operating revenue increased $810 million to

38.2 $B

Double-digit sales and volume growth in fresh produce

Continued investment of operational efficiencies into lower prices

Product quality and safety

Coles' Manufacturing Supplier Standards for food were updated this year and will be relaunched to suppliers in the coming year. Coles' food standards cover product safety and quality, packaging and all claims, such as animal welfare and sustainability.

Community support

Coles' direct community support totalled $36.5 million and an additional $7.2 million was contributed by customers, team members and suppliers. Coles supported the Australian Defence Force Assistance Trust to raise awareness of the issues facing our servicemen and women, many of whom return from overseas duty suffering traumatic injuries and ill health. Coles also reached a milestone of distributing 10 million kilograms of fresh food, equivalent to 20 million meals, to people in need since its partnership with SecondBite commenced in November 2011.

Environment

A highlight for Coles during the year was Coles Hallam in the south-east of Melbourne achieving the first Green Star rating for an Australian supermarket. Hallam was awarded a 4-Star Green Star rating from the Green Building Council of Australia. Further information about Coles' sustainability progress is covered in this report on pages 53 to 61 and in the Wesfarmers Sustainability Report at **sustainability.wesfarmers.com.au**

Coles has signed a 10-year agreement with South Australia's Sundrop Farms which will create an estimated 300 new jobs.

Prospects

Competition in the Australian food and grocery industry is expected to remain high, with customers continuing to seek value. In this environment, Coles remains committed to implementing its customer-led strategies and delivering trusted value. Coles will continue to focus on improving productivity, by driving end-to-end simplicity which will enable further price investment to reduce the cost of the weekly shopping basket.

Coles will continue to improve its fresh offer, store standards and levels of customer service. Coles will also seek to deliver long-term sustainable growth through further investment and innovation across its network of stores as well as online, financial services and flybuys business platforms.

The Liquor business will continue to progress its transformation and reshape its store network, optimise its product range and improve the customer experience.

Coles Express will aim to drive growth through expansion and optimisation of its store network and further improvement of the convenience store offer.

— **John Durkan**
Managing Director, Coles

Strategy

Coles continued to offer greater value through lowering the price of the weekly shopping basket, improved quality through fresher produce and long-term supply agreements with a better shopping experience for customers as a result of store upgrades and team member training.

GROWTH STRATEGIES	ACHIEVEMENTS	FOCUS FOR THE COMING YEARS
Deliver a better store network	– 25 supermarkets were opened and 11 closed. Changes to the store network achieved a 3.4 per cent increase in net selling area during the year. – 68 new scratch bakeries were installed, bringing the total to 371.	– Deliver a better and more consistent store network through accelerating sales density growth, continuing renewal activity and targeting net space growth of between two and three per cent per annum.
Focus on freshness	– Improving fresh food quality was a key focus throughout the year and led to increased sales, participation and volume in fresh categories. – New long-term agreements aimed at securing Australian grown produce, including a 10-year agreement with South Australia's Sundrop Farms to secure tomatoes 365 days of the year from 2016 and a four-year agreement with Western Australia's largest agribusiness, Milne AgriGroup (MAG) to source all Coles Finest free range pork from the Plantagenet region of Western Australia. – 'Coles Fresh' campaign launched in July 2015, with a renewed focus on fresh food quality, shelf-life and availability and more rigorous quality checks in-store and across the supply chain.	– Deliver better value, greater quality and a superior customer offer in fresh food. – Improve service through better culture and investing in team member capabilities. – Build deeper and longer-term collaborative partnerships with suppliers.
Deliver trusted value	– Deflation continued during the year, driven by Coles' ongoing investment in lower 'Every Day' prices, strong promotions, expanding Coles' own brand products and tailoring flybuys offers. – 'Every Day' pricing was applied to more than 2,000 products to consistently provide customers with value they can trust.	– Become a trusted price leader and further reduce the cost of the weekly shopping basket. – Drive targeted marketing through flybuys and customer insights. – Strengthen local marketing activities.
Simplify supply chain and operations	– Improved transport efficiency with fewer and fuller deliveries to stores. – Reduced delivery lead times from distribution centres to stores, to improve freshness and better availability. – Developed time-saving back-of-house stock tool, enabling front-of-house team members to access stock information on the shop floor. – Piloted world-class 'OneShop' point-of-sale technology and 'OneTeam' workforce management system with phased rollout continuing in 2016.	– Deliver supply chain efficiencies through continuous improvement in distribution centre operations and increased transparency and control of transport operations. – Invest in smarter stores through 'OneShop' and 'OneTeam'.
Boldly extend into new channels and services	– Coles Online saw strong growth during the year and is now operating from more than 120 convenient locations (stores and lockers). – Exercised a call option to acquire the remaining 50 per cent of shares in Coles' credit card joint venture with GE Australia. Added Home Plus and landlord insurance and low rate and pre-paid MasterCard to the range. – 5.5 million active households participating in flybuys, representing 62 per cent of Australian households.	– Grow Coles Online with the best customer offer. – Leverage flybuys. – Provide value through a simple, competitive financial products suite.
Transform Liquor business	– Lowered prices and simplified product range at Liquorland. – Improved the store network, closing 29 stores and opening 56 new stores across three Liquor brands and co-locating these with a supermarket where possible.	– Transform Liquor through a customer-led turnaround strategy, focusing on optimising the store network, improving the customer offer and rationalising range.
Build great careers	– Expanded the talent pipeline during the year, with 73 graduates recruited and a further 148 confirmed to commence in the coming year. – More than 950 team members took part in the Retail Leaders Program, which is the key training platform for a career in store management. – Coles' self-identified Indigenous team members increased by more than 900 this year, to a total of 1,765. This was partially driven by hiring 500 Indigenous team members through its First Steps Indigenous employment program and direct recruitment.	– Drive team member engagement by recognising and celebrating service. – Develop a flexible workplace which encourages diversity. – Increase the percentage of Indigenous team members from one per cent to three per cent by 2020.

Risk

Coles' risks relate to any issue that might affect business operations such as the smooth running of stores and product availability through to factors or changes that could affect the achievement of future strategies, such as changes to competitive intensity and other external factors such as regulation.

RISKS	MITIGATION
Increased competitive intensity limiting Coles' ability to achieve profitable growth	Coles will continue to simplify its business and reduce costs to fund further investments in price. It continues to focus on improving its fresh offer, supported by securing long-term contracts with key suppliers. It has appropriate lease structures and management practices in place to protect tenure of existing stores. A new store pipeline focused on key priority network gaps is governed by a disciplined approach to capital investment.
Attraction, retention and succession of key roles	Effective succession planning and career development have ensured a smooth leadership transition after the initial phase of the turnaround. Retention of existing senior leadership will enable continuity of initiatives and the advancement of new focus areas.
Regulatory change which limits growth and value offer	Coles has worked constructively on the development of the Food and Grocery Code, becoming a signatory from 1 July 2015. Both the Code and Coles Supplier Charter, announced in August 2014, aim to strengthen relationships between retailers and suppliers through greater certainty and transparency around commercial terms and good faith commercial conduct.

REVENUE

38,201 $M

2015	**38,201**
2014	37,391
2013	35,780
2012	34,117
2011	32,073

EBIT

1,783 $M

2015	**1,783**
2014	1,672
2013	1,533
2012	1,356
2011	1,166

YEAR IN REVIEW
KEY FINANCIAL INDICATORS

FOR THE YEAR ENDED 30 JUNE	2011	2012	2013	2014[1]	2015
Revenue ($m)	32,073	34,117	35,780	37,391	**38,201**
Earnings before interest and tax ($m)	1,166	1,356	1,533	1,672	**1,783**
Capital employed (R12) ($m)	15,018	15,572	16,114	16,272	**16,276**
Return on capital employed (%)	7.8	8.7	9.5	10.3	**11.0**
Capital expenditure ($m)	840	1,218	1,181	1,018	**937**

[1] 2014 excludes a $94 million provision relating to future Liquor restructuring activities (reported as an NTI).

The drivers of the above financial outcomes were as follows:

- All key performance metrics in food and liquor improved, with revenue growing $1.6 billion to $30.8 billion. Continued investment in lowering prices and better customer service, together with improvements in store and supply chain operations, resulted in increases in customer transactions, average basket size and sales density.
- Food and liquor sales performance was supported by good growth across fresh categories, particularly fresh produce, which saw double-digit sales and volume growth. The strong performance of fresh produce reflected a positive customer response to Coles' ongoing focus on improving the quality and availability of its fresh food offer.
- The Liquor transformation is progressing with a focus on optimising the store network, rationalising range and reducing prices for key product lines at Liquorland. While Liquor performance remained generally challenging during the year, encouraging results were achieved following the commencement of a number of long-term initiatives to transform the business. These included the completion of the first phase of price reductions across key lines, the implementation of a simplified range across 163 Liquorland stores and the optimisation of the store network.
- Coles Express recorded revenue (including fuel) of $7.4 billion for the year, 9.2 per cent lower than the previous year as a result of lower fuel volumes due to the capping of supermarket docket discounts to four cents per litre from 1 January 2014, and lower fuel prices. Lower fuel volumes were partially offset by strong store sales, which grew by 9.8 per cent, driven by improvements to Coles Express' range, value proposition and food-to-go offering.

Home Improvement and Office Supplies

Bunnings

Bunnings continued to create more value for customers and improve their experience while extending brand reach both physically and digitally and strengthening the stock flow, productivity and team aspects of the business.

Bunnings is the leading retailer of home improvement and outdoor living products in Australia and New Zealand and a major supplier to project builders, commercial tradespeople and the housing industry.

Officeworks is Australia's leading retailer and supplier of office products and solutions for home, business and education.

Our business

Bunnings is the leading retailer of home improvement and outdoor living products in Australia and New Zealand and a major supplier to project builders, commercial tradespeople and the housing industry.

Bunnings continues to expand and improve its store network through ongoing investment in existing outlets, innovative merchandising initiatives and new store openings. Bunnings continues to develop and enhance a network of trade centres to service major commercial customers.

Our market

Operating from a network of 236 large warehouse stores, 65 smaller format stores, 33 trade centres and three frame and truss manufacturing sites, Bunnings caters for consumers and both light and heavy commercial customers across the home improvement and outdoor living market.

Sustainability

Bunnings pursues sustainability within its operations by striving to make them socially responsible, environmentally aware and economically viable.

Bunnings continues to raise awareness of sustainable living options in the wider community, helping customers take practical actions at low-cost or no-cost to save energy, use less water or take environmentally friendly actions. In-store workshops, online videos and in-store brochures are a great source of free sustainability do-it-yourself (DIY) advice. These actions link with Bunnings' ongoing work to reduce its impact on the environment which includes a strong focus on using less energy and water and lowering levels of waste to landfill.

11.1%

increase in earnings to $1,088 million

Total store sales growth

11.4%

Good momentum in all areas of the business

29 trading locations opened

Community involvement

Bunnings has a long tradition of actively supporting the local communities where its stores operate and its team members live.

Bunnings' teams supported more than 62,000 local activities including fundraising sausage sizzles, hands-on DIY projects, local fundraising activities, community workshops and product contributions. More than 2,800 sustainability-related activities were conducted, including more than 1,900 school visits and projects across Australia and New Zealand. Bunnings helped raise and contribute more than $35 million to local, regional and national charities and community organisations across Australia and New Zealand.

Team member safety

A focus on five key safety areas: Committing to Safety, Save Your Back, ForkSafe, Protect Your Hands, and Back to Life/Back to Work, resulted in a 9.4 per cent reduction in the number of injuries recorded and a 14.7 per cent reduction in the total recordable injury frequency rate, which was a pleasing result given the continued growth of the business. Bunnings' continuing focus on safety included a grading and performance monitoring system rolled out to over 3,500 forklift operators, a hazard spotter app developed for the in-store iPods, and the extension of the successful safety superhero competition which was run across all stores.

While we continue to have a strong focus on safety leadership and injury prevention, our new simplified injury management process has helped to achieve a 10.3 per cent reduction in our average time lost rate.

New age technology inverter as part of the solar PV system at the Alice Springs Warehouse.

Prospects

Home Improvement

Bunnings continues to drive sales and earnings growth through five key work areas: more customer value; better customer experiences; greater brand reach; expanding commercial; and further merchandise innovation. Good momentum in each of the growth drivers will be supported by actions and investments aimed at strengthening the Bunnings business by building a stronger team, flowing stock better, lifting productivity and deepening community involvement.

Achieving greater brand reach, both digitally and physically, provides a significant growth opportunity, and includes the expansion of Bunnings' digital ecosystem and its strong new store pipeline. In each of the 2016 and 2017 financial years, 15 to 18 new Bunnings Warehouse stores are expected to open (10 to 14 per year over the longer term).

Office Supplies

Officeworks will continue to drive growth and productivity by executing its strategic agenda, which seeks to provide customers with a unique one-stop shop experience in 'every channel' – anywhere, anyhow, anytime.

Key focus areas in the 2016 financial year will include continued merchandising innovation and expansion, enhancement of the physical and digital offers, ongoing investment in the customer value proposition and further development of the team. The market is expected to remain competitive, requiring a continued focus on cost and margin management.

— **John Gillam**
Managing Director, Home Improvement and Office Supplies

Bunnings

Strategy

Bunnings provides its customers with the widest range of home improvement and outdoor living products and is committed to delivering the best service and lowest prices every day. It sets out to attract high quality team members and to provide them with a safe and rewarding working environment.

GROWTH STRATEGIES	ACHIEVEMENTS	FOCUS FOR THE COMING YEARS
More customer value	– Delivered more value for customers.	– Ongoing focus on creating more value for customers funded by productivity and cost actions.
Better customer experiences	– Consistency in service basics lifted. – Simpler and easier services in-store, at home and online. – Improved level of customer engagement.	– Better customer experiences – in-store, online and in-home, and deeper customer engagement with more pre-shop, post-shop and services.
Greater brand reach	– Opened 29 trading locations. – Significantly expanded digital eco-system. – Existing store reinvestment.	– More stores, more digital and more in-home services, with increased format innovation and existing store re-investment. – Expect to open between 15 to 18 new warehouse stores in 2016 and 2017 (10 to 14 over the longer term).
Expanding commercial	– Created more value and deeper relations. – Leveraged the network with total market capability. – Improved service with more localised engagement, becoming easier to deal with.	– Leveraging the strength of network and brand with total market capability – stores, trade centres, in field and digital.
More merchandise innovation	– Improved range consistency across the network. – Expanded ranges and products and made DIY easier.	– Creating, leveraging and responding to lifestyle trends, and environmental and economic changes. – Further product and project innovation with wider ranges and new products in store and available to special order.

Risk

Bunnings recognises that taking appropriate business risks is a critical aspect of generating acceptable business returns. In doing so, Bunnings seeks to appropriately manage risks to minimise losses and to maximise opportunities.

Risks deemed unacceptable are either transferred (through contractual arrangements or insurance) or avoided. Residual risks that are acceptable in terms of the business' risk appetite are subject to appropriate control and mitigation measures to reduce the negative impact on the business.

The level of controls implemented are commensurate with the impact (likelihood and consequence) on the business from the risk occurring.

RISKS	MITIGATION
Safety	– Continuing focus and targeted in-store awareness campaigns.
Talent recruitment and retention	– Strategies directed at creating and maintaining status as employer of choice. – Succession planning, retention and development plans.
New and existing competitors	– Relentless focus on strategic pillars of 'lowest price, widest range and best service'. – Ongoing strategies to increase customer centricity and deepen customer engagement.

Officeworks

Officeworks is Australia's leading retailer and supplier of office products and solutions for home, business and education.

Our business

Officeworks is Australia's leading retailer and supplier of office products and solutions for home, small-to-medium size businesses and education. Operating through multiple channels to market, including a nation-wide network of stores and online platforms, Officeworks is focused on delivering an 'every channel' one-stop shop for households, students, teachers and education institutions, and small-to-medium businesses.

Our market

The office products market size in Australia is approximately $12 billion. Driven by an ongoing focus on meeting the needs and wants of customers and in response to low levels of growth in the core office products market, Officeworks has continued to explore and expand the addressable market through range and category expansion.

The office products market remains highly competitive with a wide variety of participants, some of whom compete across multiple categories while others seek to specialise in certain areas.

Sustainability

Officeworks wants to make a difference by contributing positively to the environment, setting high ethical sourcing standards and having an inclusive workplace that reflects and supports the communities it serves.

Making it easy to recycle packaging

As part of its 'Positive Difference' plan, Officeworks is focused on promoting awareness of recycling. Officeworks has worked with Planet Ark to design new, simple and easy-to-understand industry standard labels to help promote more recycling of packaging materials and to reduce contamination in recycling bins.

Raising awareness of printer cartridges recycling in schools

Officeworks is Australia's largest collector of printer cartridges for recycling with more than five million printer cartridges collected since 2005. To celebrate this milestone, Officeworks ran a new program in partnership with Planet Ark to further promote printer cartridge recycling in schools. The first two hundred schools to join the program received a share of 10,000 rulers made from recycled printer cartridges and the winning school won a garden bed made from recycled toner cartridges.

Developing our future leaders

During the year, 70 aspiring team members participated in our Future Leaders and Officeworks Leadership programs. Both programs include a variety of learning, networking and coaching opportunities as well as challenging assignments to accelerate team member development. On completion of the programs, participants were awarded either a Diploma of Management or Advanced Diploma of Management certificate.

14.6%

increase in earnings to $118 million

New and expanded merchandise categories, upgraded store layouts and improved service levels helped drive sales and earnings growth

Ongoing investment in online platform, service proposition and B2B offer

Officeworks

Strategy

Through an 'every channel' strategic agenda, Officeworks aims to provide customers with the widest range of products and great service at the lowest price, while providing a safe, rewarding and engaging place of work for team members. Officeworks continues to grow by improving the customer offer, expanding and renewing the store network and enhancing its online offer.

GROWTH STRATEGIES	ACHIEVEMENTS	FOCUS FOR THE COMING YEARS
Deliver a great customer experience	– Implemented a range of in-store layout and design changes. – Improved directional and 'how to' signage in stores. – Delivered an even more relevant online experience. – Rolled out new customer feedback system. – Strong B2B customer growth. – Ongoing removal of non-value adding tasks in store to enhance customer focus.	– Ongoing improvement in store layout and design. – Improve the in-store experience by investing in ambience and uniqueness. – Make it easier for customers to shop anywhere, anyhow, anytime. – Listen, learn and act on customer feedback. – Accelerate B2B customer growth.
Be the one-stop shop	– Introduced new Mailman parcel delivery service. – Introduced new/expanded ranges (e.g., art and craft, vertical filing).	– Expand the furniture offer. – Ongoing investment in lowest prices. – More inspiring brands and category expansion. – Grow services including print and copy.
'Anywhere, anyhow, anytime'	– Opened seven new stores. – Launched a local delivery offer in a number of regional markets. – New online ranges (e.g., facilities supplies).	– Make it easier for customers to engage with us – new stores, new formats, new channels. – Ongoing investment in seamless 'every channel' service proposition.
Make Officeworks a great place to work	– Reduced our All Injury Frequency Rate by 12.3 per cent. – Five million ink and toner cartridges collected to date. – More than $1.6 million in contributions to the communities in which we operate.	– Investment in services, print and copy and furniture training. – Refresh core leadership programs. – Ongoing focus on safety and wellbeing. – Greater focus on lifting team member diversity, including women in leadership positions.

Risk

Officeworks accepts that risk is an important part of exploring and exploiting opportunities to operate successfully. In order to continue to operate successfully, Officeworks seeks to understand and manage risk with a view to minimising unintended consequences. Risks deemed unacceptable to the business are the focus of a number of controls aimed at reducing their likelihood or minimising their consequence, including risk transference through contractual arrangements, insurance or avoidance.

RISKS	MITIGATION
Subdued consumer sentiment and/or business confidence	Continue to provide a compelling customer offer by delivering the widest range, lowest prices and great service across every channel.
Ongoing decline in core office products market	Explore opportunities to grow sales, earnings and shareholder returns by exploring and expanding the addressable market through range and category expansion.
New and existing competitors	Focus relentlessly on driving continuous improvement across all elements of the business.

REVENUE

11,248 $M

2015	**11,248**
2014	10,121
2013	9,167
2012	8,644
2011	8,251

EBIT

1,206 $M

2015	**1,206**
2014	1,082
2013	997
2012	926
2011	882

YEAR IN REVIEW
KEY FINANCIAL INDICATORS

FOR THE YEAR ENDED 30 JUNE	2011	2012	2013	2014	2015
Revenue ($m)	8,251	8,644	9,167	10,121	**11,248**
Earnings before interest and tax ($m)	882	926	997	1,082	**1,206**
Capital employed (R12) – Home Improvement ($m)	2,863	3,250	3,492	3,343	**3,244**
Return on capital employed – Home Improvement (%)	28.0	25.9	25.9	29.3	**33.5**
Capital employed (R12) – Office Supplies ($m)	1,197	1,210	1,147	1,097	**1,034**
Return on capital employed – Office Supplies (%)	6.7	7.1	8.1	9.4	**11.4**
Capital expenditure ($m)	613	587	549	557	**750**

The drivers of the above financial outcomes were as follows:

Bunnings

- Strong sales growth was achieved across all areas of the business: in consumer and commercial, in every merchandise category, and in every major trading region.
- A strong strategic agenda targeting long-term value creation by focusing on multiple growth drivers and ongoing improvements to the underlying strength of the business. The delivery of better customer experiences, greater digital and physical brand reach and continued merchandise innovation were highlights.
- EBIT increased as a result of good trading, productivity improvements and operating cost disciplines, which offset higher network development costs and the impact of work creating more value for customers.
- A record level of capital expenditure supported the expansion and upgrading of the store network, improvements within the business' infrastructure and longer-term growth plans. The level of earnings growth and disciplined capital management resulted in a significant increase in return on capital, notwithstanding the high level of capital expenditure.
- During the year, 29 trading locations were opened, including 20 new warehouse stores, six smaller format stores and three trade centres.

Officeworks

- The Officeworks 'every channel' strategy continued to resonate, with sales growth achieved in stores and online. New and expanded merchandise categories and improvement in store layout and design helped deliver strong uplift in sales and margin.
- Ongoing enhancements to the online platform were received favourably by customers while investment in the service proposition, both in-store and online, and the B2B offer also produced positive results.
- Earnings increased to $118 million as a result of sales and margin growth and an ongoing focus on lifting productivity.
- The combination of sales and earnings growth, coupled with business productivity initiatives and disciplined capital and inventory management, supported a 202 basis point increase in ROC for the year.
- Ongoing investment in stores and online to support the future growth of the business was reflected in a strong capital expenditure program during the year, which represented Officeworks' largest capital deployment since the 2009 financial year.

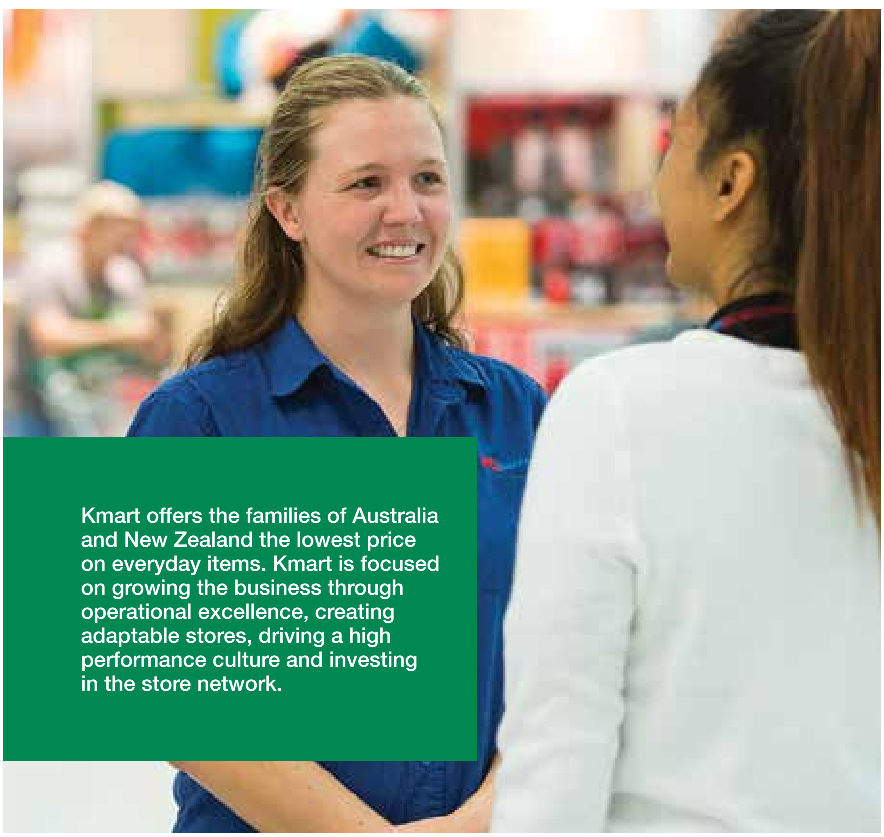
11.5%

increase in earnings to $1,206 million

EBIT increased as a result of good trading, productivity improvements and operating cost discipline

Kmart

Kmart is a discount department store retailer in Australia and New Zealand and Kmart Tyre and Auto Service is a provider of retail automotive services, repairs and tyres in Australia. Kmart's vision is to ensure it is where families come first for the lowest prices on everyday items.



Kmart offers the families of Australia and New Zealand the lowest price on everyday items. Kmart is focused on growing the business through operational excellence, creating adaptable stores, driving a high performance culture and investing in the store network.

Our business

Kmart was established in 1969 with the opening of its first store in Burwood, Victoria – Kmart was the very first discount department store in Australia.

Kmart revolutionised the way Australians shopped and operates 203 discount department stores throughout Australia and New Zealand (185 Australia, 18 New Zealand).

Kmart employs approximately 30,000 team members, mainly located within the stores, who are focused on delivering our vision – where families come first for the lowest prices on everyday items. Kmart offers customers a wide range of apparel and general merchandise products at low prices, every day.

Kmart Tyre and Auto Service (KTAS) has 246 centres in Australia providing customers with retail automotive services, repairs and tyres.

Our market

Kmart operates in the department store market with key competitors including Target, Big W, Myer and David Jones. Trading both in-store and online, Kmart also competes with specialist shops and online businesses locally and internationally. The market is highly concentrated and competition is anticipated to increase as international retailers enter the market and existing competitors expand store networks.

With high levels of product substitution and low switching costs, customer power is high. Consumers differentiate between retailers depending on price, quality, value and shopping experience.

Kmart sources from both local and overseas suppliers with product sourcing offices in Hong Kong, Shanghai, Dongguan, Bangladesh, India and Indonesia.

Earnings of $432 million, up

18.0%

Increased customer transactions and units sold

Continued investment in the store network, including 11 new stores and 29 refurbishments

Sustainability

This year, Kmart focused on the development of its 2020 sustainability strategy, engaging with key internal and external stakeholders. These stakeholders have provided invaluable feedback to assist with the development of key focus areas covering ethical sourcing, community, environment, product quality and safety, and team members.

Kmart remains committed to the safety of its team members, customers and suppliers. The business recorded a total recordable injury frequency rate of 31.6 for the year, with the lost time injury frequency rate increasing slightly from 6.9 last year to 7.0 this year (these figures also include KTAS).

Kmart continued to trial LED lighting in stores during the year, with trials showing a reduction in energy use of 20 to 30 per cent. Kmart is now working towards rolling LED lighting out across its business.

Kmart continued to seek opportunities to engage with and support community organisations, including working with Indigenous leaders and families.

Kmart continues to support international organisations such as Salaam Baalak in Delhi and Gurgaon, Room to Read in Bangladesh and Half the Sky in China along with the Kmart Wishing Tree Appeal in Australia.

Kmart Australia hosted its supplier conference and partnership event in Melbourne earlier this year.

Prospects

Kmart remains committed to providing Australian and New Zealand families with great products at irresistibly low prices, with a strong focus on price leadership across all product ranges.

Kmart aims to deliver profitable growth through increased volumes, enhanced product ranges, expansion of its digital strategy and operational efficiency throughout the business. Kmart will also seek to maintain the highest of standards in regards to improving team member and customer safety and ethical sourcing practices.

Kmart will continue to invest in its store network, and expects to open six new stores and refurbish 40 stores during the 2016 financial year.

— **Guy Russo**
Managing Director, Kmart

Strategy

Kmart's strategy remains consistent: to provide families with everyday products at the lowest price. Kmart delivers its strategy through four strategic pillars: volume retailing, operational excellence, adaptable stores, and a high performance culture. These strategies supports Kmart's '6Ps and C' of product, place, price, promotion, people, profit and customer.

Kmart is focused on delivering growth and improvements in productivity and efficiencies for further investment in lower prices. Kmart will continue to invest in the store network by opening new stores to extend customer reach and refurbishing existing stores to optimise category mix and enhance the customer shopping experience. Kmart's high calibre team and strong culture supports the success of the business.

GROWTH STRATEGIES	ACHIEVEMENTS	FOCUS FOR THE COMING YEARS
Volume retailer	– Kmart has delivered strong growth in transactions and units sold. – The online platform improvement has further enhanced Kmart's customer reach.	– Kmart has identified growth categories for in-store and online expansion. – Investing in growth categories and keeping the product range relevant will better meet customer expectations and create new sales opportunities.
Operational excellence	– Kmart has made improvements in productivity during the year, primarily through sourcing, inventory management and costs of doing business.	– Continue to focus on cost and productivity to improve end-to-end operational execution.
Adaptable stores	– Kmart opened 11 new stores and completed 29 store refurbishments.	– Kmart will continue to invest in the store network and expects to complete 40 store refurbishments and open six new Kmart stores in the 2016 financial year.
High performing culture	– Kmart has placed strong emphasis on its core values: delivering results, integrity, customers coming first, teamwork, and boldness. Team members being accountable and responsible for these values has enabled Kmart to drive a strong culture and deliver results.	– Kmart will continue to support and develop team members and maintain a strong culture. – The business will focus on creating a stimulating and encouraging work environment so everyone can thrive.

Risk

Key risks include foreign exchange rate fluctuations, maintaining price leadership, new market entrants and the expansion of existing competitors. Fluctuations in the Australian dollar present a risk for Kmart as a decline in the Australian dollar may result in increased costs of goods sourced from overseas, potentially affecting trading margins.

Price is a key differentiator between Kmart and its competitors, given high levels of product substitution exist within the market. Competitors' pricing strategies may pose a threat to Kmart's price leadership position. New market entrants and store network expansion by existing players will increase market competitiveness, creating a challenging environment to maintain and grow market share.

RISKS	MITIGATION
Exchange rate fluctuations	Further foreign exchange movements will be managed closely through Kmart's hedging, range and pricing policies.
Maintaining price leadership	Kmart will remain focused on maintaining its lowest price position and ensure the product pricing architecture continues to deliver value.
New market entrants and expansion of existing competitors	Kmart will continue to lead on price and value despite increased competition from new entrants, online and existing competitors.

REVENUE

4,553$M

2015	**4,553**
2014	4,209
2013	4,167
2012	4,055
2011	4,036

EBIT

432$M

2015	**432**
2014	366
2013	344
2012	268
2011	204

YEAR IN REVIEW
KEY FINANCIAL INDICATORS

FOR THE YEAR ENDED 30 JUNE	2011	2012	2013	2014	**2015**
Revenue ($m)	4,036	4,055	4,167	4,209	**4,553**
Earnings before interest and tax ($m)	204	268	344	366	**432**
Capital employed (R12) ($m)	1,337	1,416	1,329	1,361	**1,312**
Return on capital employed (%)	15.2	18.9	25.9	26.9	**32.9**
Capital expenditure ($m)	101	136	91	162	**173**

The drivers of the above financial outcomes were as follows:

- Sales growth was underpinned by growth in customer transactions and units sold. Strong performances were achieved across all categories with the exception of entertainment, which continued to be impacted by declining sales of video games and DVDs.
- Earnings growth was driven by strong sales, following improvements to range architecture, network expansion and store refurbishments, as well as the effective management of costs.
- Return on capital increased by 604 basis points to 32.9 per cent due to increased earnings as well as disciplined capital expenditure and working capital management.
- Investment in the store network remained a priority during the year, with Kmart opening 11 new stores, including two replacements, and completing 29 store refurbishments.

Earnings growth driven by strong sales and effective cost management

Working capital and capital expenditure discipline saw ROC increase 604 basis points to 32.9 per cent

Target

Target is an iconic department store retailer making fashion, style and quality affordable for the whole family every day.

Target strives to achieve the best for its customers, team members and shareholders. In planning for future growth, Target will maintain its focus on improving the customer experience, editing product ranges, offering fashion and style backed by good quality, driving efficient and simple business operations through strong leadership and robust performance management.

Our business

Target operates a national network of more than 300 stores and a growing online business generating sales of over $3.4 billion. The business sells a wide range of products for the whole family, including clothing, homewares and general merchandise.

Target employs more than 19,000 team members across its stores, support offices and direct sourcing operations in Asia.

Our market

The Australian clothing, homewares and general merchandise retail sector is competitive and comprises department stores, independent specialty retailers and a growing online channel. The sector is characterised by an expanding presence of international retailers, an increasing level of direct sourcing and growth of connected retail.

Target has a strong competitive position supported by a brand heritage in quality and value. It is a market leader in womenswear, underwear, childrenswear and baby.

Sustainability

Target continues to advance its sustainability, including creating an Aboriginal and Torres Strait Islander Strategy, publishing factory lists for key supplier countries, establishing community programs in Australia and Asia and implementing a robust energy efficiency plan.

Ethical sourcing

Target continues to focus on improving conditions for workers in supplier factories with a transparent supply chain. Target supports Impactt's Benefits for Business and Workers Program, which works with factories in developing countries to make business improvements that lead to better training, pay and conditions for workers.

Volume growth increasingly offset lower prices, reflecting an encouraging customer response to price reductions.

Continued progress on transformation plan

Margin improvement driven by more ‘first price, right price’ sales, fewer SKUs and supplier rationalisation

Improved cash flow generation assisted by better working capital management

Target has also published factory lists of key supplier countries including Bangladesh, Vietnam, Cambodia, India and Sri Lanka with the remaining countries to be published by the end of calendar year 2015.

Team member safety

Team member safety continues to be a strong focus for Target with lost time injuries (LTIs) having decreased by 25 on the prior year and total recordable injuries reduced by 186 for the same period. The reduction in LTIs resulted in a 17.5 per cent decline in the lost time injury frequency rate to 4.7 for June 2015, reiterating its uncompromising stance on safety.

Energy efficiency

Target has set out to minimise its environmental impacts across its entire property portfolio. A range of activities including audits, controls management and new lighting standards have contributed to a significant reduction in electricity demand across the network.

Target recently established an energy centre to improve monitoring and control of energy consumption across the network.

Prospects

Target will continue its transformation plan with actions to progressively transition from ‘Fixing the Basics’ to ‘Growth and Efficiency’. As part of this, Target’s key priorities will include improving sourcing and driving supply chain efficiencies to ensure the right range is in the right store and further lowering the cost of doing business through simpler and more efficient processes. Target will also invest in the customer experience, both in-store and online, continuing to make fashion, style and quality affordable for the whole family every day.

— **Stuart Machin**
Managing Director, Target

Strategy

Target's purpose is to make fashion, style and quality affordable for the whole family, every day.

To deliver on this purpose, Target has outlined a transformation plan to improve the performance of the business. The plan has six key strategies:

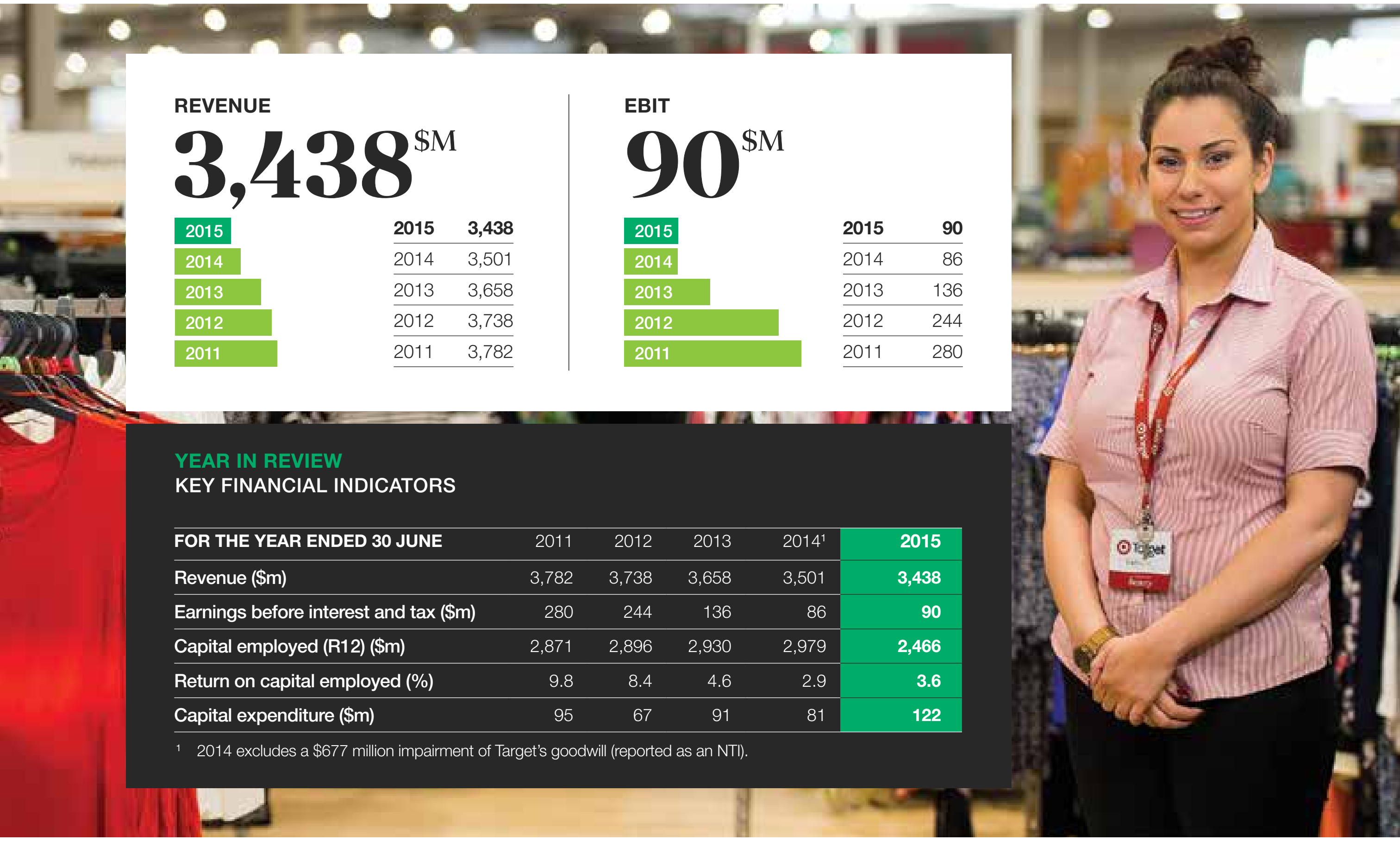
- Outstanding customer experience
- Right product choices
- Fashion and style backed by good quality
- Low prices
- Better, simpler, cheaper
- Team with personality and pride

GROWTH STRATEGIES	ACHIEVEMENTS	FOCUS FOR THE COMING YEARS
Outstanding customer experience	– Online sales increased 51 per cent on last year. – Format renewed in 13 stores.	– Step-change customer experience on both website and through app to drive frequency of shop. – Transition to new automated distribution centre and rollout in-store fulfilment. – Accelerate renewal program to deliver minimum of 20 stores annually.
Right product choices	– 35 per cent reduction in active stock keeping units (SKUs). – New store layouts piloted in womenswear, homewares and childrenswear.	– Further reduction in SKUs. – Drive further 40-day improvement in lead times. – Rollout best performing elements of pilots.
Fashion and style backed by good quality	– 'Good-Better-Best' range architecture in place. – Re-launched 'Designers for Target'. – Refresh of quality promise.	– Maintain balance between fashion and great everyday basics. – Shorter lead times critical to support 'fast fashion'.
Low prices	– Improved intake margin. – Increased direct sourcing and reduced number of suppliers. – New ethical sourcing framework embedded.	– Further consolidation of supplier base. – Continue transition to suppliers based in more cost effective environments.
Better, simpler, cheaper	– New rostering system implemented, supporting investment in customer service. – 53 supply chain facilities closed. – 'Factory to Customer' program initiated.	– Rollout of new back-of-house operating model. – Further consolidation of supply chain facilities.
Team with personality and pride	– Leadership team now 12 months old with 'right people in right roles'. – Engagement survey completed with 88 per cent participation. – Retail Leaders and Merchandise Academy training programs launched.	– Maintain safety standards. – Expand Retail Leaders program and re-launch graduate program. – Embed sustainability plan.

Risk

The business has now completed the first two-year horizon of Target's five-year transformation plan, with the focus transitioning from 'Fixing the Basics' to 'Growth and Efficiency'. This journey will be undertaken in an increasingly competitive environment, with a growing number of international retailers expanding their presence in Australia and further development of online retailing.

RISKS	MITIGATION
Execution of transformation plan	– Significant investment in talent. – Operational plans underpinning key strategic initiatives, supported by clear accountabilities, timeliness and key performance indicators. – Strong governance framework and culture.
Re-building customer trust	– Creating an outstanding customer experience through investment in service. – Embed 'first price, right price'. – Improved stock availability. – Improved product quality through new fit and fabric standards.
Realisation of sourcing benefits	– Continue to reduce SKUs. – Expand direct sourcing operations. – Adherence to ethical sourcing framework.



REVENUE

3,438$M

2015	**3,438**
2014	3,501
2013	3,658
2012	3,738
2011	3,782

EBIT

90$M

2015	**90**
2014	86
2013	136
2012	244
2011	280

YEAR IN REVIEW
KEY FINANCIAL INDICATORS

FOR THE YEAR ENDED 30 JUNE	2011	2012	2013	2014[1]	2015
Revenue ($m)	3,782	3,738	3,658	3,501	**3,438**
Earnings before interest and tax ($m)	280	244	136	86	**90**
Capital employed (R12) ($m)	2,871	2,896	2,930	2,979	**2,466**
Return on capital employed (%)	9.8	8.4	4.6	2.9	**3.6**
Capital expenditure ($m)	95	67	91	81	**122**

[1] 2014 excludes a $677 million impairment of Target's goodwill (reported as an NTI).

The drivers of the above financial outcomes were as follows:

- Target continued to make progress on its transformation plan, with growth in volumes increasingly offsetting lower prices reflecting encouraging customer responses to average selling price reductions.
- Margin performance improved during the year, following a difficult first quarter where sales and earnings were adversely affected by the need for high levels of winter clearance activity. As the year progressed, improved trading was supported by a higher proportion of 'first price, right price' sales and better sourcing through a reduction in SKUs and further rationalisation of suppliers.
- Operational cost savings, both in-store and in store support, offset necessary increases in investment in Target's supply chain.
- Online sales grew by 51 per cent during the year, and recorded its first year of positive earnings, benefiting from investment in a more robust and scalable platform.
- Target's work in improving the customer store experience continued, with a new trial store format being rolled out in 11 new stores and two renewal stores. Encouragingly, all 13 new format stores are delivering stronger sales and margin densities than the fleet average with opportunities identified to further improve the format to lift trading performance.
- Cash flow generation improved during the year, assisted by better working capital management. Inventory levels and seasonal mix finished the year in a much better position when compared to last year.
- Store network optimisation continued, including opening 11 stores, including four replacement stores, and closing 14 underperforming stores.

Chemicals, Energy and Fertilisers

Wesfarmers Chemicals, Energy & Fertilisers (WesCEF) operates chemical, gas and fertiliser businesses that service a range of sectors in both domestic and international markets.

The Chemicals, Energy and Fertilisers business' objective is to develop a portfolio of successful and innovative industrial businesses that deliver satisfactory shareholder returns and continually strengthen its reputation for the management of health, safety and the environment.

Our business

WesCEF operates eight businesses structured into three business units: Chemicals, Kleenheat, and CSBP Fertilisers.

Our market

Chemicals includes:

- the manufacture and supply of ammonia, ammonium nitrate and industrial chemicals primarily to the Western Australian resource and industrial sectors through CSBP
- Queensland Nitrates (QNP) – CSBP's 50 per cent joint venture with Dyno Nobel Asia Pacific which manufactures and supplies ammonium nitrate to the resource sector in the Bowen Basin coal fields
- Australian Gold Reagents (AGR) – CSBP's 75 per cent joint venture with Coogee Chemicals which manufactures and supplies sodium cyanide to the Western Australian and international gold mining sector
- Australian Vinyls which manufactures and supplies polyvinyl chloride (PVC) resin to the Australian industrial sector
- Australian Vinyls' subsidiary ModWood which manufactures wood-plastic composite decking and screening products

Kleenheat extracts, distributes and markets LPG to the residential and commercial markets in Western Australia and the Northern Territory. It is also a retailer of natural gas to residential and commercial markets, and electricity to businesses in Western Australia. Kleenheat also produces and supplies LNG to the heavy duty vehicle and remote power generation markets through EVOL LNG.

CSBP Fertilisers manufactures, imports and distributes phosphate, nitrogen and potassium-based fertilisers for the Western Australian agricultural sector. CSBP Fertilisers also provides technical support services through a network of staff and accredited partners in regional Western Australia.

1.8$B

operating revenue, up 1.5 per cent

$233 million in earnings

Significantly improved safety performance

WesCEF has operations around Australia and employs approximately 1,300 people.

During the year, Wesfarmers acquired a 13.7 per cent interest in Quadrant Energy which supplies domestic gas in Western Australia and oil across Australia. Earnings from this investment will be reported in WesCEF's result.

Sustainability

During the year, WesCEF focused on a range of areas to improve sustainability including improving safety, investing in leadership capability, operating its businesses responsibly, positively contributing to the communities in which it operates, and maintaining an ongoing commitment to environmental stewardship.

In the 2015 financial year, WesCEF's total recordable injury frequency rate reduced by 46 per cent to 5.1 and the lost time injury frequency rate reduced by 50 per cent to 1.6.

WesCEF continued its focus on regulatory compliance. In the 2015 financial year, there were 24 occasions where environmental licence conditions were either exceeded or environmental regulatory requirements not fully met. None of these recorded events resulted in any material environmental harm. WesCEF continued to reduce its greenhouse gas emissions, with nitrous oxide abatement technology installed in CSBP's nitric acid plants at Kwinana delivering an average 94 per cent total nitrous oxide abatement (a two per cent improvement on last year) equating to a reduction of 1,110,069 tonnes of CO2-e (carbon dioxide equivalent).

WesCEF continued to support a number of community organisations, including the Clontarf Foundation.

Prospects

The overall outlook for the business remains subject to international commodity pricing and exchange rates.

The ammonium nitrate business is expected to benefit from growing customer demand, while ammonia earnings are expected to be negatively affected by lower international benchmark pricing and a planned major shutdown in the second half of the 2016 financial year.

Despite a positive outlook, overall earnings in sodium cyanide will continue to be influenced by the impact of gold pricing volatility on customer demand and movements in the Australian dollar.

A strategic review of Australian Vinyls' PVC business is currently underway.

Negotiations for new terms for gas supply feedstock afford a positive outlook, but earnings in Kleenheat will continue to be dependent upon international LPG prices and LPG content in the Dampier to Bunbury natural gas pipeline.

Strong back-to-back harvests in 2014 and 2015 support a positive outlook for the fertilisers business. Fertiliser earnings, as always, will remain dependent upon a good seasonal break in the second half of the financial year when the majority of sales occur.

— **Tom O'Leary**
Managing Director,
Wesfarmers Chemicals,
Energy & Fertilisers

Strategy

WesCEF's objective is to develop a portfolio of successful and innovative industrial businesses that deliver satisfactory shareholder returns and continually strengthen its reputation for the management of health, safety and the environment.

WesCEF follows four key strategies to achieve its objective.

GROWTH STRATEGIES	ACHIEVEMENTS	FOCUS FOR THE COMING YEARS
Invest in its business' capacity to meet the needs of their customers	– Focused approach to maintenance management leading to increased plant utilisation across the chemicals businesses. – Leveraged expanded ammonium nitrate production capacity. – Sales covering total expanded sodium cyanide production capacity in place.	– Increase sales of ammonium nitrate into domestic and export markets. – Further optimise sodium cyanide sales contract portfolio. – Continued focus on plant reliability, process efficiency and productivity improvements. – Continue to develop services capability within the fertiliser business.
Execute opportunities for growth in existing and new markets	– Growth of natural gas retailing business in Western Australia. – Growth in shareholder value through sale of east coast LPG operations. – Wesfarmers' acquisition of a 13.7 per cent interest in Quadrant Energy.	– Ongoing evaluation of opportunities to grow in existing and new markets.
Foster a culture that recognises that people are central to the success of the business	– Significant investment in the Aboriginal Engagement and Employment Plan with an emphasis on cultural awareness training to strengthen the focus on creating an inclusive culture. – Delivery of structured leadership programs and the introduction of a management essentials program available to employees. – Programs for engineering graduates, engineering cadets and vacation programs. – WesCEF Women Forums and sponsorships for female university engineering students.	– Implementation of further targeted programs to attract, develop and retain an engaged, diverse workforce. – Continue a strong focus on leadership training and growing a more inclusive culture. – Ongoing development of technical competence training and skills enhancement across our complex operations.
Focus on sustainable operations for the benefit of employees, customers and communities in which we operate	– Continued investment in a range of safety programs and training under its overarching safety identity, 'Safe Person, Safe Process, Safe Place', to support improvements in safety culture and performance. – Community acceptance and regulatory compliance. – Ongoing greenhouse gas abatement. – Direct community contributions of $430,000 in the 2015 financial year supporting the Clontarf Foundation, Moorditj Koort, the Salvation Army, the Asthma Foundation WA, the WACA Regional Junior Cricket Program and a range of community organisations.	– Ongoing commitment to improve safety performance. – Continual focus on regulatory compliance. – Ongoing support of local community initiatives. – Complete remediation works and sell surplus land at Bayswater, Western Australia.

Risk

WesCEF manages risk as an intrinsic part of its business and directs resources towards those risks of greatest importance. WesCEF is committed to conducting business activities in a way that ensures the continued growth of shareholder value in a sustainable manner. Risks deemed unacceptable are transferred (through contractual arrangements or insurance), reduced by mitigation action or avoided. The key risks applicable to the WesCEF businesses include:

RISKS	MITIGATION
Serious injury, safety or environmental incident	WesCEF continues to invest in improving safety culture and performance for the safe operation of its facilities and distributing its products in a way that minimises any adverse impact on people, the environment or the communities in which it operates. The business has a strong focus on operating its facilities in a manner which minimises the impact on the environment and it monitors emissions from its sites.
Raw material input price and exchange rate volatility	WesCEF mitigates earnings volatility from raw material price movements through a variety of price pass-through arrangements with customers, and detailed demand planning and forecasting processes, including regular mark-to-market of inventories. Exchange rate impacts on raw material costs are monitored closely and are included as a criterion for product pricing decisions. Where appropriate, and aligned with Wesfarmers' guidelines, foreign exchange hedges are put in place to remove earnings volatility.
Reducing market demand for products	WesCEF manages the risk of a slowdown in demand for its products by establishing a balance of long-term contracts with minimum volume requirements and established pricing mechanisms (predominantly with domestic customers) with short-term spot agreements, including placing products into export markets from time to time.

REVENUE

1,839 $M

2015	1,839
2014	1,812
2013	1,805
2012	1,786
2011	1,641

EBIT

233 $M

2015	233
2014	221
2013	249
2012	258
2011	283

YEAR IN REVIEW

KEY FINANCIAL INDICATORS

FOR THE YEAR ENDED 30 JUNE	2011[1]	2012[2]	2013	2014[3]	2015[4]
Revenue ($m)	1,641	1,786	1,805	1,812	**1,839**
Earnings before interest and tax ($m)	283	258	249	221	**233**
Capital employed (R12) ($m)	1,298	1,282	1,400	1,539	**1,535**
Return on capital employed (%)	21.8	20.1	17.8	14.4	**15.2**
Capital expenditure ($m)	63	167[5]	263[5]	172[5]	**56**

[1] 2011 includes $42 million Varanus Island insurance proceeds.

[2] WesCEF divested the enGen business in August 2011 and the Bangladesh LPG joint venture in January 2012. Gains on disposal of these entities are excluded from the divisional results and reported as an NTI as part of 'Other' earnings within the Group's result.

[3] 2014 excludes a $95 million gain on sale of the 40 per cent interest in ALWA (reported as an NTI).

[4] 2015 includes a net $10 million gain comprising insurance proceeds and the gain on sale of Kleenheat's east coast LPG operations, partially offset by asset writedowns.

[5] Excludes capitalised interest.

The drivers of the above financial outcomes were as follows:

- EBIT of $233 million included a net $10 million gain comprising insurance proceeds[1] and the gain on sale of Kleenheat's east coast LPG operations, partially offset by asset writedowns.
- Excluding these items, earnings of $223 million were in line with the prior year, with higher earnings in ammonium nitrate and fertilisers offset by lower earnings in ammonia, Australian Vinyls and Kleenheat.
- The ammonium nitrate business recorded a strong increase in earnings as a result of the full-year contribution from the expanded capacity, and was achieved despite the plants operating at below capacity to match customer demand, and also the loss of carbon abatement income.
- Earnings from the ammonia business declined due to the introduction of new gas supply arrangements which resulted in higher gas input costs, as well as two maintenance shutdowns. These adverse impacts were partially offset by higher global ammonia pricing.
- The sodium cyanide business performed well, with improved plant performance, expanded capacity, strong sales and a lower Australian dollar all contributing to higher earnings.
- Equity accounted earnings from the 50 per cent interest in Queensland Nitrates were below the previous year due to the loss of carbon abatement income.
- Australian Vinyls' performance was well down on the previous year, mainly as a result of higher input costs relative to PVC selling prices.
- Kleenheat earnings reduced significantly on last year as a result of a sharp decline in the Saudi CP, the international benchmark pricing indicator for LPG, and asset writedowns. Encouragingly, Kleenheat's natural gas retailing business continued to build its market position in Western Australia and is now supplying more than 50,000 residential customers and 1,000 business customers.
- Fertiliser earnings increased strongly on the prior year. Increased nitrogen application rates at the beginning of the financial year, a strong harvest and good rainfall across most of the grain-growing regions in Western Australia resulted in over one million tonnes of fertiliser being sold during the year.
- Completion of the sale of Kleenheat's east coast LPG distribution business was achieved in February 2015.

[1] 2015 includes $21 million of insurance proceeds related to the unscheduled shutdown of nitric acid/ammonium nitrate number two plant that occurred in 2014.

Resources

Wesfarmers Resources is a significant Australian export miner with investments in two coal mines producing metallurgical and steaming coal. Both mines are world-scale, open-cut operations, with a majority of production exported to Asia.

Wesfarmers Resources business seeks to deliver ongoing shareholder value through initiative, innovation and growth. The focus for the business is on ensuring: excellence in mining operations and customer relationships; the safety and development of team members; positively contributing to the communities in which it operates; and growth through the expansion of existing mines.

Our business

Curragh (100 per cent)

The Curragh mine in Queensland's Bowen Basin produces metallurgical coal for export markets. It also provides steaming coal for supply to the Queensland Government's Stanwell Corporation under a long-term contract. Curragh's present export metallurgical coal nameplate production capacity is 8.5 million tonnes per annum (mtpa), with further concurrent nameplate capacity for approximately 3.5 mtpa of steaming coal production.

Bengalla (40 per cent)

The business has a 40 per cent interest in the Bengalla mine, near Muswellbrook in New South Wales, which produces steaming coal for export markets. The mine has a present nameplate capacity of 10.7 million tonnes run-of-mine (ROM) coal per annum (100 per cent basis).

Our market

Curragh

Curragh's export metallurgical coal is used in the steel-making process. Curragh has a well-established and geographically diverse customer portfolio with a number of long-standing relationships with world-leading steel-makers. In the 2015 financial year, Curragh's metallurgical exports went to Japan, India and other Asian destinations, Europe and South America.

Bengalla

Bengalla's steaming coal is used for power generation and as an energy source, predominantly by customers in north Asia.

1.4 $B in revenue

50 $M in earnings

Low export coal price environment

Strong cost management at both mines

Mining lease application underway for MDL 162 tenement adjacent to Curragh

Sustainability

Wesfarmers Resources strives to be a highly ethical business that puts the welfare of its people first. It takes its environmental responsibilities seriously and seeks to make a positive and lasting contribution to the communities in which it operates and to the nation as a whole through its economic activity. This is achieved by focusing on its material sustainability issues. Health and safety is material to the business.

The business recorded a 16 per cent reduction in the total recordable injury frequency rate from 5.0 to 4.2 and a 72 per cent reduction since June 2013. Wesfarmers Resources continues to support local communities, particularly in times of hardship as a result of natural disasters and is providing improved employment opportunities for the local Indigenous communities. By approaching sustainability this way, it is able to make a positive difference in the areas which are important to both the business and its stakeholders.

Oothungs ('Sisters') in Mining trainees working in the coal handling and preparation plant at the Curragh mine in Queensland.

Prospects

Current forecasts for export metallurgical and steaming coal pricing are subdued, presenting an overall challenging outlook for the 2016 financial year. In this environment, the business will maintain a very strong focus on operational productivity and cost control. After a number of years of positive contribution, the business' existing hedge book will, in part, limit the expected benefit of a lower Australian dollar during the 2016 financial year.

Curragh will defend a claim made by Stanwell Corporation Limited for additional rebate payments relating to the interpretation of the reference coal price under the coal supply agreement. As part of its defence, Curragh has issued a counter claim for overpayment of price rebates.

Curragh's metallurgical coal sales volume is forecast to be in the range of 8.0 to 9.0 million tonnes for the 2016 financial year, subject to mine operating performance, weather and key infrastructure availability.

— **Stewart Butel**
Managing Director, Wesfarmers Resources

Strategy

The resources investment cycle is long term and Curragh and Bengalla both have substantial remaining coal reserves and resources[1]. Development plans for Curragh and Bengalla seek to maximise shareholder value over the full expected mine life. Concurrently, the business also seeks and evaluates broader 'step-out' opportunities.

GROWTH STRATEGIES	ACHIEVEMENTS	FOCUS FOR THE COMING YEARS
Business optimisation	– Continuing strong cost control and productivity at both mines. – Curragh mine cash costs have been reduced approximately 30 per cent from the first half of the 2012 financial year peak to the second half of the 2015 financial year. – Record metallurgical coal production for the 2015 financial year.	– Global market competitiveness through strong mine cost performance, reliability and satisfaction of customer requirements.
Mine expansions	– **Curragh:** Mining lease application underway with respect to the MDL 162 area adjacent to the Curragh mine. – Feasibility study completed for 'capital-light' expansion to 10 mtpa export capacity. – **Bengalla:** Completion of 'capital-light' expansion to 10.7 mtpa ROM capacity (100 per cent basis).	– **Curragh:** Investment decision to expand to 10 mtpa when market conditions are appropriate. – **Bengalla:** Delivery by the Bengalla joint venture of the newly completed expansion to 10.7 mtpa ROM capacity.
Product extension and market reach	– **Curragh:** Strong long-term customer relationships with leading global steel producers were maintained and consolidated. Internal planning is underway on optimal timing and approach for bringing MDL 162 coal to market. – **Bengalla:** Bengalla Development Consent approval granted to extend mine operations to 2039.	– Progress mining lease application for development of MDL 162. – Continue to evaluate acquisitions and other 'step-out' opportunities where appropriate – this includes coal, other carbon-steel raw materials and energy.

[1] Refer to page 133 of this annual report for details of coal resources and reserves.

Risk

Wesfarmers Resources competes in global markets with direct financial exposure (both upside and downside) to global economic conditions. A key exposure, in the case of Curragh, is to global steel production and subsequent demand for export metallurgical coal as, together with iron ore, metallurgical coal is one of the two key raw material inputs for steel-making. In the case of Bengalla, the principal market exposure is export demand for steaming coal for electricity generation in north Asia. The business seeks to manage its customer relationships and operations in a manner consistent with the Group's risk appetite. The level of controls implemented are commensurate with the effect on the business from respective risks.

RISKS	MITIGATION
Revenue – export coal price movements (both an upside and downside risk)	With respect to sales volume, the business' mines maintain long-standing and close supply relationships with substantial export customers. Sales are diversified by both customer and country. With respect to price, the business sells into cyclical export markets with significant price variability across the commodity price cycle. Export coal prices are denominated in US$. Currency movements are moderated with forward foreign exchange hedges for a portion of expected revenues while preserving a portion of spot market currency exposure also.
Mine operations	There are a range of risks inherent to mining including geological variability, weather, safety management, production logistics and equipment performance. Through detailed operating practices and procedures, the business seeks to ensure that both mines are operated sustainably and efficiently for the long term. Both Curragh and Bengalla have established track-records of operating performance, reliability and safety as reported on an ongoing basis.
Infrastructure (port and rail) access	Port and rail access is required in order to service seaborne markets (Curragh – Port of Gladstone and Bengalla – Port of Newcastle). Both mines have long-term contracts with appropriate infrastructure and service providers.

REVENUE

1,374 $M

2015	**1,374**
2014	1,544
2013	1,539
2012	2,132
2011	1,778

EBIT

50 $M

2015	**50**
2014	130
2013	148
2012	439
2011	369

YEAR IN REVIEW
KEY FINANCIAL INDICATORS

FOR THE YEAR ENDED 30 JUNE	2011	2012[1]	2013	2014	2015
Revenue ($m)	1,778	2,132	1,539	1,544	**1,374**
Earnings before interest and tax ($m)	369	439	148	130	**50**
Capital employed (R12) ($m)	1,293	1,488	1,480	1,459	**1,453**
Return on capital employed (%)	28.5	29.5	10.0	8.9	**3.4**
Capital expenditure ($m)	372	392	79	163	**137**

[1] Resources divested the Premier Coal business in December 2011. A gain on disposal of this entity is excluded from the divisional results and reported as an NTI as part of 'Other' earnings within the Group's result.

The drivers of the above financial outcomes were as follows:

- Lower earnings reflected a significant decline in export coal prices for both metallurgical and steaming coal compared to the previous year.
- Mining and other costs excluding traded coal costs) of $962 million were $54 million or 5.3 per cent below the prior corresponding period, on production that was 1.3 per cent lower.
- Royalties and rebates were $54 million or 24.4 per cent lower than the prior corresponding period, mainly as a result of lower coal prices, with state government royalties of $100 million (for both Curragh and Bengalla combined), down 16.0 per cent, and Curragh's Stanwell rebate payments of $67 million, down 34.3 per cent.

Curragh

Metallurgical coal sales volumes of 8.6 million tonnes were 2.0 per cent below the prior corresponding period. Steaming coal sales volumes of 3.2 million tonnes were 10.3 per cent down, due to lower Stanwell deliveries. Metallurgical coal production for the year of 9.1 million tonnes was 2.9 per cent above last year and steaming coal production of 3.2 million tonnes was 8.9 per cent lower. Underlying cost control outcomes were strong, with unit mine cash costs similar to the prior corresponding period, despite higher overburden removal activity at Curragh which was up 10.6 per cent due to mine sequencing.

Other operational highlights included good progress on the mining lease application currently underway with respect to the development of the MDL 162 area, adjacent to the existing Curragh and Curragh North mining leases. A mining lease was also obtained with respect to the Curragh West area adjacent to the Curragh mining lease.

Bengalla

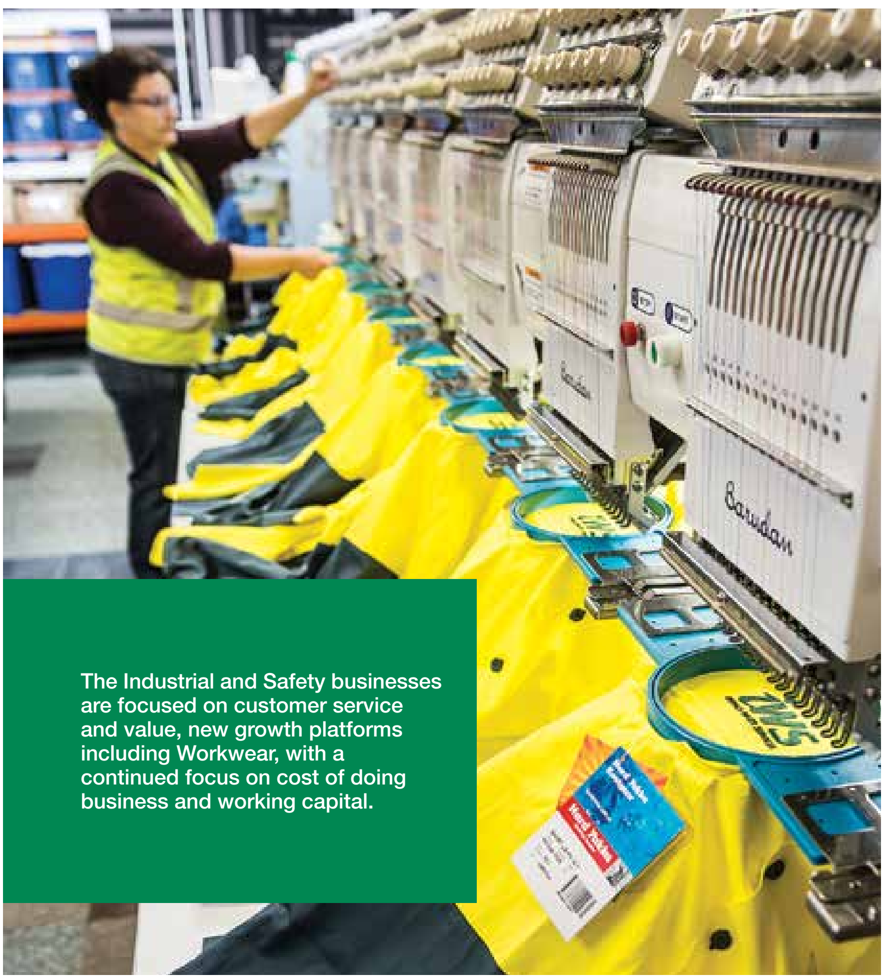
Sales volumes from the Bengalla mine, in which Wesfarmers holds a 40 per cent interest, were down 2.8 per cent on the prior corresponding period with production volumes down 4.3 per cent.

A tight focus on cost control resulted in unit mine cash costs being consistent with those achieved in the prior corresponding period.

Other operational highlights at Bengalla included the granting of a Development Consent in March 2015 for the extension of the Bengalla mine to 2039.

Industrial and Safety

The Industrial and Safety business is the leading provider of industrial, safety and workwear products and services in Australia and New Zealand, enabling its customers to seamlessly and cost-efficiently run, maintain and grow their business.



The Industrial and Safety businesses are focused on customer service and value, new growth platforms including Workwear, with a continued focus on cost of doing business and working capital.

Our business

Wesfarmers Industrial and Safety business comprises four customer focused streams: Blackwoods (including Blackwoods Protector in New Zealand); Safety Specialists (Protector Alsafe, Greencap, NZ Safety); Industrial Specialists (Coregas, Bullivants, Packaging House); and Workwear Group (including Safety Source).

It operates from a network of 240 industrial, safety and workwear branches, 159 additional gas distribution points, 55 Workwear franchise locations, supported by large distribution centres, hundreds of external and internal sales resources and digital channels.

Our market

The businesses service customers across industries such as resources, construction, retail, manufacturing, government and health. They provide a comprehensive range of industrial, safety and workwear products and services, which is complemented by specialised products and services such as industrial gases or lifting and rigging.

During the year, the business acquired the Workwear Group from Pacific Brands Limited, which includes a suite of iconic industrial workwear brands such as Hard Yakka, KingGee and Stubbies. Workwear Group also supplies uniforms and imagewear to leading airlines, financial services providers, retailers and other large corporates through NNT and Incorporatewear (UK), as well as specialised garments to defence and emergency services customers in Australia and New Zealand.

Reported earnings of $70 million included $20 million of one-off restructuring costs

Acquisition of Workwear Group in December 2014

Good progress on resetting cost and capital base

Accelerating investment in new growth platforms and customer value

1.8 $B
in revenue

Sustainability

Sourcing and products
Through supplier survey and site audit engagements for both domestic and globally sourced products, the business promotes the sustainability of its supply chain including ethical labour standards and the environmental impact of manufactured products.

People and operations
The business keeps a strong focus on the wellbeing and development of its people, including a commitment to employee safety. It aims to minimise its environmental impact with a waste management diversion focus and energy efficiency initiatives such as retrofit lighting projects, sustainable design for new buildings and using hybrid vehicle technology.

Customers
The business is committed to delivering safe and sustainable products and services to customers on time to help them meet their business objectives. It measures DIFOT (delivered in-full on time), monitors quality issues associated with products and offers a 'Greener Work Place' range of sustainable products.

Powered by Coregas: our hydrogen gas and installation supplies Australia's first hydrogen powered car.

Prospects

The trading environment for the 2016 financial year is expected to remain challenging, with limited volume recovery and strong margin pressure anticipated. Within this environment, Industrial and Safety will continue to drive business efficiencies and long-term productivity improvements, while seeking to retain and grow market share through improved customer service and value.

The integration and ongoing improvement of the Workwear Group will be a key focus as a platform for growth.

— **Olivier Chretien**
*Managing Director, Wesfarmers Industrial and Safety**

* Appointed Managing Director, Business Development and Corporate Planning in August 2015.

Strategy

Industrial and Safety supports a diverse range of customer needs by providing security of supply of the broadest range of products and services, with strong delivery performance and customer service. Its businesses deliver cost efficiency through local and global procurement, supply chain excellence and online solutions. They also provide critical value-add services such as vendor-managed inventory, testing of lifting and rigging equipment, gas detection, safety and environmental consulting services, as well as accredited training.

The business' customer-centric focus seeks to strengthen its value to customers by: enhancing sales force effectiveness, customer service and technical expertise; continuously improving delivery performance; broadening the range of products, services and solutions offered; and delivering better multi-channel value propositions. It is increasing its focus on smaller customers through online and targeted offers, and continues its expansion into higher growth sectors and diversification of the revenue base.

Operational improvement and efficiency are key priorities for the business, using technology, process re-engineering, sourcing excellence and supply chain optimisation to continuously reduce cost of doing business and working capital. Value creating acquisitions are a priority to complement organic growth.

GROWTH STRATEGIES	ACHIEVEMENTS	FOCUS FOR THE COMING YEARS
Sales growth through a customer-centric focus	– Expanded key account management team. – Introduced new Customer Relationship Management system in New Zealand. – Implemented sales and operations planning processes and Blackwoods NSW automated distribution centre. – Penetrated new customer sectors. – Improved the Workwear Group's supply chain and service to customers. – Consolidated training activities.	– Rollout of a new enterprise resource planning system. – Further develop sales and customer service teams. – Finalise rollout of telephony technology to improve customer service. – Further improve the Workwear Group.
Growing share of customers spend	– Invested in value with key customers to grow and retain market share, with good success. – Growth in gas sales through Coregas-Blackwoods collaboration. – Implemented partnership growth program with key suppliers and expanded own brand penetration. – Integrator services operational.	– Leverage Workwear brands (e.g., KingGee, Hard Yakka, NNT) to grow with innovative solutions to customers. – Broaden product range and selectively increase depth of product and service offers; accelerate own brand growth. – Grow offshore markets.
Developing new growth platforms	– Acquired and transitioned Workwear Group. – Acquired National Safety Council of Australia, improved consulting and training capabilities through Greencap. – Expanded Coregas footprint and capabilities in North Queensland and Western Australia, as well as through collaboration with Bunnings. – Grew digital capabilities.	– Leverage Workwear platform for domestic and international growth, including corporate wear. – Provide innovative supply solutions. – Expand industry diversification. – Grow sales to small and medium businesses, including online. – Value adding acquisitions.

Risk

As a supplier of industrial, safety and workwear products and services to customers, the business' results are affected by the performance of relevant industry sectors, as well as macro-economic factors such as exchange rates, interest rates, business investment and employment. Other risks include inherent risks associated with underlying operations such as safety incidents, products and services liability risks and supply chain issues.

RISKS	MITIGATION
Not delivering growth in a subdued market	– Diversification of customer markets. – Strategic initiatives focused on market share and new growth platforms. – Key talent management and development.
Product failure or misuse	– Established quality system and compliance with standards. – Strong, and in many cases, long-standing supplier relationships. – Standard operating procedures; instructions provided to customers (as required).
Major safety/ environmental incident	– Fully operational safety program, regular monitoring (including leading and lagging indicators), established and developing the safety culture. – Active safety engagement by senior management across the business. – Established quality and safety programs, with regular audits including Major Hazard Facility licence requirements. – Routine maintenance system and processes.

REVENUE

1,772 $M

2015	**1,772**
2014	1,621
2013	1,647
2012	1,690
2011	1,557

EBIT

70 $M

2015	**70**[1]
2014	131
2013	165
2012	190
2011	166

YEAR IN REVIEW
KEY FINANCIAL INDICATORS

FOR THE YEAR ENDED 30 JUNE	2011	2012	2013	2014	2015
Revenue ($m)	1,557	1,690	1,647	1,621	**1,772**
Earnings before interest and tax ($m)	166	190	165	131	**70**[1]
Capital employed (R12) ($m)	1,272	1,187	1,119	1,127	**1,257**
Return on capital employed (%)	13.1	16.0	14.7	11.6	**5.5**
Capital expenditure ($m)	32	49	50	51	**65**

[1] Includes one-off restructuring costs of $20 million related to branch closures, business consolidation and organisational redesign.

The drivers of the above financial outcomes were as follows:

- Financial performance continued to be adversely affected by depressed conditions across industrial markets, most notably in mining, and reduced activity as a number of major resources and energy projects complete. Margin pressures were also exacerbated by a lower Australian dollar as well as pricing investment to retain and grow market share.
- Reduced customer activity in industrial markets was most evident in Protector Alsafe and Bullivants. New Zealand businesses also saw increased trading pressures following declines in agricultural commodity prices.
- Coregas experienced good sales growth through network expansion and closer collaboration with Blackwoods and Bunnings. New revenue streams gained some traction during the year, including through Blackwoods' small and medium business offer and Industrial and Safety's integrated supply services.
- Industrial and Safety restructured its operations to reset its cost and capital base. This included reviewing distribution networks and customer service and supply chains, with $20 million of one-off restructuring costs incurred.
- Workwear Group, which was acquired from Pacific Brands in December 2014, performed to expectations, with corporate wear and footwear offsetting difficult conditions in industrial markets. Workwear Group's integration is underway, with improvements made in supply chain and customer service.
- A focus on recruitment, diversity and development supported strong retention and strengthening of talent pool to deliver better outcomes to customers.

Other activities

Wesfarmers is also a major investor in BWP Trust, Gresham Partners and Wespine Industries.

BWP Trust

Wesfarmers' investment in BWP Trust (the Trust) contributed earnings of $52 million, compared to $37 million last year.

The Trust was established in 1998 with a focus on warehouse retailing properties and, in particular, Bunnings warehouses leased to Bunnings Group Limited. BWP Management Limited, the responsible entity for the Trust, is a wholly-owned subsidiary of Wesfarmers Limited. Units in the Trust are listed on the Australian Securities Exchange and Wesfarmers holds, through a wholly-owned subsidiary, 24.8 per cent of the total units issued by the Trust as at 30 June 2015.

During the 2015 financial year, the Trust acquired one additional Bunnings Warehouse property, and completed four Bunnings Warehouse developments and one store upgrade. The Trust also completed the sale of six non-core properties.

The Trust's portfolio as at 30 June 2015 consisted of a total of 82 properties: 80 established Bunnings warehouses, eight of which have adjacent retail showrooms that the Trust owns and are leased to other retailers, a fully leased stand-alone showroom property, and a leased industrial property.

Four Bunnings Warehouse developments and one store upgrade were completed during the year

Gresham Partners

Wesfarmers has a 50 per cent shareholding in Gresham Partners Group Limited, the holding company for the Gresham Partners investment house operations. Gresham is a leading independent financial services business focused primarily on the provision of financial advisory services, structured finance, and property and private equity funds management.

Following a recovery in Australia's corporate financial markets activity, Gresham participated in a number of significant advisory transactions, including mergers and acquisitions, corporate restructurings and refinancings on behalf of a range of domestic and international clients. Its property funds management business, which is the manager of three established institutional funds or syndicates, continued to support a range of Australian development projects.

Wesfarmers is a participant in the Gresham Private Equity funds which saw the progressive realisation of investments during the year, with the remaining holding being an underground mining services business operating both in Australian and overseas markets.

Wespine Industries

The 50 per cent-owned Wespine Industries operates a plantation softwood sawmill in Dardanup, Western Australia.

Timber sales for the 2015 financial year improved by 14 per cent largely due to the ongoing strength of the Western Australian house building activity. Operating margins improved during the year due to improvements in product mix and geographical market focus, leveraging the timely and integrated information generated from the management information system commissioned last year.

Safety performance deteriorated slightly, but with a reduction in the number of Lost Time Injuries. The management team is continuing its focus on the identification and mitigation of occupational risks, notably manual handling.

Sustainability

Long-term value creation is only possible if we play a positive role in the communities we serve. At Wesfarmers, sustainability is about understanding and managing our impact on the community and the environment, to ensure that we will still be creating value in the future.

We aim to operate our businesses in accordance with our 10 community and environmental impact principles relating to five areas of people, sourcing, community, environment and governance. Each year, we engage with our shareholders, customers, employees, suppliers, government, non-government organisations and the community to understand which issues are important to them. We aim to address these issues and report our progress against them in our online sustainability report.

This year, we have updated our 10 principles to include principles on the development of our people and product safety. These changes reflect the outcome of our materiality process.

Sustainability issues are managed at a divisional level and overseen by the Wesfarmers Board through regular reporting.

Our full sustainability report will be available in October 2015 at **sustainability.wesfarmers.com.au**

Brigalow rehabilitation at Curragh.

Our community and environmental impact principles

People

Safety
We maintain a relentless focus on providing safe workplaces.

People development
We provide opportunities for our people to enhance their job performance and develop their careers.

Diversity
We strive to create an inclusive work environment, with particular attention to gender diversity and the inclusion of Aboriginal and Torres Strait Islander peoples.

Sourcing

Suppliers
We commit to strong and respectful relationships with our suppliers.

Ethical sourcing
We strive to source products in a responsible manner while working with suppliers to improve their social and environmental practices.

Community

Product safety
We are committed to providing consumers with safe products.

Community contribution
We make a positive contribution to the communities in which we operate.

Environment

Climate change resilience
We strive to reduce the emissions intensity of our businesses and improve their resilience to climate change.

Waste and water use
We strive to reduce our waste to landfill and water use where possible.

Governance

Corporate governance
We maintain robust corporate governance policies in all our businesses.

Safety

We maintain a relentless focus on providing safe workplaces.

Safety remains our highest priority. We are pleased that we are seeing the benefits of this relentless focus on making our workplaces safer.

Workplace safety performance

Across the Group, we measure our total recordable injury frequency rate (TRIFR) and our lost time injury frequency rate (LTIFR) to monitor our historical safety performance. Our LTIFR decreased by 5.2 per cent this year from 7.7 (excluding the Insurance division) to 7.3, driven by improvements across most businesses, most notably Officeworks, Target, WesCEF and Bunnings.

Coles recently discovered an inaccuracy in how incident reporting systems were being used at a supermarket store level. This year's TRIFR uses a more accurate approach and last year's TRIFR has been restated using the same methodology. Using the improved approach, our TRIFR this year was 39.5, a 7.5 per cent improvement compared to last year's restated results, which was driven by improvements across all divisions.

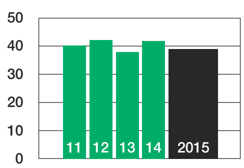
Our safety initiatives

Each of our divisions has undertaken safety initiatives this year that target their particular safety risks. For example, Coles has introduced a national 'nurse on call' injury care service for team members and commenced working with transport providers to jointly address safety issues linked with stock deliveries. Bunnings has developed a hazard spotter app for in-store iPods and introduced a simplified injury management process.

Safety at Coregas Port Kembla – no lost time injuries in 10 years.

TRIFR[1]

39.5



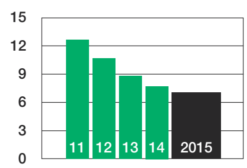
2015	**39.5**
2014	42.7[2]
2013	38.7
2012	42.7
2011	40.9

[1] TRIFR is the number of Lost Time Injuries and medical treatment injuries, per million hours worked.

[2] Last year's Group TRIFR result has been restated from 31.9 to 42.7.

LTIFR[1]

7.3



2015	**7.3**
2014	7.7[2]
2013	9.0
2012	10.9
2011	12.9

[1] LTIFR is the number of Lost Time Injuries, per million hours worked.

[2] Restated due to the maturation of data.

People development

We provide opportunities for our people to enhance their job performance and develop their careers.

Wesfarmers businesses provide employment to approximately one in 59 working Australians. We distribute 59 per cent of our revenue in salaries, wages and benefits to our employees. The quality of our people is our greatest competitive advantage and providing them with opportunities to improve their performance and their careers is key to our success.

As at June 2015, we employed approximately 205,000 people, which makes Wesfarmers Australia's largest private-sector employer. Of these, approximately 130,000 are permanent and 75,000 are casual. In addition to our employees, our divisions engage contractors in a range of roles. There are also seasonal variations in employment numbers, with a peak throughout the Christmas/summer period in line with the broader retail industry.

This year, we employed 52,179 new people across the Group, in a range of permanent, part-time and casual roles. Our voluntary turnover rate across the Group was 17 per cent.

Since last year, we have had a net decrease in our employee numbers of approximately 2,300 people. This decrease is due to the sale of our Insurance business and structural redundancies, partially offset by the acquisition of the Workwear Group and growth in our businesses.

Each division provides a wide range of training and development in job-specific technical aspects as well as generic skills such as customer service, teamwork and leadership.

Wesfarmers provides executive development and orientation to ensure leaders understand and are developed in the key elements of the Wesfarmers culture. For example, Wesfarmers runs a New Executive Orientation

Student mentoring forms an important part of industry training at WesCEF.

program for new general managers and an Executive Development Program for future potential executives across the Group. Participants benefit from development opportunities including stretch assignments, action learning projects, coaching, mentoring and 360 degree feedback.

At least annually, the Group Managing Director meets with each division to review senior leader performance and development, succession plans for critical roles and the pipeline of high-potential leaders. Particular focus is placed on ensuring that this pipeline reflects the diversity of our workforce.

Diversity

We strive to create an inclusive work environment, with particular attention to gender diversity and the inclusion of Aboriginal and Torres Strait Islander peoples.

Wesfarmers strives to create a work environment which is inclusive of all people regardless of gender, age, race, disability, sexual orientation, cultural background, religion, family responsibilities or other areas of potential difference. Our Diversity Policy is available on our website.

Gender diversity

While Wesfarmers' workforce is made up of 55 per cent women and 45 per cent men as at 30 June 2015, a key opportunity for the Group is to increase the percentage of leadership positions held by women. Women hold 45 per cent of salaried roles and 57 per cent of award or Enterprise Bargaining Agreement roles. Further details of female representation across the Group over time are set out in the table on this page.

We track progress in relation to the following four core objectives under our Diversity Policy.

Foster an inclusive culture: Inclusion begins with practices designed to increase retention of leaders with significant responsibilities outside of work. All Wesfarmers divisions have embraced this opportunity in a variety of ways, including flexible work arrangements, paid parental leave, keep-in-touch programs and on-site vacation childcare.

Improve talent management: A focus on increasing representation of women in leadership is embedded throughout the Group and divisional talent management practices including talent reviews, formal leader development (i.e., 360 assessment, programs, coaching, mentoring) and development of talent through stretch assignments. In the 2015 financial year, 80 per cent of our women leaders were retained, with women comprising 21 per cent of the divisional leadership team succession pipeline population.

Enhance recruitment practices: This year, 40 per cent of externally recruited positions and 31 per cent of internal promotions (all manager level and above roles) were filled by women. Across all roles, women and men were recruited evenly (49.7 per cent women, and 50.3 per cent males).

Ensure pay equity: Each year we undertake a gender pay review for all salaried employees by examining remuneration over 17 job levels. The 2015 review indicated that in the majority of pay levels no gap existed.

Indigenous representation in our workforce

Wesfarmers has maintained a Reconciliation Action Plan (RAP) since 2009. A RAP is a public Aboriginal and Torres Strait Islander engagement strategy, registered with Reconciliation Australia. Our RAP is the overarching document for divisional Indigenous engagement strategies and is available on our website.

Across the Group, we have made commitments to increasing our Indigenous cultural awareness; supporting Indigenous organisations through employee secondments; investing in Indigenous education; increasing purchasing from Indigenous-owned businesses; and growing our Indigenous workforce.

This year, we made progress across all areas of our RAP, with the following highlights.

Indigenous employment: Indigenous employment remains the primary focus of our RAP. This year, we improved internal reporting mechanisms to allow us to better track Indigenous employment and retention. At 30 June 2015, Wesfarmers had 2,762 Indigenous employees, representing 1.4 per cent of Wesfarmers' Australian workforce. This was more than a 60 per cent increase on the previous year. This year, Coles hired more than 500 Indigenous team members through targeted programs.

Indigenous community partnerships: We continued community partnerships with the Australian Indigenous Mentoring Experience (AIME), Graham 'Polly' Farmer Foundation, The Kaiela Institute and Jawun Indigenous Corporate Partnerships. We also increased our sponsorship of The Clontarf Foundation, with a new three-year partnership agreement. Many divisions also continued or commenced partnerships with organisations that support Indigenous communities, such as The Fred Hollows Foundation, Red Dust Role Models and The Australian Literacy & Numeracy Foundation.

Officeworks provides Indigenous employment opportunities.

Indigenous procurement activities: To support our RAP objective of increasing purchasing from Indigenous suppliers, Wesfarmers continues its membership of Supply Nation. Indigenous-sourced products, including Yaru Water and Outback Spirit products, are ranged in Coles outlets nationally, contributing to a cumulative spend across the Group of more than $20 million with Supply Nation-certified suppliers.

Our full RAP report and 2015-2016 RAP commitments can be found on our website.

Age diversity

Our workforce broadly reflects the Australian working population, with a high representation of young people. We employ one in 14 working Australians under 20. By providing these first jobs, our businesses enable young people to acquire skills and experience early, which is useful to them in a career with us, or in other employment.

Creating opportunities for people with disabilities

Our divisions are committed to creating opportunities for people with disabilities. Kmart partners with Disability Works Australia to provide job opportunities for people with disabilities. They ensure all applicants are suitably assessed against the jobs requirements before placing them in a role with their business. Coles has been a gold star member of the Australian Network on Disability since 2013.

Percentage of female employees	30 June 2011	30 June 2012	30 June 2013	30 June 2014	30 June 2015
Wesfarmers Limited non-executive directors	25	25	30	30	**33**
Senior executive positions* (general manager and above)	22	21	25	25	**25**
All management and professional roles*	26	28	28	29	**29**
Total workforce	**57**	**57**	**57**	**56**	**55**

* These positions are defined through job evaluation methodology.

Suppliers

We commit to strong and respectful relationships with our suppliers.

Our relationship with our 15,000 suppliers across the Group is very important to us. We want to provide better value to our customers and sustainable growth for our suppliers and their employees. Striving for better efficiency in our consumer supply chains ensures their continued competitiveness.

Coles is our largest consumer business and its relationship with food and grocery suppliers in Australia continues to be the focus of attention. To achieve everyday lower prices for customers, Coles has been increasing the efficiency and cost-competitiveness of its supply chain. This has enabled the purchase of significantly greater volumes of fresh food from Australian suppliers. Strengthening its relationship with its suppliers is a key focus for the Coles team.

Fewer suppliers, deeper relationships for Coles

Coles is aiming to develop deeper and longer-term relationships, with fewer suppliers. This gives greater certainty to suppliers to invest in their businesses and more opportunity for collaboration on efficiencies and product development.

One ground-breaking new example is a 10-year contract announced in December 2014 with Sundrop Tomatoes in South Australia for the supply of truss tomatoes. This contract will ensure year-round supply for customers, create 300 jobs in regional Australia and support investment in highly innovative technology including a 20 hectare greenhouse which will grow tomatoes using solar power and sea water.

Australia First at Coles

Coles has an Australian First Policy which means it always seeks to buy Australian produce in the first instance, where it is available in sufficient quantities and appropriate quality at a fair and reasonable price. Today, 96 per cent of fresh fruit and vegetables sourced for Coles customers are Australian grown, along with 100 per cent of fresh milk and 100 per cent of fresh meat from the meat department.

Coles and dairy farmers

There has been continued discussion about the effect of the retail price of Coles private label milk on Australian dairy farmers. Consumers want local, fresh milk and

Coles signs 10-year contract with Sundrop Tomatoes, SA, which will grow tomatoes using solar power and sea water.

Coles continues to work with processors to ensure this can be offered at an affordable, competitive price over the long term. Coles continues to stock a range of other brands from large and small processors.

These now include brands developed by Coles with the South Australian Dairyfarmers' Association (SADA Fresh) and the WA Farmers Federation (WA Farmers First) which see 40 cents from every two litre container of milk directed to industry-benefiting projects.

Food and Grocery Code of Conduct

Since 2013, Coles has been a leading voice in the development of a voluntary Food and Grocery Code of Conduct with the Australian Food and Grocery Council. The code came into effect in June 2015 and Coles adopted it with effect from 1 July 2015. The voluntary code governs certain conduct between grocery retailers and wholesalers in their dealings with suppliers including supply agreements, payments, termination of agreements and dispute resolution.

The ACCC regulates the code which is prescribed under the Competition and Consumer Act. It is only voluntary in the sense that retailers can opt to join; once they do, the code applies to all the retailers' suppliers and supply agreements. Coles is taking a phased approach to adopting the code. In the first phase, the code will apply to new suppliers and existing suppliers renegotiating Trading Terms and Terms and Conditions from 1 July 2015.

Coles and the ACCC

In December 2014, the Federal Court of Australia approved settlement of two proceedings between the ACCC and Coles alleging that Coles engaged in unconscionable conduct in dealings with suppliers. Coles admitted eight allegations of conduct in 2011 regarding its Active Retail Collaboration (ARC) program and five allegations regarding negotiations with suppliers over various matters such as profit gaps in 2010 and 2011. Coles unconditionally apologised, paid a $10 million fine and gave an enforceable undertaking to appoint an independent arbiter (the Honourable Jeff Kennett AC) to engage with suppliers over eligibility for refunds of payments to the ARC program and other disputed payments.

On 30 June 2015, Mr Kennett reported Coles agreed to repay more than $12 million to the ARC suppliers and $324,000 to other suppliers.

Coles has taken many steps to improve its relationships with suppliers including implementing a best practice compliance framework and the establishment of a Supplier Charter, which formally commits Coles to deal in good faith with suppliers. It provides a strong, independent and confidential dispute resolution process underpinned by Mr Kennett, as an independent arbiter (in addition to his role under the enforceable undertaking).

We strive to source products in a responsible manner while working with suppliers to improve their social and environmental practices.

We directly source products for resale from a large range of locations outside Australia, including China, Bangladesh, Thailand, India and Indonesia. Buying products from these countries creates economic benefits for them as well as allowing our businesses to provide affordable products to consumers.

As some of these countries have a lower level of regulation, our businesses need to be aware of risks such as inappropriate labour practices, child labour, forced labour and lack of freedom of association.

We have an ethical sourcing policy, which sets the minimum standards expected of our divisions. Each retail division has its own ethical sourcing policy appropriate to its business, most of which exceed the minimum expectations set. Our cross-divisional ethical sourcing forum meets quarterly to share best practice and audit program outcomes; ethical sourcing practices are reported regularly to the Audit and Risk Committee.

Increasing supply chain transparency

Our divisions are leading the way for Australian retailers in relation to supply chain transparency. This year, Kmart, Target and Coles continued rolling out disclosure of their factories' names and addresses on their respective websites. Increased transparency in relation to our supplier factory locations helps to ensure accountability and that decent conditions and workers' rights are being upheld.

Proactively addressing ethical sourcing issues

Our businesses are aware of the risk of child labour in China, India, Pakistan, Peru, Thailand, India, Vietnam, Pakistan and Bangladesh, in industries involving agriculture and apparel. Forced labour is a risk in primary production and factories with migrant workers across a range of countries and can even occur in Australia. Freedom of association is an issue in many Asian countries from which we source across industries.

Target work with Benefit for Business and workers in Bangladesh.

Our businesses proactively address ethical sourcing issues through a range of actions, including by providing supplier and factory education through seminars, training and workshops. They also undertake research, engage with non-government organisations (NGOs) and support broader industry initiatives to address these issues.

Both Kmart and Target have teams located in Asia, which means that team members are able to visit supplier factories regularly. All retail divisions visit suppliers and these visits supplement our more formal audit processes and ensure more open communication channels.

Australian suppliers

Coles has led the way on responsible sourcing in Australia in recent years, including the introduction of RSPCA approved chicken, sow-stall free pork, cage free eggs and Fairtrade coffee, tea and chocolate.

In May 2015, the ABC's *Four Corners* program aired an episode reporting unfair labour conditions in Australia's fresh produce and meat industries related to the use of labour hire contractors and workers on temporary visas. Coles does not condone the abuse of workers' rights. We have responded by writing to all our fresh produce and meat suppliers reminding them of their obligations under Australian workplace laws and have commenced inquiries into a number of suppliers identified on the *Four Corners* program.

Coles is working collaboratively with the National Farmers Federation and PMA Australia-New Zealand Ltd to develop an industry-accepted best practice guideline for the management of contracted labour within the Australian fresh food supply chain.

Ethical sourcing audit programs

To mitigate the risk of unethical practices occurring in our supply chains, we apply an ethical sourcing audit program to higher risk suppliers. Suppliers are considered lower risk if they operate in more regulated countries, or if they are supplying recognised brands.

This year, our audit program covered 3,888 factories used to manufacture house-brand products for resale, in a number of countries with lower regulation than Australia, including China, Bangladesh, Thailand, India and Cambodia.

Factories in the audit program must have a current audit certificate, which means they have been audited by us or another party whose audits we accept. Those audits identify a range of non-compliances, from minor non-compliances such as minor gaps in record-keeping to critical breaches, such as incidents of bribery or forced labour.

Where a non-compliance is identified, the factory is required to fix the issue, within an appropriate period of time, depending on the nature of the non-compliance. Factories are 'conditionally approved' if non-critical non-compliances have been identified and notice has been given that they must be fixed. If a factory then addresses a non-compliance, it can move to becoming an 'approved' factory.

If critical breaches are identified, they must be addressed immediately. If they are addressed satisfactorily, a factory can then become approved. In this way, our audit process is contributing to improving conditions for workers by working with factory owners to address any issues. If a factory is not willing or able to address a critical breach, our business will not continue to buy from that factory.

This year our audit program covered 3,888 factories.

Ethical sourcing (continued)

At the end of this reporting period, there were 2,139 approved factories in our audit program. A further 1,500 factories were conditionally approved and 210 factories were due for re-audit. During the year, we identified 39 critical breaches across the factories in our audit program. These mainly concerned issues (or allegations) of bribery, unauthorised subcontracting and forced labour. Twenty-one of these issues were immediately resolved and no further orders were placed at the factories where the remaining 18 breaches occurred.

Ethical sourcing audit program findings

Approved	2,139
Conditionally approved	1,500
Expired audits	210
Critical breaches	39

Ethical sourcing training

It is important that we keep our buying and sourcing teams up-to-date on our ethical sourcing commitments and how their actions may impact worker rights. This year, we delivered approximately 4,600 hours of ethical sourcing training to 2,000 people in our retail businesses and supply chains to refresh their knowledge on this subject. In addition, work has commenced on an ethical sourcing video to be used for wider audiences across the Group.

Sustainable timber, seafood and palm oil

Our divisions are working towards greater use of sustainable timber, seafood and palm oil in their products. For details about specific commodities, please see our online sustainability report.

Product safety

We are committed to providing consumers with safe products.

All consumer products we supply must be safe and meet consumer guarantees under the Australian Consumer Law. We do not sell banned products and ensure that all our products comply with relevant mandatory standards before they are offered for sale. As well as safety testing and compliance with required standards, our divisions implement product recalls where possible safety issues arise.

As part of Coles' commitment to delivering great quality affordable products, Coles regularly reviews its own brand products and makes changes where required. Nearly 100 improvements were undertaken with Coles Brand suppliers, including relaunching Coles Little Explorer nappies with a stronger outer material. During the year, only one Coles Brand product was recalled and 163 products received industry accolades. This year Patties Foods initiated a recall following a concern that the Nanna's mixed berry product stocked by Coles and other retailers had been linked to potential Hepatitis A contamination.

This year Kmart had six voluntary product recalls for Kmart brand products compared to four last year. The six recalls related to mugs, a hammock, a lamp, car seat covers, power boards and an apple cutter. All recalls were undertaken as a precautionary measure, with no major product-related injuries reported, although minor injuries such as bruising, cuts and burns were reported in relation to the hammock, apple cutter and mugs.

Throughout this year Target has adopted best practice principles to comply with both international and Australian standards. For instance, there are currently no specific legislative requirements in Australia governing the restrictive use of chemicals in the production of apparel or home textiles. Target has made the decision to adopt a number of apparel/textile standards from the European Community Regulation.

Safety manuals have been reformatted and made available to our supplier base outlining Target's ongoing commitment to providing safer products. A safety focused culture is being promoted throughout product development with a particular emphasis on early identification and mitigation of risk.

Bunnings continues to proactively engage with suppliers to ensure adherence to product safety standards. Bunnings conducts regular product audits to ensure conformance with relevant mandatory standards, and in addition undertakes independent safety tests on selected product to confirm compliance to safety standards and customer expectations.

This year Officeworks had two voluntary product recalls for Officeworks-branded items. The two recalls related to a USB wall charger and a children's table and chair set. The recalls were undertaken as a precautionary measure, with no product-related injuries reported. Officeworks undertook a review and update of its packaging safety marking manual which is being implemented for private label products.

Wesfarmers Industrial and Safety provides safety products to industry, so it is vital that products adhere to rigorous safety standards. Bullivants is a specialist provider of lifting, rigging, safety and related services to the industrial sector. As a corporate member of five Australian and International standards organisations, Bullivants maintains ongoing safety best practice to provide a comprehensive solution to help customers operate safely and efficiently.

Coin and button cell batteries

This year, Wesfarmers retail businesses have improved the safety of products containing coin and button cell batteries. Appropriate warning messages now appear on our own-brand products and product packaging and battery compartment security have been improved. Replacement coin and button cell batteries are sold in child resistant packaging and placed on higher store shelves to minimise access by children. Initiatives are underway to source more products with secure battery compartments.

We will continue to work towards reducing product-related injuries in the coming year.

We make a positive contribution to the communities in which we operate.

We have an impact on our communities in a variety of ways: meeting the basic needs of the community such as food, clothing and tools; providing employment for nearly one in every 59 working Australians; paying taxes to governments; and providing support to not-for-profit organisations. With 98 per cent of our revenue earned in Australia and 80 per cent of our shares on issue held in Australia, we have a significant positive impact on the Australian economy, as well as contributing to other economies.

Wesfarmers has always believed that a strong business environment is underpinned by a cohesive and inclusive community environment. Accordingly, Wesfarmers has had a long-term commitment to investing in community initiatives linked to long-term social and economic outcomes.

Our community partnerships program reflects the divisional autonomy of the Group. The Wesfarmers Board has approved a number of long-term partnerships focused on four areas: medical research and health; Indigenous programs, particularly targeting education and employment outcomes; community and education initiatives; and the Wesfarmers Arts program. In addition, our divisions create value for the community in ways that best fit with their core business and geographic spread, from the well-recognised Bunnings community barbecues to other fundraising support for a wide range of activities such as women and children in crisis, education programs and environmental projects.

Collectively across the Wesfarmers Group we directly contributed $50 million to community organisations this year, which equates to 1.5 per cent of profit before income tax.

As well as our direct contributions, the Group facilitated donations from customers and employees totalling $53 million this year, which went to a wide range of community initiatives.

A team from Bunnings in Sydney worked on Marina Abramovic in Residence.

Major initiatives this year

This year, in recognition of the importance of the Anzac centenary, Wesfarmers was a significant supporter of the Australian War Memorial's touring exhibition 'The Lost Diggers of Vignacourt', which assisted in bringing the exhibition to Western Australia. Wesfarmers also renewed its support for Mission Australia's Drug and Alcohol Youth Respite Service, based in Western Australia. In addition, we have significant partnerships with the Telethon Kids Institute, Surf Life Saving WA, Curtin Business School, the Juvenile Diabetes Family Centre, and the Harry Perkins Institute of Medical Research.

As a Group, our collective efforts with some of our Indigenous community partners are beginning to gain traction. Wesfarmers committed to increase funding for one of its long-term partners, Clontarf Foundation, which runs programs aimed at engaging and retaining Indigenous students at school. Clontarf is also supported at a local level by a number of our divisions, including WesCEF, Bunnings and Officeworks.

Wesfarmers also supports the Australian Indigenous Mentoring Experience (AIME) through a national sponsorship. Target also supports AIME by helping with the manufacture, distribution and promotion of AIME's signature 'hoodies'.

Wesfarmers Arts

The Wesfarmers Arts program provides major ongoing support to a number of premier Australian arts companies. The company's sponsorship of the arts focuses on increasing community access to premier quality arts from Australia and the world in the belief that a vibrant cultural sector makes a positive contribution to the lives of all Australians.

A highlight in our Centenary year was the BOAB100 creative partnership with Waringarri Aboriginal Arts in which 15 Kimberley artists were commissioned to produce Wesfarmers' official centenary gifts. Inspired by the iconic boab tree and the traditional art form of boab nut engraving unique to the Kimberley, BOAB100 is a collection of 15 superbly engraved boab nuts cast in white aluminium, produced as a limited edition of 100 sets. Complete sets of all fifteen sculptures were gifted during the year to the National Gallery of Australia, The Art Gallery of Western Australia, the National Library of Australia and Western Australian Parliament where they are now on public display.

A number of our arts partners participated in events to mark our centenary during the year, including Bell Shakespeare Company, West Australian Symphony Orchestra, West Australian Opera and Western Australian Ballet, which we supported during the year to establish two Wesfarmers Young Artist positions.

The year also saw the exhibition 'LUMINOUS WORLD: contemporary art from the Wesfarmers Collection' travel to the Samstag Museum of Art in Adelaide, the National Library of Australia in Canberra, the Academy Gallery in Launceston and the Ian Potter Museum of Art in Melbourne.

Climate change resilience

We strive to reduce the emissions intensity of our businesses and improve their resilience to climate change.

As the likelihood of significant climate change increases, our businesses need to respond in two ways. Firstly, we need to actively monitor and manage our own greenhouse gas emissions and reduce them where possible. Secondly, we need to understand the specific risks created by climate change for our businesses and address those risks.

Position on climate change

We recognise that the climate is changing due to human actions and we acknowledge that we and Australia have a part to play in mitigating this climate change. Wesfarmers supports the Commonwealth Government's commitment to work towards a global agreement to limit global warming to less than 2°C above pre-industrial levels. Long-term policy certainty is a pre-requisite for decarbonisation to occur efficiently and affordably. We will continue to improve the greenhouse gas efficiency of our operations, which reduces our own business costs and risk, as well as contributing to climate change mitigation.

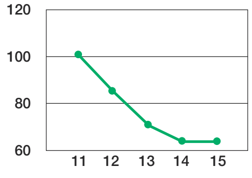
Managing our emissions

We emit greenhouse gases both directly and indirectly. Our direct (scope one) emissions primarily come from our industrial businesses, including the use of natural gas, refrigerants, diesel and fugitive emissions from coal mining. Our main source of indirect (scope two) emissions is electricity used by our operations.

We are able to manage our emissions intensity through technology improvements in our industrial processes and through energy efficiency initiatives in all our businesses.

Scope 1 and 2 greenhouse gas emissions intensity (tonnes CO_2e / $ million revenue)

64.2 tonnes



2015	**64.2**
2014	64.9
2013	70.9
2012	85.3
2011	101.6

Wesfarmers divisions use data to manage energy use.

This year, our total scope one and two emissions were 4,009,504 tonnes CO_2e. Despite an increase in emissions from our Resources business, this represented a total decrease of one per cent from last year, driven by energy efficiency projects at Coles and Target. Over the past five years, we have seen an improvement in emissions intensity of 37 per cent.

Adapting for climate change

Forecasting climate changes is complex but ensuring our businesses are robust under potential scenarios reduces financial, operational, regulatory and reputational risk.

Increased weather volatility, increased extreme weather events, higher average temperatures and drier climates all have the potential to impact our operations and supply chains, in a range of ways. This year, we have increased our focus on testing the robustness of our businesses against climate change and have developed a climate change scenario to use in the next cycle of our annual risk process.

We also developed an internal shadow carbon price for use in capital allocation processes from 1 July 2015. This shadow carbon price is designed to promote marginal emissions abatement projects and to ensure that regulatory, reputational and stranded asset risk are taken into account in relation to emissions intensive investments. This price will be updated annually to take into account developments in government policy.

This year, some stakeholders have raised concerns about Wesfarmers' investment in coal assets. Most coal from our wholly-owned Curragh coal mine is metallurgical coal, which is a necessary component in the steel-making process. We do produce thermal coal at Curragh and in our joint venture Bengalla mine. While we expect that the energy mix will change over time, all feasible scenarios show that it is highly likely that there will be a role for thermal coal as a source of energy for many years. Wesfarmers continues to consider its Resources business to be a valuable addition to its portfolio.

Our greenhouse gas emissions intensity has improved by 37 per cent over five years.

Waste and water use

We strive to reduce our waste to landfill and water use where possible.

Reducing waste creates environmental and business benefits for our divisions. We work to divert waste to recycling throughout the product life cycle. Water use is significant for our industrial businesses and they work to reduce its use or find more sustainable water sources where possible.

Recycling and waste

Despite our efforts to reduce our waste, this year our waste to landfill has increased slightly to 136,093 tonnes and our recycled waste has increased by eight per cent to 303,387 tonnes.

This increase in waste disposed was largely driven by the growth of Bunnings' operations during the year and improved data collection at Kmart.

We continued to undertake waste reduction initiatives throughout the Group. Bunnings continued its timber pallet reuse and recycling program using the backload capacity of vehicles and conducted a trial to backhaul plastic strapping.

Coles' food donations via Foodbank and SecondBite increased by 14 per cent during the year, to more than 5.2 million kilograms. Coles also expanded donations to SecondBite to include frozen meat at more than 200 stores. Approximately 278 tonnes of plastic (including plastic bags and product packaging) was returned to Coles supermarkets by customers for recycling via the REDcycle program.

Changes to how products are packaged can reduce the downstream waste associated with our businesses. Wesfarmers is a signatory to the Australian Packaging Covenant (APC), which is a voluntary packaging waste reduction and recycling initiative between governments, the packaging industry, retailers and consumer brand owners.

Wesfarmers reports annually on its packaging initiatives and progress to the APC. Our 2015 report is available on the APC website.

Officeworks raising awareness of recycling in schools.

Managing water use

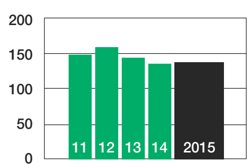
This year, our recorded water use was 15,450 megalitres. To better focus sustainability efforts on each division's material issues, Kmart, Industrial and Safety, Target and Officeworks are no longer required to record water use, as it is not a material issue for them. Across the remaining divisions, this year's figure represents a six per cent reduction on last year's water use.

Resources, our largest water user, achieved a 13 per cent reduction in water use this year. This was achieved through a number of measures, including awareness campaigns about water use in the plant, more regular reporting to increase the visibility of water management and more accurate municipal water metering at Curragh.

Bunnings' water use has increased by 12 per cent, due to store network expansion.

Disposed waste

136,093 tonnes



2015	**136,093**
2014	134,706
2013	143,515
2012	159,106
2011	147,140

Corporate governance

We maintain robust corporate governance policies in all our businesses.

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. We are very proud of our approach to corporate governance and believe it is vital to ongoing value creation for our shareholders and other stakeholders.

The corporate governance framework has been established by the Wesfarmers Board. An overview of the corporate governance framework, including details about board committee charters, roles, responsibilities and policies with Group-wide application, can be found on pages 64 to 67 of this report, with more information available on our website.

Chairman Bob Every AO speaks about the safety journey in our online sustainability report.

Our full sustainability report contains numerous case studies and is prepared in accordance with Global Reporting Initiative's G4 standard and assured by Ernst & Young. It will be available in October 2015 at sustainability.wesfarmers.com.au

Board of directors

Wesfarmers has a talented, hard-working and increasingly diverse board committed to providing satisfactory returns to shareholders while adhering to the highest ethical standards.

Bob Every AO, age 70

Chairman

BSc (Hons), PhD, Hon DSc, FTSE, FAICD, FIE Aust

Term: Chairman since November 2008, director since February 2006.

Skills and experience:
Bob was the Chairman of both Steel and Tube Holdings Limited and Iluka Resources Limited, as well as Managing Director and Chief Executive Officer of OneSteel Limited. Other executive positions previously held include Chief Executive Officer of Steel and Tube Holdings Limited, Managing Director of Tubemakers of Australia Limited and President of BHP Steel.

Directorships of listed entities (last three years), other directorships/ offices (current and recent):

- Chairman of Boral Limited (since May 2010)
- Harry Perkins Institute of Medical Research Incorporated (formerly WAIMR)
- UNSW Foundation Limited

Michael Chaney AO, age 65

Chairman-elect

BSc, MBA, Hon. LLD W.Aust, FAICD, FTSE

Term: Rejoined the Board and a Director since June 2015 and Chairman-elect.

Skills and experience:
After an early career in petroleum geology and corporate finance, Michael joined Wesfarmers in 1983 as Company Secretary and Administration Manager. He became Finance Director in 1984 and was appointed Managing Director in July 1992. He retired from that position in July 2005.

Directorships of listed entities (last three years), other directorships/ offices (current and recent):

- Chairman of National Australia Bank Limited (since September 2005)
- Chairman of Woodside Petroleum Limited (since July 2007)
- Chancellor of The University of Western Australia (since December 2005)
- Member, Prime Minister's Business Advisory Council (since December 2013)
- Member, Commonwealth Science Council (since October 2014)
- Chairman of Gresham Partners Holdings Limited (retired May 2015)

Richard Goyder AO, age 55

Managing Director

BCom, FAICD

Term: Director since July 2002.

Skills and experience:
Richard joined Wesfarmers in 1993 after working in various commercial roles at Tubemakers of Australia Limited. He was Managing Director of Wesfarmers Landmark Limited in 1999 until he became Finance Director of Wesfarmers Limited in 2002 and then Deputy Managing Director and Chief Financial Officer in 2004. Richard assumed the role of Managing Director and Chief Executive Officer in July 2005.

Directorships of listed entities (last three years), other directorships/ offices (current and recent):

- Gresham Partners Holdings Ltd
- Australian Football League Commissioner
- Chairman of Australian B20 (appointment expired December 2014)

Terry Bowen, age 48

Finance Director

BAcct, FCPA

Term: Director since May 2009.

Skills and experience:
Terry has held a number of finance positions with Tubemakers of Australia Limited. Terry joined Wesfarmers in 1996 and undertook various roles with Wesfarmers Landmark Limited, including Chief Financial Officer until 2003. He then became Chief Financial Officer for Jetstar Airways, prior to rejoining Wesfarmers as Managing Director, Wesfarmers Industrial and Safety in 2005. Terry became Finance Director, Coles in 2007 and Wesfarmers Finance Director in 2009.

Directorships of listed entities (last three years), other directorships/ offices (current and recent):

- Gresham Partners Holdings Ltd
- Chairman of the Western Australian Opera Company Incorporated
- President of the National Executive of the Group of 100 Inc. (retired December 2013)
- Harry Perkins Institute for Medical Research Incorporated (retired May 2013)

Paul Bassat, age 47

B.Comm, LL.B.

Term: Director since November 2012.

Skills and experience:
Paul commenced his career as a lawyer in 1991. He co-founded SEEK Limited in 1997, and served as Chief Executive Officer and then as joint Chief Executive Officer until 2011. He is a co-founder and director of Square Peg Capital Pty Ltd, a venture capital fund that invests in early stage and growth stage technology companies. He is also a director of the Peter MacCallum Cancer Foundation, The Prince's Charities Australia Trust and the P&S Bassat Foundation.

Directorships of listed entities (last three years), other directorships/ offices (current and recent):

- Australian Football League Commissioner

James Graham AM, age 67

BE (Chem)(Hons), MBA, FIE Aust, FTSE, FAICD, SF Fin

Term: Director since May 1998.

Skills and experience:
James has had an active involvement in the growth of Wesfarmers since 1976 as Chairman and Managing Director of Gresham Partners Limited, and previously as Managing Director of Rothschild Australia Limited. James was also previously Chairman of Rabobank Australia Limited, Chairman of the Darling Harbour Authority and a director of Hill Samuel Australia Limited.

Directorships of listed entities (last three years), other directorships/ offices (current and recent):

- Chairman of the Advisory Council of the Institute for Neuroscience and Muscle Research
- Wesfarmers General Insurance Limited (resigned June 2014)

Tony Howarth AO, age 63

CitWA, Hon.LLD, SF Fin, FAICD

Term: Director since July 2007.

Skills and experience:
Tony has more than 30 years' experience in the banking and finance industry. He was Chairman of Home Building Society Limited and Deputy Chairman of Bank of Queensland Limited. Tony has held several senior management positions during his career, including Managing Director of Challenge Bank Limited and Chief Executive Officer of Hartleys Limited.

Directorships of listed entities (last three years), other directorships/ offices (current and recent):

- BWP Management Limited
- Chairman of MMA Offshore Limited
- Chairman of St John of God Health Care Inc.
- Chairman of the West Australian Rugby Union Inc.
- Alinta Holdings

Wayne Osborn, age 64

Dip Elect Eng, MBA, FAICD, FTSE

Term: Director since March 2010.

Skills and experience:
Wayne commenced working in the iron ore industry in the mid-1970s and joined Alcoa in 1979. He worked in various roles across the Australian business, including accountability for Alcoa's Asia Pacific operations, prior to being appointed Managing Director in 2001, retiring in 2008.

Directorships of listed entities (last three years), other directorships/ offices (current and recent):

- Alinta Holdings
- Iluka Resources Limited (since March 2010)
- South32 Limited (since May 2015)
- Chairman of the Australian Institute of Marine Science (retired December 2014)
- Leighton Holdings Limited (resigned March 2013)
- Chairman of Thiess Pty Ltd (resigned September 2012)

Diane Smith-Gander, age 57

B.Ec, MBA, Hon.DEc W.Aust, FAICD, FGIA

Term: Director since August 2009.

Skills and experience:
Diane has extensive experience in corporate governance and providing strategic advice to corporations in Australia and overseas. She was a partner with McKinsey & Company in the USA and has more than a decade of executive experience in the banking industry.

Directorships of listed entities (last three years), other directorships/ offices (current and recent):

- Chairman of Transfield Services Limited (director since October 2010, Chairman since October 2013)
- Commissioner of Tourism WA (appointment expired 30 June 2015)
- Co-operative Bulk Handling Limited and CBH Grain Limited (resigned February 2014)
- Deputy Chairman of NBN Co Limited (National Broadband Network) (resigned September 2013)

Vanessa Wallace, age 52

B.Comm, MBA, MAICD

Term: Director since July 2010.

Skills and experience:
Vanessa is an experienced management consultant who has been with Strategy& (formerly Booz & Company) for more than 25 years. She has deep expertise in the financial services sector across the spectrum of wealth management, retail banking and insurance, with particular functional depth in risk management, post-merger integration and capturing business opportunities associated with channels, customers and markets. Vanessa is based in Japan, focused on the Japanese market and continues post the PwC merger as the Executive Chairman of Strategy& (Japan).

Directorships of listed entities (last three years), other directorships/ offices (current and recent):

- Executive Chairman of Strategy& (Japan) Inc. (April 2013 – current)
- Director of Booz & Company entities in Australia, New Zealand, Thailand and Indonesia (varied tenure through to February 2013)

Jennifer Westacott, age 55

BA (Honours), FAICD, FIPAA

Term: Director since April 2013.

Skills and experience:
Jennifer is Chief Executive of the Business Council of Australia. Prior to that, she was a Board Director and lead partner at KPMG. Jennifer has extensive experience in critical leadership positions in the NSW and Victorian Governments.

Directorships of listed entities (last three years), other directorships/ offices (current and recent):

- Adjunct Professor at the City Research Futures Centre of the University of NSW
- Chair of the Mental Health Council of Australia
- Member of the Prime Minister's Cyber Security Review Panel
- Member of the Prime Minister's Expert Advisory Panel on the Reform of the Federation
- Urban Renewal Authority South Australia (retired July 2013)

Corporate governance overview

The Board of Wesfarmers Limited is committed to providing a satisfactory return to its shareholders and fulfilling its corporate governance obligations and responsibilities in the best interests of the company and its stakeholders.

Set out below is an overview of selected aspects of Wesfarmers' corporate governance framework and key focus areas of the Board and its committees in 2015.

A copy of Wesfarmers' full 2015 Corporate Governance Statement, which provides detailed information about governance, and a copy of Wesfarmers Appendix 4G which sets out the company's compliance with the recommendations in the third edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles) is available on the corporate governance section of the company's website at **www.wesfarmers.com.au/cg**

The Board believes that the governance policies and practices adopted by Wesfarmers during 2015 are in accordance with the recommendations contained in the ASX Principles.

Roles and responsibilities of the Board and management

The role of the Board is to approve the strategic direction of the Group, guide and monitor the management of Wesfarmers and its businesses in achieving its strategic plans and oversee good governance practice. The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

In performing its role, the Board is committed to a high standard of corporate governance practice and fostering a culture of compliance which values ethical behaviour, personal and corporate integrity, accountability and respect for others.

The Wesfarmers Managing Director has responsibility for the day-to-day management of Wesfarmers and its businesses, and is supported in this function by the Wesfarmers Leadership Team. Details of the members of the Leadership Team are set out on pages 8 and 9 of this annual report. The Board maintains ultimate responsibility for strategy and control of Wesfarmers and its businesses.

In fulfilling its roles and responsibilities, some key focus areas for the Board during the 2015 financial year are set out below.

Key focus areas of the Board during the 2015 financial year included:

- Overseeing management's performance in strategy implementation and monitoring the financial position of the Group
- Reviewing business operations and development plans of each division likely to impact long-term shareholder value creation
- Reviewing talent management and development underpinning the Group's operations
- Managing Chairman succession planning, resulting in the appointment in June 2015 of Mr Michael Chaney as a non-executive director and Chairman-elect to succeed the current Chairman, Dr Bob Every, at the conclusion of the 2015 Annual General Meeting
- Approving the capital management distribution of $1.00 per fully-paid ordinary share which returned $1,148 million to shareholders, comprising a capital return of 75 cents per share and a fully-franked dividend of 25 cents per share. The capital return component was accompanied by an equal and proportionate share consolidation through the conversion of one share into 0.9827 shares
- Approving growth opportunities to complement the existing portfolio, including the acquisition of the Workwear Group from Pacific Brands Limited, the acquisition of the remaining 50 per cent of the Coles credit card joint venture and the investment of a 13.7 per cent interest in Quadrant Energy
- Monitoring the implementation of risk management plans to address identified operational, financial and reputational risks for Group businesses
- Approving revisions to the Board and committee charters to align with the recommendations and commentary of the third edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles)
- Reviewing policies to improve the Group's system of corporate governance, including approving amendments to the Code of Conduct, Whistleblower, Anti-bribery, Securities Trading and Market Disclosure policies

Structure and composition of the Board

Wesfarmers is committed to ensuring that the composition of the Board continues to include directors who bring an appropriate mix of skills, experience, expertise and diversity (including gender diversity) to Board decision-making.

The Board currently comprises 11 directors, including nine non-executive directors. Detailed biographies are set out on pages 62 and 63 of this annual report. The current directors possess an appropriate mix of skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the company's strategic priorities as a diversified corporation with current businesses operating in supermarkets; home improvement and office supplies; department stores; chemicals, energy and fertilisers; coal; and industrial and safety products.

The Board skills matrix set out below describes the combined skills, experience and expertise presently represented on the Board.

Skills, experience and expertise	
– CEO level experience	– Capital markets
– ASX listed company experience	– Finance and banking
– Strategy and risk management	– E-commerce and digital
– Governance	– Human resources and executive remuneration
– Financial acumen	– Marketing/Customers/Retail
– Regulatory and government policy	– Resources and industrial
– International experience	– Corporate sustainability

To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors.

Mr Archie Norman, who has significant retail experience, was appointed in 2009 as an advisor to the Board on retail issues. In this role, Mr Norman attends Wesfarmers Board meetings as required and is a director of Coles and Target divisional boards.

Director independence

Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement, having regard to the best interests of the company as a whole.

The Board's assessment of independence and the criteria against which it determines the materiality of any facts, information or circumstances is formed by having regard to the ASX Principles, in particular, the factors relevant to assessing the independence of a director set out in recommendation 2.3; the materiality guidelines applied in accordance with Australian Accounting Standards; any independent professional advice sought by the Board at its discretion; and developments in international corporate governance standards.

The Board has reviewed the position and relationships of all directors in office as at the date of this report and considers that:

- Eight of the nine non-executive directors are independent.
- The Chairman is independent.
- Mr James Graham is not independent, by virtue of his position as Chairman of Gresham Partners Limited (Gresham), which acts as an investment advisor to the company. Details of Mr Graham's association with Gresham are set out in note 25 on page 126 of this annual report.
- Ms Vanessa Wallace is independent. Ms Wallace was previously considered not to be independent, given her senior roles within Strategy&, which forms part of the PwC network, which is a provider of material professional services to the Group. Within the last three years, Ms Wallace's role was based in Japan and focused on the Japanese market. Ms Wallace had no decision rights and no day-to-day involvement in the Australian operations of PwC. The Board is of the opinion that Ms Wallace's past relationship with Strategy& and PwC does not compromise Ms Wallace's exercise of objective or independent judgement in relation to the company's affairs. Effective from 1 July 2015, Ms Wallace retired from Strategy&, Japan.

Committees of the Board

The Board has established an Audit and Risk Committee, a Nomination Committee, a Remuneration Committee and a Gresham Mandate Review Committee as standing committees to assist with the discharge of its responsibilities. Details of the current membership and composition of each committee are set out in the 2015 Corporate Governance Statement.

Role of the Nomination Committee

As part of the Nomination Committee's oversight of Board succession planning, it is responsible for identifying suitable candidates to fill Board vacancies as and when they arise, or to identify candidates to complement the existing Board, and make recommendations to the Board on their appointment. Where appropriate, external consultants are engaged to assist in searching for candidates. The Nomination Committee is responsible for scheduling formal performance reviews of the Board and its committees at least every two years. The Board then undertakes an evaluation process to review its performance which is facilitated by an external consultant. More details about Wesfarmers' review process for both the Board and its committees is set out in the 2015 Corporate Governance Statement.

Key focus areas of the Nomination Committee during the 2015 financial year included:

- Chairman succession planning resulting in the appointment of a new non-executive director to succeed the Chairman at the conclusion of the 2015 Annual General Meeting
- Scheduling of performance reviews of the Board, its committees and individual directors
- Consideration of feedback from major shareholders during the Chairman's Roadshow conducted prior to the 2014 Annual General Meeting
- Endorsing revisions to the Nomination Committee Charter for Board approval

Role of the Remuneration Committee

The role of the Remuneration Committee is to review and make recommendations to the Board in relation to overall remuneration policy. Full details of the remuneration paid to non-executive and executive directors, and senior executives, are set out in the remuneration report on pages 73 to 86 of this annual report.

Senior executives comprising members of the Wesfarmers Leadership Team have an annual and long-term incentive or 'at risk' component as part of their total remuneration package. The mix of remuneration components and the performance measures used in the incentive plans have been chosen to ensure that there is a strong link between remuneration earned and the achievement of the Group's strategy and business objectives and, ultimately, generating satisfactory returns for shareholders. Annual performance reviews of each member of the Wesfarmers Leadership Team, including the executive directors, for the 2015 financial year have been undertaken. More details about Wesfarmers' performance and development review process for senior executives is set out in the 2015 Corporate Governance Statement.

Key focus areas of the Remuneration Committee during the 2015 financial year included:

- Reviewing and making a recommendation to the Board in relation to the fixed remuneration, annual incentive and long-term incentive awards for the Group Managing Director and his direct reports
- Reviewing the senior executive remuneration framework and policies, including terms of employment such as notice periods
- Reviewing the performance metrics and structure of the Wesfarmers variable remuneration plans and recommending to the Board vesting of the 2011 Wesfarmers Long Term Incentive Plan shares, based on the achievement of the performance conditions
- Reviewing and making a recommendation to the Board in relation to non-executive director fees and the maximum aggregate amount of remuneration that may be paid to non-executive directors
- Endorsing revisions to the Remuneration Committee Charter for Board approval
- Reviewing and monitoring diversity targets and gender pay equity

Role of Audit and Risk Committee

Risk is an accepted part of doing business and Wesfarmers is committed to the identification, monitoring and management of material risks associated with its business activities across the Group to create long-term shareholder value.

The Audit and Risk Committee monitors internal control policies and procedures designed to safeguard Group assets and to maintain the integrity of financial reporting.

Key focus areas of the Audit and Risk Committee during the 2015 financial year included:

- Reviewing and assessing the Group's processes which ensure the integrity of financial statements and reporting, and associated compliance with accounting, legal and regulatory requirements
- Reviewing the processes and controls around the recognition of commercial income and the accrual of costs by the retail divisions to ensure recognition is in accordance with Accounting Standards and accepted industry practice
- Monitoring the ethical sourcing of products for resale through the Group's retail networks to ensure that there are appropriate safeguards and processes in place
- Monitoring the Group's cyber security framework and the reporting structure and escalation process on information security risks
- Reviewing and evaluating the adequacy of the Group's insurance arrangements to ensure appropriate cover for identified operational and business risks

Role of the external auditor

The company's external auditor is Ernst & Young. The effectiveness, performance and independence of the external auditor is reviewed annually by the Audit and Risk Committee. Mr Darren Lewsen is the lead partner for Ernst & Young and was appointed on 1 July 2013. Ernst & Young provided the required independence declaration to the Board for the financial year ended 30 June 2015. The independence declaration forms part of the directors' report and is provided on page 72 of this annual report.

Risk Management Framework

The Risk Management Framework of Wesfarmers is reviewed by the Board on an annual basis and was approved in May 2015. This framework details the overarching risk management controls that are embedded in the Group's risk management processes, procedures and reporting systems, and the division of the key risk management functions between the Board, Wesfarmers Managing Director and Finance Director, Audit and Risk Committee, divisional management and Group Assurance and Risk, including:

- guidelines and limits for approval of all expenditure, including capital expenditure and investments;
- a Group compliance program supported by approved guidelines and standards covering safety, information technology, the environment, legal liability, risk identification, quantification and reporting, and financial reporting controls;
- a comprehensive risk financing program, including risk transfer to external insurers and reinsurers;
- policies and procedures for the management of financial risk and treasury operations;
- annual budgeting and monthly reporting systems for all businesses;
- appropriate due diligence procedures for acquisitions and divestments; and
- crisis management systems for all key businesses in the Group.

Investor engagement

Wesfarmers recognises the importance of providing its shareholders and the broader investment community with facilities to access up-to-date high quality information, participate in shareholder decisions of the company and provide avenues for two-way communication between the company, the Board and shareholders. Wesfarmers has developed a program on investor engagement for engaging with shareholders, debt investors, the media and the broader investment community. In addition, the company's shareholders have the ability to elect to receive communications and other shareholder information electronically.

Governance policies

The corporate governance section of the company's website **(www.wesfarmers.com.au/cg)** contains access to all relevant corporate governance information, including Board and committee charters and Group policies referred to in the 2015 Corporate Governance Statement.

Company Secretary

Linda Kenyon is the Company Secretary of Wesfarmers and a member of the Leadership Team. Ms Kenyon's qualifications and experience are set out in the directors' report on page 70 of this annual report.

Diversity

As a diverse workforce is of significant social and commercial value, Wesfarmers recognises the importance of being an inclusive employer. Wesfarmers strives to create a work environment which is inclusive to all people regardless of gender, age, race, disability, sexual orientation, cultural background, religion, family responsibilities or any other areas of potential difference. All areas of diversity are important and Wesfarmers pays particular attention to gender diversity and the inclusiveness of Indigenous people.

Wesfarmers prepared and committed to its first Reconciliation Action Plan (RAP) in 2009, which outlines specific measurable actions to be undertaken across the Group, targeting Indigenous employment, business engagement, community partnerships and staff secondments to Indigenous organisations.

Wesfarmers Gender Diversity Policy outlines four core objectives which are used to measure performance in this area – to foster an inclusive culture; to improve talent management; to enhance recruitment practices; and to ensure pay equity.

Further details on diversity are set out on page 55 of this annual report and in the 2015 Corporate Governance Statement.

Directors' report
Wesfarmers Limited and its controlled entities

The information appearing on pages 2 to 67 forms part of the directors' report for the financial year ended 30 June 2015 and is to be read in conjunction with the following information:

Results and dividends

Year ended 30 June	$m 2015	$m 2014
Profit		
Profit attributable to members of the parent entity	**2,440**	2,689
Dividends		
The following dividends have been paid by the company or declared by the directors since the commencement of the financial year ended 30 June 2015:		
(a) out of the profits for the year ended 30 June 2014 and retained earnings on the fully-paid ordinary shares:		
(i) fully-franked final dividend of 105 cents (2013: 103 cents) per share paid on 9 October 2014 (as disclosed in last year's directors' report)	**1,200**	1,192
(ii) a fully-franked special 'Centenary' dividend of 10 cents (2013: nil) per share paid on 9 October 2014	**114**	Nil
(b) out of the profits for the year ended 30 June 2015 on the fully-paid ordinary shares:		
(i) fully-franked interim dividend of 89 cents (2014: 85 cents) per share paid on 2 April 2015	**999**	972
(ii) fully-franked final dividend of 111 cents (2014: 105 cents) per share paid to be paid on 30 September 2015	**1,247**	1,200
Capital Management		
The following distribution has been paid by the company since the commencement of the financial year ended 30 June 2015:		
(i) a capital return of 75 cents per fully-paid ordinary share (2014: 50 cents) paid on 16 December 2014	**864**	585
(ii) a fully-franked dividend component of 25 cents per fully-paid ordinary share paid on 16 December 2014	**287**	Nil

Principal activities

The principal activities of entities within the consolidated entity during the year were:

- retailing operations including supermarkets, general merchandise and specialty department stores;
- fuel, liquor and convenience outlets;
- retailing of home improvement and outdoor living products and supply of building materials;
- retailing of office and technology products;
- coal mining and production;
- gas processing and distribution;
- industrial and safety product distribution;
- chemicals and fertilisers manufacture; and
- investments.

Directors

The directors in office at the date of this report are:

- R L Every (Chairman)
- R J B Goyder (Group Managing Director)
- T J Bowen (Finance Director)
- P M Bassat
- M A Chaney (Chairman-elect from 1 June 2015)
- J P Graham
- A J Howarth
- W G Osborn
- D L Smith-Gander
- V M Wallace
- J A Westacott

All directors served on the Board for the period from 1 July 2014 to 30 June 2015, except for M A Chaney who was appointed effective 1 June 2015.

The qualifications, experience, special responsibilities and other details of the directors in office at the date of this report appear on pages 62 and 63 of this annual report.

The following directors retired during the year:

- C B Carter retired as a director on 20 November 2014 (appointed as a director in October 2002);
- C Macek retired as a director on 20 November 2014 (appointed as a director in October 2001).

Directors' shareholdings

Securities in the company or in a related body corporate in which directors had a relevant interest as at the date of this report are:

	BWP TRUST	WESFARMERS LIMITED	
Wesfarmers Limited	**Units**	**Performance Rights**	**Shares**
P M Bassat	–	–	19,411
T J Bowen*	–	154,406	444,401
M A Chaney	–	–	87,347
R L Every	–	–	27,541
R J B Goyder*	–	267,186	961,350
J P Graham	15,120	–	804,493
A J Howarth	20,000	–	16,494
W G Osborn	–	–	8,480
D L Smith-Gander	–	–	12,045
V M Wallace	–	–	12,900
J A Westacott	–	–	1,811

* R J B Goyder holds 267,186 performance rights and T J Bowen holds 154,406 performance rights, allocated under the 2012 Wesfarmers Long Term Incentive Plan (WLTIP), 2013 and 2014 WLTIP. The 2012 WLTIP performance rights of 100,000 and 50,000 respectively are subject to a four-year performance period, being 1 July 2012 to 30 June 2016. The 2013 WLTIP performance rights of 88,000 and 55,000 respectively are subject to a four-year performance period, being 1 July 2013 to 30 June 2017. The 2014 WLTIP performance rights of 79,816 and 49,406 respectively are subject to a four-year performance period, being 1 July 2014 to 30 June 2018. In general, if the relative total shareholder return and compound annual growth rate in return on equity performance conditions are met, executives will be allocated Wesfarmers fully-paid ordinary shares at the end of the performance period. For further details, please see the remuneration report on pages 73 to 86 of this annual report.

C B Carter and C Macek retired on 20 November 2014 at the conclusion of the Annual General Meeting. As at the date of their retirements, Mr Carter held 31,289 and Mr Macek held 20,319 Wesfarmers Limited shares respectively. Neither Mr Carter nor Mr Macek held BWP Trust units or Wesfarmers Limited performance rights.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of Board committees) held during the year ended 30 June 2015 and the number of meetings attended by each director:

	Board		Audit and Risk Committee[3]		Remuneration Committee		Nomination Committee		Gresham Mandate Review Committee	
	(A)[1]	(B)[2]	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
P M Bassat[4]	12	12	2	2	4	4	5	5		
T J Bowen	12	11								
C B Carter[5]	5	4			2	2	4	3	4	4
M A Chaney[6]	1	1			1	1				
R L Every	12	12	6	6	6	6	5	5		
R J B Goyder	12	12								
J P Graham	12	12			6	6	5	5		
A J Howarth	12	11	6	6			5	5		
C Macek[5]	5	5	2	2	2	2	4	4	4	4
W G Osborn[7]	12	11			6	6	5	5	3	2
D L Smith-Gander	12	12	6	6			5	5	7	7
V M Wallace	12	12			6	6	5	5		
J A Westacott[7]	12	10[8]	6	5[8]			5	5	3	2[8]

1 (A) = number of meetings eligible to attend.

2 (B) = number of meetings attended.

3 The Audit Committee was renamed the Audit and Risk Committee in December 2014.

4 P M Bassat resigned as a member of the Audit and Risk Committee and was appointed to the Remuneration Committee effective 21 November 2014.

5 C B Carter and C Macek retired as directors at the conclusion of the Annual General Meeting held on 20 November 2014.

6 M A Chaney was appointed as a director effective 1 June 2015.

7 W G Osborn and J A Westacott were appointed as members of the Gresham Mandate Review Committee effective 21 November 2014.

8 J A Westacott was granted a medical leave of absence for the December 2014 meetings.

Insurance and indemnification of directors and officers

During or since the end of the financial year, the company has paid premiums in respect of a contract insuring all directors and officers of Wesfarmers Limited and its related entities against certain liabilities incurred in that capacity. Disclosure of the nature of the liability covered by the insurance and premiums paid is subject to confidentiality requirements under the contract of insurance.

In accordance with the company's constitution, the company has entered into Deeds of Indemnity, Insurance and Access with each of the directors of the company. These Deeds:

- indemnify a director to the full extent permitted by law against any liability incurred by the director:
  - as an officer of the company or of a related body corporate; and
  - to a person other than the company or a related body corporate, unless the liability arises out of conduct on the part of the director which involves a lack of good faith;
- provide for insurance against certain liabilities incurred as a director; and
- provide a director with continuing access, while in office and for a specific period after the director ceases to be a director, to certain company documents which relate to the director's period in office.

In addition, the company's constitution provides for the indemnity of officers of the company or its related bodies corporate from liability incurred by a person in that capacity.

No indemnity payment has been made under any of the documents referred to above during or since the end of the financial year.

Indemnification of auditors

The company's auditor is Ernst & Young.

The company has agreed with Ernst & Young, as part of its terms of engagement, to indemnify Ernst & Young against certain liabilities to third parties arising from the audit engagement. The indemnity does not extend to any liability resulting from a negligent, wrongful or wilful act or omission by Ernst & Young.

During the financial year:

- the company has not paid any premium in respect to any insurance for Ernst & Young or a body corporate related to Ernst & Young; and
- there were no officers of the company who were former partners or directors of Ernst & Young, whilst Ernst & Young conducted audits of the company.

Directors' and other officers' remuneration

Discussion of the Board's policy for determining the nature and amount of remuneration for directors and senior executives and the relationship between such policy and company performance are contained in the remuneration report on pages 73 to 86 of this annual report.

Options

No options over unissued shares in the company were in existence at the beginning of the financial year or granted during, or since the end of the financial year.

Company Secretary

Linda Kenyon was appointed as Company Secretary of Wesfarmers Limited in April 2002.

Linda holds Bachelor of Laws and Bachelor of Jurisprudence degrees from The University of Western Australia and is a Fellow of the Governance Institute of Australia (formerly the Chartered Secretaries Australia). She joined Wesfarmers in 1987 as legal counsel and held that position until 2000 when she was appointed Manager of BWP Management Limited (formerly Bunnings Property Management Limited), the responsible entity for the listed BWP Trust (formerly Bunnings Warehouse Property Trust). Linda is also Company Secretary of a number of Wesfarmers Group subsidiaries, and a member of the Wesfarmers Leadership Team.

Significant changes in the state of affairs

Particulars of the significant changes in the state of affairs of the consolidated entity during the financial year are as follows:

- revenue from continuing operations up from $60,181 million to $62,447 million
- profit for the year down from $2,689 million (including $1,179 million profit from discontinuing operations) to $2,440 million
- dividends per share of $2.00 (2014: $2.00 per share, including a special 'Centenary' dividend of $0.10)
- total assets up from $39,727 million to $40,402 million
- shareholders' equity down from $25,987 million to $24,781 million
- net borrowings up from $3,401 million to $6,209 million
- net cash flows from operating activities up from $3,226 million to $3,791 million

Capital return and share consolidation

On 16 December 2014, Wesfarmers paid a distribution of 100 cents per fully-paid ordinary share, comprising both a capital return (75 cents) and a fully-franked dividend component (25 cents). The distribution was accompanied by a proportionate share consolidation relating to the capital return component at a rate of one for 0.9827.

Review of results and operations

The operations, financial position, business strategies and prospects for future financial years of the consolidated entity are detailed in the operating and financial review on pages 10 to 52 of this report.

Events after the reporting period

The following significant events have arisen since the end of the financial year:

Organisational restructure and senior management changes

In August 2015 Wesfarmers announced an organisational restructure and associated senior management changes. Wesfarmers' three industrial businesses – Chemicals, Energy and Fertilisers; Resources; and Industrial and Safety – have been grouped into a new Industrials division. Further details on the restructure are detailed in the announcement released to the Australian Securities Exchange on 11 August 2015.

Dividend

On 20 August 2015, a fully-franked final ordinary dividend of 111 cents per share resulting in a total dividend of $1,247 million was declared for a payment date of 30 September 2015. This dividend has not been provided for in the 30 June 2015 full-year financial statements.

Non-audit services

Ernst & Young provided non-audit services to the consolidated entity during the year ended 30 June 2015 and received, or is due to receive, the following amounts for the provision of these services:

	$'000
Tax compliance	660
Assurance related	1,062
Other	360
Total	**2,082**

The total non-audit services fees of $2,082,000 represents 27.8 per cent of the total fees paid or payable to Ernst & Young and related practices for the year ended 30 June 2015.

The Audit and Risk Committee has, following the passing of a resolution of the Committee, provided the Board with written advice in relation to the provision of non-audit services by Ernst & Young.

The Board has considered the Audit and Risk Committee's advice, and the non-audit services provided by Ernst & Young, and is satisfied that the provision of these services during the year by the auditor is compatible with, and did not compromise, the general standard of auditor independence imposed by the *Corporations Act 2001* for the following reasons:

- the non-audit services provided do not involve reviewing or auditing the auditor's own work or acting in a management or decision-making capacity for the company;
- all non-audit services were subject to the corporate governance procedures and policies adopted by the company and have been reviewed by the Audit and Risk Committee to ensure they do not affect the integrity and objectivity of the auditor; and
- there is no reason to question the veracity of the auditor's independence declaration (a copy of which has been reproduced on the following page).

The Directors received the following declaration from Ernst & Young:

Ernst & Young
11 Mount Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Building a better working world

Auditor's Independence Declaration to the Directors of Wesfarmers Limited

In relation to our audit of the financial report of Wesfarmers Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young
17 September 2015

D S Lewsen
Partner

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Environmental regulation and performance

The activities of the consolidated entity are subject to environmental regulation by various authorities throughout Australia and New Zealand.

Licences granted to the consolidated entity regulate the management of air and water quality and quantity, the storage and carriage of hazardous materials, the disposal of wastes and other environmental matters associated with the consolidated entity's operations.

During the year there have been no known material breaches of the consolidated entity's licence conditions.

Proceedings on behalf of the company

No proceedings have been brought on behalf of the company, nor have any applications been made in respect of the company under section 237 of the *Corporations Act 2001*.

Corporate governance

In recognising the need for high standards of corporate behaviour and accountability, the directors of Wesfarmers Limited support and have followed the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. An overview of the company's corporate governance statement can be found on pages 64 to 67 of this annual report. The full corporate governance statement is available on the Corporate Governance section of the company's website at **www.wesfarmers.com.au/cg**

Corporate information

Wesfarmers Limited is a company limited by shares that is incorporated and domiciled in Australia. The company's registered office and principal place of business is 11th Floor, Wesfarmers House, 40 The Esplanade, Perth, Western Australia.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest million dollars unless otherwise stated (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

Directors' report
Remuneration report 2015 (audited)

Contents

Executive remuneration

1. Introduction

This report outlines how Wesfarmers' performance for the 2015 financial year has driven the remuneration outcomes for senior executives.

During the year the Board reviewed the remuneration framework to ensure it aligns with the Group's strategy and business objectives.

The outcome of this review was that the Board decided to reweight the performance conditions under the Wesfarmers Long Term Incentive Plan (WLTIP) (to be granted in the 2016 financial year) such that relative Total Shareholder Return (TSR) and growth in Return on Equity (ROE) will each have a 50 per cent weighting.

1.1 Key messages

The Wesfarmers Limited Board is committed to an executive remuneration framework that is focused on driving a performance culture and linking executive pay to the achievement of the Group's strategy and business objectives and, ultimately, generating satisfactory returns for shareholders.

Senior executive remuneration is set at levels which are competitive with executives in comparable companies and roles. This is vital to attracting and retaining the best people, and reflects the executive's contribution, competencies and capabilities.

Remuneration information in the statutory format is provided in section 3.6. A summary of the key changes to remuneration-related matters is set out below:

(a) Financial highlights for FY2015

The Group's retail portfolio delivered strong earnings growth, which the Group attributes to improved merchandise offers and our continued focus on delivering value to customers. In the Group's industrial businesses, despite good outcomes in cost control and operational productivity, lower commodity prices and customer project activity provided a challenging sales environment, with lower overall earnings recorded.

The Group reported net profit after tax of $2,440 million for the full-year ended 30 June 2015, an underlying increase of 8.3 per cent on the prior corresponding period when excluding discontinued operations and non-trading items.

(b) Annual incentive

At or above target awards were delivered to most executives of the retail divisions reflecting generally strong earnings growth in the Group's retail portfolio.

While good cost control and operational productivity was achieved within the Group's industrial businesses, lower earnings in the Resources and Industrial Safety divisions resulted in the annual incentive plans for these businesses delivering below target awards.

Section 3 provides details on group and divisional performance and total amounts awarded this year.

(c) Long-term incentives vesting in the year

Over the four-year measurement period of the 2011 WLTIP (1 July 2011 to 30 June 2015), Wesfarmers delivered 6.18 per cent compound annual growth in ROE, placing it at the 71st percentile relative to the ASX 50 Index, which came close to meeting the ROE performance condition (with a 75 per cent weighting) in full. The Group delivered a TSR over the four-year period of 58.5 per cent, placing it at the 51st percentile relative to its ASX 50 peers and partially meeting the TSR performance condition (with a 25 per cent weighting). These strong outcomes resulted in 82.71 per cent of the WLTIP vesting.

(d) Fixed remuneration

Fixed remuneration did not increase for a number of senior executives during the 2015 financial year, as the current levels of remuneration were considered appropriate. The average fixed remuneration increase for key management personnel for the 2015 financial year was three per cent.

(e) Managing Director's remuneration

Mr Goyder's fixed remuneration has not increased since October 2011.

His total reported remuneration for the 2015 financial year was $9.9 million (2014: $9.4 million). This includes an accounting expense of $2.6 million (2014: $2.4 million) in relation to his performance shares granted under the 2011 WLTIP and unvested performance rights granted under the 2012, 2013 and 2014 WLTIP, and $1.5 million (2014:$1.3 million) from the deferred share component of his 2013, 2014 and 2015 annual incentive.

Excluding these accounting charges, Mr Goyder's remuneration for the year was $5.7 million (2014: $5.7 million) which comprised fixed remuneration, non-monetary benefits, post-employment benefits (including superannuation) and his annual cash incentive payment.

2. Framework

Wesfarmers is committed to an executive remuneration framework that is focused on:

- driving a performance culture, and
- linking executive pay to the achievement of the Group's strategy and business objectives.

The overriding objective is to provide satisfactory returns to shareholders and the remuneration principles are focused on driving the leadership performance and behaviours consistent with achieving this objective.

The executive key management personnel (KMP) includes the executive directors (the Group Managing Director and Finance Director) and those executives who have authority and responsibility for planning, directing and controlling the activities of a major profit-generating division of Wesfarmers (refer section 3.6).

2.1 Four guiding principles

The Remuneration Committee has adopted four guiding principles when considering remuneration plans and policies.

The principles used to guide Wesfarmers' remuneration policy for senior executives are:

Ownership aligned – remuneration arrangements should encourage Wesfarmers' senior executives to behave like long-term 'owners'. There should be a strong link between remuneration earned and the achievement of sustainable performance that leads to satisfactory returns for shareholders.

Performance focused – remuneration arrangements should reward strategic, operational and financial performance of the business. As shown below, a significant proportion of each executive's remuneration is dependent upon Wesfarmers' success and individual performance.

Consistent and market competitive – a common set of remuneration practices will generally apply to all senior executive roles. Wesfarmers positions remuneration to be competitive, with an opportunity for highly competitive total remuneration for superior performance.

Open and fit for purpose – remuneration arrangements can be innovative to respond to business and operational needs. However, all remuneration arrangements for KMP will be communicated to key stakeholders in an open and transparent manner.

Our executive remuneration framework comprises fixed annual remuneration, an annual incentive and a long-term incentive. The graphs below show each of the components as a percentage of total target annual remuneration for the 2015 financial year.

Group Managing Director

	%
FAR	34
STI	33
LTI	33

Other senior executives

	%
FAR	42
STI	25
LTI	33

- Fixed annual remuneration (FAR)
- At risk pay – annual incentive (STI)
- At risk pay – long-term incentive (LTI)

2.2 Remuneration framework

The diagram below provides a snapshot of our framework and the way in which each element of remuneration has been structured to support our Group business objectives and to align with the generation of shareholder wealth.

Component	Performance measure	At risk weight	Strategic objective/performance link
FIXED ANNUAL REMUNERATION (FAR) Salary and other benefits (including statutory superannuation) +	**Key result areas for the role:** As outlined in the position description		– Remuneration set at competitive levels, to attract, retain and engage key talent. Considerations: – Role and responsibility – Business and individual performance – Internal and external relativities – Contribution, competencies and capabilities.
ANNUAL INCENTIVE (STI) Cash for target performance Restricted shares for performance above target Voluntary deferral (of portion of cash award into shares) +	**Group Financial measures (for Group executives):** Group Net Profit After Tax (NPAT) and Return on Equity (ROE) **Divisional measures (for divisional executives):** Divisional Earnings Before Interest and Tax (EBIT), Divisional Return on Capital (ROC) and where appropriate, store sales growth, coal sales and mine cash costs **Non-financial measures (for both):** Including diversity, talent management, safety and agreed key objectives	**Target:** 60% of FAR (100% of FAR Group MD) **Maximum:** 120% of FAR	– Rewards performance at Group level. The financial performance measures were chosen principally because Group profit and ROE should drive dividends and share price growth over time. – Recognises and rewards achievement of divisional goals in the areas of earnings, return on capital employed in the division and business-specific financial targets. – Drives leadership performance and behaviours consistent with achieving the Group's long-term objectives in areas including safety, diversity, succession planning and talent management. – Aligns to the Group's material business risks, including strategy execution (earnings delivery) and loss of key management personnel (succession planning).
LONG-TERM INCENTIVE (LTI) Performance rights	**FY15:** **Wesfarmers' Compound Annual Growth Rate (CAGR) in ROE** (75% weighting) and **Total Shareholder Return (TSR)** (25% weighting) Relative to ASX 50 Index Measured over a four-year performance period **FY16 key change:** **CAGR in ROE** (50% weighting) and **TSR** (50% weighting) Relative to ASX 50 Index	**Group MD:** 100-200% of FAR **Others:** 80-160% of FAR	– Ensures a strong link with the creation of shareholder value. – CAGR in ROE was chosen as a performance hurdle as it is: – Used by Wesfarmers to measure the return on its portfolio of businesses. – A key metric to measure Wesfarmers' long-term success as it contains clear links to shareholder value creation. – TSR was chosen because it: – Provides a relative, external market performance measure having regard to Wesfarmers' ASX 50 peers.
= **TOTAL REMUNERATION**	The remuneration mix is designed to reflect the diversified nature of the Wesfarmers business and is structured to reward executives for performance at a Group level and, for divisional executives, also at a divisional level, and to align executive and stakeholder interests through share ownership.		

3. Outcomes

3.1 Overview of company performance

Wesfarmers has continued to demonstrate strong performance against key measures and relative to our peers. The table below summarises details of Wesfarmers' performance for key financial measures over the past five financial years.

Financial year ended 30 June	2011	2012	2013	2014	2015
Net profit after tax (NPAT) ($m)	1,922	2,126	2,261	2,689[1]	**2,440**
Total dividends per share (declared) (cents)	150	165	180	200	**200**
– Ordinary	150	165	180	190	**200**
– Special 'Centenary'	-	-	-	10	**-**
Closing share price ($ as at 30 June)	31.85	29.90	39.60	41.84	**39.03**
Capital management distribution (paid) (cents)	-	-	-	50	**100**
Earnings per share (cents)	166.7	184.2	195.9	234.6[2]	**216.1**
Return on equity (rolling 12) (%)	7.7	8.4	8.9	10.5	**9.8**

[1] 2014 includes $1,179 million in discontinued operations relating to the disposal of the Insurance division and WesCEF's interest in Air Liquide WA Pty Ltd along with ($743) million in non-trading items relating to the impairment of Target's goodwill and Coles Liquor restructuring provision.

[2] 2014 earnings per share includes the items outlined above; excluding these items, earnings per share were 196.6 cents per share.

3.2 Fixed annual remuneration

Wesfarmers' practice is not to increase fixed remuneration by reference to inflation or indexation as a matter of course. Increases are based on merit; or where there has been a material change in role or responsibility; or the market rate for comparable roles rising materially or as a result of internal relativities.

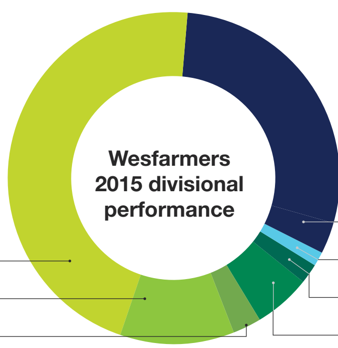
Fixed remuneration did not increase for a number of senior executives during the 2015 financial year, as the current levels of remuneration were considered appropriate. The average fixed remuneration increase for KMP for the 2015 financial year was three per cent. No increase was made to the Group Managing Director's fixed remuneration.

3.3 Annual incentive overview

The details of Wesfarmers' annual incentive plan is set out in section 3.7. The plan is designed to reward performance against measures developed for each of the KMP based upon their areas of responsibility (refer divisional performance graph below and section (a)). For the Group Managing Director and Finance Director, these include measures of Group performance – specifically Group NPAT and Group ROE. The table above in section 3.1 illustrates the strong growth in both, over the past five years.

Wesfarmers divisional performance by 2015 EBIT and ROC

Group NPAT 2,440 $M **Group ROE** 9.8 %



	EBIT $m	ROC %
Coles	1,783	11.0
Kmart	432	32.9
Target	90	3.6

	EBIT $m	ROC %
Home Improvement and Office Supplies		
– Bunnings	1,088	33.5
– Officeworks	118	11.4
Resources	50	3.4
Industrial and Safety	70	5.5
Chemicals, Energy and Fertilisers	233	15.2

3.3 Annual incentive overview (continued)

(a) Weighting of performance conditions and outcomes

The table following sets out the performance conditions for the 2015 annual incentive and the weighting between these measures for each of the executive directors and senior executives. The strong performance of Home Improvement and Office Supplies, Kmart and Coles divisions resulted in 'at or above' target awards for the executives of those divisions.

	WEIGHTING OF FINANCIAL MEASURES (%)						WEIGHTING OF NON-FINANCIAL MEASURES (%)	
Name **Division**	**Group NPAT (with ROE gate)**	**Balance sheet management**	**Divisional EBIT**	**Divisional ROC**	**Other specific divisional objectives[1]**		**Agreed objectives include diversity, talent management and safety**	
R J B Goyder Group	60	-	-	-	-		40	
T J Bowen Group, Industrial and Safety	35	10	5	-	-		50	
							Agreed objectives	**Safety**
S A Butel Resources	-		20	20	10	20	20	10
J P Durkan Coles	-		40	20	10	10	10	10
J C Gillam HIOS	-		35	35	-		20	10
S B Machin Target	-		40	10	30		15	5
T J P O'Leary Chemicals, Energy and Fertilisers	-		35	35	-		20	10
G A Russo Kmart	-		40	20	10		20	10

Threshold not met   Threshold met or exceeded   Target met or exceeded   Maximum achieved

[1] Other specific divisional objectives include – for Resources division, coal sales and mine cash costs; for Coles and Kmart divisions, stores sales growth and transaction growth; and for Target division, stock keeping unit reduction, inventory and space.

(b) Annual incentive outcomes – 2015 financial year

The table below sets out specific information relating to the actual annual incentive awards for the 2015 financial year.

Name	**Total award $**	**Cash $**	**Shares $**	**Number mandatory deferred shares**	**Number voluntary deferred shares**	**Allocation share price $**	**PERCENTAGE OF MAXIMUM STI AWARDED** Awarded%	Forfeited%
R J B Goyder	3,756,584	2,103,600	1,652,984	40,156	-	41.1633	89.3	10.7
T J Bowen	1,650,385	1,050,000	600,385	14,585	-	41.1633	78.6	21.4
S A Butel	453,179	453,179	-	-	-	-	36.7	63.3
J P Durkan	1,448,862	1,200,000	248,862	6,045	-	41.1633	60.4	39.6
J C Gillam	1,849,914	990,000	859,914	20,890	-	41.1633	93.4	6.6
S B Machin	180,000	180,000	-	-	-	-	12.5	87.5
T J P O'Leary	764,641	630,000	116,641	2,833	-	41.1633	59.3	40.7
G A Russo	1,478,400	840,000	638,400	15,508	-	41.1633	88.0	12.0

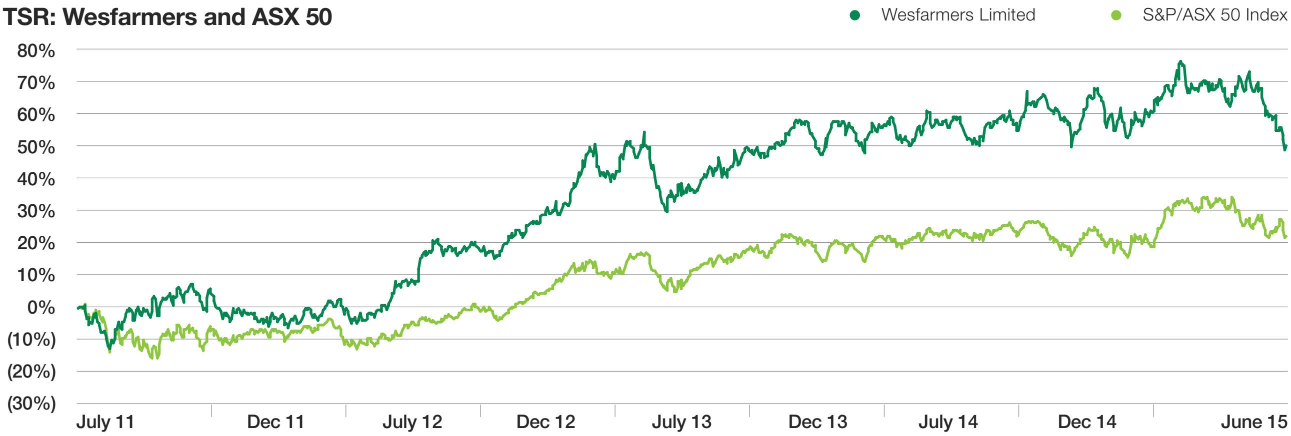
Annual incentive cash payments are made and deferred restricted shares were allocated on 27 August 2015 for the current year. The number of shares is determined based upon the allocation share price on 27 August 2015. The shares were purchased on-market at an average price of $41.1633.

3.4 Long-term incentive overview

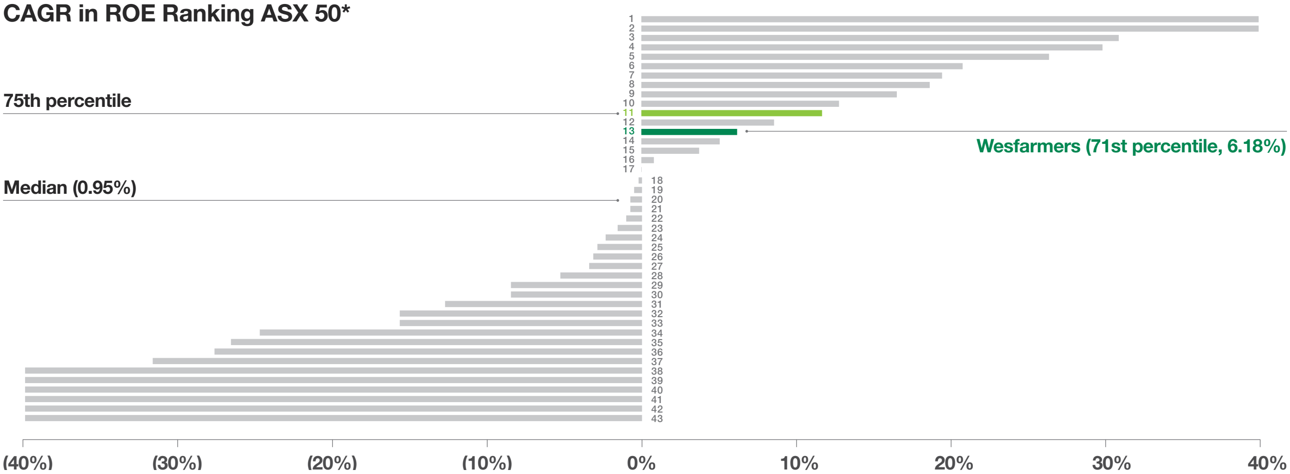
The long-term incentive is issued as performance rights granted under the WLTIP. Key terms of this scheme are detailed in section 3.7.

The graphs below show our performance against both relative TSR and relative CAGR in ROE over the past four years to 30 June 2015. These graphs reflect the strong performance of Wesfarmers relative to the ASX 50 Accumulation Index over this period.

TSR: Wesfarmers and ASX 50



CAGR in ROE Ranking ASX 50*



* The initial peer group comprises all companies within the Standard and Poor's (S&P) ASX 50 determined as at the beginning of the performance period. At the testing date however, some companies are excluded from the calculation, for example, if a company in the comparator group is taken over, merged with, or acquired (unless the acquiring/merging company is in the comparator group). Note the graph was scaled to show growth between –40% and +40%. A number of companies achieved growth outside these parameters.

(a) LTI awarded during the year

Performance rights were allocated to executives under the 2014 WLTIP on 21 November 2014 and are subject to a four-year performance period but not subject to any additional trading restrictions. Awards are subject to two hurdles (detailed in section 3.7).

	Rights granted[1]	Value at grant[2] ($)
R J B Goyder	79,186	2,507,021
T J Bowen[3]	49,406	1,564,186
S A Butel	23,263	754,299
J P Durkan	45,171	1,464,666
J C Gillam[3]	40,937	1,327,370
S B Machin	27,103	878,811
T J P O'Leary[3]	28,232	915,423
G A Russo[3]	35,008	1,135,134

1 The number of performance rights allocated is determined based upon the 10-day volume weighted average price of Wesfarmers shares over the period immediately following the full-year results announced in August (i.e. 21 August to 3 September 2014) being $44.28. Performance rights have no exercise price.

2 For accounting purposes, the fair value at grant is shown above, in accordance with AASB 2: Share-Based Payment. The rights subject to market conditions (TSR hurdle) have been independently valued using the Monte Carlo simulation using the Black-Scholes framework. The rights subject to non-market conditions (CAGR in ROE hurdle) have been valued using the Black-Scholes option pricing model. The value per right for executive directors for the TSR performance hurdle and ROE hurdle is $19.72 and $35.64 respectively. The value per right for other executives was $20.68 and $36.34 respectively.

3 T J Bowen, J C Gillam, T J P O'Leary and G A Russo requested that an additional trading restriction (to 21 November 2019 or 21 November 2021) apply to any shares allocated.

(b) LTI vesting during the year

Vesting condition	Outcome (2011-2015)	Percentile ranking vs ASX 50	% of maximum award	Total % of shares vested	Number of shares vested
CAGR in ROE (75% of the award)	6.18%	71.43	92.86	82.71	466,931
TSR (25% of the award)	58.50%	51.11	52.22		

The table above shows the performance of the Group against the targets for the 2011 WLTIP award, whose four-year performance period ended on 30 June 2015.

The Group outperformed the majority of its peers over the vesting period, leading to a majority of the awards vesting (82.71 per cent of the potential total award). The shares vested per individual are shown in section 3.5. Shares remain subject to a trading restriction to 23 November 2015 (23 November 2018 for T J P O'Leary).

3.5 Summary of awards held under Wesfarmers' long-term incentive arrangements

The table below sets out details of performance rights granted to senior executives under the 2014 WLTIP allocation (i.e. during the 2015 financial year) as well as details of shares and rights granted under prior year WLTIP awards.

It also includes details of distributions (i.e. dividends and capital returns) paid on unvested shares allocated under WLTIP awards made prior to the 2012 financial year to participating senior executives. Wesfarmers ceased granting performance shares under WLTIP grants from the 2012 financial year. The 2011 WLTIP (granted during the 2012 financial year based on performance to 30 June 2015) is the final year in which dividends will be paid on unvested awards.

							DISTRIBUTIONS	
Name		Held at 1 July 2014[1]	Granted during year	Vested	Net change[2]	Held at 30 June 2015[3]	Dividends	Capital returns
R J B Goyder	Rights	188,000	79,186	-	-	267,186	-	-
	Shares	203,920	-	165,724	(38,196)	-	-	-
T J Bowen	Rights	105,000	49,406	-	-	154,406	-	-
	Shares	117,258	-	95,294	(21,964)	-	$266,716	$87,944
S A Butel	Rights	54,841	23,263	-	-	78,104	-	-
	Shares	47,148	-	38,316	(8,832)	-	$107,244	$35,361
J P Durkan	Rights	49,978	45,171	-	-	95,149	-	-
	Shares	-	-	-	-	-	-	-
J C Gillam	Rights	86,036	40,937	-	-	126,973	-	-
	Shares	94,539	-	76,830	(17,709)	-	$215,039	$70,904
S B Machin	Rights	47,979	27,103	-	-	75,082	-	-
	Shares	-	-	-	-	-	-	-
T J P O'Leary	Rights	59,349	28,232	-	-	87,581	-	-
	Shares	44,510	-	36,172	(8,338)	-	$101,243	$33,383
G A Russo	Rights	73,655	35,008	-	-	108,663	-	-
	Shares	67,179	-	54,595	(12,584)	-	$152,806	$50,384

1 Reflects prior year WLTIP allocations which are subject to performance conditions at that time which remain unvested (i.e. under the 2011 WLTIP share allocation and 2012 and 2013 WLTIP allocation of performance rights).

2 The shares that did not vest under the 2011 WLTIP were fortified, as performance hurdles were not met in full. 'Net change' also includes the impact of the capital management initiative approved at the 2014 Annual General Meeting, which involved a distribution of $1.00 per share to shareholders, paid on 16 December 2014. It comprised a return of capital of 75 cents per share and a fully-franked dividend of 25 cents per share. The return of capital was accompanied by an equal and proportionate share consolidation. The share consolidation was undertaken through the conversion of one fully-paid ordinary Wesfarmers share into 0.9827 of a share to reflect the size of the capital return. The share consolidation reduced the number of shares held under the 2011 WLTIP, which were available to vest in 2015. The capital return did not apply to unvested performance rights allocated to executives under the 2012 WLTIP, 2013 WLTIP and 2014 WLTIP and were therefore not affected by the share consolidation. R J B Goyder was not entitled to the capital return on his 2011 WLTIP shares, notwithstanding that these shares were affected by the share consolidation.

3 Reflects the WLTIP allocations subject to performance conditions at that time which remain unvested (i.e. the 2012, 2013 and 2014 WLTIP rights).

3.6 Executive remuneration (statutory presentation)

How remuneration outcomes are presented

Remuneration outcomes are presented based on the requirements of accounting standards (which has the benefit of being readily comparable with other companies) rather than a take-home pay basis (being cash and benefits and the value of equity on vesting during the financial year). Examples of this are:

- Annual incentive (STI) awards can be paid in restricted shares. These are recognised as an expense typically over two years, including the year of the award. This year's outcome includes expenses relating to this year's and last year's restricted shares as well as this year's cash award.
- Long-Term Incentive (LTI) awards are recognised over the performance period (four years) based on their assessed value when originally granted to the executive. This may be significantly different to their value, if and when the incentive vests to the executive.
- In some circumstances, amounts are recorded as remuneration when no shares or rights vest to the executive and in other cases there can be negative remuneration from LTIs in a given year due to non-vesting.

Footnotes to remuneration table on the following page

1 Share-based payments: Refer to section 3.3 for detailed disclosures under the annual incentive plan and sections 3.4 for the various long-term incentive plans.

The amounts included for the 'Value of annual incentive shares' includes the portion of the 2015 annual incentive that was deferred into shares and is recognised for accounting purposes over the performance and forfeiture periods, which together are referred to as the 'service period'. For accounting purposes, the 2013 and 2014 annual incentive shares continue to be expensed in the 2015 financial year based on probability of vesting, as these shares are subject to performance and forfeiture conditions.

The amounts included for the 'Value of long-term incentive equity' for the 2014 WLTIP are detailed in section 3.4. For accounting purposes, the 2011, 2012 and 2013 WLTIP continue to be expensed in the 2015 financial year based on probability of vesting as these shares are subject to performance and forfeiture conditions, together referred to as the service period. As a result of the change in the performance period for the WLTIP from three years to four years in 2011, the amount shown in this column includes four WLTIP awards, whereas in prior years the expense for three WLTIP awards were shown.

2 The percentage performance related for the 2015 financial year is the sum of the annual incentive and share-based payments divided by the total remuneration, reflecting the actual percentage of remuneration at risk for the year.

The percentage of total remuneration that consists of performance rights only, being the amount expensed in the 2015 financial year for the 2012, 2013 and 2014 WLTIP, is as follows – R J B Goyder 16.8%, T J Bowen 18.0%, S A Butel 19.3%, J P Durkan 10.4%, J C Gillam 16.1%, S B Machin 26.0%, T J P O'Leary 19.7% and G A Russo 17.4%.

3 Short-term benefits, non-monetary benefits, include the cost to the company of providing parking, vehicle, life insurance and travel. Short-term benefits, other, includes the cost of directors and officer insurance.

4 Long-term benefits relate to leave entitlements accrued for the year.

5 Post-employment benefits, other benefits, include the retention incentive accrual (equal to nine months FAR) from last year to this year, which is payable upon termination of employment for J C Gillam, T J P O'Leary and G A Russo.

6 Ian McLeod stepped down as Coles Managing Director on 30 June 2014 and John Durkan was appointed to the role effective 1 July 2014.

	SHORT-TERM BENEFITS				LONG-TERM BENEFITS	POST-EMPLOYMENT BENEFITS		SHARE-BASED PAYMENTS[1]		TERMINATION BENEFITS	TOTAL	PERCENTAGE PERFORMANCE RELATED[2]
	Cash salary $	Annual incentive $	Non-monetary benefits[3] $	Other[3] $	Leave[4] $	Super-annuation $	Other benefits[5] $	Value of annual incentive (STI) – STI shares $	Value of long-term incentive (LTI) – LTI equity $	Termination payments $	$	%
Executive directors												
R J B Goyder – Group Managing Director, Wesfarmers Limited												
2015	**3,340,656**	**2,103,600**	**200,089**	**6,987**	**58,433**	**32,077**	**-**	**1,538,339**	**2,582,892**	**-**	**9,863,073**	**63.1**
2014	3,349,587	2,103,600	147,267	8,198	58,433	23,146	-	1,305,950	2,402,062	-	9,398,243	61.8
T J Bowen – Finance Director, Wesfarmers Limited												
2015	**1,722,923**	**1,050,000**	**69,694**	**6,987**	**29,166**	**27,077**	**-**	**795,614**	**1,609,175**	**-**	**5,310,636**	**65.1**
2014	1,726,854	1,050,000	13,760	8,198	29,166	23,146	-	722,139	1,519,921	-	5,093,184	64.6
Senior executives												
S A Butel – Managing Director, Wesfarmers Resources												
2015	**950,125**	**453,179**	**50,516**	**6,987**	**17,167**	**32,077**	**-**	**217,841**	**741,583**	**-**	**2,469,475**	**57.2**
2014	959,056	618,000	49,652	8,198	17,167	23,146	-	217,841	682,291	-	2,575,351	58.9
J P Durkan – Managing Director, Coles (appointed 1/7/14)												
2015	**1,981,215**	**1,200,000**	**2,718**	**6,987**	**33,333**	**18,785**	**-**	**137,122**	**1,184,159**	**-**	**4,564,319**	**55.2**
J C Gillam – Managing Director, Home Improvement and Office Supplies												
2015	**1,572,923**	**990,000**	**2,718**	**6,987**	**27,500**	**27,077**	**150,000**	**723,077**	**1,299,841**	**-**	**4,800,123**	**62.8**
2014	1,426,854	870,000	1,854	8,198	24,166	23,146	-	449,056	1,218,129	-	4,021,403	63.1
S B Machin – Managing Director, Target												
2015	**1,172,923**	**180,000**	**2,718**	**6,987**	**20,000**	**27,077**	**-**	**-**	**494,937**	**-**	**1,904,642**	**35.4**
2014	1,176,854	87,429	1,854	8,198	20,000	23,146	-	-	340,849	-	1,658,330	25.8
T J P O'Leary – Managing Director, Wesfarmers Chemicals, Energy and Fertilisers												
2015	**979,934**	**630,000**	**28,207**	**6,987**	**17,500**	**32,077**	**37,500**	**204,141**	**786,768**	**-**	**2,723,114**	**59.5**
2014	948,050	400,000	30,658	8,198	16,667	23,146	-	510,448	697,215	-	2,634,382	61.0
G A Russo – Managing Director, Kmart												
2015	**1,327,923**	**840,000**	**2,718**	**6,987**	**23,333**	**32,077**	**120,000**	**435,682**	**1,039,579**	**-**	**3,828,299**	**60.5**
2014	1,216,854	744,000	1,854	8,198	20,667	23,146	-	343,531	947,741	-	3,305,991	61.6
Former senior executive												
I J W McLeod[6] – Managing Director, Coles (ceased in role 30/6/14)												
2014	2,510,454	1,560,000	73,625	8,198	43,333	17,775	-	36,687	576,962	-	4,827,034	45.0
Total												
2015	**13,048,622**	**7,446,779**	**359,378**	**55,896**	**226,432**	**228,324**	**307,500**	**4,051,816**	**9,738,934**	**-**	**35,463,681**	**-**
2014	13,314,563	7,433,029	320,524	65,584	229,599	179,797	-	3,585,652	8,385,170	-	33,513,918	-

Directors' report
Remuneration report 2015 (audited)

3.7 At risk component

The key details of Wesfarmers annual incentive plan and long-term incentive plan, known as WLTIP, are summarised below.

<table>
<tr><th></th><th>Annual incentive (STI)</th><th>Long-term incentive (LTI)</th></tr>
<tr><td>Description</td><td>Annual incentive plan delivered in cash (up to 60% of FAR) and mandatory deferred shares (any amounts awarded above that) restricted for three years with forfeiture condition.
Opportunity to elect up-front for a longer restriction (up to seven years) and to defer a portion of the cash award into shares (in addition to the mandatory deferral arrangement).</td><td>Award of performance rights subject to a four-year performance period.</td></tr>
<tr><td>Conditions</td><td>Financial and non-financial performance conditions (see section 3.3).</td><td>There are two performance hurdles: Wesfarmers' CAGR in ROE (with a 75% weighting) and Wesfarmers' TSR (with a 25% weighting), relative to the CAGR in ROE and TSR of the ASX 50 Index.
FY16 key change
CAGR in ROE (with 50% weighting) and TSR (with 50% weighting), both relative to the ASX 50 Index for the 2015 WLTIP allocation (to be granted during the 2016 financial year).</td></tr>
<tr><td>Performance period</td><td>Financial year</td><td>Four years</td></tr>
<tr><td>Amount that can be earned</td><td><table>
<tr><th>Level of performance</th><th>Percentage of FAR received</th></tr>
<tr><td>Below threshold or below expectations</td><td>0%</td></tr>
<tr><td>Between threshold and target</td><td>Up to 60%
(up to 100% for the Group MD)</td></tr>
<tr><td>Target or meets expectations</td><td>60%
(100% for the Group MD)</td></tr>
<tr><td>Above target or well above expectations</td><td>Up to 120%</td></tr>
</table>
In respect of the financial measures, depending on the division, threshold begins at 92.5% or 95% of target and stretch is awarded at or above 105% or 110% of target.
Safety targets are based on an improvement on last year's results.</td><td>Each year an assessment is made of the performance of each executive.
Based upon the recommendation of the Group MD and assessment by the Board, a member of the KMP may receive an LTI award equal in value to a minimum of 80% of FAR up to a maximum of 160% of FAR for outstanding performance in the preceding year.
In the case of the Group MD, the Board may determine his LTI award in the range from a minimum of 100% of FAR up to a maximum of 200% of FAR depending upon his performance rating in the preceding year.
The number of performance rights allocated is determined based upon the 10-day volume weighted average price of Wesfarmers shares over the period immediately following the full-year results announced in August.</td></tr>
<tr><td>Vesting</td><td>Incentive awards are determined after the preparation of the financial statements each year (in respect of the financial measures) and after a review of performance against non-financial measures by the Group MD (and in the case of the Group MD, by the Board) at the end of the financial year.
Financial measures (i.e. NPAT, EBIT, ROC and other specific divisional objectives) and safety measures (i.e. total reportable injury frequency rate) are calculated based on the achievement of actual results against the targets set for these measures at the start of the financial year. The performance and development review process is used to capture and assess key objectives and outcomes in relation to non-financial measures (i.e. diversity, talent management and key objectives for the role).
The Board confirms final awards based on overall personal and Group performance. In accordance with the terms of the plan, the Board has discretion to make adjustments to the performance conditions.
Annual incentive cash payments are made and deferred restricted shares are allocated in late August.</td><td>The following vesting schedule applies to both performance hurdles:
<table>
<tr><th>Percentile ranking</th><th>Percentage of awards vesting</th></tr>
<tr><td>Below the 50th percentile</td><td>0% vesting</td></tr>
<tr><td>Equal to the 50th percentile</td><td>50% vesting</td></tr>
<tr><td>Between the 50th and 75th percentile</td><td>An additional 2% of awards vest for each percentile increase</td></tr>
<tr><td>Equal to the 75th percentile or above</td><td>100% vesting</td></tr>
</table>
Following testing, any rights that do not vest, lapse.</td></tr>
<tr><td>Restrictions upon shares allocated</td><td>Restricted shares are subject to a three-year trading restriction while the executive remains an employee of Wesfarmers and the executive can elect for an additional restriction of up to seven years.
The Board may determine that mandatory restricted shares are forfeited if an executive resigns or is terminated for cause within one year of the share allocation.</td><td>Shares allocated on vesting of the rights after the four-year performance period are not subject to any additional trading restrictions. An executive can, however, elect up-front for an additional three-year trading restriction to apply.
If an executive ceases employment with Wesfarmers before the end of the performance period, their entitlement to the rights (if any) will depend on the circumstances of cessation. All rights will lapse in the event of resignation or termination for cause.
If an executive ceases employment during the performance period by reason of redundancy, ill health, death, or other circumstances approved by the Board, the executive will generally be entitled to a pro-rata number of rights based on achievement of the ROE and TSR hurdles over the performance period up to ceasing employment and to the extent the performance hurdles have been satisfied at the time of cessation.</td></tr>
<tr><td>Change of control</td><td>Board discretion to release restricted shares.</td><td>Board discretion to determine treatment of awards.</td></tr>
<tr><td>Clawback</td><td colspan="2">The terms of the STI and LTI plan contain a mechanism for the Board to clawback or adjust any incentive awards which vest (or may vest) as a result of a material misstatement in, or omission from, the financial statements or otherwise as a result of fraud, dishonesty or breach of obligations. The Board has discretion to adjust any conditions applicable to an award, if considered appropriate. The Board may, up to the value of the overpaid remuneration, reduce or defer or otherwise require the repayment of any amount paid or payable to the executive to ensure no unfair benefit is derived.</td></tr>
</table>

Non-executive director remuneration

4. Framework and outcomes

4.1 Overview of non-executive directors remuneration policy and arrangements

Policy objectives

- **To be market competitive** – aim to set fees at a level competitive with non-executive directors in comparator companies; and
- **To safeguard independence** – to not include any performance-related element, to preserve the independence of non-executive directors.

Aggregate fees approved by shareholders

The current maximum aggregate fee pool for non-executive directors of $3,300,000 was approved by shareholders at the 2012 Annual General Meeting. Effective for the 2015 financial year, the ASX Listing Rules were amended so that fees paid to Wesfarmers' non-executive directors for membership of Wesfarmers' divisional boards must be accommodated within the aggregate fee pool, in addition to Wesfarmers' Board and Committee fees and superannuation contributions made on behalf of the non-executive directors in accordance with Wesfarmers' statutory superannuation obligations.

Shareholder approval will be sought at the 2015 Annual General Meeting to increase the maximum aggregate amount of remuneration that may be paid to non-executive directors by $300,000 to $3,600,000 per annum (inclusive of superannuation). The Board believes that reviewing and, where appropriate, making smaller incremental increases on a semi-regular basis (every few years) to the maximum aggregate amount of non-executive director remuneration is a prudent approach to maintaining flexibility and was supported by recommendations provided by its external remuneration advisor. The Board believes that the proposed increase will provide Wesfarmers with the ability to manage any future appointments to its membership and to divisional boards, and to retain and attract high calibre non-executive directors, by allowing for future adjustments to the annual fees within the approved maximum aggregate amount, so that fees are competitive with those paid by comparable companies.

Regular reviews of remuneration

The Board periodically reviews the level of fees paid to non-executive directors, including seeking external advice. A review was undertaken during the 2015 financial year with the assistance of 3 degrees consulting Pty Ltd.

Main board fees and Remuneration Committee fees were increased by four per cent effective 1 January 2015 in order to remain competitive in the market having regard to the size, complexity and market position of the Group. No change was made to Audit and Risk Committee fees, as the current level of fees is considered appropriate.

4.2 Non-executive director fees and other benefits

The fees shown in the table below (inclusive of superannuation) took effect from 1 January of the relevant financial year. Members of the Nomination Committee and Gresham Mandate Review Committee do not receive any additional fees.

Fees/benefits	Description	2015 $	Included in shareholder approved cap
Board fees	**Main Board**		
	Chairman – R L Every	738,000	
	Members – all non-executive directors	212,000	Yes
Committee fees	**Audit and Risk Committee**		
	Chairman – A J Howarth	80,000	
	Members – P M Bassat (until 20 November 2014), R L Every*, C Macek until retirement (on 20 November 2014), D L Smith-Gander, J A Westacott	40,000	Yes
	Remuneration Committee		
	Chairman – W G Osborn	52,000	
	Members – R L Every,* J P Graham, V M Wallace, P M Bassat (appointed 21 November 2014) and M A Chaney (appointed 1 June 2015)	26,000	
	C B Carter and C Macek until retirement (on 20 November 2014)		Yes
Superannuation	Made to the Wesfarmers Group Superannuation Plan or another regulated superannuation fund. An amount is deducted from gross fees to meet statutory superannuation obligations.		Yes
Other Group fees	Non-executive directors are paid additional fees for participation on Wesfarmers' divisional boards, where applicable.		Yes
Other benefits	Non-executive directors are entitled to reimbursement for business-related expenses, including travel expenses and also receive the benefit of coverage under a directors and officer insurance policy.		No

* As from 1 January 2014, R L Every as Chairman of the Board no longer receives a separate fee for sitting on any of the Board's committees.

4.3 Non-executive director remuneration

The fees paid or payable to the non-executive directors in relation to the 2015 financial year are set out below:

Non-executive director		SHORT-TERM BENEFITS Fees – Wesfarmers Limited $	Fees – Wesfarmers Group $	Other benefits[1] $	POST-EMPLOYMENT BENEFITS Superannuation[2] $	Total $
P M Bassat	**2015**	**220,590**	**-**	**6,987**	**18,785**	**246,362**
	2014	223,025	-	8,198	17,775	248,998
C B Carter[3]	**2015**	**81,914**	**-**	**20,141**	**7,778**	**109,833**
	2014	208,025	-	8,198	17,775	233,998
M A Chaney[4]	**2015**	**18,268**	**-**	**574**	**1,565**	**20,407**
R L Every	**2015**	**705,215**	**-**	**6,987**	**18,785**	**730,987**
	2014	666,125	-	8,198	17,775	692,098
J P Graham[5]	**2015**	**233,500**	**-**	**6,987**	**-**	**240,487**
	2014	225,800	106,120	8,198	-	340,118
A J Howarth[5]	**2015**	**269,215**	**97,500**	**6,987**	**18,785**	**392,487**
	2014	263,025	94,900	8,198	17,775	383,898
C Macek[3]	**2015**	**95,655**	**-**	**16,581**	**9,703**	**121,939**
	2014	244,485	-	8,198	21,315	273,998
W G Osborn	**2015**	**240,215**	**-**	**6,987**	**18,785**	**265,987**
	2014	233,025	-	8,198	17,775	258,998
D L Smith-Gander	**2015**	**229,215**	**-**	**6,987**	**18,785**	**254,987**
	2014	223,025	-	8,198	17,775	248,998
V M Wallace	**2015**	**214,715**	**-**	**6,987**	**18,785**	**240,487**
	2014	208,025	-	8,198	17,775	233,998
J A Westacott	**2015**	**229,215**	**-**	**6,987**	**18,785**	**254,987**
	2014	223,025	-	8,198	17,775	248,998
Total	**2015**	**2,537,717**	**97,500**	**93,192**	**150,541**	**2,878,950**
	2014	2,717,585	201,020	81,980	163,515	3,164,100

1 The benefit included in this column is an apportionment of the premium paid on a policy for directors and officer insurance. In 2015, this benefit also includes the cost to the company (inclusive of fringe benefits tax) of a retirement gift for C B Carter and C Macek.

2 Superannuation contributions are made on behalf of non-executive directors in accordance with Wesfarmers' statutory superannuation obligations. Also included is any part of a non-executive director's fees that have been sacrificed into superannuation.

3 C B Carter and C Macek retired at the conclusion of the 2014 Annual General Meeting on 20 November 2014.

4 M A Chaney was appointed as a non-executive director on 1 June 2015.

5 J P Graham's fees are paid to Gresham Partners Group Limited for participation on the boards of Wesfarmers Limited, and in the 2014 financial year, participation also on the boards of Wesfarmers Insurance Pty Ltd and Wesfarmers General Insurance Limited. Mr Graham ceased participation on the Insurance boards, following the sale of this business on 30 June 2014. A J Howarth receives fees for participation on the board of BWP Management Limited.

Other remuneration information

5. Remuneration governance

5.1 Responsibility for setting remuneration

Responsibility for setting remuneration policy and determining non-executive director, executive director and senior executive remuneration rests with the Board.

The Remuneration Committee is delegated responsibility to review and make recommendations to the Board. Management and remuneration consultants provide information to assist the Board and Remuneration Committee, but do not substitute for the Board and committee processes.

Detail of the composition of the Remuneration Committee is set out on page 83 of this annual report. Further information regarding the objectives and role of the Remuneration Committee is contained in its Charter, which is available on the Corporate Governance section of the company's website at **www.wesfarmers.com.au**

5.2 Use of remuneration advisors during the year

3 degrees consulting Pty Ltd was engaged by the Remuneration Committee to provide independent advice to the Remuneration Committee on a range of matters including KMP remuneration. In the 2015 financial year, 3 degrees consulting provided remuneration recommendations as defined in section 9B of the *Corporations Act 2001* in relation to the levels of our non-executive director fees and was paid $20,000 for these services.

The Board is satisfied that the recommendations were made free from any undue influence by the member or members of KMP to whom the recommendations relate. In addition to adhering to Board-approved protocols, 3 degrees consulting provided a formal declaration in this regard.

In addition to providing remuneration recommendations, 3 degrees consulting acted as independent remuneration advisor to the Remuneration Committee and provided a range of services to Wesfarmers and the Wesfarmers Group. This included providing advice on other aspects of the remuneration of the Group's senior executives and related governance and legal advice, advice regarding senior executive employment terms and general employee share plans, stakeholder communications (including in relation to the Remuneration Report) and the provision of market data regarding remuneration practices of our peers. 3 degrees consulting was paid a total of $755,875 for these services to the Wesfarmers Group for the 2015 financial year.

5.3 Senior executive and director share ownership

The Board considers it an important foundation of the Wesfarmers executive remuneration framework that the senior executive team and directors hold a significant number of Wesfarmers shares to encourage executives to behave like long-term 'owners'.

- All senior executive KMP hold approximately one year's FAR in Wesfarmers shares, with the majority holding significantly more.
- Directors are required to hold a minimum of 1,000 Wesfarmers shares within two months of appointment.
- They are also expected to increase their holdings in Wesfarmers shares to the equivalent of their annual main board fee within a five-year period of appointment.

Non-executive directors have the facility to acquire shares out of their fees under the Wesfarmers Employee Share Acquisition Plan (WESAP). Participation in the plan is voluntary and enables non-executive directors to use their after-tax fees to acquire Wesfarmers shares. Shares are purchased on-market on a monthly basis (except during blackout periods) by the plan trustee and are subject to a 12-month trading restriction, during which time the shares are held by the plan trustee.

For the 2015 financial year, V M Wallace and J A Westacott elected to utilise the WESAP. A total of 2,797 shares were purchased on behalf of Ms Wallace (with a total value of $119,317) and 466 shares were purchased on behalf of Ms Westacott (with a total value of $19,881) at share prices ranging between $41.20 and $43.93. Shares were purchased on-market at an average price per share of $42.73.

The table below sets out the number of shares held directly, indirectly or beneficially by directors and senior executives (including their related parties).

Director and executive shareholdings

Name	Balance at beginning of year	Granted as remuneration	Net change[1]	Balance at year-end	Number of shares not vested at year-end[2]
Non-executive directors					
P M Bassat	19,752	-	(341)	19,411	-
C B Carter[3]	30,672	-	617	n/a	-
M A Chaney[4]	n/a	-	n/a	87,347	-
R L Every	28,023	-	(482)	27,541	-
J P Graham	802,431	-	7,095	809,526	-
A J Howarth	14,616	-	1,878	16,494	-
C Macek[3]	20,732	-	114	n/a	-
W G Osborn	7,163	-	2,824	9,987	-
D L Smith-Gander	12,257	-	(212)	12,045	-
V M Wallace	9,722	-	2,626	12,348	-
J A Westacott	1,226	-	447	1,673	-
Executive directors and senior executives					
R J B Goyder	1,005,477	32,941	(63,305)	975,113	32,372
T J Bowen	451,524	23,437	(14,200)	460,761	23,032
S A Butel	143,296	10,551	(22,650)	131,197	10,369
J C Gillam	485,239	14,660	(8,642)	491,257	14,407
S B Machin	25,206	-	(320)	24,886	-
J P Durkan	-	1,093	44,710	45,803	45,803
T J P O'Leary	414,849	10,519	(7,345)	418,023	5,951
G A Russo	381,088	5,510	(62,108)	324,490	5,415
Total	**3,853,273**	**98,711**	**(119,294)**	**3,867,902**	**137,349**

1 The 'net change' above includes the capital management initiative approved at the 2014 Annual General Meeting, which involved a distribution of $1.00 per share to shareholders, paid on 16 December 2014. It comprised a return of capital of 75 cents per share and a fully-franked dividend of 25 cents per share. The return of capital was accompanied by an equal and proportional share consolidation. The share consolidation was undertaken through the conversion of one full-paid ordinary Wesfarmers share into 0.9827 of a share to reflect the size of the capital return.

2 The number of shares not vested reflects the 2014 annual incentive mandatory deferral into shares (which may be subject to forfeiture if the executive resigns prior to 29 August 2015).

3 C B Carter and C Macek retired on 20 November 2014.

4 M A Chaney was appointed a director effective 1 June 2015.

5.4 Share trading restrictions

Wesfarmers' securities trading policy reflects the Corporations Act prohibition on key management personnel and their closely related parties entering into any arrangement that would have the effect of limiting the key management personnel's exposure to risk relating to an element of their remuneration that remains subject to restrictions on disposal.

Wesfarmers directors, the Wesfarmers Leadership Team, and certain members of their immediate family and controlled entities are also required to obtain consent from the Wesfarmers Company Secretary for short selling, short-term trading, security interests, margin loans and hedging relating to Wesfarmers securities. The Wesfarmers Company Secretary refers all requests for consent to at least two members of the disclosure committee. Consent from the Chairman is also required for requests from Wesfarmers directors. Consent cannot be requested for dealings that are subject to the Corporations Act prohibition referred to above.

The policy is available on the Corporate Governance section of the company's website at **www.wesfarmers.com.au**. Breaches of the policy are subject to disciplinary action, which may include termination of employment.

6. Further information on remuneration

6.1 Service agreements

The remuneration and other terms of employment for the executive directors and senior executives are covered in formal employment contracts. All service agreements are for unlimited duration.

All executives are entitled to receive pay in lieu of any accrued but untaken annual and long service leave on cessation of employment.

Name	Notice periods / Termination payment
R J B Goyder	12 months notice (or payment in lieu) May be terminated immediately for serious misconduct
T J Bowen[1] **S A Butel**[1] **J C Gillam**[1] **T J P O'Leary**[1] **G A Russo**[1]	Six months notice by either party (or payment in lieu) May be terminated immediately for serious misconduct
J P Durkan **S B Machin**	Six months notice by either party (or payment in lieu) and, in the event of termination by the company, an additional severance payment equal to six months FAR May be terminated immediately for serious misconduct

[1] A portion of the retention incentive previously earned for satisfying the applicable service condition under the legacy retention incentive plan, equal to nine months FAR, is payable to these executives at the time of termination of employment (except in the case of termination for serious misconduct). These amounts were earned in the 2010 financial year; however, the payment is not due to be made until the relevant employee ceases his employment with the Group. Although it will be paid at the time of cessation of employment, such payments do not constitute a termination benefit for the purposes of the termination payment legislation.

6.2 Other transactions and balances with key management personnel

J P Graham, a director of Wesfarmers, has a majority shareholding interest in a company which jointly owns Gresham Partners Group Limited on an equal basis with a wholly-owned subsidiary of Wesfarmers. Partly-owned subsidiaries of Gresham Partners Group Limited have provided financial advisory services to Wesfarmers and were paid fees of $2,254,746 in 2015 (2014: $13,209,962).

V M Wallace, a director of Wesfarmers, was a senior partner in Japan of Booz & Company until it was acquired by PwC effective 3 April 2014. Ms Wallace retired from PwC effective 30 June 2015. To avoid any potential conflict of interest, PwC ceased acting as independent remuneration consultant to Wesfarmers prior to the completion of the acquisition. In the normal course of business, Booz & Company provided no consulting services to Wesfarmers in the 2015 financial year and PwC did not provide any services associated with remuneration recommendations (as defined in section 9B of the *Corporations Act 2001*) during the 2015 financial year.

From time to time, directors of the company or its controlled entities, or their director-related entities, may purchase goods or services from the group. These purchases are on the same terms and conditions as those entered into by other group employees or customers and are trivial or domestic in nature.

There were no loans made during the year or remaining unsettled at 30 June 2015 between Wesfarmers and its key management personnel and their related parties.

6.3 Independent audit of remuneration report

The remuneration report has been audited by Ernst & Young. Please see page 132 of this annual report for Ernst & Young's report on the remuneration report.

This directors' report, including the remuneration report, is signed in accordance with a resolution of the directors of Wesfarmers Limited.

R L Every AO
Chairman

R J B Goyder AO
Managing Director

Perth
17 September 2015

Financial statements
for the year ended 30 June 2015
Wesfarmers Limited and its controlled entities

Contents

Income statement
for the year ended 30 June 2015

		CONSOLIDATED	
			RESTATED
		2015	2014
	Note	**$m**	$m
Continuing operations			
Revenue	1	**62,447**	60,181
Expenses			
Raw materials and inventory		**(43,045)**	(41,424)
Employee benefits expense	2	**(8,198)**	(7,746)
Freight and other related expenses		**(1,019)**	(1,032)
Occupancy-related expenses	2	**(2,637)**	(2,502)
Depreciation and amortisation	2	**(1,219)**	(1,082)
Impairment expenses	2	**(41)**	(734)
Other expenses	2	**(2,941)**	(3,178)
Total expenses		**(59,100)**	(57,698)
Other income	1	**330**	247
Share of profits/(losses) of associates and joint ventures	18	**82**	65
		412	312
Earnings before interest and income tax expense (EBIT)		**3,759**	2,795
Finance costs	2	**(315)**	(346)
Profit before income tax		**3,444**	2,449
Income tax expense	3	**(1,004)**	(939)
Profit from continuing operations		**2,440**	1,510
Discontinued operations			
Air Liquide WA Pty Ltd (gain on sale)		**-**	95
Insurance division		**-**	1,084
Profit after tax for the period from discontinued operations		**-**	1,179
Profit attributable to members of the parent		**2,440**	2,689
Earnings per share attributable to ordinary equity holders of the parent from continuing operations		**cents**	cents
Basic earnings per share		**216.1**	131.8
Diluted earnings per share		**215.7**	131.5
Earnings per share attributable to ordinary equity holders of the parent			
Basic earnings per share	13	**216.1**	234.6
Diluted earnings per share	13	**215.7**	234.2

Statement of comprehensive income
for the year ended 30 June 2015

	Note	CONSOLIDATED 2015 $m	2014 $m
Profit attributable to members of the parent		**2,440**	2,689
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve	12		
Exchange differences on translation of foreign operations		**(11)**	86
Exchange differences recognised in the income statement on disposal of foreign subsidiaries		**-**	(10)
Financial assets reserve	12		
Changes in the fair value of financial assets designated at fair value through other comprehensive income		**-**	3
Tax effect	3	**-**	(1)
Cash flow hedge reserve	12		
Offset to revaluation of foreign currency denominated debt		**(177)**	-
Unrealised gains on cash flow hedges		**128**	26
Realised losses/(gains) transferred to net profit		**40**	(1)
Realised gains transferred to non-financial assets		**(246)**	(113)
Share of associates and joint venture reserves		**(13)**	-
Tax effect	3,12	**86**	26
Items that will not be reclassified to profit or loss:			
Retained earnings	12		
Remeasurement gain on defined benefit plan		**2**	1
Tax effect	3	**(1)**	-
Other comprehensive (loss)/income for the year, net of tax		**(192)**	17
Total comprehensive income for the year, net of tax, attributable to members of the parent arising from:			
Continuing operations		**2,248**	1,537
Discontinued operations		**-**	1,169
		2,248	2,706

Balance sheet
as at 30 June 2015

		CONSOLIDATED	
		2015	2014
	Note	**$m**	$m
Assets			
Current assets			
Cash and cash equivalents	4	**711**	2,067
Receivables - Trade and other	5	**1,463**	1,584
Receivables - Finance advances and loans	5	**806**	-
Inventories	6	**5,497**	5,336
Derivatives	16	**428**	66
Other		**188**	258
Total current assets		**9,093**	9,311
Non-current assets			
Investments in associates and joint ventures	18	**562**	540
Deferred tax assets	3	**558**	441
Property	7	**2,475**	2,419
Plant and equipment	7	**7,730**	7,533
Goodwill	8	**14,708**	14,510
Intangible assets	8	**4,601**	4,446
Derivatives	16	**494**	418
Other		**181**	109
Total non-current assets		**31,309**	30,416
Total assets		**40,402**	39,727
Liabilities			
Current liabilities			
Trade and other payables		**5,761**	5,417
Interest-bearing loans and borrowings	14	**1,913**	745
Income tax payable		**64**	269
Provisions	9	**1,605**	1,473
Derivatives	16	**142**	75
Other		**241**	250
Total current liabilities		**9,726**	8,229
Non-current liabilities			
Interest-bearing loans and borrowings	14	**4,615**	4,320
Provisions	9	**1,081**	1,072
Derivatives	16	**84**	24
Other		**115**	95
Total non-current liabilities		**5,895**	5,511
Total liabilities		**15,621**	13,740
Net assets		**24,781**	25,987
Equity			
Equity attributable to equity holders of the parent			
Issued capital	12	**21,844**	22,708
Reserved shares	12	**(31)**	(30)
Retained earnings	12	**2,742**	2,901
Reserves	12	**226**	408
Total equity		**24,781**	25,987

Cash flow statement
for the year ended 30 June 2015

		CONSOLIDATED	
		2015	2014
	Note	**$m**	$m
Cash flows from operating activities			
Receipts from customers		**67,484**	67,603
Payments to suppliers and employees		**(62,369)**	(63,021)
Net movement in finance advances and loans		**(8)**	-
Dividends and distributions received from associates		**42**	50
Interest received		**27**	110
Borrowing costs		**(283)**	(344)
Income tax paid		**(1,102)**	(1,172)
Net cash flows from operating activities	4	**3,791**	3,226
Cash flows from investing activities			
Net acquisition of insurance deposits		**-**	(337)
Payments for property, plant and equipment and intangibles	4	**(2,239)**	(2,233)
Proceeds from sale of property, plant and equipment and intangibles	4	**687**	1,017
Net proceeds from sale of controlled entities and associates		**124**	2,641
Net investments in associates and joint arrangements		**(44)**	(100)
Acquisition of subsidiaries, net of cash acquired		**(339)**	(36)
Investment in loan notes of associates		**(87)**	-
Net cash flows (used in)/from investing activities		**(1,898)**	952
Cash flows from financing activities			
Proceeds from borrowings		**930**	888
Repayment of borrowings		**(722)**	(1,591)
Proceeds from exercise of in-substance options under the employee share plan	12	**4**	4
Equity dividends paid		**(2,597)**	(2,160)
Capital return paid		**(864)**	(585)
Net cash flows used in financing activities		**(3,249)**	(3,444)
Net (decrease)/increase in cash and cash equivalents		**(1,356)**	734
Cash and cash equivalents at beginning of year		**2,067**	1,333
Cash and cash equivalents at end of year	4	**711**	2,067

Statement of changes in equity
for the year ended 30 June 2015

		Attributable to equity holders of the parent					
CONSOLIDATED	Note	Issued capital $m	Reserved shares $m	Retained earnings $m	Hedging reserve $m	Other reserves $m	Total equity $m
Balance at 1 July 2013		23,290	(26)	2,375	229	154	26,022
Net profit for the year		-	-	2,689	-	-	2,689
Other comprehensive income							
Exchange differences on translation of foreign operations	12	-	-	-	-	86	86
Exchange differences recognised in the income statement arising from disposal of foreign subsidiaries	12	-	-	-	-	(10)	(10)
Changes in the fair value of financial assets, net of tax	12	-	-	-	-	2	2
Changes in the fair value of cash flow hedges, net of tax	12	-	-	-	(62)	-	(62)
Remeasurement gain on defined benefit plan, net of tax	12	-	-	1	-	-	1
Total other comprehensive income for the year, net of tax		-	-	1	(62)	78	17
Total comprehensive income for the year, net of tax		-	-	2,690	(62)	78	2,706
Share-based payment transactions	12	-	-	-	-	9	9
Issue of shares	12	3	-	-	-	-	3
Capital return and share consolidation	11,12	(585)	-	-	-	-	(585)
Own shares acquired	12	-	(12)	-	-	-	(12)
Proceeds from exercise of in-substance options	12	-	4	-	-	-	4
Equity dividends	12,11	-	4	(2,164)	-	-	(2,160)
		(582)	(4)	(2,164)	-	9	(2,741)
Balance at 30 June 2014 and 1 July 2014		**22,708**	**(30)**	**2,901**	**167**	**241**	**25,987**
Net profit for the year		**-**	**-**	**2,440**	**-**	**-**	**2,440**
Other comprehensive income							
Exchange differences on translation of foreign operations	12	**-**	**-**	**-**	**-**	**(11)**	**(11)**
Changes in the fair value of cash flow hedges, net of tax	12	**-**	**-**	**-**	**(182)**	**-**	**(182)**
Remeasurement gain on defined benefit plan, net of tax	12	**-**	**-**	**1**	**-**	**-**	**1**
Total other comprehensive income for the year, net of tax		**-**	**-**	**1**	**(182)**	**(11)**	**(192)**
Total comprehensive income for the year, net of tax		**-**	**-**	**2,441**	**(182)**	**(11)**	**2,248**
Share-based payment transactions	12	**-**	**-**	**-**	**-**	**11**	**11**
Capital return and share consolidation	11,12	**(864)**	**-**	**-**	**-**	**-**	**(864)**
Own shares acquired	12	**-**	**(8)**	**-**	**-**	**-**	**(8)**
Proceeds from exercise of in-substance options	12	**-**	**4**	**-**	**-**	**-**	**4**
Equity dividends	12,11	**-**	**3**	**(2,600)**	**-**	**-**	**(2,597)**
		(864)	**(1)**	**(2,600)**	**-**	**11**	**(3,454)**
Balance at 30 June 2015		**21,844**	**(31)**	**2,742**	**(15)**	**241**	**24,781**

Notes to the financial statements: About this report
for the year ended 30 June 2015

About this report

Wesfarmers Limited (referred to as 'Wesfarmers') is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of Wesfarmers and its subsidiaries (referred to as 'the Group') are described in the segment information.

The consolidated general purpose financial report of the Group for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 17 September 2015. The Directors have the power to amend and reissue the financial report.

The financial report is a general purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on a historical cost basis, except for investments held by associates, financial instruments and certain financial assets, which have been measured at fair value. The carrying values of recognised assets and liabilities that are the hedged items in fair value hedge relationships, which are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged;
- is presented in Australian dollars with all values rounded to the nearest million dollars ($'000,000) unless otherwise stated, in accordance with ASIC Class Order 98/100;
- presents reclassified comparative information where required for consistency with the current year's presentation. This includes the restatement of the income statement to present Air Liquide WA Pty Ltd (ALWA) as a discontinued operation consistent with the classification of the Insurance division;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or before 1 July 2014. Refer to note 26 for further details;
- does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective with the exception of AASB 9 *Financial Instruments (December 2010)* as amended by 2013-9 (AASB 9 (2013)) including consequential amendments to other standards which was adopted on 1 July 2014. Refer to note 26 for further details; and
- equity accounts for associates listed at note 18.

Key judgements and estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

Page		
97	Note 1	Income
99	Note 3	Tax expense
101	Note 6	Inventories
102	Note 7	Property, plant and equipment
103	Note 8	Goodwill and intangible assets
104	Note 9	Provisions
118	Note 17	Impairment of non-financial assets
119	Note 18	Associates and joint arrangements
124	Note 20	Commitments and contingencies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is contained in note 19.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-Group transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Foreign currency

The functional currencies of overseas subsidiaries are listed in note 19. As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate of exchange ruling at the balance sheet date and the income statements are translated at the average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising from the application of these procedures are taken to the income statement, with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, which are taken directly to equity until the disposal of the net investment and are then recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Notes to the financial statements: About this report
for the year ended 30 June 2015

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business – for example, acquisitions and impairment writedowns; or
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

- *Key numbers:* provides a breakdown of individual line items in the financial statements that the directors consider most relevant and summarises the accounting policies, judgements and estimates relevant to understanding these line items;
- *Capital:* provides information about the capital management practices of the Group and shareholder returns for the year;
- *Risk:* discusses the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance and what the Group does to manage these risks;
- *Group structure:* explains aspects of the group structure and how changes have affected the financial position and performance of the Group;
- *Unrecognised items:* provides information about items that are not recognised in the financial statements but could potentially have a significant impact on the Group's financial position and performance; and
- *Other:* provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered critical in understanding the financial performance or position of the Group.

Capital and structural highlights

Capital management

On 16 December 2014, Wesfarmers paid a distribution of 100 cents per fully-paid ordinary share, comprising both a capital return (75 cents) and a fully-franked dividend component (25 cents). The distribution was accompanied by a proportionate share consolidation relating to the capital component at a rate of one for 0.9827.

Funding activities

Borrowings - Proceeds

During October 2014, Wesfarmers issued a EUR600 million (A$866 million) bond under its EMTN program. The issue consists of notes with a tenor of seven years at a margin of 55 basis points over the EURO seven year mid swap rate, maturing in October 2021. The proceeds of the issue are fully hedged and were swapped back to Australian dollars at a fixed coupon of approximately 4.74 per cent.

During May 2015, Wesfarmers raised A$500 million of domestic medium term unsecured notes with a tenor of approximately five and a half years maturing in November 2020. Of the A$500 million raised, A$300 million is at a fixed rate 90 basis points over the equivalent swap rate and A$200 million is at a floating rate 90 basis points over the three month Bank Bill Reference Rate.

Borrowings - Repayments

In September 2014, domestic medium term notes totalling A$500 million matured and were repaid using existing facilities and cash balances. In February 2015, a fully drawn A$222 million bank bilateral facility matured and was repaid using existing facilities and cash balances.

In June 2015, Wesfarmers increased the limits on its bank bilateral facilities by A$500 million and, as at 30 June 2015, had A$3,148 million of unused financing facilities. In July 2015, maturing bonds of EUR500 million (A$756 million) were repaid.

For further details refer to note 14 for the Group's debt profile.

Acquisitions

Industrial and Safety: acquired the Workwear Group of Pacific Brands Limited on 1 December 2014 for $188 million. The Workwear Group designs, sources, manufactures and supplies industrial workwear, corporate wear, uniforms and specialised defence and emergency services workwear to customers across Australia, New Zealand and internationally. The acquisition enables Wesfarmers Industrial and Safety to expand into new customer segments in industrial and corporate workwear in Australia and New Zealand and extend its presence into other markets including the United Kingdom, further strengthening its service to customers.

Coles: acquired the remaining 50 per cent of shares in Wesfarmers Finance Pty Ltd (the holding company for the Coles Credit Card Joint Venture) held by GE Capital Finance JV Holdco Pty Ltd for $110 million. The joint venture held the assets and operations of the Coles credit card portfolio comprising gross receivables of approximately $850 million as at March 2015.

WesCEF: acquired a 27.4 per cent interest in Australian Energy Consortium Pty Ltd for US$100 million (A$129 million) inclusive of related loan notes. The investment gives Wesfarmers an effective 13.7 per cent interest in Quadrant Energy Holdings Pty Ltd (Quadrant Energy) in relation to its domestic oil and gas assets in Western Australia.

Discontinued operations

The 2015 financial year was the first year of business operations without the Insurance division and the Group's interest in ALWA; both have been classified as discontinued operations. The inclusion of the gain on sale of ALWA as a discontinued operation reflects a change from the treatment in the prior year.

Notes to the financial statements: Segment information for the year ended 30 June 2015

The Group's operating segments are organised and managed separately according to the nature of the products and services provided.

Each segment represents a strategic business unit that offers different products and operates in different industries and markets. The Board and executive management team (the chief operating decision-makers) monitor the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment.

The types of products and services from which each reportable segment derives its revenues are disclosed below. Segment performance is evaluated based on operating profit or loss (segment result), which in certain respects, is presented differently from operating profit or loss in the consolidated financial statements.

Interest income and expenditure are not allocated to operating segments, as this type of activity is managed on a group basis.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. Those transfers are eliminated on consolidation and are not considered material.

The operating segments and their respective types of products and services are as follows:

Retail

Coles

- Supermarket and liquor retailer, including a hotel portfolio;
- Retailer of fuel and operator of convenience stores;
- Financial services provider, including insurance and credit cards; and
- Coles property business operator.

Home Improvement and Office Supplies (HIOS)

- Retailer of building material and home and garden improvement products;
- Servicing project builders and the housing industry; and
- Office supplies products.

The Home Improvement and Office Supplies operating segments continue to be disclosed on an aggregated basis as they operate under common management and have similar economic characteristics such as customer profiles and regulatory environments.

Kmart

- Retailer of apparel and general merchandise, including toys, leisure, entertainment, home and consumables; and
- Provision of automotive service, repairs and tyre service.

Target

- Retailer of apparel, homewares and general merchandise, including accessories, electricals and toys.

Industrial

Resources

- Coal mining and development; and
- Coal marketing to both domestic and export markets.

Industrial and Safety (WIS)

- Supplier and distributor of maintenance, repair and operating products;
- Manufacturer and marketing of industrial gases and equipment;
- Supplier, manufacturer and distributor of workwear clothing in Australia and internationally;
- Specialised supplier and distributor of industrial safety products and services; and
- Provider of risk management and compliance services.

Chemicals, Energy and Fertilisers (WesCEF)

- Manufacturer and marketing of chemicals for industry, mining and mineral processing;
- Manufacturer and marketing of broadacre and horticultural fertilisers;
- National marketing and distributor of LPG and LNG; and
- LPG and LNG extraction for domestic and export markets.

Other

Includes:

- *Forest products:* non-controlling interest in Wespine Pty Ltd;
- *Property:* non-controlling interest in BWP Trust;
- *Investment banking:* non-controlling interest in Gresham Partners Group Limited;
- *Private equity investment:* non-controlling interests in Gresham Private Equity Fund No. 2; and
- *Corporate:* includes treasury, head office, central support functions and other corporate entity expenses. Corporate is not considered an operating segment and includes activities that are not allocated to other operating segments.

Seasonality

Revenue and earnings of various businesses are affected by seasonality and cyclicality as follows:

- For retail divisions, earnings are typically greater in the December half of the financial year due to the impact of the Christmas holiday shopping period;
- For Resources, the majority of the entity's coal contracted tonnages are renewed on an annual basis from April each calendar year and are subject to price renegotiation on a quarterly basis; and
- For Chemicals, Energy and Fertilisers, earnings are typically greater in the second half of the financial year due to the impact of the Western Australian winter season break on fertiliser sales.

Geographical information

The table below provides information on the geographical location of revenue and non-current assets (other than financial instruments, deferred tax assets and pension assets). Revenue from external customers is allocated to a geography based on the location of the operation in which it was derived. Non-current assets are allocated based on the location of the operation to which they relate.

	REVENUE		NON-CURRENT ASSETS	
	2015	2014	**2015**	2014
	$m	$m	**$m**	$m
Australia	**61,013**	58,959	**29,924**	28,949
New Zealand	**1,402**	1,218	**215**	574
Other foreign countries	**32**	4	**7**	5
	62,447	60,181	**30,146**	29,528

Segment information (continued)

	COLES		HIOS		KMART		TARGET		RESOURCES[1]		WIS		WesCEF[2]		OTHER		CONSOLIDATED	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$m	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m
Segment revenue	38,201	37,391	11,248	10,121	4,553	4,209	3,438	3,501	1,374	1,544	1,772	1,621	1,839	1,812	22	(18)	**62,447**	60,181
Adjusted EBITDA[3]	2,347	2,157	1,367	1,230	521	448	176	167	215	290	108	161	345	314	(101)	(119)	**4,978**	4,648
Depreciation and amortisation	(564)	(485)	(161)	(148)	(89)	(82)	(86)	(81)	(165)	(160)	(38)	(30)	(112)	(93)	(4)	(3)	**(1,219)**	(1,082)
Segment result	**1,783**	1,672	**1,206**	1,082	**432**	366	**90**	86	**50**	130	**70**	131	**233**	221	**(105)**	(122)	**3,759**	3,566
Items not included in segment result[4]	-	(94)	-	-	-	-	-	(677)	-	-	-	-	-	-	-	-	**-**	(771)
EBIT																	**3,759**	2,795
Finance costs																	**(315)**	(346)
Profit before income tax expense																	**3,444**	2,449
Income tax expense																	**(1,004)**	(939)
Profit attributable to members of the parent																	**2,440**	1,510
Other segment information																		
Segment assets	21,533	20,532	5,959	5,706	2,182	2,131	3,021	2,963	1,892	1,904	1,626	1,349	1,732	1,746	1,337	2,415	**39,282**	38,746
Investments in associates and joint ventures	17	43	17	17	-	-	-	-	-	-	-	-	143	89	385	391	**562**	540
Tax assets															558	441	**558**	441
Total assets																	**40,402**	39,727
Segment liabilities	(3,913)	(3,974)	(1,476)	(1,177)	(849)	(692)	(515)	(486)	(362)	(384)	(391)	(273)	(341)	(355)	(1,182)	(1,065)	**(9,029)**	(8,406)
Tax liabilities															(64)	(269)	**(64)**	(269)
Interest-bearing liabilities															(6,528)	(5,065)	**(6,528)**	(5,065)
Total liabilities																	**(15,621)**	(13,740)
Other net assets[5]	(1,436)	(564)	(3,388)	(3,460)	464	276	(447)	(480)	(1,410)	(1,326)	(586)	(474)	(1,049)	(847)	7,852	6,875	**-**	-
Net assets	16,201	16,037	1,112	1,086	1,797	1,715	2,059	1,997	120	194	649	602	485	633	2,358	3,723	**24,781**	25,987
Capital expenditure[6]	937	1,018	750	557	173	162	122	81	137	163	65	51	56	191	3	4	**2,243**	2,227
Share of net profit or loss of associates included in EBIT	3	-	-	-	-	-	-	-	-	-	-	-	18	22	61	43	**82**	65

1 The Resources result includes Government royalties and Stanwell rebates of $167 million (2014: $221 million) and hedge losses of $42 million (2014: $8 million gain).
2 The 2015 WesCEF result includes net $10 million comprising insurance proceeds from unscheduled plant outages and the gain on sale of Kleenheat's east coast LPG operations which were partially offset by asset writedowns.
3 Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation and other items not included in the segment results outlined in footnote 4.
4 The 2014 segment result excludes the $94 million Coles Liquor restructuring provision and $677 million impairment of Target's goodwill.
5 Other net assets relate predominantly to inter-company financing arrangements and segment tax balances.
6 Capital expenditure includes accruals to represent costs incurred during the year. The amount excluding movement in accruals is $2,239 million (2014: $2,233 million).

Notes to the financial statements: Key numbers for the year ended 30 June 2015

1. Income

	CONSOLIDATED 2015 $m	2014 $m
Sale of goods	**62,089**	59,881
Rendering of services	**13**	12
Interest revenue	**27**	10
Other	**318**	278
Revenue	**62,447**	60,181
Gains on disposal of property, plant and equipment	**54**	27
Gains on disposal of controlled entities	**7**	14
Other	**269**	206
Other income	**330**	247

Recognition and measurement

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised if it meets the criteria outlined below.

Sale of goods

The Group generates a significant proportion of its revenue from the sale of the following finished goods:

- Merchandise direct to customers through the Group's retail operations;
- Sales to other businesses of products for which the Group has distribution rights, principally related to industrial maintenance and industrial safety;
- Fertilisers and specialty gases;
- Coal, both nationally and internationally; and
- LPG and LNG.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and it can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer. Revenue from lay-by transactions is recognised on the date when the customer completes payment and takes possession of the merchandise.

Rendering of services

With respect to services rendered, revenue is recognised depending on the stage of completion of those services.

Interest

Revenue is recognised as the interest accrues to the related financial asset. Interest is determined using the effective interest rate method, which applies the interest rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument.

Dividends

Revenue from dividends is recognised when the Group's right to receive the payment is established.

Operating lease rental revenue

Operating lease revenue consists of rentals from investment properties and sub-lease rentals. Rentals received under operating leases and initial direct costs are recognised on a straight line basis over the term of the lease.

Key estimate: loyalty program

The Group operates a loyalty points program, which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can then be redeemed for products, subject to a minimum number of points being obtained. Consideration received on transactions where points are issued is allocated between the products sold and the points issued. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed. At 30 June 2015, $212 million of revenue is deferred in relation to the loyalty program (2014: $168 million). Any reasonably possible change in the estimate is unlikely to have a material impact.

Key estimate: gift cards

Revenue from the sale of gift cards is recognised when the card is redeemed and the customers purchase goods by using the card, or when the customer card is no longer expected to be redeemed. At 30 June 2015, $174 million of revenue is deferred in relation to gift cards (2014: $178 million). The key assumption in measuring the liability for gift cards and vouchers is the expected redemption rates by customers, which are reviewed annually based on historical information. Any reassessment of expected redemption rates in a particular year impacts the revenue recognised from expiry of gift cards and vouchers (either increasing or decreasing). Any reasonably possible change in the estimate is unlikely to have a material impact.

2. Expenses

	CONSOLIDATED	
	2015	2014
	$m	$m
Remuneration, bonuses and on-costs	**7,520**	7,111
Superannuation expense	**584**	544
Share-based payments expense	**94**	91
Employee benefits expense	**8,198**	7,746
Minimum lease payments	**2,068**	1,927
Contingent rental payments	**83**	85
Other	**486**	490
Occupancy-related expenses	**2,637**	2,502
Depreciation	**934**	875
Amortisation of intangibles	**118**	76
Amortisation other	**167**	131
Depreciation and amortisation	**1,219**	1,082
Impairment of plant, equipment and other assets	**19**	11
Impairment of freehold property	**22**	46
Impairment of goodwill	**-**	677
Impairment expenses	**41**	734
Government mining royalties	**100**	119
Stanwell rebate	**67**	102
Repairs and maintenance	**379**	385
Utilities and office expenses	**1,020**	1,092
Other	**1,375**	1,480
Other expenses	**2,941**	3,178
Interest expense	**266**	297
Capitalised interest	**-**	(19)
Discount rate adjustment	**25**	38
Amortisation of debt establishment costs	**5**	7
Other finance related costs	**19**	23
Finance costs	**315**	346

Recognition and measurement

Employee benefits expense

The Group's accounting policy for liabilities associated with employee benefits is set out in note 9. The policy relating to share-based payments is set out in note 27.

All employees of the Group in Australia and New Zealand are entitled to benefits on retirement, disability or death from the Group's superannuation plan. The majority of employees in Australia and New Zealand are party to a defined contribution scheme and receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available. The Group also operates a defined benefit superannuation scheme, the membership of which is now closed.

Occupancy-related expenses

Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and released to the income statement on a straight line basis over the lease term.

Fixed rate increases to lease payments, excluding contingent or index based rental increases, are recognised on a straight line basis over the lease term.

An asset or liability is recognised for the difference between the amount paid and the lease expense recognised in earnings on a straight line basis.

Contingent rental payments

Contingent rental payments are made as a result of either turnover based rentals or movements in relevant indices. Such payments are recognised in the income statement as they are incurred.

Depreciation and amortisation

Refer to notes 7 and 8 for details on depreciation and amortisation.

Impairment

Impairment expenses are recognised to the extent that the carrying amount of assets exceed their recoverable amount. Refer to note 17 for further details on impairment.

Finance costs

Finance costs are recognised as an expense when they are incurred, except for interest charges attributable to major projects with substantial development and construction phases.

Provisions and other payables are discounted to their present value when the effect of the time value of money is significant. The impact of the unwinding of these discounts and any changes to the discounting is shown as a discount rate adjustment in finance costs.

Capitalisation of borrowing costs

To determine the amount of borrowing costs to be capitalised as part of the costs of major construction projects, the Group uses the weighted average interest rate (excluding non-interest costs) applicable to its outstanding borrowings during the year. For 2015, had there been major long-term construction projects, the weighted average interest rate applicable would have been 5.00 per cent (2014: 4.96 per cent).

3. Tax expense

The major components of tax expense are:	CONSOLIDATED 2015 $m	2014 $m
Income statement (continuing operations)		
Current income tax expense		
Current year	**996**	974
Adjustment for prior years	**(20)**	(9)
Deferred income tax expense		
Temporary differences	**20**	(14)
Adjustment for prior years	**8**	(12)
Income tax reported in the income statement	**1,004**	939
Statement of changes in equity		
Net loss on revaluing cash flow hedges	**(86)**	(26)
Other	**1**	1
Income tax reported in equity	**(85)**	(25)
Tax reconciliation (continuing operations)		
Profit before tax	**3,444**	2,449
Income tax at the statutory tax rate of 30%	**1,033**	735
Adjustments relating to prior years	**(12)**	(21)
Non-deductible items	**12**	220
Share of associated companies net result after tax	**(22)**	(13)
Other	**(7)**	18
Income tax on profit before tax	**1,004**	939
Deferred income tax in the balance sheet relates to the following:		
Provisions	**217**	213
Employee benefits	**371**	342
Accrued and other payables	**149**	125
Borrowings	**197**	43
Derivatives	**68**	30
Trading stock	**25**	77
Fixed assets	**202**	169
Other individually insignificant balances	**87**	69
Deferred tax assets	**1,316**	1,068
Accelerated depreciation for tax purposes	**204**	178
Mining assets recognised for accounting purposes	**52**	72
Derivatives	**277**	145
Accrued income and other	**115**	108
Intangible assets	**93**	71
Other individually insignificant balances	**17**	53
Deferred tax liabilities	**758**	627
Net deferred tax assets	**558**	441
Deferred income tax in the income statement relates to the following:		
Provisions	**23**	13
Accruals and other	**(2)**	(18)
Other individually insignificant balances	**(1)**	(9)
Deferred tax expense	**20**	(14)

Recognition and measurement

Current taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred taxes

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that taxable profit will be available to utilise them.

The carrying amount of deferred income tax assets is reviewed at balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences at balance sheet date between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

– Where they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
– Where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:

1. Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
2. Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences.

Deferred tax liabilities are also not recognised on recognition of goodwill.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Offsetting deferred tax balances

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Key estimate: unrecognised deferred tax assets

Capital losses: The Group has unrecognised benefits relating to carried forward capital losses, which can only be offset against eligible capital gains. The Group has determined that at this stage future eligible capital gains to utilise the tax assets are not currently sufficiently probable. The unrecognised deferred tax assets of $126 million (2014: $130 million) relate wholly to capital losses in Australia.

Mineral Resource Rent Tax (MRRT): The MRRT was repealed in September 2014. The repeal had no material effect on Wesfarmers.

4. Cash and cash equivalents

	CONSOLIDATED	
	2015	2014
	$m	$m
Cash on hand and in transit	**392**	403
Cash at bank and on deposit	**319**	1,664
	711	2,067
Reconciliation of net profit after tax to net cash flows from operations		
Net profit	**2,440**	2,689
Non-cash items		
Depreciation and amortisation	**1,219**	1,123
Impairment and writedowns of assets	**41**	734
Gain on disposal of controlled entities	**(7)**	(1,054)
Gain on disposal of associate	**-**	(95)
Net (gain)/loss on disposal of non-current assets	**(20)**	41
Share of (profits)/losses of associates and joint ventures	**(82)**	(65)
Dividends and distributions received from associates	**42**	50
Capitalised borrowing costs	**-**	(19)
Discount adjustment in borrowing costs	**25**	38
Other	**12**	20
(Increase)/decrease in assets		
Trade and other receivables	**17**	54
Inventories	**(128)**	(266)
Prepayments	**30**	(28)
Reinsurance and other recoveries	**-**	198
Deferred tax assets	**6**	(40)
Other assets	**3**	34
Increase/(decrease) in liabilities		
Trade and other payables	**219**	(91)
Current tax payable	**(106)**	(35)
Provisions	**64**	59
Other liabilities	**16**	(121)
Net cash flows from operating activities	**3,791**	3,226
Capital Expenditure		
Net capital expenditure		
Payment for property	**671**	612
Payment for plant and equipment	**1,339**	1,499
Payment for intangibles	**229**	122
	2,239	2,233
Less: Proceeds from sale of property, plant, equipment and intangibles	**687**	1,017
Net capital expenditure	**1,552**	1,216

Recognition and measurement

Cash at bank and on deposit

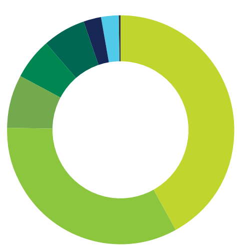
Cash and short-term deposits in the balance sheet comprise cash at bank and on hand, and short-term deposits with an original maturity of three months or less and are classified as financial assets held at amortised cost.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

5. Receivables

	CONSOLIDATED	
	2015	2014
Trade and other	**$m**	$m
Trade receivables	**1,143**	1,050
Allowance for credit losses	**(58)**	(52)
Other debtors	**378**	586
	1,463	1,584
Allowance for credit losses		
Movements in the allowance for credit losses were as follows:		
Carrying value at the beginning of the year	**52**	49
Allowance for credit losses recognised	**24**	9
Receivables written off as uncollectable	**(10)**	(4)
Unused amounts reversed	**(8)**	(2)
Allowance for credit losses at year end	**58**	52
Trade receivables past due but not impaired		
Under three months	**166**	116
Three to six months	**33**	24
Over six months	**9**	2
	208	142
Finance advances and loans		
Current	**838**	-
Allowance for credit losses	**(32)**	-
	806	-

2015 Cash capital expenditure by segment



	$m		$m
Coles	941	Resources	137
HIOS	750	WIS	57
Kmart	169	WesCEF	56
Target	127	Other	2

5. Receivables (continued)

Recognition and measurement

Trade receivables, finance advances, loans and other debtors are all classified as financial assets held at amortised cost.

Trade receivables

Trade receivables generally have terms of up to 30 days. They are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less an allowance for impairment.

Customers who wish to trade on credit terms are subject to extensive credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. With respect to trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

Impairment of trade receivables

Collectability and impairment are assessed on an ongoing basis at a divisional level. Impairment is recognised in the income statement when there is objective evidence that the Group will not be able to collect the debts. Financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. Debts that are known to be uncollectable are written off when identified. If an impairment allowance has been recognised for a debt that then becomes uncollectable, the debt is written off against the allowance account. If an amount is subsequently recovered, it is credited against profit or loss.

Finance advances and loans

Finance advances and loans consist of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost. A risk assessment process is used for new loan applications, which ranges from conducting credit assessments to relying on the assessments of financial risk provided by credit insurers.

Other debtors

These amounts generally arise from transactions outside the usual operating activities of the Group. They do not contain impaired assets and are not past due. Based on the credit history, it is expected that these other balances will be received when due.

6. Inventories

	CONSOLIDATED	
	2015 **$m**	2014 $m
Raw materials	**112**	117
Work in progress	**55**	31
Finished goods	**5,330**	5,188
	5,497	5,336

Inventories recognised as an expense for the year ended 30 June 2015 totalled $45,682 million (2014: $44,069 million).

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell.

Key estimate: net realisable value

The key assumptions, which require the use of management judgement, are the variables affecting costs recognised in bringing the inventory to their location and condition for sale, estimated costs to sell and the expected selling price. These key assumptions are reviewed at least annually. The total expense relating to inventory writedowns during the year was $46 million (2014: $19 million). Any reasonably possible change in the estimate is unlikely to have a material impact.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- *Raw materials*: purchase cost on a weighted average basis.
- *Manufactured finished goods and work in progress*: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. Work in progress also includes run-of-mine coal stocks for Resources, consisting of production costs of drilling, blasting and overburden removal.
- *Retail and wholesale merchandise finished goods*: purchase cost on a weighted average basis, after deducting any settlement discount and including logistics expenses incurred in bringing the inventories to their present location and condition.

Volume-related supplier rebates, and supplier promotional rebates where they exceed spend on promotional activities, are recognised as a reduction in the cost of inventory.

7. Property, plant and equipment

	PROPERTY		PLANT AND EQUIPMENT			
CONSOLIDATED	Freehold land $m	Buildings $m	Leasehold improve-ments $m	Plant, vehicles and equipment $m	Mineral lease and development $m	Total $m
Year ended 30 June 2015						
Cost	**1,547**	**1,061**	**1,506**	**12,124**	**880**	**17,118**
Accumulated depreciation and impairment	**-**	**(133)**	**(566)**	**(5,917)**	**(297)**	**(6,913)**
Net carrying amount	**1,547**	**928**	**940**	**6,207**	**583**	**10,205**
Movement						
Net carrying amount at the beginning of the year	**1,580**	**839**	**920**	**6,135**	**478**	**9,952**
Additions	**207**	**456**	**159**	**1,091**	**98**	**2,011**
Disposals and write-offs	**(235)**	**(317)**	**(6)**	**(87)**	**-**	**(645)**
Depreciation and amortisation	**-**	**(21)**	**(116)**	**(913)**	**(51)**	**(1,101)**
Acquisition/(disposal) of controlled entities	**-**	**1**	**-**	**8**	**-**	**9**
Transfers between classes	**(2)**	**(26)**	**(17)**	**(22)**	**67**	**-**
Other including foreign exchange movements	**(3)**	**(4)**	**-**	**(5)**	**(9)**	**(21)**
Net carrying amount at the end of the year	**1,547**	**928**	**940**	**6,207**	**583**	**10,205**
Assets under construction included above:	**-**	**377**	**110**	**617**	**-**	**1,104**
Year ended 30 June 2014						
Cost	1,580	955	1,396	11,368	719	16,018
Accumulated depreciation and impairment	-	(116)	(476)	(5,233)	(241)	(6,066)
Net carrying amount	1,580	839	920	6,135	478	9,952
Movement						
Net carrying amount at the beginning of the year	1,924	1,023	805	5,987	425	10,164
Additions	174	436	203	1,223	81	2,117
Disposals and write-offs	(519)	(565)	(20)	(84)	-	(1,188)
Depreciation and amortisation	-	(20)	(95)	(880)	(38)	(1,033)
Acquisition/(disposal) of controlled entities	-	-	-	(84)	-	(84)
Transfers between classes	6	(33)	27	-	-	-
Other including foreign currency exchange movements	(5)	(2)	-	(27)	10	(24)
Net carrying amount at the end of the year	1,580	839	920	6,135	478	9,952
Assets under construction included above:	-	238	151	483	-	872

Recognition and measurement

The carrying value of property, plant and equipment is measured as the cost of the asset, minus depreciation and impairment. The cost of the asset also includes the cost of replacing parts that are eligible for capitalisation, and the cost of major inspections.

Depreciation and amortisation

Items of property, plant and equipment are depreciated on a straight line basis over their useful lives. The estimated useful life of buildings is between 20 and 40 years; plant and equipment is between 3 and 40 years. Land is not depreciated.

Expenditure on mining areas of interest in which production has commenced is amortised over the life of the mine, based on the rate of depletion of the economically recoverable reserves. If production has not yet commenced, amortisation is not charged.

Leasehold improvements are amortised over the period of the lease or the anticipated useful life of the improvements, whichever is shorter.

Derecognition

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss from derecognising the asset (the difference between the proceeds of disposal and the carrying amount of the asset) is included in the income statement in the period the item is derecognised.

Impairment

Refer to note 17 for details on impairment testing.

Key estimates: property, plant and equipment

The estimations of useful lives, residual value and amortisation methods require significant management judgement and are reviewed annually. If they need to be modified, the depreciation and amortisation expense is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future years). Such revisions are generally required when there are changes in economic circumstances impacting specific assets or groups of assets, such as changes in store performance or changes in the long-term coal price forecasts. These changes are limited to specific assets and as such, any reasonably possible change in the estimate is unlikely to have a material impact.

8. Goodwill and intangible assets

	GOODWILL	INTANGIBLE ASSETS				
CONSOLIDATED	Goodwill $m	Trade names $m	Contractual and non-contractual relationships[1] $m	Software $m	Gaming and liquor licences $m	Total $m
Year ended 30 June 2015						
Cost	**15,608**	**3,820**	**77**	**1,124**	**156**	**20,785**
Accumulated amortisation and impairment	**(900)**	**(19)**	**(19)**	**(538)**	**-**	**(1,476)**
Net carrying amount	**14,708**	**3,801**	**58**	**586**	**156**	**19,309**
Movement						
Net carrying amount at the beginning of the year	**14,510**	**3,791**	**38**	**458**	**159**	**18,956**
Additions	**-**	**-**	**-**	**232**	**2**	**234**
Acquisition/(disposal) of controlled entities	**198**	**13**	**35**	**(4)**	**(5)**	**237**
Amortisation for the year	**-**	**(3)**	**(15)**	**(100)**	**-**	**(118)**
Net carrying amount at the end of the year	**14,708**	**3,801**	**58**	**586**	**156**	**19,309**
Year ended 30 June 2014						
Cost	15,410	3,808	42	908	159	20,327
Accumulated amortisation and impairment	(900)	(17)	(4)	(450)	-	(1,371)
Net carrying amount	14,510	3,791	38	458	159	18,956
Movement						
Net carrying amount at the beginning of the year	16,151	3,795	101	405	158	20,610
Additions	-	-	1	130	2	133
Acquisition/(disposal) of controlled entities	(995)	-	(54)	(5)	1	(1,053)
Amortisation for the year	-	(4)	(14)	(72)	-	(90)
Impairment charge	(677)	-	-	-	(2)	(679)
Other including foreign exchange movements	31	-	4	-	-	35
Net carrying amount at the end of the year	14,510	3,791	38	458	159	18,956

[1] Contractual and non-contractual relationships are intangible assets that have arisen through business combinations. They represent the value of pre-existing customer relationships in the acquired company.

Recognition and measurement

Goodwill

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the cost of the business combination minus the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Refer to note 17 for further details on impairment.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised on a straight line basis over their useful life and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method is reviewed at each financial year end. Intangible assets with indefinite lives are tested for impairment in the same way as goodwill.

A summary of the useful lives of intangible assets is as follows:

Intangible asset	Useful life
Trade names	Indefinite and finite (up to 20 years)
Contractual and non-contractual relationships	Finite (up to 15 years)
Software	Finite (up to seven years)
Gaming and liquor licences	Indefinite

Indefinite useful life is reviewed at each reporting period to determine whether it continues to be appropriate. If not, it is changed to a finite life and accounted for prospectively as a change in accounting estimate.

Key judgement: useful lives of intangible assets

Certain trade names have been assessed as having indefinite lives on the basis of strong brand strength, ongoing expected profitability and continuing support. The brand name incorporates complementary assets such as store formats, networks and product offerings.

Gaming and liquor licences have been assessed as having indefinite lives on the basis that the licences are expected to be renewed in line with business continuity requirements.

8. Goodwill and intangible assets (continued)

	CONSOLIDATED 2015 $m	2014 $m
Allocation of indefinite life intangible assets to groups of cash-generating units		
Carrying amount of intangibles		
Home Improvement and Office Supplies		
– Bunnings	1	1
– Officeworks	160	160
Industrial and Safety	22	10
Coles	2,965	2,968
Kmart	268	268
Target	533	533
	3,949	3,940
Allocation of goodwill to groups of cash-generating units		
Carrying amount of goodwill		
Chemicals, Energy and Fertilisers	2	6
Home Improvement and Office Supplies		
– Bunnings	866	866
– Officeworks	799	799
Industrial and Safety	685	567
Coles	10,342	10,258
Kmart	759	759
Target	1,255	1,255
	14,708	14,510

Impairment

Refer to note 17 for details on impairment testing.

9. Provisions

	CONSOLIDATED 2015 $m	2014 $m
Current		
Employee benefits	1,042	967
Self-insured risks	304	247
Restructuring and make good	94	91
Lease provision	9	13
Off-market contracts	25	77
Other	131	78
	1,605	1,473
Non-current		
Employee benefits	169	175
Self-insured risks	359	372
Mine and plant rehabilitation	199	208
Restructuring and make good	13	7
Lease provision	198	170
Off-market contracts	22	28
Other	121	112
	1,081	1,072
Total provisions	2,686	2,545

Recognition and measurement

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that resources will be expended to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Key estimate: discounting

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability to the extent they are not included in the cash flows.

Provisions have been calculated using discounted rates between two per cent and four per cent (2014: between two per cent and four per cent).

Key estimate: employee benefits

Prior to 30 June 2015, Commonwealth Government Bond Rates (CGBR) had been applied in determining the employee benefit provisions. These rates were applied as it was considered that there was not a sufficiently high quality corporate bond (HQCB) market in Australia. As at 30 June 2015, this position was reconsidered based on analysis undertaken by the Group of 100 and Milliman Australia and it was determined that an HQCB market now exists in Australia. As such, and in accordance with the Australian Accounting Standards, the employee benefit provisions balances as at 30 June 2015 have been calculated using discount rates derived from the HQCB market in Australia rather than the CGBR. The net effect to Wesfarmers arising from the change in discount rates applied in measuring employee benefits for the year was $17 million.

9. Provisions (continued)

Employee benefits

The provision for employee benefits represents annual leave, long service leave entitlements and incentives accrued by employees.

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date, are recognised in provisions and other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Annual leave and long service leave

The liability for annual leave and long service leave is recognised in the provision for employee benefits. It is measured as the present value of expected future payments for the services provided by employees up to the reporting date. Expected future payments are discounted using market yields at the reporting date on HQCB (2014: CGBR) with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Key estimate: long service leave

Long service leave is measured using the projected unit credit method. Management judgement is required in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in salaries and wages;
- future on-cost rates; and
- future probability of employee departures and period of service.

The total long service leave liability is $540 million (2014: $522 million). Given the magnitude of the liability and the nature of the key assumptions, any reasonably possible change in one or a combination of the estimates is unlikely to have a material impact.

Lease provision

The lease provision covers stepped lease arrangements to enable the lease expenses to be recognised on a straight-line basis over the lease term. The lease provision also includes future payments for leased premises that are surplus to the Group's requirements, net of actual and expected sub-leasing revenue, for commitments of up to three years (2014: four years). Actual lease payments may vary from the amounts provided where alternate uses are found for these premises, including attraction of new tenants.

Off-market contracts

When undertaking business acquisitions, Wesfarmers often takes on responsibility for contracts that are in place within the acquiree. Changes in market conditions may result in the original terms of the contract becoming unfavourable in comparison to market conditions present at the date of acquisition.

The obligation for discounted future above-market payments are provided for, calculated using the discount rate determined at acquisition date. The discounted future above-market provision is released to earnings over the duration of the contract.

Self-insured risks

The Group is self-insured for workers' compensation and general liability claims. Provisions are recognised based on claims reported, and an estimate of claims incurred but not reported. These provisions are determined on a discounted basis, using an actuarially determined method.

Key estimate: self-insured risks

The self-insured risk liability is based on a number of management estimates including, but not limited to:

- future inflation;
- investment return;
- average claim size;
- claim development; and
- claim administration expenses.

These assumptions are reviewed periodically and any reassessment of these assumptions will affect workers' compensation or claims expense (either increasing or decreasing the expense).

Mine and plant rehabilitation

Mining lease agreements and Group policies impose obligations to remediate areas where mining activity has taken place. Work is ongoing at various sites and in some cases will extend for more than 20 years. Provisions for remediation have been calculated assuming current technologies. As part of the valuation methodology, the risks are incorporated in the cash flows rather than the discount rates.

Restructuring and make good

These provisions relate principally to:

- the closure of retail outlets or distribution centres;
- restructuring; and
- associated redundancies.

Provisions for restructuring are recognised where steps have been taken to implement a detailed plan, including discussions with affected personnel, with employee-related costs recognised over the period of any required further service.

CONSOLIDATED	Lease provision $m	Off-market contracts $m	Self-insured risks $m	Mine and plant rehabilitation $m	Restructuring and make good $m	Other $m	Total $m
Carrying amount at 1 July 2013	176	180	545	214	32	147	1,294
Arising during the year	18	14	239	17	128	147	563
Utilised	(11)	(89)	(165)	(23)	(62)	(106)	(456)
Adjustments	-	-	-	-	-	2	2
Carrying amount at 30 June 2014 and 1 July 2014	**183**	**105**	**619**	**208**	**98**	**190**	**1,403**
Arising during the year	**39**	**21**	**199**	**7**	**106**	**210**	**582**
Utilised	**(16)**	**(78)**	**(155)**	**(13)**	**(97)**	**(143)**	**(502)**
Adjustments	**1**	**(1)**	**-**	**(3)**	**-**	**(5)**	**(8)**
Carrying amount at 30 June 2015	**207**	**47**	**663**	**199**	**107**	**252**	**1,475**

Notes to the financial statements: Capital
for the year ended 30 June 2015

10. Capital management

The Group's capital management objectives

The primary objective of Wesfarmers is to provide a satisfactory return to its shareholders. The Group aims to achieve this objective by:

- improving returns on invested capital relative to that cost of capital; and
- ensuring a satisfactory return is made on any new capital invested.

Capital is defined as the combination of shareholders' equity, reserves and net debt. The Board is responsible for monitoring and approving the capital management framework within which management operates. The purpose of the framework is to safeguard the Group's ability to continue as a going concern whilst optimising its debt and equity structure. Wesfarmers aims to maintain a capital structure that is consistent with a stable investment grade credit rating.

	Note	CONSOLIDATED 2015 $m	2014 $m
Equity and reserves			
Issued capital	12	**21,844**	22,708
Reserved shares	12	**(31)**	(30)
Retained earnings	12	**2,742**	2,901
Reserves	12	**226**	408
		24,781	25,987
Net financial debt			
Total interest-bearing debt	14	**6,528**	5,065
Less: Cash and cash equivalents	4	**(711)**	(2,067)
		5,817	2,998
Net capital		**30,598**	28,985

The Group manages its capital through various means, including:

- adjusting the amount of ordinary dividends paid to shareholders;
- maintaining a dividend investment plan;
- raising or returning capital; and
- raising or repaying debt for working capital requirements, capital expenditure and acquisitions.

Wesfarmers regularly monitors its capital requirements using various benchmarks, with the main internal measures being cash interest cover, debt cover and fixed charges cover. The principal external measures are the Group's credit ratings from Standard & Poor's and Moody's.

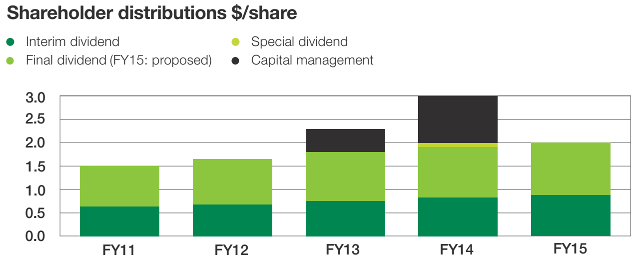
	CONSOLIDATED[1] 2015 $m	2014 $m
Cash interest cover		
Profit before income tax	**3,444**	3,787
Finance costs	**315**	363
Depreciation and amortisation	**1,219**	1,123
EBITDA (A)	**4,978**	5,273
Net cash interest paid (excluding interest revenue earned in any Insurance business) (B)	**243**	332
Cash interest cover (times) (A/B)	**20.5**	15.9
Debt cover		
Total interest-bearing debt	**6,528**	5,065
Less: cash and cash equivalents	**(711)**	(2,067)
Net financial debt (C)	**5,817**	2,998
EBITDA (A)	**4,978**	5,273
Debt cover (times) (C/A)	**1.2**	0.6
Fixed charges cover		
EBITDA	**4,978**	5,273
Minimum lease payments	**2,068**	1,953
EBITDA plus minimum lease payments (D)	**7,046**	7,226
Finance costs (net of discount adjustment), and minimum lease payments (E)	**2,358**	2,278
Fixed charges cover (times) (D/E)	**3.0**	3.2
Group credit ratings		
Standard & Poor's	**A–(stable)**	A–(stable)
Moody's	**A3(stable)**	A3(stable)

[1] The income statement metrics include both continuing and discontinued operations.

Capital return and share consolidation

On 16 December 2014, Wesfarmers paid a distribution of 100 cents per fully-paid ordinary share, comprising both a capital return (75 cents) and a fully-franked dividend component (25 cents). The distribution was accompanied by a proportionate share consolidation relating to the capital component at a rate of one for 0.9827.

Shareholder distributions $/share



11. Dividends and distributions

	CONSOLIDATED	
	2015	2014
	$m	$m
Declared and paid during the period		
Special dividend for 2014: $0.10 (2013: nil) (fully-franked at 30 per cent)	**114**	-
Final dividend for 2014: $1.05 (2013: $1.03) (fully-franked at 30 per cent)	**1,200**	1,192
Interim dividend for 2015: $0.89 (2014: $0.85) (fully-franked at 30 per cent)	**999**	972
Capital management:		
Fully-franked dividend component: $0.25 (2014: nil)	**287**	-
Capital return: $0.75 (2014: $0.50)	**864**	585
	3,464	2,749
Proposed and unrecognised as a liability		
Final dividend for 2015: $1.11 (2014: $1.05) (fully-franked at 30 per cent)	**1,247**	1,200
Special 'Centenary' dividend for 2014: $0.10 (fully-franked at 30 per cent)	**-**	114
Distribution for 2014: $1.00	**-**	1,143
Franking credit balance		
Franking credits available for future years at 30 per cent adjusted for the payment of income tax and dividends receivable or payable	**519**	471
Impact on the franking account of dividends proposed before the financial report was issued but not recognised as a distribution to equity holders during the period	**(534)**	(563)

Wesfarmers' dividend policy considers free cash flow generation, profit generation, availability of franking credits and seeks to deliver growing dividends over time.

The Group operates a dividend investment plan which allows eligible shareholders to elect to invest dividends in ordinary shares. All holders of Wesfarmers ordinary shares with addresses in Australia or New Zealand are eligible to participate in the plan. The allocation price for shares is based on the average of the daily volume weighted average price of Wesfarmers ordinary 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.

An issue of shares under the dividend investment plan results in an increase in issued capital unless the Group elects to purchase the required number of shares on-market.

12. Equity and reserves

	ORDINARY SHARES		PARTIALLY PROTECTED SHARES		TOTAL		RESERVED SHARES	
Movement in shares on issue	**Thousands**	**$m**	**Thousands**	**$m**	**Thousands**	**$m**	**Thousands**	**$m**
At 1 July 2013	1,006,672	16,975	150,522	6,315	1,157,194	23,290	(2,848)	(26)
Own shares acquired	-	-	-	-	-	-	(265)	(12)
Exercise of in-substance options	-	-	-	-	-	-	326	4
Dividends applied	-	-	-	-	-	-	-	4
Capital return and share consolidation	(12,241)	(510)	(1,739)	(75)	(13,980)	(585)	-	-
Issue of ordinary shares under the Wesfarmers Employee Share Plan	61	3	-	-	61	3	-	-
Partially protected ordinary shares converted to ordinary shares at:								
- $41.95 per share	20	1	(20)	(1)	-	-	-	-
- $42.92 per share	484	21	(484)	(21)	-	-	-	-
Partially protected ordinary shares converted to ordinary shares on a one-for-one basis	148,279	6,218	(148,279)	(6,218)	-	-	-	-
At 30 June 2014 and 1 July 2014	**1,143,275**	**22,708**	**-**	**-**	**1,143,275**	**22,708**	**(2,787)**	**(30)**
Own shares acquired	**-**	**-**	**-**	**-**	**-**	**-**	**(191)**	**(8)**
Exercise of in-substance options	**-**	**-**	**-**	**-**	**-**	**-**	**463**	**4**
Dividends applied	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3**
Capital return and share consolidation	**(19,522)**	**(864)**	**-**	**-**	**(19,522)**	**(864)**	**-**	**-**
At 30 June 2015	**1,123,753**	**21,844**	**-**	**-**	**1,123,753**	**21,844**	**(2,515)**	**(31)**

12. Equity and reserves (continued)

The nature of the Group's contributed equity

Ordinary shares are fully-paid and have no par value. They carry one vote per share and the right to dividends. They bear no special terms or conditions affecting income or capital entitlements of the shareholders and are classified as equity.

Reserved shares are ordinary shares that have been repurchased by the company and are being held for future use. They include employee reserved shares, which are shares issued to employees under the share loan plan. Once the share loan has been paid in full, they are converted to ordinary shares and issued to the employee.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. There are no shares authorised for issue that have not been issued at reporting date.

CONSOLIDATED	Retained earnings $m	Restructure tax reserve $m	Capital reserve $m	Foreign currency translation reserve $m	Cash flow hedge reserve $m	Financial assets reserve $m	Share-based payments reserve $m
Balance at 1 July 2013	2,375	150	24	(26)	229	3	3
Net profit	2,689	-	-	-	-	-	-
Dividends	(2,164)	-	-	-	-	-	-
Remeasurement gain on defined benefit plan	1	-	-	-	-	-	-
Net gain on financial instruments recognised in equity	-	-	-	-	26	3	-
Realised losses transferred to balance sheet/net profit	-	-	-	-	(114)	-	-
Tax effect of transfers and revaluations	-	-	-	-	26	(1)	-
Currency translation differences	-	-	-	76	-	-	-
Share-based payment transactions	-	-	-	-	-	-	9
Balance at 30 June 2014 and 1 July 2014	**2,901**	**150**	**24**	**50**	**167**	**5**	**12**
Net profit	**2,440**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends	**(2,600)**	**-**	**-**	**-**	**-**	**-**	**-**
Remeasurement gain on defined benefit plan	**1**	**-**	**-**	**-**	**-**	**-**	**-**
Net loss on financial instruments recognised in equity	**-**	**-**	**-**	**-**	**(49)**	**-**	**-**
Realised losses transferred to balance sheet/net profit	**-**	**-**	**-**	**-**	**(206)**	**-**	**-**
Share of associates and joint venture reserve	**-**	**-**	**-**	**-**	**(13)**	**-**	**-**
Tax effect of transfers and revaluations	**-**	**-**	**-**	**-**	**86**	**-**	**-**
Currency translation differences	**-**	**-**	**-**	**(11)**	**-**	**-**	**-**
Share-based payment transactions	**-**	**-**	**-**	**-**	**-**	**-**	**11**
Balance at 30 June 2015	**2,742**	**150**	**24**	**39**	**(15)**	**5**	**23**

Nature and purpose of reserves

Restructure tax reserve

The restructure tax reserve is used to record the recognition of tax losses arising from the equity restructuring of the Group under the 2001 ownership simplification plan. These tax losses were generated on adoption by the Group of the tax consolidation regime.

Capital reserve

The capital reserve was used to accumulate capital profits. The reserve can be used to pay dividends or issue bonus shares.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Cash flow hedge reserve

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

Financial assets reserve

The financial assets reserve records fair value changes on financial assets designated at fair-value through other comprehensive income.

Share-based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 27 for further details of these plans.

13. Earnings per share

	CONSOLIDATED	
	2015	2014
Profit attributable to ordinary equity holders of the parent ($m)	**2,440**	2,689
WANOS[1] used in the calculation of basic EPS[2,3] (shares, million)	**1,129**	1,146
WANOS[1] used in the calculation of diluted EPS[2,3] (shares, million)	**1,131**	1,148
Basic EPS (cents per share)	**216.1**	234.6
Diluted EPS (cents per share)	**215.7**	234.2

1 Weighted average number of ordinary shares.
2 2014 includes Wesfarmers' partially protected shares (PPS) which were a class of Wesfarmers ordinary shares issued to former shareholders of Coles Group Limited. These shares were reclassified into Wesfarmers ordinary shares on 9 December 2013.
3 The variance in the WANOS used in the calculation of the basic EPS and the diluted EPS is attributable to in-substance options.

There have been no transactions involving ordinary shares between the reporting date and the date of completion of these financial statements, apart from the normal conversion of employee-reserved shares (treated as in-substance options) which would impact on the above EPS calculations.

Calculation of earnings per share

Basic earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

– costs of servicing equity (other than dividends);
– the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
– other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

14. Interest-bearing loans and borrowings

	CONSOLIDATED	
	2015	2014
	$m	$m
Current		
Unsecured		
Term loans	**-**	222
Bank overdrafts	**6**	1
Corporate bonds	**1,584**	502
Other bank loans	**323**	20
	1,913	745
Non-current		
Unsecured		
Corporate bonds	**4,615**	4,320
	4,615	4,320
Total interest-bearing loans and borrowings	**6,528**	5,065

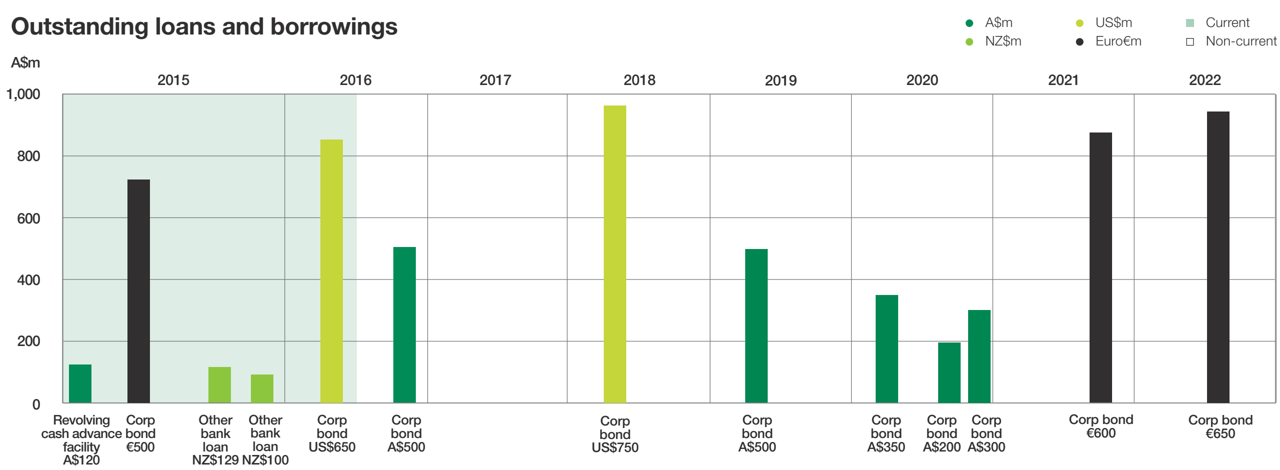
Recognition and measurement

All loans and borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Funding activities

The current year funding activities have been outlined on page 94 in the Capital and structural highlights. The illustration below provides details, including the principal repayment obligations, of all loans and borrowings on issue at 30 June 2015:

Outstanding loans and borrowings



Notes to the financial statements: Risk
for the year ended 30 June 2015

15. Financial risk management

The Group holds financial instruments for the following purposes:

Financing: to raise finance for the Group's operations or, in the case of short-term deposits, to invest surplus funds. The principal types of instruments used include syndicated and other bank loans, bank accepted bills, commercial paper, corporate bonds and cash and short-term deposits.

Operational: the Group's activities generate financial instruments, including cash, trade receivables, trade payables and finance advances.

Risk management: to reduce risks arising from the financial instruments described above, including forward exchange contracts and interest rate swaps.

It is, and has been throughout the year, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The Group's holding of these financial instruments exposes it to risk. The Board reviews and agrees the Group's policies for managing each of these risks, which are summarised below:

- liquidity risk (note 15(b));
- market risk, including foreign currency, interest rate and commodity price risk (note 15(c)); and
- credit risk (note 15(d)).

These risks affect the fair value measurements applied by the Group. This is discussed further within note 15(e).

15(a) Offsetting financial instruments

The Group presents its derivative assets and liabilities on a gross basis. Derivative financial instruments entered into by the Group are subject to enforceable master netting arrangements, such as an International Swaps and Derivatives Association (ISDA) master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The amounts set out in note 16 represent the derivative financial assets and liabilities of the Group, that are subject to the above arrangements and are presented on a gross basis.

15(b) Liquidity risk

Nature of the risk

Wesfarmers is exposed to liquidity risk primarily due to its capital management policies, which view debt as a key element of the Group's capital structure (see note 10). In addition, Wesfarmers maintains a flexible financing structure to enable it to take advantage of new investment opportunities that may arise. To facilitate effective use of debt as part of the capital structure, the Group continues to maintain investment grade credit ratings from Standard & Poor's and Moody's.

These policies expose the Group to risk including the sufficiency of available unused facilities and the maturity profile of existing financial instruments.

Liquidity risk management

Liquidity risk is managed centrally by Group Treasury, by considering over a period of time the operating cash flow forecasts of the underlying businesses and the degree of access to debt and equity capital markets.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, bank accepted bills, commercial paper, corporate bonds and the overnight money market across a range of maturities. Although the bank debt facilities have fixed maturity dates, from time to time they are reviewed and extended, thus deferring the repayment of the principal. The Group aims to spread maturities to avoid excessive refinancing in any period.

The Group endeavours to maintain funding flexibility by keeping committed credit lines available with a variety of counterparties. Surplus funds are generally invested in instruments that are tradeable in highly liquid markets with highly rated counterparties.

	CONSOLIDATED	
	2015	2014
Financing facilities available	**$m**	$m
Total facilities		
Term loans	**-**	1,472
Commercial paper	**60**	60
Other bank loans	**3,411**	2,867
	3,471	4,399
Facilities used at balance date		
Term loans	**-**	222
Other bank loans	**323**	20
	323	242
Facilities unused at balance date		
Term loans	**-**	1,250
Commercial paper	**60**	60
Other bank loans	**3,088**	2,847
	3,148	4,157

Assets pledged as security

A controlled entity has issued a floating charge over assets, capped at $80 million, as security for payment obligations to a trade creditor. The assets are excluded from financial covenants in all debt documentation.

Maturity of financial liabilities

The following tables analyse the Group's financial liabilities, including net and gross settled financial instruments, into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amounts disclosed in the balance sheet.

Expected future interest payments on loans and borrowings exclude accruals already recognised in trade and other payables. Derivative cash flows exclude accruals recognised in trade and other payables.

For foreign exchange derivatives and cross currency interest rate swaps, the amounts disclosed are the gross contractual cash flows to be paid.

For interest rate swaps, the cash flows are the net amounts to be paid at each quarter, excluding accruals included in trade and other payables, and have been estimated using forward interest rates applicable at the reporting date.

15(b) Liquidity risk (continued)

CONSOLIDATED	< 3 months, or on demand $m	3-6 months $m	6-12 months $m	1-2 years $m	2-3 years $m	3-4 years $m	4-5 years $m	>5 years $m	Total contractual cash flows $m	Carrying amount (assets)/ liabilities $m
Year ended 30 June 2015										
Non-derivatives										
Trade and other payables	**5,535**	**147**	**79**	**3**	**-**	**-**	**-**	**-**	**5,764**	**5,764**
Loans and borrowings before swaps	**854**	**204**	**861**	**500**	**1,014**	**500**	**350**	**2,615**	**6,898**	**6,528**
Expected future interest payments on loans and borrowings	**21**	**30**	**69**	**137**	**124**	**107**	**78**	**125**	**691**	**-**
Total non-derivatives	**6,410**	**381**	**1,009**	**640**	**1,138**	**607**	**428**	**2,740**	**13,353**	**12,292**
Derivatives										
Hedge interest rate swaps (net settled)	**-**	**(1)**	**(1)**	**(2)**	**(1)**	**1**	**2**	**1**	**(1)**	**(1)**
Cross currency interest rate swaps (gross settled)										
– (inflow)	**(735)**	**(13)**	**(883)**	**(57)**	**(1,072)**	**(40)**	**(41)**	**(2,230)**	**(5,071)**	**(694)**
– outflow	**769**	**23**	**669**	**111**	**835**	**86**	**86**	**1,804**	**4,383**	**-**
Net cross currency interest rate swaps	**34**	**10**	**(214)**	**54**	**(237)**	**46**	**45**	**(426)**	**(688)**	**(694)**
Hedge foreign exchange contracts (gross settled)										
– (inflow)	**(1,401)**	**(959)**	**(1,268)**	**(1,423)**	**(316)**	**(96)**	**-**	**-**	**(5,463)**	**(1)**
– outflow	**1,367**	**931**	**1,271**	**1,458**	**337**	**98**	**-**	**-**	**5,462**	**-**
Net foreign exchange contracts	**(34)**	**(28)**	**3**	**35**	**21**	**2**	**-**	**-**	**(1)**	**(1)**
Total derivatives	**-**	**(19)**	**(212)**	**87**	**(217)**	**49**	**47**	**(425)**	**(690)**	**(696)**
Year ended 30 June 2014										
Non-derivatives										
Trade and other payables	5,388	16	13	-	-	-	-	-	5,417	5,417
Loans and borrowings before swaps	501	20	222	1,466	500	856	500	1,553	5,618	5,065
Expected future interest payments on loans and borrowings	26	22	61	170	106	92	77	143	697	-
Total non-derivatives	5,915	58	296	1,636	606	948	577	1,696	11,732	10,482
Derivatives										
Hedge interest rate swaps (net settled)	(2)	-	-	-	-	-	-	-	(2)	(2)
Cross currency interest rate swaps (gross settled)										
– (inflow)	(6)	(8)	(18)	(1,558)	(43)	(900)	(29)	(1,330)	(3,892)	(349)
– outflow	15	23	66	1,469	77	798	45	921	3,414	-
Net cross currency interest rate swaps	9	15	48	(89)	34	(102)	16	(409)	(478)	(349)
Hedge foreign exchange contracts (gross settled)										
– (inflow)	(1,044)	(879)	(1,198)	(1,029)	(394)	(182)	-	-	(4,726)	(34)
– outflow	1,048	882	1,192	1,022	380	168	-	-	4,692	-
Net foreign exchange contracts	4	3	(6)	(7)	(14)	(14)	-	-	(34)	(34)
Total derivatives	11	18	42	(96)	20	(116)	16	(409)	(514)	(385)

15(c) Market risk

Nature of foreign currency risk

The Group's primary currency exposure is to US dollars and arises from sales or purchases by a division in currencies other than the division's functional currency. The Group is also exposed to the US dollar and Euro through its borrowing facilities.

As a result of operations in New Zealand, the Group's balance sheet can also be affected by movements in the AUD/NZD exchange rates. The Group mitigates the effect of its structural currency exposure by borrowing in NZ dollars in New Zealand.

Exposure

The Group's exposure to the US dollar and Euro (prior to hedging contracts) at the reporting date were as follows:

CONSOLIDATED	USD A$m	EUR A$m
2015		
Financial assets		
Cash and cash equivalents	**52**	**-**
Trade and other receivables	**119**	**-**
Cross currency interest rate swap	**505**	**224**
Hedge foreign exchange derivative assets	**1**	**-**
Financial liabilities		
Trade and other payables	**769**	**47**
Interest-bearing loans and borrowings	**1,826**	**2,535**
Cross currency interest rate swap	**-**	**35**
2014		
Financial assets		
Cash and cash equivalents	38	-
Trade and other receivables	150	-
Cross currency interest rate swap	164	204
Hedge foreign exchange derivative assets	36	-
Financial liabilities		
Trade and other payables	606	31
Interest-bearing loans and borrowings	1,484	1,496
Cross currency interest rate swap	-	19
Hedge foreign exchange derivative liabilities	-	2

Foreign currency risk management

The hedging function of the Group to address foreign currency risk is managed centrally. The Group requires all divisions to hedge foreign exchange exposures for firm commitments relating to sales or purchases or when highly probable forecast transactions have been identified. Before hedging, the divisions are also required to take into account their competitive position. The hedging instrument must be in the same currency as the hedged item. Divisions are not permitted to speculate on future currency movements.

The objective of Wesfarmers' policy on foreign exchange hedging is to protect the Group from adverse currency fluctuations. Hedging is implemented for the following reasons:

– protection of competitive position; and
– greater certainty of earnings due to protection from sudden currency movements.

The Group aims to hedge approximately 45 per cent to 55 per cent (over five years) of its foreign currency sales for which firm commitments or highly probable forecast transactions existed at the balance sheet date. The current hedge contracts extend out to June 2019. Such foreign currency purchases arise predominantly in Resources.

The Group aims to hedge approximately 70 to 100 per cent of its non-capital expenditure-related foreign currency purchases for which firm commitments or highly probable forecast transactions exist, up to 24 months forward. The Group currently hedges 100 per cent of capital expenditure-related foreign currency purchases to match expected payment dates and these may extend beyond 12 months. The current hedge contracts extend out to June 2017. The Group has also hedged 100 per cent of its US dollar and Euro borrowing facilities.

The Wesfarmers Audit and Risk Committee can approve temporary amendments to this policy, such as the hedging time horizon and hedge levels, with such amendments reviewed on a regular basis.

The Group's sensitivity to foreign exchange movements

The sensitivity analysis below shows the impact that a reasonably possible change in foreign exchange rates over a financial year would have on profit after tax and equity, based solely on the Group's foreign exchange risk exposures existing at the balance sheet date. The Group has used the observed range of actual historical rates for the preceding five-year period, with a heavier weighting placed on recently observed market data, in determining reasonably possible exchange movements to be used for the current year's sensitivity analysis. Past movements are not necessarily indicative of future movements.

The following exchange rates have been used in performing the sensitivity analysis:

	USD	EUR
Actual 2015	**0.77**	**0.68**
+10%	**0.85**	**0.75**
-10%	**0.69**	**0.61**
Actual 2014	0.94	0.69
+10%	1.03	0.76
-10%	0.85	0.62

The impact on profit and equity is estimated by relating the hypothetical changes in the US dollar and Euro exchange rate to the balance of financial instruments at the reporting date. Foreign currency risks, as defined by AASB 7 *Financial Instruments: Disclosures*, arise on account of financial instruments being denominated in a currency that is not the functional currency in which the financial instrument is measured.

Differences from the translation of financial statements into the Group's presentation currency are not taken into consideration in the sensitivity analysis and as such the NZ dollar has no material impact. The results of the foreign exchange rate sensitivity analysis are driven by three main factors, as outlined below:

– the impact of applying the above foreign exchange movements to financial instruments that are not in hedge relationships will be recognised directly in profit;
– to the extent that the foreign currency denominated derivatives on balance sheet form part of an effective cash flow hedge relationship, any fair value movements caused by applying the above sensitivity movements will be deferred in equity and will not affect profit; and
– movements in financial instruments forming part of an effective fair value hedge relationship will be recognised in profit. However, as a corresponding entry will be recognised for the hedged item, there will be no net effect on profit.

At 30 June 2015, had the Australian dollar moved against the US dollar and Euro, as illustrated in the table above, with all other variables held constant, the Group's profit after tax and other equity would have been affected by the change in value of its financial assets and financial liabilities as shown in the table on the following page.

15(c) Market risk (continued)

CONSOLIDATED	USD exposure A$m	AUD/USD + 10% Impact on profit A$m	AUD/USD + 10% Impact on equity A$m	AUD/USD - 10% Impact on profit A$m	AUD/USD - 10% Impact on equity A$m	EUR exposure A$m	AUD/EUR + 10% Impact on profit A$m	AUD/EUR + 10% Impact on equity A$m	AUD/EUR - 10% Impact on profit A$m	AUD/EUR - 10% Impact on equity A$m
Year ended 30 June 2015										
Financial assets										
Cash and cash equivalents	**52**	**(4)**	**-**	**4**	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other receivables	**119**	**(8)**	**-**	**8**	**-**	**-**	**-**	**-**	**-**	**-**
Cross currency interest rate swap	**505**	**(116)**	**(2)**	**142**	**3**	**224**	**-**	**(70)**	**-**	**85**
Hedge foreign exchange derivative assets	**1**	**(49)**	**(60)**	**60**	**73**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	**769**	**54**	**-**	**(54)**	**-**	**47**	**3**	**-**	**(3)**	**-**
Interest-bearing loans and borrowings	**1,826**	**116**	**-**	**(142)**	**-**	**2,535**	**47**	**-**	**(58)**	**-**
Cross currency interest rate swap	**-**	**-**	**-**	**-**	**-**	**35**	**(47)**	**(59)**	**58**	**72**
Hedge foreign exchange derivative assets	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(3)**	**1**	**4**
Net impact		**(7)**	**(62)**	**18**	**76**		**2**	**(132)**	**(2)**	**161**
Year ended 30 June 2014										
Financial assets										
Cash and cash equivalents	38	(3)	-	3	-	-	-	-	-	-
Trade and other receivables	150	(11)	-	11	-	-	-	-	-	-
Cross currency interest rate swap	164	(95)	(3)	116	4	204	-	(69)	-	84
Hedge foreign exchange derivative assets	36	(26)	(9)	31	11	-	-	-	-	-
Financial liabilities										
Trade and other payables	606	42	-	(42)	-	31	2	-	(2)	-
Interest-bearing loans and borrowings	1,484	95	-	(116)	-	1,496	48	-	(59)	-
Cross currency interest rate swap	-	-	-	-	-	19	(48)	(1)	59	2
Hedge foreign exchange derivative assets	-	-	-	-	-	2	(1)	(4)	2	5
Net impact		2	(12)	3	15		1	(74)	-	91

Nature of interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations that have floating interest rates.

Interest rate risk management

The policy of the Group is to limit the Group's exposure to adverse fluctuations in interest rates, which could erode the Group's profitability and adversely affect shareholder value. The policy requires that an interest rate risk management (IRRM) plan be developed based on cash flow forecasts. A committee comprising senior management meets periodically to review the IRRM plan and make interest rate hedging recommendations, which are provided to the Finance Director for approval. The Group's interest rate hedging profile is regularly reported to the Wesfarmers Board and senior executives.

To manage the interest rate exposure, the Group generally enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge interest costs associated with underlying debt obligations. At 30 June 2015, after taking into account the effect of interest rate swaps, economic hedging relationships and early repayment of a portion of core debt facilities, approximately 40 per cent of the Group's core borrowings are exposed to movements in variable rates (2014: approximately 58 per cent).

From a Group perspective, any internal contracts are eliminated as part of the consolidation process, leaving only the external contracts in the name of Wesfarmers Limited.

Although Wesfarmers has issued US and Euro bonds, cross-currency swaps are in place that removes any exposure to US and Euro interest rates. These cross-currency swaps ensure that the effective interest rate to Wesfarmers is referenced to Australian interest rates.

Exposure

As at the reporting date, the Group had the following financial assets and liabilities with exposure to interest rate risk. Interest on financial instruments, classified as floating rate, is repriced at intervals of less than one year. Interest on financial instruments, classified as fixed rate, is fixed until maturity of the instrument. The classification between fixed and floating interest takes into account applicable hedge instruments. Other financial instruments of the Group that are not included in the following table are non-interest-bearing and are therefore not subject to interest rate risk.

15(c) Market risk (continued)

	2015 Balance	2015 Weighted average interest rate	2014 Balance	2014 Weighted average interest rate
	$m	%	$m	%
Financial assets				
Fixed rate				
Finance advances and loans	**919**	**13.40**	25	9.30
Floating rate				
Cash assets	**319**	**1.45**	1,664	2.42
Total weighted average effective interest rate on financial assets at balance date		**10.32**		2.52
Financial liabilities				
Fixed rate				
Other bank loans	**120**	**2.51**	-	-
Corporate bonds	**3,149**	**5.65**	2,096	5.98
Weighted average effective interest rate on fixed rate liabilities		**5.53**		5.98
Floating rate				
Bank overdraft	**6**	**9.45**	1	8.45
Term loans	**-**	**-**	222	6.01
Other unsecured bank loan	**203**	**3.97**	20	4.15
Corporate bonds	**3,050**	**3.73**	2,726	4.64
Weighted average effective interest rate on floating rate liabilities		**3.75**		4.74
Total weighted average effective interest rate on financial liabilities:				
at balance date		**4.64**		5.25
during the year		**5.00**		4.96
during the year, including bank and liquidity charges		**5.45**		5.43

The Group's sensitivity to interest rate movements

The following sensitivity analysis shows the impact that a reasonably possible change in interest rates would have on Group profit after tax and equity. The impact is determined by assessing the effect that such a reasonably possible change in interest rates would have had on the interest income/(expense) and the impact on financial instrument fair values. This sensitivity is based on reasonably possible changes over a financial year, determined using observed historical interest rate movements for the preceding five-year period, with a heavier weighting given to more recent market data.

The results of the sensitivity analysis are driven by three main factors, as outlined below:

- for unhedged floating rate financial instruments, any increase or decrease in interest rates will impact profit;
- to the extent that derivatives form part of an effective cash flow hedge relationship, there will be no impact on profit and any increase/(decrease) in the fair value of the underlying derivative instruments will be deferred in equity; and
- movements in the fair value of derivatives in an effective fair value hedge relationship will be recognised directly in profit. However, as a corresponding entry will be recognised for the hedged item, there will be no net impact on profit.

The following sensitivity analysis is based on the Australian variable interest rate risk exposures in existence at balance sheet date.

If interest rates had moved by +/-100bps and with all other variables held constant, profit after tax and equity would be affected as follows:

CONSOLIDATED	Impact on profit A$m	Impact on equity A$m
2015		
Australian variable interest rate + 100bps	**(17)**	**77**
Australian variable interest rate - 100bps	**17**	**(76)**
2014		
Australian variable interest rate + 100bps	(8)	41
Australian variable interest rate - 100bps	8	(44)

Nature of commodity price risk

The Group's exposure to commodity price risk is purely operational and arises largely from coal price fluctuations, which impact on its coal mining operations, or in relation to the purchase of inventory with commodity price as a significant input, such as natural gas. The Group does not enter into any financial instruments that vary with movements in commodity prices. Excluding the foreign exchange risk component, which is managed as part of the Group's overall foreign exchange risk management policies and procedures referred to previously, these exposures are not hedged.

No sensitivity analysis is provided for the Group's coal and gas 'own use contracts' as they are outside the scope of AASB 139 *Financial Instruments: Recognition and Measurement*. Such contracts are to buy or sell non-financial items and were entered into, and continue to be held, for the purpose of the receipt or delivery of the non-financial item, in accordance with the division's expected purchase, sale or usage requirements.

15(d) Credit risk

Nature of the risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument or customer contract that will result in a financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily from customer receivables) and from its financing activities, including deposits with financial institutions, foreign exchange transactions and other financial instruments.

Credit risk management: receivables

Customer credit risk is managed by each division subject to established policies, procedures and controls relating to customer credit risk management. The Group trades with recognised, creditworthy third parties. Depending on the division, credit terms are generally up to 30 days from date of invoice. The Group's exposure to bad debts is not significant and default rates have historically been very low.

Customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating, financial position, past experience and industry reputation. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

An ageing of trade receivables past due is included in note 5. The credit quality of trade receivables neither past due nor impaired has been assessed as high on the basis of credit ratings (where available) or historical information about counterparty default. The carrying amounts of the Group's trade and other receivables are denominated in Australian dollars, US dollars or NZ dollars. Since the Group trades only with recognised third parties, no requests or requirement for collateral covering trade and other receivables balances have been made.

The following concentrations of the maximum credit exposure of current receivables are shown for the group:

	2015	2014
	%	%
Coles	**51.7**	20.6
Home Improvement and Office Supplies	**14.0**	22.6
Kmart	**1.5**	1.9
Target	**1.4**	0.7
Resources	**6.2**	11.5
Industrial and Safety	**12.6**	16.1
Chemicals, Energy and Fertilisers	**9.9**	14.7
Corporate	**2.7**	11.9
	100.0	100.0

Credit risk management: financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by Group Treasury in accordance with Board approved policy. Investments of surplus funds are made only with approved counterparties or counterparties rated AA or higher by Standard & Poor's. Surplus funds are invested within credit limits assigned to each counterparty, unless appropriate approval is provided.

The carrying amount of financial assets represents the maximum credit exposure. There is also exposure to credit risk when the Group provides a guarantee to another party. Details of contingent liabilities are disclosed in note 20. There are no significant concentrations of credit risk within the Group.

15(e) Fair values

The carrying amounts and estimated fair values of all the Group's financial instruments recognised in the financial statements are materially the same, with the exception of the following:

	CONSOLIDATED	
	2015	2014
	$m	$m
Corporate bonds: carrying amount	**6,199**	4,822
Corporate bonds: fair value	**6,360**	5,195

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Cash

The carrying amount is fair value due to the asset's liquid nature.

Receivables/payables

Due to the short-term nature of these financial rights and obligations, carrying amounts are estimated to represent fair values.

Other financial assets/liabilities

The fair values of corporate bonds and term deposits held at fair value have been calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs. The fair values of loan notes and other financial assets have been calculated using market interest rates.

Derivatives

The fair values are calculated as the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major currencies. Accordingly, these financial instruments are classified as Level 2.

The fair value of forward contracts is calculated by reference to forward exchange market rates at reporting date for contracts with similar maturity profiles. As market rates are observable they are classified as Level 2.

Interest-bearing loans and borrowings

Quoted market prices or dealer quotes for similar instruments are used to value long-term debt instruments except corporate bonds based on discounting expected future cash flows at market rates.

Valuation of financial instruments

For all fair value measurements and disclosures, the Group uses the following to categorise the method used:

- Level 1: the fair value is calculated using quoted prices in active markets.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

All of the Group's financial instruments were valued using market observable inputs (Level 2) with the exception of shares in unlisted companies at fair value (Level 3) that were valued at $1 million (2014: $6 million).

For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1 and Level 2 during the year. There were no material Level 3 fair value movements during the year.

16. Hedging

Types of hedging instruments

The Group is exposed to risk from movements in foreign exchange and interest rates. As part of the risk management strategy set out in note 15, the Group holds the following types of derivative instruments:

Forward exchange contracts: contracts denominated in US dollar and Euro to hedge highly probable sale and purchase transactions (cash flow hedges).

Interest rate swaps: to optimise the Group's exposure to fixed and floating interest rates arising from borrowings. These hedges incorporate cash flow hedges, which fix future interest payments, and fair value hedges, which reduce the Group's exposure to changes in the value of its assets and liabilities arising from interest rate movements.

Cross currency interest rate swaps: to either reduce the Group's exposure to exchange rate variability in its interest repayments of foreign currency denominated debt (cash flow hedges) or to hedge against movements in the fair value of those liabilities due to exchange and interest rate movements (fair value hedges). The borrowing margin on Wesfarmers' cross-currency interest rate swaps has been treated as a 'cost of hedging' and deferred into equity. These costs are then amortised to the profit and loss as a finance cost over the remaining life of the borrowing.

	2015				2014			
	Notional $m	**Weighted Average**	**Asset $m**	**Liability $m**	Notional $m	Weighted Average	Asset $m	Liability $m
Foreign exchange contracts								
Cash flow hedge - sales	**US$1,463**	**Asset: nil Liability: 0.84**	**-**	**(183)**	US$1,843	Asset: 0.86 Liability: 0.93	106	(5)
Cash flow hedge - purchases	**US$2,768**	**Asset: 0.80 Liability: 0.75**	**190**	**(6)**	US$2,338	Asset: 1.01 Liability: 0.90	8	(73)
Cash flow hedge - purchases	**€42**	**Asset: 0.71 Liability: 0.67**	**1**	**(1)**	€58	Asset: nil Liability: 0.67	-	(2)
Interest rate swap contracts								
Fair value hedge	**A$300**	**BBSW +0.82% floating**	**2**	**(1)**	A$700	4.51% fixed BBSW floating	2	-
Cross-currency interest rate swaps								
Fair value hedge	**US$1,400**	**BBSW +1.25% floating**	**505**	**-**	US$1,400	BBSW +1.25% floating	158	-
Cash flow hedge			**-**	**-**			6	-
Cash flow hedge	**€1,250**	**5.32% fixed BBSW +2.29% floating**	**224**	**(7)**	€650	5.86% fixed BBSW +2.29% floating	204	(4)
Fair value hedge	**€500**	**BBSW +2.29% floating**	**-**	**(28)**	€500	5.86% fixed BBSW +2.29% floating	-	(15)
Total derivative asset/(liability)			**922**	**(226)**			484	(99)

Recognition and measurement

Recognition

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value per note 15(e). The method of recognising any remeasurement gain or loss depends on the nature of the item being hedged. For hedging instruments, any hedge ineffectiveness is recognised directly in the income statement in the period in which it is incurred. This was immaterial in the current year.

Hedge accounting

At the start of a hedge relationship, the Group formally designates and documents the hedge relationship, including the risk management strategy for undertaking the hedge. This includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness. Hedge accounting is only applied where effective tests are met on a prospective basis.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset, liability or firm commitment that could affect profit or loss; or
- cash flow hedges when they hedge a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions. A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

Wesfarmers will discontinue hedge accounting prospectively only when the hedging relationship, or part of the hedging relationship no longer qualifies for hedge accounting, which includes where there has been a change to the risk management objective and strategy for undertaking the hedge and instances when the hedging instrument expires or is sold, terminated or exercised. For this purposes, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such a replacement or rollover is consistent with our documented risk management objective. Hedges that meet the criteria for hedge accounting are classified and accounted for as follows:

16. Hedging (continued)

Fair value hedges

The Group uses fair value hedges to mitigate the risk of changes in the fair value of foreign currency borrowings from foreign currency and interest rate fluctuations over the hedging period. Where these fair value hedges qualify for hedge accounting, gains or losses from remeasuring the fair value of the hedging instrument are recognised within finance costs in the income statement, together with gains or losses in relation to the hedged item where those gains of losses relate to the risk intended to be hedged.

For fair value hedges, the carrying value of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is also remeasured to fair value, and gains and losses from both are taken to profit or loss. The net amount recognised in the income statement in this financial year was less than $1 million.

The maturity profile of the fair value hedges is shown in note 15(b).

If the hedged item is a firm commitment (and therefore not recognised), the subsequent cumulative change in the fair value of the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

The accumulated amount of fair value adjustment which is included in the carrying amount of borrowings in the balance sheet is as follows:

	2015		2014	
	Foreign bonds $m	**Domestic bonds $m**	Foreign bonds $m	Domestic bonds $m
Face value at inception	**3,718**	**1,850**	2,852	1,850
Change arising from revaluation to spot rates at 30 June	**653**	**-**	300	-
	4,371	**1,850**	3,152	1,850
Balance of unamortised discount/premium	**(16)**	**(9)**	(9)	(12)
Amortised cost	**4,355**	**1,841**	3,143	1,838
Accumulated amount of fair value hedge adjustment attributable to hedge risk	**2**	**1**	(161)	2
Carrying amount	**4,357**	**1,842**	2,982	1,840

There was no material ineffectiveness relating to financial instruments in designated fair value hedge relationships during the year (2014: nil).

Cash flow hedges

The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency fluctuations over the hedging period associated with our foreign currency borrowings and our ongoing business activities, predominantly where we have highly probable purchase or settlement commitments in foreign currencies. The Group also uses cash flow hedges to hedge variability in cash flows due to interest rate movements associated with some of our domestic borrowings.

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is effective is recognised directly in equity, while the ineffective portion is recognised in profit or loss. The maturity profile of these hedges is shown in note 15(b), the recognition of the gain or loss is expected to be consistent with this.

	2015			2014		
	Trade $m	**Foreign bonds $m**	**Domestic bonds $m**	Trade $m	Foreign bonds $m	Domestic bonds $m
Change in the fair value of the hedge item	**(33)**	**13**	**-**	(115)	19	8

Amounts recognised in equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale occurs or the asset is consumed. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or roll over, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

17. Impairment of non-financial assets

Testing for impairment

The Group tests property, plant and equipment, intangibles and goodwill for impairment:

- at least annually for indefinite life intangibles and goodwill; and
- where there is an indication that the asset may be impaired (which is assessed at least each reporting date); or
- where there is an indication that previously recognised impairment (on assets other than goodwill) may have changed.

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the cash-generating unit (CGU) to which it belongs.

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal (FVLCOD) or value in use (VIU).

Impairment calculations

In assessing VIU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining FVLCOD, a discounted cash flow model is used based on a methodology consistent with that applied by the Group in determining the value of potential acquisition targets, maximising the use of market observed inputs. These calculations, classified as Level 3 on the fair value hierarchy, are compared to valuation multiples, or other fair value indicators where available, to ensure reasonableness.

Reversal of impairment

Where there is an indication that previously recognised impairment losses may no longer exist or have decreased, the asset is tested. If there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, the carrying value of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying value that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss and the depreciation charge is adjusted in future periods to allocate the asset's revised carrying value, less any residual value, on a systematic basis over its remaining useful life. Impairments recognised for goodwill are not reversed.

Inputs to impairment calculations

For VIU calculations, cash flow projections are based on Wesfarmers' corporate plans and business forecasts prepared by management and approved by the Board. The corporate plans are developed annually with a five-year outlook and, for these calculations, are adjusted to exclude the costs and benefits of expansion capital and on the understanding that actual outcomes may differ from the assumptions used.

In determining FVLCOD, the valuation model incorporates the cash flows projected over the balance of the current corporate plan. These projections are discounted using a risk adjusted discount rate commensurate with a typical market participant's assessment of the risk associated with the projected cash flows.

For both the VIU and FVLCOD models, cash flows beyond the five-year period are extrapolated using estimated growth rates, which are based on Group estimates, taking into consideration historical performance as well as expected long-term operating conditions. Growth rates do not exceed the consensus forecasts of the long-term average growth rate for the industry in which the CGU operates.

Discount rates used in both calculations are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary. Other assumptions are determined with reference to external sources of information and use consistent, conservative estimates for variables such as terminal cash flow multiples. Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amounts to fall below carrying values.

Key assumptions: fair value less costs of disposal calculations

The key assumptions used for assessing the recoverable amounts of the Coles and Target CGUs, being the two CGUs which collectively account for over 75 per cent of the Group's goodwill and intangible assets with indefinite useful lives, are set out below. Both CGUs adopt the FVLCOD methodology to determine the recoverable amount.

EBIT growth over the forecast period is based on past experience, expectations of general market conditions and, in the case of Target, a program of business improvement strategies. The post-tax discount rates incorporate a risk-adjustment relative to the risks associated with the net post-tax cash flows being achieved, whilst the growth rates beyond the corporate plan are based on market estimates of the long-term average industry growth rate.

	Coles		**Target**	
	2015	2014	**2015**	2014
Discount rate (post-tax)	**8.9%**	9.0%	**12.4%**	12.5%
Growth rate beyond corporate plan	**3.0%**	3.0%	**2.9%**	2.9%
Headroom as a percentage of the CGU's net carrying value	**63.3%**	61.1%	**2.2%**	-
Terminal value as a percentage of the CGU's recoverable value			**75.6%**	76.0%

As Target's recoverable amount approximates its carrying value, any adverse movements in key assumptions may lead to an impairment. Consistent with 30 June 2014, the recoverable amount of Target has been based on assumed improvements in its operating and financial performance, notwithstanding that the timing of cash flows arising from these improvements will be influenced by general market conditions. The recoverable value of Target is sensitive to changes in its discount rate and its forecast long-term EBIT that drives terminal value. A one per cent change in discount rate or a 12 per cent change in its forecast long-term EBIT approximates a $250 million change in recoverable value.

Based on current economic conditions and CGU performances, no reasonably possible change in a key assumption used in the determination of the recoverable value of Coles or other CGUs would result in a material impairment to the Group.

18. Associates and joint arrangements

	CONSOLIDATED 2015 $m	2014 $m
Investments in associates	**545**	523
Interests in joint ventures	**17**	17
	562	540
Profits/(losses) from operations of associates	**83**	64
Other comprehensive income of associates	**-**	-
(Loss)/profit from operations of joint venture	**(1)**	1
Other comprehensive income of joint venture	**(13)**	-
Total comprehensive income	**69**	65

Investments in associates

Recognition and measurement

The Group's investments in its associates, being entities in which the Group has significant influence and are neither subsidiaries nor jointly controlled assets, are accounted for using the equity method. Under this method, the investment in associates is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of the associates' net assets. Goodwill relating to associates is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's investment. The Group's income statement reflects the Group's share of the associate's result.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this in the consolidated statement of comprehensive income.

Where the reporting dates of the associates and the Group vary, management accounts of the associate for the period to the Group's balance date are used for equity accounting. The associates' accounting policies are consistent with those used by the Group for like transactions and events in similar circumstances.

Investment properties owned by associates are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss of the associate, in the year in which they arise. This is consistent with the Group's policy.

Interests in joint arrangements

Recognition and measurement

The Group recognises its share of the assets, liabilities, expenses and income from the use and output of its joint operations. The Group's investment in joint ventures is accounted for using the equity method of accounting.

Key judgement: control and significant influence

The Group has a number of management agreements with associates and joint ventures it considers when determining whether it has control, joint control or significant influence. The Group assesses whether it has the power to direct the relevant activities of the investee by considering the rights it holds to appoint or remove key management and the decision-making rights and scope of powers specified in the contract.

Where the Group has the unilateral power to direct the relevant activities of an investee, the Group then assesses whether the power it holds is for its own benefit (acting as principal) or for the benefit of others (acting as agent). This determination is based on a number of factors including an assessment of the magnitude and variability of the Group's exposure to variable returns associated with its involvement with the investee. In an agency capacity, the Group is considered to be acting on behalf of other parties and therefore does not control the investee when it exercises its decision-making powers.

18. Associates and joint arrangements (continued)

Interests in associates and joint arrangements

Associates	*Principal activity*	*Reporting date*	*Country of incorporation*	OWNERSHIP 2015 %	2014 %
Australian Energy Consortium Pty Ltd[1]	Oil and gas	31 December	Australia	**27.4**	-
Bengalla Agricultural Company Pty Limited	Agriculture	31 December	Australia	**40.0**	40.0
Bengalla Coal Sales Company Pty Limited	Sales agent	31 December	Australia	**40.0**	40.0
Bengalla Mining Company Pty Limited	Management company	31 December	Australia	**40.0**	40.0
BWP Trust	Property investment	30 June	Australia	**24.8**	24.7
Gresham Partners Group Limited	Investment banking	30 September	Australia	**50.0**	50.0
Gresham Private Equity Funds	Private equity fund	30 June	Australia	**(a)**	(a)
HAL Property Trust	Property ownership	30 June	Australia	**-**	50.0
iCiX International, Inc.	Information technology	31 December	USA	**20.0**	20.0
Queensland Nitrates Management Pty Ltd	Chemical manufacture	30 June	Australia	**50.0**	50.0
Queensland Nitrates Pty Ltd	Chemical manufacture	30 June	Australia	**50.0**	50.0
Wespine Industries Pty Ltd	Pine sawmillers	30 June	Australia	**50.0**	50.0
Joint operations	*Principal activity*	*Reporting date*	*Country of incorporation*	**%**	%
Sodium Cyanide	Sodium cyanide manufacture	30 June	Australia	**75.0**	75.0
Bengalla	Coal mining	31 December	Australia	**40.0**	40.0
ISPT	Property ownership	30 June	Australia	**25.0**	25.0
Joint ventures	*Principal activity*	*Reporting date*	*Country of incorporation*	**%**	%
BPI NO 1 Pty Ltd	Property management	30 June	Australia	**(b)**	(b)

[1] Australian Energy Consortium Pty Ltd has a 50 per cent interest in Quadrant Energy Holdings Pty Ltd.

(a) Gresham Private Equity Funds: Whilst the Group's interest in the unit holders' funds of Gresham Private Equity Fund No. 2 and 3 (Funds) amounts to greater than 50.0 per cent, they are not controlled entities as the Group does not have the practical ability to direct their relevant activities. Such control requires a unit holders' resolution of 75.0 per cent of votes pursuant to the Funds' trust deeds. During the year Gresham Private Equity Fund No. 3 was wound down.

(b) BPI NO 1 Pty Ltd: Whilst the Group owns the only equity share in BPI NO 1 Pty Ltd, the Group's effective interest approximates 50 per cent and joint control is effected through contractual arrangements with the joint venture partner.

19. Subsidiaries

The consolidated financial statements include the financial statements of Wesfarmers Limited and the subsidiaries listed in the following table. Refer to page 123 for the respective legend.

Entity	2015 %	2014 %
A.C.N. 003 921 873 Pty Limited	**100**	100
A.C.N. 004 191 646 Pty Ltd	**100**	100
A.C.N. 007 870 484 Pty Ltd (formerly Harris Technology Pty Ltd) +	**100**	100
A.C.N. 008 648 799 Pty Ltd	**100**	100
A.C.N. 008 734 567 Pty Ltd	**100**	100
A.C.N. 081 459 878 Pty Ltd ~	**-**	100
A.C.N. 082 931 486 Pty Ltd	**100**	100
A.C.N. 092 194 904 Pty Ltd (formerly Harris Technology (NZ) Pty Ltd)	**100**	100
A.C.N. 112 719 918 Pty Ltd	**100**	100
AEC Environmental Pty Ltd	**100**	100
All Transport Insurance Brokers Pty Ltd ~	**-**	100
ALW Newco Pty Limited	**100**	100
Andearp Pty Ltd	**100**	100
Arana Hills Properties Pty Limited	**100**	100
Auridiam Botswana (Proprietary) Ltd ◢	**100**	100
Australian Gold Reagents Pty Ltd	**75**	75
Australian Graphics Pty Ltd	**100**	100
Australian Grocery Holdings Pty Ltd	**100**	100
Australian International Insurance Limited +	**100**	100
Australian Liquor Group Ltd +	**100**	100
Australian Underwriting Holdings Limited +	**100**	100
Australian Underwriting Services Pty Ltd	**100**	100
Australian Vinyls Corporation Pty Ltd +	**100**	100
AVC Holdings Pty Ltd +	**100**	100
AVC Trading Pty Ltd	**100**	100
Barrier Investments Pty Ltd	**100**	100
BBC Hardware Limited +	**100**	100
BBC Hardware Properties (NSW) Pty Ltd	**100**	100
BBC Hardware Properties (Vic) Pty Ltd	**100**	100
Bi-Lo Pty Limited +	**100**	100
Blacksmith Jacks Pty Ltd	**100**	100
BPI Management Pty Ltd	**100**	100
Brian Pty Ltd	**100**	100
Broking Agency Pty Ltd	**100**	100
Bullivants International Pty Ltd	**100**	100
Bullivants Pty Limited +	**100**	100
Bunnings Group Limited +	**100**	100
Bunnings Joondalup Pty Ltd	**100**	100
Bunnings Limited # ■	**100**	100
Bunnings Management Services Pty Ltd	**100**	100
Bunnings Manufacturing Pty Ltd	**100**	100
Bunnings (NZ) Limited ■	**100**	100
Bunnings Properties Pty Ltd	**100**	100
Bunnings Pulp Mill Pty Ltd	**100**	100
BWP Management Limited <	**100**	100
Byrne Watkinson Kaye Insurance Brokers Pty Ltd ~	**-**	100
C S Holdings Pty Limited +	**100**	100
Calixus Insurance Group Limited ~	**-**	100
Campbells Hardware & Timber Pty Limited	**100**	100
Car Rental Risk Management Services Pty Ltd	**100**	100
CGNZ Finance Limited ■	**100**	100
Charlie Carter (Norwest) Pty Ltd +	**100**	100
Chef Fresh Pty Ltd	**100**	100

Entity	2015 %	2014 %
Chemical Holdings Kwinana Pty Ltd +	**100**	100
Clarkson Shopping Centre Pty Ltd	**100**	100
CMFL Services Ltd +	**100**	100
CMNZ Investments Pty Ltd	**100**	100
CMPQ (CML) Pty Ltd	**100**	100
CMPQ (PEN) Pty Ltd	**100**	100
CMTI Pty Ltd	**100**	100
Coles Ansett Travel Pty Ltd	**97.5**	97.5
Coles Direct Sourcing Private Limited # ●	**100**	100
Coles Financial Services Pty Ltd +	**100**	100
Coles Group Asia Pty Ltd +	**100**	100
Coles Group Deposit Services Pty Ltd	**100**	100
Coles Group Employee Share Plan Pty Ltd	**100**	100
Coles Group Finance Limited +	**100**	100
Coles Group Finance (USA) Pty Ltd	**100**	100
Coles Group International Pty Ltd	**100**	100
Coles Group Limited +	**100**	100
Coles Group New Zealand Holdings Limited ■	**100**	100
Coles Group Properties Holdings Ltd +	**100**	100
Coles Group Properties Pty Ltd	**100**	100
Coles Group Property Developments Ltd +	**100**	100
Coles Group Superannuation Fund Pty Ltd	**100**	100
Coles Group Supply Chain Pty Ltd +	**100**	100
Coles LD Australia Pty Ltd	**100**	100
Coles Melbourne Ltd +	**100**	100
Coles Online Pty Ltd	**100**	100
Coles Properties WA Ltd +	**100**	100
Coles Property Management Pty Ltd	**100**	100
Coles Retail Group Pty Ltd	**100**	100
Coles Retail Services Pty Ltd	**100**	100
Coles Stores (New Zealand) Limited ■	**100**	100
Coles Supermarkets Australia Pty Ltd +	**100**	100
Coles Surry Hills Unitholder Pty Ltd (formerly Coles Supercentres Pty Ltd)	**100**	100
Comnet Pty Ltd	**100**	100
Comprehensive Holiday Insurance (Underwriting Agents) Pty Ltd	**100**	100
ConsortiumCo Pty Ltd	**100**	100
Coo-ee Investments Pty Limited	**100**	100
Coregas Pty Ltd +	**100**	100
CSA Retail (Finance) Pty Ltd	**100**	100
CSBP Ammonia Terminal Pty Ltd	**100**	100
CSBP Limited +	**100**	100
CTE Pty Ltd @	**100**	-
Cuming Smith and Company Limited +	**100**	100
Curragh Coal Sales Co Pty Ltd	**100**	100
Curragh Queensland Mining Pty Ltd	**100**	100
Dairy Properties Pty Ltd	**100**	100
Direct Fulfilment Group Pty Ltd	**100**	100
Dowd Corporation Pty Ltd @	**100**	-
e.colesgroup Pty Ltd +	**100**	100
e.tailing (Coles Group) Pty Ltd	**100**	100
Eastfarmers Pty Ltd	**100**	100
ECC Pty Ltd	**100**	100
ENV.Australia Pty Ltd	**100**	100

19. Subsidiaries (continued)

Entity	2015 %	2014 %
Environmental and Licensing Professionals Pty Ltd	**100**	100
Eureka Operations Pty Ltd +	**100**	100
FBP Awards Fund Pty Ltd	**100**	100
FIF Investments Pty Limited	**100**	100
Financial Network Card Services Pty Ltd	**100**	100
Fitzgibbons Hotel Pty Ltd	**100**	100
Fitzinn Pty Ltd	**100**	100
Fosseys (Australia) Pty Ltd +	**100**	100
Fulthom Pty Limited	**100**	100
G J Coles & Coy Pty Limited	**100**	100
GBPL Pty Ltd	**100**	100
General Merchandise & Apparel Group Pty Ltd	**100**	100
GotStock Pty Ltd	**100**	100
GPML Pty Ltd	**100**	100
Greencap Holdings Limited (formerly Greencap Limited)	**100**	100
Greencap - NAA Pty Ltd (formerly Noel Arnold & Associates Pty Ltd)	**100**	100
Greencap Pte Ltd ▬	**100**	100
Grocery Holdings Pty Ltd +	**100**	100
Guidel Pty Ltd	**100**	100
Hedz No 2 Pty Ltd	**100**	100
Hedz No 3 Pty Ltd	**100**	100
Hedz No 4 Pty Ltd	**100**	100
Hedz No 5 Pty Ltd	**100**	100
Hedz No 6 Pty Ltd	**100**	100
Hedz No 7 Pty Ltd	**100**	100
Hotel Wickham Investments Pty Ltd	**100**	100
HouseWorks Co Pty Ltd	**100**	100
Howard Smith Limited +	**100**	100
Howard Smith Nominees Pty Limited	**100**	100
HT (Colesgroup) Pty Ltd	**100**	100
Incorporatewear Limited @ ▲	**100**	-
Integrated Safety Training Pty Ltd	**100**	100
J Blackwood & Son Pty Ltd +	**100**	100
KAS Pty Limited ◆	**100**	100
KAS International Trading (Shanghai) Company Limited @ ♣	**100**	-
Katies Fashions (Aust) Pty Limited	**100**	100
Kleenheat Gas House Franchising Pty Ltd	**100**	100
Kmart Australia Limited +	**100**	100
Kmart Australia Sourcing Pty Ltd	**100**	100
Knox Liquor Australia Pty Ltd	**100**	100
Kwinana Nitrogen Company Proprietary Limited	**100**	100
Lawvale Pty Ltd	**100**	100
LHG Pty Ltd +	**100**	100
LHG2 Pty Ltd +	**100**	100
LHG3 Pty Ltd	**100**	100
Liftco Pty Limited +	**100**	100
Liquorland (Australia) Pty Ltd +	**100**	100
Liquorland (Qld) Pty Ltd +	**100**	100
Loggia Pty Ltd +	**100**	100
Loyalty Pacific Pty Ltd +	**100**	100
Manacol Pty Limited +	**100**	100
Masters Hardware Limited ■	**100**	100
Masters Home Improvement Limited ■	**100**	100

Entity	2015 %	2014 %
Mawhinney Insurance Brokers Pty Ltd ~	**-**	100
MC2 Pacific Pty Ltd	**100**	100
Meredith Distribution (NSW) Pty Ltd	**100**	100
Meredith Distribution Pty Ltd	**100**	100
Millars (WA) Pty Ltd	**100**	100
Modwood Technologies Pty Ltd	**100**	100
Morley Shopping Centre Pty Limited	**100**	100
Multimedia Services Pty Ltd	**100**	100
Mycar Automotive Pty Ltd	**100**	100
Neat N' Trim Uniforms Pty Ltd @	**100**	-
Newmart Pty Ltd +	**100**	100
now.com.au Pty Ltd	**100**	100
NZ Finance Holdings Pty Limited ■	**100**	100
Officeworks Businessdirect Pty Ltd +	**100**	100
Officeworks Ltd +	**100**	100
Officeworks Property Pty Ltd	**100**	100
Officeworks Superstores NZ Limited ■	**100**	100
ORZO Pty Limited	**100**	100
Osmond Hotel Pty Ltd	**100**	100
Outfront Liquor Services Pty Ltd	**100**	100
Pacific Liquor Wholesalers Pty Ltd	**100**	100
Pailou Pty Ltd +	**100**	100
Patrick Operations Pty Ltd	**100**	100
Penneys Pty Limited	**100**	100
Petersen Bros Pty Ltd	**100**	100
Philip Murphy Melbourne Pty Ltd	**100**	100
Philip Murphy Niddrie Pty Ltd	**100**	100
Philip Murphy Toorak Pty Ltd	**100**	100
Philip Murphy Wine & Spirits Pty Ltd	**100**	100
Powertrain Pty Limited	**100**	100
Premier Power Sales Pty Ltd +	**100**	100
Price Point Pty Ltd	**100**	100
Procurement Online Pty Ltd	**100**	100
Protector Alsafe Pty Ltd +	**100**	100
Protex Healthcare (Aus) Pty Ltd	**100**	100
PT Blackwoods Indonesia ♥	**100**	100
PT Greencap NAA Indonesia (formerly PT Env Indonesia Pte Ltd) ♥	**100**	100
R & N Palmer Pty Ltd	**100**	100
Rapid Evacuation Training Services Pty Ltd	**100**	100
Relationship Services Pty Ltd	**100**	100
Retail Australia Consortium Pty Ltd	**100**	100
Retail Investments Pty Ltd	**100**	100
Retail Ready Operations Australia Pty Ltd @	**100**	-
Richmond Plaza Shopping Centre Pty Ltd	**100**	100
Ruissellement Limited (formerly Protex Healthcare (UK) Limited) ▲	**25**	25
SBS Rural IAMA Pty Limited	**100**	100
Scones Jam n Cream Pty Ltd	**100**	100
Sellers (SA) Pty Ltd	**100**	100
Share Nominees Limited	**100**	100
Sorcha Pty Ltd	**100**	100
Sotico Pty Ltd	**100**	100
Surry Hills Project Pty Ltd @	**100**	-
Target Australia Pty Ltd +	**100**	100
TGT Business Consulting Services (Shanghai) Co Ltd # ♣	**100**	100

19. Subsidiaries (continued)

Entity	2015 %	2014 %
TGT Procurement Asia Limited # ◆	**100**	100
TGT Sourcing Asia Limited # ◆	**100**	100
TGT Sourcing India Private Limited # ●	**100**	100
The Builders Warehouse Group Pty Limited	**100**	100
The Franked Income Fund	**100**	100
The Grape Management Pty Ltd +	**100**	100
Theo's Liquor Pty Ltd	**100**	100
The Westralian Farmers Limited (formerly Westralian Farmers Co-operative Limited) @ +	**100**	-
The Workwear Group Holding Pty Ltd (formerly Expresspak Pty Ltd) +	**100**	100
The Workwear Group Pty Ltd (formerly Pacific Brands Workwear Group Pty Ltd) @ +	**100**	-
Tickoth Pty Ltd	**100**	100
Tooronga Holdings Pty Ltd	**100**	100
Tooronga Shopping Centre Pty Ltd	**100**	100
TotalGuard Pty Limited	**100**	100
Trimevac Pty Ltd	**100**	100
Tyre and Auto Pty Ltd +	**100**	100
Tyremaster (Wholesale) Pty Ltd	**100**	100
Tyremaster Pty Ltd	**100**	100
Ucone Pty Ltd +	**100**	100
Universal Underwriting Services Pty Limited	**100**	100
Validus Group Pty Ltd	**100**	100
Valley Investments Pty Ltd +	**100**	100
Vigil Underwriting Agencies Pty Ltd	**100**	100
Viking Direct Pty Limited	**100**	100
W4K.World 4 Kids Pty Ltd	**100**	100
Waratah Cove Pty Ltd	**100**	100
Wesfarmers Agribusiness Limited +	**100**	100
Wesfarmers Bengalla Limited +	**100**	100
Wesfarmers Bioenergy Pty Ltd	**100**	100
Wesfarmers Bunnings Limited +	**100**	100
Wesfarmers Chemical US Holding Corp @ ◤	**100**	-
Wesfarmers Chemicals, Energy & Fertilisers Limited +	**100**	100
Wesfarmers Coal Resources Pty Ltd +	**100**	100
Wesfarmers Curragh Pty Ltd +	**100**	100
Wesfarmers Emerging Ventures Pty Ltd	**100**	100
Wesfarmers Energy (Gas Sales) Limited +	**100**	100
Wesfarmers Energy (Industrial Gas) Pty Ltd	**100**	100
Wesfarmers Fertilizers Pty Ltd +	**100**	100
Wesfarmers Finance Holding Company Pty Ltd @ +	**100**	-
Wesfarmers Finance Pty Ltd @ +	**100**	-
Wesfarmers Gas Limited +	**100**	100
Wesfarmers Holdings Pty Ltd	**100**	100
Wesfarmers Industrial & Safety Holdings NZ Ltd # ■	**100**	100
Wesfarmers Industrial & Safety NZ Limited # ■	**100**	100
Wesfarmers Industrial and Safety Pty Ltd +	**100**	100
Wesfarmers Insurance Investments Pty Ltd +	**100**	100
Wesfarmers Investments Pty Ltd	**100**	100
Wesfarmers Kleenheat Gas Pty Ltd +	**100**	100
Wesfarmers LNG Pty Ltd +	**100**	100
Wesfarmers Loyalty Management Pty Ltd +	**100**	100
Wesfarmers LPG Pty Ltd +	**100**	100
Wesfarmers Oil & Gas Pty Ltd @	**100**	-
Wesfarmers Private Equity Pty Ltd	**100**	100
Wesfarmers Provident Fund Pty Ltd	**100**	100

Entity	2015 %	2014 %
Wesfarmers Railroad Holdings Pty Ltd	**100**	100
Wesfarmers Resources Limited +	**100**	100
Wesfarmers Retail Holdings Pty Ltd +	**100**	100
Wesfarmers Retail Pty Ltd +	**100**	100
Wesfarmers Risk Management Limited # ♠	**100**	100
Wesfarmers Risk Management (Singapore) Pte Ltd ▬	**100**	100
Wesfarmers Securities Management Pty Ltd	**100**	100
Wesfarmers Sugar Company Pty Ltd	**100**	100
Wesfarmers Superannuation Pty Ltd	**100**	100
Wesfarmers Transport Indonesia Pty Ltd	**100**	100
Wesfarmers Transport Limited +	**100**	100
Weskem Pty Ltd	**100**	100
Westralian Farmers Superphosphates Limited +	**100**	100
WEV Capital Investments Pty Ltd	**100**	100
WFCL Investments Pty Ltd	**100**	100
WFPL Funding Co Pty Ltd @	**100**	-
WFPL Security SPV Pty Ltd @	**100**	-
WFPL SPV Pty Ltd @	**100**	-
Wideland Life Insurance Agency Pty Ltd ~	**-**	100
WIS Australia Pty Ltd	**100**	100
WIS International Pty Ltd	**100**	100
WIS Solutions Pty Ltd	**100**	100
WIS Supply Chain Management (Shanghai) Co Ltd @♣	**100**	-
WPP Holdings Pty Ltd	**100**	100
WWG Middle East Apparel Trading LLC (formerly Pacific Brands UAE Trading LLC) @ ▼	**49**	-
XCC (Retail) Pty Ltd	**100**	100
Yakka Pty Limited @	**100**	-

Entity acquired/incorporated during the year.	@
Entity dissolved/deregistered during the year.	~
Audited by firms of Ernst & Young International.	#
Audited by other firms of accountants.	<
An ASIC-approved Deed of Cross Guarantee has been entered into by Wesfarmers Limited and these entities.	+

Refer note 23 for further details.

All subsidiaries are incorporated in Australia unless identified with one of the following symbols:

Bermuda	♠
Botswana	◢
China	♣
Hong Kong	◆
India	●
Indonesia	♥
New Zealand	■
Singapore	▬
United Arab Emirates	▼
United Kingdom	▲
United States of America	◤

All entities utilise the functional currency of the country of incorporation with the exception of Wesfarmers Risk Management Limited, which utilises the Australian dollar and PT Blackwoods Indonesia, Greencap Pte Ltd, PT Greencap NAA Indonesia, KAS International Trading (Shanghai) Company Limited and Wesfarmers Oil & Gas Pty Ltd, which utilises the US dollar.

Notes to the financial statements: Unrecognised items for the year ended 30 June 2015

20. Commitments and contingencies

	CONSOLIDATED 2015 $m	2014 $m
Operating lease commitments		
Group as lessee (i)		
Within one year	**2,120**	1,944
Greater than one year but not more than five years	**7,129**	6,046
More than five years	**9,331**	7,253
	18,580	15,243
Group as lessor (ii)		
Within one year	**24**	27
Greater than one year but not more than five years	**72**	62
More than five years	**107**	119
	203	208
Capital commitments (iii)		
Within one year	**293**	256
Arising from agreements to invest in Gresham Private Equity Funds	**2**	2
	295	258
Other expenditure commitments (iv)		
Within one year	**122**	114
Greater than one year but not more than five years	**179**	135
More than five years	**185**	27
	486	276
Contingencies (v)		
Trading guarantees	**960**	900

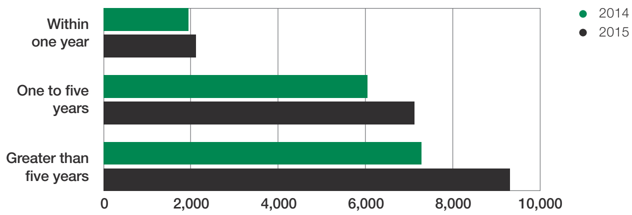
At 30 June 2015, the Group did not have any commitments relating to its joint ventures.

i. The Group has entered into commercial leases on office, retail and distribution properties, motor vehicles and office equipment. The lease terms and implicit interest rates vary significantly. For the lease of buildings, the lease terms range from one year to 25 years and have various renewal or purchase options, escalation clauses, termination rights and residual liability clauses. Operating lease commitments refer to future undiscounted minimum rentals payable under non-cancellable operating leases not included within this financial report. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and released to earnings on a straight line basis over the lease term. Fixed rate increases to lease payments, excluding contingent or index based rental increases, such as Consumer Price Index, turnover rental and other similar increases, are recognised on a straight line basis over the lease term.
ii. Contracted non-cancellable future minimum lease payments expected to be received in relation to non-cancellable sub-leases are not included in this financial report.
iii. Commitments arising from contracts for capital expenditure contracted for at balance date are not included in this financial report.
iv. Contracted other expenditure commitments are not included in this financial report.
v. Contingent liabilities at balance date are not included in this financial report.

Key estimate: leases

The Group classifies leases between finance and operating depending on whether the Group holds substantially all of the risks and rewards incidental to ownership or not. In making this assessment the Group primarily considers the asset ownership at the end of the lease term, any purchase options, the lease term in respect to the assets' life, the present value of future lease payments in relation to the assets' fair value and the nature of the asset.

Group operating lease commitments as lessee ($m)



Guarantees

The Group has issued a number of bank guarantees to third parties for various operational and legal purposes. It is not expected that these guarantees will be called on.

On acquisition of the Coles group, Wesfarmers assumed responsibility for the guarantees entered into by the Coles group relating to the sale of its Myer business in June 2006, under which Coles group had guaranteed the performance of certain lease agreements held by Myer Ltd. The guarantees amount to $6 million (2014: $8 million). The fair value of these guarantees is not considered to be material and has not been recognised in this financial report.

Other

Certain companies within the Group are party to various legal actions that have arisen in the normal course of business. It is expected that any liabilities arising from such legal action would not have a material effect on the Group's financial performance.

A claim has been lodged with the Supreme Court of Queensland by Stanwell Corporation Limited (Stanwell) for additional sums due in respect of the price rebate payable by Wesfarmers Curragh Pty Ltd (Curragh) to Stanwell, a subsidiary of the Queensland Government. The claim relates to the interpretation of the reference coal price under a Coal Supply Agreement in determining the price rebate payable on export coal produced and sold. Curragh is defending the claim and has issued a counterclaim for overpayment of price rebates under the implied terms of the Coal Supply Agreement. The amount claimed by Stanwell and the costs of defence are not expected to be material to the Group.

21. Events after the reporting period

Dividends

A fully-franked final ordinary dividend of 111 cents per share resulting in a dividend of $1,247 million was declared for a payment date of 30 September 2015. The dividend has not been provided for in the 30 June 2015 full-year financial statements.

22. Parent disclosures

	PARENT 2015 $m	2014 $m
Assets		
Current assets	**9,212**	9,797
Non-current assets	**22,942**	22,799
Total assets	**32,154**	32,596
Liabilities		
Current liabilities	**2,545**	1,872
Non-current liabilities	**5,141**	4,830
Total liabilities	**7,686**	6,702
Net assets	**24,468**	25,894
Equity		
Equity attributable to equity holders of the parent		
Issued capital	**21,836**	22,700
Employee reserved shares	**(5)**	(12)
Retained earnings	**2,500**	2,908
Restructure tax reserve	**150**	150
Hedging reserve	**(13)**	148
Total equity	**24,468**	25,894
Profit attributable to members of the parent	**2,191**	3,697
Total comprehensive income for the year, net of tax, attributable to members of the parent	**2,074**	3,716
Contingencies		
Contingent liabilities at balance date, not included in this financial report, were as follows:		
Trading guarantees	**917**	817

Wesfarmers is party to various legal actions that have arisen in the normal course of business. It is expected that any liabilities arising from such legal action would not have a material adverse effect on the Group's financial report.

Guarantees

Wesfarmers Limited and certain Australian controlled entities are parties to a Deed of Cross Guarantee (the Deed) as disclosed in note 23.

Parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

23. Deed of Cross Guarantee

The subsidiaries identified with a '+' in note 19 are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

These subsidiaries and Wesfarmers Limited together referred to as the 'Closed Group', either originally entered into the Deed on 27 June 2008 or have subsequently joined the Deed by way of an Assumption Deed. The effect of the Deed is that each party to it has guaranteed to pay any deficiency in the event of the winding up of any of the entities in the Closed Group. The entities joining the Closed Group by way of an Assumption Deed dated 29 June 2015 are:

- Coles Financial Services Pty Ltd
- The Westralian Farmers Limited
- The Workwear Group Holding Pty Ltd
- The Workwear Group Pty Ltd
- Tyre and Auto Pty Ltd
- Wesfarmers Finance Holding Company Pty Ltd
- Wesfarmers Finance Pty Ltd
- Wesfarmers Loyalty Management Pty Ltd

No entities left the Closed Group by way of a Revocation Deed or disposal throughout the period.

The consolidated income statement and retained earnings of the entities that are members of the Closed Group is as follows:

Consolidated income statement and retained earnings	DEED 2015 $m	DEED 2014 $m
Profit from continuing operations before income tax	**3,961**	3,629
Profit from discontinued operations before income tax	**7**	1,596
Income tax expense	**(959)**	(1,090)
Net profit for the year	**3,009**	4,135
Retained earnings at beginning of year	**3,728**	1,742
Remeasurement gain on defined benefit plan, net of tax	**1**	1
Adjustment for companies transferred into/out of the Closed Group	**16**	14
Total available for appropriation	**6,754**	5,892
Dividends provided for or paid	**(2,600)**	(2,164)
Retained earnings at end of year	**4,154**	3,728

23. Deed of Cross Guarantee (continued)

The consolidated balance sheet of the entities that are members of the Closed Group is as follows:

Consolidated balance sheet	DEED 2015 $m	DEED 2014 $m
Assets		
Current assets		
Cash and cash equivalents	**674**	1,904
Receivables - Trade and other	**1,290**	1,434
Receivables - Finance advances and loans	**806**	-
Inventories	**5,227**	5,081
Derivatives	**428**	66
Other	**225**	297
Total current assets	**8,650**	8,782
Non-current assets		
Receivables	**194**	692
Investment in controlled entities	**3,369**	4,184
Investments in associates and joint ventures	**185**	163
Deferred tax assets	**601**	489
Property	**2,321**	2,254
Plant and equipment	**7,600**	7,399
Goodwill	**14,660**	14,463
Intangible assets	**4,600**	4,443
Derivatives	**494**	418
Other	**30**	40
Total non-current assets	**34,054**	34,545
Total assets	**42,704**	43,327
Liabilities		
Current liabilities		
Trade and other payables	**5,532**	5,226
Interest-bearing loans and borrowings	**1,900**	1,567
Income tax payable	**50**	339
Provisions	**1,584**	1,456
Derivatives	**142**	75
Other	**294**	305
Total current liabilities	**9,502**	8,968
Non-current liabilities		
Payables	**1,250**	2,182
Interest-bearing loans and borrowings	**4,615**	4,320
Provisions	**1,072**	1,063
Derivatives	**84**	24
Other	**111**	93
Total non-current liabilities	**7,132**	7,682
Total liabilities	**16,634**	16,650
Net assets	**26,070**	26,677
Equity		
Issued capital	**21,844**	22,708
Reserved shares	**(31)**	(31)
Retained earnings	**4,154**	3,728
Reserves	**103**	272
Total equity	**26,070**	26,677

24. Auditors' remuneration

Fees of the auditors of the company for:	CONSOLIDATED 2015 $'000	2014 $'000
Audit and review of financial reports		
Ernst & Young (Australia)	**5,162**	5,914
Ernst & Young (Overseas network firms)	**248**	705
	5,410	6,619
Assurance related services		
Ernst & Young (Australian & overseas network firms)[1]	**1,062**	2,995
Non-Ernst & Young audit firms	**32**	31
	1,094	3,026
Non-assurance related services		
Ernst & Young (Australian & overseas network firms):		
- tax compliance	**660**	619
- other	**360**	101
	1,020	720
Total paid to auditors	**7,524**	10,365

1 The 2014 Ernst & Young assurance related services fee includes an amount of $1,890,000 associated with the disposal of the Insurance division.

25. Related party transactions

	CONSOLIDATED 2015 $m	2014 $m
Associates		
Management fees received	**11**	10
Operating lease rent paid	**138**	120
Financial advisory fees paid	**2**	13
Amounts receivable from associates	**13**	12
Amounts owing to associates	**-**	6
Other	**1**	-
Joint arrangements		
Operating lease rent paid	**94**	57
Amounts receivable from joint ventures	**6**	1

Management fees have been paid by associated entity, BWP Trust, to the Group on normal commercial terms and conditions for staff and other services provided to the associates.

Rent for retail stores and warehouses has been paid by the Group to an associated entity, the BWP Trust, and to the ISPT and BPI No. 1 Pty Ltd joint arrangements. During the year, BWP Trust and ISPT paid the Group $137 million and $69 million respectively for the acquisition and development of rental properties. Gains and losses were made on disposal, a portion of which was eliminated in the consolidated accounts under equity accounting.

J P Graham, a director of Wesfarmers, has a majority shareholding interest in a company which jointly owns Gresham Partners Group Limited on an equal basis with a wholly owned subsidiary of Wesfarmers. Partly owned subsidiaries of Gresham Partners Group Limited have provided financial advisory services to Wesfarmers and were paid fees of $2,254,746 in 2015 (2014: $13,209,962).

26. Other accounting policies

(a) New and amended accounting standards and interpretations adopted from 1 July 2014

All new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2014 to the Group have been adopted, including:

Reference	Description
AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*	This amendment provides application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria.
AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	This amendment to AASB 136 *Impairment of Assets* provides guidance on the disclosure of financial information and fair value measurement when the recoverable amount of impaired assets is based on fair value less costs to dispose.
AASB 1031 *Materiality*	This is an interim standard that cross-references to other Standards and the *Framework* that contain guidance on materiality. It will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.
AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments - Part A & B*	This Standard makes amendments to a number of Australian Accounting Standards as a result of the issuance of AASB CF 2013-1 and makes amendments to particular Australian Accounting Standards to delete references to AASB 1031.
AASB 2014-1 *Part A: Annual Improvements to IFRSs 2010-2012 Cycle*	This Standard sets out amendments to a number of IFRSs including clarification of the definitions in AASB 2 *Share-based Payment* and AASB 124 *Related Party Disclosures*, removing references to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* in AASB 3 *Business Combinations* and requiring additional disclosures in AASB 8 *Operating Segments*.
AASB 2014-1 *Part A: Annual Improvements to IFRSs 2011-2013 Cycle*	This Standard sets out amendments to IFRSs including clarification of the portfolio exception in paragraph 52 of AASB 13 *Fair Value Measurement* and clarification of items in AASB 140 *Investment Property*.

The following Australian Accounting Standards were early adopted by the Group from 1 July 2014:

Reference	Description
AASB 9 *Financial Instruments (December 2010) as amended by 2013-9, including consequential amendments to AASB 2010-7, AASB 2010-10, AASB 2014-1 (Part E)*	Wesfarmers has early adopted and applied all of the requirements of AASB 9 (2013), including consequential amendments to other standards, on 1 July 2014. The adoption of AASB 9 (2013) results in the following key changes to Wesfarmers' hedge accounting: – On certain cross currency interest rate swaps the cost of hedging (which includes foreign currency basis adjustments) can be separated out from the hedging arrangement, recognised in other comprehensive income and amortised to the income statement over the remaining life of the hedging instrument. The amendment results in the removal of volatility and ineffectiveness that would have been otherwise recognised as a result of these costs; and – Effectiveness measurement testing will only be performed on a prospective basis with no defined numerical range of effectiveness applied in this testing. As a result of the adoption of AASB 9 (2013) Wesfarmers has de-designated and redesignated existing hedge relationships and has elected to separate and exclude foreign currency basis spreads from financial instruments that are designated as hedging instruments of our foreign currency denominated borrowings. The cumulative change in fair value of the foreign currency basis spreads is recognised in a separate component of equity. These amounts are reclassified from equity to profit or loss in the same period as the hedging relationship. The effect of the de-designation and redesignation was insignificant on the reported profit attributable to members of the parent. On adoption of AASB 9 (2013) Wesfarmers has also reclassified its financial assets as subsequently measured at amortised costs or fair value depending on the business model for those assets and the contractual cash flow characteristics. There was no change in the classification or measurement of financial liabilities. The principal impact on Wesfarmers' financial assets at 1 July 2014 is the reclassification of the cash and cash equivalents and trade and other receivables from 'loans and receivables' under AASB 139 to 'financial assets at amortised cost' under AASB 9 (2013). In relation to the reclassification of financial assets and liabilities, there was no impact on the income statement, the statement of comprehensive income, balance sheet or statement of changes in equity on adoption of AASB 9 (2013). As a result of adopting AASB 9 (2013), the accounting policies for cash and cash equivalents (note 4), trade and other receivables (note 5) and derivative financial instruments and hedging (notes 15 and 16) have been updated and are applicable from 1 July 2014. The terminology in the above policies has been updated in accordance with the requirements of AASB 9 (2013). There has been no material change to the measurement and recognition of these items.

26. Other accounting policies (continued)

(b) New and amended standards and interpretations issued but not yet effective

The following standards, amendments to standards and interpretations are relevant to current operations. They are available for early adoption but have not been applied by the Group in this financial report.

Reference	Description	Application of Standard	Application by Group
The effects of the following Standards are not expected to be material:			
AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*	AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.	1 January 2016	1 July 2016
AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation*	The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of an intangible asset.	1 January 2016	1 July 2016
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*	This Standard makes amendments to a number of Australian Accounting Standards as a result of AASB 9 *Financial Instruments (December 2014)*.	1 January 2018	1 January 2018
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	The amendments require: – a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and – a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	1 January 2016	1 July 2016
AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*	The amendment makes changes to a number of accounting policies including the methods of disposal in AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, disclosure requirements in AASB 7 *Financial Instruments: Disclosures* and AASB 134 *Interim Financial Reporting* and clarification of discount rates utilised in AASB 119 *Employee Benefits*.	1 January 2016	1 July 2016
AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project.	1 January 2016	1 July 2016
AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*	This makes amendments to AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosure of Interests in Other Entities* and AASB 128 *Investments in Associates and Joint Ventures* arising from the IASB's narrow scope amendments associated with Investment Entities.	1 July 2015	1 July 2015
The effects of the following Standard is still being determined:			
AASB 15 *Revenue from Contracts with Customers*	This Standard establishes new principles for reporting information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers and supersedes a number of current Revenue Standards. The core principle of the Standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	1 January 2017	1 July 2017

(c) Tax consolidation

Wesfarmers and its 100 per cent-owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2002. Wesfarmers is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on a stand-alone basis. The tax sharing arrangement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The possibility of such a default is considered remote at the date of this report.

Members of the tax consolidated group have entered into a tax funding agreement. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. The tax funding agreement provides for each member of the tax consolidated group to pay a tax equivalent amount to or from the parent in accordance with their notional current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgement of the consolidated return and payment of the tax liability.

27. Share-based payments

The Group provides benefits to employees (including executive directors) of the Group through share-based incentives. Employees are paid for their services or incentivised for their performance in part through shares or rights over shares. The expense arising from these transactions is shown in note 2. The total number of ordinary Wesfarmers shares acquired on market during the financial year to satisfy employee incentive schemes was 2,903,058 at an average price of $42.27 per share.

Recognition and measurement

Share-based payments can either be equity settled or cash settled. If the employee is provided a choice of settlement options then the scheme is considered to be cash settled.

Equity settled transactions

The cost of equity-settled transactions with employees is measured using their fair value at the date at which they are granted. In determining the fair value, no account is taken of any performance conditions other than those linked to the price of the shares of Wesfarmers Limited (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance conditions (excluding market conditions) are met, ending on the date on which the employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the proportion of the awards that are expected to ultimately vest. No expense is recognised for awards that do not ultimately vest due to a performance condition not being met. The expense is recognised in full if the awards do not vest (or are not exercised) due to a market condition not being met.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described above.

Cash settled transactions

The ultimate expense recognised in relation to cash-settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date. The expected cash payment is estimated at each reporting date and a liability recognised to the extent that the vesting period has expired and in proportion to the amount of the awards that are expected to ultimately vest.

Additional information on award schemes

Wesfarmers Employee Share Plan (WESP)

The last issue under the WESP was made in December 2004. Under the plan, employees were invited to apply for ordinary shares in the company, funded by an interest-free loan from the Group. The employee's obligation for repayment of the loans is limited to the dividends declared and capital returns by the company and, in the event the employee ceases employment, the market price achieved on the sale of the shares.

The plan is accounted for as an in-substance equity settled award, with the contractual life of each option equivalent to the estimated loan life and no maximum term.

Wesfarmers Long-Term Incentive Plan (WLTIP)

Long-Term Incentive

Under the WLTIP in 2015, eligible executives were invited to receive performance rights in the company. There are two performance hurdles, Wesfarmers' CAGR in ROE (with a 75 per cent weighting) and Wesfarmers' TSR (with a 25 per cent weighting), relative to the CAGR in ROE and TSR of the ASX 50 Index. Further details of the WLTIP and of the terms of the grants during the year are in the remuneration report. The fair value of the performance rights are determined using an option pricing model with the following inputs:

Grant date	**20 Nov 2014**	**15 Sep 2014**
Grant date share price	**$42.10**	**$43.20**
Volatility (per cent)	**15.11**	**14.88**
Dividend yield (per cent)	**4.72**	**4.63**
Risk-free rate (per cent)	**2.63**	**2.86**
Fair value	**$31.66**	**$32.43**

As a result of the Board's continual review of the remuneration framework and its alignment with the Group's strategy and business objectives, performance conditions for WLTIP grants subsequent to 30 June 2015 will comprise TSR and ROE hurdles at an equal weighting of 50 per cent.

Annual Incentive

Eligible executives also received a restricted (mandatorily deferred) share award under the WLTIP. However, if an executive resigns or is terminated for cause within one year of the share allocation, the Board may decide to cancel that share allocation. The fair value of the share at grant date is expensed over the one year forfeiture period.

Equity settled awards outstanding

Weighted average share price in 2015 was $43.03 (2014: $41.87). The following table includes shares subject to trading restrictions.

	WESP (options)	WLTIP (shares)	WLTIP (rights)	WESAP (shares)
Outstanding at the beginning of the year	**1,946,912**	**1,401,655**	**1,158,544**	**6,754,275**
Granted during the year	**-**	**168,884**	**462,960**	**2,842,405**
Exercised during the year	**(435,398)**	**(266,238)**	**(19,213)**	**(2,432,781)**
Lapsed during the year	**-**	**(14,490)**	**(116,504)**	**(331,766)**
Other adjustments including the effect of share consolidation	**(26,243)**	**(24,115)**	**-**	**(68,304)**
Outstanding at the end of the year	**1,485,271**	**1,265,696**	**1,485,787**	**6,763,829**
Exercisable at the end of the year	**483,670**	**2,535,144**	**-**	**2,801,431**

27. Share-based payments (continued)

Wesfarmers Employee Share Acquisition Plan (WESAP)

The WESAP was introduced in October 2009. Under the plan, all eligible employees are invited to acquire fully-paid ordinary shares in the company. The shares are either acquired under a salary sacrifice arrangement or are granted as an award, subject to the Group achieving a net profit after tax performance hurdle. Eligibility for an award of shares is dependent upon an in-service period with a participating division and being a permanent employee.

The Plan qualifies as a non-discriminatory employee share scheme complying with the requirements of Division 83A of the Income Tax Assessment Act 1997 (as amended) for Australian resident employees. The fair value of the equity instruments granted (2015 average: $42.85 (2014 average: $42.22)) is determined with reference to the share price on the date of grant.

28. Director and executive disclosures

Compensation of key management personnel

The remuneration disclosures are provided in sections one to six of the remuneration report on pages 73 to 86 of this annual report designated as audited and forming part of the directors' report.

	CONSOLIDATED	
	2015	2014
	$'000	$'000
Short-term benefits	**23,639**	24,134
Long-term benefits	**226**	230
Post-employment benefits	**686**	343
Share-based payments	**13,791**	11,971
	38,342	36,678

Other transactions and balances with key management personnel

Refer to note 25 in relation to transactions with Gresham Partners Group Limited, of which J P Graham is a director.

From time to time, directors of Wesfarmers or its controlled entities, or their director-related entities, may purchase goods or services from the Group. These purchases are on the same terms and conditions as those entered into by other consolidated entity employees or customers and are trivial or domestic in nature.

Directors' declaration
Wesfarmers Limited and its controlled entities

In accordance with a resolution of the directors of Wesfarmers Limited, we state that:

1. In the opinion of the directors:

   1.1 the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the consolidated entity for the full-year ended 30 June 2015 are in accordance with the *Corporations Act 2001*, including:

   (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   1.2 the financial statements and notes comply with International Financial Reporting Standards as disclosed in the notes to the financial statements on page 93 of the 2015 Annual Report; and

   1.3 there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2015.

3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group comprising the company and the controlled entities marked '+' as identified in note 19 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee referred to in note 23.

On behalf of the Board:

Bob Every | Richard Goyder

R L Every AO
Chairman

R J B Goyder AO
Managing Director

Perth
17 September 2015

Independent auditor's report
to the members of Wesfarmers Limited

Report on the financial report

We have audited the accompanying financial report of Wesfarmers Limited, which comprises the consolidated balance sheet as at 30 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In the Notes to the financial statements, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Wesfarmers Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in the Notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Wesfarmers Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth, 17 September 2015

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Annual statement of coal resources and reserves
as at 30 June 2015

Coal resources

The table below details the coal resources for the Wesfarmers Group, as at 30 June 2015:

						2015 COAL RESOURCES TONNES (MILLIONS)				RESOURCES QUALITY (IN SITU)			
Mine	**Ownership**	**Beneficial interest**	**Location of tenements**	**Likely mining method**	**Coal type**	**Measured**	**Indicated**	**Inferred**	**Total**	**Ash (%)**	**CV (MJ/kg)**	**Sulphur (%)**	**VM (%)**
Curragh	Wesfarmers Curragh Pty Ltd	100% equity (Note 3)	Bowen Basin, Queensland	Open cut	Metallurgical and steaming	323	243	145	711	19	28	0.6	19
Bengalla	Wesfarmers Bengalla Limited	40% equity (Note 3)	Hunter Valley, New South Wales	Open cut and underground	Metallurgical and steaming	57	49	81	187	20	26	0.6	-

Comparative resources as at 30 June 2014:

						2014 COAL RESOURCES TONNES (MILLIONS)				RESOURCES QUALITY (IN SITU)			
Mine	**Ownership**	**Beneficial interest**	**Location of tenements**	**Likely mining method**	**Coal type**	**Measured**	**Indicated**	**Inferred**	**Total**	**Ash (%)**	**CV (MJ/kg)**	**Sulphur (%)**	**VM (%)**
Curragh	Wesfarmers Curragh Pty Ltd	100% equity (Note 3)	Bowen Basin, Queensland	Open cut	Metallurgical and steaming	212	202	242	656	20	28	0.6	17
Bengalla	Wesfarmers Bengalla Limited	40% equity (Note 3)	Hunter Valley, New South Wales	Open cut and underground	Metallurgical and steaming	68	112	66	246	19	26	0.6	-

Resource notes:

1 Inclusion/exclusion of reserves

a. Curragh's coal resources are reported as being in **addition** to coal reserves. This is a presentational change to previous years only. Previously, Curragh's coal resources were reported as inclusive of coal reserves. For the purpose of comparison the figures in this report for 30 June 2014 have been reported to show coal resources in addition to coal reserves.

b. Bengalla's coal resources are reported as being in **addition** to coal reserves.

2 Quality

a. Curragh's in situ resource quality parameters are quoted on an air-dried basis.

b. Bengalla's in situ resource quality parameters are quoted on an air-dried basis.

3. Resources reported on a 100 per cent project basis

Curragh

a. Curragh's resources, as stated, are 100 per cent of the site resources, including all resources in the Curragh and Curragh North mining lease areas plus MDL 162 (collectively the '**Curragh project**').

- Wesfarmers Curragh Pty Ltd (**WCPL**) and Stanwell Corporation Limited (**Stanwell**) share in value generated from certain parts of the Curragh project (being the Curragh and Curragh North mining areas, but excluding the MDL 162 area) pursuant to the terms of a Coal Supply Agreement between them (**Stanwell CSA**).
- Resources are reported above on a project basis before any division of economic value under the Stanwell CSA. It is not possible to express the economic entitlements of Stanwell with respect to the Curragh project as a simple numerical percentage, as they are variable with, and dependent upon, contingent events which include all of the actual export volumes, prices, and the duration of the Stanwell CSA, relative to the timing and mine sequencing of production from the various areas of the Curragh project. It is not necessary for the Competent Person to analyse the Stanwell CSA and respective entitlements of WCPL and Stanwell thereunder given that resources are stated on a total Curragh project basis before application of the Stanwell CSA.

b. In addition to the requirements of the Stanwell CSA, an estimated 344 million tonnes of the resources reported, while within the Curragh North Mining Lease, require further agreement with Stanwell in order for WCPL to access (**Stanwell Reserved Area**).

c. Since 30 June 2014, resources for the Curragh project have been modified by an increase of the MDL 162 coal resource following recent drilling and revision of the geological modelling. No activity has taken place which would constitute a material change to the resources.

Bengalla

a. Bengalla's resources, as stated, are 100 per cent of the site resources, with Wesfarmers Bengalla Limited's beneficial interest in the Bengalla unincorporated joint venture being 40 per cent.

b. Bengalla has had a material change in coal resources and reserves since the previous publication. This change was released to the market on 28 November 2014 by Rio Tinto. A JORC table 1 in support of these changes was published at that time and is available to view at **riotinto.com**

Annual statement of coal resources and reserves
as at 30 June 2015

Coal reserves

The table below details the coal reserves for the Wesfarmers Group, as at 30 June 2015:

						2015 COAL RESERVES TONNES (MILLIONS)			RESERVES QUALITY (INCLUSIVE OF LOSS AND DILUTION)			
Mine	**Ownership**	**Beneficial interest**	**Location of tenements**	**Likely mining method**	**Coal type**	**Proved**	**Probable**	**Total**	**Ash (%)**	**CV (MJ/kg)**	**Sulphur (%)**	**VM (%)**
Curragh	Wesfarmers Curragh Pty Ltd	100% equity (Note 2)	Bowen Basin, Queensland	Open cut	Metallurgical and steaming	257	24	281	23.9	25.6	0.6	19.1
Bengalla	Wesfarmers Bengalla Limited	40% equity (Note 2)	Hunter Valley, New South Wales	Open cut	Steaming	158	106	264	28.8	22.3	0.6	-

Comparative reserves as at 30 June 2014:

						2014 COAL RESERVES TONNES (MILLIONS)			RESERVES QUALITY (INCLUSIVE OF LOSS AND DILUTION)			
Mine	**Ownership**	**Beneficial interest**	**Location of tenements**	**Likely mining method**	**Coal type**	**Proved**	**Probable**	**Total**	**Ash (%)**	**CV (MJ/kg)**	**Sulphur (%)**	**VM (%)**
Curragh	Wesfarmers Curragh Pty Ltd	100% equity (Note 2)	Bowen Basin, Queensland	Open cut	Metallurgical and steaming	244	40	284	25.7	24.9	0.6	17.3
Bengalla	Wesfarmers Bengalla Limited	40% equity (Note 2)	Hunter Valley, New South Wales	Open cut	Steaming	145	10	155	28.8	22.3	0.6	-

Reserve notes:

1. Quality and quantity

a. Curragh's reserve quality parameters are quoted on an air-dried basis. This is a change to previous years when Curragh's coal reserves were reported on a run of mine moisture basis. For the purpose of comparison the figures in this report for 30 June 2014 have been updated to show coal reserves on an air-dried basis.

b. Bengalla's reserve quality parameters are quoted on an air-dried basis.

c. Reserve qualities and quantities are inclusive of mining loss and out-of-seam dilution.

2. Reserves reported on a 100 per cent project basis

Curragh

a. Curragh's reserves, as stated, are 100 per cent of the site reserves, including all reserves in the Curragh project.

- WCPL and Stanwell share in value generated from certain parts of the Curragh project (being the Curragh and Curragh North mining areas, but excluding the MDL 162 area) pursuant to the terms of the Stanwell CSA.
- Reserves are reported above on a project basis before any division of economic value under the Stanwell CSA. It is not possible to express the economic entitlements of Stanwell from the Curragh project as a simple numerical percentage, as the entitlements of Stanwell pursuant to the Stanwell CSA are variable with, and dependent upon, contingent events which include all of the actual future export volumes, prices, and the duration of the Stanwell CSA relative to the timing and mine sequencing of production from the various areas of the Curragh project. It is not necessary for the Competent Person to analyse the Stanwell CSA and respective entitlements of WCPL and Stanwell given that reserves are stated on a total Curragh project basis before application of the Stanwell CSA.

b. No reserves have been declared with respect to the Stanwell Reserved Area.

c. Since 30 June 2014, reserves for the Curragh Project have been modified by: (1) an increase of the MDL 162 reserves of 17 million tonnes which is not material; and (2) reduced by mining depletion tonnages from the Curragh and Curragh North mining lease areas, based on production reporting by the operation, which have been applied to the coal reserves that have been estimated and previously reported. No activity has taken place which would constitute a material change to the reserves.

Bengalla

a. Bengalla's reserves, as stated, are 100 per cent of the site reserves, with Wesfarmers Bengalla Limited's beneficial interest in the Bengalla unincorporated joint venture being 40 per cent.

b. Bengalla has had a material change in coal resources and reserves since the previous publication. This change was released to the market on 28 November 2014 by Rio Tinto. A JORC table 1 in support of these changes was published at that time and is available to view at **riotinto.com**

Annual statement of coal resources and reserves
as at 30 June 2015

Characteristics of coal reserves and resources

Curragh

The coal is bituminous and is used for power generation (principally domestic) and metallurgical processes (primarily steel production overseas). The resource is contained in five seams of varying thickness and quality characteristics. Coal is extracted from all of these seams by open cut methods.

Bengalla

The coal is bituminous and used in export markets for power generation. Coal is extracted from eight seams of varying thickness and quality characteristics. The seams occur at relatively shallow depths and dip gently to the west. Coal is extracted by open cut methods.

JORC Code compliance

The statement of coal resources and coal reserves presented in this report has been produced in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). Additional materials with respect to detailed reporting for the Curragh project were released to the ASX on 20 August 2015 and are available at **www.wesfarmers.com.au**

Governance arrangements and internal controls

Wesfarmers has put in place governance arrangements and internal controls with respect to its estimates of reserves and resources and the estimation process, including:

- oversight and approval of each annual statement by responsible senior officers;
- establishment of internal procedures and controls to meet JORC Code compliance in all external reporting;
- independent external review of new and materially changed estimates;
- annual reconciliation with internal planning to validate reserves estimates for operating mines; and
- internal technical audits of resources and reserves estimates for each asset conducted every two years.

For the Bengalla project, where the Wesfarmers Group is not the managing entity, the Wesfarmers Group relies on the estimates of reserves and resources as reported by the managing entity, being a subsidiary of Rio Tinto.

General

Preparation of this statement requires the Competent Persons to adopt certain forward-looking assumptions, including export coal price and cost assumptions. These assumptions are commercially confidential. Long-term export price assumptions are considered reasonable but differ from actual prices prevailing as at the balance date. These types of forward-looking assumptions are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Wesfarmers Group. For the avoidance of doubt, neither the Competent Persons nor the Wesfarmers Group makes any undertaking to subsequently update any forward-looking statements in this release to reflect events after the date of this release.

The information in this report relating to coal resources and reserves is based on, and fairly represents, information compiled by Competent Persons (as defined in the JORC Code 2012, and listed below). All Competent Persons have at the time of reporting, sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined by the JORC Code 2012. Each Competent Person consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Competent Persons

Curragh

Mr Barry Saunders, Director of QGESS Pty Ltd
Member AusIMM (CP), Member AIG

Mr Andrew Walker, a full-time employee of
Wesfarmers Resources Limited,
a wholly-owned subsidiary of Wesfarmers Ltd
Member AusIMM (CP)

Bengalla

Mr Andrew Prentice, a full-time employee of
Rio Tinto Coal Australia Pty Limited
Member AusIMM

Mr Richard Ruddock, a full-time employee of
Rio Tinto Coal Australia Pty Limited
Member AusIMM (CP)

Shareholder information

Substantial shareholders

As at the date of this report there were no persons with a substantial shareholding in the company for the purposes of Part 6C.1 of the *Corporations Act 2001*.

Voting rights

Wesfarmers fully-paid ordinary shares carry voting rights of one vote per share.

Distribution of members and their holdings

Size of holdings	Number of shareholdings
1 – 1,000	416,121
1,001 – 5,000	96,860
5,001 – 10,000	10,614
10,001 – 100,000	5,411
100,001 and over	181

There were 12,876 holders holding less than a marketable parcel of Wesfarmers ordinary shares.

There were 1.27 per cent of shareholders with registered addresses outside Australia.

Twenty largest shareholders

The 20 largest shareholders of ordinary shares on the company's register as at 17 September 2015 were:

Name	Number of shares	% of issued capital
HSBC Custody Nominees (Australia) Limited	174,185,306	15.50
J P Morgan Nominees Australia Limited	130,770,071	11.64
National Nominees Limited	88,348,516	7.86
Citicorp Nominees Pty Limited	57,634,906	5.13
BNP Paribas Noms Pty Ltd (DRP)	21,460,153	1.91
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	14,244,867	1.27
AMP Life Limited	7,528,387	0.67
HSBC Custody Nominees (Australia) Limited (Nt-Comnwlth Super Corp A/C)	7,405,704	0.66
Australian Foundation Investment Company Limited	7,207,566	0.64
RBC Investor Services Australia Nominees Pty Limited (PI Pooled A/C)	6,124,011	0.54
Argo Investments Limited	5,440,027	0.48
CPU Share Plans Pty Limited (WESAP DFE Control A/C)	5,090,071	0.45
CPU Share Plans Pty Limited (WES WLTIP Control A/C)	3,690,683	0.33
UBS Wealth Management Australia Nominees Pty Ltd	3,013,159	0.27
Milton Corporation Limited	2,835,533	0.25
Navigator Australia Ltd (MLC Investment Sett A/C)	2,449,577	0.22
CPU Share Plans Pty Limited (WES Exu Control A/C)	2,391,674	0.21
Goldman Sachs Australia + Nominee Holdings Pty Ltd (WES LTD DIV INV PLAN A/C)	2,361,209	0.21
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	2,315,858	0.21
UBS Nominees Pty Ltd	2,307,737	0.21

The percentage holding of the 20 largest shareholders of Wesfarmers ordinary shares was 48.66.

Five-year financial history

All figures in $m unless shown otherwise	2015	2014[1] Restated	2013[2] Restated	2012	2011
SUMMARISED INCOME STATEMENT					
Sales revenue	**62,129**	59,903	57,466	57,685	54,513
Other operating revenue	**318**	278	283	395	362
Operating revenue	**62,447**	60,181	57,749	58,080	54,875
Operating profit before depreciation and amortisation, finance costs and income tax	**4,978**	3,877	4,486	4,544	4,155
Depreciation and amortisation	**(1,219)**	(1,082)	(1,033)	(995)	(923)
EBIT	**3,759**	2,795	3,453	3,549	3,232
Finance costs	**(315)**	(346)	(417)	(505)	(526)
Income tax expense	**(1,004)**	(939)	(908)	(918)	(784)
Profit after tax from discontinued operations	**-**	1,179	133	n/a	n/a
Operating profit after income tax attributable to members of Wesfarmers Limited	**2,440**	2,689	2,261	2,126	1,922
CAPITAL AND DIVIDENDS					
Ordinary shares on issue (number) 000's as at 30 June	**1,123,753**	1,143,275	1,157,194	1,157,072	1,157,072
Paid up ordinary capital as at 30 June	**21,844**	22,708	23,290	23,286	23,286
Fully-franked dividend per ordinary share declared (cents)	**200**	200	180	165	150
Capital management: capital return and fully franked dividend components	**100**	50	-	-	-
FINANCIAL PERFORMANCE					
Earnings per share (weighted average) (cents)	**216.1**	234.6	195.9	184.2	166.7
Earnings per share growth	**(7.9%)**	19.8%	6.4%	10.5%	22.8%
Return on average ordinary shareholders' equity (R12)	**9.8%**	10.5%	8.9%	8.4%	7.7%
Fixed charges cover (R12, times)	**3.0**	3.2	3.0	2.9	2.7
Interest cover (cash basis) (R12, times)	**20.5**	15.9	12.2	10.8	9.5
FINANCIAL POSITION AS AT 30 JUNE					
Total assets	**40,402**	39,727	43,155	42,312	40,814
Total liabilities	**15,621**	13,740	17,133	16,685	15,485
Net assets	**24,781**	25,987	26,022	25,627	25,329
Net tangible asset backing per ordinary share	**$4.85**	$6.14	$4.69	$4.45	$4.12
Net debt to equity	**25.1%**	13.1%	20.2%	19.1%	17.1%
Total liabilities/total assets	**38.7%**	34.6%	39.7%	39.4%	37.9%
STOCK MARKET CAPITALISATION AS AT 30 JUNE	**43,860**	47,835	45,936	34,846	36,913

1 The 2014 numbers have been restated to reflect the disposal of WesCEF's interest in Air Liquide WA Pty Ltd as a discontinued operation.

2 The 2013 numbers have been restated to reflect the classification of the Insurance division as a discontinued operation.

Investor information

Managing your shareholding

The company's share registry is managed by Computershare Investor Services Pty Limited (Computershare).

The Investor Centre website is the fastest, easiest and most convenient way to view and manage your shareholding. Investor Centre enables a shareholder to:

- view the company share price;
- change your banking details;
- change your address (for non-CHESS sponsored holdings);
- update your dividend instructions;
- update your Tax File Number (TFN), Australian Business Number (ABN) or exemption;
- select your email and communication preferences; and
- view your transaction history.

Visit **www.wesdirect.com.au** and click on 'Create Login' for portfolio membership or click on 'Access a Single Holding' for holding information.

When communicating with Computershare or accessing your holding online you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements.

You can also contact Computershare by:

Post: GPO Box 2975 Melbourne, Victoria 3001 Australia

Telephone
Australia: 1300 558 062
International: (+61 3) 9415 4631

Facsimile
Australia: (03) 9473 2500
International: (+61 3) 9473 2500

Website: **www.investorcentre.com/contact**

Tax File Numbers

While it is not compulsory to provide a TFN, if shareholders have not provided a TFN and Wesfarmers pays an unfranked or partly-franked dividend, the company will be required to deduct tax from the unfranked portion of the dividend at the top marginal rate plus the Medicare Levy. Shareholders can go online to update their TFN by visiting **www.wesdirect.com.au**

Change of name or consolidation of holdings

Name changes or consolidation of multiple holdings into one single holding must be made in writing by using the required forms, which can be downloaded from **www.wesdirect.com.au** and clicking on 'Need a Printable Form?'.

Uncertificated Share Register: The Wesfarmers share register is uncertificated. Two forms of uncertificated holdings are available to shareholders:

- *Issuer sponsored holdings* – these holdings are sponsored by Wesfarmers and there is no need for shareholders to be sponsored by a stockbroker; and
- *Broker sponsored holdings* – shareholders may arrange to be sponsored by a stockbroker who will require a signed sponsorship agreement.

Holding statements are issued to shareholders within five business days after the end of any month in which transactions occur that alter the balance of their holding. Shareholders can also access details of their shareholdings and dividends paid on their holdings by visiting **www.wesdirect.com.au**

Information on Wesfarmers

Wesfarmers website

Up-to-date information on the company can be obtained from the company's website **www.wesfarmers.com.au**

Securities Exchange listing

Wesfarmers shares are listed on the Australian Securities Exchange under the code, WES.

Share prices can be accessed from major Australian newspapers, on the Wesfarmers website or at **www.asx.com.au**

Dividend investment plan

The company's dividend investment plan was reinstated with effect from 27 February 2007. Details of the plan can be obtained from the share registry or the Wesfarmers website.

Privacy

A copy of the Wesfarmers Privacy Policy is available on the Wesfarmers website.

Wesfarmers Corporate Affairs department

Further information and publications about the company's operations are available from the Corporate Affairs department on (08) 9327 4366 (within Australia) or (+61 8) 9327 4366 (International) or from the Wesfarmers website.

Corporate directory

Wesfarmers Limited ABN 28 008 984 049

Registered office

Level 11, Wesfarmers House

40 The Esplanade, Perth, Western Australia 6000

Telephone:	(+61 8) 9327 4211
Facsimile:	(+61 8) 9327 4216
Website:	**www.wesfarmers.com.au**
Email:	info@wesfarmers.com.au

Executive directors

Richard Goyder AO
Group Managing Director and Chief Executive Officer

Terry Bowen
Finance Director

Non-executive directors

Bob Every AO, Chairman
Michael Chaney AO, Chairman-elect
Paul Bassat
James Graham AM
Tony Howarth AO
Wayne Osborn
Diane Smith-Gander
Vanessa Wallace
Jennifer Westacott

Company Secretary

Linda Kenyon

Share registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street,
Abbotsford, Victoria 3067

Telephone

Australia:	1300 558 062
International:	(+61 3) 9415 4631

Facsimile

Australia:	(03) 9473 2500
International:	(+61 3) 9473 2500

Website: **www.investorcentre.com/wes**

Financial calendar+

Record date for final dividend	27 August 2015
Final dividend paid	30 September 2015
Annual general meeting	12 November 2015
Half-year end	31 December 2015
Half-year profit announcement	February 2016
Record date for interim dividend	February 2016
Interim dividend payable	April 2016
Year end	30 June 2016

+Timing of events is subject to change.

Annual general meeting

The 34th Annual General Meeting of Wesfarmers Limited will be held at the Perth Convention and Exhibition Centre, Mounts Bay Road, Perth, Western Australia on Thursday, 12 November 2015 at 1:00pm (Perth time).

Website

To view the 2015 annual report, shareholder and company information, news announcements, background information on Wesfarmers' businesses and historical information, visit the Wesfarmers website at **www.wesfarmers.com.au**

Wesfarmers brands

Wesfarmers owns some of the best-known businesses in Australia and New Zealand.

Retail operations

Coles

Home Improvement and Office Supplies

Kmart

Target

Industrials and other businesses

Chemicals, Energy and Fertilisers

Resources

Industrial and Safety

Other businesses

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