



Wesfarmers Limited

A.C.N. 008 984 049

Financial Statements

half-year ended 31 December 1996

DIRECTORS' REPORT

Wesfarmers Limited and its controlled entities

The directors of Wesfarmers Limited submit their report with respect to the profit for the half-year ended 31 December 1996 and the state of affairs at 31 December 1996.

Review of operations

The consolidated operating profit after tax and outside equity interests for the half-year was \$57.5 million.

Operating revenue for the period totalled \$1.3 billion, representing an increase of eight per cent compared to the corresponding period last year.

Substantially higher contributions to group profits were made by Wesfarmers CSBP Limited (fertilisers and chemicals) and Wesfarmers Dalgety Limited (rural and insurance). Wesfarmers Energy Limited (gas and coal) and the hardware retailing arm of Wesfarmers Bunnings Limited each recorded improved results compared to the first half last year but the forest products business of Wesfarmers Bunnings Limited continued to be affected by subdued activity in the house building sector.

Wesfarmers CSBP Limited

Wesfarmers CSBP Limited - comprising the group's fertiliser and chemical operations - increased its operating revenue by 65 per cent to \$201.4 million, including \$41.6 million from the sale of its 50 per cent shareholding in explosives company Dyno Wesfarmers Limited. Earnings before interest and tax of \$21.4 million (including a one-off profit of \$2.8 million from the sale of Dyno Wesfarmers) compared to earnings of \$7.3 million in the comparative period last year.

The volume of fertiliser sales in the first half was nine per cent higher than the same period last year, mainly due to the late break in the 1996 growing season in Western Australia which caused a spill-over of urea sales into the current financial year. The Wesfarmers CSBP special purchase programme offering discounts to farmers for early delivery of fertilisers was again well supported. Flowing from last season's excellent grain harvest, demand for cropping fertilisers is expected to be strong in the second half, when most sales are made. Sales of pasture products are likely to remain subdued owing to the continued depression of wool prices.

Demand for chemicals was strong throughout the first half and volume sales were 23 per cent higher than the corresponding six months last year. In this period Wesfarmers CSBP benefited fully from the increased capacity and greater efficiency of its expanded and upgraded ammonium nitrate and sodium cyanide production facilities at Kwinana in Western Australia. Demand for mining and industrial chemicals is expected to remain strong for the remainder of the financial year.

Wesfarmers Energy Limited

Wesfarmers Energy Limited (gas and coal) increased its operating revenue by 10 per cent in the half year to \$226.8 million and earnings before interest and tax of \$48.1 million were nine per cent higher than the \$44.0 million recorded last year.

The volume of export LPG sales to Japan was 66 per cent higher than last year and exports for the second half are expected to be in-line with the same six months last year. Domestic LPG volume sales by Wesfarmers Kleenheat Gas were three per cent above last year but margins were

lower in some States due to a sharp increase in the international price of LPG which directly determines Kleenheat's cost of product. Volume sales by Kleenheat in the second half are expected to exceed last year but the pressure on margins is likely to continue.

The wet winter experienced in the south-west of Western Australia in July and August resulted in slightly lower coal sales and production, but earnings were higher due to lower production costs at Western Collieries' new open-cut Premier mine. Overburden removal was also affected by heavy rainfall but most of the shortfall is expected to be recovered by the end of the financial year.

Wesfarmers Bunnings Limited

Operating revenue for Wesfarmers Bunnings Limited increased by two per cent to \$403.1 million for the half year, and earnings before interest and tax of \$31.4 million were seven per cent higher than the \$29.3 million recorded in the comparative period last year.

The hardware retailing business performed strongly with sales growth of 11 per cent. Most of the increase was generated from the 11 new warehouse stores operated by Bunnings in Victoria, Western Australia and South Australia. Bunnings will open a further seven warehouse stores during 1997 as part of its strategy to expand across Australia.

Trading at Bunnings' conventional hardware stores also improved in the first half with satisfactory retail sales growth in all States.

The outlook for the hardware business in the second half is positive with good results expected from warehouse stores, a slight improvement in trade sales to the housing industry in Western Australia and continuing retail sales growth in the conventional stores in Western Australia and South Australia.

The Forest Products business continued to be affected by the subdued Western Australian housing market and earnings for the half were lower than the comparative period last year. The timber market in Western Australia has been extremely competitive resulting in significantly reduced margins although Bunnings has managed to increase its market share slightly by introducing an improved total service package to project builders.

Although it is generally accepted that the house building industry has now hit the bottom of its cycle, the market for the next six months is expected to remain fairly flat with any upturn unlikely at least until next financial year.

Wesfarmers Dalgety Limited

Operating revenue for Wesfarmers Dalgety Limited, including Wesfarmers Federation Insurance Limited, decreased by five per cent to \$310.8 million substantially as a result of an earlier decision to wind down the company's wool trading activity. First half earnings of \$8.7 million, however, compared favourably with a loss of \$0.3 million incurred in the comparative period last year.

Weak wool and cattle prices continued to have a significant impact on profits, but the business has benefited from ongoing restructuring which has reduced overheads and sharpened the business focus.

Wesfarmers Federation Insurance recorded a satisfactory result with higher operating revenue compared with last year.

Wesfarmers service businesses

Operating revenue from the group's transport businesses increased by 20 per cent as a result of new contracts and higher volumes of general freight. Earnings were 12 per cent higher than the comparative period last year.

Operating revenue from the Charlie Carters and Xtra Value supermarkets and Archie Martin Vox electrical/furniture stores decreased by six per cent during the period and margins were lower due to intense competition in the retailing sector.

Finance

The group's strong cash flow and reduced borrowing together with a favourable interest rate climate resulted in a lower interest expense for the half-year of \$14.4 million compared to \$17.2 million last year.

Cash flow for the full year is expected to remain strong notwithstanding the group's ongoing capital investment programme.

The group's gearing remains conservative with a net debt to equity ratio of 38 per cent at the half year end compared with 59 per cent at the same time last year.

Interim dividend

The directors have approved a fully franked interim dividend of 20 cents per share (last year 17 cents per share) which will be paid to shareholders on 21 April 1997.

Outlook

The outlook for the full financial year remains very favourable notwithstanding subdued conditions in the housing industry and the wool and livestock sectors of the rural industry.

Principal activities

The principal activities of the economic entity constituted by the company and the entities it controlled from time to time during the six months consisted of fertilisers and chemicals manufacture; gas processing and distribution; coal mining and production; building materials, hardware and forest products; rural and country services including merchandise and agency business; transport; country supermarkets and insurance.

The nature of these activities did not significantly change during the half-year.

Directors

The names, qualifications, experience and special responsibilities (if any) of directors of Wesfarmers Limited at the date of this report are as follows:

Mr C H Perkins is Chairman of the company. He has been a director since 1984 and a director of Westralian Farmers Co-operative Limited (of which he is also Chairman) since 1975. He is Chairman of Gresham Partners Management Limited and WFCL Investments Pty Ltd. Mr Perkins is also Chancellor of Curtin University of Technology, a member of the Board of Management of Sir Charles Gairdner Hospital and a director of Cockburn Cement Limited and Scientific Services Ltd. He is a farmer by background and was one of Australia's Nuffield Farming Scholars in 1972.

Mr K P Hogan, O.A.M., JP is Deputy Chairman. He has been a director since 1984 and a director of Westralian Farmers Co-operative Limited (of which he is also Deputy Chairman) since 1969. He is also a director of WFCL Investments Pty Ltd and is a farmer by background.

Mr D J Asimus AO has been a director since 1994. He holds a Bachelor of Economics from Sydney University and an Honorary Doctorate in Science from the University of New South Wales. Mr Asimus is Chancellor of Charles Sturt University. He is a director of The Broken Hill Proprietary Company Limited, First State Power, Rural Press Limited and The Industrial Bank of Japan Australia Limited. He is Chairman of the Australian Rural Leadership Trust and The Marcus Oldham Foundation. Mr Asimus was formerly Chairman of the Australian Wool Corporation and International Wool Secretariat and was a member of the Executive of C.S.I.R.O. He is a past director of Austrade and of Australian Eagle Insurance and was a Nuffield Scholar in 1958. Mr Asimus farms at Wagga Wagga in New South Wales.

Mr M A Chaney has been Chief Executive Officer and Managing Director since 1992. He holds Bachelor of Science and Master of Business Administration degrees from the University of Western Australia and has completed the Advanced Management Program at the Harvard Graduate School of Business Management. Mr Chaney worked in the finance and petroleum industries in Australia and the United States of America before joining Wesfarmers in 1983. He is a director of The Broken Hill Proprietary Company Limited, Gresham Partners Group Limited, a number of subsidiaries of Wesfarmers Limited and is a member of several public and charitable institutions. He is a member of the Business Council of Australia and the Australia Japan Business Co-operation Committee.

Mr T R Eastwood AM has been a director since 1994. He holds a Bachelor of Engineering degree from the University of Western Australia and has completed the Advanced Management Program at the Harvard Graduate School of Business Management. Mr Eastwood first joined the group as an employee of Westralian Farmers Co-operative Limited in 1963. He held a number of management positions in the group until he retired from the company in 1992 after eight years as Managing Director of Wesfarmers Limited and Chief Executive of Westralian Farmers Co-operative Limited. Mr Eastwood is Chairman of West Australian Newspapers Holdings Ltd, Avatar Industries Ltd, Gresham Partners Holdings Ltd, FlexiPlan Australia Ltd, Gresham Agribusiness Management Ltd and KLZ Limited Group. He is also a director of Qantas Airways Limited.

Mr E Fraunschiel has been Finance Director since 1992. He holds a Bachelor of Commerce degree with Honours from the University of Western Australia and has completed the Advanced Management Program at the Harvard Graduate School of Business Management. Mr Fraunschiel

joined Wesfarmers in 1984 after working in the finance, management consulting and petroleum marketing industries. He is a director of Gresham Partners Group Limited, Jardine Australian Insurance Brokers Holdings Pty Ltd and a number of Wesfarmers group subsidiaries.

Mr L A Giglia has been a director since 1984 and of Westralian Farmers Co-operative Limited since 1970. He has served on the Pinjarra Hospital Board, the Murray Shire Council and was the Past President of the Holstein Association of Australia executive. He is a councillor and Vice President of the Royal Agricultural Society of Western Australia (Inc) and a member of the advisory board of National Foods Limited and the Herd Improvement Service Board. Mr Giglia is a dairy farmer by background.

Mr S C Glassford, O.A.M., JP has been a director since 1984 and of Westralian Farmers Co-operative Limited since 1975. He has served on the executive of the Co-operative Federation of Western Australia, Water Resources Council of Western Australia and Ministerial Advisory Committee on Agricultural Education. He was Chairman of the Morawa Co-operative Limited, the Morawa Farm Advisory Service, Rural Counselling Association of Western Australia and a Morawa Shire councillor. He is a provincial trustee member of Diocesan Council and Cathedral Square Foundation and a member of General Synod of the Anglican Church, Chairman of Northern Districts Community Support Group, Chairman Morawa Agricultural College Advisory Committee, Chairman Agmor Farms Co-operative Ltd, a director of Agmor Industries Pty Ltd and President of the Midwest Branch Royal Association of Justices of Western Australia. He is a farmer by background.

Mr R D Lester has been a director since 1995. He is a graduate with Honours from Dookie Agricultural College, Victoria and is a licenced property valuer. Mr Lester was Principal and Chief Executive Officer of Growth Equities Mutual Limited until he sold his interest in that organisation in 1994. In 1988 Mr Lester was appointed an inaugural member of the Companies and Securities Advisory Committee established by the Federal Attorney General to provide advice from the financial, banking and investment communities to the Australian Government on securities industry laws. Mr Lester continues as a member of the Western Australian Regional Liaison Committee of the Australian Securities Commission. He has extensive farming interests in Western Australia.

Mr J J Lussick, O.A.M., JP has been a director since 1984 and of Westralian Farmers Co-operative Limited since 1974. He is a director of Nadji-Mia Pty Ltd and Chairman of Western Minerals N.L. and Bentonite Australia Ltd. He is a farmer by background.

Mr W J Murphy was appointed Corporate Affairs Director in December 1996. He holds a Bachelor of Science degree from the University of Western Australia, a Graduate Diploma in Administration from Curtin University and has completed the Advanced Management Program at the Harvard Graduate School of Business Management. Mr Murphy joined the group as an employee of Wesfarmers CSBP Limited in 1968, was appointed Managing Director of that company in 1993 and Managing Director of Wesfarmers Bunnings Limited in 1994. He is a director of a number of Wesfarmers group subsidiaries.

Mr D E W Nuttall has been a director of both the company and Westralian Farmers Co-operative Limited since 1990. He holds a Diploma of Valuation and Farm Management from Lincoln College, Canterbury University, New Zealand and has practised as a farm management consultant in Western Australia since 1961. He is Managing Director of Agribusiness Counsellors Pty Ltd, a farm business consulting firm, and holds directorships in a number of farming companies.

Mr J M Paterson has been a director since 1984 and of Westralian Farmers Co-operative Limited since 1978. He is also a director of WFCL Investments Pty Ltd, a councillor of Scotch College Council and President of the Western Australian Club.

Mr D C White has been a director of both the company and Westralian Farmers Co-operative Limited since 1990. He holds a Bachelor of Business degree from Curtin University (formerly Western Australian Institute of Technology) and is a member of the Australian Society of Certified Practising Accountants. He is a pastoralist by background.

Directors' shareholdings

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

	Westralian Farmers Co-operative Limited \$2.00 Stock Units	Wesfarmers Limited Ordinary \$0.50 Shares
D J Asimus	-	2,305
M A Chaney	3,510	400,427
T R Eastwood	478,190	462,520
E Fraunschiel	250,000	255,931
L A Giglia	12,215	7,934
S C Glassford	16,514	6,662
K P Hogan	1,753	4,059
R D Lester	-	10,876
J J Lussick	20,556	30,570
W J Murphy	-	73,232
D E W Nuttall	40,774	37,531
J M Paterson	10,294	12,943
C H Perkins	84,187	21,233
D C White	3,410	6,384

Directors' benefits

During or since the end of the half-year no director of the company has received, or become entitled to receive, a benefit by reason of a contract entered into by the company, or an entity that the company controlled or a body corporate that was related to the company, when the contract was made or when the director received or became entitled to receive the benefit with:

- a director, or
- a firm of which a director is a member, or
- an entity in which a director has a substantial financial interest,

except to the extent of borrowings for primary production purposes, negotiated in the normal course of the company's business.

Insurance of directors and officers

During or since the end of the half-year, the company has paid or agreed to pay a premium in respect of a contract insuring all the directors and officers against a liability.

Directors' meetings

In addition to its regular meetings, the board acts through a number of standing committees including the audit committee, the nomination committee, the compensation committee and the class orders committee.

The audit committee monitors the internal control and financial systems operating in the company and provides a direct link between the board and the company's internal and external auditors. The members of the committee are Messrs D C White (Chairman), L A Giglia, R D Lester and D E W Nuttall.

The composition and performance of the board - including criteria for the appointment and retirement of directors - is monitored by the nomination committee. The members of the committee are Messrs C H Perkins and K P Hogan.

The compensation committee, which comprises all non-executive directors, meets as and when required to review the company's remuneration policies and practices, including those affecting the senior management of the company.

The class orders committee meets as and when required to consider the issues involved and if appropriate authorise completion of documentation required under the Australian Securities Commission Class Orders relieving subsidiaries from producing annual accounts and having them audited. Its members are Messrs C H Perkins, M A Chaney and E Fraunschiel.

The following table sets out the numbers of meetings of the company's directors (including meetings of committees) held during the six months ended 31 December 1996, and the number of meetings attended by each director:

	BOARD	COMMITTEE MEETINGS			
	MEETINGS	Audit	Nomination	Compensation	Class Orders
No. of meetings held:	6	4	1	1	nil
No. of meetings attended by:					
D J Asimus	6			1	
M A Chaney	6				
D I Crawford	6				
T R Eastwood	6			1	
E Fraunschiel	6				
L A Giglia	5	3			
S C Glassford	6			1	
K P Hogan	6		1	1	
R D Lester	6	3		1	
J J Lussick	6			1	
D E W Nuttall	5	4		1	
J M Paterson	6			1	
C H Perkins	6		1	1	
D C White	6	4		1	

Significant changes in the state of affairs

The directors are not aware of:

- any significant change in the state of affairs of the economic entity
- any other matter or circumstance that has arisen since the end of the half-year that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent periods.

Rounding

The amounts contained in this report and in the financial statements have been rounded off under the option available to the company under Section 311 and Regulation 3.6.05 of the Corporations Law and Regulations.

Signed in accordance with a resolution of the directors of Wesfarmers Limited.



C H PERKINS
CHAIRMAN



M A CHANEY
MANAGING DIRECTOR

Perth, 10 February 1997

Profit and Loss Account

For the half-year ended 31 December 1996

WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

		CONSOLIDATED	
		December 1996 \$000	December 1995 \$000
	Note	<hr/>	<hr/>
OPERATING REVENUE	2	1,270,955	1,177,599
OPERATING PROFIT BEFORE ABNORMAL ITEMS AND INCOME TAX	3	90,337	61,134
Income tax attributable to operating profit		<hr/> 32,609	<hr/> 22,470
OPERATING PROFIT AFTER INCOME TAX		57,728	38,664
Outside equity interests in operating profit after income tax		<hr/> 180	<hr/> 418
OPERATING PROFIT AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF WESFARMERS LIMITED		57,548	38,246
Retained profits at the beginning of the half-year		204,651	195,949
Aggregate of amounts transferred from reserves		-	20
TOTAL AVAILABLE FOR APPROPRIATION		<hr/> 262,199	<hr/> 234,215
Dividends provided for or paid	4	47,384	38,439
RETAINED PROFITS AT THE END OF THE HALF-YEAR		<hr/> 214,815	<hr/> 195,776

The profit and loss account should be read in conjunction with the accompanying notes.

Balance Sheet

At 31 December 1996

WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		
	December 1996 \$000	June 1996 \$000	December 1995 \$000
CURRENT ASSETS			
Cash	49,854	54,831	51,833
Receivables	298,670	364,410	345,846
Inventories	387,910	332,641	389,908
TOTAL CURRENT ASSETS	736,434	751,882	787,587
NON-CURRENT ASSETS			
Receivables	76,907	36,369	45,012
Investments	55,157	101,754	103,060
Property, plant and equipment	972,176	941,193	923,427
Intangibles	156,023	159,548	164,026
Other	14,173	13,831	13,161
TOTAL NON-CURRENT ASSETS	1,274,436	1,252,695	1,248,686
TOTAL ASSETS	2,010,870	2,004,577	2,036,273
CURRENT LIABILITIES			
Accounts payable	276,645	342,732	278,509
Borrowings	245,895	199,772	233,833
Provisions	124,003	141,274	117,335
Other	102,316	96,287	113,238
TOTAL CURRENT LIABILITIES	748,859	780,065	742,915
NON-CURRENT LIABILITIES			
Accounts payable	2,367	2,270	2,155
Borrowings	177,933	230,623	328,393
Provisions	90,712	80,467	80,346
Other	17,268	17,268	15,248
TOTAL NON-CURRENT LIABILITIES	288,280	330,628	426,142
TOTAL LIABILITIES	1,037,139	1,110,693	1,169,057
NET ASSETS	973,731	893,884	867,216
SHAREHOLDERS' EQUITY			
Share capital	118,460	114,251	113,052
Reserves	639,628	574,202	552,978
Retained profits	214,815	204,651	195,776
Shareholders' equity attributable to members of Wesfarmers Limited	972,903	893,104	861,806
Outside equity interests in controlled entities	828	780	5,410
TOTAL SHAREHOLDERS' EQUITY	973,731	893,884	867,216

The balance sheet should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the half-year ended 31 December 1996

WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED	
	December 1996 \$000	December 1995 \$000
Cash flows from operating activities:		
Receipts from customers	1,259,343	1,207,617
Payments to suppliers and employees	(1,156,972)	(1,141,141)
Dividends received	1,915	2,681
Interest received	5,935	7,681
Interest paid	(15,286)	(20,380)
Income tax paid	(45,490)	(42,220)
Net cash provided by operating activities	49,445	14,238
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(84,948)	(142,850)
Acquisition of investments	(153)	(7,823)
Proceeds from sale of non-current assets	51,433	33,234
Loans to other entities	-	(5,000)
Loans repaid by other entities	8,400	-
Other	-	(293)
Net cash used in investing activities	(25,268)	(122,732)
Cash flows from financing activities:		
Net (repayments) proceeds of borrowings	(6,594)	132,306
Dividends paid	(21,959)	(29,770)
Net cash (used in) provided by financing activities	(28,553)	102,536
Net (decrease) in cash held	(4,376)	(5,958)
Cash at the beginning of the half-year	54,230	57,198
Cash at the end of the half-year	49,854	51,240

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

NOTES TO AND FORMING PART OF THE HALF-YEAR FINANCIAL ACCOUNTS

WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

1 BASIS OF PREPARATION OF THE ACCOUNTS

The half-year financial accounts are general purpose financial reports made out in accordance with the Corporations Law and applicable Accounting Standards including AASB 1029: Half-Year Accounts and Consolidated Accounts and other mandatory reporting requirements (Urgent issues consensus views).

It is recommended that the half-year report is read in conjunction with the Annual Financial Accounts of Wesfarmers Limited as at 30 June 1996 together with any public announcements made by Wesfarmers Limited and its controlled entities during the half-year ended 31 December 1996 in accordance with the continuous disclosure obligations arising under the Corporations Law.

For the purpose of preparing half-year financial accounts, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year.

		CONSOLIDATED	
		December 1996 \$000	December 1995 \$000
2	OPERATING REVENUE		
	Sales revenue	1,198,296	1,143,263
	Proceeds on sale of non-current assets	51,498	11,172
	Dividends received	1,406	1,894
	Interest received	6,057	8,381
	Other income	13,698	12,889
		<u>1,270,955</u>	<u>1,177,599</u>
3	OPERATING PROFIT		
	Included in the operating profit before income tax is interest expense	<u>14,429</u>	<u>17,214</u>
4	DIVIDEND PROVIDED OR PAID		
	20 cents per share (1995 17 cents) interim dividend provided on ordinary shares	<u>47,384</u>	<u>38,439</u>
5	NON-CASH FINANCING AND INVESTING ACTIVITIES		
	Share capital issues		
	Dividend investment plan	22,411	30,112
	Employee share plan	45,512	14,408
		<u>67,923</u>	<u>44,520</u>
6	EARNINGS PER SHARE (CENTS PER SHARE)		
	Basic and diluted earnings per share	25.0	17.2

STATEMENT BY DIRECTORS

Wesfarmers Limited Half-Year Financial Accounts

In accordance with a resolution of the directors of Wesfarmers Limited, we state that-

In the opinion of the directors, the half-year consolidated accounts:

- (a) give a true and fair view of:
 - (i) the profit of the economic entity, constituted by the company and the entities it controlled from time to time during the half-year, for the half-year ended 31 December 1996; and
 - (ii) the state of the affairs of the economic entity, constituted by the company and the entities that it controls at the half-years end as at 31 December 1996.
- (b) have been made out in accordance with Division 4A and 4B of Part 3.6 of the Corporations Law.

On behalf of the Board



Chairman



Managing Director

Perth, 10 February 1997

INDEPENDENT REVIEW REPORT

To the members of Wesfarmers Limited

Scope

We have reviewed the financial statements of Wesfarmers Limited for the half-year ended 31 December 1996, set out on pages 9 to 13, including the Statement by Directors. The financial statements are the consolidated accounts of the economic entity comprising Wesfarmers Limited and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent review of these financial statements in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial statements are not presented fairly in accordance with statutory requirements, AASB 1029: Half-Year Accounts and Consolidated Accounts, and other mandatory professional reporting requirements, and in order for the company to lodge the financial statements with the Australian Securities Commission.

Our review has been conducted in accordance with Statement of Auditing Practice/Related Services AUP/RS 1: "Review Engagements". Our review was limited primarily to inquiries of the economic entity's personnel, analytical review procedures applied to financial data and other procedures as considered necessary. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. As we have not performed an audit, we do not express an audit opinion on these financial statements.

Review Statement

As a result of our review, no matters have come to our attention that cause us to believe that the half-year financial statements of Wesfarmers Limited are not drawn up:

- (a) so as to view a true and fair view of:
 - (i) the state of affairs as at 31 December 1996 and the profit and cash flows of the economic entity for the half-year ended on that date; and
 - (ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law, and
- (c) in accordance with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and other mandatory professional reporting requirements.


ERNST & YOUNG

G.H. Meyerowitz
Partner
Perth

Date of Completion of Review: 10 February 1997

