Wesfarmers Limited
ABN 28 008 984 049

NEWS

5 May 2004

Nine month result

The directors of Wesfarmers Limited today announced a net profit of $719.7 million for the nine months ended 31 March 2004. The result includes an after tax profit of $304.3 million from the sale of the rural services business (Landmark) in late August 2003. Excluding the profit from the sale of Landmark, the net profit before goodwill amortisation was $478.5 million which represents an increase of 18 per cent over the $405.8 million (normalised by excluding the profit from the sale of the Girrah coal deposit) earned in the previous corresponding period.

Increased earnings for the nine month period were recorded for the hardware, chemicals/fertilisers and insurance businesses with reduced contributions from the energy and industrial/safety businesses. A material contribution to the result was made by the group's investment in the Gresham Private Equity Fund.

Operating revenue (not including revenue from the sale of Landmark) was $5.7 billion, similar to the revenue earned for the nine month period last year.

Group results for the nine months included profit after tax of $6.1 million on the sale of non-current assets (excluding the sale of Landmark) compared with $4.0 million in the corresponding period last year.

Earnings per share (before goodwill amortisation) for the nine months, excluding the profit from the sale of Landmark, was $1.27 compared with $1.08 (excluding the profit from the sale of Girrah) in the previous corresponding period. Cashflow per share of $2.46 was well above the $1.64 achieved last year.

Hardware

Operating revenue for the Bunnings hardware merchandising business increased to $2.9 billion in the period, 10 per cent higher than the result recorded for the comparative nine months. Earnings before interest and tax (before goodwill amortisation) of $300.5 million were 10 per cent higher than in the corresponding period. Trading earnings before interest and tax (before goodwill amortisation) increased by 11 per cent.

Store-on-store cash sales growth was around 12 per cent with strong results recorded in Queensland, Western Australia, New South Wales and New Zealand.

Trade sales were subdued in the first half but improved in the third quarter to finish higher than the comparative nine months last year.

Store network development continued with the opening of the Bankstown and Rockdale warehouse stores in New South Wales and Hamilton in New Zealand in April. In addition, the standard of the existing network has continued to improve with the upgrade of eight warehouses and three traditional stores during the period. For the full year, it is expected that 12 new warehouse stores will have been opened and three closed.

The outlook for the hardware merchandising business for the remainder of the financial year is for continued solid retail sales growth and a gradual improvement in trade sales.

Energy

Operating revenue of $724.6 million from the group's energy businesses was below the $751.4 million (excluding the proceeds from the sale of the Girrah coal deposit of $82.5 million) recorded in the corresponding period last year. Earnings before interest and tax (before goodwill amortisation) of $168.1 million were 16 per cent below the $200.7 million for the comparative period last year due mainly to lower export prices for coking coal, higher exchange rates and coal inventory movements.

Coal
Sales volumes from the Curragh coal mine in Queensland for the period were 16 per cent above the comparative period last year. Earnings were below last year's due to lower coking coal export prices, higher exchange rates and coal inventory movements.

Sales and earnings from the Premier coal mine in Western Australia were behind budget and last year's result due to higher production costs and lower sales volumes, but full year earnings are expected to be in line with budget.

The Bengalla coal mine in New South Wales, in which Wesfarmers has a 40 per cent interest, recorded sales volumes higher than in the comparative period last year but below budget due to lower domestic sales. Earnings were lower than last year's result due to a combination of a higher Australian dollar and higher production and transport related costs, including demurrage due to port delays.

The outlook for coking coal sales and prices for the fourth quarter is positive but results will be affected by dragline maintenance expenses at Curragh. Continued congestion and the implementation of the quota system at the Port of Newcastle are expected to partially offset the impact of strong thermal coal demand and prices.

Curragh North development activities continue, with satisfactory progress being made in all areas. Activities continue to focus on: gaining all necessary approvals, including the grant of the Mining Lease; completing mine design and infrastructure plans; finalising marketing plans and associated customer commitments; upgrading the coal handling and preparation plant; and expanding rail and port arrangements to accommodate the additional volumes.

Gas and power
Kleenheat LP gas sales volumes were above budget and last year's result. Earnings were below last year's due to lower gross margins and additional personnel costs associated with a new information technology system implementation.

Wesfarmers LPG's export volumes were marginally below last year. Earnings were also below last year's result due to lower international LP gas export prices and higher exchange rates. Earnings from StateWest Power were higher than last year's while earnings from the 40 per cent-owned Air Liquide W.A. were marginally lower than last year's.

Overall, the gas activities recorded earnings above budget but lower than last year's. The outlook for the group's gas activities for the fourth quarter remains dependent on international LP gas price movements and local demand in the winter months.

Industrial and safety

The operating revenue of the industrial and safety businesses for the nine month period was $850.9 million, 1.5 per cent above the $838.6 million recorded in the same period last year. Earnings before interest and tax (before goodwill amortisation) of $79.8 million were 2.6 per cent below the $81.9 million recorded in the comparative period last year.

The third quarter showed further signs of improvement with operating revenue 5.9 per cent ahead of the third quarter last year. Earnings before interest and tax (before goodwill amortisation) for the quarter were 1.4 per cent ahead of those in the comparative period. Significant sales and earnings increases in New Zealand and strong growth in the Blackwoods Northern and Western regions contributed to the results.

The New Zealand operations continue to achieve strong growth. The integration of the Blackwoods and Paykels businesses in New Zealand has been largely completed. Earnings from the combined business are ahead of target. Some rationalisation of the Blackwoods and Paykels branch locations is underway and will be completed during the next financial year.

Performance from the Protector Alsafe business has stabilised and is showing signs of improvement. Business improvement initiatives have largely been implemented and are expected to result in increased earnings over future periods. The major Protector Alsafe distribution centres in Altona and Welshpool were redeveloped resulting in substantial service improvements.

Further improvements have been made to the logistics and distribution components of the business with a number of new distribution centres opening during the period. A new centre was opened in Scoresby to service the Victorian region and a number of separate distribution centres in Sydney were consolidated into a second warehouse at the Smithfield site. Improved service and inventory control measures have begun to have a positive impact.

The strong spending in mining and transport infrastructure will improve the sales trend in Australia and assist the fourth quarter although the full year result is likely to be below that of last year.

Insurance

The insurance division reported a better than expected result with operating revenue of $599.4 million and earnings before interest and tax (before goodwill amortisation) of $63.6 million. The result includes a five and a half month contribution from Lumley's Australian and New Zealand businesses and a full nine month contribution from Wesfarmers Federation Insurance. The divisional insurance margin was 15.3 per cent and the combined operating ratio was 87.4 per cent.

All business units reported results above expectations due to lower than anticipated claims levels and solid premium growth.

Lumley General (Australia) reported a good result with its insurance margin rising to 19.5 per cent compared with 18.1 per cent in the previous corresponding period. The improvement was due to a generally benign claims environment despite a severe storm that occurred in Victoria in December 2003. Gross written premium ("GWP") for the period increased two per cent compared with the previous corresponding period.

Lumley General (NZ) reported a result ahead of expectations due to strong revenue growth and a generally favourable claims environment. The insurance margin of 12 per cent, compared with 12.9 per cent in the previous corresponding nine month period, was adversely affected by a significant storm and flooding that occurred in the lower North Island in January. GWP for the period increased 19 per cent compared with the previous corresponding period.

Wesfarmers Federation Insurance experienced higher than anticipated crop insurance claims but these were offset by lower than anticipated claims in the non-crop insurance business. Overall the result was ahead of expectations with the insurance margin increasing to 14 per cent from 11.8 per cent for the previous corresponding nine month period. GWP increased 17 per cent compared with the previous corresponding period.

Integration of the Lumley businesses is proceeding as planned with a number of initiatives underway to standardise procedures and practices and enable modest synergy benefits to be realised. All business units are currently focused on the development and implementation of new information technology platforms, with Lumley General (Australia) the most advanced.

The outlook for the insurance division for the remainder of the year is positive but with signs emerging of increased competition in some market segments.

Chemicals and fertilisers

CSBP's chemicals and fertiliser businesses recorded operating revenue of $319.1 million for the nine months, which was 10 per cent higher than the comparative period last year. Earnings before interest and tax (before goodwill amortisation) of $49.4 million in the period were above budget and 23 per cent above last year's $40.2 million.

Chemicals
Sales volumes from CSBP's chemicals activities were seven per cent higher than in the corresponding period last year due to higher volumes in ammonium nitrate and sodium cyanide. Margin pressures continue to be experienced within the sodium cyanide operations. Production performance from all chemicals operations, including the Queensland Nitrates joint venture, has been steady.

The higher volumes and an equity accounted contribution from Queensland Nitrates resulted in the earnings contribution from CSBP's chemicals activities exceeding the comparative period last year.

Fertilisers
Sales volumes from CSBP's fertiliser activities for the nine months were 10 per cent higher than last year. The increased volumes reflect continued growth in demand for liquid fertilisers and the generally stronger market focus within the business.

An ongoing concentration on supply chain and cost base efficiencies combined with volume growth resulted in an earnings contribution from the fertiliser business that was higher than in the comparative period last year. Assuming normal weather patterns, there are good prospects for increased fertiliser volumes in the 2004 cropping season.

As previously announced, a major shutdown of the Kwinana ammonia plant to complete capacity expansion works and statutory maintenance is underway. While this shutdown will adversely impact earnings in the last quarter, the outlook for the full year result is for an improved performance over last year.

Other operations

Revenues of $311.2 million in the 50 per cent-owned Australian Railroad Group were higher than in the previous corresponding period as a result of higher grain and iron ore volumes and new contracts. Earnings were also higher as a result of the higher revenue and a reduction in incident expenses, partially offset by an increase in fuel prices.

ARG's outlook for the fourth quarter is for revenue and margin growth as a result of the record grain harvest and increased commodity volumes.

Earnings for the forest products business, Sotico, were above budget and last year's due to the sale of a property and the continuing strong performance of the pine sawn timber business, Wespine Industries, in which Wesfarmers has a 50 per cent interest.

Steady progress continues to be made in the orderly rationalisation of the forest products business with the majority of the restructuring now complete and all operations running at the new contract levels. Timber stocks are continuing to be reduced in line with the stock plan.

Earnings before tax from the Gresham Private Equity Fund investment were $64.8 million, predominantly from the Repco divestment which occurred in November 2003. Initial proceeds from the sale of Cashcard will contribute approximately $9 million pre tax in April 2004.

Interest and Debt

Borrowing expenses for the nine month period, at $54.9 million, were $6 million lower than in the previous corresponding period despite the $934 million capital return made in December 2003. The group continues to achieve strong net cash flow, with gearing (net debt to equity ratio) standing at 53 per cent at 31 March 2004. This is at the lower end of the company's preferred range of 50 - 75 per cent.

Quarterly reporting

The Board has decided to cease the practice of reporting financial results for the first and third quarters of the fiscal year. Subject to any future regulatory requirements, the third quarter result released today is the last such report that will be issued.

This decision has been made, with the encouragement of investors and other market participants, in the interests of achieving a longer term focus in the market. The shortness of the period reported on, and susceptibility to seasonal and other factors, has inevitably meant the company has had to explain that quarterly movements do not represent longer term trends. Reporting annually and for the half year will provide a better overall picture of how the company is trading.

The original decision to report quarterly was taken voluntarily and was aimed at keeping the market regularly informed. The introduction of continuous disclosure requirements has now rendered this unnecessary, with any significant developments required to be reported publicly if and when they occur.

Outlook

The directors are satisfied with the overall performance of the group over the first nine months.

As usual, at this time it is difficult to forecast the 12 month result accurately because of a number of unknowns including the effect of congestion at the Gladstone and Newcastle ports on coal exports and demurrage costs; the level of future claims in the insurance subsidiaries and the timing of the seasonal agricultural break in Western Australia. However, as at the time of the first half result announcement, normal group profits are running ahead of budget and the directors remain confident about prospects for the full year.

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WESFARMERS LIMITED QUARTERLY REPORT
ABN 28 008 984 049

Nine months ended 31 MARCH 2004

(Comparative information is for the nine months ended 31 March 2003)

Results for announcement to the market

				$000	
Revenues from ordinary activities	up	12.6%	to	6,395,398	*
Net profit for the period attributable to members	up	80.9%	to	719,675	**
* Consists of:					
Revenue from ordinary activities				5,693,769	
Revenue from sale of rural services business				701,629	
				6,395,398	
** Consists of:					
Net profit before goodwill amortisation and significant items	up	17.9%	to	478,526	
Goodwill amortisation				(63,129)	
Net profit after goodwill amortisation and significant items	up	21.6%	to	415,397	
Net profit on sale of rural services business				304,278	
				719,675	

WESFARMERS LIMITED QUARTERLY REPORT
Condensed Statement of Financial Performance

FOR THE NINE MONTHS ENDED 31 MARCH 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated	
	March 2004 $000	March 2003 $000
Revenues from ordinary activities	**6,395,398**	5,679,918
Expenses from ordinary activities	**(5,429,041)**	(5,056,776)
Borrowing expenses	**(54,904)**	(61,166)
Share of net profits of associates	**94,985**	21,940
Profit from ordinary activities before income tax expense	**1,006,438**	583,916
Income tax expense relating to ordinary activities	**(289,560)**	(186,602)
Profit from ordinary activities after income tax expense	**716,878**	397,314
Net loss attributable to outside equity interests	**2,797**	593
Net profit attributable to members of the parent entity	**719,675**	397,907
Net profit attributable to members of the parent entity consists of:		
Net profit before goodwill amortisation	**782,804**	461,965
Goodwill amortisation	**(63,129)**	(64,058)
Net profit after goodwill amortisation	**719,675**	397,907
Net profit attributable to members of the parent entity includes significant items:		
Net profit on sale of the rural services business	**304,278**	-
Net profit on sale of the Girrah coal deposit	**-**	56,213
Basic and diluted earnings per share (cents per share)		
- after goodwill amortisation	**191.6c**	105.7c
- before goodwill amortisation	**208.5c**	122.7c
- before goodwill amortisation and significant items	**127.4c**	107.8c
Weighted average number of ordinary shares outstanding during the period used in the calculation of the basic and diluted EPS	**375,519,000**	376,351,000

WESFARMERS LIMITED QUARTERLY REPORT
Segment Information

FOR THE NINE MONTHS ENDED 31 MARCH 2004 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

Segment Earnings	Earnings before goodwill amortisation		Goodwill amortisation		Earnings after Goodwill amortisation	
	March 2004 $000	March 2003 $000	**March 2004 $000**	March 2003 $000	**March 2004 $000**	March 2003 $000
Hardware	**300,532**	274,325	**37,554**	37,635	**262,978**	236,690
Energy (Includes $80.5 million profit from the sale of the Girrah coal deposit in 2003)	**168,083**	281,156	**512**	341	**167,571**	280,815
Industrial and safety	**79,825**	81,917	**18,945**	18,855	**60,880**	63,062
Insurance	**63,609**	15,373	**4,355**	-	**59,254**	15,373
Chemicals and fertilisers	**49,366**	40,249	**197**	197	**49,169**	40,052
Rural services	**8,414**	32,289	**1,566**	7,030	**6,848**	25,259
Other (Includes $401.2 million profit from the sale of the rural services business in 2004)	**494,843**	23,457	**-**	-	**494,843**	23,457
	1,164,672	748,766	**63,129**	64,058	**1,101,543**	684,708
Consolidation adjustments	**(4,954)**	(6,427)	**-**	-	**(4,954)**	(6,427)
Interest paid and corporate overheads	**(90,151)**	(94,365)	**-**	-	**(90,151)**	(94,365)
Operating profit before income tax	**1,069,567**	647,974	**63,129**	64,058	**1,006,438**	583,916
Income tax expense	**(289,560)**	(186,602)	**-**	-	**(289,560)**	(186,602)
	780,007	461,372	**63,129**	64,058	**716,878**	397,314

Segment revenue	**March 2004 $000**	March 2003 $000
Hardware	**2,919,088**	2,650,133
Energy (Includes $82.5 million from the sale of the Girrah coal deposit in 2003)	**724,620**	833,931
Industrial and safety	**850,866**	838,589
Insurance	**599,381**	167,742
Chemicals and fertilisers	**319,130**	290,333
Rural services	**221,563**	843,325
Other (Includes $701.6 million from the sale of the rural services business in 2004)	**765,854**	62,413
	6,400,502	5,686,466
Consolidation adjustments	**(5,104)**	(6,548)
	6,395,398	5,679,918