2003 ANNUAL REPORT

Wesfarmers

COMPANY HISTORY

Wesfarmers, one of Australia's largest public companies, is headquartered in Perth, Western Australia.

The company's origin in 1914 as a Western Australian farmers' co-operative determined our early focus on the provision of services and merchandise to the rural community. Over the past two decades we have diversified, greatly broadening our business and geographical base.

Since our public listing in 1984, we have recorded strong growth in assets and profits.

ANNUAL GENERAL MEETING

The 22nd annual general meeting of Wesfarmers Limited will be held at the Burswood Convention Centre, Great Eastern Highway, Burswood on Monday 3 November 2003 at 2.00 pm.

Wesfarmers Limited A.B.N. 28 008 984 049

GROUP OBJECTIVE

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

The company aims to achieve this objective by:

- satisfying the needs of customers through the provision of goods and services on a competitive and professional basis;
- providing a fulfilling and safe working environment for employees, rewarding good performance and providing opportunities for advancement;
- contributing to the growth and prosperity of Australia by conducting existing operations in an efficient manner and by searching out opportunities for expansion;
- responding to the attitudes and expectations of the communities in which the company operates and placing strong emphasis on achieving sustainable development and protection of the environment; and
- acting with integrity and honesty in dealings both inside and outside the company.

WESFARMERS IS A DIVERSIFIED CORPORATION

WESFARMERS IS A MAJOR DIVERSIFIED AUSTRALIAN PUBLIC COMPANY WITH AN ANNUAL TURNOVER OF $7.8 BILLION. THE COMPANY OPERATES THROUGH BUSINESSES INVOLVED IN HARDWARE RETAILING, COAL MINING, GAS PROCESSING AND DISTRIBUTION, INDUSTRIAL AND SAFETY PRODUCT DISTRIBUTION, CHEMICALS AND FERTILISERS MANUFACTURE, INSURANCE, RAIL TRANSPORT AND FOREST PRODUCTS.

The company has over 100,000 shareholders on its register and has historically been a leader in providing high shareholder returns. Today the group employs about 27,000 people, on a full-time and casual basis, mainly in Australia and New Zealand and has significant export markets. As a financially-focused organisation, Wesfarmers places great emphasis on performance and performance measurement at all levels of the group's operations. It has developed a strong set of management systems and applies these across the operating businesses.

CONTENTS

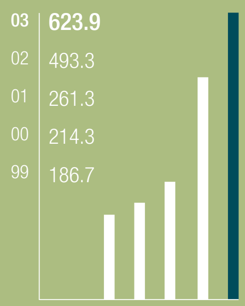
PERFORMANCE HIGHLIGHTS

- NET PROFIT AFTER TAX AND GOODWILL AMORTISATION UP 16.4 PER CENT (EXCLUDING GIRRAH)
- EARNINGS PER SHARE BEFORE GOODWILL AMORTISATION UP 9.0 PER CENT TO $1.51 (EXCLUDING GIRRAH)
- STRONG PERFORMANCE FROM HARDWARE, ENERGY AND INDUSTRIAL AND SAFETY
- IMPROVED PERFORMANCE FROM CSBP'S CHEMICALS AND FERTILISERS
- RURAL SERVICES BUSINESS NEGATIVELY AFFECTED BY DROUGHT
- AGREEMENT TO ACQUIRE LUMLEY'S INSURANCE BUSINESS
- SEVEN NEW BUNNINGS WAREHOUSE STORES OPENED IN MAINLAND AUSTRALIA
- ACQUISITION OF PISCES (CURRAGH NORTH) COAL DEPOSIT IN QUEENSLAND'S BOWEN BASIN
- SALE OF THE GIRRAH COAL DEPOSIT IN QUEENSLAND
- ACQUISITION OF PAYKELS, NEW ZEALAND'S LARGEST DISTRIBUTOR OF MAINTENANCE, REPAIR AND OPERATING PRODUCTS

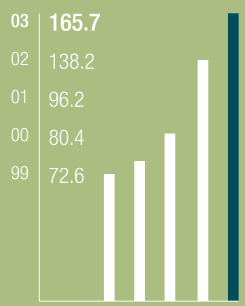
Post-June 30

- SALE ON 29 AUGUST 2003 OF THE WESFARMERS LANDMARK RURAL SERVICES BUSINESS

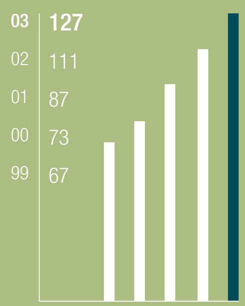
NET PROFIT*
after tax before goodwill amortisation ($m)



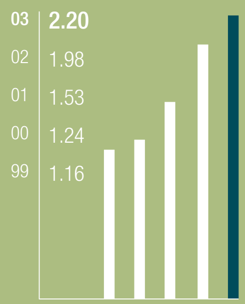
EARNINGS*
per share before goodwill amortisation (cents)



DIVIDENDS
per share (cents)



CASH FLOW
per share ($)



*includes the effect of the sale of the Girrah Coal deposit

WESFARMERS ACHIEVED ANOTHER RECORD PERFORMANCE IN 2002/03

FINANCIAL OVERVIEW

FINANCIAL SUMMARY

		2003	2002	%change	
Operating revenue	$m	**7,753**	7,386	5.0	▲
Net profit before interest and tax	$m	**854**	684	24.8	▲
Net profit after tax before goodwill amortisation	$m	**624**	493	26.6	▲
Net profit after tax after goodwill amortisation	$m	**538**	414	30.0	▲
Net profit after tax and goodwill amortisation (excluding Girrah)	$m	**482**	414	16.4	▲
Dividends	$m	**480**	413	16.2	▲
Total assets	$m	**6,418**	6,613	3.0	▼
Net borrowings	$m	**892**	1,324	32.6	▼
Shareholders' equity	$m	**3,765**	3,410	10.4	▲
Capital expenditure on property, plant and equipment	$m	**218**	230	5.2	▼
Depreciation and amortisation	$m	**292**	292	-	-
Earnings per share before goodwill amortisation	cents	**165.7**	138.2	19.9	▲
Earnings per share before goodwill amortisation (excluding Girrah)	cents	**150.7**	138.2	9.0	▲
Dividends per share	cents	**127**	111	14.4	▲
Net tangible assets per share	$	**5.95**	4.83	23.2	▲
Cash flow per share	$	**2.20**	1.98	11.1	▲
Return on average shareholders' equity	%	**15.0**	16.6	9.6	▼
Gearing (net debt to equity)	%	**23.7**	38.8	38.9	▼
Net interest cover (cash basis)	times	**17.6**	12.7	38.6	▲

CREATING WEALTH AND ADDING VALUE

		2003	2002
Wealth creation			
Total operating revenue	$m	**7,753**	7,386
Total cost of materials, goods and services and other external costs	$m	**5,530**	5,463
Total value-added, representing the wealth created by Wesfarmers	$m	**2,223**	1,923
This created wealth was shared as follows:			
- to employees as salaries, wages and other benefits	$m	**915**	834
- to governments as income tax, royalties and other taxes	$m	**398**	336
- to lenders on borrowed funds	$m	**80**	94
- to shareholders as dividends on their investment	$m	**480**	413
- reinvested in the business as depreciation, amortisation and retained earnings	$m	**350**	246

CHAIRMAN'S REPORT

TREVOR EASTWOOD, AM - CHAIRMAN

ON BEHALF OF THE BOARD, I AM DELIGHTED TO PRESENT THE WESFARMERS 2003 ANNUAL REPORT CONTAINING DETAILS OF ANOTHER RECORD RESULT FOR THE GROUP.

The benefit of the group's widely diversified operations was again evident this year with a strong performance from the hardware, energy and industrial and safety distribution businesses, offset by lower earnings from the rural services businesses which were affected by the worst drought for over 100 years.

Despite share price volatility over the year, the underlying strength of the Wesfarmers group has been enhanced. The Board is confident that the business strategies being pursued and the investments being made will enable the company to maintain its position as one of Australia's leading corporations measured by long-term shareholder returns.

Full details of the group's strong performance in 2002/03 are contained in the review by the Managing Director, Michael Chaney, and the operational reports in the following pages.

DIVIDEND

The directors have declared a fully-franked final dividend of 85 cents per share (last year 77 cents). This will be paid on 25 September 2003 and will lift the full-year dividend to $1.27 per share compared to last year's $1.11, an increase of 14.4 per cent.

In declaring the final dividend the directors have confirmed the continuation of the share buyback programme and the suspension of the company's dividend investment plan which were both announced in February 2003, in response to the group's continuing low level of debt.

BOARD OF DIRECTORS

In October 2002, the Board announced the retirement of David Asimus. The Board records its sincere appreciation of the valuable contribution he made over a period of eight years.

A special welcome is extended to Colin Carter and Patricia Cross who joined the Board in October 2002 and February 2003 respectively. Both directors are highly qualified and well respected in the business community. These appointments strengthen the Board's experience and expertise to deal with important issues for the company following its recent significant growth.

On a much sadder note I pay tribute to Harry Perkins who passed away on 14 December 2002, only weeks after our annual general meeting. I was greatly honoured to have been asked by my fellow directors to succeed Harry as Chairman and I look forward to building on the success we achieved under his leadership.

CORPORATE GOVERNANCE

Over the last 12 months, there has been considerable debate and discussion on corporate governance. I take this opportunity to assure our stakeholders, including shareholders, employees and the wider community, that Wesfarmers readily accepts its obligations and responsibilities in this regard. The Board has reviewed and enhanced its corporate governance practices to ensure it maintains high standards. Further details are set out on pages 36 to 41 of this report.

EMPLOYEES

Much of the credit for the company's achievements over the last year are due to the ongoing commitment of our employees. On behalf of the Board I would like to thank everyone across the group for their dedication and hard work.

SALE OF WESFARMERS LANDMARK

On 29 August 2003 we announced the sale to AWB Limited of our rural services business, Wesfarmers Landmark, for approximately $825 million. While divestment of Landmark was not in contemplation at the time of the approach by AWB, we concluded the transaction was in the best interest of our shareholders. Despite this, it was not an easy decision to cut the ties to a company with which we had been so closely identified over a very long time. We accepted the AWB offer because we believed it was in the interests of all stakeholders to do so – our shareholders, our rural customers and our Landmark employees who will now be part of an influential agribusiness operation.

On behalf of the Board I wish all Landmark employees every success under AWB's ownership.

Yours sincerely

T Eastwood.

TREVOR EASTWOOD, AM
Chairman

Vale

HARRY PERKINS

(5 August, 1939 – 14 December, 2002)

Chairman 1986 – 2002

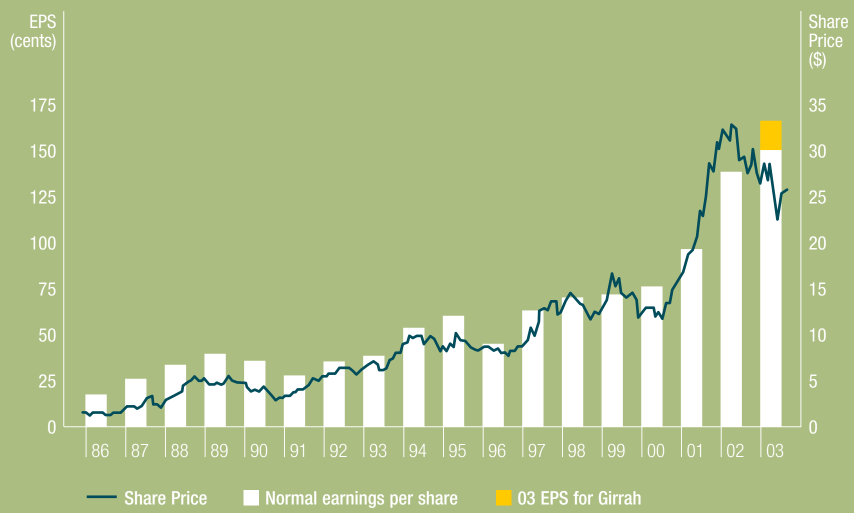
Charles Henry (Harry) Perkins AO became a director of the Westralian Farmers Co-operative in

1975 and was elected Chairman of Wesfarmers Limited in 1986, a position he held until the day before his death. His leadership of a united Board during those years of the company's great expansion was a significant factor in its success. Harry was one of Western Australia's most respected citizens. His community involvement included six years as Chancellor of Curtin University of Technology and inaugural Chairman of the Western Australian Institute for Medical Research. Wesfarmers mourns the loss of a wonderful colleague and friend.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

MICHAEL CHANEY - MANAGING DIRECTOR

SHARE PRICE vs EARNINGS PER SHARE
(before goodwill amortisation)



Wesfarmers achieved another record result in 2002/03, with net profit reaching $538.2 million. This included an after tax profit of $56.3 million from the sale of the Girrah coal deposit in Queensland. Excluding the Girrah profit, the net profit was $481.9 million which represented an increase of 16.4 per cent on last year's $413.9 million. Earnings per share of $1.51 (before goodwill amortisation) excluding the Girrah profit, were nine per cent higher than the $1.38 in 2001/02.

Total operating revenue of $7.8 billion increased five per cent on last year's $7.4 billion.

All key business units recorded increased revenues and earnings with the exception of the rural services business which was negatively impacted by the severe drought.

THE YEAR IN BRIEF

The Bunnings national hardware retailing business achieved a strong result with good growth in both revenues and earnings. New store development continued with the opening of seven warehouse stores. At year end, there were 116 warehouse stores and 95 traditional stores operating in Australia and New Zealand.

The Energy businesses achieved a record profit with solid contributions from both gas and coal. Record earnings were achieved by the Curragh coal mine in Queensland due to increased export sales volumes and higher selling prices. Kleenheat Gas delivered an excellent result due to improved margin management, continued cost control and supply optimisation.

Rights to develop the Curragh North coal deposit in Queensland were secured during the year, extending the life of the mine until at least 2025. The Girrah coal deposit, purchased as part of the acquisition of Curragh in 2001, was sold.

The industrial and safety businesses recorded a significant increase in earnings for the year due mainly to cost reductions resulting from the integration of various businesses. The acquisition, in July 2003, of Paykels, New Zealand's largest distributor of maintenance, repair and operating supplies, will result in an expanded distribution network in New Zealand.

Chemicals and fertilisers achieved an increase in earnings. The ammonia and ammonium nitrate business performed strongly and the first ammonia export occurred in May 2003. Despite a difficult start to the year, with many farmers affected by the drought, fertiliser sales increased in the Western Australian market. During the year the ammonium nitrate plant at Kwinana, Western Australia was expanded and production commenced from the $26 million sodium cyanide solids plant.

Earnings from the group's rural services and insurance businesses were 14 per cent below those recorded in 2001/02. The result is gratifying given that it was achieved in a year Australia experienced the most severe drought in over a century. Wesfarmers Federation Insurance achieved an excellent result. This was pleasing given the tough seasonal conditions.

In early July 2003 an announcement was made of the proposed acquisition of the Australian and New Zealand operations of Lumley Insurance which will combine with Wesfarmers Federation Insurance to form a new division. This will further enhance the spread of the group's diversified operations.

Revenue and earnings from the 50 per cent-owned Australian Railroad Group were below expectations due mainly to reduced grain volumes in Western Australia and South Australia as a result of the drought.

Earnings from the forest products business, Sotico, were in line with expectations and above last year's result due in part to hardwood timber stock reductions and the 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 business.

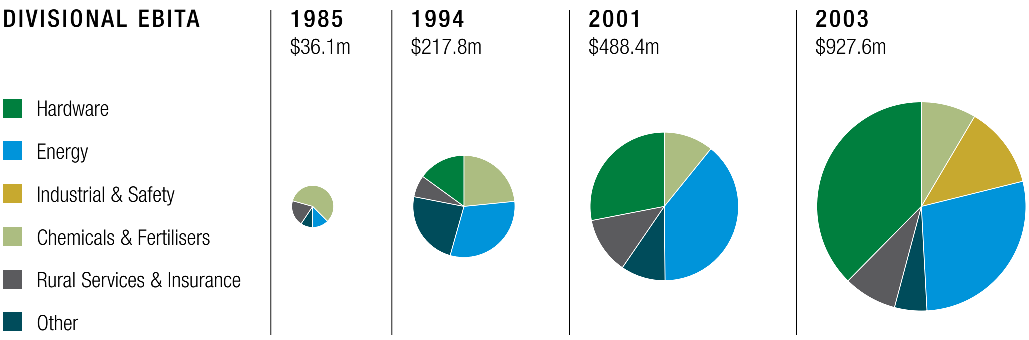
FINANCIAL POSITION

The company remains in a strong financial position. Net operating cash flows for the year for the group's activities were $818.7 million compared to $683.7 million last year, an increase of 19.7 per cent due to higher profits and a strong focus on working capital management. Operating cash flow was more than adequate to finance the group's replacement and expansion expenditure of $218 million.

As a result of these strong cash flows, there was a significant decrease in the group's ratio of net debt to equity from 38.8 per cent last year to 23.7 per cent at 30 June 2003. Cash interest cover was 17.6 times and remains well above the group's minimum benchmark of four times.

The directors have decided to continue the suspension of the company's dividend investment plan while debt levels remain low. The plan is expected to be reinstated when gearing has risen to target levels.

'IN WESFARMERS WE HAVE ENDEAVOURED TO FOSTER A CULTURE OF INNOVATION AIMED AT FINDING NEW PRODUCTS AND PROCESSES, DEVELOPING NEW MARKETS AND ENTERING NEW BUSINESSES – A CULTURE THAT ALLOWS PEOPLE TO SEE CHANGE AS AN OPPORTUNITY RATHER THAN A THREAT.'



During the year a buyback of up to five per cent of the shares of the company was instituted. At 30 June 2003 the company had repurchased 1.1 per cent (4,094,428 shares) under the buyback for $98,756,356 at an average price of $24.12.

Also during the year, the group diversified its funding base with the issue of $250 million of three and five year medium term notes into the Australian debt capital markets at attractive rates.

STRATEGIC ISSUES

The 2002/03 year presented a number of challenges to Wesfarmers' ambition of achieving steady profit growth and it was gratifying to do so. The challenges, some of which had been evident a few years earlier, included the resumption of superannuation contributions after a holiday of around 15 years, the loss of a significant coal contract in the Western Australian operations, a decline in earnings in recent years as the forest business exit gathered pace, and of course the severe drought affecting most of rural Australia.

These lost profits were replaced and overall profit growth achieved through a healthy increase in earnings from the Bunnings, Energy and Industrial and Safety divisions and a solid performance by Insurance and CSBP.

That experience is part of normal corporate life, where every dollar of profit is under threat: somebody is interested in taking it away – competitors, suppliers, customers and governments, to name a few. Any belief that existing profit streams will continue forever is misguided.

This presents a real challenge to companies seeking to provide their shareholders with growing returns. Profitable growth opportunities must be found not only to add to last year's earnings increase, but also to fill the profit holes that will inevitably appear.

In Wesfarmers we have endeavoured to achieve this by fostering a culture of innovation aimed at finding new products and processes, developing new markets and entering new businesses – a culture that allows people to see change as an opportunity rather than a threat.

Some successful outcomes of this approach can be seen in the 2003 achievements – the acquisition of the Pisces (now Curragh North) coal deposit, the sale of the Girrah coal deposit, the successful development and marketing of liquid nitrogen fertilisers by CSBP, the acquisition of the Lumley insurance business and the commencement of returns from the Gresham private equity investment made a few years ago.

These activities are driven by a simple focus to "provide a satisfactory return to shareholders" – not by what might be called "operational visions" like being Australia's major energy provider or hardware company or even its best conglomerate. That financial focus allows the group to be opportunistic – to develop in the direction in which opportunities take it. If a potential investment passes the ethical screen, makes good business sense, fits our management culture, and is estimated to provide acceptable returns, it will be taken on.

In any year the investment opportunities evaluated outnumber those which are publicly announced by a factor of ten or twenty to one. Most proposals fail the financial test and in the absence of a group "operational vision" imperative there is no justification for proceeding with them.

A similar approach is taken to asset or business disposals, although given the challenge of finding acceptable investments, selling decisions are not taken lightly. There are times, however, when a business is worth more to others, for strategic reasons, than it is to Wesfarmers; and its future may be brighter in the hands of others. In such cases it makes sense to transfer its ownership.

This was the case in 1994 when the Masters Dairy operation was sold to National Foods Limited and again in August this year when Wesfarmers Landmark was sold to AWB Limited.

Landmark had its origins in Wesfarmers' predecessor, Westralian Farmers Co-operative Limited, and has been a business of this group for 89 years. Its sale was only approved after considerable deliberation by the Board and on the basis that it was in the best interests of all stakeholders – in particular our shareholders and the Landmark employees, who have given such dedicated and loyal service to Wesfarmers over the years.

The general growth philosophy of the company is one that has been described as "logical incrementalism" – namely; that given the unpredictability of the future, the most appropriate way to grow profitability is by taking incremental steps, going further if the environment is favourable, and if it is not then pulling back and finding a better way forward. This describes very well the process that has occurred at Wesfarmers.

In order to achieve that successfully the corporate centre must be well resourced, both financially and with people who are able to evaluate and execute investment opportunities. Wesfarmers has been well served in this regard by its Business Development group and by its other corporate centres of excellence.

In combination with the shareholder-focused management systems that have been developed over the years these corporate resources should ensure that Wesfarmers continues to meet the main challenge facing any public company; namely, unearthing and developing sufficient profitable expansion opportunities to satisfy shareholders' growth expectations.

PEOPLE

At 30 June 2003, the Wesfarmers group had a total permanent workforce of over 27,000 people, including about 8,000 casual employees. The company's success is due to the efforts and dedication of these employees, which I acknowledge with thanks.

It is pleasing that approximately 16,000 employees of the group now hold shares in the company through the Employee Share Plan. During 2002/03, ninety three per cent of eligible employees accepted invitations to apply for shares under the plan.

A further reduction in the incidence of work-related injuries was achieved in most business operations during the year reflecting the strong focus of management and the acceptance of employees that they must share responsibility for safety within the workplace.

Since 30 June last year four senior executives have retired. Joe Boros made an outstanding contribution to the growth and success of the group through his leadership of the hardware division. In a career spanning over 21 years, Francis Landels performed the role of Chief Legal Counsel with distinction. Rich Krasnoff provided guidance to the company on the important area of e-commerce. Ian Thomson, who led the transport business for the last seven years, made a significant contribution to the group over 21 years. I thank them all for their great contributions.

'IF A POTENTIAL INVESTMENT PASSES THE ETHICAL SCREEN, MAKES GOOD BUSINESS SENSE, FITS OUR MANAGEMENT CULTURE, AND IS ESTIMATED TO PROVIDE ACCEPTABLE RETURNS, IT WILL BE TAKEN ON.'

OUTLOOK

Prospects for the individual operating divisions of the group for 2003/04 are described in the following pages.

The 2003/04 Wesfarmers budget struck in June 2003 indicated that the group would continue to achieve overall profit growth from operations in the current year despite a fall in earnings from the energy division due to reduced coal prices and a higher Australian dollar exchange rate. This was principally due to increased profits from hardware, insurance, the Gresham Private Equity Fund and Landmark.

The sale of the Landmark business in August 2003 will result in approximately $50 million of EBIT due to be earned in the remainder of the year in that division no longer being brought to account. In the absence of balance sheet initiatives, this deficit would be almost offset by interest savings arising from debt reduction using the Landmark sale proceeds.

Following the Landmark sale the company is left with a very low level of debt. The directors are currently giving consideration to alternative actions aimed at restoring the group's debt/equity ratio to within the company's preferred range of 40 to 65 per cent.

MICHAEL CHANEY

Managing Director

A PORTFOLIO OF DIVERSIFIED BUSINESSES

HARDWARE

- Retailing building materials and home and garden improvement products
- Servicing project builders and the housing industry
- Bargain hardware and variety

YEAR IN BRIEF

- 17 per cent increase in earnings
- 11 per cent increase in store-on-store growth in cash sales
- Seven new warehouse stores opened, two closed
- 19 traditional stores closed

FUTURE DIRECTIONS

- Continue national rollout of warehouse stores
- Continue rationalisation of the store network
- Conversion of Hardwarehouse and BBC stores to Bunnings' standards
- Consolidation and building on the position as the leading supplier of building materials to the housing industry

ENERGY- COAL

- Coal mining in Queensland (Curragh), Western Australia (Premier Coal) and New South Wales (Bengalla)
- Coking and thermal coal sales to both domestic and export markets
- Total sales 12 million tonnes per annum

YEAR IN BRIEF

- Increased coal production and sales from Curragh
- Agreement to develop Pisces (renamed Curragh North) deposit in Queensland
- Sale of Girrah coal deposit in Queensland
- New safety record and environmental achievements at Premier Coal
- Commenced participation in Western Australia's base load power generation tender
- Bengalla revenues affected by lower prices and adverse exchange rates

FUTURE DIRECTIONS

- Continue focus on environment, health and safety performance
- Develop adjacent coal deposits
- Increase production and develop new sales markets
- Improve production, processing and transport efficiencies

ENERGY- GAS AND POWER

- Production, marketing and distribution of LP gas
- Manufacture and marketing of industrial gases and equipment
- Electricity supply to Western Australian mining operations and regional centres

YEAR IN BRIEF

- Improved Kleenheat Gas performance
- Record LPG production
- Improved industrial gases performance
- Secured contract to supply new pig iron plant with oxygen and nitrogen
- Implementation of a new business information system
- StateWest Power commenced the Mid-West power project

FUTURE DIRECTIONS

- Continue focus on environment, health and safety performance
- Sustain LP gas performance
- Expand power generation activities
- Pursue new industrial gases production opportunities

INDUSTRIAL AND SAFETY

- Supplier and distributor of maintenance, repair and operating (MRO) products
- Specialist supplier and distributor of industrial safety products and services

YEAR IN BRIEF

- Sale of metals distribution and processing businesses
- Refurbishment and consolidation of distribution facilities
- Merger of the operations of Alsafe Safety and Protector Safety Supply to form Protector Alsafe
- Production and distribution of a new Blackwoods printed catalogue

FUTURE DIRECTIONS

- Implementation of best practice information systems and processes
- Integration of the Paykels business
- Provide suppliers and customers with innovative e-business solutions

CHEMICALS AND FERTILISERS

- Manufacture and marketing of chemicals for industry, mining and mineral processing
- Manufacture and marketing of broadacre and horticultural fertilisers
- Soil and plant testing and agronomy advisory services

YEAR IN BRIEF

- Seven per cent increase in earnings before interest and tax (before goodwill amortisation)
- Solid chemicals performance
- Sodium cyanide solids plant commissioned
- Increased fertiliser volumes in Western Australia
- Fertiliser cost base and supply chain improvements

FUTURE DIRECTIONS

- Growth in chemicals sales and earnings
- Expand chemicals production
- Continue improvement in fertiliser outcomes
- Develop new markets

RURAL SERVICES AND INSURANCE

- Supplier of rural merchandise and fertilisers to cotton, cropping, horticulture, viticulture and grazing industries and provider of:
  - Wool and livestock marketing services;
  - Real estate and rural property sales;
  - Seasonal finance, term loans and deposit facilities; and
  - Rural, domestic and commercial insurance

YEAR IN BRIEF

- Earnings for Wesfarmers Landmark were negatively affected by the drought
- Strong premium growth by Wesfarmers Federation Insurance
- Agreement to acquire Lumley's insurance businesses
- Rural services business was sold to AWB Limited in August 2003

FUTURE DIRECTIONS

- Finalise the purchase of the Lumley insurance businesses
- Formation of a new Wesfarmers insurance division with the Lumley and Wesfarmers Federation Insurance businesses

RAIL TRANSPORT

- 50 per cent interest in Australian Railroad Group Pty Ltd which:
  - Operates rail freight business in Western Australia and South Australia;
  - Provides rail services for bulk commodities and associated rail logistics operations; and
  - Leases track infrastructure in Western Australia and South Australia

YEAR IN BRIEF

- Continued restructuring as part of the ongoing transition to private ownership
- Performance below expectations and prior year due to restructuring costs, incidents and lower than average grain volumes in Western Australia and South Australia

FUTURE DIRECTIONS

- Restructure of the safety department and installation of an acoustic monitoring system to address the incident rate
- Development of a value-added transport and logistic services
- Improvements in efficiency
- Increase in volumes

FOREST PRODUCTS

- Manufacturer of jarrah timbers to service furniture/cabinet/ joinery manufacturers, the wholesale timber market in Australia and internationally and industrial customers
- Plantation and timber treatment operations
- 50 per cent interest in Wespine Industries Ltd which operates a plantation softwood sawmill in Western Australia

YEAR IN BRIEF

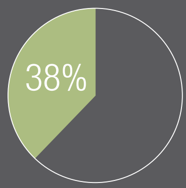
- Continued restructure of the business with the sale of the Pemberton sawmill and the forest harvesting operations
- Strong performance by Wespine

FUTURE DIRECTIONS

- Orderly rationalisation of the business based on reduced log supply

HARDWARE

EBITA CONTRIBUTION



KEY FINANCIAL INDICATORS

	99	00	01	02	03
OPERATING REVENUE ($m)	1066.4	1300.4	1383.9	3066.3	**3474.5**
EARNINGS BEFORE INTEREST, TAX AND GOODWILL AMORTISATION ($m)	87.0	119.5	137.1	297.1	**349.0**
CAPITAL EMPLOYED ($m)	486.8	527.5	553.4	1888.2	**1993.9**
RETURN ON CAPITAL EMPLOYED (%)	17.9	22.7	24.8	15.7	**17.5**
CAPITAL EXPENDITURE ($m)	69.1	46.3	60.8	83.7	**84.5**

BUNNINGS IS AUSTRALIA'S LEADING RETAILER OF HOME AND GARDEN IMPROVEMENT PRODUCTS AND BUILDING MATERIALS

PETER DAVIS - Managing Director, Bunnings Pty Ltd

OUR BUSINESS

Bunnings is Australia's leading retailer of home and garden improvement products and building materials. Operating through a chain of warehouse superstores and traditional stores in Australia and New Zealand, Bunnings caters predominantly for do-it-yourself customers as well as builders and contractors.

STRATEGY

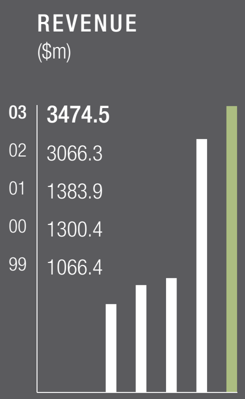
Bunnings provides its customers with the widest range of home improvement and building products and is committed to delivering outstanding service and lowest prices. It sets out to attract high quality employees and to provide them with a safe and rewarding working environment. The company is focused on improving systems, reducing costs and making better use of working capital. Bunnings continues to develop and improve its store network through new store openings, refits of existing outlets and re-merchandising.

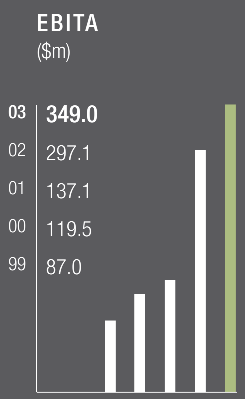
RESULTS

Operating revenue for the hardware merchandising business grew strongly in 2002/03, increasing to $3.5 billion, 13 per cent higher than in the previous year. Earnings before interest and tax (before goodwill amortisation) of $349 million were 17 per cent higher than in the previous year.

The increased revenue was partially due to an extra one month's trading from the Howard Smith hardware business, which was integrated from 1 August 2001, and higher revenue from the sale of properties of $99.5 million compared to $38.8 million in the previous year. Earnings before interest and tax (before goodwill amortisation) for the 11 month period to 30 June 2003 increased by 14 per cent over the comparative period.

Total normalised store-on-store growth for the year was around nine per cent. Store-on-store growth for cash sales continued strongly at above 11 per cent despite more subdued trading conditions in Victoria. Trade sales were lower than last year's with performance adversely





Rebranding an ex-Hardwarehouse store at Whitfords, Western Australia.

affected by the closure of a large number of low volume, unprofitable accounts, closure of trade sites and increased competition in the key markets of Victoria and New South Wales.

Earnings for the second half of the year were negatively affected by a margin reduction associated with input pricing adjustments, inventory shrinkage and write-downs of discontinued product lines.

WA Salvage, the bargain hardware and variety retail chain, delivered a disappointing result for the year with sales and earnings below last year's result.

YEAR IN BRIEF

During the year seven new warehouse stores were opened and two were closed. At year end, Bunnings had 116 warehouse stores operating in Australia and New Zealand. The number of traditional stores decreased to 95 after 19 closures during the year.

Bunnings is continuing to evolve and expand the warehouse concept with three new 9000 series stores opened in the current year. These stores set new benchmarks in Australian hardware retailing, allowing for an even larger product range offer.

The company's New Zealand operations are expanding, with new warehouses being established in Christchurch and Hamilton.

Development of the trade business continued with the opening of a dedicated trade centre in Seven Hills, New South Wales in March. This centre is specifically designed to service the residential and commercial construction industry and is part of an overall strategy of developing key trade locations throughout eastern Australia.

Store network enhancement continued during the year with investment in upgrades to stores and improvements in the range of merchandise on offer. Store upgrades included the permanent rebranding of all former Hardwarehouse and BBC stores to Bunnings in the distinctive red and green colours in both Australia and New Zealand. A racking and merchandise upgrade trial conducted at the Carlingford traditional store in New South Wales produced very encouraging results.

45,000
PRODUCT LINES

20,000
EMPLOYEES

116
WAREHOUSE STORES

95
TRADITIONAL STORES

To support the growing store network, major new distribution centres are being developed in Melbourne and Brisbane. In addition, a new administration office was opened for the New South Wales store support function in Smithfield in January 2003.

Substantial investment continued in information and communication technologies. The introduction of Bunnings' point of sale systems to all stores was completed in November 2002 and the entire network now operates on a common platform. Electronic trading with suppliers was upgraded and is expected to result in significant cost savings.

Bunnings continued its commitment to protecting the environment and supporting the communities in which it operates. In February, the company instituted its Timber and Wood Products Purchasing Policy, insisting that suppliers of timber prove that their products are obtained from well-managed and legally operating forests.

'NEW WAREHOUSE DEVELOPMENT IS FORECAST TO CONTINUE AT BETWEEN EIGHT TO TWELVE STORES PER YEAR.'

Over the last year, via its National Community Involvement Strategy, Bunnings has contributed approximately $2 million to various charities and community groups throughout Australia.

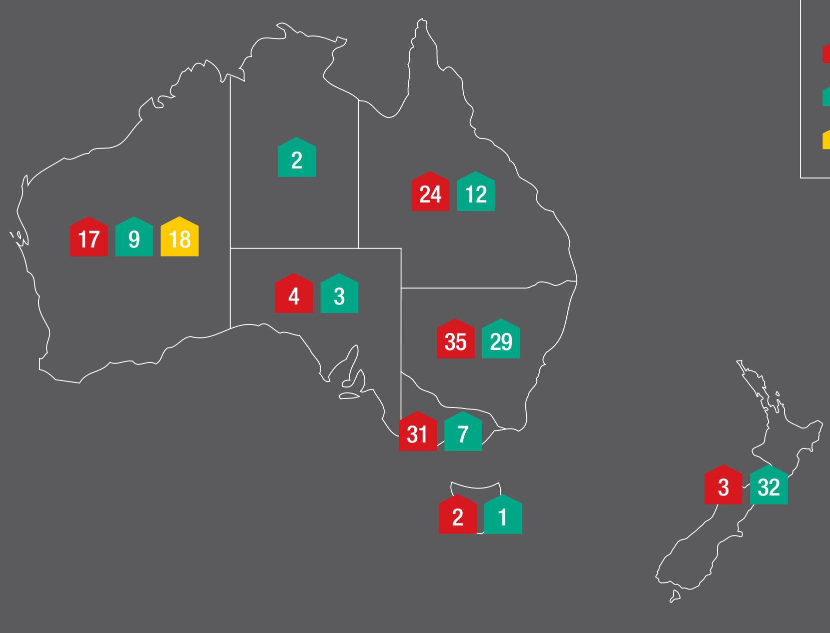
OUR PEOPLE

Bunnings now has just under 20,000 employees and the numbers are increasing rapidly with the warehouse store rollout programme. To support this large recruitment effort, significant investment is being made in human resources, training and development.

Induction courses and training in product and team development were conducted to ensure all employees were well equipped to deliver the desired high customer service levels.

To reinforce the importance of safety, the Bunnings Safety Leadership team was formed comprising representatives from across the organisation and a "Bunnings Safety for

229 WAREHOUSES AND STORES



BUSINESSES

	NO.
Warehouses	116
Traditional stores	95
WA Salvage stores	18

Everyone" (B.S.A.F.E.) programme was launched. These initiatives are expected to result in a sustainable improvement in what has been a disappointing safety performance in recent years. Reflecting the importance it places on employee relations, Bunnings maintained a low level of turnover by industry standards.

OUTLOOK

The outlook for the hardware merchandising business in 2003/04 is for continued solid retail sales growth but subdued trade sales performance. New warehouse development is forecast to continue at between eight to twelve stores per year with eight new warehouse stores expected to be opened prior to the end of the 2003 calendar year. The first new Bunnings warehouse store in New Zealand is under construction and is due to open in Christchurch in October 2003.

In August 2003, Bunnings announced the series 3000 warehouse concept, which is aimed at regional centres with fewer than 20,000 households. The series 3000 stores maintain the same layout and appearance of the larger warehouses, with the size tailored to suit the local markets. Nineteen Australian regional centres have been identified for the initial rollout, with a target of up to four openings each year. Three sites have been secured and are under development.

Growth is expected from upgrading existing stores and about 10 per cent of the network will be improved each year.

The store rationalisation programme will continue. Nine warehouses and thirty traditional stores are expected to be closed in Australia and New Zealand over the next four years.

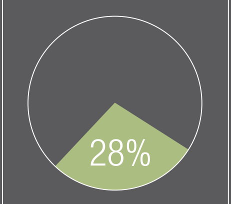
System upgrades are planned over the next year to assist in the management of the expanding business and to deliver greater efficiencies.

Left - Bunnings team members Jeff Harkness, Christine Campbell, Emma-Louise Harvey and Mick Booth at Keysborough, Victoria.

Lower Right - A new Bunnings Trade centre, Seven Hills, New South Wales.

ENERGY

EBITA CONTRIBUTION



KEY FINANCIAL INDICATORS

	99	00	01	02	03*
OPERATING REVENUE ($m)	471.7	588.2	978.1	963.5	1001.3
EARNINGS BEFORE INTEREST, TAX AND GOODWILL AMORTISATION ($m)	98.1	107.7	190.4	236.9	259.8
CAPITAL EMPLOYED ($m)	482.7	538.4	778.5	845.3	816.2
RETURN ON CAPITAL EMPLOYED (%)	20.3	20.0	24.5	28.0	31.8
CAPITAL EXPENDITURE ($m)	142.9	66.5	133.8	77.6	55.2

* 2003 figures exclude the effect of the sale of the Girrah coal deposit.

WESFARMERS ENERGY COMPRISES THREE COAL BUSINESSES, THREE GAS BUSINESSES, A POWER BUSINESS AND A RANGE OF SUPPORT ACTIVITIES

DAVID ROBB - Managing Director, Wesfarmers Energy Limited

OUR BUSINESS

Wesfarmers Energy comprises three coal businesses, three gas businesses, a power business and a range of support activities.

The coal interests are the Curragh mine in Queensland's Bowen Basin (coking coal for export markets and steaming coal for domestic markets), the Premier Coal mine at Collie in Western Australia's south-west (steaming coal for domestic markets), and a 40 per cent interest in the Bengalla mine in the Hunter Valley of New South Wales (steaming coal for both export and domestic markets).

Energy's gas businesses are Wesfarmers Kleenheat Gas Pty Ltd (liquified petroleum gas distribution and marketing), Wesfarmers LPG Pty Ltd (LPG production) and a 40 per cent interest in Air Liquide W.A. Pty Ltd (industrial and medical gases).

Wesfarmers Energy has a controlling interest in StateWest Power Pty Ltd, an independent power producer specialising in electricity supply to mining operations and regional towns.

STRATEGY

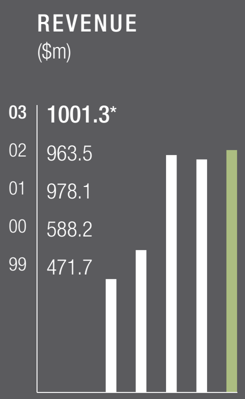
Energy's objective is to achieve Profitable Growth over Time (PGT), which is aligned to the Wesfarmers Limited objective of providing a satisfactory return to shareholders. The Energy division pursues this objective within each of its businesses and when evaluating opportunities to expand.

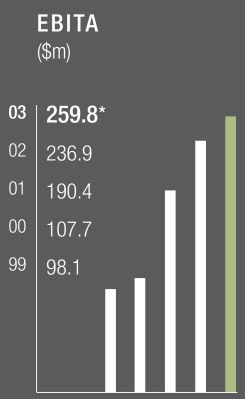
RESULTS

Energy achieved a record profit in 2002/03 with solid contributions from both gas and coal. Operating revenue (excluding the sale of the Girrah coal deposit in Queensland) of $1 billion was four per cent above the 2001/02 result and earnings (before goodwill amortisation and Girrah) of $259.8 million were 10 per cent higher.

Coal

The results for the coal businesses overall were characterised by strong growth in revenues - an increase of 19.9 per cent - and an earnings result slightly higher than in 2001/02.





Curragh exports coal from the Port of Gladstone in Queensland.

Curragh's sales volumes of 6.2 million tonnes were marginally above budget and in line with those achieved in 2001/02. Earnings increased strongly, up 27 per cent, due to higher export sales volumes and better selling prices.

Premier Coal achieved sales volumes of 3.3 million tonnes. Earnings were above budget but lower than last year's reflecting the loss of a major contract, partially offset by higher deliveries to Western Power.

Despite higher sales, the impact of a strong Australian dollar, lower thermal coal prices and increased costs resulted in lower revenues and earnings for Bengalla compared to the previous year.

Gas and power

Significant growth in total gas profits was achieved in 2002/03 during a period of very high LPG prices.

Although sales were in line with last year, Kleenheat Gas achieved a significant increase in earnings due to improved margin management, continued cost control and supply optimisation.

A combination of higher international prices and increased export sales volumes contributed positively to Wesfarmers LPG's earnings which increased by over 10 per cent.

Air Liquide's profit rose by more than 20 per cent due to an increase in healthcare and merchant sales, a reduction in general expenses and the restructure of the industrial products division.

StateWest Power results were disappointing but business operations will be significantly boosted in 2003/04 by the completion of the Mid-West power project, which will provide power to six Western Australian country centres over the next 10 years.

YEAR IN BRIEF

Wesfarmers won the right to develop the Curragh North (previously known as Pisces) coal deposit this year which will more than double the recoverable reserves available in and around Curragh and extend the life of those operations until at least 2025.

COAL

888*
EMPLOYEES

22*
CUSTOMERS

3
MINES

(*Not including Bengalla)

GAS

934
EMPLOYEES

260,000
CUSTOMERS

778
LOCATIONS

The Girrah deposit, purchased as part of the acquisition of Curragh in 2000, was sold for $82.5 million.

Premier Coal announced it would participate in a bid for a coal-fired plant for base load power generation in Western Australia. It achieved sales to the mineral sands processing industry for the first time in the company's 52-year history.

Premier Coal's rehabilitation programme further advanced the development of value-added conservation and community assets. The Collie Lakes project continued, aimed at creating tourism and recreational opportunities and a possible aquaculture industry.

Wesfarmers LPG increased production by 10,000 tonnes to 327,000 tonnes, including its three millionth tonne since commissioning in 1988. Negotiations continued over the year to secure appropriate commercial arrangements to enable the plant to continue beyond the expiry of its current gas supply contract in 2005.

Air Liquide won a contract to supply a new pig iron plant with oxygen and nitrogen. A new air separation plant will be built at Kwinana in Western Australia at a cost of $45 million and is scheduled to start production in late 2004.

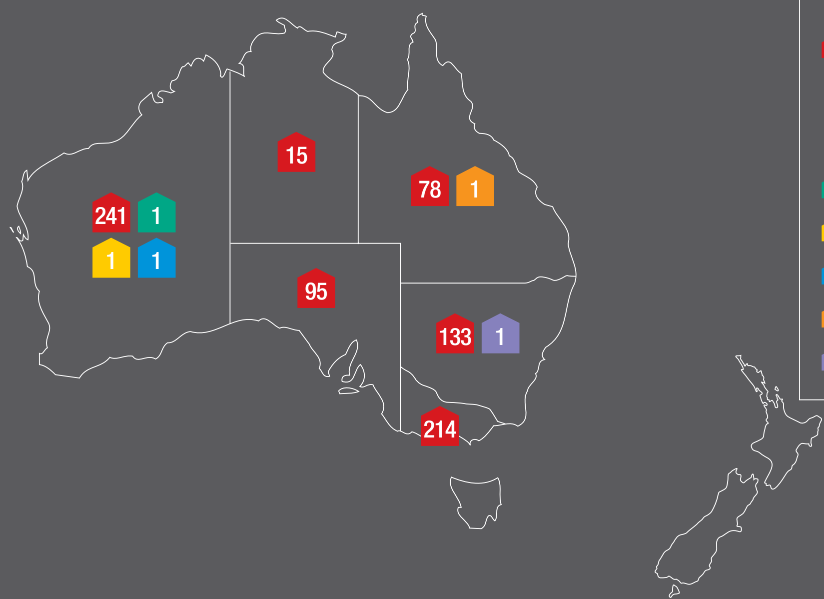
StateWest Power satisfied all contractual conditions as part of the Mid-West power project, providing power to six Western Australian country centres.

OUR PEOPLE

All businesses within Wesfarmers Energy adopt a "safety is our number one priority" goal, along with the pursuit of excellence in the areas of health, environmental responsibility and community relations. During the year a range of programmes were implemented to further advance these goals and several safety milestones were achieved.

These included a record injury free year at Premier Coal, significant improvements at

781 LOCATIONS



BUSINESSES

	NO.
Kleenheat Gas	776
Branches	24
Commission agents	24
Dealers	624
Depots	34
Franchises	70
Wesfarmers LPG	1
Air Liquide	1
Premier Coal	1
Curragh	1
Bengalla	1

Kleenheat Gas and our eleventh year without a lost time injury at Air Liquide.

OUTLOOK

After a period of consistent and strong growth, commencing in 1999/2000 with the acquisition of Curragh and more recently supported by the improvement in Kleenheat's performance, the Energy businesses are facing tougher market conditions in 2003/04. These include lower LPG prices and demand uncertainty as a result of proposed changes to excise regulations, weak thermal coal markets, a dragline shutdown increasing costs at Curragh and continuing effects of a stronger Australian dollar.

These factors will see profits fall in 2003/04. In the meantime, there will be a focus on continuing to improve existing operations and successfully implementing projects such as Curragh North, the new air separation plant at Kwinana and the Mid-West power project.

'THERE WILL BE A FOCUS ON CONTINUING TO IMPROVE EXISTING OPERATIONS AND SUCCESSFULLY IMPLEMENTING PROJECTS SUCH AS CURRAGH NORTH, THE NEW AIR SEPARATION PLANT AT KWINANA AND THE MID-WEST POWER PROJECT.'

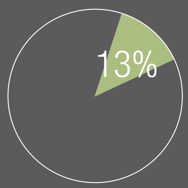
Left - Mike Pederson, LNG engineer, filling a LNG-powered truck, Forrestfield, Western Australia.

Upper Right - Wesfarmers Energy is replacing its business systems across the division. Pictured here are project team members Garry Baines and Dean Bentley.

Lower Right - Kevin Rhodes, Mechanical Fitter, checks gas engines which will become part of StateWest Power's Mid-West power project in Western Australia.

INDUSTRIAL AND SAFETY

EBITA CONTRIBUTION



KEY FINANCIAL INDICATORS

	99	00	01	02	03
OPERATING REVENUE ($m)	-	-	-	1055.4	1112.0
EARNINGS BEFORE INTEREST, TAX AND GOODWILL AMORTISATION ($m)	-	-	-	84.8	117.2
CAPITAL EMPLOYED ($m)	-	-	-	731.6	822.5
RETURN ON CAPITAL EMPLOYED (%)	-	-	-	11.6	14.2
CAPITAL EXPENDITURE ($m)	-	-	-	10.9	25.4

WESFARMERS' INDUSTRIAL AND SAFETY BUSINESSES ARE AUSTRALASIA'S LEADER IN THE SUPPLY OF MAINTENANCE, REPAIR AND OPERATING PRODUCTS AND SAFETY PRODUCTS

BOB DENBY - Managing Director, Wesfarmers Industrial and Safety Division

OUR BUSINESS

Wesfarmers' industrial and safety businesses, acquired as part of the Howard Smith acquisition in 2001, are Australasia's leader in the supply of maintenance, repair and operating (MRO) products and safety products.

Blackwoods, established in 1878, heads up the industrial distribution business. The company also has four other specialist distribution businesses, trading as Bakers; Atkins; Motion Industries and Mullings Fasteners.

In Australia, the safety business trades as Protector Alsafe, formed in 2002 after the merger of Alsafe Safety and Protector Safety Supply.

In New Zealand, industrial and safety trades as NZ Safety, Protector Safety Supply, Packaging House, Blackwoods and the recently acquired Paykels.

STRATEGY

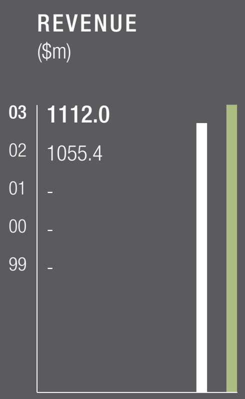
Industrial and safety aims to achieve satisfactory shareholder returns by being the first choice of every customer through the provision of innovative industrial distribution solutions. It pursues the strategies of growing real sales, reducing its expense to sales ratio, optimising working capital levels, continuously improving its safety record and attracting and retaining quality employees.

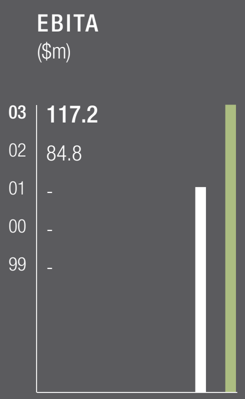
RESULTS

Operating revenue of $1.11 billion was five per cent above the result recorded in the previous year. Earnings before interest and tax (before goodwill amortisation) of $117.2 million were 38 per cent higher and in line with expectations.

On a normalised full-year basis and excluding the results of the metals business, which was sold in August 2002, operating revenue increased by 2.4 per cent to $1.1 billion and earnings before interest and tax (before goodwill amortisation) increased by 29 per cent to $116.3 million.

The earnings growth was principally driven by higher sales and cost savings resulting from logistics improvements and from the successful integration of the Atkins, Protector and Alsafe businesses into the industrial and safety division.





Gavin Manifold picks orders at the newly extended Blackwoods' distribution centre in Canning Vale, Western Australia.

The Australian Blackwoods business returned a solid result despite generally flat sales. The Australian safety business, Protector Alsafe, realised substantial expense reductions through the completion of the merger of the two previously separate businesses.

The New Zealand operations achieved strong growth, benefiting from a robust domestic economy and a strong New Zealand dollar.

YEAR IN BRIEF

A major achievement of the 2002/03 year was the successful merger of the operations of Alsafe Safety and Protector Safety Supply to form Protector Alsafe, Australia's largest safety products distributor. The integration has delivered significant expense reductions.

The metals distribution and processing businesses, Blackwoods Metals and Horans Steel, were sold in August 2002, consistent with the Wesfarmers approach to portfolio management.

In April 2003, Blackwoods completed a major task of producing and distributing a new printed catalogue. The catalogue lists more than 70,000 products which it supplies to a wide range of customers in the mining and general industrial sectors.

Industrial and safety continued to market its e-business capabilities as a differentiator from its competitors. A number of industrial and safety's business units are now recognised as market leaders in electronic trading. During the year, dedicated e-business managers were appointed in each of the key Australian operating regions.

The business continued the rollout of its "hub and spoke" logistics model, improving customer service and speed of delivery and reducing working capital usage. This initiative will support the rollout of shopfront-style locations in industrial and mining locations throughout Australia and New Zealand. It has been supported further by the consolidation of the metropolitan customer service centres to single points of operation in each of the mainland Australian capital cities.

400,000
PRODUCT LINES

100,000
CUSTOMERS

12,000
VENDORS

3,000
EMPLOYEES

252
OUTLETS

The year has seen a significant level of investment in the refurbishment and consolidation of industrial and safety's distribution facilities. The investment included the development of the Blackwoods/Atkins distribution centre at Canning Vale in Perth, Western Australia; the opening of a new Blackwoods distribution centre in Mackay, Queensland; and the refurbishment of the Bakers centre in Brisbane, Queensland.

In July 2003, the purchase of the business and assets of Paykels, New Zealand's largest distributor of MRO products was finalised. This acquisition will result in a significant expansion of the distribution network in New Zealand. Paykels operates through a national distribution network of 21 branches supplemented by an on-line portal and employs over 240 people. The merger of this business into the existing New Zealand businesses is underway.

OUR PEOPLE

Industrial and safety now employs over 3,000 people. The recruitment and retention of quality employees is a primary objective of the business.

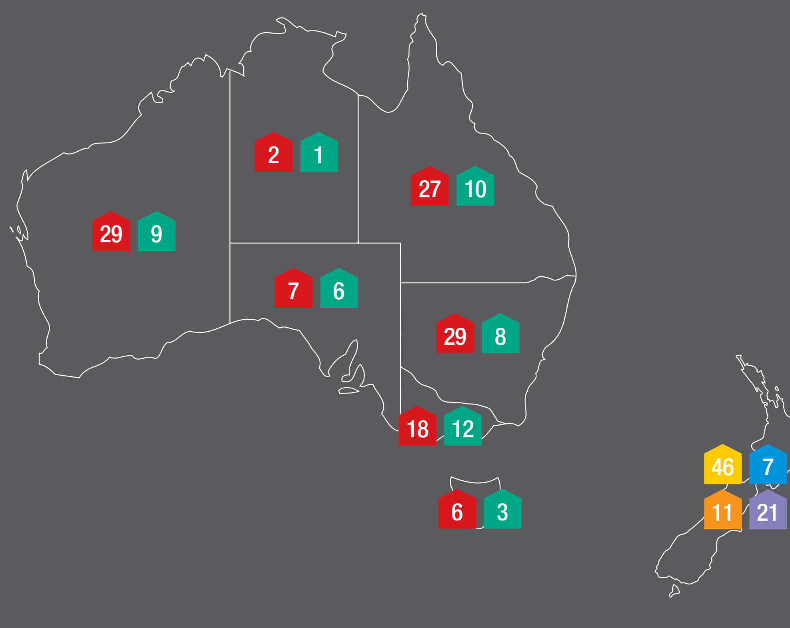
During the year significant resources were devoted to developing the capabilities and effectiveness of sales teams. A formal sales and distribution traineeship programme was launched during the year.

Improvements in safety performance were achieved with the lost time injury frequency rate falling from 10.5 to 8.6. The importance of delivering improvement in this area has been reinforced with the employment of a national occupational health and safety manager supported by dedicated regional coordinators.

OUTLOOK

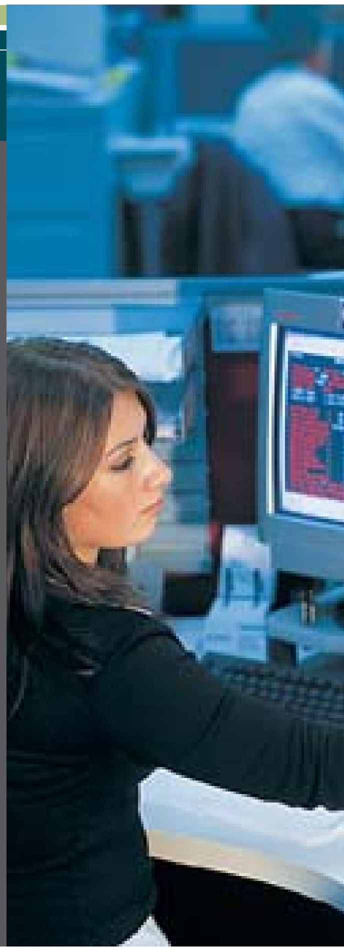
The outlook for the industrial and safety businesses in Australia is generally positive

252 LOCATIONS



BUSINESSES

	NO.
Industrial Products	**118**
Blackwoods	64
Motion	10
Atkins	3
Blackwoods Atkins	23
Bakers	7
Mullings	10
Metals	1
Protector Alsafe	**49**
Protector & NZ Safety	**46**
NZ Safety	24
Protector Safety Supply	22
Blackwoods (NZ)	**7**
Packaging House	**11**
Paykels	**21**



with the easing of the drought and continued spending in the mining and transport infrastructure segments. New Zealand's economic outlook remains steady and the acquisition of the Paykels business is expected to contribute to growth in revenue and earnings. The division as a whole is budgeting for a moderate increase in profit in 2003/04.

During 2003/04 the business will focus on employee training and development, the upgrade of distribution facilities and the implementation of best practice information systems and processes. It is expected that the integration of the Paykels business will be completed over the next 12 months.

'THE OUTLOOK FOR THE INDUSTRIAL AND SAFETY BUSINESSES IN AUSTRALIA IS GENERALLY POSITIVE WITH THE EASING OF THE DROUGHT AND CONTINUED SPENDING IN THE MINING AND TRANSPORT INFRASTRUCTURE SEGMENTS.'

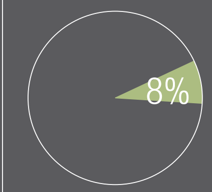
Left - Blackwoods' Claudia Herrero at the refurbished Customer Service Centre, Smithfield, New South Wales.

Upper Right - The production and delivery of the Blackwoods catalogue is a major task. Branch Manager Steve Maxwell (pictured right) shows the catalogue to customer Geoff Elliott at Canning Vale, Western Australia.

Lower Right - During the year a new Atkins superstore opened in Canning Vale, Western Australia.

CHEMICALS AND FERTILISERS

EBITA CONTRIBUTION



KEY FINANCIAL INDICATORS

	99	00	01	02	03
OPERATING REVENUE ($m)	419.5	403.5	438.1	463.9	**473.6**
EARNINGS BEFORE INTEREST, TAX AND GOODWILL AMORTISATION ($m)	61.6	45.4	52.9	73.5	**78.9**
CAPITAL EMPLOYED ($m)	451.4	483.9	506.5	515.2	**491.4**
RETURN ON CAPITAL EMPLOYED (%)	13.6	9.4	10.4	14.3	**16.1**
CAPITAL EXPENDITURE ($m)	104.2	46.2	23.6	23.9	**19.2**

CSBP IS ONE OF AUSTRALIA'S MAJOR SUPPLIERS OF CHEMICALS, FERTILISERS AND RELATED SERVICES TO THE MINING, MINERALS PROCESSING, INDUSTRIAL AND AGRICULTURAL SECTORS

JOHN GILLAM - Managing Director, CSBP Limited

OUR BUSINESS

CSBP Limited is one of Australia's major suppliers of chemicals, fertilisers and related services to the mining, minerals processing, industrial and agricultural sectors.

STRATEGY

In chemicals, CSBP's strategy is to profitably build on existing businesses and use its core competencies to develop new products and move into new markets.

In fertilisers, CSBP aims to provide Western Australian farmers with the widest range of quality fertilisers at competitive prices, supported by high service standards to profitably build its core fertiliser business. CSBP is also actively developing markets for manufactured fertiliser products beyond Western Australia.

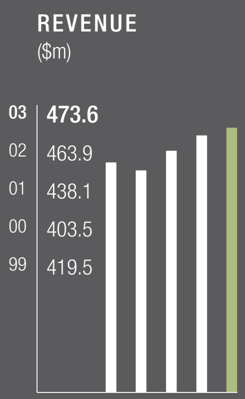
RESULTS

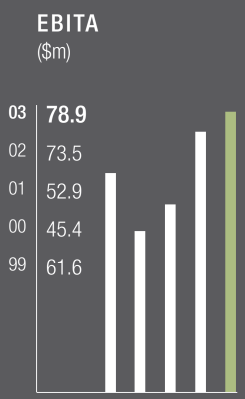
Operating revenue of $474 million increased slightly over 2001/02, with higher sales in both chemicals and fertilisers activities. Earnings contribution (before goodwill amortisation) of $78.9 million was seven per cent above last year's $73.5 million.

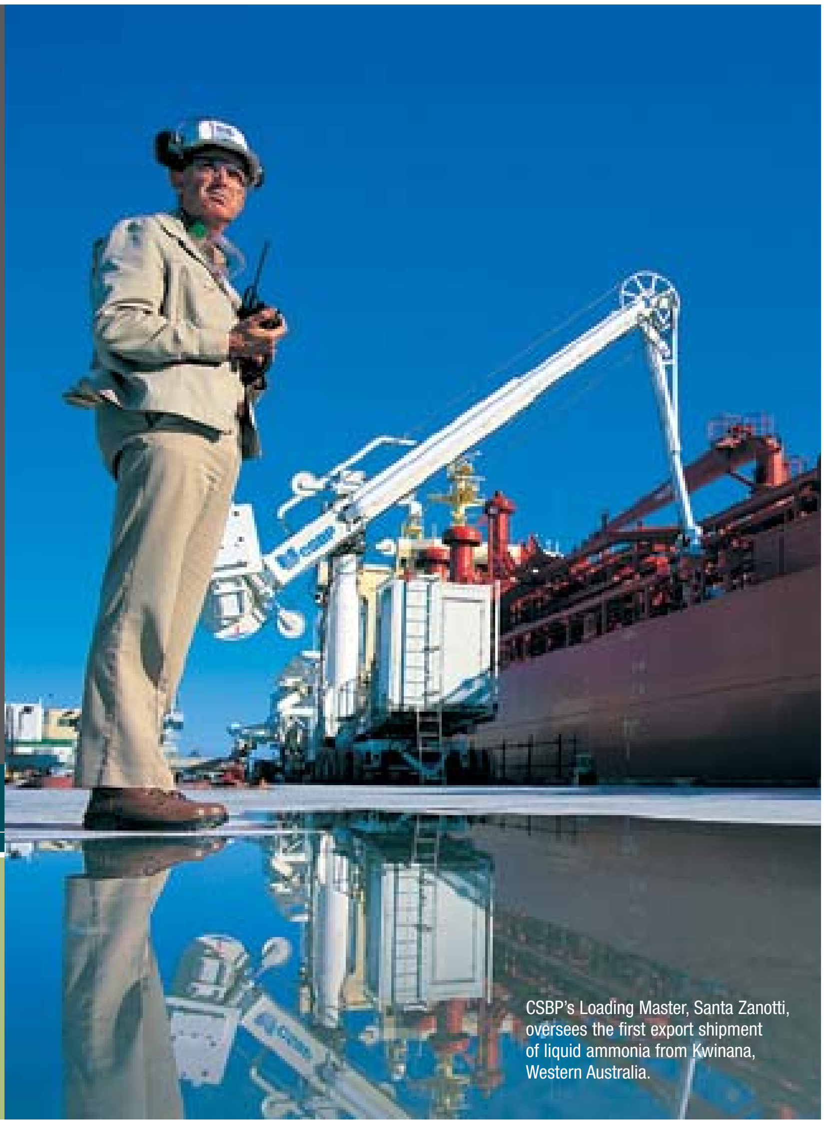
The company's chemicals activities performed well, despite some short term weakness in ammonia demand from contracted customers and a slower than expected ramp-up in solid sodium cyanide production. Sales volumes and revenues were in line with last year's.

Total fertiliser sales of 988,000 tonnes were five per cent lower than last year's. Sales within CSBP's core Western Australian market were four per cent higher than those recorded in 2001/02, but there were no sales in eastern Australia due to the drought conditions impacting on those markets. The lift in Western Australian sales combined with cost base and supply chain efficiency gains resulted in an increase in earnings.

CSBP's 50 per cent investment in the Queensland Nitrates ammonium nitrate venture recorded its maiden profit in 2002/03 although, due to prior year losses and the venture's capital structure, CSBP recorded no share of this profit.







CSBP's Loading Master, Santa Zanotti, oversees the first export shipment of liquid ammonia from Kwinana, Western Australia.

YEAR IN BRIEF

Chemicals

Ammonia/ammonium nitrate

The Kwinana ammonia plant performed well during the year with production exceeding demand. As a result, total production volumes were constrained by storage limitations. Short term weakness in local ammonia demand necessitated the first export of 7,100 tonnes of ammonia in May 2003. To meet future demand, planning for a capacity expansion of the plant is well advanced with work scheduled to take place during a major maintenance shutdown scheduled for mid-2004.

Ammonium nitrate sales volumes were in line with last year's despite a scheduled maintenance shutdown in October 2002 that restricted production volumes. The capacity of the nitric acid plant component of the Kwinana ammonium nitrate production facility was expanded by 10 per cent during this shutdown and production for the year was above budget.

The production performance from the Queensland Nitrates plant improved markedly.

Sodium cyanide

The 75 per cent-owned Australian Gold Reagents (AGR) business recorded liquid sodium cyanide sales in line with expectations. This joint venture business also commenced sales of solid sodium cyanide into export markets, although volumes were lower than planned due to a slower than expected ramp-up of production during the commissioning of the sodium cyanide solids plant.

Industrial chemicals

Sales and production of chlorine and derivatives were slightly ahead of last year's despite water restrictions. CSBP was successful in retaining a major five year chlorine supply contract with the Water Corporation of Western Australia. Sales of other traded industrial chemical products were in line with expectations.

Fertilisers

Market conditions for fertilisers in Western Australia were difficult. There was a poor 2002 harvest due to low rainfall in many agricultural areas and this had an adverse impact on demand. Prospects for the 2003 harvest appear promising

540
EMPLOYEES

250
CHEMICALS CUSTOMERS

2
MAJOR FERTILISER DISTRIBUTORS SERVICING OVER 5,000 FARMERS

11
OPERATIONAL MANUFACTURING PLANTS

> ‘SOLID RESOURCE SECTOR DEMAND CONDITIONS CONTINUE FOR CSBP’S CORE CHEMICALS PRODUCTS.’

and, if realised, will result in improved market conditions for 2003/04.

CSBP continued to drive a stronger market-focused approach with an emphasis on improving the strength of its offer to farmers and working with and through distributors, in particular Elders and Landmark, to meet the varied fertiliser and agronomic needs of customers. Product range improvements, higher service levels and more competitive pricing were the focus of CSBP’s approach.

There was continued strong growth in demand for liquid fertiliser products, in particular Flexi-N, and this was supported by investment in additional storage facilities and the establishment of a production facility at Esperance to service the south-eastern agricultural area of Western Australia.

Productivity gains through cost base reductions and supply chain improvements were achieved and this work, combined with a programme to dispose of non-core land holdings, was the major driver of a strong increase in return on capital within the fertiliser business.

Approximately half of the fertiliser volumes sold are locally manufactured and efforts to improve the manufactured product range and lower production costs are ongoing. The rationalisation of superphosphate production facilities concluded in January 2003 with the closure of the Bunbury plant, although this location continues to operate as an import and distribution centre. Upgrade work to the Albany superphosphate production facility is being finalised and this plant will recommence production later in the calendar year 2003.

Environment

All plants operated within their environmental licence parameters throughout the year. CSBP makes significant disclosures of its environmental, safety and occupational health

203 LOCATIONS

BUSINESSES

	NO.
CSBP Fertilisers	**197**
Manufacturing plants	5
Import and distribution centres	5
Depots	6
Soil and plant analysis laboratory	1
Regional sales representatives	26
Sales agents	154
CSBP Chemicals	**6**
Manufacturing and despatch facilities	6

performance in line with its commitment to openness in reporting to the community through Wesfarmers' annual environment, health, safety and community report.

OUR PEOPLE

The efforts of CSBP's employees contributed strongly to the continued improvements in business performance.

Safety performance improved markedly over the prior year with a 38 per cent reduction in lost time injuries and a 53 per cent reduction in total workplace injuries. This improvement is the result of enhancements to safety systems and an ongoing stronger safety focus within the business with the objective of achieving an accident-free workplace.

Through increased safety awareness and a continued commitment to improvement from all employees, CSBP's targets for enhanced business performance are expected to be achieved.

As an extension of its role as a major employer and member of many local communities, CSBP continued its support for education, training and a wide range of community activities.

OUTLOOK

Solid resource sector demand conditions continue for CSBP's core chemicals products: ammonia, ammonium nitrate and sodium cyanide. Production facilities will be expanded and enhanced to meet this demand. Growth opportunities are actively being evaluated.

Within Western Australia there is a positive outlook for the 2003 harvest that should improve fertiliser market conditions. Growth within the core Western Australian fertiliser market through a stronger market offer is anticipated with cost base and supply chain improvements underpinning pricing competitiveness. Markets for fertilisers beyond Western Australia are actively being pursued.

'WITHIN WESTERN AUSTRALIA THERE IS A POSITIVE OUTLOOK FOR THE 2003 HARVEST THAT SHOULD IMPROVE FERTILISER MARKET CONDITIONS.'

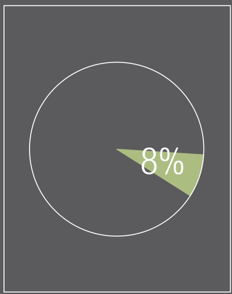
Left - Local farmer Brad Lewis, checks a Flexi-N nurse tank attached to his air seeder, assisted by CSBP's Area Manager Craig Burton, near Esperance, Western Australia.

Upper Right - Plant Operator, Troy Treneman, packs solid sodium cyanide briquettes at AGR's new plant, Kwinana, Western Australia.

Lower Right - Aerial view of CSBP's 138 hectare site at Kwinana, Western Australia.

RURAL SERVICES AND INSURANCE

EBITA CONTRIBUTION



KEY FINANCIAL INDICATORS

	99	00	01	02	03
OPERATING REVENUE ($m)	755.5	843.2	1272.1	1645.8	**1504.0**
EARNINGS BEFORE INTEREST, TAX AND GOODWILL AMORTISATION ($m)	23.6	40.6	60.5	89.2	**76.3**
CAPITAL EMPLOYED ($m)	181.2	183.0	371.5	503.1	**439.8**
RETURN ON CAPITAL EMPLOYED (%)	13.0	22.2	16.3	17.7	**17.3**
CAPITAL EXPENDITURE ($m)	12.3	13.7	15.6	26.3	**28.5**

LANDMARK IS AUSTRALIA'S LARGEST SUPPLIER OF AGRIBUSINESS PRODUCTS AND SERVICES.
WESFARMERS FEDERATION INSURANCE IS A SPECIALIST RURAL AND SMALL BUSINESS REGIONAL INSURER

MARK ALLISON - Managing Director, Wesfarmers Landmark Limited

'IN AUGUST 2003, WESFARMERS SOLD ITS RURAL SERVICES BUSINESS, WESFARMERS LANDMARK, TO AWB LIMITED.'

OUR BUSINESS

In August 2003, Wesfarmers sold its rural services business, Wesfarmers Landmark, to AWB Limited. This report describes the activities of Landmark and the other business in this division, Wesfarmers Federation Insurance Limited, during the year ended 30 June 2003.

Landmark is Australia's largest supplier of agribusiness products and services. It provides clients with rural merchandise, livestock, wool marketing, agronomy, insurance, real estate and rural financial services.

Wesfarmers Federation Insurance is a specialist rural and small business regional insurer.

STRATEGY

Landmark aims to be Australia's leading provider of agribusiness products, services and solutions, adding value for its customers and creating consistent and satisfactory shareholder returns.

Wesfarmers Federation Insurance provides general insurance products in selected rural and commercial markets through direct client service and aims to exceed the individual expectations of its clients whilst achieving consistent satisfactory returns to its shareholder.

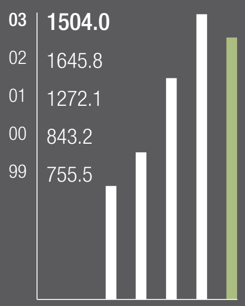
RESULTS

Operating revenue from the rural services and insurance businesses, Landmark and Wesfarmers Federation Insurance, was $1.5 billion compared to the $1.6 billion recorded last year. Earnings before interest and tax (before goodwill amortisation) of $76.3 million compared with last year's $89.2 million.

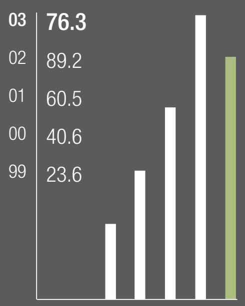
The results were creditable in the face of the worst drought experienced by rural Australia in the last 100 years and the fact that a $9.7 million superannuation contribution, not made in the previous year due to a contribution holiday, was paid by this division.

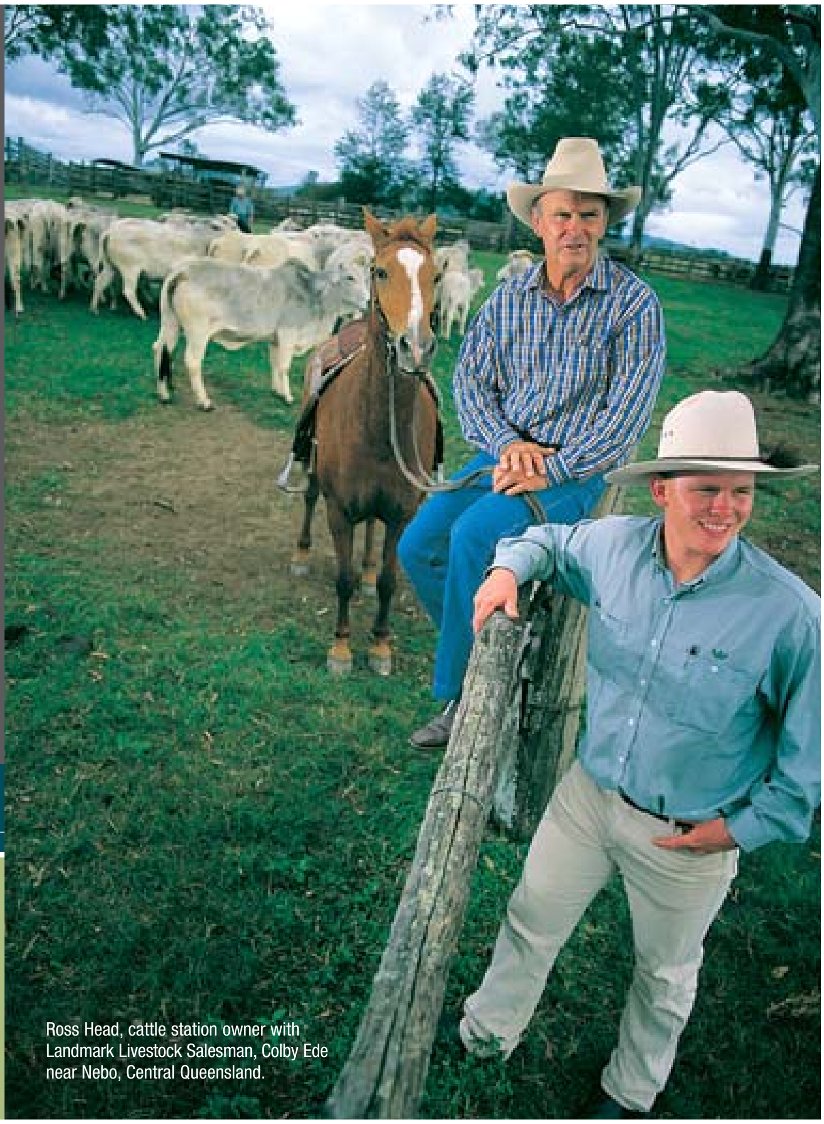
Merchandise revenue was the most adversely affected segment of the rural services business, with sales down by 13 per cent, partially offset by the achievement of higher margins. Fertiliser sales were higher but wool revenue was below last year's as a result of the lowest wool production for 50 years. Lower cattle prices and the fall in

REVENUE
($m)



EBITA
($m)





Ross Head, cattle station owner with Landmark Livestock Salesman, Colby Ede near Nebo, Central Queensland.

the sheep flock negatively affected the livestock result, but higher cattle throughput and strong sheep and lamb prices were positive factors. Insurance and finance gross profit results increased, with real estate results only marginally below last year's record.

Wesfarmers Federation Insurance achieved a record result, with premium income eight per cent higher than in 2001/02. Strong expense management and fewer than expected claims also contributed to the excellent performance achieved despite tough seasonal conditions.

YEAR IN BRIEF

Merchandise

Although merchandise turnover was below last year's result, the impact of the drought was minimised to some extent by the diversity of the company's farm inputs business which includes cropping, grazing, cotton, horticulture and viticulture industries. The process of developing and implementing more efficient processes along the merchandise supply chain continued throughout the year.

In fertilisers, the drought impact was offset to some extent by firmer prices and sales generated through the acquisition of businesses in regional centres which were merged with existing branch fertiliser activity.

Wool

Wool production continues to fall and this is having a major impact throughout the industry, particularly the processing sector. Stronger auction prices in the 2002/03 season, however, resulted in the turnover from wool broking and other marketing activities remaining in line with that recorded in the 2001/02 season.

Livestock

Livestock marketing revenue was slightly below last year's due to lower cattle prices. The number of cattle marketed, however, increased with the dry conditions prompting producers to sell stock earlier than usual. The number of sheep and lambs marketed was below last year's but prices were significantly higher than in 2001/02.

An unusual but positive feature of the drought was that livestock prices have been maintained at relatively high levels, sustained by lower

RURAL SERVICES

100,000
CLIENTS

430
LOCATIONS

1,900
EMPLOYEES

INSURANCE

105,000
CLIENTS

83
LOCATIONS

500
EMPLOYEES

numbers. Restocker demand emerged following rains in some areas during autumn, providing strong competition for processors and exporters. The live export trade was also buoyant throughout most of the year.

Real estate

The demand for quality rural property remains extremely strong, particularly for large cattle holdings in Australia's north. City-based investors have also been active in the rural market.

Landmark continues to build on its position as one of the leading marketers of property in rural and regional Australia, with sales ranging from prominent, multi-million dollar holdings to small lifestyle blocks and, in some towns, residential real estate.

Rural finance services

New records for rural lending were set during the year. Deposits were maintained and more customers took advantage of Landmark's on-line finance facilities to conduct transactions and check balances.

Insurance

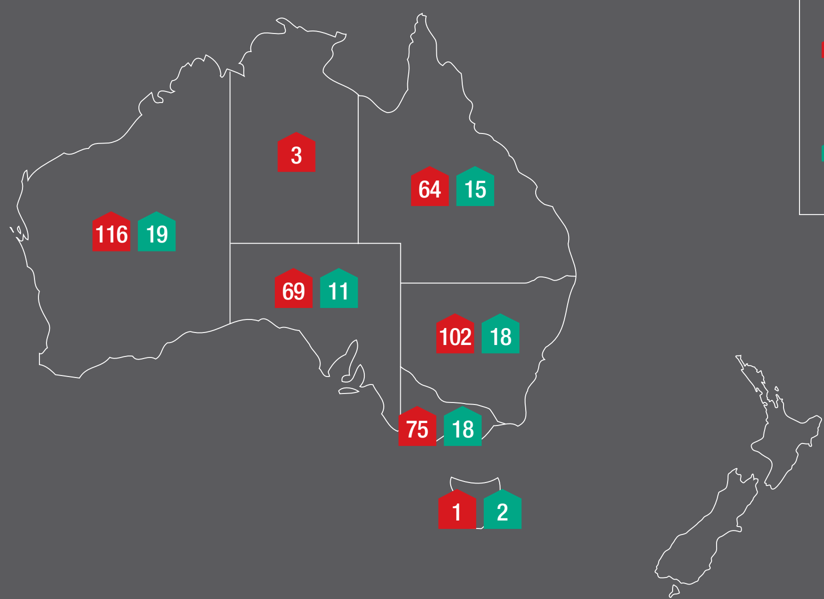
Wesfarmers Federation Insurance (WFI) continues to build its reputation as a specialist insurer in rural and regional Australia. It has a number of key alliance partners who provide strong marketing support.

Landmark is an agent throughout Australia for WFI and, in states other than Western Australia, for CGU Insurance. The dual agency continues to operate very successfully with insurance sales increasing over the previous year.

OUR PEOPLE

Safety is a high priority in both the Landmark and WFI businesses. Landmark has developed a Safety Involvement Programme which is being implemented throughout the organisation.

513 LOCATIONS



BUSINESSES

	NO.
Wesfarmers Landmark	**430**
Branches	201
Franchises, members, agents and woolstores	229
Wesfarmers Federation Insurance	**83**

OUTLOOK

With an improvement in seasonal conditions across most of Australia, Landmark's results in July and August improved on last year's. As mentioned at the beginning of this report, the business was sold to AWB Limited on 29 August 2003.

The outlook remains positive for the insurance operations. On 1 July 2003, the proposed acquisition of the Australian and New Zealand insurance and associated businesses of Edward Lumley Holdings Limited was announced. Lumley and Wesfarmers Federation Insurance will form a new Wesfarmers insurance division.

'ON 1 JULY 2003, THE PROPOSED ACQUISITION OF LUMLEY'S INSURANCE BUSINESSES WAS ANNOUNCED. LUMLEY AND WESFARMERS FEDERATION INSURANCE WILL FORM A NEW WESFARMERS INSURANCE DIVISION.'

Left - Bob Greay, rural property owner with Darrell Panizza, Wesfarmers Federation Insurance Area Manager in Albany, Western Australia.

Upper Right - Daniel Alford, Merchandise Manager, at the Albany branch in Western Australia.

Lower Right - Darryl Whittington, Territory Manager, with sugar cane farmers Richard Molloy and Heath Welsh, inspecting young returns on a sugar cane farm in Mia Mia, Central Queensland.

OTHER BUSINESSES

Above - ARG train hauling iron ore from Koolyanobbing to Esperance in Western Australia.

'AN INTENSIVE SAFETY PROGRAMME WAS INITIATED IN FEBRUARY 2003.'

RAIL TRANSPORT

OUR BUSINESS

Wesfarmers Limited holds a 50 per cent interest in Australian Railroad Group Pty Ltd (ARG), which is the major provider of rail freight services in Western Australia and South Australia. The main products handled are minerals, grain and container freight. ARG employs approximately 970 staff.

ARG's subsidiary, WestNet Rail Pty Ltd, holds a 49 year lease over the 5,600 kilometres south-west network in Western Australia. ARG also holds a 50 year lease over some 1,300 kilometres of track in South Australia. These lines are used, under access regimes, by ARG and other rail operators.

STRATEGY

ARG aims to earn satisfactory returns by focusing on efficient operations, working as a team and achieving market growth; while maintaining high safety standards.

RESULTS

Revenues for the 2002/03 year were below expectations due mainly to reduced grain volumes in Western Australia and South Australia arising from the severe drought conditions. Earnings were below budget due to reduced volumes, restructuring costs and a high level of derailment incidents.

This was offset to some extent by a favourable taxation ruling in relation to purchased assets at the date of the initial acquisition. This had a positive impact of $5.9 million in 2003 and will provide an ongoing benefit of around $3 million per annum to the Wesfarmers group.

YEAR IN BRIEF

Overall volumes hauled were some 45 million tonnes, down from 47 million in 2001/02.

The abnormally poor 2002 grain harvest in both Western Australia and South Australia with reduced wheat shipments from Western Australia, resulted in only some 7 million tonnes of grain being handled. In an average year ARG delivers over 10 million tonnes of grain from collection facilities to ports in Western Australia and South Australia.

Tonnages for other products were around previous years' levels.

Following a spate of derailments, an intensive safety programme was initiated in February. The incidence of derailments has fallen since this commenced. Pleasingly, the lost time injury frequency rate was down by 50 per cent from 2001/02.

During the year ARG continued to improve its product and service offering through more efficient train sizing and reduced turnaround times. It is anticipated that this process will continue as ARG seeks to consolidate its position as a market leader in Australia's deregulated rail industry.

Capital expenditure on rolling stock was limited to refurbishment of existing equipment.

To meet ongoing operating and safety requirements, WestNet Rail continued a programme of infrastructure upgrades including two major track upgrades and the optic fibre communications link.

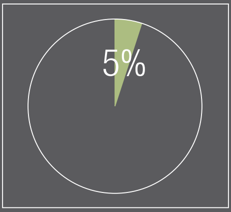
ARG continued as the rail operator for construction of the Alice Springs to Darwin project. Track laying is scheduled for completion in October 2003, with train services commencing in early 2004. ARG will maintain an involvement in the project as a provider of management services to the rail operator and as a minor equity investor.

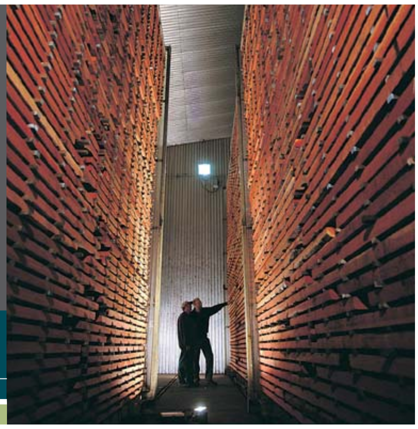
OUTLOOK

The performance of ARG is expected to improve in 2003/04 due to higher grain tonnage haulage, reduced incidents and operational efficiencies.

There are indications of expansion in the next several years by some of ARG's major mineral producing customers.

EBITA CONTRIBUTION





Above - Sotico's Rodney Doust and Neville McDonald at the pre-dryer loading bay, Deanmill, Western Australia.

FOREST PRODUCTS

OUR BUSINESS

Sotico produces hardwood sawn timber from Western Australia's south-west forests and operates a pine treatment plant at Mundijong in Western Australia. Sotico also has a 50 per cent interest in Wespine Industries Pty Ltd which operates a plantation softwood sawmill at Dardanup in Western Australia.

STRATEGY

To continue the restructure of the business leading to its sale.

RESULTS

Operating revenue was above budget for the full-year but below that recorded last year due to divestments and the voluntary reduction of log intake. Earnings for the year were above last year's result due in part to hardwood timber stock reductions and the strong performance of Wespine.

YEAR IN BRIEF

During the year, the Pemberton sawmill and the forest harvesting operations were sold in line with the restructure of the business in response to changes in the state government's forest management policy.

Negotiations continued with furniture manufacturers to purchase the remaining three jarrah sawmills and a major processing facility at Manjimup in Western Australia. Allocation of a long term log contract to supply these operations is subject to finalisation of the government's Forest Management Plan.

Sotico's service to the Western Australian furniture industry was recognised during the year by winning the Best Supplier Customer Service Award for the second time in three years.

In May 2003, a $13 million expansion to Wespine's sawmill and dry mill was commissioned which will boost output by 20,000 cubic metres a year.

With the restructuring of operations and the sale of various businesses during the year, the number of employees decreased by 214 to 307. All employees displaced as part of this restructuring of the operations are being paid their full entitlements under employment contracts and are eligible for a worker's assistance programme comprising redundancy top-up payments and training and employment assistance from the government.

All employees are receiving regular updates on the restructuring process and advice on support services.

Only one lost time injury was recorded during the year. Since this injury, nine months have been achieved free of any lost time injury.

These performances contributed to the recognition by the Industrial Foundation for Accident Prevention with the granting of a Gold Safeway Achiever Award on top of the Silver Award received last year.

OUTLOOK

The orderly rationalisation of the business will continue in 2003/04 but the 50 per cent interest in Wespine may be retained for some time.

RON ADAMS
Managing Director
Sotico Pty Ltd

'THE ORDERLY RATIONALISATION OF THE BUSINESS WILL CONTINUE IN 2003/04 BUT THE 50 PER CENT INTEREST IN WESPINE MAY BE RETAINED FOR SOME TIME.'

BOARD OF DIRECTORS

TREVOR EASTWOOD | MICHAEL CHANEY | COLIN CARTER | PATRICIA CROSS | TREVOR FLÜGGE | LOU GIGLIA






TREVOR EASTWOOD, AM

Non-executive Chairman; Chairman of the nomination and remuneration committee; age 61

Joined the Board in 1994 and was appointed Chairman in December 2002. Trevor holds a Bachelor of Engineering degree from the University of Western Australia and completed the Advanced Management Program at the Harvard Business School in 1982. He commenced his career with the group as an employee of Westralian Farmers Co-operative Limited in 1963 and held a number of management positions in the group up to his retirement in 1992, including his final eight years as Managing Director of Wesfarmers Limited. Trevor is a director of Qantas Airways Limited. He was formerly the Chairman of West Australian Newspapers Holdings Ltd.

MICHAEL CHANEY

Managing Director and Chief Executive Officer; age 53

Joined the Board in 1988. Michael holds Bachelor of Science and Master of Business Administration degrees from the University of Western Australia. He has also been awarded an Honorary Doctorate of Laws from the University of Western Australia. He completed the Advanced Management Program at the Harvard Business School in 1992. Michael is Chief Executive Officer and a director of a number of Wesfarmers group subsidiaries. He worked in the finance and petroleum industries in Australia and the United States of America before joining Wesfarmers in 1983. Michael is a director of BHP Billiton Limited, Gresham Partners Holdings Ltd and The Centre for Independent Studies Ltd. He is a member of the Council of the National Gallery of Australia, the Business Council of Australia, the JPMorgan International Council and Chairman of the Australian Research Alliance for Children and Youth Limited.

COLIN CARTER

Non-executive director; member of the nomination and remuneration committee; age 60

Joined the Board in 2002. Colin holds a Bachelor of Commerce degree from Melbourne University and a Master of Business Administration from Harvard Business School. He has had extensive experience advising on corporate strategy and corporate governance and his consultancy career has included major projects in Australia and overseas. Colin is a director of Origin Energy Limited, Melbourne 2006 Commonwealth Games Pty Ltd, Melbourne Affordable Housing Pty Ltd and Australian Charities Fund Pty Ltd. He is also Chairman of the Indigenous Enterprise Partnerships and Commissioner of the Australian Football League and an adviser to, and former Vice President of, The Boston Consulting Group.

PATRICIA CROSS

Non-executive director; member of the nomination and remuneration committee; age 44

Joined the Board in 2003. Patricia holds a Bachelor of Science Degree from Georgetown University. She is Chairman of Qantas Superannuation Limited, and a member of the Financial Sector Advisory Council. Patricia had more than 15 years in international banking with Chase Manhattan Bank, Banque Nationale de Paris, and National Australia Bank. She has served as Deputy Chairman of Transport Accident Commission, a director of Suncorp Metway Limited, a director of AMP Limited, as well as a director on a variety of not-for-profit boards including the Murdoch Children's Research Institute. Patricia was also an external advisory board member of Merrill Lynch Australia and Deloitte Touche Tohmatsu.

TREVOR FLÜGGE, AO

Non-executive director; member of the audit and nomination and remuneration committees; age 56

Joined the Board in 1998. Trevor is a member of the Rabobank Food & Agribusiness Advisory Board and director of Australian Wool Services Limited (AWS) and AWS subsidiaries TWC Holdings Pty Limited and The Woolmark Company Pty Ltd. He is a past President of the Grains Council of Australia, a past director of the Grains Research and Development Corporation and a former Chairman of AWB Limited. Trevor received the Monash University/Rabobank Agribusiness Leader of the Year award in 1998 and in 1997 was awarded the Farrer Memorial Medal for his contribution to agriculture.

LOU GIGLIA, AM

Non-executive director; member of the nomination and remuneration committee; age 62

Joined the Board in 1984. Lou is a director of Farmwest Services Limited. He is past President of The Royal Agricultural Society of Western Australia (Inc), past member of the advisory boards of National Foods Limited, the Herd Improvement Service

RICHARD GOYDER | JAMES GRAHAM | DICK LESTER | CHARLES MACEK | GENE TILBROOK | DAVID WHITE

Board, the Dairy Industry Authority of Western Australia and past President of the Holstein Friesian Association of Australia.

RICHARD GOYDER

Finance Director; age 43

Joined the Board in July 2002. Richard has a Bachelor of Commerce degree from the University of Western Australia and completed the Advanced Management Program at the Harvard Business School in 1998. He joined Wesfarmers in 1993 after working in various commercial roles at Tubemakers of Australia Limited. He has held a number of commercial positions in Wesfarmers' Business Development Department including the role of General Manager. From 1999 to 2002, he was Managing Director of Wesfarmers Landmark Limited. He is Finance Director and a director of a number of Wesfarmers group subsidiaries. He is also a director of Gresham Partners Holdings Ltd and Australian Railroad Group Pty Ltd.

JAMES GRAHAM

Non-executive director; member of the audit committee; age 55

Joined the Board in 1998. James holds a Bachelor of Engineering in Chemical Engineering with Honours from the University of Sydney and a Master of Business Administration from the University of New South Wales. He has had an active involvement in the growth of Wesfarmers since 1976 in his roles as Managing Director of Gresham Partners Limited and previously as a director of Hill Samuel Australia Limited and Managing Director of Rothschild Australia Limited. In addition to his investment banking activities, James is Chairman of Rabobank Australia Limited and of Rabo Australia Limited, and is a director of Wesfarmers Federation Insurance Limited, Riviera Group Pty Ltd and Riviera Group Properties Pty Ltd. He is also Chairman of the Advisory Council of The Institute for Neuromuscular Research, a trustee of the Gowrie Scholarship Trust Fund, and was Chairman of the Darling Harbour Authority in New South Wales for a period of six years.

DICK LESTER

Non-executive director; member of the audit committee; age 64

Joined the Board in 1995. Dick is a graduate with Honours from Dookie Agricultural College, Victoria and is a licenced property valuer. He was Principal and Chief Executive Officer of Growth Equities Mutual Limited until he sold his interest in that organisation in 1994. He was an inaugural member of the Companies and Securities Advisory Committee established by the Federal Attorney General to advise the Australian Government on securities industries laws. Dick is actively involved in real estate investment and development in the Perth metropolitan area and south-west regions of Western Australia. He is Chairman of the Western Australian Institute for Medical Research, Growth Equities Pty Ltd and Dakin Farms Pty Ltd.

CHARLES MACEK

Non-executive director; member of the audit committee; age 56

Joined the Board in 2001. Charles holds a Bachelor of Economics degree and a Master of Administration from Monash University. Charles is Chairman of the Centre for Eye Research Australia Limited, Financial Reporting Council and Sustainable Investment Research Institute Pty Ltd. He is also a director of Telstra Corporation Limited and Famoice Technology Pty Ltd. Charles was formerly the Chairman of IOOF Holdings Ltd.

GENE TILBROOK

Executive Director, Business Development; age 52

Joined the Board in April 2002. Gene holds Bachelor of Science and Master of Business Administration degrees and a Diploma in Computing Science from the University of Western Australia. He completed the Advanced Management Program at the Harvard Business School in 1998. Gene joined Wesfarmers in 1985 and has held a number of commercial positions in Wesfarmers' Business Development Department, which he currently heads; and at Wesfarmers Energy. He previously worked in corporate finance and in systems engineering. He is Executive Director, Business Development and a director of a number of Wesfarmers group subsidiaries. He is also a director of Bunnings Property Management Limited, Gresham Partners Holdings Ltd and Australian Railroad Group Pty Ltd.

DAVID WHITE

Non-executive director; Chairman of the audit committee; age 55

Joined the Board in 1990. David holds a Bachelor of Business degree from Curtin University and is a fellow of CPA Australia. He is Chairman of the Wheatbelt Area Consultative Committee and the Treasurer of The Royal Agricultural Society of Western Australia (Inc).

CORPORATE GOVERNANCE STATEMENT

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance.

On 31 March 2003, the ASX Corporate Governance Council released its Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles"). The ASX Principles, in conjunction with the ASX Listing Rules, require companies to disclose in their annual reports whether their corporate governance practices follow the ASX Principles on an "if not, why not" basis for the first financial year commencing after 1 January 2003.

Although the company is not obliged to provide such disclosure until the 2004 annual report, the Board considers it appropriate to include in this statement details of progress to date towards compliance with the ASX Principles.

The company already complies with the majority of the ASX Principles. Where it does not, it is largely in respect of new recommendations (for example, to place materials on the company's website and to disclose specific information). The company has developed a new corporate governance section for its website to provide information on its corporate governance practices (including summaries or copies of relevant policies and charters). This section was launched in September 2003 and will be progressively updated to meet the requirements of the ASX Principles and developing practices in corporate governance.

THE ROLES OF THE BOARD AND MANAGEMENT

The role of the Board is to oversee and guide the management of Wesfarmers and its businesses with the aim of protecting and enhancing the interests of its shareholders and taking into account the interests of stakeholders including employees, customers, suppliers and the wider community.

The Board has a Charter which clearly establishes the relationship between the Board and management and describes their functions and responsibilities in a manner which is consistent with ASX Principle 1.

The Board is responsible for setting the strategic direction of the company, establishing goals for management and monitoring the achievement of those goals. The Managing Director is responsible to the Board for the day to day management of the company.

Consistent with ASX Principle 1, a summary of the Board Charter has been posted to the new corporate governance section of the company's website.

BOARD STRUCTURE

The Board is currently comprised of nine non-executive directors, including the Chairman, and three executive directors, namely, the Managing Director, the Finance Director and the Executive Director, Business Development.

The names of the directors in office at the date of this report, the year of their appointment, their status as non-executive, executive or independent directors and whether they retire at the 2003 Annual General Meeting are set out in the table below.

BOARD STRUCTURE

NAME OF DIRECTOR	YEAR APPOINTED	NON-EXECUTIVE	EXECUTIVE	INDEPENDENT	RETIRING AT 2003 AGM	SEEKING RE-ELECTION AT 2003 AGM
T R Eastwood, AM, *Chariman*	1994	Yes	No	Yes	No	No
C B Carter	2002	Yes	No	Yes	No	No
M A Chaney, *Chief Executive Officer and Managing Director*	1988	No	Yes	No	No	No
P A Cross	2003	Yes	No	Yes	Yes*	Yes
T J Flügge, AO	1998	Yes	No	Yes	Yes#	Yes
L A Giglia, AM	1984	Yes	No	Yes	Yes#	Yes
R J B Goyder, *Finance Director*	2002	No	Yes	No	No	No
J P Graham	1998	Yes	No	No	No	No
R D Lester	1995	Yes	No	Yes	No	No
C Macek	2001	Yes	No	Yes	Yes#	Yes
G T Tilbrook, *Executive Director, Business Development*	2002	No	Yes	No	No	No
D C White	1990	Yes	No	Yes	No	No

* Appointed by the Board during the financial year ended 30 June 2003 – required by the Constitution to retire at the 2003 AGM.
# Retiring by rotation in accordance with the Constitution and the Listing Rules of Australian Stock Exchange.

Details of the background, experience and professional skills of each director are set out on pages 34 and 35 of this report.

DIRECTOR INDEPENDENCE

Directors are expected to bring independent views and judgement to the Board's deliberations. In response to the ASX Principles, the revised Board Charter requires the Board to include a majority of non-executive independent directors, a non-executive independent Chairman and to have different persons filling the roles of Chairman and Chief Executive Officer.

The Board has reviewed the position and associations of each of the 12 directors in office at the date of this report and considers that eight of the directors are independent. In considering whether a director is independent, the Board has had regard to the independence criteria in ASX Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new directors upon appointment and reviews their independence, and the independence of the other directors, as appropriate.

The Chairman, Mr Trevor Eastwood, meets the independence criteria in ASX Principle 2 given the significant passage of time since he was Chief Executive Officer. Mr Eastwood was Chief Executive Officer of the company from 1984 to 1992 and was subsequently appointed as a non-executive director in 1994. Mr Eastwood was appointed Chairman in December 2002.

Mr Lou Giglia and Mr David White have been directors since 1984 and 1990 respectively. Notwithstanding their lengths of service, the Board considers that Mr Giglia and Mr White are independent directors in accordance with the independence criteria in ASX Principle 2 given their continued and demonstrated performance and ability to act in the best interests of the company.

The four directors who are not considered to be independent are:

- Mr Michael Chaney, the Managing Director;
- Mr Richard Goyder, the Finance Director;
- Mr Gene Tilbrook, the Executive Director, Business Development; and
- Mr James Graham Non-Executive Director, who is Managing Director of Gresham Partners Limited, an investment adviser to the company.

The Board's structure is consistent with ASX Principle 2.

MEETINGS OF THE BOARD

The Board meets formally at least eight times a year and on other occasions, as required. Senior management attend and make presentations at Board meetings as considered appropriate and are available for questioning by directors.

In May 2003, the Board held its annual strategic planning session with management at which the company's five year strategic plans for each operating activity and the group as a whole were presented. At this session, the Board reviewed and endorsed strategies designed to continue the long term profitable growth of the group.

The number of meetings attended by each of the directors for the financial year ended 30 June 2003 are set out in the Directors' Report on page 89 of this report.

RETIREMENT AND RE-ELECTION

The Constitution of the company requires one third of the directors, other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been appointed by the Board are required to retire from office at the

'IN FULFILLING ITS OBLIGATIONS AND RESPONSIBILITIES TO ITS VARIOUS STAKEHOLDERS, THE BOARD IS A STRONG ADVOCATE OF CORPORATE GOVERNANCE.'

next Annual General Meeting and are not taken into account in determining the number of directors to retire at that Annual General Meeting. Directors cannot hold office for a period in excess of three years or later than the third Annual General Meeting following their appointment without submitting themselves for re-election. Retiring directors are eligible for re-election by shareholders.

Under the revised Board Charter, the Chairman must retire from his position at the expiration of ten years unless the Board decides otherwise. In addition, his appointment is formally reviewed at the end of each three year period.

Notwithstanding the company's Constitution, under the revised Board Charter and the company's new letter of appointment for a non-executive director, a non-executive director will not stand for re-election at an Annual General Meeting unless he or she has received the prior endorsement of the Board following a recommendation from the Nomination and Remuneration Committee that the non-executive director should continue as a director of the company.

NOMINATION AND APPOINTMENT OF NEW DIRECTORS

Recommendations of candidates for new directors are made by the Board's Nomination and Remuneration Committee for consideration by the Board as a whole.

If it is necessary to appoint a new director to fill a vacancy on the Board or to complement the existing Board, a wide potential base of possible candidates is considered. In some cases, external consultants are engaged to assist in the selection process. If a candidate is recommended by the Nomination and Remuneration Committee, the Board assesses that proposed new director against a range of criteria including background, experience, professional skills, personal qualities, the potential for the candidate's skills to augment the existing Board and the candidate's availability to commit to the Board's activities.

If these criteria are met and the Board appoints the candidate as a director, that director will retire at the next following Annual General Meeting and will be eligible for re-election by shareholders at that Annual General Meeting.

REVIEW OF PERFORMANCE

During the current year, the Board intends to implement a process for the regular review of its overall performance, consistent with ASX Principle 8.

BOARD ACCESS TO INFORMATION AND INDEPENDENT ADVICE

All directors have unrestricted access to all employees of the group and, subject to the law, access to all company records and information held by group employees and external advisers. The Board receives regular detailed financial and operational reports from senior management to enable it to carry out its duties.

Consistent with ASX Principle 2, each director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the director in the proper exercise of powers and discharge of duties as a director or as a member of a Board Committee. The company will reimburse the director for the reasonable expense of obtaining that advice.

COMMITTEES OF THE BOARD

Two standing Board Committees assist the Board in the discharge of its responsibilities and are governed by their respective Charters, as approved by the Board. These are:

- the Nomination and Remuneration Committee; and
- the Audit Committee.

These Committees review matters on behalf of the Board and make recommendations for consideration by the entire Board.

Nomination and Remuneration Committee

In March 2003, the role of the Nomination Committee was expanded to include the responsibilities of the former Compensation Committee and was renamed the Nomination and Remuneration Committee to reflect its new role. In August 2003, the Charter for the renamed Committee was revised in light of the ASX Principles.

Among the specific responsibilities set out in its revised Charter, the Nomination and Remuneration Committee reviews and makes recommendations to the Board on the Board's operation and performance; reviews Board composition and makes recommendations for new appointments to the Board; establishes an induction programme for directors; reviews and makes recommendations on remuneration policies for the company including, in particular, those governing the directors, the Managing Director and senior management.

The members of the Nomination and Remuneration Committee at the date of this report are:

Mr Trevor Eastwood (Chairman)

Mr Colin Carter

Mrs Patricia Cross

Mr Trevor Flügge

Mr Lou Giglia

The composition, operation and responsibilities of the Committee are generally consistent with ASX Principles 2 and 9.

The Committee met three times during the financial year ended 30 June 2003. The former Nomination Committee and the former Compensation Committee each met twice during the period.

Details of the meetings attended by each Committee member (including members of the former Committees) are set out in the Directors' report on page 89 of this report.

Consistent with ASX Principles 2 and 9, a summary of the Committee's role, rights, responsibilities and membership requirements has been posted to the new corporate governance section of the company's website.

Audit Committee

The Audit Committee monitors internal control policies and procedures designed to safeguard company assets and to maintain the integrity of financial reporting, consistent with ASX Principle 4. In August 2003, the Charter for the Audit Committee was revised in light of the ASX Principles.

Among the specific responsibilities set out in its revised Charter, the Audit Committee reviews all published accounts of the group; reviews the scope and independence of internal and external audits; monitors and assesses the systems for internal compliance and control, legal compliance and risk management; and advises on the appointment, performance and remuneration of the external auditors.

The members of the Audit Committee at the date of this report are:

Mr David White (Chairman)

Mr Trevor Flügge

Mr James Graham

Mr Dick Lester

Mr Charles Macek

Mr James Graham was appointed to the Committee in May 2003.

The Finance Director; the General Manager, Group Accounting; the General Manager, Group Internal Audit; the Company Secretary; the external auditors and any other persons considered appropriate attend meetings of the Audit Committee by invitation. The Committee also meets from time to time with the external auditors independent of management.

The composition, operations and responsibilities of the Committee are consistent with ASX Principle 4.

The Committee met nine times during the financial year ended 30 June 2003. Four of these meetings were timed to review quarterly profit announcements made to the Australian Stock Exchange. Details of the meetings attended by each Committee member are set out in the Directors' report on page 89 of this report.

Consistent with ASX Principle 4, the Audit Committee Charter has been posted to the new corporate governance section of the company's website.

FINANCIAL REPORTING

Consistent with ASX Principle 4, the company's financial report preparation and approval process for the financial year ended 30 June 2003, involved both the Chief Executive Officer and Chief Financial Officer giving a sign-off, to the best of their knowledge and belief, that the company's financial report presents a true and fair view, in all material respects, of the company's financial condition and operating results and is in accordance with applicable accounting standards.

REMUNERATION POLICIES

Non-executive directors

The company's non-executive directors receive only fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The fees paid to the company's non-executive directors reflect the demands on, and responsibilities of, those directors. The advice of independent remuneration consultants is taken to establish that the directors' fees are in line with market standards. Non-executive directors do not receive any shares, options or other securities in addition to their remuneration and are not eligible to participate in the company's Employee Share Plan or any other incentive plan. They do not receive any retirement benefits (other than compulsory superannuation).

A directors' fee pool limit of $1.5 million per annum was approved by shareholders at the Annual General Meeting in November 2001 and is currently not fully utilised. This fee pool is only available to non-executive directors as Board membership is taken into account in determining the remuneration paid to executive directors as part of their normal employment conditions.

The non-executive directors currently receive $110,000 per annum and the Chairman is paid $330,000 per annum. Members of the Audit Committee and the Nomination and Remuneration Committee receive an additional $10,000 per annum each and the chairmen of the Committees receive an additional $20,000 per annum each.

The structure and disclosure of the company's remuneration of non-executive directors is consistent with ASX Principle 9.

Executive directors and senior executives

The structure and disclosure of the company's remuneration policies for executive directors and senior executives, which are generally consistent with ASX Principle 9, are set out in the Directors' report on pages 86 to 88.

AUDIT GOVERNANCE AND INDEPENDENCE

As part of the company's commitment to safeguarding integrity in financial reporting, the company has implemented procedures and policies to monitor the independence and competence of the company's external auditors.

Appointment of auditors

The company's current external auditors are Ernst & Young.

The effectiveness, performance and independence of the external auditors is reviewed by the Audit Committee. If it becomes necessary to replace the external auditors for performance or independence reasons, the Audit Committee will then formalise a procedure and policy for the selection and appointment of new auditors.

Independence declaration

There are proposals to amend the Corporations Act to require external auditors to make an annual independence declaration, addressed to the board of directors, declaring that the auditors have maintained their independence in accordance with the Corporations Act 2001 and the rules of the professional accounting bodies.

Ernst & Young's existing policy requires that its audit teams provide such a declaration and a declaration was provided to the Audit Committee for the financial year ended 30 June 2003.

Rotation of lead external audit partners

Ernst & Young has a policy for the rotation of the lead audit partner for their clients. The lead audit partner for the company will be rotated from 1 January 2004. This policy and its application to the company will be reviewed in light of the changing regulatory environment such as proposed legislative amendments.

Restrictions on the performance of non-audit services by external auditors

In December 2002, the Audit Committee implemented a policy that requires the prior approval of the Company Secretary to the provision of any non-audit services to the company or its business units by the external auditors. In cases of uncertainty, the issue is referred to the Audit Committee. The Audit Committee has also adopted guidelines to assist in identifying the types of services that may compromise the independence of the external auditors.

Examples of services that potentially compromise independence include valuation services and internal audit services.

Attendance of external auditors at annual general meetings

Consistent with ASX Principle 6, Ernst & Young attend, and are available to answer questions at, the company's annual general meetings.

RISK IDENTIFICATION AND MANAGEMENT

Consistent with ASX Principle 7, the company is committed to the identification, monitoring and management of risks associated with its business activities and has embedded in its management and reporting systems a number of risk management controls. These include:

- guidelines and limits for approval of capital expenditure and investments;
- a group regulatory compliance programme supported by approved guidelines and standards covering such key areas as safety, the environment, legal and insurance;
- a comprehensive annual insurance programme including external risk management surveys;
- policies and procedures for the management of financial risk and treasury operations including exposures to foreign currencies and movements in interest rates;
- a formal dynamic planning process of preparing five year strategic plans each year for all businesses in the group;
- annual budgeting and monthly reporting systems for all businesses which enable the monitoring of progress against performance targets and the evaluation of trends;
- directors' financial due diligence questionnaires to management;
- appropriate due diligence procedures for acquisitions and divestments; and
- crisis management systems for all key businesses in the group.

Management is ultimately responsible to the Board for the group's system of internal control and risk management. The Audit Committee assists the Board in monitoring this role.

During the year, the company elected not to have the same firm provide both internal and external audit services.

In September 2002, a General Manager, Internal Audit was appointed. Internal audit monitors the internal control framework of the group. The Audit Committee approves the annual internal audit plan with the intention that planned audit activities are aligned to business risks. Internal audit reports are provided to the Audit Committee at all scheduled meetings.

A comprehensive review of the company's risk management systems was undertaken during the year by an external consultant to identify areas for ongoing improvement.

SHARE TRADING

Under the Constitution of the company, directors are required to hold, directly or indirectly, a minimum of 1,000 ordinary shares in the company within two months after their appointment and at all times during their term of office.

Under the company's share trading policy, all employees and directors of the company and its related companies are prohibited from trading in the company's shares or other securities if they are in possession of "inside information". Subject to this condition, and in the light of the ASX's continuous disclosure requirements, trading can occur at any time and is not limited to specified windows following the publication of financial results.

In addition, in order to trade, directors of the company must advise the Company Secretary of their intention to trade and must also have been advised by the Company Secretary that there is no known reason to preclude them trading in the company's shares or other securities.

The company's share trading policy was revised in August 2003 and is consistent with ASX Principle 3. A summary of the policy has been posted to the new corporate governance section of the company's website.

CONTINUOUS DISCLOSURE

The company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Stock Exchange's securities market and has adopted a comprehensive policy covering announcements to the Australian Stock Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, media communications, commenting on expected earnings, communications black-out periods and review of briefings and communications. The policy is reviewed periodically and updated as required.

The Company Secretary has responsibility for overseeing and coordinating disclosure of information to the Australian Stock Exchange. The Company Secretary also liaises with the General Manager, Finance and the General Manager, Public Affairs in relation to continuous disclosure matters. The General Manager, Finance is responsible for overseeing and coordinating disclosure of information to analysts, brokers and shareholders. The General Manager, Public Affairs is responsible for overseeing and coordinating disclosure of information to the media.

The company's continuous disclosure policy is consistent with ASX Principle 5. A summary of the policy has been posted on the new corporate governance section of the company's website.

ADDITIONAL COMPANY POLICIES

In addition to the continuous disclosure and share trading policies discussed above, the company has implemented a wide range of policies which have group wide application.

These policies permit divisions to establish policies and procedures governing their own operations while seeking to ensure that a consistent approach and minimum acceptable standards are maintained across the group.

COMMUNICATIONS WITH SHAREHOLDERS

The company places considerable importance on effective communications with shareholders.

The company's communications strategy promotes the communication of information to shareholders through the distribution of the annual and half yearly reports, quarterly releases covering profit performance, announcements through the Australian Stock Exchange and the media regarding changes in its businesses and the Chairman's address at the annual general meeting.

Wesfarmers posts all reports, Australian Stock Exchange and media releases and copies of significant business presentations and speeches on the company's website.

CONDUCT AND ETHICS

In August 2003, the Board adopted the Code of Conduct produced by the Australian Institute of Company Directors to guide the directors and promote high ethical and professional standards and responsible decision-making. The Board also endorsed the Guidelines accompanying that Code. This Code replaced the principles adopted by the Board from the booklet – Corporate Practices and Conduct – Third Edition – a guide produced by a working group comprising representatives of a number of Australian industry and professional organisations.

In addition, the company adopted a replacement Code of Ethics and Conduct for all employees (including directors) in August 2003. The Code of Ethics and Conduct is aimed at maintaining the highest ethical standards, corporate behaviour and accountability across the group. Employees and directors are expected to respect the law; respect confidentiality; properly use group assets, information and facilities; value and maintain professionalism; avoid conflicts of interest; act in the best interests of shareholders; contribute to the company's reputation as a good corporate citizen; and act with honesty, integrity, decency and responsibility at all times.

Both the Board Code of Conduct and the company Code of Ethics and Conduct are consistent with ASX Principles 3 and 10 and summaries of both Codes have been posted to the new corporate governance section of the company's website.

'THE COMPANY IS COMMITTED TO THE IDENTIFICATION, MONITORING AND MANAGEMENT OF RISKS ASSOCIATED WITH ITS BUSINESS ACTIVITIES AND HAS EMBEDDED IN ITS MANAGEMENT AND REPORTING SYSTEMS A NUMBER OF RISK MANAGEMENT CONTROLS.'

ENVIRONMENT, SAFETY AND THE COMMUNITY

ENVIRONMENTAL MANAGEMENT

The operations of a company with the size, geographical spread and diversity of Wesfarmers have the potential to make significant impacts on the natural environment.

Issues include rehabilitation of mined areas, solid and liquid waste generation and disposal and the handling and storage of dangerous goods.

Wesfarmers welcomes increased interest in and scrutiny of the environmental consequences of business activities. Responsible action in this area is equally as important as the maintenance of a high standard of financial performance and corporate governance.

Consistent with the company's autonomous business unit model, Wesfarmers devolves operational responsibility for environmental management to its businesses. Under the group's Environmental Standard, all businesses are required to have their own management programmes tailored to meet the needs of their particular activities. These systems must be regularly audited, internally and externally.

While operational independence is mandated, performance and outcomes are closely monitored through annual reports to the subsidiary boards, to the Audit Committee and the Board of Wesfarmers Limited.

As part of its commitment to environmental protection, Wesfarmers operates on the basis that legal compliance is the minimum acceptable with a constant goal to achieve a higher standard.

During the year, the company commissioned an assessment of its greenhouse gas emission profile to improve its understanding of exposure to this issue.

CONTRIBUTING TO AN IMPROVED ENVIRONMENT

Aside from its approach to managing issues, Wesfarmers makes a positive contribution to better environmental outcomes through business unit engagement with a range of projects and initiatives.

These include sponsorship by Wesfarmers Premier Coal of an Australian Coal Association Research Programme based at an aquafarm on the banks of one of the Premier mine's water-filled voids at Collie, in Western Australia. Evaluation of acidity treatments for such areas will help in their future use for value-adding activities such as recreation and aquaculture. Premier Coal is also committed over seven years to financially support a Co-operative Research Centre (CRC) project aimed at delivering better greenhouse and general environmental outcomes through improved efficiency and waste management. CSBP and Premier Coal are participants in the Greenhouse Challenge programme which is an important part of the Commonwealth government's policy directed towards reducing greenhouse emissions. CSBP also maintains its sponsorship of the Chair of Cleaner Production at the John Curtin International Institute in Western Australia.

Wesfarmers Landmark continued its seven-year commitment to the CRC for Plant-based Management of Dryland Salinity involving a number of Australian universities and government agencies.

During the year, Wesfarmers donated to the National Trust of Australia an area of 194 hectares of land in the jarrah forest adjacent to existing reserves near Bridgetown in the south-west of Western Australia.

SAFETY

The provision of a safe working environment for employees is a non-negotiable priority. Management remuneration is linked to safety performance with all businesses targeting the achievement of an annual reduction in accident rates of 50 per cent towards a goal of zero.

As with environmental performance, business units are required to develop their own safety management systems and to report, through subsidiary boards, to the Board of Wesfarmers Limited on an annual basis.

Some outstanding results have been reported. Wesfarmers LPG has not had a lost time employee injury for more than six years, Premier Coal achieved a record year free of lost time injuries and the 40 per cent-owned Air Liquide W.A. extended to 11 years its operating period without such an injury.

Left - Premier Coal lakes project in Collie, Western Australia

Middle - The Wesfarmers Collection of Australian Art travelled to the Cairns Art Gallery in Queensland.

Right - Wesfarmers provides financial assistance to the Royal Flying Doctor Service.

PUBLIC REPORTING

Wesfarmers is one of a relatively small number of leading Australian companies to provide a very detailed account of its policies and performance in the areas of environmental and safety management and community relations through a separately-published annual report.

Now in its sixth year of publication, the report is a response by Wesfarmers to the growing demand for corporate non-financial accountability. It enables shareholders and other stakeholders to gain a comprehensive understanding of how, and how well, these issues have been handled. Wesfarmers believes, also, that public exposure inevitably increases the pressure to improve. Last year the focus of the document was extended to include more information on community contributions and stakeholder relations. The company is looking at how it might further develop the process to address broader issues of sustainability.

The Report is independently verified by the Snowy Mountains Engineering Corporation and is available on the Wesfarmers website: www.wesfarmers.com.au. Printed copies can be obtained from the Public Affairs Department, telephone (61 8) 9327 4251. The next report is scheduled for publication in November 2003.

THE COMMUNITY

From its earliest days as a farmers' co-operative, Wesfarmers has placed great importance on maintaining strong links with the communities in which it operates.

In practice, this means having open and honest dialogue at a local level and being prepared to provide direct assistance by way of sponsorships and donations. Wesfarmers believes that the greatest contribution a company makes will always be the economic benefits that flow from successfully and responsibly-run business operations. But it accepts there is an obligation on companies to go beyond this through direct support of community-benefiting activities.

Across the group, businesses contribute to many causes and organisations. These contributions take the form of direct financial support and involvement by employees in fund raising events.

This significant commitment by business units is supplemented by Wesfarmers Limited's donations programme under which the Board has agreed to contribute up to 0.25 per cent of annual pre tax profit.

During the year, Wesfarmers made its fifth and final payment of $1 million to the Western Australian Institute for Medical Research, which aims to establish a world-class centre of excellence for research into adult health issues. Assistance was also provided in a number of other areas, including remote medical services, education and indigenous advancement.

Wesfarmers welcomes opportunities to join with organisations involved in programmes addressing particular issues within the community. An example is its long-standing partnership (implemented mainly through the Bunnings business unit) with Edge Employment Solutions in helping find jobs for disabled people.

ARTS SPONSORSHIPS

The company's major sponsorship involvement at a corporate level is through Wesfarmers Arts. In 2002/03 this award-winning programme provided $450,000 to performing and visual arts organisations involved in fine music, opera, ballet, theatre and arts for young people. To mark the 25th anniversary of the Wesfarmers art collection, the company staged a special exhibition in conjunction with the Art Gallery of Western Australia. Major works from this exhibition are now on a national two-year tour, including major regional centres, with significant assistance from the Commonwealth government's Visions of Australia programme. Wesfarmers' initiative in mounting this exhibition, combined with its state and national partnerships with arts organisations, resulted in the company again winning a national award from the Australia Business Arts Foundation this year.

INVESTOR INFORMATION

FINANCIAL CALENDAR

Final dividend payment, 85 cents per share	25 Sep 2003
Annual general meeting and quarterly announcement of results	3 Nov 2003
Half-year results and interim dividend announcement	Feb 2004
Half-year results summary mailed to shareholders	Feb 2004
Interim dividend payment	Mar 2004
Quarterly announcement of results	May 2004
Full-year results and final dividend announcement	Aug 2004
Final dividend payment	Sep 2004
Annual report mailed to shareholders	Oct 2004
Annual general meeting and quarterly announcement of results	Nov 2004

Shareholder inquiries

Please contact the company's share registry if you have questions about your shareholding or dividends.

Computershare Investor
Services Pty Limited
Level 2, 45 St George's Terrace
Perth, Western Australia 6000
Investor inquiries: (618) 9323 2077
Facsimile: (618) 9323 2033
Website: www.computershare.com.au

When communicating with the share registry, it will assist if you can quote your current address together with your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements.

Wesfarmers website

Wesfarmers website address is www.wesfarmers.com.au.

Stock exchange listing

Wesfarmers shares are listed on the Australian Stock Exchange and reported in the industrial section in daily newspapers - code WES. Share prices can also be accessed on the Wesfarmers website or at www.asx.com.au.

Dividend investment plan

The company's dividend investment plan has, for the time being, been suspended while the company's debt levels remain low. The plan is expected to be reinstated when gearing has risen to target levels.

Shareholders will be advised when the plan is to be recommenced. Shareholders who were participants in the plan when it was suspended will automatically be reinstated unless they have advised the share registry that they do not wish to participate in the plan.

Details of the plan can be obtained from the share registry or the Wesfarmers website.

Electronic payment of dividends

Shareholders may nominate a bank, building society or credit union account for the payment of dividends by direct credit. Payments are electronically credited on the dividend payment date and confirmed by mailed payment advice. Shareholders wishing to take advantage of payment by direct credit should contact the share registry. An appropriate form can be downloaded from the share registry website.

Uncertificated share register

The Wesfarmers share register is uncertificated. Two forms of uncertificated holdings are available to shareholders:

Issuer sponsored holdings. These holdings are sponsored by Wesfarmers and there is no need for shareholders to be sponsored by a stockbroker.

Broker sponsored holdings. Shareholders may arrange to be sponsored by a stockbroker who will require a signed sponsorship agreement. This type of holding is attractive to regular stockmarket traders or those shareholders who have their share portfolio managed by a stockbroker.

Holding statements are issued to shareholders within five business days after the end of any month in which transactions occur that alter the balance of their holding. Shareholders can also access details of their shareholdings and dividends paid on their holdings through the share registry website.

Change of address or banking details

Shareholders should notify the share registry in writing immediately of changes of address or banking details for dividends electronically credited to a bank account. Appropriate forms can be downloaded from the share registry website.

Change of name

Shareholders should notify the share registry in writing if they change their name. The required form can be downloaded from the share registry website. Certified copies of the relevant marriage certificate, deed poll or other supporting documentation should be provided with the notice.

Amalgamation of holdings

Shareholders with multiple shareholdings in Wesfarmers who would prefer to consolidate them into one holding, should contact the share registry. The required form can be downloaded from the share registry website.

Tax file numbers

While it is not compulsory to provide a tax file number (TFN), if shareholders have not provided a TFN and Wesfarmers pays an unfranked or partly franked dividend, the company will be required to deduct tax from the unfranked portion of the dividend at the top marginal rate. TFN forms can be obtained by contacting the share registry or by downloading the form from the share registry website.

Removal from annual report mailing list

Shareholders can choose not to receive an annual report by contacting the share registry. An appropriate form can be downloaded from the share registry website. Shareholders who choose not to receive an annual report will continue to receive all other information, including the notice of annual general meeting and proxy form.

Privacy

A copy of the Wesfarmers' privacy policy is available on the Wesfarmers website.

Publications

The annual report is the main source of information for shareholders. Shareholders are also sent a half-year report which reviews, in summary, the six months to December.

Other publications available on request include reports for the quarters ended 31 March and 30 September and the Chairman's address given at the annual general meeting in November. The company also produces a separate environment, safety and health report. The next report is due for publication in November 2003.

Further information and publications about the company's operations are available from the Public Affairs Department, telephone (618) 9327 4251 or from the Wesfarmers website.

FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2003 - Wesfarmers Limited and its controlled entities

		CONSOLIDATED		WESFARMERS LIMITED	
	NOTE	**2003 $000**	2002 $000	**2003 $000**	2002 $000
Revenues from ordinary activities	2	**7,753,374**	7,385,656	**948,292**	967,702
Expenses from ordinary activities	3	**(6,920,915)**	(6,719,933)	**(408,047)**	(411,315)
Borrowing expenses	3	**(80,197)**	(94,084)	**(73,013)**	(92,963)
Share of net profits of associates	33	**36,382**	35,662	**-**	-
Profit from ordinary activities before income tax expense		**788,644**	607,301	**467,232**	463,424
Income tax expense relating to ordinary activities	6	**250,726**	193,115	**6,860**	4,494
Profit from ordinary activities after income tax expense		**537,918**	414,186	**460,372**	458,930
Net (loss) profit attributable to outside equity interests		**(290)**	263	**-**	-
Net profit attributable to members of the parent entity	23	**538,208**	413,923	**460,372**	458,930
Adjustment on adoption of revised accounting standard AASB1028 "Employee Benefits"		**(9,810)**	-	**(273)**	-
Net increase in asset revaluation reserve		**2,676**	-	**-**	-
Net exchange difference on translation of financial report of foreign controlled entities		**(1,542)**	(56)	**-**	-
Total revenue and expenses attributable to members and recognised directly in equity		**(8,676)**	(56)	**(273)**	-
Total changes in equity other than those resulting from transactions with owners as owners		**529,532**	413,867	**460,099**	458,930
Net profit attributable to members of the parent entity consists of:					
Net profit before goodwill amortisation		**623,942**	493,263	**460,372**	458,930
Goodwill amortisation		**(85,734)**	(79,340)	**-**	-
Net profit after goodwill amortisation		**538,208**	413,923	**460,372**	458,930
Net profit attributable to members of the parent entity includes a significant item - net profit on sale of Girrah coal deposit		**56,351**	-	**-**	-
Basic and diluted earnings per share (cents per share)					
- before goodwill amortisation		**165.7**	138.2		
- before goodwill amortisation and net profit on sale of Girrah coal deposit		**150.7**	138.2		
- after goodwill amortisation		**142.9**	116.0		
Franked dividends per share (cents per share)		**127.0**	111.0		

The statement of financial performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

at 30 June 2003 - Wesfarmers Limited and its controlled entities

	NOTE	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	WESFARMERS LIMITED 2003 $000	WESFARMERS LIMITED 2002 $000
Current assets					
Cash assets	8	**170,247**	171,937	**82,869**	63,053
Receivables	9	**915,166**	971,284	**2,173,918**	2,474,899
Inventories	10	**1,345,626**	1,310,832	**-**	-
Total current assets		**2,431,039**	2,454,053	**2,256,787**	2,537,952
Non-current assets					
Receivables	9	**313,512**	255,264	**300,037**	226,328
Investments accounted for using the equity method	11	**375,220**	342,070	**6,756**	6,856
Other financial assets	12	**6,373**	30,203	**4,568,857**	4,585,646
Property, plant and equipment	13	**1,688,641**	1,819,127	**28,032**	25,935
Deferred tax assets		**82,183**	110,711	**-**	-
Intangible assets	14	**1,519,898**	1,601,291	**-**	-
Other	15	**1,236**	2	**1,236**	-
Total non-current assets		**3,987,063**	4,158,668	**4,904,918**	4,844,765
Total assets		**6,418,102**	6,612,721	**7,161,705**	7,382,717
Current liabilities					
Interest bearing liabilities	16	**384,288**	582,740	**16,500**	426,227
Payables	17	**852,968**	902,244	**2,988,501**	2,813,546
Current tax liabilities		**117,568**	45,028	**-**	5,983
Provisions	18	**175,681**	332,809	**11,344**	158,467
Other	20	**181,020**	159,536	**7,148**	5,271
Total current liabilities		**1,711,525**	2,022,357	**3,023,493**	3,409,494
Non-current liabilities					
Interest bearing liabilities	16	**671,826**	906,457	**548,359**	676,900
Payables	17	**6,795**	6,488	**-**	593
Deferred tax liabilities		**107,570**	94,631	**7,551**	3,147
Provisions	19	**111,806**	135,561	**10,011**	9,653
Other	21	**43,503**	37,150	**-**	-
Total non-current liabilities		**941,500**	1,180,287	**565,921**	690,293
Total liabilities		**2,653,025**	3,202,644	**3,589,414**	4,099,787
Net assets		**3,765,077**	3,410,077	**3,572,291**	3,282,930
Shareholders' equity					
Contributed equity	22	**3,159,466**	3,027,008	**3,159,466**	3,027,008
Reserves	23	**39,644**	182,059	**58,067**	201,405
Retained earnings	23	**559,370**	190,619	**354,758**	54,517
Shareholders' equity attributable to members of Wesfarmers Limited		**3,758,480**	3,399,686	**3,572,291**	3,282,930
Outside equity interests in controlled entities	24	**6,597**	10,391	**-**	-
Total shareholders' equity		**3,765,077**	3,410,077	**3,572,291**	3,282,930

The statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2003 - Wesfarmers Limited and its controlled entities

	NOTE	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	WESFARMERS LIMITED 2003 $000	WESFARMERS LIMITED 2002 $000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		**8,360,603**	7,941,660	**478,055**	470,265
Payments to suppliers and employees		**(7,365,855)**	(7,052,143)	**(466,014)**	(439,304)
Dividends received from associates		**31,509**	22,078	**-**	-
Dividends received - other		**2,430**	3,147	**-**	1
Dividends received from controlled entities		**-**	-	**445,082**	444,377
Interest received		**9,909**	15,733	**56,219**	94,441
Borrowing costs		**(77,014)**	(97,931)	**(73,013)**	(89,858)
Income tax paid		**(142,878)**	(148,830)	**(10,966)**	(14,849)
Net cash provided by operating activities	25(b)	**818,704**	683,714	**429,363**	465,073
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment		**(218,311)**	(230,429)	**(5,335)**	(5,992)
Acquisition of investments		**(27,516)**	(8,444)	**-**	(6,100)
Acquisition of entities		**-**	(539,667)	**-**	-
Advances from (to) controlled entities		**-**	-	**522,671**	(653,214)
Proceeds from sale of non-current assets		**255,634**	95,939	**278**	3,024
Other items		**(9,986)**	(192)	**(1,236)**	-
Net cash (used in) provided by investing activities		**(179)**	(682,793)	**516,378**	(662,282)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issue of shares		**-**	25,150	**-**	25,150
(Repayments) proceeds from borrowings		**(432,558)**	247,466	**(538,268)**	319,104
Repayment of employee share plan loans		**37,186**	52,265	**37,186**	52,265
Repayment of securitised receivable facility		**-**	(100,000)	**-**	-
Share buybacks		**(91,489)**	-	**(91,489)**	-
Dividends paid to ordinary shareholders		**(333,354)**	(164,618)	**(333,354)**	(164,618)
Net cash (used in) provided by financing activities		**(820,215)**	60,263	**(925,925)**	231,901
Net (decrease) increase in cash held		**(1,690)**	61,184	**19,816**	34,692
Cash at the beginning of the financial year		**171,937**	110,753	**63,053**	28,361
Cash at the end of the financial year	25(c)	**170,247**	171,937	**82,869**	63,053

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company and the consolidated accounts are a general purpose financial report which has been drawn up in accordance with applicable accounting standards and the requirements of the Corporations Act 2001 and other mandatory professional reporting requirements (Urgent Issues Consensus Views). They have been prepared in accordance with the historical cost convention. Cost in relation to assets represents the cash amount paid or the fair value of the assets given in exchange. The accounting policies are consistent with those of the previous year unless otherwise specified.

(a) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except for the accounting policies with respect to the provision for dividends and employee benefits.

Provision for dividends

The consolidated entity has adopted the new Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" which has resulted in a change in the accounting for dividend provisions. Previously, the consolidated entity recognised a provision for dividend based on the amount that was proposed or declared after balance date. In accordance with the requirements of the new standard, a provision for dividend will only be recognised at balance date where the dividends are declared, determined or publicly recommended prior to balance date. The effect of the revised policy has been to increase consolidated retained profits and decrease provisions and reinvestment reserve at the beginning of the year by $286,664,078. In accordance with the new standard, no provision for dividend has been recognised for the year ended 30 June 2003. The change in accounting policy has had no effect on basic and diluted earnings per share.

Employee benefits

The consolidated entity has adopted the revised Accounting Standard AASB 1028 "Employee Benefits", which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities. Previously, the consolidated entity measured the provision for employee benefits based on remuneration rates at the date of recognition of the liability. In accordance with the requirements of the revised standard, the provision for employee benefits is now measured based on the remuneration rates expected to be paid when the liability is settled.

(b) Principles of consolidation

The consolidated accounts are those of the consolidated entity, comprising Wesfarmers Limited (the chief entity) and all entities which Wesfarmers Limited controlled from time to time during the year and at year's end.

All significant inter-entity balances, transactions and unrealised profits arising from inter-entity transactions have been eliminated in full.

The consolidated entity's proportion of joint venture assets, liabilities and expenses is included in the accounts under the relevant items. The consolidated entity's interest in joint ventures is shown in note 36.

The consolidated entity has accounted for its investments in associates in accordance with the equity method of accounting in its consolidated accounts. The cost method of accounting has continued to be applied in Wesfarmers Limited's accounts. The consolidated entity's interest in associated entities is shown in note 33.

(c) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Control of goods sold has passed to a buyer.

Rendering of services

Services have been rendered.

Interest

Control of the right to receive the interest payment.

Dividends

Control of the right to receive the dividend payment.

(d) Receivables

Receivables are carried at nominal amounts less any allowance for doubtful debts. An estimate of doubtful debts is recognised when collection of the full nominal amount is no longer probable.

Finance advances and loans

Rural advances are made for a maximum of 365 days and are usually secured against clients' livestock and wool. The maximum loan to a client is usually determined as a proportion of their anticipated cash flow.

Employee share plan

Employee share plan loans are repayable from dividends or proceeds from the sale of the shares by employees.

Trade debtors

Credit sales are normally on 7 to 30 day terms.

(e) Inventories

Inventories, including work in progress, are valued at the lower of cost and net realisable value. For manufactured inventory, cost is derived on an absorption costing basis, which includes the cost of direct materials and labour and a proportion of fixed and variable overheads based on normal operating capacity.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investments

The consolidated entity's interests in companies, other than controlled entities and associated entities, are included in the accounts as investments and only dividend income received or receivable is taken into profits. Associated entities are those in which the consolidated entity holds a significant shareholding of the issued ordinary share capital and participates in commercial and policy decision making. Particulars of associated entities are set out in note 33.

Long term investments are stated at the lower of cost and their recoverable amount.

(g) Income tax

Tax effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a deferred tax asset or deferred tax liability. The net deferred tax asset relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain.

(h) Depreciation and amortisation

Buildings, plant and equipment are depreciated on a straight line basis so as to write off the cost of each asset less estimated residual value at the end of the life of the asset over its anticipated useful life. The major depreciation periods are:

Plant and equipment	5 – 15 years
Buildings	20 – 40 years

Leasehold improvements are amortised over the period of the lease or the anticipated useful life of the improvements, whichever is shorter.

(i) Mining, exploration and development costs

Accumulated exploration and evaluation expenditure on areas where activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves or where such costs are expected to be recouped through successful exploitation or sale, is carried forward. All other exploration and evaluation expenditure is either provided for or written off.

Expenditure carried forward in respect of areas of interest in which production has commenced is amortised over the life of the mine based on the rate of depletion of the economically recoverable reserves.

Amortisation is not charged on expenditure carried forward in respect of areas of interest in the development phase in which production has not yet commenced.

(j) Leases

The consolidated entity leases certain land and buildings and plant and equipment. The cost of improvements to or on leasehold property is disclosed as leasehold improvements and amortised over the unexpired period of the lease or the anticipated useful life of the improvements, whichever is shorter.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

(k) Capitalisation of interest

Interest charges on funds invested in major projects with substantial development and construction phases are capitalised to the project until such time as the project becomes operational.

(l) Deferred expenditure

Significant items of expenditure on new projects having a benefit or relationship to more than one period are carried forward and written off over the periods to which the benefit of the expenditure relates.

(m) Intangibles

Trade names

The trade names of the consolidated entity are considered to be identifiable assets and are included in the financial accounts at the lower of cost of acquisition or recoverable amount.

The residual value of these assets is such that there is no depreciable amount to be amortised and accordingly no amortisation has been provided against the carrying value of these assets.

Goodwill

Goodwill represents the excess of the purchase consideration over the adjusted book value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity. Goodwill is assessed at the time of acquisition and is amortised over a period not exceeding 20 years.

(n) Borrowings

Bank overdraft

The bank overdraft is carried at its principal amount subject to set-off arrangements. Interest is charged on a monthly basis as an expense at the banks' benchmark rate as it accrues.

Deposits

Retail deposits are carried at their principal amount and are repayable either at call or over a period not exceeding four years. Interest is charged on a monthly basis as an expense at commercial deposit rates as it accrues.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Borrowings (continued)

Bank and other loans

Bank loans, promissory notes, corporate bonds and other loans are carried at their principal amount less any unexpired discount for bank bills. These loans are generally borrowed for short terms under long term facilities. The loans are allocated between current and non-current based on the repayment period for the facilities. Interest is charged as an expense at short term commercial rates as it accrues.

(o) Payables

Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed to the consolidated entity. These liabilities are normally settled on 30 day terms.

(p) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the obligation.

Employee benefits

Provisions have been made against profits for amounts expected to be paid to employees for accrued annual leave, long service leave and retirement entitlements. Expenses which are consequential to the employment of the employees (for example, payroll tax associated with employee entitlements) have also been recognised as liabilities and included in the amount for employee entitlements.

Contributions to superannuation funds are charged to the statement of financial performance when paid.

Restoration

Provision is made for the consolidated entity's estimated liability under specific legislative requirements and the conditions of its mining leases for future costs (at undiscounted amounts) expected to be incurred restoring areas of interest. The liability includes the cost of reclamation of the site using existing technology, including plant removal and landfill costs. These costs are recognised gradually over the life of each mine with any changes to the total estimated liability being recognised on a prospective basis.

Restructure

A provision for restructuring is recognised for the expected costs associated with restructuring upon the acquisition of an enitity. The provision is based on the best estimate of the direct expenditures to be incurred which are both directly and necessarily caused by the restructuring and not associated with the on-going activities of the consolidated entity.

(q) Unearned income

Insurance premiums and commission income are brought to account using the 365ths method of calculation.

(r) Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange applicable at the date of each transaction. Foreign currency balances arising from these transactions are translated at the rate of exchange at balance date. To the extent that such balances are hedged, the effect of the hedging is taken into account. Gains and losses arising from these transactions are taken directly to the statement of financial performance.

Where a purchase or sale is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of the purchase or sale are included with the purchase or sale.

Assets and liabilities of foreign controlled entities that are outstanding at balance date are converted at the rates of exchange ruling at balance date. The resulting translation gains or losses on capital invested are transferred to the foreign currency translation reserve.

(s) Terms and condition of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(t) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

(u) Comparison

Certain reclassifications have been made to the prior year's accounts in order to enhance comparability with those of the current year.

(v) Rounding

The amounts contained in this report have been rounded to the nearest thousand dollars under the option available to the company under ASIC Class Order 98/100.

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 $000	2002 $000	2003 $000	2002 $000
2 REVENUE FROM ORDINARY ACTIVITIES				
Revenue from the sale of goods	6,959,161	6,677,365	437,780	418,867
Revenue from services	466,675	515,172	8,082	6,496
Proceeds on sale of non-current assets	255,634	105,732	278	3,024
Dividends				
- Controlled entities	-	-	445,082	444,377
- Other corporations	2,329	3,147	-	1
Interest received (see note 4)	9,048	13,791	56,219	94,441
Rent received	7,018	5,913	-	-
Other income	53,509	64,536	851	496
Total revenue from ordinary activities	7,753,374	7,385,656	948,292	967,702
3 EXPENSES AND OTHER GAINS/LOSSES				
(a) **Expenses**				
Cost of goods sold	4,977,752	4,871,541	359,107	351,076
Distribution expenses	143,004	131,159	-	-
Sales and marketing expenses	1,167,637	1,075,261	-	-
Direct selling expenses	198,220	233,763	-	-
Administration expenses	267,609	287,503	48,940	57,725
Other expenses	166,693	120,706	-	2,514
Total expenses from ordinary activities	6,920,915	6,719,933	408,047	411,315
Borrowing expenses				
Interest paid (see note 4)	74,314	90,979	69,382	89,858
Other borrowing costs	5,883	3,105	3,631	3,105
	80,197	94,084	73,013	92,963
Expenses from ordinary activities are arrived at after taking into account:				
Bad and doubtful debts				
Trade debtors	3,369	10,562	-	6
Finance advances and loans	40	65	-	-
	3,409	10,627	-	6
Depreciation and amortisation				
Depreciation - Buildings	10,845	12,717	126	129
- Plant and equipment	181,760	186,058	2,824	2,333
Amortisation - Leasehold improvements	3,694	3,796	23	16
- Mineral exploration and development costs	9,941	10,322	-	-
- Goodwill	85,734	79,340	-	-
	291,974	292,233	2,973	2,478

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	WESFARMERS LIMITED 2003 $000	WESFARMERS LIMITED 2002 $000
3 EXPENSES AND OTHER GAINS/LOSSES (CONTINUED)				
(a) **Expenses (continued)**				
Write down of non-current assets				
Property, plant and equipment	2,845	-	-	-
Goodwill	11	100	-	100
Investments	-	3,610	-	-
Operating lease rentals	173,965	181,652	1,837	1,795
Provision charged against profits				
Employee benefits	39,350	45,303	9,672	8,370
Restoration obligations	6,916	4,501	-	-
Restructure	1,058	3,500	-	-
Government mining royalties	35,321	34,014	-	-
Mineral exploration and development costs written off	137	70	-	-
(b) **Gains**				
Profit (loss) on sale of property, plant and equipment	14,439	11,522	(179)	1,697
Profit on sale of Girrah Coal Deposit	80,505	-	-	-
Profit on sale of listed investments	6,136	2,560	-	-
Foreign exchange gains	637	964	-	-
4 NET INTEREST				
Interest paid/payable to:				
Controlled entities	-	-	25,842	33,684
Other persons/corporations	74,314	90,979	43,540	56,174
	74,314	90,979	69,382	89,858
Less interest received/receivable from:				
Controlled entities	-	-	55,000	93,116
Associated entities	28	490	27	28
Other persons/corporations	9,020	13,301	1,192	1,297
	9,048	13,791	56,219	94,441
Net interest	65,266	77,188	13,163	(4,583)

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 $000	2002 $000	2003 $000	2002 $000
5 AUDITORS' REMUNERATION				
Amounts received or due and receivable by the auditors for:				
Audit or review of the financial report	**1,720**	1,777	**527**	345
Other services	**1,210**	1,345	**801**	1,249
	2,930	3,122	**1,328**	1,594
6 INCOME TAX				
The prima facie tax on profit from ordinary activities differs from the income tax provided in the financial statements as follows:				
Prima facie tax at 30% on profit from ordinary activities	**236,593**	182,190	**140,170**	139,027
Tax effect on permanent differences:				
Rebateable dividends	**(697)**	(729)	**(133,525)**	(133,314)
Depreciation and amortisation	**27,160**	26,685	**40**	68
Capital profits	**(33)**	(2,256)	**-**	(277)
Development allowance	**(240)**	(648)	**-**	-
Non-allowable items	**1,997**	1,417	**143**	119
Other items	**506**	864	**(99)**	(538)
Share of associated companies net profit after tax	**(9,934)**	(9,004)	**-**	-
Adjustment relating to previous year	**(4,626)**	(5,404)	**131**	(591)
Income tax attributable to operating profit	**250,726**	193,115	**6,860**	4,494
Adjustment on the adoption of revised accounting standard AASB 1028 "Employee Benefits"	**(4,208)**	-	**(118)**	-
Total income tax	**246,518**	193,115	**6,742**	4,494
Total income tax comprises:				
Amount set aside to provision for income tax	**209,733**	153,304	**2,307**	8,846
Amount set aside to (withdrawn from) deferred tax liabilities	**11,066**	(5,041)	**4,435**	(4,292)
Amount withdrawn from (set aside to) deferred tax asset	**25,719**	44,852	**-**	(60)
	246,518	193,115	**6,742**	4,494
7 DIVIDENDS PROVIDED FOR OR PAID				
Interim dividend of 42 cents per share (2002: 34 cents) paid on ordinary shares	**159,865**	125,878	**159,865**	125,878
Final dividend provided on ordinary shares (2002: 77 cents) (see note 1(a))	**-**	286,664	**-**	286,664
Additional final dividend for the year ended 30 June 2001 on shares issued to acquire Howard Smith Limited	**-**	47,424	**-**	47,424
	159,865	459,966	**159,865**	459,966
Franking credits available for subsequent financial years after allowing for the payment of income tax payable as at 30 June 2003 and the payment of the final dividend.	**-**	-		

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 $000	2002 $000	2003 $000	2002 $000
8 CASH ASSETS				
Cash on hand	6,207	6,375	7	7
Cash on deposit and at bank	164,040	165,562	82,862	63,046
	170,247	171,937	82,869	63,053
Weighted average effective interest rates				
- Cash on deposit and at bank	3.6%	3.9%		
9 RECEIVABLES				
Current				
Finance advances and loans	11,115	12,656	-	-
Less allowance for doubtful debts	93	168	-	-
	11,022	12,488	-	-
Employee share plan loans	21,302	15,931	21,302	15,931
	32,324	28,419	21,302	15,931
Trade debtors	738,573	801,250	26,929	9,609
Less allowance for doubtful debts	23,881	35,851	4	15
	714,692	765,399	26,925	9,594
Amounts from:				
Controlled entities	-	-	2,119,526	2,445,368
Associated entities	13,754	248	-	-
Other debtors and prepayments	154,396	177,218	6,165	4,006
	168,150	177,466	2,125,691	2,449,374
	915,166	971,284	2,173,918	2,474,899
Non-current				
Finance advances and loans	4	15	-	-
Employee share plan loans	300,037	226,328	300,037	226,328
	300,041	226,343	300,037	226,328
Other debtors and prepayments	13,471	28,921	-	-
	313,512	255,264	300,037	226,328
Weighted average effective interest rates				
- Finance advances and loans	8.4%	8.1%		

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 $000	2002 $000	2003 $000	2002 $000
10 INVENTORIES				
Raw materials:				
At cost	53,204	51,086	-	-
At net realisable value	6,531	6,269	-	-
	59,735	57,355	-	-
Work in progress:				
At cost	94,709	89,542	-	-
Finished goods:				
At cost	1,191,182	1,163,564	-	-
At net realisable value	-	371	-	-
	1,191,182	1,163,935	-	-
Total inventories at lower of cost and net realisable value	1,345,626	1,310,832	-	-
11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Units in listed property trust at cost	54,939	50,935	-	-
Shares at cost	237,381	226,089	6,084	6,084
	292,320	277,024	6,084	6,084
Share of retained earnings and reserves of associated entities	53,686	36,141	172	172
	346,006	313,165	6,256	6,256
Loans to associated entities	29,214	28,905	500	600
	375,220	342,070	6,756	6,856
Aggregate quoted market value at balance date of units listed on a prescribed stock exchange:				
Units in listed property trust	92,523	74,595	-	-
12 OTHER FINANCIAL ASSETS				
Investments in controlled entities:				
Shares at cost	-	-	3,084,969	3,084,968
Loans at cost	-	-	1,483,888	1,500,678
	-	-	4,568,857	4,585,646
Investments in other listed entities:				
Shares at cost	4,438	26,550	-	-
Other investments:				
Shares at cost	1,485	3,293	-	-
Other loans at cost	450	360	-	-
	1,935	3,653	-	-
	6,373	30,203	4,568,857	4,585,646
Aggregate quoted market value at balance date of investments listed on a prescribed stock exchange compromise:				
Shares	5,875	30,300	-	-

13 PROPERTY, PLANT AND EQUIPMENT

	2003 Gross value of assets $000	2003 Provision for depreciation/ amortisation $000	2003 Net fixed assets $000	2002 Gross value of assets $000	2002 Provision for depreciation/ amortisation $000	2002 Net fixed assets $000
Consolidated						
Freehold land:						
At cost	155,936	-	155,936	211,068	-	211,068
Buildings:						
At cost	271,573	61,410	210,163	306,230	47,486	258,744
Leasehold improvements:						
At cost	52,296	14,836	37,460	44,077	10,958	33,119
Plant, vehicles and equipment:						
At cost	1,897,834	889,300	1,008,534	1,720,279	679,339	1,040,940
Under construction at cost	44,636	-	44,636	33,439	-	33,439
	1,942,470	889,300	1,053,170	1,753,718	679,339	1,074,379
Mineral exploration and development costs:						
Production mineral reserves at cost	273,306	51,057	222,249	274,468	41,013	233,455
Exploration and evaluation expenditure at cost	2,146	-	2,146	-	-	-
	275,452	51,057	224,395	274,468	41,013	233,455
Plantations at cost	7,517	-	7,517	8,362	-	8,362
	2,705,244	1,016,603	1,688,641	2,597,923	778,796	1,819,127
Wesfarmers Limited						
Freehold land:						
At cost	1,379	-	1,379	1,465	-	1,465
Buildings:						
At cost	5,166	2,200	2,966	4,655	2,189	2,466
Leasehold improvements:						
At cost	1,312	265	1,047	1,311	242	1,069
Plant, vehicles and equipment:						
At cost	32,832	10,192	22,640	28,655	7,720	20,935
	40,689	12,657	28,032	36,086	10,151	25,935

Current values of land and buildings

The current value of the Wesfarmers Limited controlled entities' land and buildings at 30 June 2003 was $374 million, based on valuations as at that date. Such valuations were performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at valuation date.

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 $000	2002 $000	**2003 $000**	2002 $000
Movements during the year				
Freehold land:				
Carrying amount at the beginning of the year	**211,068**	91,870	**1,465**	2,262
Additions	**7,509**	16,736	**-**	-
Transfers	**(11,960)**	(4,574)	**-**	-
Disposals	**(50,681)**	(5,354)	**(86)**	(797)
Additions through acquisition of entities	**-**	112,390	**-**	-
	155,936	211,068	**1,379**	1,465
Buildings:				
Carrying amount at the beginning of the year	**258,744**	104,575	**2,466**	3,031
Additions	**20,161**	8,093	**626**	-
Transfers	**13,925**	27,052	**-**	-
Disposals	**(62,436)**	(9,603)	**-**	(436)
Additions (adjustments) through acquisition of entities	**(9,386)**	141,344	**-**	-
Depreciation expense	**(10,845)**	(12,717)	**(126)**	(129)
	210,163	258,744	**2,966**	2,466
Leasehold improvements:				
Carrying amount at the beginning of the year	**33,119**	35,005	**1,069**	1,091
Additions	**8,398**	1,728	**1**	-
Transfers	**185**	(40)	**-**	-
Disposals	**(548)**	(567)	**-**	(6)
Addition through acquisition of entities	**-**	789	**-**	-
Amortisation expense	**(3,694)**	(3,796)	**(23)**	(16)
	37,460	33,119	**1,047**	1,069
Plant, vehicles and equipment:				
Carrying amount at the beginning of the year	**1,074,379**	1,023,523	**20,935**	17,364
Additions	**178,585**	194,280	**4,708**	5,992
Transfers	**(1,718)**	(40,934)	**192**	-
Disposals	**(12,970)**	(49,651)	**(371)**	(88)
Write down	**(2,000)**	-	**-**	-
Addition (adjustments) through acquisition of entities	**(1,346)**	133,219	**-**	-
Depreciation expense	**(181,760)**	(186,058)	**(2,824)**	(2,333)
	1,053,170	1,074,379	**22,640**	20,935
Mineral exploration and development costs:				
Carrying amount at the beginning of the year	**233,455**	231,084	**-**	-
Additions	**3,658**	9,592	**-**	-
Transfers	**(773)**	3,101	**-**	-
Disposals	**(2,004)**	-	**-**	-
Amortisation expense	**(9,941)**	(10,322)	**-**	-
	224,395	233,455	**-**	-

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 $000	2002 $000	2003 $000	2002 $000
13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)				
Movements during the year (continued)				
Plantations at cost:				
Carrying amount at the beginning of the year	8,362	8,762	-	-
Disposals	-	(400)	-	-
Write down	(845)	-	-	-
	7,517	8,362	-	-
14 INTANGIBLE ASSETS				
Trade names at cost	41,600	41,600	-	-
Goodwill at cost	1,696,196	1,691,855	-	-
Less provision for amortisation	217,898	132,164	-	-
	1,478,298	1,559,691	-	-
	1,519,898	1,601,291	-	-
15 OTHER NON-CURRENT ASSETS				
Deferred expenditure	1,236	2	1,236	-
16 INTEREST BEARING LIABILITIES				
Current				
Secured				
- Bank loans	5,413	4,041	-	-
Unsecured				
- Deposits	277,659	295,732	-	-
- Promissory notes	16,500	109,857	16,500	109,857
- Bank loans	83,862	39,771	-	18,000
- Bank bills	-	129,054	-	298,370
- Other loans	854	4,285	-	-
	384,288	582,740	16,500	426,227
Non-current				
Secured				
- Bank loans	106,620	138,519	-	250,000
Unsecured				
- Deposits	2,772	3,116	-	-
- Bank loans	100,000	318,362	100,000	-
- Bank bills	199,018	426,900	199,018	426,900
- Corporate bonds	249,341	-	249,341	-
- Other loans	14,075	19,560	-	-
	671,826	906,457	548,359	676,900

16 INTEREST BEARING LIABILITIES (CONTINUED)

Secured loans

The weighted average interest rate on secured loans was 7.3% (2002: 7.3%).

Bank and other loans

Bank loans, promissory notes, corporate bonds and other loans bear interest at short term commercial rates payable monthly or at the time of maturity. The weighted average interest rate for the year ended 30 June 2003 was 6.0% (2002: 5.5%) and includes any interest rate hedging adjustments (see note 29(a)).

Deposits

Deposits bear interest at commercial deposit rates. The weighted average interest rate for the year ended 30 June 2003 was 4.2% (2002: 4.1%).

Secured liabilities

Specific and floating charge over the assets of Wesfarmers Bengalla Limited, Wesfarmers Kleenheat Elpiji Limited and Statewest Power Pty Ltd.

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 $000	2002 $000	**2003 $000**	2002 $000
17 PAYABLES				
Current				
Trade creditors and accruals	**852,968**	901,872	**26,984**	32,190
Amounts other than trade creditors payable to:				
- Controlled entities	**-**	-	**2,961,517**	2,780,984
- Associated entities	**-**	372	**-**	372
	852,968	902,244	**2,988,501**	2,813,546
Non-current				
Trade creditors and accruals	**6,795**	6,488	**-**	-
Amounts other than trade creditors payable to controlled entities	**-**	-	**-**	593
	6,795	6,488	**-**	593
18 PROVISIONS (CURRENT)				
Employee benefits	**125,718**	121,711	**11,344**	15,135
Restoration	**5,487**	4,744	**-**	-
Restructure	**44,476**	63,022	**-**	-
	175,681	189,477	**11,344**	15,135
Dividends	**-**	143,332	**-**	143,332
	175,681	332,809	**11,344**	158,467
19 PROVISIONS (NON-CURRENT)				
Employee benefits	**29,679**	28,387	**10,011**	9,653
Restoration	**53,649**	52,717	**-**	-
Restructure	**28,478**	54,457	**-**	-
	111,806	135,561	**10,011**	9,653

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	WESFARMERS LIMITED 2003 $000	WESFARMERS LIMITED 2002 $000
PROVISIONS				
Movements in provisions				
(i) Restoration				
Carrying amount at the beginning of the year	57,461		-	
Additional provisions recognised	6,916		-	
Amounts utilised during the year	(5,241)		-	
Carrying amount at the end of the year	59,136		-	
(ii) Restructure				
Carrying amount at the beginning of the year	117,479		-	
Adjustment to fair values at date of acquisition	(18,016)		-	
Additional provisions recognised	1,058		-	
Amounts utilised during the year	(27,567)		-	
Carrying amount at the end of the year	72,954		-	
20 OTHER CURRENT LIABILITIES				
Unearned insurance premiums	114,325	101,608	7,148	5,271
Outstanding insurance claims	66,695	57,928	-	-
	181,020	159,536	7,148	5,271
21 OTHER NON-CURRENT LIABILITIES				
Outstanding insurance claims	43,503	37,150	-	-
22 CONTRIBUTED EQUITY				
Issued and paid up capital: 376,536,134 (2002: 372,291,010) ordinary shares	3,159,466	3,027,008	3,159,466	3,027,008
Shares issued during the year: Employee share plan: 4,994,083 ordinary shares fully paid at $27.22 per share				
Dividend investment plan: 3,345,469 ordinary shares fully paid at $28.48 per share				
Shares bought back during the year: On-market buy back of 4,094,428 shares				
Movement in capital during the year:				
Balance at the beginning of the year	3,027,008	1,234,171	3,027,008	1,234,171
Issue of shares during the year	231,214	1,792,889	231,214	1,792,889
Costs associated with the issue of shares	-	(52)	-	(52)
Shares repurchased during the year	(98,756)	-	(98,756)	-
Balance at the end of the year	3,159,466	3,027,008	3,159,466	3,027,008

23 RESERVES AND RETAINED EARNINGS

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	WESFARMERS LIMITED 2003 $000	WESFARMERS LIMITED 2002 $000
Capital reserve	**24,170**	24,170	-	-
Asset revaluation reserve	**16,008**	14,004	**58,067**	58,074
Foreign currency translation reserve	**(534)**	554	-	-
Share reinvestment reserve	-	143,331	-	143,331
	39,644	182,059	**58,067**	201,405
Asset revaluation reserve:				
Balance at the beginning of the year	**14,004**	14,132	**58,074**	58,202
Share of associates' reserve increments arising during the year	**2,676**	-	-	-
Transfers to retained earnings	**(672)**	(128)	**(7)**	(128)
Balance at the end of the year	**16,008**	14,004	**58,067**	58,074
Foreign currency translation reserve:				
Balance at the beginning of the year	**554**	610	-	-
Net exchange difference on translation of report of foreign controlled entities	**(1,542)**	(56)	-	-
Transfers from retained earnings on realisation	**454**	-	-	-
Balance at the end of the year	**(534)**	554	-	-
Share reinvestment reserve:				
Provision for dividend to be reinvested in share capital under the terms of the company's dividend investment plan on the payment of the final dividend	-	143,331	-	143,331
Utilisation of share reinvestment reserve on issue of shares	-	(84,524)	-	(84,524)
Retained earnings:				
Balance at the beginning of the year	**190,619**	236,534	**54,517**	55,425
Adjustment on adoption of AASB 1028 "Employee Benefits"	**(9,810)**	-	**(273)**	-
Net profit attributable to members of Wesfarmers Limited	**538,208**	413,923	**460,372**	458,930
Transfer from asset revaluation reserve	**672**	128	**7**	128
Transfer to foreign currency translation reserve	**(454)**	-	-	-
Total available for appropriation	**719,235**	650,585	**514,623**	514,483
Dividends paid (2002: provided for or paid)	**(159,865)**	(459,966)	**(159,865)**	(459,966)
	559,370	190,619	**354,758**	54,517

24 OUTSIDE EQUITY INTEREST

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000
Issued capital	**8,313**	10,562
Reserves	**(955)**	(456)
Retained earnings	**(761)**	285
	6,597	10,391

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 $000	2002 $000	2003 $000	2002 $000

25 CASH FLOWS

(a) Non cash financing and investing activities:

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	WESFARMERS LIMITED 2003 $000	WESFARMERS LIMITED 2002 $000
Share capital issued during the year:				
Dividend investment plan	95,279	166,023	95,279	166,023
Employee share plan	135,939	155,020	135,939	155,020
Acquisition of Howard Smith Limited	-	1,446,303	-	1,446,303
	231,218	1,767,346	231,218	1,767,346
Dividends:				
Employee share plan repayments	17,902	11,708	17,902	11,708

(b) Reconciliation of net cash provided by operating activities to operating profit after income tax:

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	WESFARMERS LIMITED 2003 $000	WESFARMERS LIMITED 2002 $000
Operating profit after income tax	537,918	414,186	460,372	458,930
Depreciation and amortisation	291,974	292,233	2,973	2,478
Provisions charged against profits	47,324	53,304	9,672	8,370
(Profit) loss on sale of non-current assets	(101,080)	(14,082)	179	(1,697)
Share of associated companies profit after tax	(36,382)	(35,662)	-	-
Dividends received from associated companies	28,664	23,618	-	-
Write down of non-current assets	2,856	3,710	-	100
Other items	13,364	4,570	2,117	30
Changes in assets and liabilities net of effects of acquisitions of entities and businesses:				
(Increase) decrease in accounts receivable	(16,629)	115,597	(16,887)	(3,711)
Increase in inventories	(34,794)	(46,043)	-	-
Increase (decrease) in accounts payable	31,885	(111,210)	(13,048)	15,543
Increase in insurance provisions	27,837	15,005	1,877	1,255
Provisions applied	(82,081)	(67,374)	(13,786)	(8,298)
Increase (decrease) in deferred taxes payable	39,296	38,491	4,522	(4,212)
Increase (decrease) in income tax payable	68,552	(2,629)	(8,628)	(3,715)
Net cash provided by operating activities	818,704	683,714	429,363	465,073

(c) Reconciliation of cash:

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	WESFARMERS LIMITED 2003 $000	WESFARMERS LIMITED 2002 $000
Cash on hand	6,207	6,375	7	7
Cash on deposit and at bank	164,040	165,562	82,862	63,046
	170,247	171,937	82,869	63,053

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 $000	2002 $000	**2003 $000**	2002 $000
26 COMMITMENTS				
Lease commitments (substantially in connection with leased property)				
Amounts due under operating leases:				
Within 1 year	**146,375**	125,078	**1,699**	1,767
Within 1-5 years	**371,389**	303,244	**1,672**	3,419
Over 5 years	**195,630**	254,554	**47**	-
	713,394	682,876	**3,418**	5,186
Commitments arising from contracts for capital expenditure contracted for at balance date but not provided for:				
Consolidated entity:				
Due within 1 year	**58,334**	57,817	**-**	-

27 CONTINGENT LIABILITIES

Wesfarmers Limited and all the controlled entities marked "+" in note 32 have entered into a deed of cross guarantee pursuant to the ASIC Class Orders, whereby they covenant with a trustee for the benefit of each creditor, that they guarantee to each creditor payment in full of any debt in the event of any entity, including Wesfarmers Limited, being wound up.

Wesfarmers Bengalla Limited may become liable for additional joint venture capital contributions under a second phase equity agreement in the event that the joint venture capital expenditure exceeds amounts set out in the project finance reference budget.

28 FINANCING ARRANGEMENTS

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 $000	2002 $000	**2003 $000**	2002 $000
The consolidated entity has unrestricted access to the following finance facilities:				
Overdraft	**5,000**	5,000	**5,000**	5,000
Multi purpose facilities	**180,000**	180,000	**180,000**	180,000
Term loan	**364,155**	363,211	**250,000**	250,000
Bank bill lines	**980,000**	980,000	**980,000**	980,000
Committed standby lines to support commercial paper programme	**300,000**	300,000	**300,000**	300,000
	1,829,155	1,828,211	**1,715,000**	1,715,000
Amount of credit unused	**1,295,295**	758,078	**1,265,000**	735,000
The unused amounts of the facilities have the following terms:				
Within 1 year	**1,095,295**	735,000	**1,065,000**	735,000
Within 1-2 years	**150,000**	5,660	**150,000**	-
Within 2-5 years	**50,000**	17,418	**50,000**	-
	1,295,295	758,078	**1,265,000**	735,000

29 FINANCIAL INSTRUMENTS

Recognised financial instruments

The consolidated entity has recognised certain financial instruments in the accounts. These financial instruments are disclosed in notes 8, 9, 12, 16 and 17.

Unrecognised financial instruments

The consolidated entity, through its diverse operations, is exposed to financial risks from movements in foreign exchange rates, interest rates and commodity prices. The consolidated entity manages the foreign exchange and interest rate exposures using a comprehensive set of policies and procedures approved by the board of directors. Speculative trading is specifically prohibited by policy.

The consolidated entity is party to financial instruments for the purpose of reducing its exposure to adverse fluctuations in foreign exchange and interest rates. The hedging instruments are subject to fluctuations in value and any such fluctuations are generally offset by the value of the underlying financial risks being hedged.

(a) **Interest rate risk exposure**

The consolidated entity enters into various derivative transactions with the objective of obtaining lower funding costs and a more stable and predictable interest cost outcome principally employing the use of interest rate swaps. In addition, forward interest rate agreements, caps and floors are utilised. For interest rate swaps and forward rate agreements, the consolidated entity agrees with counterparties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount. Any amounts paid or received relating to interest rate swaps and forward rate agreements are recognised as adjustments to interest expense over the life of each contract swap, thereby adjusting the effective interest rate on the underlying obligations. At 30 June 2003 the fixed rates varied from 4.9% to 7.1% (2002: 4.9% to 6.7%) and the majority of the floating rates were at bank bill rates.

The consolidated entity's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below.

			FIXED INTEREST MATURING IN:				
	Note	Floating $000	1 year or less $000	Over 1 to 5 years $000	More than 5 years $000	Non-interest bearing $000	Total $000
2003							
Financial assets							
Cash assets	8	143,967	-	-	-	26,280	170,247
Receivables	9	-	11,022	4	-	1,217,652	1,228,678
Other financial assets	12	-	-	-	-	6,373	6,373
		143,967	11,022	4	-	1,250,305	1,405,298
Financial liabilities							
Interest bearing liabilities	16	906,114	-	150,000	-	-	1,056,114
Payables	17	-	-	-	-	859,763	859,763
		906,114	-	150,000	-	859,763	1,915,877
Interest swaps (notional principal amounts)		(837,395)	80,000	575,125	182,270	-	-

29 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate risk exposure (continued)

	Note	Floating $000	FIXED INTEREST MATURING IN: 1 year or less $000	Over 1 to 5 years $000	More than 5 years $000	Non-interest bearing $000	Total $000
2002							
Financial assets							
Cash assets	8	125,863	-	-	-	46,074	171,937
Receivables	9	-	12,488	15	-	1,214,045	1,226,548
Other financial assets	12	-	-	-	-	30,203	30,203
		125,863	12,488	15	-	1,290,322	1,428,688
Financial liabilities							
Interest bearing liabilities	16	1,489,197	-	-	-	-	1,489,197
Payables	17	-	-	-	-	908,732	908,732
		1,489,197	-	-	-	908,732	2,397,929
Interest swaps (notional principal amounts)		(803,780)	70,000	424,840	308,940	-	-

(b) Foreign exchange risk exposure

The consolidated entity enters into foreign exchange contracts and currency options to hedge capital obligations, expenses and revenues denominated in foreign currencies (principally US dollars). Benefits or costs arising from currency hedges for expense and revenue transactions are brought to account in the statement of financial performance at the same time as the hedged transaction is brought to account. For transactions to hedge specific capital or borrowing commitments any cost or benefit resulting from the hedge forms part of the initial asset or liability carrying value.

The following table sets out the gross value to be received/paid under foreign currency contracts, the weighted average contracted exchange rates and the range of settlement dates of outstanding contracts.

	AVERAGE EXCHANGE RATE 2003	AVERAGE EXCHANGE RATE 2002	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000
Buy US dollars				
Within 1 year	**0.6203**	0.5378	**63,752**	44,649
Sell US dollars				
Within 1 year	**0.5797**	0.5581	**317,939**	287,436
Within 1 - 2 years	**0.5800**	0.5613	**211,626**	236,592
Within 2 - 3 years	**0.5593**	0.5699	**185,063**	170,212
Within 3 - 4 years	**0.5675**	0.5326	**115,463**	124,492
Over 5 years	**0.5642**	0.5211	**29,775**	41,447

As these contracts are hedging future sales, purchases and capital commitments any unrealised gains and losses on the contracts, together with the costs of the contract, will be recognised in the financial statements at the time the underlying transaction occurs. The net unrecognised gain (2002: loss) on hedges of future foreign currency purchases and sales (that is, assuming no matching of physical transactions are taken into account) as at 30 June 2003 was $79.2 million (2002: $24.5 million loss).

29 FINANCIAL INSTRUMENTS (CONTINUED)

(c) **Commodity price risk management**

The consolidated entity manages commodity price risk, as appropriate, depending upon the availability of suitable risk management instruments.

(d) **Credit risk exposures**

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount, net of any allowance for doubtful debts, of those assets as indicated in the statement of financial position.

In relation to unrecognised financial assets, credit risk arises from the potential failure of counterparties to meet their obligation under the contract or arrangement. Credit risk on off-statement financial position derivative contracts is minimised because counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The consolidated entity's maximum credit risk exposure in relation to these is as follows:

(i) Forward exchange contracts - the full amount of the foreign currency it will be required to pay when settling the forward exchange contract, should the counterparty not pay the currency it is committed to deliver to the consolidated entity. These amounts have been outlined on page 66 in note 29(b).

(ii) Interest rate swap and forward rate agreements - is limited to the net amounts to be received on contracts that are favourable to the consolidated entity, being nil.

Concentration of credit risk

The consolidated entity minimises concentrations of credit risk in relation to accounts receivable by undertaking transactions with a large number of customers within each industry. The majority of customers are concentrated in Australia. The consolidated entity is not materially exposed to any individual overseas country or individual customer.

(e) **Net fair values of financial assets and liabilities**

Net fair values of financial assets and liabilities are determined by the consolidated entity as follows:

On-balance sheet financial instruments

Cash assets - the carrying amount approximates fair value.

Trade debtors – the carrying amount approximates fair value.

Other receivables – the carrying amount approximates fair value.

Listed investments – the fair values are based on the final share prices quoted on the Australian Stock Exchange at balance date.

Accounts payable – the carrying amount approximates fair value.

Borrowings - the carrying amount approximates fair value because the repayment periods are generally short term in nature (less than three months) with the split between current and non-current based on the term of the facility under which the borrowing is held.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Net fair values of financial assets and liabilities (continued)

Financial position of financial instruments

The valuation of financial instruments detailed below reflects the estimated amounts which the consolidated entity expects to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates at balance date. This is based on independent market quotations and determined using standard valuation techniques.

The carrying amounts and net fair values of financial assets and liabilities where the carrying value does not approximate the fair value are as follows:

	2003		2002	
	Carrying amount $000	Net fair value $000	Carrying amount $000	Net fair value $000
Assets				
Listed shares	4,438	5,875	26,550	30,300
Forward exchange contacts	-	79,229	-	-
Liabilities				
Interest rate swaps	-	21,953	-	9,665
Forward exchange contracts	-	-	-	24,504

30 OWNERSHIP REMUNERATION SCHEME

Employee share plan

The Wesfarmers Limited Employee Investment Plan (the "Plan") was approved by shareholders in April 1985. Under the Plan all permanent employees who have been continuously employed by Wesfarmers Limited or its subsidiaries for a minimum period of one year and who are 18 years or older are invited to apply for fully paid ordinary shares in the company (December 2002: 16,162 eligible employees were invited to apply for shares). All eligible employees receive a general invitation to apply for a specified number of shares (December 2002: 300 shares). Senior executives may receive invitations to apply for additional shares as and when they reach certain remuneration levels and periods of service within the consolidated entity.

Shares can be allotted under the Plan at a price being not less than 90 per cent of the weighted average market price of Wesfarmers Limited fully paid shares during the one week period up to and including the day of allotment. In December 2002 the shares were allotted at the full weighted average price of Wesfarmers Limited shares posted on the Australian Stock Exchange one week up to and including the day of allotment.

Employees are provided with loans to purchase the shares and the total number of shares for which there are outstanding loans under the Plan cannot exceed 10 per cent of the issued capital of the company from time to time. The number of shares issued to current employees who have a loan outstanding is 4.4 per cent of the issued capital of the company.

During the financial year 4,994,083 ordinary fully paid shares were issued to employees under the Plan. The total market value of those shares at the issue date (13 December 2002) was $135,938,939 and the total amount received and/or receivable from employees for those shares was $135,938,939.

The employee's obligation for repayment of the loans is limited to the dividends declared by the company and in the event the employee ceases employment, the market price of the shares held as security by the company for the loans.

At 30 June 2003 the difference between the balance of the loans for the December 2001 and December 2002 issues and the market price of the shares held as security was $22.4 million. No provision has been made in respect to this amount as it is considered the majority of these loans will be paid from future dividends.

During the year the company expensed $2.3 million for employees who ceased employment from the company where the balance of their loans were not recovered from the sale of the shares.

31 REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Directors' remuneration (including executive directors)

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	WESFARMERS LIMITED 2003 $000	WESFARMERS LIMITED 2002 $000
Income paid or payable or otherwise made available to all directors of each entity in the consolidated entity from the company or any related party	**25,814**	29,598		
Income paid or payable or otherwise made available to all directors of the company or any related party			**10,772**	10,945

	WESFARMERS LIMITED 2003 No.	WESFARMERS LIMITED 2002 No.
Directors of Wesfarmers Limited whose remuneration was within:		
$ 30,000 - $ 39,999	**1**	-
$ 40,000 - $ 49,999	**1**	-
$ 50,000 - $ 59,999	**-**	3
$ 70,000 - $ 79,999	**-**	1
$ 80,000 - $ 89,999	**1**	6
$ 90,000 - $ 99,999	**-**	1
$ 100,000 - $ 109,999	**2**	-
$ 110,000 - $ 119,999	**3**	-
$ 120,000 - $ 129,999	**1**	-
$ 160,000 - $ 169,999	**1**	-
$ 210,000 - $ 219,999	**1**	-
$ 240,000 - $ 249,999	**-**	1
$ 790,000 - $ 799,999	**1**	-
$ 880,000 - $ 889,999	**1**	-
$ 970,000 - $ 979,999	**-**	1
$1,110,000 - $1,119,999	**-**	1
$2,080,000 - $2,089,999	**1**	-
$5,780,000 - $5,789,999	**1**	-
$7,930,000 - $7,939,999	**-**	1

The remuneration of executive directors includes salaries, incentive payments, allowances and other benefits actually paid or payable by the consolidated entity.

31 REMUNERATION OF DIRECTORS AND EXECUTIVES (CONTINUED)

(b) Executive remuneration

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 $000	2002 $000	2003 $000	2002 $000
Amounts received or due and receivable by executives of Wesfarmers Limited from the company and entities in the consolidated entity and related entities whose remuneration is $100,000 or more	**30,900**	35,568	**16,849**	18,800

	CONSOLIDATED		WESFARMERS LIMITED	
	2003 No.	2002 No.	2003 No.	2002 No.
Executives of Wesfarmers Limited and entities in the consolidated entity whose remuneration was within:				
$ 120,000 - $ 129,999	-	2	-	-
$ 150,000 - $ 159,999	1	-	1	-
$ 160,000 - $ 169,999	1	-	-	-
$ 180,000 - $ 189,999	4	1	-	-
$ 190,000 - $ 199,999	2	5	-	1
$ 200,000 - $ 209,999	7	3	-	-
$ 210,000 - $ 219,999	6	6	3	2
$ 220,000 - $ 229,999	5	4	1	1
$ 230,000 - $ 239,999	2	4	1	-
$ 240,000 - $ 249,999	5	4	-	1
$ 250,000 - $ 259,999	-	2	-	-
$ 260,000 - $ 269,999	4	5	-	1
$ 270,000 - $ 279,999	5	6	3	-
$ 280,000 - $ 289,999	2	1	-	1
$ 290,000 - $ 299,999	2	1	-	-
$ 300,000 - $ 309,999	2	-	2	-
$ 310,000 - $ 319,999	1	2	-	2
$ 320,000 - $ 329,999	-	2	-	-
$ 330,000 - $ 339,999	-	1	-	-
$ 340,000 - $ 349,999	1	1	-	-
$ 350,000 - $ 359,999	-	2	-	2
$ 360,000 - $ 369,999	1	1	-	-
$ 370,000 - $ 379,999	2	-	-	-
$ 380,000 - $ 389,999	-	1	-	1
$ 400,000 - $ 409,999	2	1	-	-
$ 410,000 - $ 419,999	-	1	-	-

31 REMUNERATION OF DIRECTORS AND EXECUTIVES (CONTINUED)

(b) Executive remuneration (continued)

	CONSOLIDATED 2003 No.	CONSOLIDATED 2002 No.	WESFARMERS LIMITED 2003 No.	WESFARMERS LIMITED 2002 No.
$ 420,000 - $ 429,999	1	-	-	-
$ 430,000 - $ 439,999	-	1	-	-
$ 440,000 - $ 449,999	-	1	-	-
$ 480,000 - $ 489,999	2	-	1	-
$ 500,000 - $ 509,999	-	1	-	1
$ 550,000 - $ 559,999	1	-	1	-
$ 570,000 - $ 579,999	1	-	1	-
$ 610,000 - $ 619,999	1	-	1	-
$ 700,000 - $ 709,999	1	-	1	-
$ 740,000 - $ 749,999	-	1	-	1
$ 770,000 - $ 779,999	-	1	-	-
$ 790,000 - $ 799,999	1	1	1	1
$ 800,000 - $ 809,999	1	-	1	-
$ 860,000 - $ 869,999	1	-	1	-
$ 880,000 - $ 889,999	1	-	1	-
$ 890,000 - $ 899,999	-	1	-	1
$ 960,000 - $ 969,999	-	1	-	1
$ 970,000 - $ 979,999	-	1	-	1
$ 1,110,000 - $ 1,119,999	-	1	-	1
$ 1,500,000 - $ 1,509,999	-	1	-	1
$ 1,690,000 - $ 1,699,999	-	1	-	-
$ 2,080,000 - $ 2,089,999	2	-	1	-
$ 2,270,000 - $ 2,279,999	-	1	-	-
$ 5,780,000 - $ 5,789,999	1	-	1	-
$ 7,930,000 - $ 7,939,999	-	1	-	1

The remuneration of executive directors includes salaries, incentive payments, allowances and other benefits actually paid or payable by the consolidated entity.

Senior executives' remuneration, and in particular that of the Managing Director, is substantially influenced by incentive plans that reward executives for long term profitable growth of the consolidated entity.

For the purposes of Accounting Standards AASB 1034 the company has interpreted executive officers as being the Managing Director, subsidiary company executive directors and general managers in the consolidated entity.

32 PARTICULARS RELATING TO CONTROLLED ENTITIES

	BENEFICIAL INTEREST 2003 %	BENEFICIAL INTEREST 2002 %
Parent entity:		
Wesfarmers Limited		
Controlled entities:		
A.C.N. 003 165 464 Pty Ltd	-	100
A.C.N. 003 921 873 Pty Limited	100	100
ACN 005 144 445 Pty Ltd (formerly Jen-Ell Agrispray Pty Ltd)	100	100
A.C.N. 082 931 486 Pty Ltd (formerly Wesfarmers Insurance Investments Pty Ltd)	100	100
Alsafe Safety Industries Pty Limited +	100	100
Aussigold Produce Pty Ltd	100	100
Australian Gold Reagents Pty Ltd	75	75
Australian Seed Inoculants Pty Ltd	100	100
Barnett Bros Pty Limited +	100	100
Barrobook Pty Limited	100	100
Bayridge Holdings Pty Ltd	-	100
BBC Hardware Limited +	100	100
BBC Hardware (NZ) Limited #	-	100
BBC Hardware Properties (NSW) Pty Ltd	100	100
BBC Hardware Properties (VIC) Pty Ltd	100	100
BBC Hardware Purchasing Pty Limited	100	100
Berriwillock Nominees Pty Ltd	100	100
Big N Distributors Pty Ltd	100	100
Bunnings (Northern Territory) Pty Ltd +	100	100
Bunnings Chip Mill Pty Ltd +	100	100
Bunnings Limited (formerly Benchmark Building Supplies Limited) #	100	100
Bunnings Management Services Pty Ltd +	100	100
Bunnings Manufacturing Pty Ltd +	100	100
Bunnings Properties Pty Ltd +	100	100
Bunnings Property Management Limited	100	100
Bunnings Pty Ltd (formerly Bunnings Building Supplies Pty Ltd) +	100	100
Bunnings Pulp Mill Pty Ltd +	100	100
Bunnings Superannuation Plan Pty Ltd	100	100
Bunnings Timbacraft Pty Ltd +	100	100
Bushridge Pty Ltd	100	100
C S Holdings Pty Limited +	100	100
Campbells Hardware & Timber Pty Limited	100	100
Cardinal Contractors Pty Ltd +	100	100
Carr Bros IAMA Pty Ltd	-	100
Chemical Holdings Kwinana Pty Ltd +	100	100
Co-operative Wholesale Services Ltd	100	100
Cootamundra Farm Centre Pty Ltd	-	100
Credit Management Pty Ltd +	100	100
CSBP Ammonia Terminal Pty Ltd	100	100
CSBP Limited (formerly Wesfarmers CSBP Limited) +	100	100
Cuming Smith and Company Limited +	100	100
Curragh Coal Sales Co Pty Ltd	100	100
Curragh Queensland Mining Pty Ltd	100	100
Dairy Properties Co-operative Limited	100	100
Dairy Rural Pty Ltd	100	100
Danlan Pty Limited +	100	100
Donald Nominees Pty Ltd	100	100
Eastfarmers Pty Ltd +	100	100
Farmland Pty Ltd	100	100
FIF Investments Pty Limited	100	100
FPT (Australia) Pty Limited	100	100
Frank Sauer and Sons Pty Ltd	100	100
Franklin Smith IAMA Pty Ltd	100	100
Glencoe Distributors Pty Ltd	100	100
Goldref Pty Ltd	100	100
GPML Pty Ltd	100	100
Haarsma's IAMA Pty Ltd	100	100
Hardwarehouse Limited #	-	100
Howard Smith Group Superannuation Association Pty Limited	100	100
Howard Smith Limited+	100	100
Howard Smith Nominees Pty Ltd	100	100
IAMA Agribusiness Pty Ltd +	100	100
IAMA Insurance Brokers Holdings Pty Limited	100	100
IAMA Insurance Brokers Pty Ltd	100	100
IAMA Irritech Pty Ltd	60	60
IAMA (Qld) Pty Ltd	100	100
IAMA (SA) Pty Ltd	100	100
IAMA Superannuation Fund Pty Ltd	100	100
Ibert Pty Limited +	100	100
Interfix Gold Coast Pty Ltd +	100	100
Interline Pty Ltd +	100	100
ISP Nominees Pty Ltd	100	100
J Blackwood & Son Ltd +	100	100
J Blackwood & Son (NZ) Limited #	-	100
J Blackwood & Son Steel & Metals Pty Ltd +	100	100
Johnstone River Transport Pty Ltd +	100	100
J O'Malley & Co Pty Ltd	100	100
Kelly & Co Rural Centre Pty Limited	67	67
Kerin Lange Rural Pty Ltd	50	50
Kleenheat Autogas Pty Ltd	100	100
Kleenheat Gas House Franchising Pty Ltd	100	100
Kwinana Nitrogen Company Proprietary Limited +	100	100
Langes Agribusiness Pty Ltd	100	100
Laxstone Pty Ltd	100	100
Lenmost Pty Limited	100	100
Loggia Pty Ltd +	100	100
Macquarie Valley Distributors Pty Limited	100	100

32 PARTICULARS RELATING TO CONTROLLED ENTITIES (CONTINUED)

	BENEFICIAL INTEREST 2003 %	2002 %
Mallee Chemicals Pty Ltd	100	100
Millars (WA) Pty Ltd +	100	100
Morris, Black & Matheson (1994) Limited #	-	100
Motion Industries Pty Ltd	100	100
NEGF Power Management Pty Ltd	88	76
NEGF Power Sales Pty Ltd	88	76
North Central Nominees Pty Ltd	100	100
NZ Finance Holdings Pty Limited #	100	-
O'Malley Distribution Group Pty Limited	100	100
Packaging House Limited #	100	100
Pailou Pty Ltd +	100	100
Pathia Pty Ltd	-	100
Patrick Operations Pty Ltd	100	100
Peppertree Fashions Limited #	-	100
Petersen Bros Pty Ltd	100	100
Powertrain Pty Limited	100	100
Presoval Pty Limited	100	-
Rangal Holdings Pty Ltd	100	100
R & N Palmer Pty Ltd +	100	100
Riverland IAMA Pty Ltd	100	100
R.V.L. Distribution Pty Ltd	100	100
SBS IAMA Real Estate Pty Ltd	100	100
SBS Rural IAMA Pty Limited	100	100
Seed & Grain Sales Pty Limited	100	100
Seedtech Pty Limited	56	-
Sellers (SA) Pty Ltd	100	100
Share Nominees Limited	100	100
Sotico Pty Ltd +	100	100
StateWest.com.au Pty Ltd	88	76
StateWest Power Pty Ltd	88	76
Stores Realty Pty Ltd +	100	100
The Builders Warehouse Group Pty Limited	100	100
The Fibre Company Pty Ltd	100	100
The Franked Income Fund	100	100
Thornton Hall Corporate Wardrobe Limited #	-	100
Thornton Hall Limited #	-	100
Ucone Pty Ltd +	100	100
Valley Investments Pty Ltd +	100	100
Vivco Distribution Pty Ltd	100	100
Vivco Rural Supplies Pty Ltd	100	100
WA Salvage Pty Ltd +	100	100
Wesfarmers Agribusiness Limited +	100	100
Wesfarmers Bangladesh Gas Pty Ltd	100	100
Wesfarmers Bengalla Limited	100	100
Wesfarmers Bunnings Limited +	100	100
Wesfarmers Coal (Indonesia) Pty Ltd +	100	100
Wesfarmers Coal Superannuation Pty Ltd +	100	100
Wesfarmers Curragh Pty Ltd +	100	100
Wesfarmers Energy Limited +	100	100

	BENEFICIAL INTEREST 2003 %	2002 %
Wesfarmers Energy (Industrial Gas) Pty Ltd	100	-
Wesfarmers Federation Insurance Limited	100	100
Wesfarmers Fertilizers Pty Ltd +	100	100
Wesfarmers Finance Limited	100	-
Wesfarmers Financial Services Limited	100	-
Wesfarmers Gas Limited +	100	100
Wesfarmers Holdings Pty Ltd	100	100
Wesfarmers Industrial & Safety Holdings NZ Limited #	100	100
Wesfarmers Industrial & Safety NZ Limited #	100	100
Wesfarmers Insurance Investments Pty Ltd	100	-
Wesfarmers Investments Pty Ltd	100	100
Wesfarmers Kleenheat Elpiji Limited <	55	55
Wesfarmers Kleenheat Gas Pty Ltd +	100	100
Wesfarmers Kleenheat Gas (Asia) Limited (in liquidation)	100	100
Wesfarmers Landmark Limited +	100	100
Wesfarmers Landmark (Qld) Limited +	100	100
Wesfarmers Landmark Realty (Qld) Pty Ltd	100	100
Wesfarmers Landmark Realty (WA) Pty Ltd	100	100
Wesfarmers Landmark Risk Management Pty Ltd	100	100
Wesfarmers Landmark Tenderland Pty Ltd	100	100
Wesfarmers Landmark Wool Pty Ltd	100	100
Wesfarmers LNG Pty Ltd	100	100
Wesfarmers LPG Pty Ltd +	100	100
Wesfarmers Premier Coal Limited +	100	100
Wesfarmers Private Equity Pty Ltd	100	100
Wesfarmers Provident Fund Pty Ltd +	100	100
Wesfarmers Queensland Coal Pty Ltd	100	100
Wesfarmers Railroad Holdings Pty Ltd	100	100
Wesfarmers Resources Pty Ltd +	100	100
Wesfarmers Retail Pty Ltd +	100	100
Wesfarmers Risk Management Limited #	100	100
Wesfarmers Rural Holdings Limited +	100	100
Wesfarmers Securities Management Pty Ltd	100	100
Wesfarmers Sugar Company Pty Ltd	100	100
Wesfarmers Superannuation Pty Ltd +	100	100
Wesfarmers Transport Indonesia Pty Ltd	100	100
Wesfarmers Transport Limited +	100	100
Weskem Pty Ltd +	100	100
West Africa Power Company Pty Ltd	88	76
Westralian Farmers Co-operative Limited	100	100
Westralian Farmers Superphosphates Limited +	100	100
WFCL Investments Pty Ltd	100	100
Wimmal Distributors Pty Ltd	100	100
WTL Asia Pty Ltd	100	100
Wyper Brothers Pty Limited	100	100
XCC (Retail) Pty Ltd +	100	100

32 PARTICULARS RELATING TO CONTROLLED ENTITIES (CONTINUED)

\# Audited by firms of Ernst & Young International.

< Audited by other firms of accountants.

With the exception of Wesfarmers Kleenheat Gas (Asia) Limited which is incorporated in Hong Kong; Wesfarmers Risk Management Limited incorporated in Bermuda; Wesfarmers Kleenheat Elpiji Limited incorporated in Bangladesh; Bunnings Limited (formerly Benchmark Building Supplies Limited), BBC Hardware (NZ) Limited, Hardwarehouse Limited, J Blackwood & Son (NZ) Limited, Morris Black & Matheson (1994) Limited, NZ Finance Holdings Pty Limited, Peppertree Fashions Limited, Packaging House Limited, Thornton Hall Corporate Wardrobe Limited, Thornton Hall Limited, Wesfarmers Industrial & Safety Holdings NZ Limited and Wesfarmers Industrial & Safety NZ Limited, incorporated in New Zealand, all other companies in the consolidated entity are incorporated in Australia.

\+ An approved deed of cross guarantee in accordance with the ASIC Class Orders made on 19 December 1991 has been entered into by Wesfarmers Limited and these entities. As a result separate audit opinions have not been issued for these entities.

For entities within the consolidated entity which have entered into deeds of cross guarantee, the consolidated statement of financial performance and statement of financial position are as follows:

	2003 $000	2002 $000
Consolidated statement of financial performance		
Profit from ordinary activities before income tax	**713,332**	485,372
Income tax expense relating to ordinary activities	**223,996**	162,223
Net profit	**489,336**	323,149
Retained earnings at the beginning of the financial year	**82,872**	219,561
Adjustment on adoption of revised accounting standard AASB1028 "Employee Benefits"	**(9,472)**	-
Aggregate of amounts transferred from reserves	**218**	128
Total available for appropriation	**562,954**	542,838
Dividends provided for or paid	**159,865**	459,966
Retained earnings at the end of the financial year	**403,089**	82,872
Consolidated statement of financial position		
Current assets		
Cash assets	**115,520**	111,104
Receivables	**1,118,047**	915,301
Inventories	**1,265,084**	1,241,543
Total current assets	**2,498,651**	2,267,948
Non-current assets		
Receivables	**300,762**	470,970
Other financial assets	**2,755,358**	3,013,797
Property, plant and equipment	**1,334,586**	1,474,283
Deferred tax assets	**70,197**	91,761
Intangible assets	**1,522,539**	1,554,990
Other	**1,236**	22,000
Total non-current assets	**5,984,678**	6,627,801
Total assets	**8,483,329**	8,895,749

32 PARTICULARS RELATING TO CONTROLLED ENTITIES (CONTINUED)

	2003 $000	2002 $000
Current liabilities		
Interest bearing liabilities	518,664	636,427
Payables	3,331,357	3,663,637
Current tax liabilities	116,432	45,826
Provisions	164,495	379,034
Other	7,148	30
Total current liabilities	4,138,096	4,724,954
Non-current liabilities		
Interest bearing liabilities	565,192	692,891
Payables	4,991	2,150
Deferred tax liabilities	70,205	65,813
Provisions	100,900	127,055
Total non-current liabilities	741,288	887,909
Total liabilities	4,879,384	5,612,863
Net assets	3,603,945	3,282,886
Shareholders' equity		
Contributed equity	3,159,466	3,027,008
Reserves	41,390	173,006
Retained earnings	403,089	82,872
Total shareholders' equity	3,603,945	3,282,886

33 PARTICULARS RELATING TO ASSOCIATED ENTITIES

ASSOCIATED ENTITY	PRINCIPAL ACTIVITY	BENEFICIAL INTEREST		BOOK VALUE OF INVESTMENT		CONTRIBUTION TO CONSOLIDATED PROFIT	
		2003 %	2002 %	2003 $000	2002 $000	2003 $000	2002 $000
Air Liquide WA Pty Ltd	Industrial gases	**40**	40	**1,381**	1,381	**2,242**	1,982
Albany Wool Stores Pty Ltd	Wool handling	**35**	35	**185**	185	**-**	-
Arcadian Wool Brokers Limited	Wool handling	**41**	41	**3,001**	3,001	**482**	577
Artfern Pty Ltd	Agricultural chemical distribution	**-**	50	**-**	4,000	**(328)**	366
Australian Railroad Group Pty Ltd	Rail freight	**50**	50	**117,600**	117,600	**18,825**	12,340
Bengalla Agricultural Company Pty Limited	Dairy	**40**	40	**1**	1	**(17)**	48
Bunnings Warehouse Property Trust	Property	**23**	25	**54,939**	50,935	**7,253**	5,271
Gresham Partners Group Limited	Merchant banking	**50**	50	**4,255**	4,255	**1,405**	6,956
Gresham Private Equity Fund	Private equity fund	**50**	50	**75,216**	47,131	**(1,413)**	4,752
Presoval Pty Limited	Rural merchandising	**-**	50	**-**	1,485	**377**	445
Queensland Nitrates Management Pty Ltd	Chemical manufacture	**50**	50	**-**	-	**-**	-
Queensland Nitrates Pty Ltd	Chemical manufacture	**50**	50	**10,000**	10,000	**-**	(645)
The Farmshed Ventures Pty Limited	Online rural venture financing	**-**	25	**-**	6,923	**(1,383)**	(4,039)
Unigas	LP gas distribution	**50**	50	**9,779**	14,405	**1,543**	1,488
Wespine Industries Pty Ltd	Pine sawmillers	**50**	50	**7,030**	7,030	**5,780**	4,906
Wooldumpers Australia Pty Ltd	Wool handling	**50**	50	**8,933**	8,692	**1,616**	1,215
				292,320	277,024	**36,382**	35,662

	CONSOLIDATED	
	2003 $000	2002 $000
Additional disclosure		
(a) Share of associates' profits:		
Profit before income tax expense	**38,615**	46,935
Income tax expense	**2,233**	11,273
Net profit	**36,382**	35,662
(b) Carrying amount of investment in associates:		
Balance at the beginning of the financial year	**313,165**	229,097
Acquisition of associates during the financial year	**28,046**	78,801
Disposal of associates during the financial year	**(5,488)**	(8,836)
Write down of associated companies	**(111)**	(642)
Share of associates' reserves for the financial year	**2,676**	2,701
Share of associates' profits for the financial year	**36,382**	35,662
Dividends received from associates	**(28,664)**	(23,618)
Carrying amount of interest in associates	**346,006**	313,165
(c) Particulars of retained earnings and reserves attributable to associates:		
Retained earnings	**7,607**	14,104
Asset revaluation reserve	**2,676**	-

(d) The consolidated entity's share of associated companies commitments and contingent liabilities are included in notes 26 and 27 where material.

34 SEGMENT INFORMATION

The consolidated entity is comprised of the undermentioned business segments, operating predominantly in Australia. Segment revenue, expenses and results between segments are not considered material.

Hardware

- Retail building material and home and garden improvement products;
- Servicing project builders and the housing industry; and
- Bargain hardware and variety.

Energy

- Coal mining and development;
- Coal marketing to both domestic and export markets;
- National marketing and distribution of LP gas;
- LP gas extraction for domestic and export markets;
- Manufacture and marketing of industrial gases and equipment; and
- Electricity supply to mining operations and regional centers.

Rural services and insurance

- Supplier of rural merchandise and fertilisers to cotton, cropping, viticulture, horticulture and grazing industries;
- Provider of:
  - wool and livestock marketing services;
  - real estate and rural property sales;
  - seasonal finance, term loans and deposit facilities; and
  - rural, domestic and commercial insurance.

Chemicals and fertilisers

- Manufacture and marketing of chemicals for industry, mining and mineral processing;
- Manufacture and marketing of broadacre and horticultural fertilisers; and
- Soil and plant testing and agronomy advisory services.

Industrial and safety distribution

- Supplier and distributor of maintenance, repair and operating (MRO) products; and
- Specialised supplier and distributor of industrial safety products and services.

Other

Rail transport

- 50 per cent ownership in Australian Railroad Group Pty Ltd which:
  - has an interest in the South Australian and Western Australian rail freight businesses;
  - provides rail services for bulk commodities and associated retail logistics operations; and
  - owns track infrastructure under a 49 year lease.

Forest products

- Manufacture of products to service the wholesale timber market in Australia and internationally, industrial customers and furniture/cabinet/joinery manufacturers; and
- Forestry and timber operations.

Other group assets and investments

34 SEGMENT REPORTING DETAILS (CONTINUED)

	HARDWARE		ENERGY		INDUSTRIAL AND SAFETY DISTRIBUTION	
	2003 $000	2002 $000	2003 $000	2002 $000	2003 $000	2002 $000
(a) **Operating revenue**	**3,474,538**	3,066,261	**1,083,834**	963,536	**1,112,023**	1,055,353
Consolidation adjustment						
Total operating revenue						
(b) **Earnings**						
Earnings before interest paid, tax, goodwill amortisation, and corporate overheads	**349,031**	297,057	**340,320**	236,935	**117,198**	84,790
Goodwill amortisation	**(50,074)**	(46,535)	**(685)**	(429)	**(25,258)**	(23,046)
Earnings before interest paid, tax and corporate overheads	**298,957**	250,522	**339,635**	236,506	**91,940**	61,744
Consolidation adjustment						
Interest paid and corporate overheads						
Operating profit before income tax						
Income tax expense						
Net profit before outside shareholder's interest						
Share of net profit or loss of associates included in earnings before interest paid, tax and corporate overheads	**7,253**	5,274	**3,768**	3,518	**-**	-
Depreciation and amortisation (excluding goodwill amortisation)	**52,484**	58,538	**79,361**	81,913	**10,743**	8,640
Non cash expenses other than depreciation	**5,399**	16,662	**14,811**	18,380	**10,822**	14,651
(c) **Assets and liabilities**						
Segment assets	**2,303,334**	2,421,180	**1,009,122**	1,080,577	**919,137**	966,685
Tax assets						
Consolidation adjustment						
Consolidated assets						
Segment liabilities	**301,837**	348,429	**249,302**	252,008	**131,670**	158,261
Tax liabilities						
Provision for dividend						
Interest bearing liabilities						
Consolidated liabilities						
Investments accounted for using the equity method	**64,451**	53,601	**16,460**	19,499	**-**	-
Acquisition of non-current assets	**84,453**	1,246,731	**57,792**	77,571	**25,373**	594,517

34 SEGMENT REPORTING DETAILS (CONTINUED)

RURAL SERVICES AND INSURANCE		CHEMICALS AND FERTILISERS		OTHER		CONSOLIDATED	
2003 $000	2002 $000	**2003 $000**	2002 $000	**2003 $000**	2002 $000	**2003 $000**	2002 $000
1,504,003	1,645,813	**473,562**	463,923	**114,269**	198,261	**7,762,229**	7,393,147
						(8,855)	(7,491)
						7,753,374	7,385,656
76,330	89,182	**78,881**	73,514	**46,435**	49,212	**1,008,195**	830,690
(9,455)	(9,068)	**(262)**	(262)	**-**	-	**(85,734)**	(79,340)
66,875	80,114	**78,619**	73,252	**46,435**	49,212	**922,461**	751,350
						(8,704)	(7,369)
						(125,113)	(136,680)
						788,644	607,301
						250,726	193,115
						537,918	414,186
765	(1,436)	**-**	(647)	**24,596**	28,953	**36,382**	35,662
20,166	16,338	**37,789**	38,432	**5,697**	9,032	**206,240**	212,893
5,147	8,327	**888**	3,273	**18,951**	18,992	**56,018**	80,285
1,005,704	978,963	**541,333**	511,790	**727,574**	712,131	**6,506,204**	6,671,326
						82,183	110,711
						(170,285)	(169,316)
						6,418,102	6,612,721
561,815	538,763	**71,846**	59,262	**55,303**	73,733	**1,371,773**	1,430,456
						225,138	139,659
						-	143,332
						1,056,114	1,489,197
						2,653,025	3,202,644
10,297	17,427	**6,812**	6,812	**247,986**	215,826	**346,006**	313,165
36,248	26,345	**19,198**	23,865	**36,654**	8,807	**259,718**	1,977,836

35 EARNINGS PER SHARE

	CONSOLIDATED 2003	CONSOLIDATED 2002
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	376,609,955	356,831,323

36 INTERESTS IN JOINT VENTURE OPERATIONS

Assets employed in joint venture operations:

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000
Current assets		
Cash assets	1,157	4,060
Receivables	5,686	8,645
Inventories	19,862	14,896
Total current assets	26,705	27,601
Non-current assets		
Property, plant and equipment	210,102	217,448
Total non-current assets	210,102	217,448
Total assets	236,807	245,049

JOINT VENTURE	PRINCIPAL ACTIVITY	INTEREST 2003 %	INTEREST 2002 %
Sodium Cyanide	Sodium cyanide manufacture	75	75
Bengalla joint venture	Coal mining	40	40

37 RELATED PARTIES DISCLOSURES

1 **The directors of Wesfarmers Limited during the year were:**

D J Asimus (resigned 1/10/02)	T R Eastwood	L A Giglia	C H Perkins (resigned 13/12/02)
C B Carter (appointed 1/10/02)	T J Flügge	J P Graham	G T Tilbrook
M A Chaney	E Fraunschiel (resigned 31/7/02)	R D Lester	D C White
P A Cross (appointed 11/2/03)	R J B Goyder (appointed 31/7/02)	C Macek	

2 **The following related party transactions occurred during the year:**

(a) Transactions with related parties

(i) Sales and services to and purchases from associated and partly owned entities and director related entities by the consolidated entity are made under normal commercial terms and conditions and are not material.

(ii) Sales and services to and purchases from wholly owned entities by Wesfarmers Limited are under normal commercial terms and conditions and are not material.

(b) Transactions with directors of Wesfarmers Limited and controlled entities:

	CONSOLIDATED	
	2003 $000	2002 $000
(i) Loans to directors		
Wesfarmers Limited employee share plan:		
Aggregate of advances outstanding at 30 June	**17,080**	18,671
Aggregate of advances made during the year	**3,380**	7,179

The names of directors of Wesfarmers Limited and controlled entities who received advances:

R J Adams	D W Dent	T J R Kuzman
D E Allan	J H Doyle	F G D Landels
M C Allison	C I Duncan	J S Maher
M L Bailey	M G Evans	D J McMahon
D J Beisley	J J Fane De Salis	D E J Moroney
J R Beveridge	G A Findlay	K J O'Connell
K L Blaikie	W L Fischer	T J P O'Leary
T J Bowen	C J French	L S Pangiarella
R Brenchley	G W Gernhoefer	S Price
R J Buckley	J C Gillam	W H Pruys
T J Bult	D K Goldsmith	M W Ridley
J R Burke	K D Gordon	D A Robb
S A Butel	K T Graham	C J Ryan
R A Carey	I Hansen	M P Taylor
P A Crane	E P Harnett	M J Toohey
P J C Davis	G P Ireson	P W Watkins
D Deiley	P J Jolob	M J Wedgwood
R M Denby	B J Kelly	
B J H Denison	L J Kenyon	

Aggregate of repayments made during the year	**1,710**	2,102

37 RELATED PARTIES DISCLOSURES (CONTINUED)

The names of directors of Wesfarmers Limited and controlled entities who made repayments:

R J Adams	DW Dent	T J R Kuzman
D E Allan	J H Doyle	F G D Landels
M C Allison	C I Duncan	J S Maher
M L Bailey	M G Evans	D J McMahon
D J Beisley	J J Fane De Salis	J Molenaar
J R Beveridge	G A Findlay	D E J Moroney
K L Blaikie	W L Fischer	K J O'Connell
T J Bowen	C J French	T J P O'Leary
R Brenchley	G W Gernhoefer	L S Pangiarella
R J Buckley	J C Gillam	S Price
T J Bult	D K Goldsmith	W H Pruys
J R Burke	K D Gordon	M W Ridley
S A Butel	R J B Goyder	D A Robb
R A Carey	K T Graham	C J Ryan
M A Chaney	I R Hansen	M P Taylor
P A Crane	E P Harnett	M J Toohey
P J C Davis	G P Ireson	G T Tilbrook
D Deiley	P J Jolob	P W Watkins
R M Denby	B J Kelly	M J Wedgwood
B J H Denison	L J Kenyon	

Terms and conditions:

The terms and conditions of advances and repayments are set out in the Wesfarmers Employee Share Plan Prospectus, a copy of which was lodged with the Australian Securities and Investments Commission on 13 December 2002 (2002: 14 November 2001).

(ii) Interest in the shares and options of entities within the consolidated entity held by directors of the reporting entity and their related entities as at 30 June 2003:

	2003 No.	2002 No.
Aggregate number of shares acquired under the dividend investment plan	**3,910**	24,988
Aggregate number of shares acquired under the Wesfarmers Employee Share Plan	**300**	2,247
Aggregate number of shares held	**3,363,652**	3,968,714

(iii) Fees charged during the year for services provided by Gresham Partners Group Limited group of companies to the consolidated entity totalled $0.3 million (2002: $6.4 million).

(iv) The total rental paid by the consolidated entity to an associated entity, the Bunnings Warehouse Property Trust, for rental of properties was $35.8 million (2002: $28.9 million). The total management fee paid by the Bunnings Warehouse Property Trust to the consolidated entity was $2.4 million (2002: $1.9 million). The total net profit before tax on sale of properties sold to the Bunnings Warehouse Property Trust brought to account by the consolidated entity was $0.1 million (2002: $1.4 million).

38 SUBSEQUENT EVENTS

(a) A dividend of 85 cents per share resulting in a dividend payment of $320,055,714 was declared on 12 August 2003.

(b) On 30 June 2003 Wesfarmers Limited entered into an agreement with the shareholders of Edward Lumley Holdings Limited (ELH), owner of the Lumley Insurance Group to purchase all of the shares in ELH.

The acquisition price for the shares is expected to be approximately $320 million.

The transaction remains subject to approval by the Australian Prudential Regulatory Authority and implementation of changes to the corporate structure of ELH to facilitate Australian ownership.

(c) On 29 August 2003 Wesfarmers Limited sold its rural services business for approximately $825 million, comprising $718 million for the sale of shares plus the transfer of net debt of approximately $107 million. Completion accounts, to be finalised within the next six to eight weeks, will determine the actual net debt at settlement date and the final sale price.

It is anticipated the consolidated entity will record a pre tax profit of approximately $400 million from the sale.

The revenue and earnings before interest paid and tax relating to the rural services business for the year ended 30 June 2003 were $1.5 billion and $41.7 million respectively.

DIRECTORS' REPORT

Wesfarmers Limited and its controlled entities

The information appearing on pages 2 to 41 forms part of the directors' report for the year ended 30 June 2003 and is to be read in conjunction with the following information:

RESULTS AND DIVIDENDS

	2003 $000	2002 $000
Operating profit		
Profit from ordinary activities after income tax expense	**537,918**	414,186
Net/(loss) profit attributable to outside equity interests	**(290)**	263
Net profit attributable to members of the parent entity	**538,208**	413,923
Dividends		
The following dividends have been paid by the company or declared by the directors since the commencement of the financial year ended 30 June 2003:		
(a) out of the profits for the year ended 30 June 2002 on the fully-paid ordinary shares:		
(i) fully franked final dividend of 77 cents per share paid on 26 September 2002 as disclosed in last years directors' report	**286,664**	
(b) out of the profits for the year ended 30 June 2003 on the fully-paid ordinary shares:		
(i) fully franked interim dividend of 42 cents per share paid on 28 March 2003	**159,865**	
(ii) fully franked final dividend of 85 cents per share declared by the directors for payment on 25 September 2003	**320,056**	

Principal activities

The principal activities during the year of entities within the consolidated entity were:

- retailing of home and garden improvement products and building materials;
- coal mining and production;
- gas processing and distribution;
- industrial and safety product distribution;
- chemicals and fertilisers manufacture;
- rural merchandise and services;
- insurance;
- investment in rail transport; and
- forest products.

There have been no significant changes in the nature of those activities during the year.

DIRECTORS

Information on directors

The names and details of the directors of the company in office as at the date of this report appear on pages 34 and 35. The names of directors of the company who retired during the year appear in note 37 on page 81.

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:

	BUNNINGS WAREHOUSE PROPERTY TRUST UNITS	WESFARMERS LIMITED ORDINARY SHARES
C B Carter	-	4,000
M A Chaney	23,000	402,889
P A Cross	-	2,000
T R Eastwood, AM	-	878,694
T J Flügge, AO	-	4,417
L A Giglia, AM	5,923	9,516
R J B Goyder	-	89,465
J P Graham	9,334	1,565,459
R D Lester	-	44,614
C Macek	-	5,000
G T Tilbrook	22,779	192,813
D C White	3,989	9,243

Directors' benefits

During or since the end of the financial year no director of the company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the consolidated accounts, 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 payments made to Gresham Partners Group Limited, of which Mr J P Graham is a director, for professional services provided in the ordinary course of business on normal commercial terms.

Insurance of directors and officers

During or since the end of the financial year, the company has paid premiums in respect of a contract insuring all directors of Wesfarmers Limited against liability incurred in that capacity. Disclosure of the nature of the liability covered by the insurance and premiums paid is subject to confidentiality requirements under the contract of insurance.

Directors' and other officers' emoluments

Non-executive directors

Details of the emoluments of the non-executive directors and the basis on which those emoluments are determined are set out in the corporate governance statement on page 37 and on page 88 of this report.

Chief Executive Officer (Managing Director) and senior executives

The Nomination and Remuneration Committee is responsible for determining the remuneration policies for the group, including those affecting the executive directors and the senior executives (being the five business unit Managing Directors). The committee may seek appropriate external advice to assist its decision making. Remuneration policies and practices are directed at attracting, motivating and retaining quality people. Key principles in setting remuneration include shareholder value, market competitiveness and internal relativity and equity.

The remuneration policy for executive directors and senior executives has three main components: fixed remuneration, annual incentive and long term incentive.

Fixed remuneration

Executive directors and senior executives receive fixed remuneration including a base salary, superannuation and benefits such as a motor vehicle. Salary packages are designed so that the manner of payment is optimal for the executive director or senior executive without adding to the overall cost to the company.

Base salary and superannuation form a "cash component" from which the legislative minimum of superannuation must be remitted to the Wesfarmers Superannuation Fund. Executive directors and senior executives may choose to have the company contribute beyond the minimum level, in lieu of cash salary. A compulsory minimum level of life insurance is set for Wesfarmers Superannuation Fund members, with premiums deducted from member accounts.

Annual incentive

The Nomination and Remuneration Committee links the nature and amount of executive remuneration to the company's financial and operational performance. All executive directors (other than the Managing Director) and senior executives participate in a plan which provides cash incentives where specified criteria are met including annual profit and return on capital targets, and where appropriate, safety targets for business operations under their control. Executive directors and senior executives are rewarded for the performance of both the business they manage and the group as a whole.

Long term incentive

Executive directors and senior executives have received long term incentives through participation in the company's Employee Share Plan. The plan provides an opportunity for executive directors and senior executives to receive limited-recourse loans to purchase shares in the company which are repayable by dividends.

Managing Director

The Managing Director and Chief Executive Officer, Mr Michael Chaney, entered into a contract upon his appointment in 1992. His remuneration comprises a salary and allowances package supplemented by an incentive plan.

Prior to the tenth anniversary of his contract on 30 June 2002, Mr Chaney and the board agreed terms for an extension of the contract to 30 June 2005. These terms include a continuation of Mr Chaney's long term incentive plan; and a contract extension payment of $2 million per annum, plus up to $500,000 per annum dependent on an earnings per share growth hurdle being met annually.

Under Mr Chaney's long term incentive plan, he is entitled, subject to the group exceeding a return on equity hurdle, to incentive payments calculated on the basis of increases in the shareholders' equity of the company and return on equity. These incentive payments accrue in a pool and each year Mr Chaney may draw on a specified portion of the funds. For the first seven years of the contract that portion was 33 per cent, rising to 50 per cent, 60 per cent and 100 per cent in years eight, nine and ten respectively, and 100 per cent thereafter.

As a result of the significant growth in the company in recent years, in particular following the takeover of Howard Smith, the payments due to Mr Chaney under his incentive plan would have risen to levels beyond that originally envisaged for excellent performance. As a result, it was agreed with Mr Chaney to cap such payments at $6.8 million in 2002 and at $2 million per annum for the financial years ended 30 June 2003 and ending 30 June 2004 and 2005. For the financial year ended 30 June 2003, the cap applied and, based on the directors' expectations for the company's performance over the next two years, it is anticipated that Mr Chaney's incentive payments will also be $2 million for the financial years ending 30 June 2004 and 2005.

Retention/termination benefit

The Managing Director has accrued a retention/termination benefit under his employment contract. The benefit accrued after Mr Chaney had completed six years as Chief Executive but is not payable until his employment with the company ceases. The total sum payable to Mr Chaney on retirement under this provision as at 30 June 2003 would have been $5.1 million.

Eight other senior executives, including two executive directors, are also eligible for a retention/termination benefit payable on cessation of their employment. The benefits accrue after the completion of service periods ranging from 5 to 10 years. The amounts that would have been payable under these arrangements as at 30 June 2003 varied from zero to $1.9 million.

Performance review and succession planning

The Managing Director has established an annual process for the formal review of senior executive performance and succession plans. Each senior executive meets with the Managing Director to discuss performance against the previous year's key performance indicators, establish key performance indicators for the following year and consider any development action. Succession plans for key executive positions are also discussed at the formal review.

Details of the nature and amount of the emolument of each director of the company and each of the five executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are as follows:

	ANNUAL EMOLUMENTS			LONG-TERM INCENTIVE		
	BASE & SUPERANNUATION (1)	NON CASH BENEFITS (2) $000	ANNUAL INCENTIVES (3) $000	CASH (4) $000	SHARES (5) $000	TOTAL $000
Non-executive directors						
T R Eastwood	216					216
J P Graham	128 (6)					128
D C White	122					122
C Macek	115					115
R D Lester	114					114
T J Flügge	114					114
L A Giglia	107					107
C B Carter	81					81
P A Cross	46					46
Two non-executive directors retired during the year. Mr C H Perkins received remuneration of $163,333 and Mr D J Asimus $34,133.						
Executive directors						
M A Chaney	997	171	2,500	2,000	119	5,787
R J B Goyder	589	97	152		44	882
G T Tilbrook	488	85	182		44	799
One executive director retired during the year. Mr E Fraunschiel received remuneration of $2.1 million (inclusive of termination benefits).						
Executive officers						
D A Robb	527	68	208		65	868
M C Allison	461	177	111		55	804
R M Denby	456	65	128		55	704
P J C Davis	432	65	34		39	570
J C Gillam	348	65	105		37	555

Two executive officers retired during the year. Mr J Boros received remuneration of $2.1 million (inclusive of termination benefits) and Mr I P Thomson received $0.6 million (inclusive of termination benefits).

Notes:

(1) Base salaries/fees, including relocation allowances and superannuation. Subject to statutory minimums, executives may take some superannuation as cash.

(2) Benefits include motor vehicles, FBT and other miscellaneous benefits.

(3) Performance-based, short term incentive as explained above. In the case of the Chief Executive Officer, this comprises a contract extension payment as explained above.

(4) Vested portion of long term incentive payments, capped as described above.

(5) Interest benefit on balance of outstanding loans to purchase shares under the Employee Share Plan.

(6) Includes directors' fees for service on a Wesfarmers subsidiary board.

Directors' meetings

The following table sets out the number of directors'meetings (including meetings of board committees) held during the year ended 30 June 2003 and the number of meetings attended by each director.

	BOARD		AUDIT COMMITTEE		NOMINATION COMMITTEE		COMPENSATION COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE	
DIRECTOR	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
T R Eastwood (Chairman)	11	11			2	2	2	2	3	3
M A Chaney (Managing Director)	11	11								
D J Asimus	4	4			1	1	2	2		
C B Carter	8	8					1	1	3	3
P A Cross	4	4							3	3
T J Flügge	11	11	9	7	2	2	2	2	3	3
E Fraunschiel	1	1								
L A Giglia	11	10					2	2	3	3
R J B Goyder	10	10								
J P Graham	11	10	2	2			2	2		
R D Lester	11	11	9	9			2	2		
C Macek	11	11	9	9			2	2		
C H Perkins	6	5			2	2	2	2		
G T Tilbrook	11	11								
D C White	11	11	9	9			2	2		

Notes:

Messrs Goyder and Carter and Mrs Cross joined the board on 31 July 2002, 1 October 2002 and 11 February 2003 respectively.

Messrs Fraunschiel, Asimus and Perkins retired from the board on 31 July 2002, 1 October 2002 and 13 December 2002 respectively.

Mr Eastwood was appointed Chairman of Wesfarmers Limited on 20 December 2002.

The Nomination Committee and the Compensation Committee merged responsibilities and became the Nomination and Remuneration Committee in March, 2003. Mr Carter joined the committee on 1 October 2002 and Mrs Cross and Mr Giglia on 4 March 2003.

Messrs Flügge and Graham joined the Audit Committee on 5 August 2002 and 6 May 2003 respectively.

DIRECTORS' REPORT

Wesfarmers Limited and its controlled entities

REVIEW OF OPERATIONS

The operations of the consolidated entity during the financial year and the results of those operations are reviewed on pages 2 to 33 of this report and in the accompanying financial statements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Particulars of the significant changes in the state of affairs of the consolidated entity during the financial year are as follows:

- operating revenue from ordinary activities up five per cent to $7.8 billion see pages 3 and 7
- net profit for the financial year attributable to members up 30 per cent to $538 million (excluding Girrah up 16 per cent to $482 million) see pages 3 and 7
- dividends per share paid or payable up 14 per cent see pages 3 and 4
- total assets down three per cent to $6.4 billion see page 3
- shareholders' equity up 10 per cent to $3.8 billion see page 3
- net borrowings down 33 per cent to $0.9 billion see page 3
- a share buyback programme was introduced where 4,094,428 shares of the company were purchased for a total consideration of $98.8 million and subsequently cancelled see page 8

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The following significant events have arisen since the end of the financial year:

(a) A dividend of 85 cents per share resulting in a dividend payment of $320,055,714 was declared on 12 August 2003;

(b) On 30 June 2003 Wesfarmers Limited entered into an agreement with the shareholders of Edward Lumley Holdings Limited (ELH), owner of the Lumley Insurance Group, to purchase all of the shares in ELH. The acquisition price for the shares is expected to be approximately $320 million. The transaction remains subject to approval by the Australian Prudential Regulatory Authority and implementation of changes to the corporate structure of ELH to facilitate Australian ownership; and

(c) On 29 August 2003 the company sold its rural services business for approximately $825 million, comprising $718 million for the sale of shares plus the transfer of net debt of approximately $107 million. Completion accounts, to be finalised within the next six to eight weeks, will determine the actual net debt at settlement date and the final sale price.

It is anticipated the consolidated entity will record a pre-tax profit of approximately $400 million from the sale.

The revenue and earnings before interest paid and tax relating to the rural services businesses for the year ended 30 June 2003 were $1.5 billion and $41.7 million respectively.

DIRECTORS' REPORT

Wesfarmers Limited and its controlled entities

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in and expected results of the operations of the consolidated entity in subsequent years are referred to elsewhere in this report, particularly on pages 7 to 33. In the opinion of the directors, further information on those matters could prejudice the interests of the company and the consolidated entity and has therefore not been included in this report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity holds a number of environmental licences issued by various authorities throughout Australia and New Zealand.

These licences regulate the management of air and water quality, the storage and carriage of hazardous materials, the disposal of wastes and other environmental matters associated with the consolidated entity's operations.

There have been no significant material known breaches of the consolidated entity's licence conditions.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Wesfarmers Limited support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained on pages 36 to 41 of this annual report.

CORPORATE INFORMATION

Wesfarmers Limited is a company limited by shares that is incorporated and domiciled in Australia. The registered office and principal business address of Wesfarmers Limited is 11th floor, Wesfarmers House, 40 The Esplanade, Perth, Western Australia.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded off under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

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

T R Eastwood
Chairman
Perth, 2 September 2003

M A Chaney
Managing Director

DIRECTORS' DECLARATION

Wesfarmers Limited and its controlled entities

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

1. In the opinion of the directors:
   (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
      (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
      (ii) complying with Accounting Standards and Corporations Regulations 2001; and
   (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group comprising the company and the controlled entities marked "+" as identified in note 32 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the deed of cross guarantee in note 27.

On behalf of the Board

T R Eastwood
Chairman
Perth, 2 September 2003

M A Chaney
Managing Director

INDEPENDENT AUDIT REPORT

To the members of Wesfarmers Limited

SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Wesfarmers Limited (the company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake other services as disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

AUDIT OPINION

In our opinion, the financial report of Wesfarmers Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of Wesfarmers Limited and the consolidated entity at 30 June 2003 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst + Young

Ernst & Young

G H Meyerowitz
Partner
Perth
Date: 2 September 2003

SHAREHOLDER INFORMATION

Wesfarmers Limited and its controlled entities

SUBSTANTIAL SHAREHOLDERS

Substantial shareholder details as at 2 September 2003 were:

HOLDERS OF RELEVANT INTEREST	NUMBER OF ORDINARY SHARES IN WHICH INTEREST HELD
Commonwealth Bank of Australia	24,603,295

VOTING RIGHTS

Ordinary fully-paid shares, carry voting rights of one vote per share.

DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS

SIZE OF HOLDING	NUMBER OF ORDINARY SHAREHOLDERS
1 - 1,000	73,331
1,001 - 5,000	31,667
5,001 - 10,000	4,337
10,001 - 100,000	2,841
100,001 - and over	158
	112,334

There were 896 holders of less than a marketable parcel of ordinary shares.
Less than two per cent of shareholders have registered addresses outside Australia.

SHAREHOLDER INFORMATION

Wesfarmers Limited and its controlled entities

TWENTY LARGEST SHAREHOLDERS

The twenty largest holders of ordinary shares on the company's register as at 2 September 2003 were:

NAME	NUMBER OF SHARES	% OF ISSUED CAPITAL (*)
J P Morgan Nominees Australia Limited	30,558,208	8.1
National Nominees Limited	25,095,262	6.7
Westpac Custodian Nominees Limited	21,035,949	5.6
Citicorp Nominees Pty Limited	7,428,395	2.0
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fund A/C)	6,195,030	1.6
AMP Life Limited	5,566,030	1.5
Queensland Investment Corporation	5,007,233	1.3
Australian Foundation Investment Company Limited (Investment Portfolio A/C)	4,905,928	1.3
ANZ Nominees Limited	4,898,536	1.3
Commonwealth Custodial Services Limited	4,598,401	1.2
Citicorp Nominees Pty Limited (CFS Imputation Fund A/C)	3,615,972	1.0
Citicorp Nominees Pty Limited (CFS WSLE Geared Share Fund A/C)	3,369,485	0.9
RBC Global Services Australia Nominees Pty Limited (BKCUST A/C)	2,722,487	0.7
Cogent Nominees Pty Limited	2,500,336	0.7
RBC Global Services Australia Nominees Pty Limited (MLWSIF A/C)	2,296,789	0.6
Westpac Financial Services Limited	2,092,088	0.6
Citicorp Nominees Pty Limited (CFS WSLE Aust Share Fund A/C)	1,863,616	0.5
HSBC Custody Nominees (Australia) Limited	1,676,593	0.4
NRMA Nominees Pty Limited	1,569,319	0.4
Argo Investments Limited	1,561,309	0.4

* The percentage holding of the twenty largest shareholders was 36.8

TEN YEAR FINANCIAL HISTORY

Wesfarmers Limited and its controlled entities

(All figures in $ millions unless shown otherwise)

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Summarised statement of financial performance										
Sales revenue	**7,426**	7,193	4,243	3,358	2,818	2,727	2,601	2,435	2,427	2,282
Other operating revenue	**327**	193	146	122	301	96	109	78	86	118
Operating revenue	**7,753**	7,386	4,389	3,480	3,119	2,823	2,710	2,513	2,513	2,400
Operating profit before depreciation, net interest paid and income tax	**1,146**	976	588	445	389	380	343	269	297	296
Depreciation and amortisation (excluding goodwill)	**206**	213	154	118	113	102	102	93	86	73
Net interest paid	**65**	77	54	23	17	12	16	20	16	14
Income tax expense	**251**	193	118	89	72	92	78	54	64	51
	624	493	262	215	187	174	147	102	131	158
Outside equity interests	**-**	-	(1)	(1)	(1)	(1)	-	(1)	(1)	(17)
Operating profit after income tax before goodwill amortisation	**624**	493	261	214	186	173	147	101	130	141
Goodwill amortisation	**(86)**	(79)	(10)	(7)	(7)	(7)	(7)	(8)	(3)	(2)
Operating profit after income tax attributable to members of Wesfarmers Limited	**538**	414	251	207	179	166	140	93	127	139
Capital and dividends										
Ordinary shares on issue (number)	**377**	372	282	264	262	251	240	229	220	198
Paid up ordinary capital	**3,159**	3,027	1,234	892	950	860	716	624	561	360
Ordinary dividends paid or declared	**480**	413	245	193	178	165	138	84	107	81
Dividend per ordinary share	**127.0c**	111.0c	87.0c	73.0c	67.0c	66.0c	58.0c	37.0c	48.0c	41.0c
Percentage franked	**100%**	100%	100%	100%	100%	100%	100%	100%	100%	100%
Financial performance										
Before goodwill amortisation										
Earnings per ordinary share (weighted average)	**165.7c**	138.2	96.2c	80.4c	72.6c	70.6c	62.6c	44.8c	62.0c	72.7c
After goodwill amortisation										
Earnings per ordinary share (weighted average)	**142.9c**	116.0c	92.4c	77.6c	69.8c	67.6c	59.6c	41.3c	60.6c	71.6c
Return on average ordinary shareholders' funds	**15.0%**	16.6%	17.8%	17.0%	15.1%	15.2%	14.7%	10.8%	17.7%	25.1%
Net interest cover – profit basis (times)	**13.1**	8.9	7.9	13.6	15.9	22.5	14.7	8.3	12.7	15.9
Net interest cover – cash basis (times)	**17.6**	12.7	10.9	18.9	23.0	31.6	21.5	13.3	18.1	21.2
Income tax expense (effective rate)	**31.8%**	31.8%	32.0%	30.0%	28.7%	35.6%	35.7%	36.4%	32.8%	24.7%
Financial position as at 30 June										
Total assets	**6,418**	6,613	4,004	3,169	2,576	2,374	2,058	2,005	1,932	1,693
Total liabilities	**2,653**	3,203	2,386	1,937	1,369	1,204	1,046	1,111	1,097	950
Net assets	**3,765**	3,410	1,618	1,232	1,207	1,170	1,012	894	835	743
Outside equity interests in controlled entities	**7**	10	24	6	1	2	1	1	6	130
Shareholders' equity attributable to members of Wesfarmers Limited	**3,758**	3,400	1,594	1,225	1,206	1,168	1,011	893	829	613
Net tangible asset backing per ordinary share	**$5.95**	$4.83	$4.61	$4.13	$3.96	$4.06	$3.58	$3.21	$3.01	$3.06
Net financial debt to net tangible assets	**39.7%**	73.2%	77.6%	75.6%	41.1%	34.3%	28.5%	51.3%	55.8%	23.0%
Net financial debt to equity	**23.7%**	38.8%	63.4%	67.3%	36.3%	29.9%	24.2%	42.1%	44.8%	23.4%
Total external liabilities/total assets*	**40.3%**	47.3%	57.9%	59.4%	51.0%	49.9%	50.8%	55.1%	56.2%	55.2%
Stock market capitalisation as at 30 June	**9,526**	10,126	7,638	3,507	3,568	3,012	3,000	1,737	1,965	1,699

*Excluding project financing

DIRECTORY

Executive directors

M A Chaney, *Managing Director and Chief Executive Officer*

R J B Goyder, *Finance Director*

G T Tilbrook, *Executive Director, Business Development*

Non-executive directors

T R Eastwood, AM, *Chairman*

C B Carter

P A Cross

T J Flügge, AO

L A Giglia, AM

J P Graham

R D Lester

C Macek

D C White

Company Secretary

L J Kenyon

Audit committee

D C White,
Chairman of the committee

T J Flügge, AO

J P Graham

R D Lester

C Macek

Nomination and remuneration committee

T R Eastwood, AM
Chairman of the committee

C B Carter

P A Cross

T J Flügge, AO

L A Giglia, AM

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