20 February 2018

The Manager
Company Announcements Office
Australia Securities Exchange

Dear Manager,

HALF-YEAR REPORT TO 31 DECEMBER 2017

In accordance with ASX Listing Rule 4.2A, attached is the 2018 Half-year Report (incorporating Appendix 4D).

It is recommended that the report be read in conjunction with the Annual Financial Report of Wesfarmers Limited for the period ended 30 June 2017, together with any public announcements made by Wesfarmers Limited in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

An analyst briefing will be held at 10:00am AWST / 1:00pm AEDT on Wednesday, 21 February 2018. This briefing will be webcast and is accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

L J KENYON
COMPANY SECRETARY

2018 Half-year Report

INCORPORATING APPENDIX 4D

For the six months ended 31 December 2017

It is recommended that the 2018 Half-year Report is read in conjunction with the annual financial report of Wesfarmers Limited as at 30 June 2017 together with any public announcements made by Wesfarmers Limited and its controlled entities during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001

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

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, liquor, hotels and convenience stores; home improvement and outdoor living; department stores; office supplies; and an Industrials division with businesses in chemicals, energy and fertilisers, industrial and safety products, and coal. Wesfarmers is one of Australia's largest private sector employers with around 223,000 employees (including more than 4,500 Indigenous team members) and has a shareholder base of approximately 510,000.

About this report

This Half-year Report is a summary of Wesfarmers' and its subsidiary companies' operations and financial positions as at 31 December 2017 and performance for the half-year ended on that date.

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 the 'half-year' are to the financial period 1 July 2017 to 31 December 2017 unless otherwise stated. The previous corresponding period (pcp) is the half-year ended 31 December 2016.

All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated.

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Appendix 4D

For the half-year ended 31 December 2017

Results for announcement to the market

Revenue from ordinary activities	up 2.8% to $35,903 million
Profit after tax attributable to members:	
– Excluding significant items[a] relating to Target and Bunnings UK and Ireland	down 2.7% to $1,535 million
– Target and Bunnings UK and Ireland significant items net of tax[a]	$1,323 million (2016: nil)
Profit from ordinary activities after tax attributable to members	down 86.6% to $212 million
Net profit for the period attributable to members	down 86.6% to $212 million
Interim dividend (fully-franked)	103 cents (2016: 103 cents)
Record date for determining entitlements to the interim dividend	5:00pm (AWST) 27 February 2018
Payment date for interim dividend	5 April 2018
Net tangible assets per ordinary share	$4.31 (2016: $4.23)
Operating cash flow per share	$2.56 (2016: $2.35)

[a] Significant items relate to post-tax non-cash impairments and write-offs along with store closure provisions at Bunnings UK and Ireland ($1,023 million) and Target's post-tax non-cash impairment ($300 million).

Dividend Investment Plan

The company operates a Dividend Investment Plan (the Plan) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with Wesfarmers ordinary shares. The allocation price for shares under the Plan will be calculated as the average of the daily volume weighted average price of Wesfarmers ordinary shares on each of the 15 consecutive trading days from and including the third trading day after the record date of 27 February 2018 for participation in the Plan, being 2 March 2018 to 22 March 2018.

The last date for receipt of applications to participate in or to cease or vary participation in the Plan is by 5:00pm (AWST) on 28 February 2018. The Directors have determined that no discount shall apply to the allocation price and the Plan will not be underwritten. Shares to be allocated under the Plan will be acquired on-market and transferred to participants on 5 April 2018. A broker will be engaged to assist in this process.

Further information

Further information to assist in the understanding of the above is provided throughout this Half-year Report.

Directors' Report
Half-year Report for the six months ended 31 December 2017

The directors of Wesfarmers Limited submit their report for the half-year ended 31 December 2017.

Directors

Except as otherwise stated below, the names of the directors in office during the half-year reporting period 1 July 2017 to 31 December 2017 and as at the date of this report are shown below.

M A Chaney AO	(Non-Executive Chairman)
R J B Goyder AO	(Group Managing Director – resigned 16 November 2017)
R G Scott	(Group Managing Director – appointed 16 November 2017)
T J Bowen	(Finance Director – resigned 4 September 2017)
P M Bassat	(Non-Executive Director)
J P Graham AM	(Non-Executive Director)
A J Howarth AO	(Non-Executive Director)
W G Osborn	(Non-Executive Director)
D L Smith-Gander	(Non-Executive Director)
V M Wallace	(Non-Executive Director)
J A Westacott	(Non-Executive Director)

Directors' Report
Review of results and operations

Half-year ended 31 December 2017	Reported	Excluding significant items[a]	Variance to pcp (exc. sig. items[a])
Operating revenue	$35.9b	$35.9b	*2.8%*
Earnings before interest and tax	$1,113m	$2,350m	*(3.3%)*
Net profit after tax	$212m	$1,535m	*(2.7%)*
Basic earnings per share	$0.19	$1.36	*(3.2%)*
Operating cash flow per share (wanos, incl. res shares)	$2.56	$2.56	*8.9%*
Return on equity (R12)	6.4%	12.0%	*1.8 ppts*
Interim dividend (fully-franked) per share	$1.03	$1.03	-

[a] 2017 excludes pre-tax (post-tax) significant items of $931 million ($1,023 million) relating to Bunnings United Kingdom and Ireland, and $306 million ($300 million) relating to Target. 2016 ROE excludes post-tax non-cash impairments of $1,844 million.

Wesfarmers Limited has reported a net profit after tax (NPAT) of $212 million for the half-year ended 31 December 2017. The reported profit includes post-tax significant items of $1,323 million relating to Bunnings United Kingdom and Ireland (BUKI) and Target. Excluding these significant items, NPAT for the half-year decreased 2.7 per cent to $1,535 million.

Higher earnings across a majority of the Group's businesses were offset by losses in BUKI and lower Coles earnings following planned investments in price and service. The continued strong momentum in Bunnings Australia and New Zealand (BANZ), Kmart and Officeworks, in a competitive retail environment, was a highlight for the half. Strong production volumes and higher coal prices in the Resources business contributed to a significant increase in the Industrials division's earnings.

The Group generated record operating cash flows of $2,897 million for the half, supported by proactive working capital management. Strict capital disciplines were maintained and the Group retained a very strong balance sheet, with improvements achieved in its credit metrics.

In December 2017, the Group announced an agreement to sell the Curragh coal mine for $700 million, which also includes a value share mechanism[1] that allows Wesfarmers to participate in possible future coal price increases. On successful completion of the transaction, which is subject to a number of conditions precedent, the Group expects to record a post-tax profit on sale of approximately $100 million.

In line with the Group's dividend policy, which considers earnings, cash flows, franking credits and credit metrics, the directors have declared an interim dividend of $1.03 per share, in line with the previous corresponding period.

[1] Wesfarmers will receive 25 per cent of Curragh's export coal revenue generated above a realised metallurgical price of US$145 per tonne, paid quarterly over the next two years.

Directors' Report
Review of results and operations

Group results summary

Half-year ended 31 December ($m)	2017	2016	Variance %
Key financials			
Revenue	35,903	34,917	*2.8*
EBITDA	1,763	3,064	*(42.5)*
EBITDA (excluding significant items)[a]	3,000	3,064	*(2.1)*
EBIT	1,113	2,429	*(54.2)*
EBIT (excluding significant items)[a]	2,350	2,429	*(3.3)*
NPAT	212	1,577	*(86.6)*
NPAT (excluding significant items)[a]	1,535	1,577	*(2.7)*
Return on equity (excluding significant items)[b] (R12, %)	12.0	10.2	*1.8 ppts*
Cash flow			
Operating cash flow	2,897	2,648	*9.4*
Net capital expenditure	686	400	*71.5*
Free cash flow	2,228	2,231	*(0.1)*
Cash realisation ratio (excluding significant items)[a,c] (%)	132.6	119.7	*12.9 ppts*
Share data (cents per share)			
Basic earnings per share	18.7	140.1	*(86.7)*
Basic earnings per share (excluding significant items)[a]	135.6	140.1	*(3.2)*
Operating cash flow per share (wanos, incl. res shares)[d]	255.7	234.9	*8.9*
Interim ordinary dividend	103	103	-
Balance sheet and gearing			
Net financial debt[e]	3,864	5,360	*(27.9)*
Interest cover[f] (cash basis) (R12, times)	28.8	18.9	*52.4*
Fixed charges cover[f] (R12, times)	3.0	2.7	*11.1*

[a] 2017 excludes pre-tax (post-tax) significant items of $931 million ($1,023 million) relating to BUKI and $306 million ($300 million) relating to Target.

[b] 2017 excludes post-tax significant items of $1,323 million. 2016 excludes post-tax non-cash impairments of $1,844 million.

[c] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and significant items.

[d] Calculated by dividing operating cash flows by the weighted average number of ordinary shares (including reserved shares) on issue during the year.

[e] Interest bearing liabilities less cash at bank and on deposit, net of cross currency interest rate swaps and interest rate swap contracts.

[f] 2017 excludes pre-tax significant items of $1,237 million. 2016 excludes pre-tax non-cash impairments of $2,116 million.

Divisional earnings summary

Half-year ended 31 December ($m)	2017	2016	Variance %
EBIT			
Bunnings Australia and New Zealand	864	770	*12.2*
Bunnings United Kingdom and Ireland[a]	(165)	(48)	*n.m.*
Coles[b]	790	920	*(14.1)*
Department Stores[c]	415	387	*7.2*
Officeworks	68	62	*9.7*
Industrials[d]	449	377	*19.1*
Divisional EBIT	**2,421**	**2,468**	***(1.9)***
Other	(71)	(39)	*(82.1)*
Significant items[e]	(1,237)	-	*n.m.*
Reported EBIT	**1,113**	**2,429**	***(54.2)***

n.m. = not meaningful

[a] 2017 excludes pre-tax significant items of $931 million, including non-cash impairments, write-offs and provisions. 2016 includes $21 million of restructuring and one-off repositioning costs.

[b] 2016 includes $39 million profit on sale of Coles' interest in a number of joint venture properties to ISPT.

[c] 2017 excludes a pre-tax non-cash impairment of $306 million relating to Target. 2016 includes $13 million of restructuring costs associated with the planned relocation of Target's store support office.

[d] 2016 includes $22 million profit on sale of land for Wesfarmers Chemicals, Energy and Fertilisers (WesCEF).

[e] 2017 includes pre-tax significant items of $931 million relating to BUKI and a $306 million pre-tax non-cash impairment of Target.

Performance overview – divisional

Bunnings Australia and New Zealand (BANZ)

Revenue for BANZ increased 10.2 per cent to $6,566 million for the half, with earnings before interest and tax (earnings or EBIT) increasing 12.2 per cent to $864 million.

BANZ achieved another very strong result during the half, underpinned by continued sales growth across all of its market segments, productivity initiatives and operating leverage. The solid momentum in BANZ reflected continued strong execution of its strategy, with further investments made in customer value, product ranges, the store network and digital. BANZ's return on capital increased during the period and continued to be a strong characteristic of its performance.

Bunnings United Kingdom and Ireland (BUKI)

BUKI reported a loss before interest and tax of £97 million ($165 million) for the half, compared to a loss of £28 million ($48 million) in the prior corresponding period. Revenue for BUKI decreased 15.5 per cent to £517 million (15.7 per cent to $875 million). The loss for the half reflected continued trading and execution challenges as a result of the rapid repositioning of Homebase following the acquisition. The management team has been strengthened and a review is underway to identify the actions required to improve shareholder returns.

In addition to BUKI's reported loss, pre-tax significant items of £531 million ($931 million) were recorded in the half, reflecting the current trading performance of Homebase and a moderated outlook for BUKI.

Coles

Coles' earnings decreased 14.1 per cent to $790 million for the half, with revenue broadly in line with the prior corresponding period. The decline in earnings reflected the annualisation of investments made in the customer offer in the 2017 financial year, lower property earnings due to a one-off gain in the prior year, lower financial services earnings following the sale of Coles' credit card receivables in February 2017 and lower fuel earnings.

Coles maintained good sales momentum during the half, with transaction growth accelerating in the second quarter and reaching the highest level of quarterly comparable transaction growth in six quarters. The business continued to improve its customer offer across value, quality, product innovation and service, resulting in overall improvements in customer satisfaction metrics.

Liquor progressed its transformation, continuing to generate positive comparable sales growth, while Coles Express' earnings decreased due to changes in the commercial terms of its fuel supply arrangement.

Department Stores

Revenue for the Department Stores division increased 3.2 per cent to $4,769 million, with continued strong growth in Kmart partially offset by lower sales in Target. Department Stores' earnings increased 7.2 per cent to $415 million, the highest level of combined Kmart and Target first half earnings since the 2010 financial year.

Kmart invested significantly in the customer offer during the half, delivering greater value for customers and driving continued growth in volumes. Target stabilised its earnings through productivity initiatives and improved trading margins, while continuing to reposition its merchandise offer. Good capital disciplines resulted in a strong cash result for the Department Stores division.

During the half, a pre-tax non-cash impairment of $306 million was recorded in Target. The impairment reflected difficult trading conditions in an increasingly competitive market and a moderated outlook for the business.

Officeworks

Officeworks' revenue increased 9.7 per cent to $1,017 million, with earnings also increasing 9.7 per cent to $68 million.

Strong sales growth, coupled with effective cost control, delivered an increase in return on capital of 1.8 percentage points to 15.7 per cent. Growth was driven by continued improvements in the core offer, complemented by new and expanded product ranges, improvements in layouts and store design, and further enhancement of the omnichannel offer.

Industrials

Earnings for the Industrials division were $449 million, $72 million higher than the prior corresponding period, largely reflecting higher coal prices and strong production volumes in the Resources business.

Earnings for Wesfarmers Chemicals, Energy and Fertilisers (WesCEF) were $188 million for the period, compared to underlying earnings of $165 million in the prior year, with higher Chemicals and Energy earnings partially offset by lower Fertilisers earnings due to continued competitive price pressures. During the half, the ammonium nitrate (AN) business successfully commenced production and sales of AN emulsion, providing a new alternative use for AN production.

Earnings from the Industrial and Safety business of $52 million were in line with the prior year. A strong focus on operational efficiencies, and improved pricing and sourcing disciplines, offset a 1.7 per cent decline in revenue to $869 million and investments in supply chain, merchandising and customer service.

Resources' earnings of $209 million were $71 million above the prior corresponding period, primarily due to revenue growth of 44.3 per cent. Growth in revenue reflected the continued strength in export coal prices and strong production volumes in Curragh, partially offset by higher unit cash costs resulting from initiatives to increase production.

Other businesses and cash flows

Other businesses and corporate overheads, excluding significant items, reported an expense of $71 million compared to an expense of $39 million in the previous corresponding period. A stronger contribution from BWP Trust was offset by higher corporate expenses, which included increased provisions for claims associated with the 2011 New Zealand earthquakes that are expected to be greater than was anticipated at the time of the sale of the Insurance underwriting business.

Significant items of $1,237 million (pre-tax) were recorded during the half, reflecting impairments, writedowns and provisions in BUKI of $931 million and impairments in Target of $306 million.

Operating cash flows increased $249 million to $2,897 million for the half, driven by continued good working capital management. Reflecting the strong cash generation during the half, the cash realisation ratio increased 12.9 percentage points to 132.6 per cent[2].

Gross capital expenditure of $1,004 million was $80 million or 8.7 per cent higher than the prior corresponding period, primarily due to the acquisition of the rights to the Kmart brand name in Australia and New Zealand for $100 million, and additional BANZ store openings, partially offset by lower expenditure in Coles due to the timing of store refurbishments. Net capital expenditure increased $286 million to $686 million, reflecting lower proceeds from property disposals compared to the prior year, which included one-off transactions in Coles and WesCEF. The increase in net capital expenditure offset the growth in operating cash flows during the half, resulting in free cash flows of $2,228 million.

In line with the Group's dividend policy, which considers earnings, cash flows, franking credits and credit metrics, the directors have declared an interim dividend of $1.03 per share, fully-franked.

[2] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and significant items.

Outlook

The Group will continue to focus on delivering satisfactory returns to shareholders by improving its underperforming businesses, proactively managing its portfolio and investing in value-accretive growth opportunities. Cash flow generation, capital disciplines and balance sheet strength will continue to be prioritised to take advantage of opportunities, if and when they arise, to create value for shareholders over the long term.

Overall, the Group remains well-positioned for the future. BANZ is expected to continue building on the strong results achieved in the first half and will continue to invest in the customer offer to drive further growth and create better experiences for customers and the wider community. The review of BUKI is ongoing and an update will be provided to the market in June 2018. The short-term focus for the business is on improving the trading performance of Homebase. Coles' supermarkets business is expected to continue to improve, as it delivers better value, quality, service and convenience for customers. The strong performance of Kmart is expected to continue and the repositioning of Target's merchandise offer will be further progressed. Officeworks has had a strong start to the second half of the financial year, supported by the critical back-to-school trading period, and is well-positioned to drive growth in a competitive environment with a market-leading omnichannel offer.

WesCEF expects the continuation of strong demand for Chemicals in the second half of the financial year, and earnings will be subject to international commodity prices and exchange rates, as well as seasonal conditions in Fertilisers. Industrial and Safety is expected to experience generally stable market conditions for the remainder of the financial year and remains focused on realising the benefits associated with recent investments in supply chain and customer service. Resources' earnings will be subject to rail capacity and thermal and metallurgical coal prices, and the full-year earnings contribution of the business will be dependent on the timing of the completion of the sale of Curragh. Work to achieve satisfaction of the conditions precedent relating to the sale is ongoing and an update will be provided to the market when appropriate.

Bunnings Australia and New Zealand (BANZ)

Half-year ended 31 December ($m)	2017	2016	Variance %
Revenue	**6,566**	**5,957**	***10.2***
EBITDA[a]	953	853	*11.7*
Depreciation and amortisation	(89)	(83)	*(7.2)*
EBIT[a]	**864**	**770**	***12.2***
EBIT margin[a] (%)	13.2	12.9	
RoC (R12, %)	47.0	39.0	
Safety (R12, AIFR)	15.8	21.0	
Total store sales growth[b] (%)	10.1	8.4	
Store-on-store sales growth[b] (%)	9.0	6.5	

[a] Includes net property contribution for 2017 of $30 million and for 2016 of $44 million.
[b] See footnotes within Additional Disclosures (page 44) for relevant retail calendars.

Performance review

Operating revenue for BANZ increased 10.2 per cent to $6,566 million for the half, with EBIT increasing 12.2 per cent to $864 million.

Total store sales increased 10.1 per cent for the half[3], with store-on-store sales increasing 9.0 per cent. Sales in the prior corresponding period were affected by a late start to spring and the stock liquidation activities of the Masters business. Pleasingly, growth was achieved during the half in consumer and commercial markets, in all regions and across all product categories. In the second quarter[3], total store sales increased 8.8 per cent and store-on-store sales increased 7.5 per cent.

An ongoing productivity focus and good controls led to further operating cost leverage, and continuing favourable property market conditions resulted in positive outcomes on property divestments. Higher earnings and a continued focus on disciplined capital management resulted in an 8.0 percentage point increase in return on capital to 47.0 per cent.

Continuing focus on long-term value creation was supported by the completion of more store upgrades and category refresh work, in addition to further investments in customer value. Improved customer experiences were driven by further digital enhancements and more in-store events, leading to higher levels of engagement. The new store and replacement store pipeline remains robust.

During the half, 11 trading locations were opened, including eight new Bunnings Warehouse stores, two smaller format stores and one trade centre. At the end of the period, there were 253 warehouses, 77 smaller format stores and 33 trade centres in the BANZ network.

Outlook

BANZ remains focused on driving growth, creating better experiences for customers and the wider community, accelerating digital capability, and strengthening the core of the business.

Good trading momentum is expected to continue into the second half of the financial year, supported by further investments in lower prices to deliver greater value for customers, ongoing category refresh work, and network expansion and reinvestment.

The introduction of online transactions for special orders is expected to occur during the second half.

[3] See footnotes within Additional Disclosures (page 44) for relevant retail calendars.

Bunnings United Kingdom and Ireland (BUKI)

Half-year ended 31 December ($m)	2017	2016	Variance %
Revenue	**875**	**1,038**	***(15.7)***
EBITDA[a]	(140)	(20)	*n.m.*
Depreciation and amortisation	(25)	(28)	*10.7*
EBIT[a]	**(165)**	**(48)**	***n.m.***
EBIT margin[a] (%)	(18.9)	(4.6)	
RoC (R12, %)	(22.0)	n.a.	
Safety (R12, AIFR)	16.4	n.a.	
Total sales growth[b] (£, %)	(15.2)	n.a.	
Store-on-store sales growth[b] (£, %)	(13.4)	n.a.	

n.m. = not meaningful. n.a. = not applicable

[a] 2017 excludes pre-tax significant items of $931 million (£531 million) including $777 million (£444 million) impairment of goodwill; $18 million (£10 million) impairment of the Homebase brand name; inventory writedown of $66 million (£37 million); and store closure provisions of $70 million (£40 million). 2016 includes $21 million (£13 million) of restructuring and one-off repositioning costs.

[b] See footnotes within Additional Disclosures (page 44) for relevant retail calendars.

Performance review

Operating revenue for BUKI decreased 15.5 per cent[4] to £517 million (15.7 per cent to $875 million), resulting in a loss before interest and tax of £97 million ($165 million) for the half, compared to a loss of £28 million ($48 million) in the previous corresponding period. In addition to the underlying loss for the half, and as previously disclosed, pre-tax significant items totalling £531 million ($931 million) were recorded in relation to goodwill, brand name, stock and store closures.

Total sales during the half[5] declined 15.2 per cent, with store-on-store sales declining 13.4 per cent. For the second quarter[5], total sales declined 16.7 per cent and store-on-store sales declined 15.1 per cent. Homebase's trading performance relative to the previous comparable period was adversely affected by the significant clearance of discontinued ranges in the prior year. Price investments and sales from new ranges did not offset the significant loss of sales that resulted from the exit of non-core ranges and concessions due to inconsistent store standards and poor execution. Fifteen Bunnings pilot stores were trading during the half. The early sales results from these stores have been encouraging, albeit the sales uplifts achieved moderated during the winter months.

The BUKI senior leadership team has been strengthened, with three retailers highly experienced in the UK market appointed to support the transformation, improve execution in Homebase and provide capacity for the development of Bunnings. The team will be led by Damian McGloughlin, who has been appointed Managing Director of BUKI.

Work to improve the store network is continuing, with five loss-making stores closed during the half. Three of the 11 Bunnings pilot stores opened during the half were in new sites and are considerably larger than the stores that were closed. There were 234 Homebase stores and 15 Bunnings stores as at 31 December 2017, with a further four stores closed for conversion.

Outlook

A review of BUKI is underway to identify the actions required to improve shareholder returns. An update on this review will be provided at the Strategy Briefing Day in June 2018.

In the short term, the focus is on significantly improving retail execution to lift the trading performance of Homebase over the busy spring and summer season. Given the limited trading history of the Bunnings pilots, the focus is on reviewing and refining the stores. Nine pilot stores will open in the second half, taking the total to 24 stores to trade through the peak spring and summer selling period and completing the initial pilot store program rollout. Deployment of capital will remain disciplined and subject to ongoing review of pilot store performance.

[4] Change in GBP.
[5] See footnotes within Additional Disclosures (page 44) for relevant retail calendars.

Coles

Half-year ended 31 December ($m)		2017	2016	Variance %
Revenue[a]		**19,978**	**20,056**	***(0.4)***
EBITDA[b]		1,121	1,240	*(9.6)*
Depreciation and amortisation		(331)	(320)	*(3.4)*
EBIT[b]		**790**	**920**	***(14.1)***
EBIT margin[b] (%)		4.0	4.6	
RoC (R12, %)		9.0	11.1	
Safety (R12, TRIFR)		36.1	41.8	
Food & Liquor	Revenue[a]	**17,056**	**16,878**	***1.1***
	Headline sales growth[c,d] (%)	1.9	2.2	
	Comparable sales growth[c,d] (%)	0.9	1.3	
	Inflation/(deflation)[d]	(1.6)	(0.9)	
Convenience	Revenue	**2,922**	**3,178**	***(8.1)***
	Total convenience store sales growth[d] (%)	0.9	6.4	
	Comparable fuel volume growth[d] (%)	(19.3)	(13.3)	

[a] Includes property revenue for 2017 of $7 million and for 2016 of $10 million.
[b] Includes property EBIT for 2017 of $20 million and for 2016 of $56 million.
[c] Includes hotels, excludes gaming revenue and property.
[d] See footnotes within Additional Disclosures (page 44) for relevant retail calendars.

Performance review

Revenue of $19,978 million for the half was broadly in line with the prior corresponding period, while earnings of $790 million were 14.1 per cent below the prior year which included a one-off profit on the sale of property of $39 million. The decline in earnings was also driven by the annualisation of investments made in the customer offer in the 2017 financial year, lower Financial Services earnings following the sale of Coles' credit card receivables in February 2017 and lower fuel earnings.

Food and Liquor

Food and Liquor revenue of $17,056 million was 1.1 per cent above the prior corresponding period. Headline food and liquor sales growth for the first half[6] was 1.9 per cent, with comparable food and liquor sales growth of 0.9 per cent.

For the second quarter[6], headline food and liquor sales increased 2.3 per cent to $9,377 million. The trend in comparable sales improved in the second quarter[6], with comparable food and liquor sales growth of 1.4 per cent and comparable food sales growth of 1.3 per cent achieved. Sales growth in the second quarter[6] benefited by approximately 30 basis points with New Year's Day, typically a weaker trading day, falling into the third quarter of this financial year compared to the second quarter in the previous financial year.

Food and liquor price deflation was 1.6 per cent for the first half[6] and 0.9 per cent for the second quarter[6]. Lower fresh produce prices, driven by seasonal factors, underpinned the relatively high level of deflation in the first half[6], with this impact marginally abating in the second quarter[6].

Sales momentum in Supermarkets improved during the half[6], underpinned by strong comparable transaction growth, particularly for larger basket customers. Comparable transaction growth accelerated in the second quarter[6] to the highest level achieved in six quarters. Coles continued to provide better value, fresh quality, product innovation and service to customers, resulting in improvements in unit growth, fresh participation and customer satisfaction. Further growth in these key metrics is testament to the strength of Coles' customer offer and highlights that the business is well-positioned for sustained growth over the long term.

Coles Online achieved double digit sales growth during the half[6], with growth accelerating in the second quarter[6] as further investments were made to improve the customer experience. Coles opened its second dark store in Alexandria, significantly improving fulfilment and delivery capabilities for customers across the New South Wales metropolitan area. During the half,

[6] See footnotes within Additional Disclosures (page 44) for relevant retail calendars.

Coles also launched a twelve-month trial with Airtasker, a platform which provides a personal shopping alternative for customers and greater flexibility in delivery times. Coles remains focused on rolling out its Click and Collect offering, with over 800 supermarket and Coles Express sites expected to offer the service by the end of the 2018 financial year.

Coles expanded and improved its supermarket network during the first half, with 14 supermarkets opened, nine closed and 35 renewals completed.

Liquor achieved positive comparable sales growth for the second quarter[7] and first half[7]. The transformation program continues to improve the customer offer through more competitive pricing, simplified ranges and renewal of the store network. Further opportunities remain to enhance the customer experience through greater product innovation, growth of exclusive brands, investment in service and new routes to market.

As at 31 December 2017, Coles had a total of 806 supermarkets, 894 liquor stores and 88 hotels.

Convenience

Coles Express reported revenue of $2,922 million for the first half, 8.1 per cent lower than the prior corresponding period due to lower fuel volumes. The ongoing impact of changes to the commercial terms with its Alliance partner and lower fuel volumes resulted in lower earnings for the half.

Total convenience store sales increased 0.9 per cent for the first half[7], or 0.4 per cent on a comparable store basis. For the second quarter[7], convenience store sales decreased 0.6 per cent, with comparable store sales increasing 0.6 per cent. Growth in convenience store sales continued to be driven by strong double digit growth in the food-to-go category, an increasing Every Day value proposition and refurbishment of the store network.

Total fuel volumes for the half[7] declined by 18.6 per cent, with comparable volumes declining 19.3 per cent. Total fuel volumes decreased 17.0 per cent during the second quarter[7], with comparable volumes down 17.7 per cent on the prior corresponding period. The decline in fuel volumes again reflected the impact of changes in the Alliance agreement. Average weekly fuel volumes achieved during the second quarter[7] were broadly in line with volumes achieved in each of the previous two quarters.

As at 31 December 2017, there were 712 Coles Express sites, with 12 new sites opened and two sites closed during the period.

Outlook

Coles remains focused on its customer-led strategy and delivering sustainable, long-term growth in earnings and returns. The sales momentum achieved in the Supermarkets business in the second quarter is expected to continue in the second half. Price deflation is expected to remain at elevated levels in the second half due to the impact of Cyclone Debbie on fresh produce prices in the previous comparable period, as well as the continuation of favourable growing conditions in both fruit and vegetables in the current financial year.

While the Supermarkets business is expected to continue to improve, divisional earnings in the second half are expected to be affected by increased team member costs and lower Convenience earnings.

Coles has made significant progress towards a new Supermarket Enterprise Agreement for more than 75,000 store team members, which if approved by team members and the Fair Work Commission, is likely to commence in the second half. Despite the cost impact associated with the Enterprise Agreement, which includes a cash payment and annual wage increases, Coles has made a deliberate decision to invest in its team members to ensure it is able to attract and retain the best people for the long-term benefit of the business.

Full-year earnings from the Convenience business are expected to be lower than the 2017 financial year, due to the ongoing impact of changes to the commercial terms with its Alliance partner.

The Liquor business will progress with its transformation strategy, with further opportunities available to enhance the customer offer, particularly on range and convenience, and to realise productivity efficiencies across the business.

Coles will continue to invest in new channels and services as the needs of customers continually evolve, with a focus on delivering greater convenience and more personalised service to customers.

Coles has many exciting initiatives for customers for the remainder of the year, with particular highlights the recent launch of the Sports for Schools program and the three-year partnership with Little Athletics and Athletics Australia.

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[7] See footnotes within Additional Disclosures (page 44) for relevant retail calendars.

Department Stores

Half-year ended 31 December ($m)	2017	2016	Variance %
Revenue	**4,769**	**4,619**	***3.2***
EBITDA[a]	518	486	*6.6*
Depreciation and amortisation	(103)	(99)	*(4.0)*
EBIT[a]	**415**	**387**	***7.2***
EBIT margin[a] (%)	8.7	8.4	
RoC[b] (R12, %)	26.2	9.2	
Safety (R12, LTIFR)	4.7	5.4	
Kmart			
– Total sales growth[c] (%)	8.6	9.1	
– Comparable store sales growth[c] (%)	5.4	5.7	
Target			
– Total sales growth[c] (%)	(6.2)	(17.4)	
– Comparable store sales growth[c] (%)	(6.5)	(18.2)	

[a] 2017 excludes a pre-tax non-cash impairment of $306 million recognised against Target's brand name ($238 million), goodwill ($47 million), and other fixed assets ($21 million). 2016 includes a provision of $13 million recognised for restructuring costs associated with the planned relocation of Target's store support office.

[b] 2016 includes $158 million in restructuring costs and provisions for Target. In addition to higher earnings, the increase in ROC in 2017 also reflects lower capital employed as a result of non-cash impairments in Target in June 2016 and December 2017.

[c] See footnotes within Additional Disclosures (page 44) for relevant retail calendars.

Performance review

Department Stores delivered revenue of $4,769 million for the half, up 3.2 per cent on the prior corresponding period, with continued strong growth in Kmart partially offset by lower revenue in Target. Earnings increased 7.2 per cent to $415 million, with both brands achieving growth on the prior corresponding period. During the half, a pre-tax non-cash impairment of $306 million was recorded in Target, reflecting challenging sales performance during the half and a moderated outlook for the business. The applicable accounting standards do not allow Wesfarmers to recognise, in its accounts, increases in the value of Kmart.

Kmart

Kmart's total sales increased 8.6 per cent for the half[8], with comparable sales increasing 5.4 per cent. Sales growth was driven by double digit growth in customer transactions and higher units per basket, with strong performances achieved across all categories.

In the second quarter[8], total sales increased 8.3 per cent, with comparable sales increasing 5.8 per cent. The result reflected strong performances in home and kids general merchandise, supported by Christmas-related categories.

Significant price investments were made during the half, in line with Kmart's lowest prices strategy. An enhanced product range and improved sell-through of full-price inventory, combined with productivity improvements across stores and the supply chain, delivered earnings growth despite the margin impacts of reduced prices.

Kmart continued to invest in its store network, opening five new stores, closing one store and completing 11 store refurbishments during the period. There were 224 Kmart stores as at 31 December 2017.

Four new Kmart Tyre & Auto Service (KTAS) centres were also opened, with one centre closed, resulting in 254 KTAS centres at the end of the half.

Target

Target's total sales decreased 6.2 per cent for the first half[8], with comparable sales declining by 6.5 per cent. For the second quarter[8], total sales decreased 6.1 per cent, with comparable sales declining 6.5 per cent.

The significant transition to deliver quality and fashion at low prices continued, with sales performance in the half reflecting the ongoing reset of product, price and range, particularly across womenswear, toys and general merchandise, and through the

[8] See footnotes within Additional Disclosures (page 44) for relevant retail calendars.

online channel. Despite the decline in sales, earnings growth was delivered through improved trading margins and lower supply chain and store operating costs.

Target opened six previously approved stores during the half and closed two stores. There were 307 Target stores as at 31 December 2017.

Outlook

The Department Stores division is well-positioned to continue to grow.

Kmart will continue to offer lowest prices on everyday items. The business will drive sustainable growth by providing Australian and New Zealand families with better products at even lower prices. The solid sales momentum is expected to continue into the second half. Combined with the relentless pursuit of lowest cost across business operations, Kmart is well-positioned for the remainder of the financial year.

Kmart will continue to invest in its store network, with plans to open four new stores and complete nine store refurbishments in the second half.

For Target, the balance of the 2018 financial year will continue to reflect the significant transition underway in the business towards fashionable home, kidswear and womenswear offers, supported by improved merchandise disciplines and quality of sales. Continued improvements and growth in Target's online offer are expected.

Target plans to close one store, which will reopen as Kmart, in the second half.

Officeworks

Half-year ended 31 December ($m)	2017	2016	Variance %
Revenue	**1,017**	**927**	***9.7***
EBITDA	80	74	*8.1*
Depreciation and amortisation	(12)	(12)	-
EBIT	**68**	**62**	***9.7***
EBIT margin (%)	6.7	6.7	
RoC (R12, %)	15.7	13.9	
Safety (R12, AIFR)	10.8	14.7	
Total sales growth[a] (%)	9.8	5.8	

[a] See footnotes within Additional Disclosures (page 44) for relevant retail calendars.

Performance review

Officeworks' revenue increased 9.7 per cent to $1,017 million. Earnings of $68 million were 9.7 per cent higher than the prior corresponding period.

Sales for the second quarter[9] increased 11.8 per cent, resulting in sales growth of 9.8 per cent for the half[9]. Earnings growth was achieved through a combination of higher sales across stores and online, and effective management of gross margin and the cost of doing business.

An ongoing improvement in the customer offer was driven by a continued focus on the core offer complemented by new and expanded product ranges, improvements in merchandise layouts and store design, online enhancements, and a relentless focus on price, range and service across all channels to market.

Strong momentum in the business-to-business segment was maintained as Officeworks' 'every channel' offer continued to resonate well with micro, small and medium-sized business customers.

Strong sales growth coupled with effective cost control delivered an increase in return on capital of 1.8 percentage points to 15.7 per cent.

Three new stores were opened and two closed during the half, resulting in 165 stores across Australia as at 31 December 2017.

Outlook

The critical back-to-school trading period has delivered a strong start to the second half of the financial year.

Officeworks will continue to drive growth and productivity by executing its strategic agenda. Key areas for the second half will include a focus on continuing to strengthen and expand the customer offer, extending Officeworks' 'every channel' reach, enhancing productivity and efficiency, investing in talent, diversity and safety, and making a positive difference in the community.

Competitive intensity is expected to continue, particularly in technology. Officeworks is well-placed to continue to drive growth in this environment and will drive further enhancements of its offer through range extension and merchandise initiatives.

[9] See footnotes within Additional Disclosures (page 44) for relevant retail calendars.

Industrials

Chemicals, Energy and Fertilisers

Half-year ended 31 December ($m)	2017	2016	Variance %
Revenue			
Chemicals	439	412	*6.6*
Energy[a]	223	182	*22.5*
Fertilisers	102	101	*1.0*
Total	**764**	**695**	***9.9***
EBITDA	223	225	*(0.9)*
Depreciation and amortisation	(35)	(38)	*7.9*
EBIT	**188**	**187**	***0.5***
EBIT excluding one-off items[b]	**188**	**165**	***13.9***
External sales volumes[c] ('000 tonnes)			
Chemicals	494	499	*(1.0)*
LPG	81	55	*47.3*
Fertilisers	253	234	*8.1*
RoC (R12, %)	28.0	25.1	
Safety (R12, LTIFR)	1.4	1.1	

[a] Includes interest revenue from Quadrant Energy loan notes and excludes intra-division sales.
[b] 2016 excludes a profit on sale of land of $22 million.
[c] External sales exclude AN volumes transferred between chemicals and fertilisers business segments.

Performance review

Revenue of $764 million for the half was 9.9 per cent above the prior corresponding period. The increase was largely driven by a 22.5 per cent increase in Energy revenue due to higher LPG volumes, particularly exports, and pricing due to a higher Saudi CP (the international benchmark pricing for LPG), as well as continued growth in natural gas retailing volumes.

Reported earnings were $188 million for the period, relative to underlying earnings of $165 million in the prior period. Strong production performance across all Chemicals businesses and strong earnings in Kleenheat were partially offset by lower Fertilisers earnings due to continued price pressures. The reported result includes insurance proceeds received in relation to unplanned plant shutdowns in the prior period.

An ongoing focus on safety, particularly high potential incidents, has seen the LTIFR maintained at historically low levels.

Chemicals

The ammonium nitrate (AN) business successfully commenced production and sales of AN emulsion during the half. Together with other new contracts for explosive grade AN, emulsion sales helped offset some of the impact of the expiry of a key offtake contract at the beginning of the financial year. Customer demand for AN has also been strong, supporting opportunistic sales. Although production rates were pleasing, volumes produced were lower than the prior corresponding period due to a planned shutdown of one of the AN plants during the half.

Despite lower global pricing, the ammonia business benefited from improved production rates and lower unit costs, with the previous corresponding period including a number of plant disruptions.

Improved production performance enabled the sodium cyanide business to benefit from strong demand during the period, particularly from the buoyant domestic market.

Australian Vinyls benefited from increased PVC demand while QNP earnings were lower due to production issues and weaker demand earlier in the half.

Energy

Kleenheat benefited from a higher Saudi CP, increased LPG export volumes and continued growth in natural gas retailing with more than 190,000 residential natural gas customers.

Fertilisers

Despite higher volumes in the half, prices and margins were affected by increased competition in the Western Australian market and a later start to the season which resulted in a period of oversupply. A highlight of the period was the launch of the Decipher platform which allows farmers to easily gather, evaluate and report on key farm nutrition and performance information.

Outlook

The outlook for the second half is for an expected continuation of strong production and demand for Chemicals. Beyond the second half, the expectation is that oversupply and increased competition, in particular in AN, will persist. The AN business remains focused on securing additional contracted offtake.

Kleenheat's earnings will remain dependent upon international LPG prices and LPG content in the Dampier to Bunbury natural gas pipeline. Natural gas retailing is expected to continue to grow, although the rate of growth may be affected by the recent increase in competition in the Western Australian market.

Farmer sentiment in Western Australia remains positive following an above average grain harvest. Second half earnings will be highly dependent upon the timing and extent of the seasonal break in autumn.

Earnings will remain subject to changes in international commodity prices, exchange rates and seasonal factors.

Industrial and Safety

Half-year ended 31 December ($m)	2017	2016	Variance %
Revenue	**869**	**884**	***(1.7)***
EBITDA	73	73	-
Depreciation and amortisation	(21)	(21)	-
EBIT	**52**	**52**	**-**
EBIT margin (%)	6.0	5.9	
RoC (R12, %)	8.3	5.9	
Safety (R12, LTIFR)	1.5	1.0	

Performance review

Revenue of $869 million was 1.7 per cent below the prior corresponding period. Blackwoods' revenue declined marginally as strong demand from the mining and construction sector did not offset weakness in other sectors. Workwear Group revenue was below the prior corresponding period due to later timing of uniform sales in the United Kingdom and weaker demand in New Zealand, while Coregas' revenue increased due to strong demand in tonnage and bulk sale channels.

Earnings of $52 million were in line with the previous corresponding period. Within this result, Blackwoods' earnings were supported by improved trading margins resulting from better pricing and sourcing disciplines, offset by continued investments in customer service, supply chain and digital. Workwear Group earnings improved as a result of lower operating costs following restructuring in the supply chain and a strong cost focus. Coregas' earnings were adversely affected by competitive pressures in the industrial gas market and rising energy input costs.

The transformation programs in Blackwoods and Workwear Group continued during the period, focusing on enhancing customer service levels and experience, and reducing the cost and complexity of the operating model.

Safety and injury management remains a core focus, with LTIFR remaining at a low level, and the total number of Reportable Incidents declining during the half.

Outlook

Market conditions and demand are expected to remain generally stable for the remainder of the financial year. Coregas is expected to continue to experience pricing and margin pressure, and be affected by rising energy input costs.

Performance improvement activities will continue in Blackwoods and Workwear Group, including enhancing the customer experience and further embedding a service culture through additional investment in customer service and the digital offer. The focus will also remain on improving range and optimising the operating model through digitisation and supply chain improvements.

Resources

Half-year ended 31 December ($m)	2017	2016	Variance %
Revenue	**1,071**	**742**	***44.3***
Royalties[a]	(220)	(90)	*n.m.*
Mining and other costs	(609)	(481)	*(26.6)*
EBITDA	242	171	*41.5*
Depreciation and amortisation	(33)	(33)	-
EBIT	**209**	**138**	**51.4**
RoC (R12, %)	77.0	(6.1)	
Coal production ('000 tonnes)	7,859	7,532	*4.3*
Safety[b] (R12, LTIFR)	1.7	0.3	

n.m. = not meaningful

[a] Includes Stanwell export rebate expense for 2017 of $123 million and for 2016 of $30 million.

[b] Excluding Bengalla.

Performance review

Revenue of $1,071 million was 44.3 per cent above the prior corresponding period, primarily due to continued strength in export metallurgical and steaming coal prices, higher sales volumes and lower hedge book losses, partially offset by a higher Australian dollar.

Earnings of $209 million were $71 million above the previous corresponding period, primarily due to significantly higher export sales revenue. Royalties increased $130 million to $220 million, reflecting higher coal prices during the half. Mining and other costs were 26.6 per cent higher than the prior period which included benefits from provision releases of $35 million relating to settlement of the Stanwell litigation. The increase in costs also reflected higher production and sales volumes.

Curragh (Queensland)

Metallurgical coal production of 4.1 million tonnes for the half was 4.8 per cent above the prior period. Steaming coal production of 1.9 million tonnes was broadly in line with the prior period. Mine cash costs per tonne increased on the prior corresponding period due to greater contractor overburden removal to support increased production.

Metallurgical coal sales volumes of 4.5 million tonnes were 8.3 per cent above the prior corresponding period, supported by higher metallurgical production volumes. Steaming coal sales volumes of 1.9 million tonnes were largely in line with the prior period.

Curragh continues to be negatively affected by its obligations to the Stanwell Corporation. For the half, these obligations represented a cost of $180 million, including $123 million of export rebates and $57 million relating to contracted domestic coal that is supplied at below cost. The significant increase in export rebates was due to continued strength in export prices.

During the half, Wesfarmers agreed to sell the Curragh coal mine to Coronado Coal Group, subject to a number of conditions.

Bengalla (New South Wales)

Sales volumes from the Bengalla mine, in which Wesfarmers holds a 40 per cent interest, were 5.6 per cent higher than the prior corresponding period with production volumes up 9.7 per cent. The mine also continued to benefit from continued strength in export steaming coal prices.

Outlook

Thermal and metallurgical coal prices are expected to remain volatile in the near term. Recent metallurgical coal spot prices reached approximately US$260 per tonne, but moderated during January 2018. Prices are likely to be sensitive to any supply disruption events in the short term.

The focus for the business will remain on improving operational productivity, cost control and capital discipline.

Aurizon's recently announced changes to its network operating and business practices are having an ongoing impact on available rail capacity. Combined with an Aurizon train derailment in January 2018, which impacted exports from the Port of Gladstone, Curragh's ability to export coal will be affected during the second half. As a result, Curragh's metallurgical coal sales volume is forecast to be in the range of 8.5 to 8.8 million tonnes for the 2018 financial year, subject to mine operating performance, weather and infrastructure availability, in particular rail availability.

The obligations to Stanwell Corporation will continue to adversely impact earnings, with export rebates expected to be $220 million to $240 million for the full-year.

Work continues to achieve satisfaction of the conditions precedent relating to the sale of the Curragh coal mine in the second half. An update will be provided to the market at the appropriate time.

The strategic review of Wesfarmers' 40 per cent interest in the Bengalla mine is ongoing.

Other

Half-year ended 31 December ($m)	Holding %	2017	2016	Variance %
Share of profit of associates				
BWP Trust	25	26	18	*44.4*
Other	Various	6	13	*(53.8)*
Sub-total share of profit of associates		**32**	**31**	***3.2***
Interest revenue[a]		6	3	*100.0*
Other		(35)	(6)	*n.m.*
Corporate overheads		(74)	(67)	*(10.4)*
Total Other (excluding significant items)		**(71)**	**(39)**	***(82.1)***
Significant items[b]		(1,237)	-	*n.m.*
Total Other (including significant items)		**(1,308)**	**(39)**	***n.m.***

n.m. = not meaningful

[a] Excludes interest revenue from Coles Financial Services and Quadrant Energy loan.

[b] Includes pre-tax significant items of $1,237 million for Bunnings UK and Ireland ($931 million) and Target ($306 million).

Performance review

Other businesses and corporate overheads, excluding significant items, reported an expense of $71 million compared to an expense of $39 million in the previous corresponding period.

Earnings from the Group's associates were $32 million, compared to $31 million in the prior year, and benefited from a higher contribution from property revaluations in the BWP Trust. Interest revenue of $6 million increased from the prior corresponding period due to a higher average cash balance.

Other corporate expenses increased $29 million partly due to increased provisions for claims associated with the 2011 New Zealand earthquakes, which are expected to be greater than was anticipated, and provided for, at the time of the sale of the Insurance underwriting business. Lower inter-company interest revenue following the sale of Coles' credit card receivables in February 2017 also contributed to the unfavourable movement in other corporate expenses. Corporate overheads of $74 million were $7 million higher than the prior corresponding period due to additional remuneration costs associated with leadership transition, higher incentives relating to the prior financial year and increased project activity.

Pre-tax significant items of $1,237 million recorded during the half relate to BUKI and Target. In BUKI, a non-cash impairment of $861 million was recognised in respect of goodwill ($777 million) and the Homebase brand name ($18 million), as well as stock ($66 million), in addition to store closure provisions of $70 million. Target recognised a pre-tax non-cash impairment of $306 million in respect of its brand name ($238 million), goodwill ($47 million) and property, plant and equipment ($21 million).

Cash flow, financing and dividends

Half-year ended 31 December ($m)	2017	2016	Variance %
Cash flow			
Operating cash flows	2,897	2,648	*9.4*
Gross capital expenditure	1,004	924	*8.7*
Net capital expenditure	686	400	*71.5*
Free cash flow	2,228	2,231	*(0.1)*
Cash realisation ratio[a] (%)	132.6	119.7	*12.9 ppts*
Balance sheet and credit metrics			
Net financial debt[b]	3,864	5,360	*(27.9)*
Finance costs	114	149	*(23.5)*
Effective cost of debt (%)	4.08	3.95	*0.13 ppts*
Interest cover[c] (cash basis) (R12, times)	28.8	18.9	*52.4*
Fixed charges cover[c] (R12, times)	3.0	2.7	*11.1*
Net debt to equity (%)	19.3	24.9	*(5.6) ppts*
Dividends per share (cents per share)			
Interim ordinary dividend	103	103	-

[a] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and significant items.
[b] Interest bearing liabilities less cash at bank and on deposit, net of cross currency interest rate swaps and interest rate swap contracts.
[c] 2017 excludes pre-tax significant items of $1,237 million. 2016 excludes pre-tax non-cash impairments of $2,116 million.

Cash flow

The Group generated operating cash flows of $2,897 million during the half, an increase of 9.4 per cent on the prior corresponding period. The strong cash flow result was driven by favourable working capital movements, particularly in BUKI and Target due to stock reduction initiatives, and a lower fertiliser stock build in WesCEF. The cash realisation ratio[10], which excludes significant items, increased 12.9 percentage points to 132.6 per cent.

Gross capital expenditure of $1,004 million was $80 million or 8.7 per cent higher than the prior corresponding period. The increase was primarily due to the acquisition of the rights to the Kmart brand name in Australia and New Zealand during the half, as well as additional BANZ store openings, partially offset by lower Coles capital expenditure due to the timing of store refurbishments. Proceeds from property disposals were $206 million below the prior period, which included one-off property transactions in Coles and WesCEF. As a result, net capital expenditure increased by $286 million to $686 million.

Free cash flows of $2,228 million were largely in line with the prior year as higher net capital expenditure offset the higher operating cash flows generated during the period.

[10] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and significant items.

Financing

Net financial debt at the end of the period, comprising interest bearing liabilities net of cross currency swap assets and cash at bank and on deposit, was $3,864 million, a decrease of $1,496 million on 31 December 2016 and $457 million below the balance at 30 June 2017.

Finance costs decreased 23.5 per cent to $114 million, reflecting a lower average net debt balance over the period.

The Group continues its strategy of maintaining diversity of funding sources, pre-funding upcoming maturities and maintaining a presence in key markets.

The Group's strong credit ratings remained unchanged during the half, with a rating from Moody's Investors Services of A3 (stable) and rating of A- (stable) from Standard and Poor's. In September 2017, Standard and Poor's revised their outlook for the Group from 'negative' to 'stable'.

Dividends

The Board today declared a fully-franked interim dividend of 103 cents per share, in line with the prior corresponding period.

The interim dividend will be paid on 5 April 2018 to shareholders on the company's register on 27 February 2018, the record date for the interim 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 2 March 2018 to 22 March 2018.

The last date for receipt of applications to participate in, or to cease or vary participation in the Plan, is 28 February 2018. No discount will apply to the allocation price. Given strong cash flow performance and credit metrics, shares to be allocated under the Plan will be acquired on-market and transferred to participants on 5 April 2018.

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is provided below and forms part of this report.

Building a better working world

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Auditor's Independence Declaration to the Directors of Wesfarmers Limited

As lead auditor for the review of Wesfarmers Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Wesfarmers Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
20 February 2018

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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The company is an entity to which the instrument applies.

Signed in accordance with a resolution of the directors.

M A Chaney AO
Chairman
Perth, 20 February 2018

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Financial statements

Notes to the financial statements

Income statement

For the half-year ended 31 December 2017

	Note	CONSOLIDATED December 2017 $m	December 2016 $m
Revenue	4	**35,903**	34,917
Expenses			
Raw materials and inventory		**(24,320)**	(23,756)
Employee benefits expense	4	**(4,900)**	(4,590)
Freight and other related expenses		**(509)**	(539)
Occupancy-related expenses	4	**(1,639)**	(1,596)
Depreciation and amortisation	4	**(650)**	(635)
Impairment expenses	4	**(1,146)**	(10)
Other expenses	4	**(1,831)**	(1,589)
Total expenses		**(34,995)**	(32,715)
Other income	4	**158**	183
Share of net profits of associates and joint venture		**47**	44
		205	227
Earnings before interest and income tax expense (EBIT)		**1,113**	2,429
Finance costs	4	**(114)**	(149)
Profit before income tax expense		**999**	2,280
Income tax expense	5	**(787)**	(703)
Profit attributable to members of the parent		**212**	1,577
Earnings per share attributable to ordinary equity holders of the parent	9		
Basic earnings per share		**18.7**	140.1
Diluted earnings per share		**18.7**	139.9

Statement of comprehensive income

For the half-year ended 31 December 2017

	Note	CONSOLIDATED December 2017 $m	December 2016 $m
Profit attributable to members of the parent		**212**	1,577
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve			
Exchange differences on translation of foreign operations		**9**	(1)
Cash flow hedge reserve	11		
Unrealised (losses)/gains on cash flow hedges		**(37)**	66
Realised losses transferred to net profit		**17**	45
Realised losses transferred to non-financial assets		**82**	42
Share of associates and joint venture reserves		**(2)**	3
Tax effect		**(19)**	(52)
Items that will not be reclassified to profit or loss:			
Retained earnings			
Remeasurement (loss)/gain on defined benefit plan		**(1)**	4
Tax effect		**-**	(1)
Other comprehensive income for the period, net of tax		**49**	106
Total comprehensive income for the period, net of tax, attributable to members of the parent		**261**	1,683

Balance sheet

As at 31 December 2017

	Note	CONSOLIDATED December 2017 $m	June 2017 $m	December 2016 $m
Assets				
Current assets				
Cash and cash equivalents	6	**1,842**	1,013	738
Receivables - Trade and other		**1,740**	1,633	1,746
Receivables - Finance advances and loans		**-**	-	897
Inventories		**6,979**	6,530	6,852
Derivatives		**255**	247	72
Other		**344**	244	295
Total current assets		**11,160**	9,667	10,600
Non-current assets				
Investments in associates and joint venture		**724**	703	632
Deferred tax assets		**922**	971	944
Property		**2,065**	2,195	2,180
Plant and equipment		**7,210**	7,245	7,256
Goodwill		**13,565**	14,360	14,400
Intangible assets		**4,380**	4,576	4,599
Derivatives		**311**	246	572
Other		**130**	152	216
Total non-current assets		**29,307**	30,448	30,799
Total assets		**40,467**	40,115	41,399
Liabilities				
Current liabilities				
Trade and other payables		**7,890**	6,615	7,623
Interest-bearing loans and borrowings	7	**1,231**	1,347	444
Income tax payable		**292**	292	142
Provisions		**1,823**	1,743	1,665
Derivatives		**108**	154	99
Other		**414**	266	377
Total current liabilities		**11,758**	10,417	10,350
Non-current liabilities				
Interest-bearing loans and borrowings	7	**4,206**	4,066	5,630
Provisions		**1,498**	1,511	1,524
Derivatives		**20**	24	28
Other		**156**	156	100
Total non-current liabilities		**5,880**	5,757	7,282
Total liabilities		**17,638**	16,174	17,632
Net assets		**22,829**	23,941	23,767
Equity				
Equity attributable to equity holders of the parent				
Issued capital	8	**22,268**	22,268	22,140
Reserved shares	8	**(43)**	(26)	(27)
Retained earnings		**359**	1,509	1,384
Reserves		**245**	190	270
Total equity		**22,829**	23,941	23,767

Cash flow statement

For the half-year ended 31 December 2017

	Note	CONSOLIDATED December 2017 $m	December 2016 $m
Cash flows from operating activities			
Receipts from customers		**38,793**	37,694
Payments to suppliers and employees		**(35,072)**	(34,408)
Dividends and distributions received from associates		**23**	23
Net movement in finance advances and loans		**-**	(62)
Interest received		**7**	67
Borrowing costs		**(99)**	(129)
Income tax paid		**(755)**	(537)
Net cash flows from operating activities	6	**2,897**	2,648
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles	6	**(1,004)**	(924)
Proceeds from sale of property, plant and equipment and intangibles	6	**318**	524
Net investments in associates and joint arrangements		**-**	(2)
Acquisition of subsidiaries, net of cash acquired		**-**	(24)
Net redemption of loan notes		**17**	9
Net cash flows used in investing activities		**(669)**	(417)
Cash flows from financing activities			
Proceeds from borrowings		**71**	253
Repayment of borrowings		**(109)**	(1,398)
Equity dividends paid		**(1,361)**	(959)
Net cash flows used in financing activities		**(1,399)**	(2,104)
Net increase in cash and cash equivalents		**829**	127
Cash and cash equivalents at beginning of period		**1,013**	611
Cash and cash equivalents at end of period	6	**1,842**	738

Statement of changes in equity

For the half-year ended 31 December 2017

		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 2016		21,937	(28)	874	(105)	271	22,949
Net profit for the period		-	-	1,577	-	-	1,577
Other comprehensive income							
Exchange differences on translation of foreign operations		-	-	-	-	(1)	(1)
Changes in the fair value of cash flow hedges, net of tax	11	-	-	-	104	-	104
Remeasurement gain on defined benefit plan, net of tax		-	-	3	-	-	3
Total other comprehensive income for the period, net of tax		-	-	3	104	(1)	106
Total comprehensive income for the period, net of tax		-	-	1,580	104	(1)	1,683
Share-based payment transactions		-	-	-	-	1	1
Issue of shares	8	203	-	-	-	-	203
Equity dividends	8,10	-	1	(1,070)	-	-	(1,069)
		203	1	(1,070)	-	1	(865)
Balance at 31 December 2016		22,140	(27)	1,384	(1)	271	23,767
Balance at 1 July 2017		**22,268**	**(26)**	**1,509**	**(82)**	**272**	**23,941**
Net profit for the period		**-**	**-**	**212**	**-**	**-**	**212**
Other comprehensive income							
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**9**	**9**
Changes in the fair value of cash flow hedges, net of tax	11	**-**	**-**	**-**	**41**	**-**	**41**
Remeasurement loss on defined benefit plan, net of tax		**-**	**-**	**(1)**	**-**	**-**	**(1)**
Total other comprehensive income for the period, net of tax		**-**	**-**	**(1)**	**41**	**9**	**49**
Total comprehensive income for the period, net of tax		**-**	**-**	**211**	**41**	**9**	**261**
Share-based payment transactions		**-**	**-**	**-**	**-**	**5**	**5**
Acquisition of shares on-market for Key Executive Equity Performance Plan (KEEPP)	8	**-**	**(17)**	**-**	**-**	**-**	**(17)**
Equity dividends	10	**-**	**-**	**(1,361)**	**-**	**-**	**(1,361)**
		-	**(17)**	**(1,361)**	**-**	**5**	**(1,373)**
Balance at 31 December 2017		**22,268**	**(43)**	**359**	**(41)**	**286**	**22,829**

1. Corporate information

The financial report of Wesfarmers Limited (referred to as 'Wesfarmers', 'the Company' or 'the Group') for the half–year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 20 February 2018. Wesfarmers is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ('the ASX').

2. Basis of preparation and accounting policies

a) Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2017 has been prepared in accordance with AASB 134 *Interim Financial Reporting and the Corporations Act 2001.*

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

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and considered with any public announcements made by the Company during the half–year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year financial report is presented in Australian dollars and all values are rounded to the nearest million dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

2. Basis of preparation and accounting policies (continued)

b) Significant accounting policies

Except as noted below, the same accounting policies and methods of computation have been applied by each entity in the consolidated group and are consistent with those adopted and disclosed in the most recent annual financial report.

New and revised Accounting Standards and Interpretations

The adoption of new and amended standards and interpretations has not resulted in a material change to the financial performance or position of the Company.

All new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2017 to the Group have been adopted and include:

- AASB 2016-1 *Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses*
- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*
- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*

3. Segment information

The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing 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 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 is disclosed in the Wesfarmers 30 June 2017 financial report. Segment performance is evaluated based on operating profit or loss, which in certain respects, as explained in the table below, is presented differently from operating profit or loss in the consolidated financial statements.

Revenue and earnings of various divisions are affected by seasonality and cyclicality as follows:
- for retail divisions, particularly Department Stores, earnings are typically greater in the December half of the financial year due to the impact of the Christmas holiday shopping period; and
- for the Resources business, the majority of the entity's coal contracted tonnages are renewed on an annual basis from April each calendar year.

Transfer prices between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation and are not considered material.

											INDUSTRIALS									
	BUNNINGS AUSTRALIA AND NEW ZEALAND[1]		BUNNINGS UK AND IRELAND (BUKI)[1]		COLES		DEPARTMENT STORES[1 2]		OFFICEWORKS		RESOURCES[3]		WIS		WesCEF[4]		OTHER		CONSOLIDATED	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	$m	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m
Segment revenue	6,566	5,957	875	1,038	19,978	20,056	4,769	4,619	1,017	927	1,071	742	869	884	764	695	(6)	(1)	**35,903**	34,917
Adjusted EBITDA[5]	953	853	(140)	(20)	1,121	1,240	518	486	80	74	242	171	73	73	223	225	(70)	(38)	**3,000**	3,064
Depreciation and amortisation	(89)	(83)	(25)	(28)	(331)	(320)	(103)	(99)	(12)	(12)	(33)	(33)	(21)	(21)	(35)	(38)	(1)	(1)	**(650)**	(635)
Segment result	**864**	770	**(165)**	(48)	**790**	920	**415**	387	**68**	62	**209**	138	**52**	52	**188**	187	**(71)**	(39)	**2,350**	2,429
Items not included in segment result[6]	**-**	-	**(931)**	-	**-**	-	**(306)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(1,237)**	-
EBIT																			**1,113**	2,429
Finance costs																			**(114)**	(149)
Profit before income tax expense																			**999**	2,280
Income tax expense																			**(787)**	(703)
Profit attributable to members of the parent																			**212**	1,577
Capital expenditure[7]	275	212	56	17	334	447	195	112	11	17	34	53	19	16	30	20	1	11	**955**	905
Share of net profit or loss of associates and joint venture included in EBIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15	14	32	30	**47**	44

1 As a result of the changes to internal reporting, Bunnings Australia and New Zealand Segment has been reported separately from the BUKI Segment and Kmart and Target segments have been reported collectively as Department Stores for the current and comparative periods.
2 The 2016 Department Stores result includes a provision of $13 million recognised for additional Target restructuring costs associated with the planned relocation of Target's store support office.
3 The 2017 Resources result includes Government royalties and Stanwell rebates of $220 million (2016: $90 million) and hedge losses of $17 million (2016: $45 million loss).
4 The 2016 WesCEF result includes profit on sale of land of $22 million (before tax).
5 Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation and other items not included in the segment results outlined in footnote 6.
6 The 2017 segment result excludes BUKI's pre-tax writedown of $861 million (£491 million) and store closure provision of $70 million (£40 million) and Target's pre-tax impairment of $306 million. Refer to note 13 Impairment for further information on the BUKI writedown and Target impairment.
7 Capital expenditure includes accruals to represent costs incurred during the year. The amount excluding movement in accruals is $1,004 million (2016: $924 million).

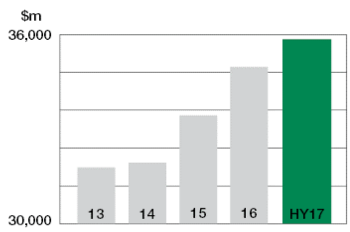
4. Revenue and expenses

	CONSOLIDATED December 2017 $m	December 2016 $m
Sale of goods	**35,729**	34,654
Rendering of services	**7**	6
Interest revenue	**7**	67
Other	**160**	190
Revenue	**35,903**	34,917
Gains on disposal of property, plant and equipment	**37**	120
Other	**121**	63
Other income	**158**	183
Remuneration, bonuses and on-costs	**4,500**	4,198
Superannuation expense	**329**	324
Share-based payments expense	**71**	68
Employee benefits expense	**4,900**	4,590
Minimum lease payments	**1,295**	1,251
Contingent rental payments	**33**	38
Other	**311**	307
Occupancy-related expenses	**1,639**	1,596
Depreciation	**486**	481
Amortisation of intangibles	**78**	81
Amortisation other	**86**	73
Depreciation and amortisation	**650**	635
Impairment of plant, equipment and other assets	**280**	10
Impairment of freehold property	**42**	-
Impairment of goodwill	**824**	-
Impairment expenses	**1,146**	10
Mining royalties (incl. Stanwell rebate)	**220**	90
Repairs and maintenance	**222**	214
Utilities and office expenses	**576**	568
Insurance expenses	**100**	57
Other	**713**	660
Other expenses	**1,831**	1,589
Interest expense	**93**	119
Discount rate adjustment	**12**	17
Amortisation of debt establishment costs	**2**	2
Other finance related costs	**7**	11
Finance costs	**114**	149

5. Tax expense

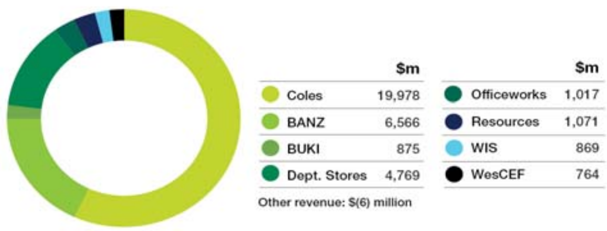
Tax reconciliation	CONSOLIDATED December 2017 $m	December 2016 $m
A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:		
Profit before tax	**999**	2,280
Income tax at the statutory rate of 30%	**300**	684
Adjustments relating to prior years	**1**	(3)
Deferred tax written off	**92**	-
Carried forward losses recognised	**-**	(3)
Non-deductible items	**360**	5
Share of results of associates and joint venture	**(4)**	(1)
Effect of differences and changes in tax rate in UK	**40**	14
Other	**(2)**	7
Income tax on profit before tax	**787**	703

Revenue for half-year **$35,903m** **2.8%**
From continuing operations



	$m
HY17	**35,903**
HY16	34,917
HY15	33,462
HY14	31,970
HY13	31,853

Revenue by segment for HY17



6. Cash and cash equivalents

	CONSOLIDATED	
	December 2017 $m	June 2017 $m
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:		
Cash on hand and in transit	**806**	409
Cash at bank and on deposit	**1,036**	604
	1,842	1,013

	December 2017 $m	December 2016 $m
Reconciliation of net profit after tax to net cash flows from operations		
Net profit	**212**	1,577
Non-cash items		
Depreciation and amortisation	**650**	635
Impairment and writedowns of assets	**1,146**	10
Net gain on disposal of non-current assets	**(23)**	(100)
Share of profits of associates and joint venture	**(47)**	(44)
Dividends and distributions received from associates	**23**	23
Discount adjustment in borrowing costs	**12**	17
Other	**(14)**	46
(Increase)/decrease in assets		
Receivables - Trade and other	**(114)**	(30)
Receivables - Finance advances and loans	**-**	(62)
Inventories	**(452)**	(617)
Prepayments	**(55)**	(18)
Deferred tax assets	**32**	41
Other assets	**-**	(9)
Increase/(decrease) in liabilities		
Trade and other payables	**1,317**	1,136
Current tax payable	**-**	125
Provisions	**43**	(210)
Other liabilities	**167**	128
Net cash flows from operating activities	**2,897**	2,648

6. Cash and cash equivalents (continued)

	CONSOLIDATED	
	December 2017 $m	December 2016 $m
Net cash capital expenditure		
Cash capital expenditure		
Payment for property	**346**	257
Payment for plant and equipment	**502**	605
Payment for intangibles	**156**	62
	1,004	924
Less: Proceeds from sale of property, plant, equipment and intangibles	**318**	524
Net cash capital expenditure	**686**	400

Cash capital expenditure for HY17

	$m		$m
Coles	377	Officeworks	11
BANZ	275	Resources	34
BUKI	56	WIS	19
Dept. Stores	201	WesCEF	30

Other capital expenditure: $1 million

7. Borrowings

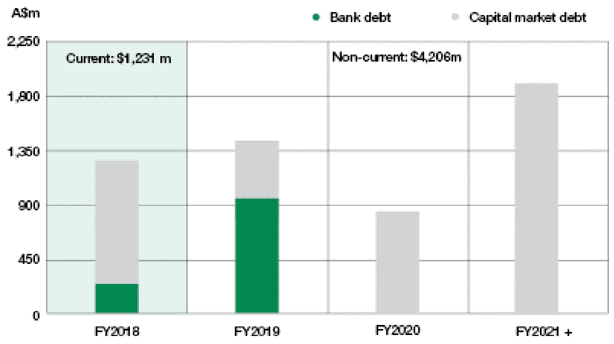
Funding Activities

The Group continues its strategy of maintaining diversity of funding sources, pre-funding upcoming maturities and maintaining a presence in key markets. During the half-year ended 31 December 2017, there were no medium term note issuances or maturities.

	December 2017 $m	June 2017 $m
Current		
Unsecured		
Bank debt	**271**	378
Capital market debt	**960**	969
	1,231	1,347
Non-current		
Unsecured		
Bank debt	**946**	863
Capital market debt	**3,260**	3,203
	4,206	4,066
Total interest-bearing loans and borrowings	**5,437**	5,413

The illustration below provides details, including the principal repayment obligations, of all loans and borrowings on issue at 31 December 2017:

Outstanding loans and borrowings



8. Equity and reserves

Movement in shares on issue	ORDINARY SHARES Thousands	ORDINARY SHARES $m	RESERVED SHARES Thousands	RESERVED SHARES $m
At 1 July 2016	1,126,131	21,937	(2,294)	(28)
Exercise of in-substance options	-	-	119	-
Dividends applied	-	-	-	1
Issue of ordinary shares under the Wesfarmers Dividend Investment Plan	2,570	110	-	-
Issue of ordinary shares under the Wesfarmers Employee Share Acquisition Plan	2,238	93	-	-
At 31 December 2016	1,130,939	22,140	(2,175)	(27)
Exercise of in-substance options	-	-	87	1
Issue of ordinary shares under the Wesfarmers Dividend Investment Plan	2,901	125	-	-
Transfer from other reserves	-	3	-	-
At 30 June 2017 and 1 July 2017	1,133,840	22,268	(2,088)	(26)
Exercise of in-substance options	**-**	**-**	**64**	**-**
Acquisition of shares on-market for Key Executive Equity Performance Plan (KEEPP)	**-**	**-**	**(418)**	**(17)**
At 31 December 2017	**1,133,840**	**22,268**	**(2,442)**	**(43)**

9. Earnings per share

	CONSOLIDATED	
	December 2017	December 2016
Profit attributable to ordinary equity holders of the parent ($m)	**212**	1,577
WANOS[1] used in the calculation of basic EPS (shares, million)[2]	**1,132**	1,126
WANOS used in the calculation of diluted EPS (shares, million)[2]	**1,133**	1,127
- Basic EPS (cents per share)	**18.7**	140.1
- Diluted EPS (cents per share)	**18.7**	139.9

1. Weighted average number of ordinary shares.
2. 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) to unrestricted ordinary shares.

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.

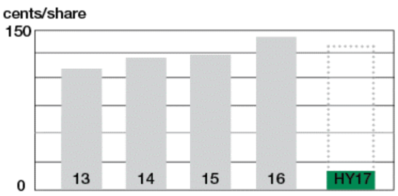
Diluted earnings per share

Diluted earnings per share amounts are calculated per basic earnings per share with an adjustment for the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares. Dilution arises as a result of the employee reserved shares issued under the employee share plan being accounted for as in-substance options.

Half-year basic EPS

18.7 cents

135.6 cents excluding significant items[1]



	cents
HY17[2]	**18.7**
HY16	140.1
HY15	124.2
HY14	121.0
HY13[3]	110.4

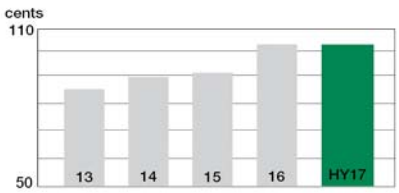
[1] Significant items relate to non-cash impairments and write-offs and store closure provisions at BUKI ($1,023 million) and Target's non-cash impairment ($300 million)
[2] HY17 EPS of 18.7 cents per share includes significant items outlined in footnote 1
[3] HY13 excludes discontinued operations

10. Dividends and distributions

	CONSOLIDATED	
	December 2017 $m	December 2016 $m
Declared and paid during the year (fully-franked at 30 per cent)		
Final dividend for 2017: $1.20 (2016: $0.95)	**1,361**	1,070
	1,361	1,070
Proposed and unrecognised as a liability (fully-franked at 30 per cent)		
Interim dividend for 2018: $1.03 (2017: $1.03)	**1,168**	1,164

Interim distributions

103 cents



	cents
HY17	**103**
HY16	103
HY15	91
HY14	89
HY13	85

11. Cash flow hedge reserve

The change in cash flow hedge reserve for the half-year ended 31 December 2017 includes the after-tax net movement in the market value of cash flow hedges from 30 June 2017 and comprised: $39 million (2016: $90 million) of foreign exchange rate contracts, $5 million (2016: nil) of commodity swaps, no movement in interest rate swaps (2016: $15 million) and a $(3) million (2016: ($1) million) movement in associates and joint venture reserves.

12. Financial instruments

Valuation methodology of financial instruments
For financial instruments measured and carried at fair value, the Group uses the following to categorise the method used:

- Level 1: 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); and
- 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 carried at fair value were valued using market observable inputs (Level 2) with the exception of shares in unlisted companies at fair value (Level 3) which were not material.

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 re-assessing 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 period. There were no material Level 3 fair value movements during the period.

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		
	December 2017 $m	June 2017 $m	December 2016 $m
Capital market debt:			
Carrying amount	**4,220**	4,172	4,191
Fair value	**4,380**	4,313	4,371

12. Financial instruments (continued)

Fair values (continued)
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 value of corporate bonds have been calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs. The fair values of other financial assets have been calculated using market interest rates.

Derivatives
The fair values are calculated at the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major currencies.

The fair value of foreign exchange contracts are 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.

Financial risk factors
The Group's activities expose its financial instruments to a variety of market risks, including foreign currency, commodity price and interest rate risk. The half-year financial report does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 30 June 2017. There have been no significant changes in risk management policies since year-end.

13. Impairment

Wesfarmers is required to review, at the end of each reporting period, whether there is any indication that an asset may be impaired, in accordance with Australian Accounting Standards. Wesfarmers has reviewed each cash generating unit (CGU) for indications of impairment using both external and internal sources of information. This review included an assessment of performance against expectations and changes in market values or discount rates.

Detailed impairment testing has been completed for non–current assets when the existence of an indication of impairment has been identified.

During the period, the carrying values of the Target and BUKI CGUs exceeded their recoverable amounts.

Target CGU
A $306 million pre-tax ($300 million post-tax) impairment was recognised in respect of Target's goodwill ($47 million), brand name ($238 million) and other fixed assets ($21 million) in 'impairment expenses'. The decrease in the recoverable amount largely reflects difficult trading conditions in an increasingly competitive market and a moderated outlook for the business.

BUKI CGU
An $861 million (£491 million) pre-tax ($953 million (£544 million) post-tax) writedown has been recognised in respect of BUKI encompassing:

- an impairment of its brand ($18 million (£10 million)) and goodwill ($777 million (£444 million)), both recognised in 'impairment expenses';
- the write-off of its deferred tax asset ($92 million (£53 million)) recognised in 'income tax expense'; and
- the writedown of stock ($66 million (£37 million)) recognised in 'raw material and inventory'.

The reduction in the recoverable value of BUKI was the result of a continued deterioration in the financial performance of the Homebase stores and a moderated long–term outlook for the broader business.

Key assumptions
The key assumptions used in determining the recoverable amount of Target and BUKI are set out below. Both CGUs adopt the fair value less costs of disposal valuation methodology to determine recoverable amount. In effect, this methodology discounts forecast cash flows between 1 January 2018 and 30 June 2022 and a terminal value based on long–term industry growth rates.

EBIT growth over the forecast period is based on business improvement strategies identified by management based on past experience and expectations of general market conditions. The post-tax discount rates incorporate a risk–adjustment relative to the risks a market participant would associate with the net post-tax cash flows being achieved.

13. Impairment (continued)

	Target December 2017	Target June 2017
Discount rate (post-tax)	**11.7%**	11.0%
Growth rate beyond 30 June 2022	**1.7%**	2.5%
Headroom	**0.0%**	4.9%
Terminal values as a percentage of the CGU's recoverable value	**72.3%**	77.1%

	BUKI December 2017	BUKI June 2017
Discount rate (post-tax)	**12.0%**	10.0%
Growth rate beyond 30 June 2022	**2.0%**	3.0%
Headroom	**0.0%**	16.5%
Terminal values as a percentage of the CGU's recoverable value	**274.2%**	113.1%

As both CGU's recoverable amounts approximate their carrying values, any adverse movements in key assumptions may lead to further impairment. The recoverable amounts of both CGUs have been based on assumed improvements in operating and financial performance, notwithstanding that the timing of cash flows arising from these improvements will be influenced by general market conditions.

The recoverable values of both CGUs are sensitive to changes in their discount rates and forecast long-term EBIT that drives terminal value. A one per cent change in discount rate or a 12 per cent change in forecast long–term EBIT approximates a $55 million and $80 million change in Target's and BUKI's recoverable value respectively.

Consistent with prior periods, Wesfarmers will perform detailed annual impairment testing prior to the end of the financial year using cash flow projections based on Wesfarmers' five-year corporate plans, long-term business forecasts and market–based valuation assumptions. Where there are significant changes in the corporate plan, long-term business forecasts or market–based valuation assumptions from those used in impairment testing in previous periods, this may cause the carrying values of non-current assets to exceed their recoverable amounts.

14. Contingent liabilities

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.

15. Sale of Wesfarmers Curragh Pty Ltd

On 22 December 2017, Wesfarmers entered into an agreement to sell its Curragh coal mine in Queensland to Coronado Coal Group for $700 million. The agreement also includes a value share mechanism linked to future metallurgical coal prices.

At 31 December 2017, the Curragh operations have not been classified as held-for-sale in these financial statements because the sale is subject to a number of conditions precedent.

On successful completion of the transaction, Wesfarmers estimates it will record a post-tax profit on sale of approximately $100 million. Reflecting recent volatility in spot coal prices, Wesfarmers will also receive 25 per cent of Curragh's export coal revenue generated above a realised metallurgical coal price of US$145 per tonne, paid quarterly over the two years following completion.

16. Events after the reporting period

Dividends

A fully-franked interim dividend of 103 cents per share resulting in a dividend payment of $1,168 million was declared for a payment date of 5 April 2018. The dividend has not been provided for in the 31 December 2017 half-year financial report.

Directors' declaration
Wesfarmers Limited and its controlled entities

1. In accordance with a resolution of the directors of Wesfarmers Limited, I note that in the opinion of the directors:
   (a) The financial statements and notes of Wesfarmers Limited for the half-year ended 31 December 2017 are in accordance with the *Corporations Act 2001*, including
      (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
      (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
   (b) 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 made to the directors for the half-year ended 31 December 2017 in accordance with the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

On behalf of the Board

M A Chaney AO
Chairman
Perth, 20 February 2018

Independent auditor's review report to the members of Wesfarmers Limited

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Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Wesfarmers Limited (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 31 December 2017, the income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410), in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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DSL:JT:WESFARMERS:001

Independent auditor's review report to the members of Wesfarmers Limited

Building a better working world

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

D S Lewsen
Partner
Perth
20 February 2018

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Additional Disclosures

2018 second quarter and half-year retail sales results

Headline retail sales results

Half-year sales ($m)	2018	2017	Variance %
Bunnings Australia & New Zealand[1,2]	**6,547**	**5,954**	***10.0***
Bunnings UK & Ireland[1,3]	**871**	**1,029**	***(15.4)***
Food & Liquor[4,5]	17,345	17,020	*1.9*
Convenience[4,6]	2,996	3,257	*(8.0)*
Total Coles	**20,341**	**20,277**	***0.3***
Kmart[4]	3,317	3,055	*8.6*
Target[7]	1,555	1,658	*(6.2)*
Total Department Stores	**4,872**	**4,713**	***3.4***
Officeworks[1]	**1,017**	**926**	***9.8***

Second quarter sales ($m)	2018	2017	Variance %
Bunnings Australia & New Zealand[2,8]	**3,583**	**3,295**	***8.7***
Bunnings UK & Ireland[3,8]	**414**	**475**	***(12.8)***
Food & Liquor[5,9]	9,377	9,170	*2.3*
Convenience[6,9]	1,594	1,708	*(6.7)*
Total Coles	**10,971**	**10,878**	***0.9***
Kmart[9]	1,956	1,806	*8.3*
Target[10]	953	1,015	*(6.1)*
Total Department Stores	**2,909**	**2,821**	***3.1***
Officeworks[8]	**520**	**465**	***11.8***

[1] Financial Year 2018 and Financial Year 2017 for the six month period 1 July to 31 December.

[2] Includes cash and trade sales, excludes property income.

[3] £515 million for the six month period 1 July 2017 to 31 December 2017 and £239 million for the three month period 1 October 2017 to 31 December 2017. £607 million for the six month period 1 July 2016 to 31 December 2016 and £287 million for the three month period 1 October 2016 to 31 December 2016.

[4] Financial Year 2018 for the 27 week period 26 June 2017 to 31 December 2017 and Financial Year 2017 for the 27 week period 27 June 2016 to 1 January 2017.

[5] Includes hotels, excludes gaming revenue and property income.

[6] Includes fuel sales.

[7] Financial Year 2018 for the 27 week period 25 June 2017 to 30 December 2017 and Financial Year 2017 for the 27 week period 26 June 2016 to 31 December 2016.

[8] Financial Year 2018 and Financial Year 2017 for the three month period 1 October to 31 December.

[9] Financial Year 2018 for the 14 week period 25 September 2017 to 31 December 2017 and Financial Year 2017 for the 14 week period 26 September 2016 to 1 January 2017.

[10] Financial Year 2018 for the 14 week period 24 September 2017 to 30 December 2017 and Financial Year 2017 for the 14 week period 25 September 2016 to 31 December 2016.

Additional Disclosures
2018 second quarter and half-year retail sales results

Key metrics

Key Metrics (%)	Second Quarter 2018[1]	Half-year 2018[2]
Bunnings Australia and New Zealand[3]		
Total store sales growth	8.8	10.1
Store-on-store sales growth	7.5	9.0
Bunnings United Kingdom and Ireland (£)		
Total sales growth	(16.7)	(15.2)
Store-on-store sales growth	(15.1)	(13.4)
COLES		
Food & Liquor[4]		
Comparable store sales growth (Food)	1.3	0.9
Comparable store sales growth (Food & Liquor)	1.4	0.9
Price inflation/(deflation)	(0.9)	(1.6)
Convenience		
Total fuel volume growth	(17.0)	(18.6)
Comparable fuel volume growth	(17.7)	(19.3)
Total convenience store sales growth (excl. fuel sales)	(0.6)	0.9
Comparable convenience store sales growth (excl. fuel sales)	0.6	0.4
DEPARTMENT STORES		
Kmart		
Comparable store sales growth[5]	5.8	5.4
Target		
Comparable store sales growth[5]	(6.5)	(6.5)
OFFICEWORKS		
Total sales growth	11.8	9.8

1 2018 growth for Home Improvement and Officeworks represents the three month period 1 October 2017 to 31 December 2017 and 1 October 2016 to 31 December 2016; for Coles and Kmart reflects the 14 week period 25 September 2017 to 31 December 2017 and the 14 week period 26 September 2016 to 1 January 2017; and for Target represents the 14 week period 24 September 2017 to 30 December 2017 and the 14 week period 25 September 2016 to 31 December 2016.

2 2018 growth for Home Improvement and Officeworks represents the six month period 1 July 2017 to 31 December 2017 and 1 July 2016 to 31 December 2016; for Coles and Kmart reflects the 27 week period 26 June 2017 to 31 December 2017 and the 27 week period 27 June 2016 to 1 January 2017; and for Target represents the 27 week period 25 June 2017 to 30 December 2017 and the 27 week period 26 June 2016 to 31 December 2016.

3 Includes cash and trade sales, excludes property income.

4 Includes hotels, excludes gaming revenue and property income.

5 Comparable store sales include lay-by sales. Lay-by sales are excluded from total sales under Australian Accounting Standards.

Additional disclosures
Store network

	Open at 1 Jul 2017	Opened	Closed	Re-branded	Open at 31 Dec 2017
Bunnings Australia and New Zealand					
Bunnings Warehouse	249	8	(4)	-	253
Bunnings smaller formats	77	2	(2)	-	77
Bunnings Trade Centres	33	1	(1)	-	33
Total Bunnings Australia & New Zealand	359	11	(7)	-	363
Bunnings United Kingdom and Ireland					
Bunnings UK & Ireland	255	11	(17)	-	249
COLES					
Supermarkets					
Coles	800	14	(8)	-	806
Bi-Lo	1	-	(1)	-	-
Total Supermarkets	801	14	(9)	-	806
Liquor					
1st Choice	99	-	(1)	-	98
Vintage Cellars	82	2	-	-	84
Liquorland	702	21	(11)	-	712
Hotels	89	-	(1)	-	88
Total Liquor	972	23	(13)	-	982
Convenience	702	12	(2)	-	712
Selling Area (m^2)					
Supermarkets	1,835,743	n.a.	n.a.	n.a.	1,857,314
Liquor (excluding hotels)	211,373	n.a.	n.a.	n.a.	212,971
DEPARTMENT STORES					
Kmart					
Kmart	220	5	(1)	-	224
Kmart Tyre & Auto	251	4	(1)	-	254
Total Kmart	471	9	(2)	-	478
Target					
Large	184	5	-	-	189
Small	119	1	(2)	-	118
Total Target	303	6	(2)		307
OFFICEWORKS					
Officeworks	164	3	(2)	-	165

n.a. = not applicable

Additional disclosures

Five-year history – financial performance and key metrics

Group financial performance

Half-year ended 31 December ($m)[1]	2017	2016	2015	2014	2013
Summarised income statement					
Revenue	35,903	34,917	33,462	31,970	31,853
EBITDA	1,763	3,064	2,749	2,657	2,710
Depreciation and amortisation	(650)	(635)	(639)	(581)	(556)
EBIT	1,113	2,429	2,110	2,076	2,154
Finance costs	(114)	(149)	(152)	(158)	(179)
Income tax expense	(787)	(703)	(565)	(542)	(546)
NPAT	212	1,577	1,393	1,376	1,429
Profit from continuing operations[2] excl. sig.items[3]	1,535	1,577	1,393	1,376	1,271
Profit/(losses) from discontinued ops.[2] and sig.items[3]	(1,323)	-	-	-	158
Summarised balance sheet					
Total assets	40,467	41,399	41,790	40,541	43,876
Total liabilities	17,638	17,632	16,828	15,797	18,147
Net assets	22,829	23,767	24,962	24,744	25,729
Net debt	4,401	5,916	6,108	5,139	6,039
Summarised cash flow statement					
Operating cash flows	2,897	2,648	2,404	2,281	1,757
Add/(less): Net capital expenditure	(686)	(400)	(675)	(899)	(557)
Add/(less): Other investing cash flows	17	(17)	(64)	(113)	(184)
Add/(less): Total investing cash flows	(669)	(417)	(739)	(1,012)	(741)
Free cash flow	2,228	2,231	1,665	1,269	1,016
Add/(less): Financing cash flows	(1,399)	(2,104)	(1,682)	(1,831)	(1,247)
Net increase/(decrease) in cash	829	127	(17)	(562)	(231)
Distributions to shareholders (cents per share)					
Interim ordinary dividend	103	103	91	89	85
Capital management (paid)	-	-	-	100	50
Key performance metrics					
Earnings per share (cents per share)	18.7	140.1	124.2	121.0	124.2
Operating cash flow per share[5] (cents per share)	255.7	234.9	213.9	200.1	152.2
Cash realisation ratio[6] (excluding sig. items[3]) (%)	132.6	119.7	118.3	116.6	88.5
Return on equity (R12, %)	6.4	2.5	10.0	10.4	9.4
Return on equity (R12, %) (excluding discontinued ops.[2] and sig.items[4])	12.0	10.2	10.0	9.7	9.0
Net tangible asset backing per share ($ per share)	4.31	4.23	5.05	4.92	4.38
Interest cover[4] (cash basis) (R12, times)	28.8	18.9	19.3	18.1	13.8
Fixed charges cover[4] (R12, times)	3.0	2.7	3.0	3.1	3.0

1 All figures are presented as last reported.

2 2013 income statement balances have been restated for the classification of the Insurance division as a discontinued operation. 2013 discontinued operations include the $95 million gain on sale on disposal of WesCEF's 40 per cent interest in ALWA.

3 2017 excludes pre-tax (post-tax) significant items of $931 million ($1,023 million) relating to BUKI and $306 million ($300 million) relating to Target.

4 2016 excludes the following pre-tax (post-tax) amounts: $1,266 million ($1,249 million) non-cash impairment of Target; $850 million ($595 million) non-cash impairment of Curragh; and $145 million ($102 million) of restructuring costs and provisions to reset Target.

5 Calculated by dividing operating cash flows by the weighted average number of ordinary shares (including reserved shares) on issue during the year.

6 Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and significant items. Excludes discontinued operations.

Additional disclosures

Five-year history – financial performance and key metrics

Divisional key performance metrics

Half-year ended 31 December ($m)[1]	2017	2016	2015	2014	2013
Bunnings Australia and New Zealand					
Revenue	6,566	5,957	5,500	4,959	4,434
EBITDA	953	853	776	686	625
Depreciation and amortisation	(89)	(83)	(75)	(68)	(63)
EBIT[2]	864	770	701	618	562
EBIT margin[2] (%)	13.2	12.9	12.7	12.5	12.7
ROC (R12, %)	47.0	39.0	35.8	31.6	27.6
Capital expenditure (cash basis)	275	212	314	352	265
Total sales growth (%)	10.0	8.3	10.9	11.9	10.5
Total store sales growth (%)	10.1	8.4	11.0	11.7	10.6
Store-on-store sales growth (%)	9.0	6.5	7.9	9.1	7.2
Bunnings United Kingdom and Ireland					
Revenue	875	1,038	n.a.	n.a.	n.a.
EBITDA[3]	(140)	(20)	n.a.	n.a.	n.a.
Depreciation and amortisation	(25)	(28)	n.a.	n.a.	n.a.
EBIT[3]	(165)	(48)	n.a.	n.a.	n.a.
EBIT margin[3] (%)	(18.9)	(4.6)	n.a.	n.a.	n.a.
ROC (R12, %)	(22.0)	n.a.	n.a.	n.a.	n.a.
Capital expenditure (cash basis)	56	16	n.a.	n.a.	n.a.
Total sales growth (£, %)	(15.2)	n.a.	n.a.	n.a.	n.a.
Store-on-store sales growth (£, %)	(13.4)	n.a.	n.a.	n.a.	n.a.

n.a. = not applicable

1 All figures are presented as last reported.

2 Includes net property contribution for 2017 of $30 million; 2016 of $44 million; 2015 of $33 million; 2014 of $14 million; and for 2013 of $6 million.

3 2017 excludes pre-tax non-cash significant items of $931 million including non-cash impairments, write-offs and provisions. 2016 includes $21 million of restructuring and one-off repositioning costs.

Additional disclosures
Five-year history – financial performance and key metrics

Divisional key performance metrics (continued)

Half-year ended 31 December ($m)[1]	2017	2016	2015	2014	2013
COLES					
Divisional performance					
Revenue[2]	19,978	20,056	20,087	19,483	18,946
EBITDA	1,121	1,240	1,250	1,171	1,076
Depreciation and amortisation	(331)	(320)	(305)	(276)	(240)
EBIT	790	920	945	895	836
EBIT margin (%)	4.0	4.6	4.7	4.6	4.4
ROC (R12, %)	9.0	11.1	11.2	10.6	10.0
Capital expenditure (cash basis)	377	463	459	537	554
Food & Liquor					
Revenue[2]	17,056	16,878	16,496	15,559	14,770
Headline sales growth[3,4] (%)	1.9	2.2	5.4	5.3	4.7
Comparable store sales growth[3,4] (%)	0.9	1.3	4.3	4.2	3.6
Convenience					
Revenue	2,922	3,178	3,591	3,924	4,176
Total sales growth[3,5] (%)	(8.0)	(11.2)	(8.4)	(6.2)	5.6
Total fuel volume growth[3] (%)	(18.6)	(9.8)	(0.6)	(4.6)	(0.5)
Comparable fuel volume growth[3] (%)	(19.3)	(13.3)	(3.8)	(6.9)	(0.7)
Total convenience store sales growth[3] (%)	0.9	6.4	11.6	11.5	2.6
Comparable convenience store sales growth[3] (%)	0.4	2.5	7.9	8.1	2.9

1 All figures are presented as last reported.
2 Includes property.
3 Based on retail period (rather than Gregorian reporting). Refer to page 44 for applicable retail period.
4 Includes hotels, excludes gaming revenue and property income.
5 Includes fuel sales.

Divisional key performance metrics (continued)

Half-year ended 31 December ($m)[1]	2017	2016	2015	2014	2013
DEPARTMENT STORES					
Revenue	4,769	4,619	4,722	4,377	4,286
EBITDA[2]	518	486	487	445	412
Depreciation and amortisation	(103)	(99)	(94)	(86)	(82)
EBIT[2]	415	387	393	359	330
EBIT margin[2] (%)	8.7	8.4	8.3	8.2	7.7
ROC[3] (R12, %)	26.2	9.2	14.8	11.8	9.6
Capital expenditure (cash basis)	201	123	145	171	135
Kmart					
- Total sales growth[4] (%)	8.6	9.1	12.4	5.3	1.7
- Comparable sales growth[4] (%)	5.4	5.7	9.1	2.4	0.3
Target					
- Total sales growth[4] (%)	(6.2)	(17.4)	1.6	(1.8)	(4.4)
- Comparable sales growth[4] (%)	(6.5)	(18.2)	1.4	(1.0)	(4.2)
OFFICEWORKS					
Revenue	1,017	927	875	802	745
EBITDA	80	74	70	61	53
Depreciation and amortisation	(12)	(12)	(11)	(11)	(11)
EBIT	68	62	59	50	42
EBIT margin (%)	6.7	6.7	6.7	6.2	5.6
ROC (R12, %)	15.7	13.9	12.5	10.5	8.7
Total sales growth (%)	9.8	5.8	9.1	7.8	4.5

1 All figures are presented as last reported.

2 2017 excludes a pre-tax non-cash impairment of $306 million for Target. 2016 includes a provision of $13 million recognised for restructuring costs associated with the planned relocation of Target's store support office. 2015 includes rebate income of $21 million recognised contrary to Group policy which was reversed in the second half of 2016, having no effect on the 2016 full-year results.

3 2016 includes $158 million in restructuring costs and provisions for Target. In addition to higher earnings, the increase in ROC in 2017 also reflects lower capital employed as a result of non-cash impairments in Target in June 2016 and December 2017.

4 Based on retail period (rather than Gregorian reporting). Refer to page 44 for applicable retail period.

Additional disclosures

Five-year history – financial performance and key metrics

Divisional key performance metrics (continued)

Half-year ended 31 December ($m)[1]	2017	2016	2015	2014	2013
INDUSTRIALS					
Divisional performance					
Revenue	2,704	2,321	2,278	2,334	2,340
EBITDA	538	469	174	319	380
Depreciation and amortisation	(89)	(92)	(152)	(139)	(138)
EBIT	449	377	22	180	242
Capital expenditure (cash basis)	83	89	117	129	176
Chemicals, Energy and Fertilisers					
Chemicals revenue	439	412	469	415	377
Energy revenue[2,3]	223	182	173	267	315
Fertilisers revenue	102	101	111	128	80
Total revenue[3]	764	695	753	810	772
EBITDA[3,4]	223	225	161	144	157
Depreciation and amortisation	(35)	(38)	(57)	(49)	(47)
EBIT[3,4]	188	187	104	95	110
ROC (R12, %)	28.0	25.1	15.7	13.4	17.1
Capital expenditure (cash basis)	30	20	21	39	126
Sales volumes ('000 tonnes)					
Chemicals	494	499	524	455	416
LPG[3]	81	55	74	108	128
Fertilisers	253	234	214	260	160

1 All figures are presented as last reported.

2 Includes interest revenue from Quadrant Energy loan notes and excludes intra-division sales.

3 Includes Kleenheat (including east coast LPG operations prior to sale in February 2015), ALWA prior to December 2013 divestment.

4 2016 includes a profit on sale of land of $22 million. 2015 includes $30 million of one-off restructuring costs associated with the decision to cease PVC manufacturing.

Divisional key performance metrics (continued)

Half-year ended 31 December ($m)[1]	2017	2016	2015	2014	2013
Industrial and Safety					
Revenue	869	884	927	835	804
EBITDA	73	73	57	67	88
Depreciation and amortisation	(21)	(21)	(21)	(17)	(15)
EBIT	52	52	36	50	73
EBIT margin (%)	6.0	5.9	3.9	5.9	9.1
ROC (R12, %)	8.3	5.9	4.2	9.3	13.5
Capital expenditure (cash basis)	19	16	29	25	17
Resources					
Revenue	1,071	742	598	689	764
Royalties[2]	(220)	(90)	(81)	(80)	(121)
Mining and other costs	(609)	(481)	(561)	(501)	(508)
EBITDA	242	171	(44)	108	135
Depreciation and amortisation	(33)	(33)	(74)	(73)	(76)
EBIT	209	138	(118)	35	59
ROC (R12, %)	77.0	(6.1)	(7.0)	7.3	7.8
Capital expenditure (cash basis)	34	53	67	65	33
Curragh export metallurgical sales mix (%)					
Hard	48	39	30	41	34
Semi	12	26	31	35	34
PCI	40	35	39	24	32
Mine performance – Curragh (QLD) ('000 tonnes)					
Metallurgical coal production volumes	4,106	3,919	3,986	4,580	4,029
Steaming coal production volumes	1,873	1,899	1,791	1,543	1,740
Metallurgical coal sales volumes[3]	4,468	4,127	4,175	4,271	4,053
Steaming coal sales volumes	1,923	1,888	1,819	1,542	1,829
Mine performance – Bengalla (NSW) ('000 tonnes)					
Steaming coal production volumes[4]	1,880	1,714	1,680	1,658	1,685
Steaming coal sales volumes[4]	1,822	1,725	1,733	1,726	1,787

1 All figures are presented as last reported.
2 Includes Stanwell export rebate expense for 2017 of $123 million; 2016 of $30 million; 2015 of $35 million; 2014 of $34 million; and 2013 of $62 million.
3 Excludes traded coal.
4 Wesfarmers' attributable volumes.

Additional disclosures
Five-year history – financial performance and key metrics

Store network

Open at 31 December	2017	2016	2015	2014	2013
Bunnings Australia and New Zealand					
Bunnings Warehouse	253	248	240	228	218
Bunnings smaller formats	77	73	67	63	65
Bunnings Trade Centres	33	33	32	33	35
Total Bunnings Australia & New Zealand	363	354	339	324	318
Bunnings United Kingdom and Ireland					
Bunnings UK & Ireland	249	255	n.a.	n.a.	n.a.
COLES					
Supermarkets					
Coles	806	790	778	765	733
Bi-Lo	-	1	4	6	29
Total Supermarkets	806	791	782	771	762
Liquor					
1st Choice	98	99	99	100	98
Vintage Cellars	84	81	80	80	78
Liquorland	712	692	686	673	648
Hotels	88	89	89	91	92
Total Liquor	982	961	954	944	916
Convenience	712	695	681	652	637
Selling Area (m^2)					
Supermarkets	1,857,314	1,804,073	1,771,912	1,728,445	1,678,813
Liquor (excluding hotels)	212,971	210,479	209,825	209,293	204,449
KMART					
Kmart	224	214	206	200	191
Kmart Tyre & Auto	254	250	249	246	251
Total Kmart	478	464	455	446	442
TARGET					
Large	189	185	185	183	181
Small	118	119	121	126	133
Total Target	307	304	306	309	314
OFFICEWORKS					
Officeworks	165	163	158	153	152
Harris Technology	-	-	-	-	1

n.a. = not applicable

Corporate directory
Wesfarmers Limited ABN 28 008 984 049

Registered office

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Email: info@wesfarmers.com.au

Executive director

Rob Scott
Group Managing Director and Chief Executive Officer

Non-executive directors

Michael Chaney AO, Chairman
Paul Bassat
James Graham AM
Tony Howarth AO
Wayne Osborn
Diane Smith-Gander
Vanessa Wallace
Jennifer Westacott

Company Secretary

Linda Kenyon

Share registry

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Financial calendar[+]

Half-year end	31 December 2017
Half-year results briefing	21 February 2018
Record date for interim dividend	27 February 2018
Interim dividend payable	5 April 2018
Year end	30 June 2018
Full-year results announcement	15 August 2018
Record date for final dividend	August 2018
Final dividend payable	September 2018
Annual general meeting	November 2018

[+] Dates are subject to change should circumstances require. All changes will be advised to the ASX.

Website

To view the 2018 Half-year Report, the 2017 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**