Wesfarmers Limited
ABN 28 008 984 049

NEWS

8 May 2003

Third quarter result

The directors of Wesfarmers Limited today announced a net profit of $397.9 million for the nine months ended 31 March 2003. The result includes an after tax profit of $56.2 million from the sale of the Girrah coal deposit in Queensland. Excluding the Girrah profit, the net profit represents an increase of 21 per cent over the $281.3 million earned in the previous corresponding period. Net profit for the third quarter (excluding the Girrah profit) was $116.8 million, up 16 percent on last year's $100.7 million.

Operating revenue of $5.7 billion was 5.5 per cent higher than last year's $5.4 billion.

All key business units recorded increased earnings for the nine month period over the comparative period with the exception of the rural services and insurance business which was negatively affected by drought.

Group results for the nine months included profit after tax of $4 million (excluding the Girrah profit) from the sale of non-current assets compared with $9.5 million in the corresponding period last year.

The group's earnings per share (before goodwill amortisation) excluding the Girrah profit was $1.07 for the period compared with $0.97 in the previous corresponding period. Cashflow per share (excluding the Girrah proceeds) was $1.48 compared with $1.42 last year.

Hardware

Operating revenue for the Bunnings hardware merchandising business increased to $2.7 billion in the period, 14 per cent higher than the result recorded for the comparative nine month period. Earnings before interest and tax (before goodwill amortisation) of $274.3 million were 24 per cent higher than in the corresponding period.

Increased sales and earnings were partially due to an extra one month's trading result from the Howard Smith hardware business, which was integrated from 1 August 2001. Normalised store on store sales growth was around nine per cent with cash sales growth above 10 per cent. Earnings before interest and tax (before goodwill amortisation) increased by 19 per cent in the eight months to 31 March 2003 compared to the previous corresponding period.

The retail sales environment continues to be difficult particularly in New South Wales and Victoria. The third quarter result did not include the Easter trading period which fell into April this year. Sales were positively affected by clearance activity undertaken in March, which reduced seasonal inventory and holdings of deleted lines acquired as part of the Howard Smith hardware business but also reduced margins.

Trade sales were below last year's levels in part due to the programme of closing small trade accounts.

In April this year total Australian sales for Bunnings rose 7.3 percent on those recorded in 2002. Retail sales rose 13 percent and trade sales fell 12 percent, the latter being affected by the cessation of work across much of the building industry during the Easter to ANZAC weekend period.

A significant management issue since the acquisition of the Howard Smith hardware business has been the inventory acquired. Many of the products were not part of Bunnings' long term stocking policy. While carried, these can distort margins, and impact ranging and buying arrangements with preferred suppliers. Actions to continue the disposal of this inventory will be ongoing in the June quarter. This is likely to have a positive effect on sales but continue to constrain margins and, as in the third quarter, involve some inventory writedowns.

In the year to date five new warehouse stores have been opened with two closures, bringing the total number to 114. A further two are scheduled to be opened by 30 June 2003, with an additional seven scheduled for completion by the end of the calendar year and two further closures.

The outlook for the remainder of the financial year is for continued, albeit slower growth in retail sales and slowing trade sales.

Energy

Excluding the impact of Girrah, operating revenue of $751.4 million from the group's energy businesses was above budget and six per cent higher than the $712.1 million recorded for the corresponding nine month period. Earnings before interest and tax (before goodwill amortisation) of $200.9 million were 16 per cent higher than the $173 million recorded for the same period last year, due to strong growth in gas earnings.

Segment revenue and earnings detailed in the full quarterly report include the proceeds and earnings from the sale of the Girrah coal deposit of $82.5 million and $80.3 million respectively.

Coal

Total sales volumes from the Curragh coal mine in Queensland were below budget, although in line with the comparative period last year. Subject to rail and shipping schedules, budgeted volumes should be realised for the full year. Earnings for the period were higher than last year's due to increased export sales volumes and prices.

The Curragh North (previously Pisces) development continues in line with the planned development schedule.

Sales and earnings from the Premier coal mine in Western Australia were slightly higher than budget but lower than last year's comparative result due largely to the previously reported loss of a major contract, to Worsley Alumina, offset partly by higher deliveries to Western Power.

The Bengalla coal mine in New South Wales, in which Wesfarmers has a 40 per cent interest, recorded sales below budget but higher than last year. Earnings were below budget and last year due primarily to weak demand and lower export prices.

The outlook for coal sales for the fourth quarter is positive and full year earnings are expected to be in line with budget and with last year's result.

Gas

Domestic LP gas sales volumes for Kleenheat Gas were below budget and last year's results. By contrast, earnings were significantly above budget and the result recorded for the comparative period last year. Despite higher international LP gas prices, Kleenheat benefited from improved margin management and a continued focus on cost control and asset productivity.

Export volumes by Wesfarmers LPG were in line with budget and last year's result. Due to higher international LP gas prices, earnings were above budget and higher than the result recorded for the same period last year.

Overall, the gas activities recorded an above budget result and achieved a significant improvement against the comparative period last year. Full year earnings are expected to be ahead of last year's but are, as always, subject to both international price trends and local demand in the winter months.

Industrial and safety

Operating revenue of $838.6 million was 10.3 per cent above the $760 million for the corresponding period last year. Earnings before interest and tax (before goodwill amortisation) were 35 per cent above those for the comparative period and in line with expectations.

This earnings growth resulted principally from the flow-on effect of cost reductions and rationalisation activities undertaken within the division during the past eighteen months.

Blackwoods returned a solid result despite the impact of the drought and a generally adverse external environment dampening business confidence. Protector Alsafe realised substantial expense reductions through the completion of the merger of the two previously separate businesses. The New Zealand businesses returned strong growth as they benefited from a robust domestic economy and the strength of the New Zealand dollar.

With the easing of the drought in eastern Australia, commencement of a number of larger infrastructure projects across the country and continued strong performance by the New Zealand operations, the outlook for the remainder of the financial year is for continued improvement in revenues and earnings.

Rural services and insurance

Operating revenue from the group's rural services and insurance business for the nine month period was $1 billion, 10.6 per cent below the comparative figure last year. Earnings before interest and tax (before goodwill amortisation) of $47.7 million were below the previous year's $49.3 million, reflecting the impact of one of the nation's worst droughts in the last 100 years.

The rural services business, Wesfarmers Landmark, experienced a fall in merchandise sales, with dry conditions and low water storages reducing agricultural production. Cattle prices were below last year's record levels but this was offset to some degree by the higher, drought-induced turnover. Other activity areas were not as adversely affected, with a strong performance in finance and the insurance agency, together with a higher gross profit result in wool broking and fertiliser sales, helping to offset lower merchandise sales. The real estate business also achieved a gross profit result similar to the same period last year.

The outlook for the rural sector is slowly improving, although it is too early to declare an end to the drought. Many areas of the country have had some falls of rain, allowing preparation for winter cropping. At the present time farmers are limiting their merchandise purchases to the more essential, lower margin, items. A return to more normal buying patterns relies on the occurrence of a widespread seasonal break. Livestock numbers, particularly sheep numbers, are well down and demand is expected to remain strong, especially if general rains are received.

Wesfarmers Federation Insurance continues to perform strongly, with premium revenue growing by eight per cent for the nine months compared to last year. This was achieved through new business growth and retention of existing business at above-budget levels. The higher premium result was achieved despite crop insurance premiums being lower as a result of the drought. Claims were below budget. If normal conditions prevail for the balance of the year, Wesfarmers Federation Insurance will exceed last year's profit result.

Chemicals and fertilisers

Operating revenue from the group's chemicals and fertilisers business for the nine months was $290.3 million, in line with the corresponding period last year. Earnings before interest and tax (before goodwill amortisation) of $40.2 million in the period were 17 per cent above last year's $34.5 million.

Overall sales volumes of the company's chemicals products were three per cent lower than last year's due to some short term softness in demand. Ammonia volumes and ammonium nitrate sales were in line with last year's. An improved operational performance, relative to last year, resulted in earnings contribution from chemicals activities exceeding the corresponding period last year.

Despite difficult seasonal conditions over the nine month period, fertiliser sales into the Western Australian market were five per cent above last year. Total fertiliser despatches in the corresponding period last year, however, included over 80,000 tonnes of wholesale sales to producers in the Eastern States and, as previously advised, no such sales are likely to occur this year. As a result, total fertiliser sales volumes, revenue and earnings contribution were lower than last year's.

With reasonable commodity prices prevailing and a return to normal seasonal conditions in autumn, the division anticipates that its fertiliser sales volumes in Western Australia will exceed last year's.

The full year outlook for earnings from the group's chemicals and fertilisers business is for an earnings result above that of last year.

Other operations

Revenues of $282.1 million from the 50 per cent-owned Australian Railroad Group, comprising the Western Australian and South Australian rail freight businesses acquired in December 2000, were marginally lower than in the previous corresponding period as a result of lower grain and iron ore volumes. Earnings were higher than the previous corresponding period despite reduced revenue as restructuring costs were lower and expenses have been reduced. Revenues and earnings in the fourth quarter will be constrained by reduced grain volumes and lower than predicted volumes in some other commodities.

Operating revenue for the forest products business, Sotico Pty Ltd, remains above budget but below that recorded in the corresponding period last year due to divestments and voluntary reductions of log intake. Earnings are slightly above last year's due to the continuing strong performance of the pine sawn timber business, Wespine Industries Pty Ltd, 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 forest harvesting operation sold to a management team in February and settlement on the sale of the Pemberton sawmill in early April.

A loss of $2 million was taken to account in the Gresham Private Equity Fund investment during the quarter due to the write-down of one of the Fund's investments. Other investments held by the Fund are faring well and Wesfarmers' investment in the Fund is expected to generate strong returns as these are realised.

Outlook

The directors are pleased with the overall result for the period, particularly given some difficult markets and trading conditions.

Full year earnings will be affected by the seasonal autumn weather break across southern Australia and the strength of the Australian retail environment. The directors' current expectation for the full year result (excluding Girrah) is similar to that at the time of the half yearly profit announcement.

For further information contact: Mr Keith Kessell, General Manager, Public Affairs
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Quarterly Report

for the nine months to 31 March 2003

Name of entity

WESFARMERS LIMITED

	Quarter ended
ABN 28 008 984 049	31 March 2003

Equity accounted results for announcement to the market

				$A'000
Revenues from ordinary activities *(item 1.1)*	up	5.5%	to	5,679,918
Profit (loss) from ordinary activities after tax attributable to members *(item 1.11)*	up	41.4%	to	397,907
Profit (loss) from extraordinary items after tax attributable to members *(item 1.8)*	gain (loss) of	N/A		
Net profit (loss) for the period attributable to members *(item 1.11)*	up	41.4%	to	397,907*

*	(a)	Consists of				
		Net profit before goodwill amortisation	up	35.8%	to	461,965
		Goodwill amortisation				(64,058)
		Net profit after goodwill amortisation	up	41.4%	to	397,907
	(b)	Includes net profit on sale of Girrah coal deposit				56,213

Consolidated profit and loss account

		Current nine months - $A'000	Previous corresponding nine months - $A'000
1.1	Revenues from ordinary activities	5,679,918	5,385,892
1.2	Expenses from ordinary activities	5,056,776	4,925,605
1.3	Borrowing costs	61,166	71,372
1.4	Share of net profit (loss) of associates and joint venture entities	21,940	24,310
1.5	**Profit (loss) from ordinary activities before tax**	583,916	413,225
1.6	Income tax on ordinary activities	186,602	131,742
1.7	**Profit (loss) from ordinary activities after tax**	397,314	281,483
1.8	Profit (loss) from extraordinary items after tax	-	-
1.9	**Net profit (loss)**	397,314	281,483
1.10	Net profit (loss) attributable to outside equity interests	(593)	167
1.11	**Net profit (loss) for the period attributable to members***	397,907	281,316

* (a) Consists of:		
Net profit before goodwill amortisation	461,965	340,283
Goodwill amortisation	(64,058)	(58,967)
Net profit after goodwill amortisation	397,907	281,316
(b) Includes net profit on sale of the Girrah coal deposit	56,213	-

Earnings per security (EPS)

		Current nine months	Previous nine months
2.1	Calculation of the following in accordance with *AASB 1027: Earnings per Share*		
	(a) Basic EPS - before goodwill amortisation	122.7c	96.8c
	- after goodwill amortisation	105.7c	80.0c
	(b) Diluted EPS (if materially different from (a))	-	-
	(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	376,350,748	351,696,901

Supplementary Information 'Cash Flow Per Share'

In accordance with general principles used by financial analysts, "cashflow per share" has been calculated by adding all forms of depreciation and amortisation to net profit after tax and dividing by the weighted average number of ordinary shares on issue during the year.

Current nine months	Previous corresponding nine months
163.6c	142.4c

4. Segment Information – nine months ending 31 March 2003

(a) Segment Earnings	Earnings before goodwill amortisation		Goodwill amortisation		Earnings after goodwill amortisation	
	2003 $000	2002 $000	**2003 $000**	2002 $000	**2003 $000**	2002 $000
Hardware	274,325	222,083	37,635	35,489	236,690	186,594
Energy	281,156*	172,994	341	322	280,815*	172,672
Industrial and safety	81,917	60,859	18,855	16,216	63,062	44,643
Rural services and insurance	47,662	49,311	7,030	6,742	40,632	42,569
Chemicals and fertilisers	40,249	34,527	197	198	40,052	34,329
Other	23,457	42,647	-	-	23,457	42,647
	748,766	582,421	64,058	58,967	684,708	523,454
Consolidation adjustments	(6,427)	(5,372)	-	-	(6,427)	(5,372)
Interest paid and corporate overheads	(94,365)	(104,857)	-	-	(94,365)	(104,857)
Operating profit before income tax	647,974	472,192	64,058	58,967	583,916	413,225
Income tax expense	(186,602)	(131,742)	-	-	(186,602)	(131,742)
	461,372	340,450	64,058	58,967	397,314	281,483

* Includes $80.3 million from the sale of the Girrah coal deposit

(b) Segment Revenue	Operating Revenue	
	2003 $000	2002 $000
Hardware	2,650,133	2,323,599
Energy	833,931#	712,132
Industrial and safety	838,589	760,033
Rural services and insurance	1,011,067	1,130,335
Chemicals and fertilisers	290,333	292,597
Other	62,413	172,658
	5,686,466	5,391,354
Consolidation adjustments	(6,548)	(5,462)
	5,679,918	5,385,892

Includes $82.5 million from the sale of the Girrah coal deposit

Comments by Directors

Material factors affecting the revenues and expenses of the economic entity for the current period.

Refer to the press release dated 8 May 2003 accompanying this report.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible).

None.

Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.

2 This report gives a true and fair view of the matters disclosed.

3 This report is based on accounts which have not been audited.

4 The entity has a formally constituted audit committee.

Sign here: Company Secretary

Date: 8 May 2003

Print name: L J Kenyon