16 August 2012

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

APPENDIX 4E – PRELIMINARY FINAL REPORT & 2012 FULL-YEAR RESULTS

In accordance with ASX Listing Rule 4.3A, the following documents are attached for release to the market:

- Appendix 4E – Preliminary Final Report; and
- 2012 Full-Year Results Announcement.

An analyst briefing will be held at 11:30am (AWST) / 1:30pm (AEST) following the release of the announcements. The briefing will be webcast and accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

L J KENYON
COMPANY SECRETARY

Enc.

Wesfarmers Limited ABN 28 008 984 049
11th Floor, 40 The Esplanade, Perth, Western Australia 6000. GPO Box M978, Perth WA 6843.
Telephone 61 8 9327 4211 Facsimile 61 8 9327 4216 www.wesfarmers.com.au

Appendix 4E - Preliminary final report

for the year ended 30 June 2012 - Wesfarmers Limited and its controlled entities

ABN 28 008 984 049

RESULTS FOR ANNOUNCEMENT TO THE MARKET		$m
Revenue from ordinary activities	up 6% to	**58,080**
Profit from ordinary activities after tax attributable to members	up 11% to	**2,126**
Net profit for the full year attributable to members	up 11% to	**2,126**

DIVIDENDS	Amount per security	Franked amount per security
Interim dividend	70 cents	70 cents
Final dividend	95 cents	95 cents
Previous corresponding period		
Interim dividend	65 cents	65 cents
Final dividend	85 cents	85 cents
Record date for determining entitlements to the dividend	5:00pm (WST) on 27 August 2012	
Last date for receipt of election notice for Dividend Investment Plan	5:00pm (WST) on 27 August 2012	
Date the final dividend is payable	28 September 2012	

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 27 August 2012 for participation in the Plan, being 30 August 2012 to 19 September 2012.

The last date for receipt of applications to participate in or to cease or vary participation in the Plan is by 5:00pm (WST) on 27 August 2012. 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 28 September 2012. A broker will be engaged to assist in this process.

Net tangible asset backing

Net tangible asset backing per ordinary share (net of employee reserved shares): $4.45 (2011: $4.12).

Operating cash flow per share

Operating cash flow per share: $3.15 (2011: $2.52). This has been calculated by dividing the net cash flow from operating activities by the weighted average number of ordinary shares (including employee reserved shares) on issue during the year.

Audit

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

Previous corresponding period

The previous corresponding period is the year ended 30 June 2011.

Commentary on results for the year

A commentary on the results for the year is contained in the press release dated 16 August 2012 accompanying this statement.

Income statement

for the year ended 30 June 2012 - Wesfarmers Limited and its controlled entities

	Note	CONSOLIDATED 2012 $m	2011 $m
Revenue			
Sale of goods		**55,897**	52,891
Rendering of services		**1,788**	1,622
Interest - other		**144**	145
Other		**251**	217
		58,080	54,875
Expenses			
Raw materials and inventory		**(38,406)**	(36,515)
Employee benefits expense	3	**(7,496)**	(7,116)
Net insurance claims, reinsurance and commissions		**(1,413)**	(1,283)
Freight and other related expenses		**(946)**	(895)
Occupancy-related expenses	3	**(2,232)**	(2,151)
Depreciation and amortisation	3	**(995)**	(923)
Impairment expenses	3	**(197)**	(27)
Other expenses	3	**(3,213)**	(2,977)
		(54,898)	(51,887)
Other income	3	**383**	259
Finance costs	3	**(505)**	(526)
Share of losses of associates	8	**(16)**	(15)
Profit before income tax		**3,044**	2,706
Income tax expense	6	**(918)**	(784)
Profit attributable to members of the parent		**2,126**	1,922
Earnings per share (cents per share)	1		
– basic for profit for the period attributable to ordinary equity holders of the parent		**184.2**	166.7
– diluted for profit for the period attributable to ordinary equity holders of the parent		**183.9**	166.3

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

Statement of comprehensive income

for the year ended 30 June 2012 - Wesfarmers Limited and its controlled entities

		CONSOLIDATED	
		2012	2011
	Note	**$m**	$m
Profit attributable to members of the parent		**2,126**	1,922
Other comprehensive income			
Foreign currency translation reserve			
Exchange differences on translation of foreign operations		**(7)**	(3)
Available-for-sale financial assets reserve			
Changes in the fair value of available-for-sale financial assets		**(7)**	3
Tax effect		**2**	(1)
Cash flow hedge reserve	11		
Unrealised gains on cash flow hedges		**55**	301
Realised gains transferred to net profit		**(125)**	(97)
Realised losses transferred to non-financial assets		**33**	176
Share of associates reserve		**(3)**	-
Tax effect		**11**	(114)
Retained earnings	5		
Actuarial loss on defined benefit plan		**(4)**	-
Other comprehensive income for the year, net of tax		**(45)**	265
Total comprehensive income for the year, net of tax, attributable to members of the parent		**2,081**	2,187

Balance sheet

as at 30 June 2012 - Wesfarmers Limited and its controlled entities

	Note	CONSOLIDATED 2012 $m	2011 $m
ASSETS			
Current assets			
Cash and cash equivalents	7	**1,127**	897
Trade and other receivables		**2,384**	2,149
Inventories		**5,006**	4,987
Derivatives		**164**	184
Investments backing insurance contracts, reinsurance and other recoveries		**1,690**	1,543
Other		**540**	458
Total current assets		**10,911**	10,218
Non-current assets			
Receivables		**33**	9
Available-for-sale investments		**15**	17
Investment in associates		**429**	471
Deferred tax assets		**475**	437
Property		**2,631**	2,148
Plant and equipment		**6,832**	6,154
Intangible assets		**4,393**	4,353
Goodwill		**16,097**	16,227
Derivatives		**233**	233
Investments backing insurance contracts, reinsurance and other recoveries		**193**	471
Other		**70**	76
Total non-current assets		**31,401**	30,596
Total assets		**42,312**	40,814
LIABILITIES			
Current liabilities			
Trade and other payables		**5,420**	5,059
Interest-bearing loans and borrowings		**1,621**	266
Income tax payable		**455**	345
Provisions		**1,289**	1,166
Insurance liabilities		**1,635**	1,532
Derivatives		**126**	96
Other		**201**	258
Total current liabilities		**10,747**	8,722
Non-current liabilities			
Payables		**20**	24
Interest-bearing loans and borrowings		**3,881**	4,613
Provisions		**1,206**	1,092
Insurance liabilities		**682**	803
Derivatives		**116**	208
Other		**33**	23
Total non-current liabilities		**5,938**	6,763
Total liabilities		**16,685**	15,485
Net assets		**25,627**	25,329
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	9	**23,286**	23,286
Employee reserved shares	9	**(31)**	(41)
Retained earnings	5	**2,103**	1,774
Reserves		**269**	310
Total equity		**25,627**	25,329

Cash flow statement

for the year ended 30 June 2012 - Wesfarmers Limited and its controlled entities

		CONSOLIDATED	
	Note	**2012 $m**	2011 $m
Cash flows from operating activities			
Receipts from customers		**62,620**	58,408
Payments to suppliers and employees		**(57,865)**	(54,661)
Dividends and distributions received from associates		**22**	20
Interest received		**144**	149
Borrowing costs		**(445)**	(472)
Income tax paid		**(835)**	(527)
Net cash flows from operating activities	7	**3,641**	2,917
Cash flows from investing activities			
Net acquisition of insurance deposits		**(164)**	76
Payments for property, plant and equipment and intangibles		**(2,626)**	(2,062)
Proceeds from sale of property, plant and equipment		**275**	216
Proceeds from sale of controlled entities		**402**	20
Net investments in associates and joint ventures		**(4)**	(38)
Acquisition of subsidiaries, net of cash acquired		**(52)**	(88)
Net cash flows used in investing activities		**(2,169)**	(1,876)
Cash flows from financing activities			
Proceeds from borrowings		**1,443**	3,291
Repayment of borrowings		**(901)**	(3,523)
Proceeds from exercise of in-substance options under the employee share plan		**5**	5
Equity dividends paid		**(1,789)**	(1,557)
Net cash flows used in financing activities		**(1,242)**	(1,784)
Net increase/(decrease) in cash and cash equivalents		**230**	(743)
Cash and cash equivalents at beginning of year		**897**	1,640
Cash and cash equivalents at end of year	7	**1,127**	897

Statement of changes in equity

for the year ended 30 June 2012 - Wesfarmers Limited and its controlled entities

		Attributable to equity holders of the parent					
CONSOLIDATED	Note	Issued capital $m	Employee reserved shares $m	Retained earnings $m	Hedging reserve $m	Other reserves $m	Total equity $m
Balance at 1 July 2010		23,286	(51)	1,414	(77)	122	24,694
Net profit for the year		-	-	1,922	-	-	1,922
Other comprehensive income							
Exchange differences on translation of foreign operations		-	-	-	-	(3)	(3)
Changes in the fair value of available-for-sale assets, net of tax		-	-	-	-	2	2
Changes in the fair value of cash flow hedges, net of tax	11	-	-	-	266	-	266
Total other comprehensive income for the period, net of tax		-	-	-	266	(1)	265
Total comprehensive income for the period, net of tax		-	-	1,922	266	(1)	2,187
Transactions with equity holders in their capacity as equity holders:							
Proceeds from exercise of in-substance options	9	-	5	-	-	-	5
Equity dividends	5, 9	-	5	(1,562)	-	-	(1,557)
		-	10	(1,562)	-	-	(1,552)
Balance at 30 June 2011		23,286	(41)	1,774	189	121	25,329
Balance at 1 July 2011		23,286	(41)	1,774	189	121	25,329
Net profit for the period		-	-	2,126	-	-	2,126
Other comprehensive income							
Exchange differences on translation of foreign operations		-	-	-	-	(7)	(7)
Changes in the fair value of available-for-sale assets, net of tax		-	-	-	-	(5)	(5)
Changes in the fair value of cash flow hedges, net of tax	11	-	-	-	(29)	-	(29)
Actuarial loss on defined benefit plan, net of tax		-	-	(4)	-	-	(4)
Total other comprehensive income for the period, net of tax		-	-	(4)	(29)	(12)	(45)
Total comprehensive income for the period, net of tax		-	-	2,122	(29)	(12)	2,081
Transactions with equity holders in their capacity as equity holders:							
Proceeds from exercise of in-substance options	9	-	5	-	-	-	5
Equity dividends	5, 9	-	5	(1,793)	-	-	(1,788)
		-	10	(1,793)	-	-	(1,783)
Balance at 30 June 2012		23,286	(31)	2,103	160	109	25,627

1 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares (including partially protected shares) outstanding during the year (excluding employee reserved shares).

Diluted earnings per share amounts are calculated as above with an adjustment for the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares.

Wesfarmers partially protected shares ('PPS') are ordinary shares that confer rights on holders that are the same in all respects as those conferred by other ordinary shares. In addition, PPS provide a level of downside price protection in that they may provide holders with up to an additional 0.25 ordinary shares per PPS, in certain circumstances at the expiration of a specified period. Full details and other terms and conditions applicable to the PPS are available from the Company website www.wesfarmers.com.au.

Basic and dilutive earnings per share calculations are as follows:

	CONSOLIDATED	
	2012	2011
	$m	$m
Profit attributable to members of the parent	**2,126**	1,922
	shares (m)	shares (m)
Weighted average number of ordinary shares for basic earnings per share	**1,154**	1,153
Effect of dilution - employee reserved shares	**2**	3
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,156**	1,156
Earnings per share (cents per share)	**cents**	cents
– basic for profit for the year attributable to ordinary equity holders of the parent	**184.2**	166.7
– diluted for profit for the year attributable to ordinary equity holders of the parent	**183.9**	166.3

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 and the conversion of partially protected ordinary shares to ordinary shares.

2 **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.

	COLES[1]		HOME IMPROVEMENT AND OFFICE SUPPLIES		KMART		TARGET[2]		INSURANCE[3]	
	2012 $m	2011 $m	2012 $m	2011 $m	2012 $m	2011 $m	2012 $m	2011 $m	2012 $m	2011 $m
Segment revenue	34,117	32,073	8,644	8,251	4,055	4,036	3,738	3,782	1,915	1,739
Segment result										
Earnings before interest, tax, depreciation, amortisation (EBITDA)	1,785	1,567	1,065	1,004	332	268	317	348	36	47
Depreciation and amortisation	(429)	(401)	(139)	(122)	(64)	(64)	(73)	(68)	(31)	(27)
Earnings before interest, tax (EBIT)	1,356	1,166	926	882	268	204	244	280	5	20

	RESOURCES[4]		CHEMICALS, ENERGY AND FERTILISERS[5]		INDUSTRIAL AND SAFETY		OTHER[6]		CONSOLIDATED	
	2012 $m	2011 $m	2012 $m	2011 $m	2012 $m	2011 $m	2012 $m	2011 $m	2012 $m	2011 $m
Segment revenue	2,132	1,778	1,786	1,641	1,690	1,557	3	18	58,080	54,875
Segment result										
Earnings before interest, tax, depreciation, amortisation (EBITDA)	589	488	348	379	217	192	(145)	(138)	4,544	4,155
Depreciation and amortisation	(150)	(119)	(90)	(96)	(27)	(26)	8	-	(995)	(923)
Earnings before interest, tax (EBIT)	439	369	258	283	190	166	(137)	(138)	3,549	3,232
Finance costs									(505)	(526)
Profit before income tax expense									3,044	2,706
Income tax expense									(918)	(784)
Profit attributable to members of the parent									2,126	1,922

1 Coles division includes the food, liquor, convenience and Coles property businesses.

2 Target's result includes a restructuring provision of $40 million (2011: nil).

3 The Insurance division's result has been adversely affected by:
- additional reserving of $108 million above the reinsurance program limit relating to the February 2011 Christchurch earthquake; and
- estimated net claims expense in excess of allowances of $32 million, relating to the bushfires and storms in Western Australia and other severe weather events.

The Insurance division's 2011 result was adversely affected by the Christchurch earthquakes and severe weather events in Australia including the Queensland and Victorian floods and cyclone Yasi.

4 Resources' result includes Stanwell royalty expenses of $219 million (2011: $113 million) and hedge gains of $143 million (2011: $134 million).

5 The Chemicals, Energy and Fertiliser division's result includes profit on the termination of its HISmelt agreement of $9 million (2011: nil). The 2011 result includes insurance proceeds on the Varanus Island claim of $42 million.

6 The 2012 Other result includes:
- interest revenue of $22 million (2011: $38 million);
- share of loss from associates of $34 million (2011: $33 million);
- gain on disposal of Energy Generation Pty Ltd of $43 million;
- gain on disposal of Wesfarmers Premier Coal Limited of $98 million;
- gain on disposal of Boddington forestry assets of $16 million;
- gain on disposal of Bangladesh Gas of $9 million;
- impairment of the Coregas related goodwill, plant and equipment of $181 million;
- corporate overheads of $101 million (2011: $102 million); and
- depreciation and amortisation credit of $11 million (2011: $5 million) arising from depreciation of Premier being discontinued upon its classification as held for sale.

2 Segment information (continued)

	SEGMENT ASSETS[3]		SEGMENT LIABILITIES	
	2012	2011	2012	2011
	$m	$m	$m	$m
Coles	19,940	19,083	3,676	3,546
Home Improvement and Office Supplies	5,647	5,183	810	769
Kmart	2,057	2,029	604	535
Target	3,538	3,488	575	489
Insurance	4,423	4,325	2,988	2,959
Resources	2,051	1,936	496	471
Industrial and Safety	1,309	1,265	270	246
Chemicals, Energy and Fertilisers	1,485	1,461	310	274
Other	958	1,136	999	972
Assets and liabilities managed on a Group basis[1]	904	908	5,957	5,224
Total	42,312	40,814	16,685	15,485

	CAPITAL EXPENDITURE[2]		NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION	
	2012	2011	2012	2011
	$m	$m	$m	$m
Coles	1,218	840	67	92
Home Improvement and Office Supplies	587	613	78	79
Kmart	136	101	10	1
Target	67	95	59	45
Insurance	47	47	22	24
Resources	392	372	99	77
Industrial and Safety	49	32	34	23
Chemicals, Energy and Fertilisers	169	63	16	5
Other	4	7	183	7
Total	2,669	2,170	568	353

	INVESTMENTS IN ASSOCIATES		SHARE OF NET PROFIT OR LOSS OF ASSOCIATES INCLUDED IN EBIT	
	2012	2011	2012	2011
	$m	$m	$m	$m
Coles	16	15	-	-
Chemicals, Energy and Fertilisers	93	82	18	18
Other	320	374	(34)	(33)
Total	429	471	(16)	(15)

1 Assets and liabilities managed on a Group basis include tax assets $475 million (2011: $437 million), tax liabilities $455 million (2011: $345 million) and interest-bearing liabilities $5,502 million (2011: $4,879 million). Also included are investments in associates which have been disclosed on a segment basis above.

2 Capital expenditure includes accruals to represent costs incurred during the year. The amount excluding movement in accruals is $2,626 million (2011: $2,062 million).

3 As reported at 31 December 2011, errors were identified in relation to the initial allocations of goodwill which were made at the time of acquisition of the Coles Group of businesses impacting Kmart and Target. The errors arose from an incorrect calculation of the terminal value of Kmart and a failure to consistently reflect the impact of Kmart's and Target's business plans. Accordingly, an adjustment of $486 million has been made and, as required by AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 44, retrospectively applied to increase the value of goodwill allocated to Kmart and reduce the value of goodwill allocated to Target. This correction has had no effect on consolidated net assets, consolidated profit and reported basic or diluted earnings per share for the current or prior periods. As a result of the correction, the segment assets of Kmart and Target for the comparative period have been restated from $1,543 million to $2,029 million and $3,974 million to $3,488 million, respectively.

		Note	CONSOLIDATED 2012 $m	2011 $m
3	**Income and expenses**			
	Employee benefits expense			
	Remuneration, bonuses and on-costs		**6,888**	6,536
	Amounts provided for employee entitlements		**497**	475
	Share based payments expense		**111**	105
			7,496	7,116
	Occupancy-related expenses			
	Minimum lease payments		**1,791**	1,722
	Other		**441**	429
			2,232	2,151
	Depreciation and amortisation			
	Depreciation		**807**	752
	Amortisation of intangibles		**89**	95
	Amortisation other		**99**	76
			995	923
	Impairment expenses			
	Impairment of freehold property		**11**	10
	Impairment of plant, equipment and other assets	12	**14**	17
	Impairment of goodwill	12	**172**	-
	Total impairment charge		**197**	27
	Other expenses			
	Government mining royalties		**149**	116
	Stanwell royalty		**219**	113
	Repairs and maintenance		**395**	415
	Utilities and office expenses		**979**	932
	Self-insurance expenses		**219**	187
	Other		**1,252**	1,214
			3,213	2,977
	Other income			
	Gains on disposal of property, plant and equipment		**23**	15
	Gains on disposal of controlled entities	13	**150**	3
	Other income		**210**	241
			383	259
	Finance costs			
	Interest expense		**418**	423
	Interest capitalised		**(5)**	-
	Discount rate adjustment		**57**	64
	Amortisation of debt establishment costs		**7**	15
	Other including bank facility and settlement fees		**28**	24
			505	526

		CONSOLIDATED 2012 $m	CONSOLIDATED 2011 $m
4	**Dividends paid and proposed**		
	Declared and paid during the year (fully franked at 30 per cent)		
	Final franked dividend for 2011: $0.85 (2010: $0.70)	**983**	810
	Interim franked dividend for 2012: $0.70 (2011: $0.65)	**810**	752
	Proposed and not recognised as a liability (fully franked at 30 per cent)		
	Final franked dividend for 2012: $0.95 (2011: $0.85)	**1,099**	983
5	**Retained earnings**		
	Balance as at 1 July	**1,774**	1,414
	Net profit	**2,126**	1,922
	Dividends	**(1,793)**	(1,562)
	Actuarial loss on defined benefit plan, net of tax	**(4)**	-
	Balance as at 30 June	**2,103**	1,774
6	**Income tax**		
	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:		
	Accounting profit before income tax	**3,044**	2,706
	At the statutory income tax rate of 30 per cent (2011: 30 per cent):	**913**	812
	Adjustments in respect of current income tax of previous years	**(19)**	(36)
	Deferred tax asset on capital losses not previously recognised	**(44)**	-
	Non-deductible writedowns	**52**	3
	Share of associated companies net loss/(profit) after tax	**5**	5
	Tax on undistributed associates' profit	**3**	4
	Other	**8**	(4)
	Income tax expense reported in the consolidated income statement	**918**	784

A deferred tax asset of $148 million, net of income tax, associated with the Mineral Resource Rent Tax (MRRT) has not been recognised by the Resources division as it is not considered probable that the deferred tax asset will be utilised based on current forecasts. It is noted that the Resource division’s pre-existing annual royalty and rebate commitments for its only wholly owned and operated mine, Curragh, are already in excess of the effective MRRT rate. For the 12 months ended 30 June 2012, the Resources division paid in excess of $345 million to the Queensland Government and its instrumentalities by way of standard Government royalties and Stanwell rebate combined.

		CONSOLIDATED	
		2012	2011
		$m	$m
7	**Reconciliation to cash flow statement**		
	For the purposes of the cash flow statement, cash and cash equivalents comprise the following:		
	Cash on hand and in transit	**417**	264
	Cash at bank and on deposit	**598**	536
	Insurance broking trust accounts	**112**	97
		1,127	897
	Reconciliation of net profit after tax to net cash flows from operations		
	Net profit	**2,126**	1,922
	Adjustments		
	Depreciation and amortisation	**995**	923
	Impairment and writedowns of assets	**197**	27
	Net (gain)/ loss on disposal of non-current assets	**(133)**	35
	Share of associates' net losses/(profits)	**16**	15
	Dividends and distributions received from associates	**22**	20
	Capitalised borrowing costs	**(5)**	-
	Discount adjustment in borrowing costs	**57**	64
	Amortisation of debt establishment costs, net of amounts paid	**7**	15
	Ineffective interest rate swap losses, net of amounts paid	**2**	3
	Other	**(2)**	(66)
	(Increase)/decrease in assets		
	Trade and other receivables	**(318)**	(249)
	Inventories	**(16)**	(347)
	Prepayments	**(44)**	(63)
	Reinsurance and other recoveries	**298**	(506)
	Deferred tax assets	**(25)**	71
	Other assets	**(59)**	(17)
	Increase/(decrease) in liabilities		
	Trade and other payables	**274**	396
	Current tax payable	**107**	186
	Provisions	**138**	(117)
	Other liabilities	**4**	605
	Net cash flows from operating activities	**3,641**	2,917
	Net capital expenditure		
	Purchase of property	**849**	642
	Purchase of plant and equipment	**1,660**	1,313
	Purchase of intangibles	**117**	107
	Purchase of property, plant, equipment and intangibles	**2,626**	2,062
	Proceeds from sale of property, plant, equipment and intangibles	**275**	216
	Net capital expenditure	**2,351**	1,846

8 Investments in associates

		Ownership		Share of profit/(loss)		Carrying amount	
		2012	2011	**2012**	2011	**2012**	2011
Associate	**Principal activity**	**%**	%	**$m**	$m	**$m**	$m
Air Liquide WA Pty Ltd	Industrial gases	**40.0**	40.0	**7**	6	**6**	5
Albany Woolstores Pty Ltd	Wool handling	**35.0**	35.0	**-**	-	**-**	-
Bengalla Agricultural Company Pty Limited	Agriculture	**40.0**	40.0	**-**	-	**-**	-
Bengalla Coal Sales Company Pty Limited	Sales agent	**40.0**	40.0	**-**	-	**-**	-
Bengalla Mining Company Pty Limited	Management company	**40.0**	40.0	**-**	-	**-**	-
BWP Trust (formerly Bunnings Warehouse Property Trust)	Property investment	**23.5**	23.3	**16**	19	**214**	214
Gresham Partners Group Limited	Investment banking	**50.0**	50.0	**-**	1	**26**	29
Gresham Private Equity Funds	Private equity fund	**(a)**	(a)	**(55)**	(60)	**71**	122
HAL Property Trust	Property ownership	**50.0**	50.0	**-**	-	**16**	15
Queensland Nitrates Management Pty Ltd	Chemical manufacture	**50.0**	50.0	**-**	-	**-**	-
Queensland Nitrates Pty Ltd	Chemical manufacture	**50.0**	50.0	**11**	12	**79**	68
Wespine Industries Pty Ltd	Pine sawmillers	**50.0**	50.0	**5**	7	**9**	9
				(16)	(15)	**421**	462
Loans to associates				**-**	-	**8**	9
				(16)	(15)	**429**	471

Each of the above entities is incorporated in Australia and has a reporting date of 30 June with the exception of Gresham Partners Group Limited which has a reporting date of 30 September and the Bengalla companies that have a reporting date of 31 December.

(a) Gresham Private Equity Funds
Whilst the consolidated entity's interest in the unitholders' funds of Gresham Private Equity Fund No. 2 and 3 amounts to greater than 50.0 per cent, they are not controlled entities as the consolidated entity does not have the capacity to govern decision making in relation to their financial and operating policies. Such control requires a unitholders' resolution of 75.0 per cent of votes pursuant to the Funds' trust deeds. Gresham Private Equity Fund No. 3 is subject to future capital calls.

9 Contributed equity

	Ordinary		Partially protected		Total contributed equity	
Movement in shares on issue	Thousands	$m	Thousands	$m	**Thousands**	**$m**
At 1 July 2010	1,005,168	16,913	151,904	6,373	1,157,072	23,286
Partially protected ordinary shares converted to ordinary shares at $41.95 per share	508	21	(508)	(21)	-	-
At 30 June 2011	**1,005,676**	**16,934**	**151,396**	**6,352**	**1,157,072**	**23,286**
Partially protected ordinary shares converted to ordinary shares at $41.95 per share	833	35	(833)	(35)	-	-
At 30 June 2012	**1,006,509**	**16,969**	**150,563**	**6,317**	**1,157,072**	**23,286**

Movement in employee reserved shares on issue	**Thousands**	**$m**
At 1 July 2010	4,305	51
Exercise of in-substance options	(525)	(5)
Dividends applied	-	(5)
At 30 June 2011	**3,780**	**41**
Exercise of in-substance options	**(611)**	**(5)**
Dividends applied	**-**	**(5)**
At 30 June 2012	**3,169**	**31**

10 Borrowing and repayment of debt

On 31 October 2011, Wesfarmers announced the issue of $500 million of unsecured fixed rate medium term notes maturing in November 2016. The notes were priced at 150 basis points over the five year swap rate, resulting in a total interest cost of 6.17 per cent per annum.

On 21 March 2012, Wesfarmers announced the issue of $500 million of unsecured fixed rate medium term notes maturing in March 2019. The notes were priced at 165 basis points over the seven year swap rate, resulting in a total interest cost of 6.49 per cent per annum.

The proceeds of these issues were applied to general Group funding and to repay existing shorter term borrowings.

On 25 July 2012, Wesfarmers announced the issue of €650 million (approximately A$764 million) of unsecured fixed rate medium term notes maturing in August 2022. The notes were priced at 110 basis points over the EURO ten year mid swap rate and have been fully swapped back in Australian dollars, resulting in a total fixed interest cost of 5.85 per cent per annum. On the same day, Wesfarmers repaid $400 million seven year bonds that were issued by Coles on 25 July 2005.

11 Cash flow hedge reserve

The change in cash flow hedge reserve for the year ended 30 June 2012 includes the after-tax net movement in market value of cash flow hedges from 30 June 2011 and comprised: $16 million (2011: $38 million) of interest rate swaps and $(45) million (2011: $228 million) of foreign exchange rate contracts.

12 Impairment testing

Wesfarmers has completed detailed impairment testing of its non-current assets and performed a sensitivity analysis, as required under Australian Accounting Standards. Included in the non-current assets tested for impairment were goodwill and other intangible assets recognised on acquisition of businesses including the Coles group.

The recoverable amounts of the cash generating units have been determined using cash flow projections based on Wesfarmers' corporate plans and business forecasts. Wesfarmers' corporate plans are developed annually with a five year outlook. Supplemental business forecasts are also used where appropriate in determining the recoverable value of a business unit. Where a value in use methodology has been used, these plans have been adjusted to exclude the costs and benefits of expansion capital and have been prepared on the understanding that many actual outcomes will differ from assumptions used in the calculations. Discount rates are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs.

Where performance of a particular business is below expectations or other impairment triggers are identified, the recoverable amount is re-assessed using updated budget or forecast information and other key assumptions such as discount and growth rates.

Coregas

Following the announcement by BlueScope Steel Limited (BlueScope), on 22 August 2011, that it intended to significantly restructure its Port Kembla operations, including a shutdown of its No.6 Blast Furnace at Port Kembla, the Industrial and Safety division's Coregas business agreed to amend its contract with BlueScope for the supply of industrial gases to its steel operations.

As a result of the amendments, Coregas has become the primary supplier of industrial gases to BlueScope at the Port Kembla operations, with reduced volumes reflecting the reduced demand from BlueScope under its new operating structure.

Given the amendments to this agreement, and having regard to an associated review of the Coregas business, Coregas has recognised an impairment charge against goodwill and plant and equipment of $181 million in the year ended 30 June 2012.

The recoverable value of the Coregas business has been determined through a fair value less cost to sell model.

Mineral Resources Rent Tax

On 19 March 2011, the Mineral Resource Rent Tax (MRRT) and Petroleum Resource Rent Tax (PRRT) legislative packages were passed by the senate. The legislation introduced a tax on Australian iron ore and coal projects (with some limited exceptions) effective 1 July 2012, and expanded the reach of the PRRT. The introduction of the MRRT has resulted in a number of financial reporting considerations, it has not, however, led to an impairment being recognised in Wesfarmers' coal mining businesses based on current best estimates.

Carbon Pricing Mechanism

On 8 November 2011, the Senate passed the 'Clean Energy Legislative Package' which set out the introduction of a carbon price in Australia as a means of reducing Australia's carbon pollution.

The carbon pricing mechanism has a two phased approach: a fixed price mechanism, followed by an emission trading scheme (ETS). Under the carbon pricing scheme, as of 1 July 2012, every tonne of carbon dioxide equivalent (CO_2-e) produced by approximately 500 of Australia's largest emitters is priced at 23 dollars per tonne. For the first three years, the carbon price is fixed, rising annually by 2.5 per cent. On 1 July 2015, the pricing mechanism will transition to the floating ETS.

The introduction of a carbon price mechanism has resulted in a number of financial reporting considerations for the current year. For those divisions directly impacted by the scheme, it has led to a change in assumptions used for the purpose of impairment testing; it has not, however, led to an impairment being recognised in the current year.

Refer to note 3 for the impairment expense recognised in relation to property, plant and equipment and other assets for the year ended 30 June 2012.

The recoverable amounts remain sensitive to changes in underlying assumptions, including discount rates and general trading conditions, and will continue to be assessed.

13 Disposal of controlled entities

On 30 December 2011, the Group disposed of 100 per cent of the capital of Wesfarmers Premier Coal Limited (Premier). Premier owns and operates a coal mine in Collie, Western Australia and produces approximately 3.5 million tonnes of thermal coal each year from the Collie Coal Basin.

On 31 August 2011, the Group completed the sale of 100 per cent of the capital of Energy Generation Pty Ltd (enGen), an owner and/or operator of approximately 98 megawatts of power generation capacity at Australian mine sites and remote communities.

	Premier $m	enGen $m
Consideration received		
Consideration received in cash and cash equivalents	295	101
Other consideration (payable)/receivable	-	2
	295	103
Assets and liabilities of controlled entities disposed		
ASSETS		
Property, plant and equipment	242	47
Inventories	11	2
Receivables and other assets	15	17
	268	66
LIABILITIES		
Trade payables and other liabilities	11	5
Provisions	45	3
Net deferred tax liability	19	-
	75	8
Net assets disposed	193	58
Gain on disposals		
Consideration	295	103
Less: transaction costs	(4)	(2)
Less: net assets disposed of	(193)	(58)
Gain on disposal	98	43

The gain on disposal is included in 'other income' in the income statement.

14 Events after the balance sheet date

Dividend

A fully franked dividend of 95 cents per share resulting in a dividend payment of $1,099 million was declared for payment on 28 September 2012. The dividend has not been provided for in the 30 June 2012 full year financial statements.

Borrowings

On 25 July 2012, Wesfarmers announced the issue of €650 million (approximately A$764 million) of unsecured fixed rate medium term notes maturing in August 2022. The notes were priced at 110 basis points over the EURO ten year mid swap rate and have been fully swapped back in Australian dollars, resulting in a total fixed interest cost of 5.85 per cent per annum. On the same day, Wesfarmers repaid $400 million seven year bonds that were issued by Coles on 25 July 2005.

Wesfarmers

NEWS

16 August 2012

2012 FULL-YEAR RESULTS

Highlights

- Operating revenue of $58.1 billion, up 5.8 per cent
- Earnings before interest and tax (EBIT) of $3,549 million, up 9.8 per cent
- Net profit after tax of $2,126 million, up 10.6 per cent
- Earnings per share of $1.84, up 10.5 per cent
- Operating cash flows of $3,641 million, up 24.8 per cent
- Free cash flow of $1,472 million, up 41.4 per cent
- Fully franked final dividend of $0.95 declared, up 11.8 per cent, taking full-year dividend to $1.65

Wesfarmers Limited today announced a net profit after tax of $2,126 million for the full-year ended 30 June 2012, an increase of 10.6 per cent on the previous corresponding period.

The Group's retail businesses recorded combined earnings before interest and tax (earnings) growth for the year of 10.3 per cent to $2,794 million.

Coles achieved strong earnings growth of 16.3 per cent to $1,356 million, building on the 21.2 per cent earnings growth achieved in the prior year. Savings generated through improved operating efficiencies supported continued price reinvestment, driving growth in volumes and profitability. The continuation of the renewal refurbishment program and the improvement of the store network further benefited performance.

Bunnings' earnings increased 4.9 per cent to $841 million and represented another good result for the business. In tighter trading conditions, this result was underpinned by solid transaction growth from a number of merchandise initiatives and investment in customer service and value. Earnings were further supported by cost management initiatives and the improvement of the store network.

Kmart achieved pleasing growth in earnings for the year, up 31.4 per cent to $268 million. Improvements in range, together with better sourcing and stock management, continued to drive business efficiencies and support reinvestment in lower prices that were positively received by customers. Kmart has now achieved ten consecutive quarters of growth in transactions and units sold.

Officeworks' earnings increased 6.3 per cent to $85 million. The focus on the strategic agenda of the business continued to drive transaction growth during the year, offsetting heavy deflation and generally challenging trading conditions, particularly in technology related areas.

Target's reported earnings of $244 million were in line with the prior year after excluding a one-off $40 million provision in the current year for future supply chain restructuring. Excluding this provision, Target contributed earnings of $284 million, despite difficult trading conditions particularly in consumer electronics. Underlying earnings were maintained through a focus on the profitability of promotions and lower levels of clearance activity due to better inventory management.

The Insurance division reported earnings of $5 million after increasing reserve estimates for the 22 February 2011 Christchurch earthquake (EQ2) by $108 million during the year, including $82 million provided for in the second half. Excluding this event, earnings were ahead of last year due to reduced catastrophe claims expenses in underwriting, despite still being at historically high levels, and growth in broking. Underlying underwriting performance improved over the year as a result of premium rate increases, better risk selection, and growth in personal lines through Coles Insurance, which more than offset higher reinsurance costs. Broking earnings increased 28.8 per cent, reflecting strong revenue growth, including the contribution from acquisitions.

Earnings for the Resources division increased 19.0 per cent to $439 million. The major driver of the result was increased revenue due to higher export coal prices in the first half, and improved sales volumes in the second half which followed completion in the fourth quarter of expansion projects at the Curragh and Bengalla mines. Higher revenue was partially offset by one off costs associated with flood recovery efforts and mine expansion preparation, and higher government royalties.

The Chemicals, Energy and Fertilisers division reported earnings of $258 million, representing growth of 7.1 per cent after excluding $42 million of insurance proceeds in the prior year related to the 2009 Varanus Island gas outage. Earnings were supported by higher prices in the chemicals business and increased fertiliser sales, which offset a lower contribution from Kleenheat Gas and the loss of earnings from the enGen business following its divestment in August 2011.

The Industrial and Safety division delivered a good result, with earnings increasing by 14.5 per cent to $190 million, supported by strong demand from the resources and engineering construction sectors, and an enhanced competitive position.

Other businesses' earnings were broadly in line with last year despite lower interest revenue and a $15 million expense associated with non-trading items. Non-trading items for the year included a $181 million non-cash writedown of the carrying value of Coregas, which was partially offset by gains on asset sales totalling $166 million.

Financing costs were $21 million lower than the previous year as the Group's effective interest rate declined from 8.8 per cent to 7.8 per cent, reflecting the benefits of refinancing initiatives and the progressive expiry of pre-GFC hedges.

Operating cash flows increased 24.8 per cent to $3,641 million, with a cash realisation ratio of 117 per cent. The operating cash flow result reflected both higher earnings and good working capital management across the Group.

Net capital expenditure was within the previously advised range at $2,351 million, which included a contribution from property disposals in Coles and Bunnings. Significant capital expenditure projects in the year included continued investment in improving the store networks of the retail portfolio, the completion of production expansions in the Resources division, and the progression of the ammonium nitrate capacity expansion project in the chemicals business.

Free cash flow increased 41.4 per cent to $1,472 million, including $402 million of proceeds from the sales of the Premier Coal mine, the enGen business and a number of other small divestments.

The directors declared an increase in the final dividend to 95 cents per share fully-franked, taking the full-year dividend to 165 cents per share, which compares to 150 cents per share last year.

Managing Director Richard Goyder said that the Group's result for the year was pleasing with all divisions achieving improvements in underlying performance and strong growth in the Group's operating cash flows.

"During the year all of our retail businesses worked hard to deliver better value and improved merchandise offers for customers, while investing to renew and grow their store networks and improve supply chains," Mr Goyder said. "These initiatives were rewarded with increasing customer numbers and units sold, more than offsetting price deflation impacts, including from our reinvestment in lowering prices.

"Improvements across the Insurance division in both underwriting and broking were, disappointingly, offset by the impact of raising reserve estimates by $108 million for losses associated with the February 2011 Christchurch earthquake, which is the largest ever insured loss in the southern hemisphere.

"The Industrial and Safety division strengthened its market position during the year to achieve a record earnings result, while good plant production performances and higher prices in the chemicals business contributed to higher earnings in the Chemicals, Energy and Fertilisers division.

"A significant milestone for the Resources division was the completion of major expansion works at both the Curragh and Bengalla mines in the second half of the year. Higher export coal prices and production were partially offset by higher royalties and costs, including one-off costs relating to the commissioning of the new coal preparation facilities."

Mr Goyder said the outlook for the Group was positive, notwithstanding the expected continuation of subdued retail trading conditions and global economic uncertainty. The Group has a strong portfolio of businesses and a healthy balance sheet providing a good outlook for growth, both from within the existing Group and from potential business expansion opportunities.

"The investments made by all our retail businesses in improving their customer offers and service, providing greater value, and investing in store networks and multi-channel capabilities have positioned them well for growth.

"In the absence of further major catastrophe related claims, the performance of the Insurance division is expected to improve from a better underwriting performance and continued growth in the broking business.

"The Resources division is well placed to achieve higher production volumes following the recent completion of mine expansion works. While recent softening of demand and export coal spot prices, together with the continued strength of the Australian dollar, provide for a less favourable short term outlook, the Group believes that the long term fundamentals for the division remain sound.

"The outlook for the Industrial and Safety division and the chemicals business is positive, given production capacity increases underway across the resources and energy sectors."

Results Summary

Full-year ended 30 June	2012	2011	Variance %
KEY FINANCIALS ($m)			
Revenue	58,080	54,875	*5.8*
Group EBITDA	4,544	4,155	*9.4*
Group EBIT	3,549	3,232	*9.8*
Net profit after tax	2,126	1,922	*10.6*
Operating cash flows	3,641	2,917	*24.8*
Net capital expenditure	2,351	1,846	*27.4*
Free cash flow	1,472	1,041	*41.4*
Net debt	4,904	4,343	*12.9*
KEY SHARE DATA (cents per share)			
Earnings per share	184.2	166.7	*10.5*
Operating cash flows per share	314.6	252.1	*24.8*
Dividends per share	165	150	*10.0*
KEY RATIOS			
Interest cover (R12, cash basis) (times)	10.8	9.5	*1.3 pt*
Fixed charges cover (R12) (times)	2.8	2.7	*0.1 pt*
Return on shareholders' funds (R12) (%)	8.4	7.7	*0.7 pt*

Divisional Earnings Summary

Full-year ended 30 June ($m)	2012	2011	Variance %
EBIT			
Coles	1,356	1,166	*16.3*
Home Improvement	841	802	*4.9*
Office Supplies	85	80	*6.3*
Target[1]	244	280	*(12.9)*
Kmart	268	204	*31.4*
Combined Retail[2]	*2,794*	*2,532*	*10.3*
Insurance[3]	5	20	*(75.0)*
Resources	439	369	*19.0*
Industrial & Safety	190	166	*14.5*
Chemicals, Energy & Fertilisers[4]	258	283	*(8.8)*
Divisional EBIT	3,686	3,370	*9.4*
Other (including non-trading items) [5]	(36)	(36)	*0.0*
Corporate overheads	(101)	(102)	*1.0*
Group EBIT	3,549	3,232	*9.8*

1 2012 includes a restructuring provision of $40 million (2011: nil).

2 2011 retail results include a one-off impact following severe flood and storm events in Australia, including Cyclone Yasi, together with earthquakes in Christchurch, New Zealand. Total costs of ~$100 million, related to asset writedowns and business interruption costs, have been partially offset by insurance recoveries recognised of ~$60 million, reducing the net earnings impact.

3 The 2012 result has been adversely affected by additional reserving of $108 million relating to the 22 February 2011 Christchurch earthquake and net claims in excess of allowances relating to severe weather events and bushfires in Australia. The 2011 result was adversely affected by the earthquakes in Christchurch and severe weather events in Australia, including widespread east coast flooding and Cyclone Yasi.

4 2011 includes $42 million in insurance proceeds in relation to the 2009 Varanus Island gas outage. 2012 includes an earnings benefit of $9 million from the termination of the HIsmelt industrial gas supply agreement.

5 2012 includes a non-trading items expense of $15 million (2011: nil) comprised of the following: gain on the disposal of the enGen business ($43 million), gain on the disposal of the Premier Coal mine ($98 million), gain on the disposal of Boddington forestry assets ($16 million), gain on the disposal of Bangladesh Gas ($9 million) and non-cash writedown of the carrying value of Coregas ($181 million).

Retail

The Group's retail businesses recorded combined earnings growth for the year of 10.3 per cent to $2,794 million, more than double the rate of revenue growth.

Coles reported earnings of $1,356 million, representing growth of 16.3 per cent on the prior year, significantly above the growth rate of sales. Over the year, Coles continued to deliver greater value for its customers through its 'Down Down' and fresh produce 'Super Specials' campaigns and the reinvigoration of its flybuys loyalty program. These initiatives, combined with abundant fresh produce supply, resulted in record price deflation of 2.9 per cent for the year, which was more than offset by strong increases in customer transactions and units sold, resulting in comparable food and liquor sales growth of 3.7 per cent.

The transformation of Coles' supply chain progressed with the completion of Easy Warehousing which, together with Easy Ordering, resulted in further improvements in on-shelf availability, lower levels of loss through waste and improved efficiencies for both Coles and its suppliers. These and other operating efficiencies supported reinvestments in better value for customers, resulting in increased transactions and higher average units per basket. Coles also made good progress improving its store network during the year, most notably through the ongoing rollout of its renewal program which is contributing to sales growth and higher space productivity. Notably, one-third of the network was in the renewal format at the end of the year. Net supermarket selling area increased by 1.9 per cent over the year as Coles continued to optimise its store network.

The performance of Coles Liquor was negatively affected by the implementation of a large scale systems upgrade in the first half of the year. Encouragingly, underlying performance improved progressively over the second half following the commissioning of the new trading platform and the implementation of initiatives to improve pricing architecture and promotional effectiveness. During the year, the business continued to rebalance its store network, opening 36 stores and closing 30 stores, with most of the net space growth being in larger format stores.

Earnings for the convenience business increased 30.5 per cent to $124 million, driven by solid fuel volume growth of 3.5 per cent as a result of a positive customer response to improvements in the fuel offer. Cooler weather conditions and price investment to maintain the competitive positioning of the Coles Express convenience offer resulted in shop sales remaining in line with last year.

Bunnings reported earnings growth of 4.9 per cent to $841 million, with total revenue growth of 5.6 per cent. Sales growth was achieved in both consumer and commercial segments despite generally tighter trading conditions and price deflation driven by initiatives to provide better value to customers. Strong customer transaction growth reflected good progress in all aspects of Bunnings' strategic agenda, with highlights being improvements in merchandising, through the range reset program, customer service and the store network. Earnings growth was further supported by productivity improvements and cost management initiatives. Bunnings maintained a focus on network expansion during the year, opening 13 new warehouses, with a further ten sites under construction as at the end of June.

Officeworks reported earnings of $85 million, 6.3 per cent higher than the prior period, as transaction and unit growth offset heavy price deflation, particularly in the technology and furniture categories. Earnings growth was supported by operating efficiencies and improvements in range and service, including in the online channel which experienced strong growth.

Target's earnings were in line with the prior year after excluding a one-off restructuring provision of $40 million made this year in respect of a future reconfiguration of its supply chain. Target experienced generally challenging trading conditions during the year, particularly in consumer electronics, resulting in a decline in revenue of 1.2 per cent. The underlying earnings trend improved during the second half of the year following the introduction of a number of sales and marketing initiatives to improve the effectiveness of promotions, which included the introduction of everyday low prices on a 'Target Essentials' range. A focus on inventory management resulted in reduced levels of clearance activity, which contributed to earnings improvement. During the last quarter, operational performance was also supported by the decision to bring forward the timing of the mid-year Toy Sale, as well as the Federal Government's household assistance package.

Kmart's earnings increased 31.4 per cent to $268 million. Revenue was broadly in line with the prior year as Kmart's strategy to lower prices across the store resulted in higher customer transactions and volumes sold. The Federal Government's household assistance package also assisted fourth quarter trading. Earnings growth was achieved through improved product sourcing and logistics, refinement of Kmart's core everyday range, and further cost efficiencies.

Insurance

The Insurance division reported earnings of $5 million after increasing reserve estimates for EQ2 by $108 million during the year. The full year result also included net claims in excess of allowances of $32 million, relating to severe weather events and bushfires in Australia, and previously advised increases in reinsurance costs from 1 July 2011.

EQ2 is the largest ever insured loss in the southern hemisphere. The significant scale of this disaster has raised a number of complex and challenging issues in respect to future claims reserve estimations. The increase in reserves made in the second half of the year followed the completion of all scopes of work for residential rebuilds and repairs, and also took into account amendments to the scope of repairs required by regulatory standards and a change in the Earthquake Commission's approach to reserving and claims settlement.

The underlying performance of the underwriting business showed improvement, strengthened by premium rate increases in Australia and New Zealand of 8.4 per cent and 10.9 per cent respectively, and better risk selection. Coles Insurance also continued to perform ahead of expectations, with more than 100,000 policies written during the period, resulting in good growth in personal lines.

The broking business recorded earnings growth of 28.8 per cent to $67 million, reflecting revenue growth of 18.7 per cent. Earnings in broking were supported by the successful integration of acquired businesses.

Industrial

The Resources division recorded an increase in earnings of 19.0 per cent to $439 million, reflecting higher first half average export coal prices, improved second half volumes, and reduced second half cash costs. The Resources division's result excluded the profit on sale of $98 million from the divestment of the Premier Coal mine in December 2011, which is included in non-trading items in 'Other'.

Total coal sales volumes for the Curragh mine were 27.8 per cent above the prior year reflecting practical completion of Curragh's new coal handling and preparation plant in the fourth quarter, with mine capacity now increased to 8.0 to 8.5 million tonnes per annum of export metallurgical coal. Mine cash costs were higher during the year and included $55 million in costs associated with final recovery efforts from the major floods in 2011 and preparations associated with the mine expansion. Encouragingly, mining costs improved over the second half as impacts from this activity subsided and production increased.

The Chemicals, Energy and Fertilisers division reported earnings of $258 million, which included a one-off positive impact of $9 million related to the termination of the HIsmelt industrial gas supply agreement in February 2012. This compares to earnings of $283 million in the prior year, which included $42 million of insurance proceeds relating to the 2009 Varanus Island gas outage and a full year's contribution from the enGen business which was divested in August 2011. Underlying earnings growth was due to higher contributions from the chemicals and fertilisers businesses.

The chemicals business benefited from good plant performances and higher ammonia, ammonium nitrate and sodium cyanide pricing. Favourable seasonal conditions, resulting in a 10.2 per cent increase in fertiliser sales volumes, contributed to higher earnings in this business. Earnings from the Kleenheat Gas business declined, as anticipated, due to lower LPG production from reduced LPG content in the Dampier to Bunbury natural gas pipeline and softer market conditions.

During the period, the division divested the enGen business for a gain of $43 million and the Bangladesh Gas business for a gain of $9 million. The gains associated with these disposals are not reflected in the divisional result and are captured as non-trading items in 'Other'.

A highlight for the year was Wesfarmers Board approval to expand ammonium nitrate production capacity at Kwinana, Western Australia, by 260,000 tonnes per annum. At this early stage, the project is on track for practical completion in the first half of calendar year 2014.

The Industrial and Safety division achieved earnings growth of 14.5 per cent to $190 million. Revenue growth of 8.5 per cent was supported by increasing demand from the resources and engineering construction sectors, in addition to improvements in service levels and product range which improved the business' share of customer spend. An ongoing focus on operational efficiency also contributed to higher returns through cost and capital management improvements.

Other businesses/Corporate overheads

Other businesses, non-trading items and corporate overheads contributed a before-tax expense of $137 million for the year, in line with the prior year.

The Gresham Private Equity Funds investment contributed a loss of $55 million, compared to a loss of $60 million last year, due to non-cash revaluations of investments held. The Group's investment in the BWP Trust generated earnings of $16 million compared to $19 million last year. Corporate overheads were $101 million, $1 million below the prior year.

Non-trading items resulted in an expense of $15 million, which included a $181 million non-cash writedown of the carrying value of Coregas in the first half of the year. This was partially offset by a gain of $166 million associated with the disposals of the Premier Coal mine, the enGen business and the Boddington forestry assets in the first half, and the Bangladesh Gas business in the second half.

Capital management

Operating cash flows of $3,641 million for the year were 24.8 per cent higher than the prior year and represented a cash realisation ratio of 117 per cent. Higher operating cash flows were reported by most divisions.

Operating cash flow performance during the year was supported by earnings growth and improved working capital performance, particularly across the Group's retail businesses.

Gross capital investment of $2,626 million was partially offset by disposals of property, plant and equipment of $275 million, largely reflecting property sales by Coles and Bunnings, as the Group continued to manage its freehold property portfolio.

Net capital expenditure increased 27.4 per cent to $2,351 million. High levels of investment continued to be made by Coles and Bunnings to improve their store networks, including ongoing activity in Coles to refurbish stores as part of its renewal program. A high level of capital expenditure was also recorded by the Resources division as it completed expansions of the Curragh and Bengalla mines. Capital expenditure for the Chemicals, Energy and Fertilisers division was well above last year as the business progressed the $550 million expansion of its ammonium nitrate facility.

Proceeds from the sale of businesses of $402 million offset the increase in net capital expenditure during the year and helped contribute to a 41.4 per cent increase in free cash flows to $1,472 million.

During the year, the Group continued its strategy to extend its debt maturity profile and increase its funding diversification. As part of this strategy, two $500 million domestic bond issues were conducted during the year, comprising a 5-year issue in November 2011 and a 7-year issue in March 2012. In August 2012, despite debt market volatility, the Group issued its first 10-year bond, raising EURO 650 million, reflecting debt investors' confidence in the Group's businesses and balance sheet.

Successful refinancing initiatives, combined with the progressive expiry of pre-GFC hedges, contributed to a one percentage point decrease in the Group's effective interest rate to 7.8 per cent for the year.

Strong operating performance and debt management initiatives resulted in improvements in the Group's fixed charges cover ratio to 2.8 times and cash interest cover ratio to 10.8 times.

The Group's credit ratings remained unchanged at A- (stable) for Standard & Poor's and Baa1 (positive) for Moody's.

Following the decision of the Wesfarmers Board to extend the lapse date associated with the Wesfarmers Partially Protected Shares for an initial period of 12 months, the new lapse date for these shares is 23 November 2012. The Board has the right to extend the lapse date for a further 12 months, up to another three times, subject to the terms of the shares.

Final dividend

Consistent with the Group's dividend policy, the directors have declared a fully-franked final dividend of 95 cents per share, taking the full-year dividend to 165 cents per share. This represents an increase of 10.0 per cent on the 150 cents per share full-year dividend declared for the 2011 financial year.

The dividend will be paid on 28 September 2012 to shareholders on the company's register on 27 August 2012, the record date for the final dividend.

Given the preference of many shareholders to receive dividends in the form of equity, the directors have decided to continue the operation of the Dividend Investment Plan (the Plan). The allocation price for shares 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 30 August 2012 to 19 September 2012 inclusive.

No discount will apply to the allocation price and the Plan will not be underwritten. Given Wesfarmers' current capital structure and strong balance sheet, shares will be acquired on-market and transferred to participants on 28 September 2012 to satisfy any shares to be issued under the Plan.

Outlook

The Group's outlook remains positive, supported by solid strategic plans in place across the Group.

The turnaround momentum in Coles, Kmart and Officeworks is expected to continue, with each business well positioned for the next phase of growth. Bunnings' strong performance is expected to continue, supported by further improvements in its merchandise offer and service levels, as well as ongoing improvement of its store network. Target will continue to execute its transformation plan to deliver an improved value offer, better communication of its mid-tier proposition, and enhanced service levels and product sourcing.

The earnings contribution of the Insurance division is expected to improve, assuming the absence of a high number of catastrophe related claims, due to improved underwriting performance driven by premium rate increases, better risk selection, growth in personal lines and a strong focus on cost efficiencies. The long term outlook for the broking business also remains positive.

The Group believes that the outlook for the industrial businesses is supported by good long term market fundamentals. The recent completions of expansions at the Curragh and Bengalla mines are expected to result in higher production levels. While the September 2012 quarter coal price outcomes were generally pleasing, recent softening in steel production and lower export coal spot prices, together with the continued strength of the Australian dollar, provide for a less favourable short term outlook.

The Chemicals, Energy and Fertilisers and Industrial and Safety divisions are well placed to benefit from high levels of demand for chemicals and consumables from resources and energy customers given the expansion activities underway across these sectors.

The cash generative nature of the Group's businesses, balance sheet strength, and the strong focus on return on capital continue to support the current capital investment program which is expected to enhance future shareholder returns.

For further information:

Media	Alan Carpenter Executive General Manager, Corporate Affairs +61 8 9327 4267 or +61 438 903 674
Investors	Mark Scatena General Manager, Investor Relations & Planning +61 8 9327 4416 or +61 439 979 398

Coles Division

Performance Summary		
Full year ended 30 June	**2012 ($m)**	2011 ($m)
Revenue	**34,117**	32,073
EBITDA	**1,785**	1,567
Depreciation & amortisation	**(429)**	(401)
EBIT	**1,356**	1,166

Coles' operating revenue for the year increased $2.0 billion to $34.1 billion. Earnings before interest and tax (EBIT) increased 16.3 per cent to $1,356 million, with EBIT margin increasing 33 basis points to 4.0 per cent.

Strong comparable food and liquor store sales growth of 3.7 per cent[1] was achieved given record food and liquor price deflation of 2.9 per cent.

Coles continued to offer better value through its 'Down Down' and fresh produce 'Super Specials' campaigns which have created total savings for customers of over $800 million a year.

The successful reinvigoration of flybuys and the supporting my5 program enabled Coles to offer further savings to the seven million customers now holding a flybuys card.

Coles' investment in value for customers was funded from a savings pool generated from cost savings and business efficiencies across its store, supply chain and store support functions.

The Easy Warehousing rollout was completed during the fourth quarter, and now supports in-store Easy Ordering to better manage product flows and generate efficiencies for both Coles and its suppliers.

The rollout of new store formats continued at pace, with a further 108 renewal stores launched in the year, taking the total number of renewal stores to 252, which represents one-third of the fleet.

Coles continued to improve the quality of its network, closing smaller units and opening larger stores, delivering net supermarket selling space growth of 1.9 per cent for the year. Coles opened a further two larger format stores which have received pleasing customer feedback.

The Coles Liquor business made good progress to address significant IT platform issues which affected first half performance. Work continues to address structural store network challenges and to continue improvements in promotional effectiveness. The implementation of a number of improvement programs began to deliver underlying performance improvement in the second half. The large format 1st Choice business remained the key area of network optimisation, with a further eight stores opened during 2012.

Coles Express recorded total sales[1] in 2012 of $7.5 billion, up 11.5 per cent on the previous year. Total fuel volumes increased by 3.5 per cent, with comparable volumes up 2.8 per cent. EBIT grew by 30.5 per cent to $124 million, with the result supported by a strong customer response to the quality of the Coles Express fuel offer.

In the 2012 financial year, Coles opened 19 new supermarkets, 35 liquor stores, one hotel and 10 convenience stores. At 30 June 2012, Coles had a total of 749 supermarkets, 792 liquor stores, 627 Coles Express sites and 92 hotels.

[1] For the 52 weeks from 28 June 2010 to 26 June 2011

Outlook

Coles will continue to implement its turnaround strategy at pace with priority focus on improved quality, service and value. The continued focus on value will help customers combat rising living costs. The success of the turnaround strategy so far provides a solid platform to further exploit opportunities in store renewal, supply chain transformation and continued improvements in operating efficiencies. Coles is also investing in a range of new initiatives to deliver sustainable growth in the longer term, which includes continued category and Coles brand development, multi-channel integration and a tailored loyalty offer.

Home Improvement and Office Supplies Division

Bunnings

Performance Summary		
Full year ended 30 June	**2012 ($m)**	2011 ($m)
Revenue	**7,162**	6,780
EBITDA	**957**	903
Depreciation & amortisation	**(116)**	(101)
EBIT	**841**	802

Operating revenue from the Bunnings home improvement business increased by 5.6 per cent to $7.2 billion for the year. Earnings Before Interest and Tax (EBIT) of $841 million were 4.9 per cent higher than that recorded in the corresponding period last year.

Total store sales growth of 5.9 per cent was achieved, with underlying store-on-store sales increasing by 3.9 per cent. Commercial sales were 6.9 per cent higher than the comparative period. Sales growth for the full-year was achieved in both consumer and commercial areas across most key trading regions.

Strong transaction growth for the year - achieved as a result of good progress on all aspects of the strategic agenda, which includes the customer offer, team members and the network - mitigated the effects of ongoing deflation and generally tight trading conditions.

Particularly pleasing were the outcomes from merchandising initiatives, including the range reset project, and operational work to further strengthen service and services. A strong focus on productivity and cost management supported investments in the customer offer and EBIT growth.

During the year, 16 trading locations were opened, including 13 new warehouse stores, one smaller format store and two trade centres. At the end of the period there were 206 warehouses, 58 smaller format stores and 36 trade centres operating in the Bunnings network across Australia and New Zealand.

Outlook

The business is well positioned for continued sales growth, through increased service levels, category development, network expansion and reinvestment, an improved light and heavy commercial offer and the continued investment of productivity gains in lower prices to drive volume.

Network expansion will continue in the stated range of 16 to 26 new locations per annum, with continued investment in the property pipeline and existing stores.

Home Improvement and Office Supplies Division

Officeworks

Performance Summary		
Full year ended 30 June	**2012 ($m)**	2011 ($m)
Revenue	**1,482**	1,471
EBITDA	**108**	101
Depreciation & amortisation	**(23)**	(21)
EBIT	**85**	80

Operating revenue for the office supplies business was $1.5 billion for the full-year, which was 0.7 per cent higher than the previous year. Earnings before interest and tax grew 6.3 per cent to $85 million.

Deflationary headwinds and challenging market conditions kept store sales growth flat across the year. Online sales grew strongly, in line with the Officeworks "every channel" strategy. Transaction and unit sales in both channels were well above last year.

Over the year, Officeworks maintained an intense focus on its strategic agenda. Improving customer service remained at the forefront of the agenda with a range of initiatives rolled out. New products and services were added to the range and investment in the online offer was received favourably by customers.

Six new Officeworks stores were opened and a further six stores were fully upgraded. At year end, there were 139 Officeworks stores and two Harris Technology business centres operating across Australia.

Outlook

Officeworks' primary focus remains on investing to further enhance the customer offer, expanding and renewing the store network, further lowering costs and removing operational complexity. Increasing business-to-business sales and investing in online will remain high priorities. Underpinning all these strategic initiatives will be ongoing work to develop and strengthen the Officeworks team.

The challenging outlook for sales and margins is expected to continue given the current economic and competitive landscape.

Target Division

Performance Summary		
Full year ended 30 June	**2012 ($m)**	2011 ($m)
Revenue	**3,738**	3,782
EBITDA	**317**	348
Depreciation & amortisation	**(73)**	(68)
EBIT[1]	**244**	280
EBIT (exc. restructuring provisions)	**284**	280

[1] 2012 includes a $40 million restructuring provision

Target's operating revenue decreased by 1.2 per cent to $3.7 billion, while comparable store sales for the full-year declined by 2.1 per cent[2]. Reported Earnings Before Interest and Tax (EBIT) were $244 million, which included a $40 million restructuring provision. EBIT excluding the provision was $284 million, delivering an EBIT margin of 7.6 per cent, up from 7.4 per cent last year.

Target's underlying profit was maintained through an improvement in margin, generated from a focus on the profitability of promotions and clearance activity.

Positive sales results were achieved in children's clothing, homewares, footwear, and accessories, with customers continuing to respond positively to offerings in these areas.

Sales were also higher in toys and leisure, although this was largely due to the 2012 mid-year toy sale being brought forward into June from July.

Trading was particularly challenging in consumer electronics, with weak demand and price deflation continuing to affect sales in this category.

Promotional strategies, including the introduction of everyday low pricing on 'Target Essentials' and better communication of value, continue to be key areas of focus as the business drives its mid-tier market positioning.

During the past year, 12 stores were opened including two replacement stores. At year-end there were 179 Target stores, including three Urban By Target stores and one Target Outlet, and 122 Target Country stores.

After launching last year, Target online sales continued to grow as the business focuses on enhancing the online range and functionality.

Inventory days cover at the end of the period were less than last year, which was consistently the case throughout the year.

[2] For the 52 weeks from 26 June 2011 to 23 June 2012

Outlook

Improving the profitability of promotions and identifying new ways to offer value to customers continue to be priorities and these have already had a positive impact on the business. The business remains committed to making the customer the first priority in all decision making. Focus continues on the delivery of the transformation plan which includes further development of a mid-tier proposition including expansion of the Target Essentials range, further investment in on-line and the store network, increasing direct sourcing, re-structuring the supply chain and building organisational capability.

The store network will continue to expand, with 10 new stores and four replacement stores to be completed in the 2013 financial year.

Kmart Division

Performance Summary		
Full year ended 30 June	**2012 ($m)**	2011 ($m)
Revenue	**4,055**	4,036
EBITDA[1]	**330**	265
Depreciation & amortisation	**(64)**	(64)
EBIT[1]	**266**	201

Kmart's operating revenue for the year was $4.1 billion with underlying Earnings Before Interest and Tax (EBIT) of $266 million[1].

Comparable store sales[2] for the year were in line with last year.

Quarter four represented the tenth consecutive quarter of growth in transactions and units sold, with strong growth achieved across all key categories.

Earnings growth of 32.3 per cent was achieved through improved product sourcing, better stock management and continued strong performance of Kmart's everyday core range.

Kmart continues to connect with Australian and New Zealand families through its commitment to selling everyday items for families at the lowest possible prices.

During the year, investment in the network continued, with six Kmart store refurbishments completed and 238 Kmart Tyre & Auto stores re-imaged.

At year-end there were 185 Kmart and 260 Kmart Tyre & Auto Service stores.

[1] 2012 result excludes $2 million earnings relating to Coles Group Asia overseas sourcing operations used by both Kmart and Target (2011:$3 million)

[2] For the 52 weeks from 27 June 2011 to 24 June 2012

Outlook

Kmart will continue to lead on price and value, offering the lowest prices it can on every product, every single day, for Australian and New Zealand families.

Kmart's focus remains on connecting with more customers, refining its product offer and continuing to offer everyday low prices. Opportunities remain in sourcing at lowest cost, improving stock flow and product availability, and further developing the store network.

Seven new Kmart stores and seven new Kmart Tyre & Auto Service stores are planned to open in the 2013 financial year.

Insurance Division

Performance Summary		
Full-Year ended 30 June	**2012 ($m)**	2011 ($m)
Revenue	**1,915**	1,739
EBITDA	**36**	47
Depreciation	**(19)**	(17)
EBITA	**17**	30
EBITA (excluding EQ2)	**125**	30
EBIT	**5**	20

Operating revenue of $1.9 billion was 10.1 per cent higher than the previous corresponding period. Broking revenue increased by 18.7 per cent and Gross Earned Premium from underwriting activities increased by 9.1 per cent.

The combined operating ratio for the underwriting business was 111.2 per cent and the earnings before interest, tax and amortisation (EBITA) margin for the broking businesses was 29.6 per cent.

An increase in reserve estimates for the 22 February 2011 Christchurch earthquake (EQ2) of $108 million and a higher level of natural disasters in Australia contributed to EBITA decreasing to $17 million for the year, compared with $30 million for the previous corresponding period, a decrease of 43.3 per cent.

Excluding the impact of the increase in reserves in relation to EQ2, the profitability of the division improved significantly on the prior period with EBITA increasing to $125 million.

EQ2 has been the largest ever insured loss in the southern hemisphere and has resulted in a significant increase in claims estimates as a result of several factors including:

- an increase in domestic claims cost estimates following the completion of all scopes of work for residential rebuilds and repairs;
- higher reserve estimates for large commercial claims;
- changes in the scope of repairs required within specified land zones as a result of revised building foundation standards; and
- Earthquake Commission approach to reserving and claims settlement.

As advised last year, higher reinsurance costs from 1 July 2011 adversely affected underwriting margins during the period. Pleasingly however, underwriting operations in Australia and New Zealand achieved strong premium rate increases. Average rate increases achieved across the Australian portfolio were 8.4 per cent, with higher rates achieved largely in property related classes. In New Zealand average rate increases of 10.9 per cent were achieved following significant rate increases in earthquake and property classes.

The fall in government bond rates during the period resulted in unrealised losses due to an increase in insurance liabilities. These losses were offset by improvements in the Liability Adequacy Test resulting from achieved rate increases and improved underwriting risk selection.

Modest growth in gross written premium was achieved during the year reflecting an increase in premium rates, strong growth in personal lines, and rural and corporate business, offset by a targeted reduction in exposures in higher risk categories and geographies.

Strong customer response to the Coles Insurance offer resulted in more than 100,000 policies written during the period. Motor and home products continue to deliver conversion and retention rates ahead of expectations.

Further investment in IT and efficiency initiatives in underwriting were undertaken in the period, including the implementation of a new policy administration system in New Zealand, the launch of the Partnered Repairer Network for motor claims and optimisation of claims processes in Australia.

Broking delivered strong revenue and earnings growth, benefiting from recent bolt-on acquisitions, new business growth and a general hardening of premium rates in New Zealand and Australia.

Broking earnings were higher than the previous year, with EBITA increasing to $79 million, an increase of 27.4 per cent on the previous year. Four broking bolt-on acquisitions were completed during the year and the integration of the FMR and ACM Ahlers acquisitions in New Zealand is well advanced and performing above expectations.

Outlook

Underwriting earnings are expected to improve following solid premium rate increases, disciplined risk selection and cost efficiency initiatives. The reinsurance program for the next financial year was renewed, with modest increases on the prior year which are expected to be offset by higher premium rates. Broking operations will continue to pursue growth through targeted recruitment, bolt-on acquisitions and improvements in productivity. While further growth in earnings from broking operations is expected, a planned upgrade and new investment in broking systems is likely to adversely impact margin in the 2013 financial year. The division will continue to expand its personal lines business through partnerships with Coles Insurance and OAMPS.

Resources Division

Performance Summary		
Full year ended 30 June	**2012 ($m)**	2011 ($m)
Revenue	**2,132**	1,778
EBITDA	**589**	488
Depreciation & amortisation	**(150)**	(119)
EBIT	**439**	369

Revenue of $2.1 billion for the year was 19.9 per cent above the preceding year.

Earnings Before Interest and Tax (EBIT) of $439 million were 19.0 per cent higher than the $369 million achieved last year. Key positive contributors to the result included strong export prices in the first half and, in the second half, higher production and sales from both the Curragh and Bengalla mines as expansions of export capacity were completed.

A profit on sale of $98 million from the divestment of the Premier Coal mine in December 2011 has been reported as a non-trading item as part of 'Other' earnings within the Group's result.

Curragh (Qld) 100 per cent: Total coal sales volumes from Curragh of 7.2 million tonnes of metallurgical coal and 2.9 million tonnes of steaming coal combined, were 27.8 per cent above those achieved in the 2011 financial year. This reflected mine expansion commissioning in the fourth quarter and consequent record average monthly production in that quarter. Mine cash costs in the first half were affected by the final phase of flood recovery costs following the January 2011 floods and by a delay in the commissioning of the second Coal Handling and Preparation Plant (CHPP). This delay resulted in increased overburden removal ahead of the mine expansion. Mine cash costs were significantly improved in the second half. Earnings were higher than the previous year, reflecting the abovementioned combination of stronger first half prices, stronger second half volumes and lower second half cash costs. A highlight of the year was completion of the expansion of the Curragh mine's capacity to 8.0-8.5 million tonnes per annum (mtpa) of export metallurgical coal. Further progress was made on a feasibility study to expand metallurgical coal export capacity to 10 mtpa.

Bengalla (NSW) 40 per cent: Sales volumes were down 2.2 per cent on last year. Earnings were down slightly on the previous year, affected by both lower coal production during commissioning of the CHPP upgrade and lower prices for export steaming coal. A highlight of the year was the completion of the stage one expansion to 9.3 mtpa Run of Mine (ROM) production capacity (100 per cent basis). Progress was made on the feasibility study to further expand the Bengalla mine to 10.7 mtpa ROM production capacity.

Outlook

Both the Curragh and Bengalla mines are well placed to increased production volumes for the 2013 financial year. Curragh's metallurgical export sales are forecast to be in the range of 8.0 – 8.5 million tonnes subject, as always, to mine operating performance and infrastructure constraints. Whilst September 2012 quarter coal price outcomes were generally pleasing, recent softening in steel production and lower export coal spot prices, together with a high Australian dollar, provide for a less favourable short term outlook. Longer term, the fundamentals for the Resources division nevertheless appear sound.

Consistent with global markets, 100 per cent of Curragh's metallurgical coal sales are now subject to quarterly price resets.

Chemicals, Energy and Fertilisers Division

Performance Summary		
Full year ended 30 June	**2012 ($m)**	2011 ($m)
Revenue[1]	**1,786**	1,641
EBITDA[1,2]	**348**	379
Depreciation & amortisation	**(90)**	(96)
EBIT[1,2]	**258**	283
EBIT[1] (excl. Varanus Island insurance proceeds)	**258**	241

[1] Includes enGen and the Bangladesh LPG joint venture revenue and earnings until divestment in August 2011 and January 2012 respectively. Gain on disposal of both entities excluded and reported as part of 'Other' earnings.

[2] 2011 includes $42 million Varanus Island insurance proceeds.

Operating revenue of $1.8 billion was 8.8 per cent higher than last year, largely as a result of increased sales in both the chemicals and fertiliser businesses.

Earnings before interest and tax were $258 million, including a one-off positive earnings impact of $9 million from the termination of the HIsmelt industrial gas supply agreement in February 2012. This compared to earnings from the previous year of $283 million, which included $42 million from the finalisation of the Varanus Island gas disruption insurance claims.

During the year, the division divested the enGen business in August 2011 for $102 million[3] and the Bangladesh LPG joint venture in January 2012, with a corresponding loss of operating earnings. The gains on disposal for these transactions of $43 million and $9 million respectively have been reported as non-trading items as part of 'Other' earnings within the Group's result.

Ammonium Nitrate Expansion: In December 2011, the Wesfarmers Board approved a $550 million (excluding capitalised interest) expansion of ammonium nitrate production capacity at Kwinana, Western Australia. The expansion will increase the current production capacity by 260,000 tonnes per annum (tpa) to 780,000 tpa. Construction is well underway with earth works now complete and long lead items, ordered in June 2011, expected to be delivered in the coming months.

Chemicals: Excluding the impact of Varanus Island insurance proceeds, earnings from the chemicals businesses were ahead of last year.

Good production performances and strong product pricing in ammonia, ammonium nitrate and sodium cyanide resulted in solid earnings uplifts for these businesses. As anticipated, earnings from the Queensland Nitrates joint venture were below the previous year, due to the planned three yearly plant shutdown. Australian Vinyls had a challenging year, with higher input costs relative to PVC selling prices, and a strong Australian dollar, impacting margins.

Kleenheat Gas: As previously advised, excluding the impact of Varanus Island insurance proceeds, Kleenheat Gas earnings were significantly below the previous year, following declines in LPG production economics. LPG production for the year was 150,075 tonnes, 7.2 per cent lower than last year because of further declines in LPG content in the Dampier to Bunbury natural gas pipeline.

LNG business performance improved on the previous corresponding period.

Fertilisers: Fertiliser earnings were higher than last year supported by a strong 10.2 per cent increase in sales volumes following good seasonal conditions.

Air Liquide WA (40 per cent): Earnings were ahead of the previous year.

[3] Cash proceeds

Outlook

The ammonium nitrate expansion project remains on track to be operational during the first half of the 2014 calendar year.

Detailed engineering underway for a potential sodium cyanide debottlenecking, to deliver up to 20 per cent production expansion, is expected to be completed in the coming months, with funding approval for approximately $15 million to be sought in the first half of the 2013 financial year.

Strong demand for ammonia, ammonium nitrate and sodium cyanide is expected to continue. Ammonia earnings will become increasingly dependent on international ammonia pricing as the business transitions to import parity pricing. Planned shutdowns of the first train of the nitric acid/ammonium nitrate plant, the ammonium nitrate prill plant and the sodium cyanide plant during the 2013 financial year will affect earnings in the coming period.

Continued pressure on margins at Australian Vinyls is expected until the relativity between its raw material costs and PVC pricing returns to more typical levels. A continuation of the high Australian dollar would place further pressure on margins.

Kleenheat Gas' LPG earnings continue to be dependent on international LPG prices and LPG content in the Dampier to Bunbury natural gas pipeline, with both drivers of performance remaining challenging.

A good start to the season has seen solid fertiliser sales volumes in the initial weeks of the 2013 financial year, however, full year earnings remain dependent upon a good seasonal break in the second half of the financial year and farmers' terms of trade.

Industrial and Safety Division

Performance Summary		
Full year ended 30 June	**2012 ($m)**	2011 ($m)
Revenue	**1,690**	1,557
EBITDA	**217**	192
Depreciation & amortisation	**(27)**	(26)
EBIT	**190**	166

Industrial and Safety delivered a strong result in the year, reflecting solid market conditions and a strong competitive position. The division benefited from activity in the resources sector, major project activity and continued improvements in business operations. Operating revenue increased 8.5 per cent to $1.7 billion.

Sales growth was achieved in most business segments, with strong results being delivered by Blackwoods, Protector Alsafe and Bullivants. Good results were also achieved in the New Zealand businesses.

The Coregas results were affected by the renegotiation of the BlueScope Steel agreement. Increasingly Coregas is benefiting from collaboration with other businesses in the division, which should assist future growth.

Earnings before interest and tax increased by 14.5 per cent to $190 million. The earnings result was supported by strong sales growth and increasing operational efficiencies helping to offset competitive margin pressures.

Overall the division continued to increase its share of spend from key customers (especially in the resources and engineering construction sectors) as well as expanding and diversifying its customer base.

Strong sales growth was supported by high service levels and enhanced capabilities in key account and contract management.

The division upgraded a number of its business websites and continued investing in its eBusiness capability, increasing the proportion of customer transactions through this channel.

The division also enhanced its strong supplier relationships with leading industrial brands which, when combined with its range of value brands and global sourcing capabilities, enabled the businesses to meet customers' needs and to bring new product ranges to market. Blackwoods and a number of other businesses in the division also launched new catalogues this year.

Blackwoods opened its first overseas branch in Indonesia, leveraging the division's international supply chain capabilities.

Supply chain improvements also resulted from technology investments and ongoing upgrades to branch networks.

An ongoing focus on operational efficiency delivered cost and capital management improvements, contributing to improved returns.

The division also maintained a strong focus on attracting and developing a diverse group of people, as well as safety and sustainability.

Outlook

The outlook remains positive and the division is well placed to seize growth opportunities and leverage operational improvements implemented over recent years.

Continued sales growth is expected by enhancing the division's customer-centric focus, increasing share of customers' spend, accelerating services development and further diversifying the customer base. Over the next year, the division will continue to invest in improving productivity and efficiency, while maintaining expense and capital management disciplines. The division will also develop new growth platforms and continue to target acquisition opportunities to complement organic growth.

Possible risks for the division over the next twelve months include the uncertainty in the global outlook, a potential slowdown or deferral of major resource projects, competitive margin pressures, as well as ongoing labour availability and cost challenges, especially in resource-related areas.