Wesfarmers

2004 Annual Report

ABOUT THIS REPORT

This annual report provides information about the year ended 30 June 2004 and has been prepared in accordance with the listing requirements of Australian Stock Exchange Limited, the Corporations Act 2001, accounting standards issued by the Australian Accounting Standards Board, other mandatory professional reporting requirements (including Urgent Issues and Consensus Views) and relevant guidance statements issued by authoritative non-statutory organisations. Where relevant, events taking place in the period subsequent to the balance date have been included. **The report includes a summary of the operations of the main business divisions comprising the Wesfarmers group as detailed below.**

WESFARMERS LIMITED

Hardware	Energy	Industrial and safety	Insurance	Chemicals and fertilisers	Other activities

DIRECTORY

Executive directors

M A Chaney AO
Managing Director and Chief Executive Officer

R J B Goyder
Deputy Managing Director and Chief Financial Officer

D A Robb
Executive Director and Managing Director of Wesfarmers Energy

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

Registered office

11th Floor,
Wesfarmers House
40 The Esplanade, Perth
Western Australia 6000

Telephone:

Within Australia:
(08) 9327 4211

Outside Australia:
(+61 8) 9327 4211

Facsimile:

Within Australia:
(08) 9327 4216

Outside Australia:
(+61 8) 9327 4216

Website:
www.wesfarmers.com.au

Share registry

Computershare Investor Services Pty Limited
Level 2
45 St George's Terrace
Perth WA 6000

Investor inquiries:

Telephone:

Within Australia:
1300 557 010

Outside Australia:
(+61 3) 9415 4000

Facsimile:

Within Australia:
(08) 9323 2033

Outside Australia:
(+61 8) 9323 2033

Website:
www.computershare.com.au

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 its 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.

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 the countries in which it operates by conducting existing operations in an efficient manner and by seeking out opportunities for expansion;
- responding to the attitudes and expectations of the communities in which the company operates and placing strong emphasis on protection of the environment as part of its corporate social responsibility obligations; and
- acting with integrity, honesty and cultural sensitivity in dealings both inside and outside the company.

ANNUAL GENERAL MEETING

The 23rd annual general meeting of Wesfarmers Limited will be held at the Burswood Convention Centre, Great Eastern Highway, Burswood, Western Australia on Monday 8 November 2004 at 2.00 pm.

Wesfarmers Limited ABN 28 008 984 049

CONTENTS

WHO WE ARE

Wesfarmers Limited celebrates its 20th year as a listed public company. In this period the company has grown from a small farmers' co-operative into a major Australian industrial conglomerate.

Wesfarmers has operating revenue exceeding $7.7 billion and has historically been a leader in providing high shareholder returns. It is involved in a diverse range of businesses; employs approximately 30,000 people, mainly in Australia and New Zealand; and has more than 100,000 shareholders.

On 30 June 2004 Wesfarmers' market capitalisation exceeded $11 billion.

OPERATING REVENUE*

$7.7 billion+

*excluding revenue from sale of Landmark

EMPLOYEES

30,000+

SHAREHOLDERS

100,000+

MARKET CAPITALISATION

$11 billion+

PERFORMANCE HIGHLIGHTS

NET PROFIT

up 18%

after goodwill amortisation excluding Girrah/Landmark

EARNINGS PER SHARE

up 16%

before goodwill amortisation excluding Girrah/Landmark

DIVIDENDS

140 cents

per share

CASH FLOW

$3.07

per share

OPERATIONAL HIGHLIGHTS

- Creation of a new insurance division, following the acquisition of Lumley's Australian and New Zealand insurance operations
- Sale of the group's rural services business, Landmark, realising a net profit of $304 million
- Twelve new Bunnings warehouse stores opened across Australia and New Zealand, with seven more under construction
- Commitment of up to $150 million for the establishment of the second Gresham Private Equity Fund

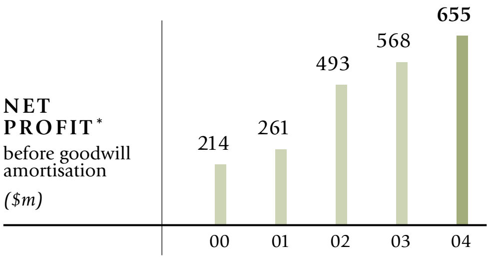
POST-30 JUNE

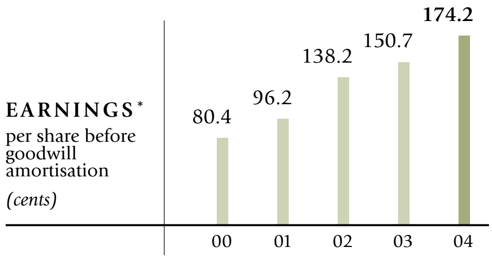
- Commitment of $290 million for the development of the Curragh North coal resource located in Queensland's Bowen Basin
- Sale of Sotico's jarrah business

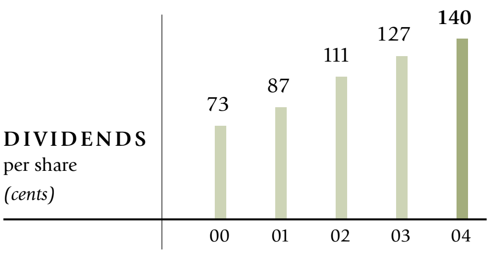
FINANCIAL HIGHLIGHTS

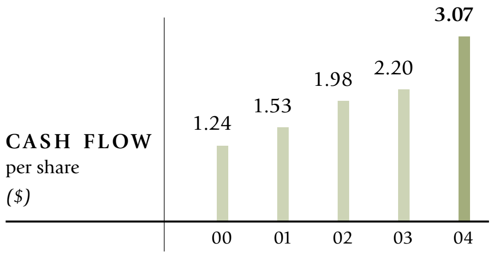
- Record net profit after goodwill amortisation of $569.2 million (excluding Landmark sale profit), up 18 per cent
- Capital return to shareholders of $2.50 per ordinary share, amounting to $934 million
- Normalised earnings per share (before goodwill amortisation) up 16 per cent to $1.74 (excluding Landmark sale profit)
- Full-year dividend up 10 per cent to $1.40 per share

FINANCIAL OVERVIEW









excludes earnings from the sale of the Girrah coal deposit in 2003 and the sale of Landmark in 2004

FINANCIAL SUMMARY

		2004	2003	% change	
Operating revenue	*$m*	**8,407**	7,753	8.4	↑
Net profit before interest and tax	*$m*	**1,283**	854	50.2	↑
Net profit after tax before goodwill amortisation	*$m*	**959**	624	53.6	↑
Net profit after tax after goodwill amortisation	*$m*	**873**	538	62.2	↑
Net profit after tax and goodwill amortisation (excluding Girrah/Landmark sale)	*$m*	**569**	482	18.1	↑
Dividends	*$m*	**527**	480	9.8	↑
Total assets	*$m*	**7,271**	6,418	13.3	↑
Net borrowings	*$m*	**1,514**	892	69.7	↑
Shareholders' equity	*$m*	**3,331**	3,765	11.5	↓
Capital expenditure on property, plant and equipment	*$m*	**258**	218	18.3	↑
Depreciation and amortisation	*$m*	**280**	292	4.1	↓
Earnings per share before goodwill amortisation	*cents*	**255.1**	165.7	54.0	↑
Earnings per share before goodwill amortisation (excluding Girrah/Landmark sale)	*cents*	**174.2**	150.7	15.6	↑
Dividends per share	*cents*	**140**	127	10.2	↑
Net tangible assets per share	*$*	**4.94**	5.95	17.0	↓
Cash flow per share	*$*	**3.07**	2.20	39.5	↑
Return on average shareholders' equity	*%*	**24.6**	15.0	64.0	↑
Gearing (net debt to equity)	*%*	**45.5**	23.7	92.0	↑
Net interest cover (cash basis)	*times*	**30.9**	17.6	75.6	↑

CREATING WEALTH AND ADDING VALUE

		2004	2003
Wealth creation			
Total operating revenue	*$m*	**8,407**	7,753
Total cost of materials, goods and services and other external costs	*$m*	**5,772**	5,530
Total value-added, representing the wealth created by Wesfarmers	*$m*	**2,635**	2,223
This created wealth was shared as follows:			
- to employees as salaries, wages and other benefits	*$m*	**866**	915
- to governments as income tax, royalties and other taxes	*$m*	**536**	398
- to lenders on borrowed funds	*$m*	**80**	80
- to shareholders as dividends on their investment	*$m*	**527**	480
- reinvested in the business as depreciation, amortisation and retained earnings	*$m*	**626**	350

Chairman's letter to shareholders

TREVOR EASTWOOD AM
Chairman

IN BRIEF

Record earnings and revenues were achieved in 2003/04

Board appoints Mr Richard Goyder to be Mr Michael Chaney's successor from July 2005

2004 marks the 90th anniversary of Wesfarmers' formation and 20 years as a listed company

DEAR SHAREHOLDER

I am delighted to present the Wesfarmers 2004 annual report.

On behalf of the Board, it is pleasing to report that record earnings and revenues were again achieved in 2003/04.

A number of important transactions and developments took place during the year. These have re-shaped the structure of the company and further enhanced the spread of its diversified operations.

In the review by the Managing Director, Mr Michael Chaney, and the operational reports that follow, you will find details of the group's 2003/04 performance as well as information about a number of significant investments endorsed by the Board to ensure continuing profitable growth. I encourage you to read these reports.

The 2004 year marks two important milestones in Wesfarmers' history; the 90th anniversary of its formation and the completion of 20 years as a listed company.

Wesfarmers' activities have expanded substantially over this time through a combination of growth in existing operations and acquisitions of new businesses. The significant events in Wesfarmers' evolution since listing are detailed on pages six and seven of this report.

Prior to listing in November 1984, Wesfarmers was a farmers' co-operative valued at $30 million. At the date of this report, the company is valued at over $11 billion. The benefits of this for an individual shareholder are pleasing. Eight thousand dollars invested in the company in 1984, with re-investment of all dividends and capital returns, would now be worth about one million dollars.

Wesfarmers has achieved this outcome by continuing to focus on the very simple but effective objective of providing a satisfactory return to shareholders. The portfolio of businesses which make up the group has been, and will continue to be managed, with this strong financial focus.

DIVIDEND

The directors declared a fully-franked final dividend of 92 cents per share (last year 85 cents per share). This was paid on 30 August 2004 and lifted the full-year dividend to $1.40 per share compared to last year's $1.27, an increase of 10.2 per cent. At the time of declaring the final dividend, the directors elected to continue the suspension of the company's dividend investment plan.

CAPITAL MANAGEMENT

The company made a return of capital to shareholders of $2.50 per fully-paid ordinary share during the year. This was made to return surplus funds to shareholders and to ensure that the company maintains an efficient capital structure. The payment, totalling $934 million, was approved by shareholders at a general meeting held on 5 December 2003.

DIRECTORS

During the year, our Managing Director for the last 12 years, Mr Michael Chaney, made known his intention to retire in July 2005. Mr Chaney has made a very significant contribution to the development of the company. During his time as chief executive, Wesfarmers' value has increased more than tenfold and Mr Chaney has become one of Australia's most highly regarded business leaders.

In May 2004, the Board appointed Mr Richard Goyder to the position of Deputy Managing Director and he will become Managing Director upon Mr Chaney's retirement. It was pleasing that the Board was able to select Mr Chaney's successor from within the strong ranks of its senior management. Mr Goyder has demonstrated, during his 11 years with the group, that he is well equipped to take over leadership of the company.

A special welcome is extended to Mr David Robb, who joined the Board in July 2004 as an executive director. Mr Robb retains his responsibility as Managing Director of the energy division.

EMPLOYEES

I would like to acknowledge the important role played by all employees in the achievement of the 2003/04 result. Their skill, loyalty and commitment represents one of the major strengths of the Wesfarmers group. On behalf of the Board, I thank them for their dedication and excellent performance.

Yours sincerely

T Eastwood.

TREVOR EASTWOOD AM
Chairman

Significant events since listing

84

NOV 1984
Wesfarmers Limited listed on the Australian Stock Exchange trading at $2.26 per share

85

NOV 1985
Acquired a 50 per cent interest in investment bank, Gresham Partners Limited

86

NOV 1986
Acquired remaining 33.3 per cent of CSBP & Farmers Ltd

87

MAR 1987
Purchased the Charlie Carter supermarket chain

APR 1987
1 for 3 bonus issue of Wesfarmers shares

DEC 1987
Acquired a 9.7 per cent interest in Bunnings Limited

88

JULY 1988
Introduced new dividend plan

NOV 1988
Commissioned a $105 million LPG extraction plant at Kwinana, Western Australia

89

JAN 1989
2:1 share split

JULY 1989
Acquired Western Collieries Ltd

SEP 1989
1:7 rights issue at $4.25 per share raised $90.9 million

90

91

MAR 1991
Acquired 25 per cent interest in the Bengalla coal deposit in the Hunter Valley, New South Wales

Air Liquide WA (40 per cent- owned) commissioned a $26 million air separation plant at Kwinana, Western Australia

APR 1991
Acquired non-automotive LPG business of Gogas (Australia) Pty Ltd

JUNE 1991
Acquired Federation Insurance, forming Wesfarmers Federation Insurance

92

FEB 1992
Increased shareholding in Bunnings Limited to 44.6 per cent

93

MAR 1993
Acquired McEwans retail hardware group

OCT 1993
Acquired Dalgety Farmers Limited, forming Wesfarmers Dalgety

94

APR 1994
Sale of Masters Dairy

SEP 1994
Takeover of Bunnings Limited

95

OCT 1995
Sale by Wesfarmers Bunnings of three manufacturing businesses, Sterlands, Du Feu Metal and The Roofing Centre

96

APR 1996
Acquired remaining 50 per cent interest in Total Western Transport from Westrail, forming the Wesfarmers Transport division

1996
Bunnings warehouse development expansion

SEP 1996
Commitment to full scale development of the Bengalla coal deposit

97

JUNE 1997
Commissioned a $150 million ammonia production facility at CSBP's site at Kwinana, Western Australia

98

FEB 1998
Completion of a final feasibility study with Dyno Nobel Asia Pacific to develop an ammonium nitrate production facility in Queensland

APR 1998
Sale of Charlie Carter supermarket chain

AUG 1998
50 cents per ordinary share capital return, totalling $130 million

99

JULY 1999
Commitment of $100 million as the foundation investor in the Gresham Private Equity Fund No.1

00

MAY 2000
Commissioned a $20 million, 60,000 tonnes-a-year expansion of the LPG extraction plant at Kwinana, Western Australia

Acquisition of the Curragh coal mine in Queensland's Bowen Basin

AUG 2000
Sale of Sotico's woodchip, plantation services operations and assets

OCT 2000
Acquired the Westrail Freight business through Australian Railroad Group

NOV 2000
Merger of IAMA with Wesfarmers Dalgety

01

APR 2001
Stockholders of Westralian Farmers Co-operative Limited and unitholders of The Franked Income Fund approved the Wesfarmers Limited Simplification Plan

AUG 2001
Takeover of Howard Smith Limited

SEP 2001
Acquired a 65 per cent interest in StateWest Power Pty Ltd

02

03

2004

JAN 2003
Agreement reached with Stanwell Corporation to develop the Curragh North coal resource

JULY 2003
Acquisition of the business and assets of Paykel, New Zealand

AUG 2003
Sale of the rural services business, Landmark

OCT 2003
Acquisition of the Lumley Insurance Group's Australian and New Zealand operations

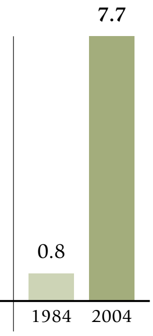
DEC 2003
$2.50 per ordinary share capital return, totalling $934 million

04

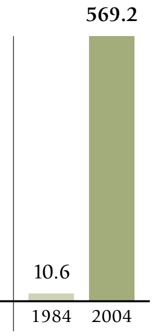
FEB 2004
Committed up to $150 million to the Gresham Private Equity Fund No.2

AUG 2004
Sale of Sotico's jarrah business

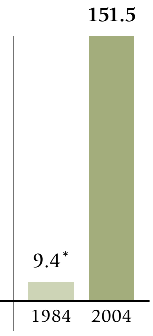
OPERATING REVENUE
excluding sale of Landmark
($billion)



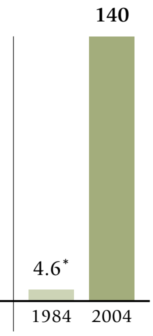
NET PROFIT
after goodwill amortisation excluding sale of Landmark
($million)



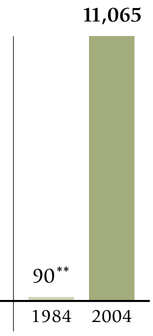
EARNINGS
per share after goodwill amortisation excluding sale of Landmark
(cents)



DIVIDENDS
per share
(cents)



MARKET CAPITALISATION
($million)



* *adjusted for bonus issue in 1987 and share split in 1989*
** *upon listing*

Managing Director's review of operations

MICHAEL CHANEY AO
Managing Director

IN BRIEF

A strong performance by Bunnings with earnings 12.3 per cent above last year

New insurance division created with the purchase of Lumley's businesses

Approved capital expenditure of $290 million to bring Curragh North coal resource to full production

Expectations are for another increase in normalised profits in all major divisions in the 2004/05 year

In the 2003/04 year, Wesfarmers recorded another record profit and continued its development as an industrial conglomerate.

Net profit rose to $873.1 million. This included an after tax profit of $303.9 million from the sale of the rural services business, Landmark, in August 2003. Normalised to exclude the sale of Landmark (and the Girrah coal deposit the previous year) the net profit after goodwill amortisation was $569.2 million, which represented an increase of over 18 per cent on last year's $481.9 million and on the same basis, earnings per share (pre goodwill) rose 16 per cent to $1.74.

Operating revenue (not including revenue from the sale of Landmark) was $7.7 billion, similar to that earned in 2002/03.

The achievement of strong profit growth was particularly gratifying in light of the significant challenges faced by the company during the year. These included a fall in coal prices, which reduced the earnings of the energy businesses, the loss of Landmark's earnings following the sale of that company in August 2003 and the payment of $934 million to shareholders as a return of capital.

The increased profit was due to a combination of factors. One of the most significant was the purchase, in October 2003, of Lumley's Australian and New Zealand insurance businesses; which led to the creation of a new insurance division. Excellent earnings from the insurance division have more than compensated for the loss of Landmark earnings.

Another important factor was the strong performance of the Bunnings hardware retailing business, with operating revenue 10.7 per cent higher and earnings 12.3 per cent above last year's. A further 12 new warehouse stores were opened during the year, expanding the chain to 125 warehouse stores and 85 traditional stores operating across Australia and New Zealand.

The results from the group's energy businesses were ahead of expectations, albeit below those achieved last year. Sales volumes from the Curragh coal mine in Queensland were up but earnings were lower, due to lower coal prices and demurrage costs arising from port congestion. Sales and earnings from the Premier mine in Western Australia and the 40 per cent-owned Bengalla mine in New South Wales were in line with last year's. Kleenheat's earnings were lower this year due to competitive pressures in the autogas market and higher international LPG prices, both of which affected margins.

The industrial and safety businesses achieved a solid result in 2003/04. Sales growth was particularly strong in Queensland, Western Australia and New Zealand. Earnings were slightly lower than those recorded last year due primarily to the disappointing performance of the Protector Alsafe business.

CSBP's businesses made an above budget contribution to group earnings. Higher sales and revenues were recorded in both the chemicals and fertilisers activities. Earnings benefited from strong demand, improved customer focus and good operational performance.

Wesfarmers' investment in the Gresham Private Equity Fund made a material contribution to the group's results for the year from the Fund's sale of some of its investments, including the Repco and Cashcard businesses.

The 50 per cent-owned Australian Railroad Group achieved increased earnings due mainly to higher revenues following improved grain and iron ore volumes; and a reduction in incident costs.

Similarly, the contribution from Sotico's forest products business was ahead of expectations. The 50 per cent-owned Wespine Industries performed soundly over the year due to the ongoing strength of demand from the Western Australian housing construction market.

Since the end of the financial year, Sotico's jarrah business has been sold, completing the exit by Wesfarmers from the native forest products industry. I take this opportunity to acknowledge the great efforts of Sotico's Managing Director, Mr Ron Adams, and his team in the management of the disposal process. Mr Adams will assume the role of Chief Executive Officer of Wesfarmers' remaining timber investment, the 50 per cent-owned Wespine Industries, from September 2004.

FINANCIAL POSITION

The record net profit in 2003/04 and strong cash flows from operating activities enabled the group to maintain its financial strength. The group's cash flow per share was $3.07 compared with last year's $2.20.

Net operating cash flows from the group's activities were $710.5 million. Replacement and expansion capital expenditure was $258.2 million.

The consolidated ratio of net debt to equity at 30 June 2004 was 45.5 per cent, up from 23.7 per cent at 30 June 2003, the increase mainly resulting from the return of capital to shareholders, in December 2003, totalling $934 million.

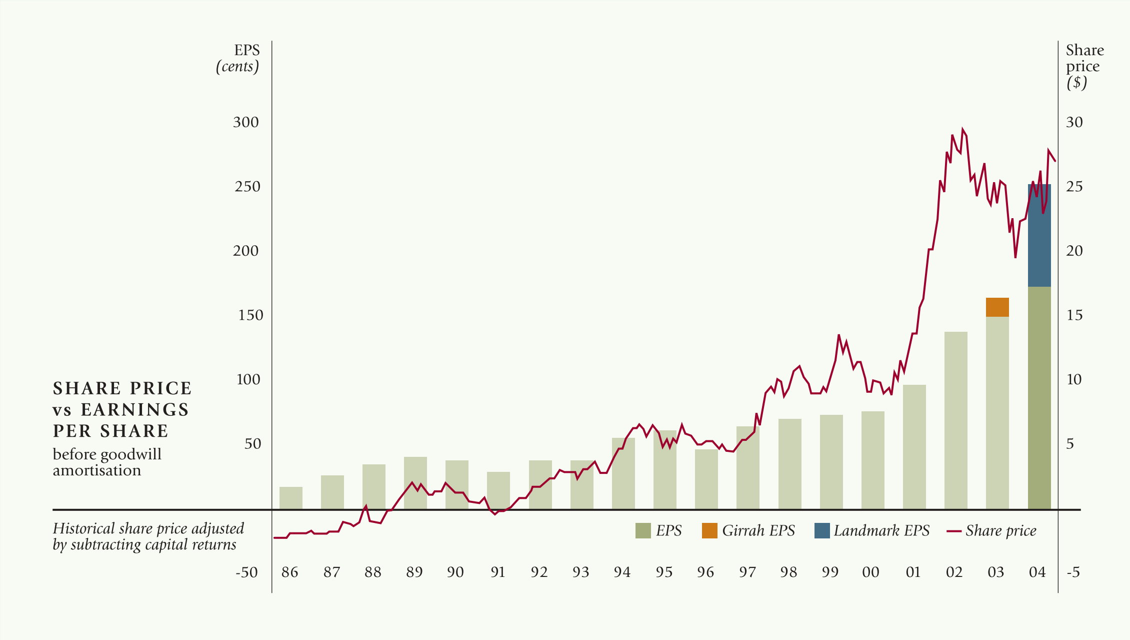
Wesfarmers continues to follow a three pronged strategy for growth

The company's share buyback, which was announced in February 2003 and extended in February 2004, resulted in the repurchase of 2.9 million shares during the year at a cost of $78.9 million (an average cost of $27.32 per share).

STRATEGIC DEVELOPMENTS

Wesfarmers continues to follow a three pronged strategy for growth; namely, improving the efficiency of existing businesses; expanding those businesses as opportunities are identified; and managing its portfolio.

During the course of 2003/04 a number of significant investments were made.



As part of the company's ongoing store roll-out programme, an additional 12 Bunnings warehouse stores were opened throughout Australia and New Zealand and a further seven are now under construction.

The acquisition of Lumley's Australian and New Zealand insurance businesses in October 2003, was a very good example of the company's "logical incrementalism" growth philosophy. Wesfarmers has been in the general insurance business for many years, originally becoming involved in order to provide an extra service to its farmer customers. Wesfarmers Federation Insurance and Lumley were amongst the most successful Australian general insurers over the last decade and their businesses and business models are very complementary.

We manage the company for the "buy and hold" investor, who is concerned about long term total shareholder return

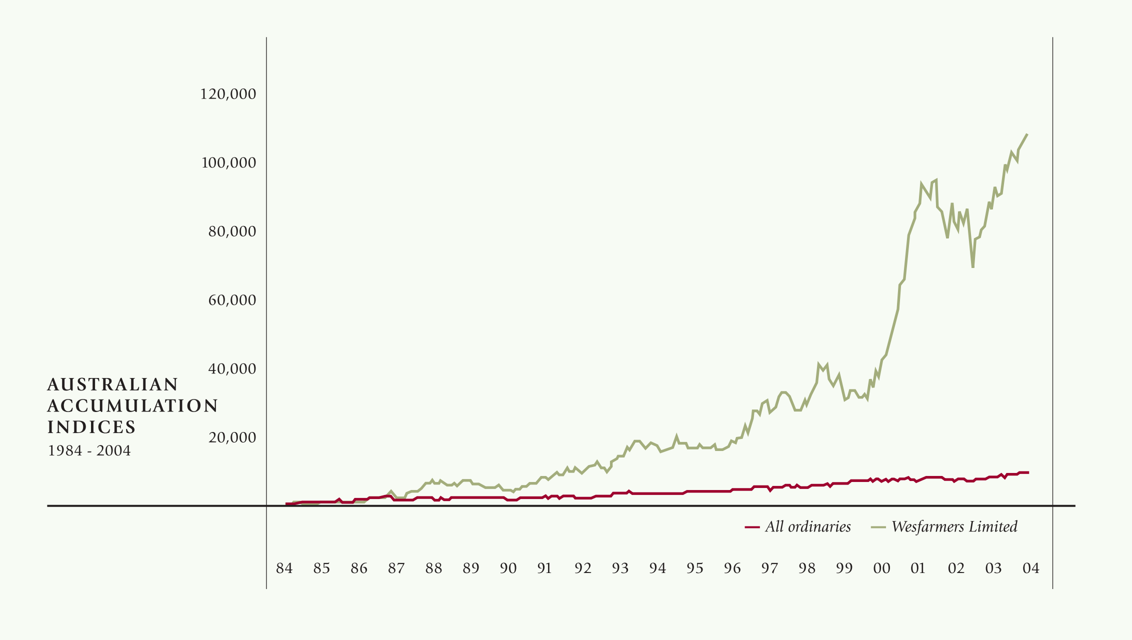
Early in the year, Wesfarmers acquired the Paykel industrial distribution business in New Zealand. This gives the industrial and safety division a much more significant involvement in that country and, after an initial period of rationalisation, earnings benefits are expected to be gained from the 2004/05 year.

During the year, Wesfarmers announced a commitment to contribute up to $150 million to a second Gresham Private Equity Fund following the outstanding success of the first Fund.

In August 2004, final Board approval was given to capital expenditure of $290 million over the next two to three years to bring the Curragh North coal resource to full production. The development of Curragh North is expected to more than double the recoverable resources available in and around Curragh, extend the mine life to at least 2025 and allow increases in annual sale tonnages from 2005.

At the same time, CSBP announced a feasibility study into the potential expansion of its ammonium nitrate capacity. The capital cost of these works is estimated at between $130 million and $140 million. Subject to completion of the study and regulatory approvals, construction is planned to commence in 2005, with first production in the second half of the 2006/07 financial year.

The continuing challenge for any listed company remains the identification of, and investment in, profitable growth opportunities. Contrary to the conventional wisdom that capital is a limited resource, the modern corporation finds identifying good investment opportunities to be a more relevant



constraining factor. In all but the most extreme circumstances, capital will be provided readily by equity and debt markets if good investments are found.

Since its early days as a listed company Wesfarmers has differentiated itself by maintaining a substantial business development unit. This is a group of business analysts, currently numbering 16, located at the Corporate Office, who are available to evaluate new opportunities both on behalf of operating divisions and in relation to businesses in which Wesfarmers is not currently involved.

Each year many opportunities are considered but only a small number prove economically attractive.

As a result of the financial nature of its core objective - “to provide a satisfactory return to shareholders” - Wesfarmers is not driven to make new investments for the sake of growth alone. Our firmly held view is that unless an investment will provide acceptable returns in its own right (including, of course, any enhanced returns achieved by existing businesses as a result of the new investment), it is not worth making. We are not in business to build empires and if no attractive investments emerge within a reasonable time frame, it is better to return money to shareholders.

An obvious result of this approach is that capital investments (both external acquisitions and internal expenditures) occur in a “lumpy” way and profit growth is not even, year to year. This point does not seem to be well appreciated by many market observers who from time to time when profit growth does slow temporarily, lament that a company has “gone ex-growth” or “run out of ideas”. Repeated criticism of that kind runs the risk of causing management to pursue sub-optimal growth opportunities for the sake of a quieter life, at least in the short term.

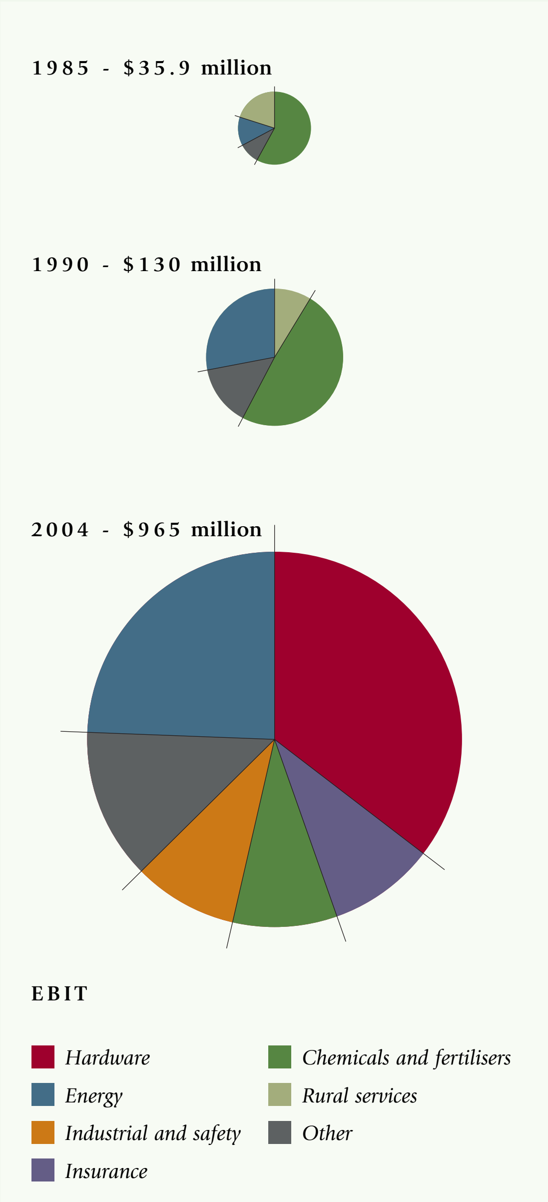
It is important to take account of external suggestions about what your company should be doing but even more important to march to the beat of your own drum. In Wesfarmers that beat is about long term shareholder returns. We manage the company for the “buy and hold” investor, who is concerned about long term TSR (total shareholder return) rather than quarterly profit numbers. To date that has proved a successful approach.

PEOPLE

At 30 June 2004, the Wesfarmers group had a total permanent workforce across Australia and New Zealand of about 30,000 employees including 10,000 casual employees.

The incidence of work-related injuries declined in 2003/04 across most group activities, reflecting the strong focus of management and the acceptance by employees that safety is a paramount responsibility. Increasing numbers of our employees have a proportion of their remuneration linked to safety performance.

It is pleasing to report that over 90 per cent of eligible employees accepted invitations during the year to apply for shares in Wesfarmers Limited through the employee share plan. Approximately 16,000 employees of the Wesfarmers group now hold shares in the company, representing around four per cent of Wesfarmers' issued capital. This share plan has undoubtedly been a significant driver of employee motivation.



MANAGEMENT CHANGES

In addition to the senior appointments and retirements referred to in the Chairman's letter, other significant management changes occurred during the year.

Mr Bryce Denison, Wesfarmers' General Manager, Group Accounting retired after more than 18 years of outstanding service to the company. I thank him for his significant contribution and wish him well in his retirement.

Following the acquisition of the Lumley insurance businesses, Mr Bob Buckley, formerly General Manager of Wesfarmers Federation Insurance, was appointed Chief Executive Officer of the group's insurance division.

After the close of the financial year, Mr John Gillam, formerly Managing Director of CSBP, was appointed Managing Director of Bunnings and Mr Peter Davis assumed the role of Chief Operating Officer of that company. Mr Keith Gordon, who has extensive agribusiness experience within and outside Wesfarmers, was appointed Managing Director of CSBP.

OUTLOOK

The outlook for the group is positive. Current expectations are for another increase in normalised profits in all major divisions in the 2004/05 year.

The Bunnings hardware retailing business should generate good revenue and profit growth in 2004/05 but the rate of retail sales growth in Australia is expected to be lower than in previous years. New warehouse development is forecast to continue at between 8 to 12 stores per year, although the majority of openings in the next year will be in the second half. The first new Series 3000 warehouse stores in both Australia and New Zealand are due to open later this year.

The company's energy businesses are anticipating a year of growth. After facing tougher market conditions for most of the 2003/04 year the coal businesses are now benefiting from better thermal and coking coal prices, as a result of strong demand for these products. Production from the Curragh North coal resource is scheduled to commence in the first quarter of the 2005 calendar year. Development of this resource will more than double the recoverable coal reserves currently available. Exports from Curragh and Curragh North are now expected to rise from the 2003/04 volume of 4.6 million tonnes to five million tonnes in 2004/05 and seven million tonnes in 2005/06.

Earnings from the gas businesses will once again be dependent on the level of international LPG prices and domestic competition. There will be a focus on completing negotiations to secure satisfactory gas supply arrangements for Wesfarmers LPG beyond 30 June 2005, on completing new projects such as the $45 million Air Liquide plant to service HIsmelt and on securing profitable opportunities for StateWest Power.

The industrial and safety businesses expect a moderate profit increase in 2004/05. The outlook for the business in Australia is generally positive, with increased spending anticipated in the mining and transport infrastructure segments. New Zealand's economic outlook remains steady and the integration of the Paykels business is expected to contribute to growth in revenue and earnings.

The outlook for the insurance division is also positive despite signs emerging of increased competition in some market segments.

CSBP's chemicals and fertilisers businesses are expecting an improvement in earnings, subject to reasonable seasonal conditions in Western Australia and continued strong demand for chemicals from the mining sector.

Earnings from the Australian Railroad Group are expected to continue to improve due to a positive outlook for grain and other commodity volumes and further operational improvements.

A more detailed review of the group's operations appears in the divisional reports which follow.

ACKNOWLEDGEMENTS

As this will be my last report before my scheduled retirement in July next year, I would like to pay tribute to the efforts of the company's dedicated and loyal employees. It has been gratifying to see at all levels and in all businesses across the company, a strong focus on the company's principal aim of delivering superior shareholder returns whilst maintaining the highest standards of integrity and honesty. The achievements of the company are really just the achievements of the people within it. I acknowledge the company's employees with thanks and offer my best wishes for the future.

I would also like to acknowledge the directors under whom I have served and the company's shareholders whose support has been critical to the company's success.

MICHAEL CHANEY AO
Managing Director

Portfolio of diversified businesses

	Hardware	Energy - Coal	Energy - Gas and power
	- Retailing building materials and home and garden improvement products **- Servicing project builders and the housing industry** **- Bargain hardware and variety**	**- Coal mining and development in Queensland *(Curragh)*, Western Australia *(Premier Coal)* and New South Wales *(Bengalla)*** **- Coking coal to export markets and thermal coal to both domestic and export markets**	**- Production, marketing and distribution of LPG** **- Manufacture and marketing of industrial gases and equipment** **- Power generation for resources industry and regional towns**
YEAR IN BRIEF	- 12.3 per cent increase in earnings - 11 per cent increase in store-on-store growth in cash sales - 12 new warehouse stores opened, three closed - Nine traditional stores closed	*Curragh* - Increased coal production and sales - Curragh North mine development brought forward - Celebrated 20th anniversary of operations *Premier* - Sales and earnings were slightly above last year - Premier Coal/J-Power shortlisted to bid for a new base-load power generation supply in Western Australia *Bengalla* - Revenues adversely affected by shipping delays	- New safety records for Kleenheat Gas and Air Liquide - Wesfarmers LPG and StateWest Power recorded no lost time injuries during the year - LPG sales volume growth in bulk and cylinder markets - Acquired Peters Gas in Victoria and South Australia - StateWest Power successfully completed the Mid-West power project
FUTURE DIRECTIONS	- Continue roll-out of warehouse stores across Australia and New Zealand - Develop the new Series 3000 warehouse format to cater for regional centres - Continue store network rationalisation - Develop new inventory and management systems	- Continue focus on environment, health and safety performance - Develop Curragh North coal resource - Increase production and progress sales market development - Improve production, processing and transport efficiencies	- Continue focus on environment, health and safety performance - LPG and LNG market development - Expand power generation activities - Pursue new industrial gases production opportunities
	Bunnings Warehouse Benchmark Building Supplies WA Salvage	Curragh Premier Coal Bengalla	KleenheatGas Wesfarmers LPG Air Liquide Western Australia StateWest Power

Industrial and safety

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

- Refurbishment and consolidation of distribution facilities
- Integration of the Paykels business with Blackwoods in New Zealand
- Production and distribution of five trading stream-specific catalogues
- Blackwoods' largest ever trade fair at Sydney's Olympic Park

- Further develop the new trade centres store concept
- Provide suppliers and customers with innovative e-business solutions
- Increased utilisation of best practice information systems and processes

Insurance

- **Provider of general and specialist insurance products to select market segments in Australia and New Zealand under the WFI and Lumley brands**
- **Development of general insurance software through Koukia Pty Limited**

- Completion of Edward Lumley Holdings acquisition and the formation of a new insurance division
- Integration of Wesfarmers' management systems into Lumley businesses
- Koukia's software development remains on target with WFI and Lumley (New Zealand) currently deploying this software
- Record results recorded in all insurance business units

- Maintain business focus in various market segments
- Respond to the growing compliance and regulatory environment
- Future financial projections remain positive with all business units enjoying strong market positions

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**

- 8.5 per cent increase in total earnings
- Operating revenue exceeds $500 million for the first time
- Volume and earnings growth in CSBP's chemicals and fertilisers businesses
- Queensland Nitrates joint venture ammonium nitrate plant made its first positive earnings contribution

- Continued strong demand conditions for CSBP's core chemicals products
- Evaluate expansion and enhancement of production facilities
- Maintaining fertiliser volume growth through strong market focused approach

Other activities

Rail
- **50 per cent interest in Australian Railroad Group Pty Ltd which operates rail freight business in Western Australia and South Australia**

Gresham
- **50 per cent interest in the investment bank, Gresham Partners**

Rail
- Record grain harvest in Western Australia contributed to improved revenue and earnings
- Installation of an acoustic monitoring system resulted in a further reduction in incidents
- Lost time injury frequency rate reduced from 11.4 to 0.5

Gresham
- Successful divestments by Gresham Private Equity Fund No.1 of Repco and Cashcard
- Formation of Gresham Private Equity Fund No.2

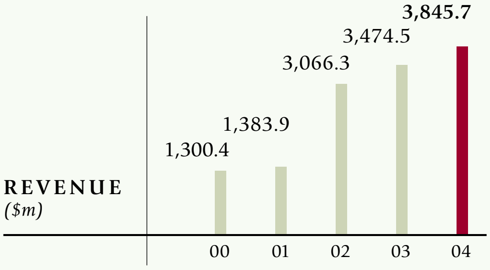
Rail
- Continue evaluation of new freight opportunities
- Growth in commodity volumes

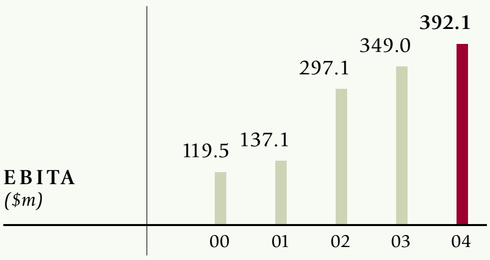
Gresham
- Gresham Private Equity Fund No.1 to divest within three to five years
- Gresham Private Equity Fund No.2, following first investment in August 2004, to seek further investments

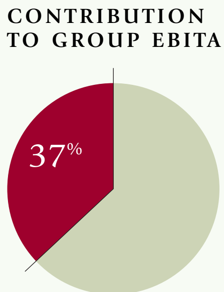
Hardware

KEY FINANCIAL INDICATORS

	00	01	02	03	04
Operating revenue *($m)*	1,300.4	1383.9	3,066.3	3,474.5	**3,845.7**
Earnings before interest, tax and goodwill amortisation *($m)*	119.5	137.1	297.1	349.0	**392.1**
Capital employed *($m)*	521.1	547.0	1,841.7	1,943.8	**1,840.0**
Return on capital employed *(%)*	22.9	25.1	16.1	18.0	**21.3**
Capital expenditure *($m)*	46.3	60.8	83.7	84.5	**97.9**







Bunnings team member Andy Cooper helping a customer outside the Busselton warehouse in Western Australia which was opened in 2004.

Bunnings is Australia's leading retailer of home and garden improvement products and building materials.

JOHN GILLAM *(left)*
Managing Director, Bunnings Pty Ltd

PETER DAVIS *(right)*
Chief Operating Officer, Bunnings Pty Ltd

OUR BUSINESS

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 Bunnings hardware business increased to $3.8 billion, 10.7 per cent higher than the previous year. Earnings before interest and tax (before goodwill amortisation) of $392.1 million were 12.3 per cent higher. Earnings before interest and tax (before goodwill amortisation) on trade sales to project builders and the housing industry increased by 13 per cent. Store-on-store growth in Bunnings' cash sales for the year was 11 per cent. Strong growth was achieved in Queensland, Western Australia and New South Wales but growth was lower in Victoria. The June quarter saw more subdued retail hardware spending across Australia. Store-on-store sales growth in that quarter was seven per cent with the weaker trend continuing in July and August. New Zealand sales continued to grow strongly. Trade sales remained subdued but improved in the final quarter to finish slightly higher than those recorded last year.

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

New store development continued during the year with the opening of 12 new warehouse stores, the largest number of openings in a single year. Five warehouse stores opened in New South Wales, two in Queensland, two in Victoria and one in Western Australia. In addition, the first two newly constructed warehouse stores were opened in New Zealand, adding to the three former BBC Hardwarehouse stores acquired in 2001.

The network rationalisation programme resulted in the closure of three warehouses and nine traditional stores. At year end, there were 125 warehouse stores and 85 traditional stores operating across Australia and New Zealand and seven warehouse stores were under construction.

The store network improvement programme resulted in the completion of 15 store upgrades during the year. These included six upgrades to older Bunnings

HARDWARE

warehouses to achieve current building and merchandising standards; five refits of former BBC Hardwarehouse stores with Bunnings' standard merchandise racking and store layout; and four refits of traditional stores to include warehouse style racking and greatly increase the range of available products.

To support the continuously growing store network, major new distribution centres were opened at Lyndhurst in Victoria and Hemmant in Queensland. In New South Wales, construction is ready to commence on a purpose-built distribution centre and administration support office at Rosehill. In addition, a new store support centre was recently completed in Brisbane and a support centre in Melbourne is scheduled for completion by October, 2004.

To maintain its lowest price position, Bunnings is focused on reducing costs. A dedicated project team has been established to investigate cost reduction opportunities across the warehouse network. To date, significant actual and potential savings have been identified across a wide range of administration expenditures and equipment purchases.

Following a lower than expected performance in the trade business since the BBC Hardware acquisition, a comprehensive internal review of the trade strategy is currently underway.

The implementation of new processes and procedures during the year resulted in a significant improvement in margin and inventory management. A comprehensive review of Bunnings' information systems is in progress and system upgrades are planned over the next two to three years to assist in the management of the expanding business and to deliver greater efficiencies.

OUR PEOPLE

With 21,500 employees and a continually expanding store network, issues of recruitment, training and development continue to be a very high priority.

During the year, Bunnings introduced a structured education programme which will lead to an internally-recognised employee qualification and adopted e-learning to improve the consistency and regularity of in-store training. An accelerated management development plan for high potential employees was also introduced.

To reinforce the importance of safety, Bunnings has partnered with global safety improvement consultants, DuPont, to roll-out a structured safety leadership programme across the business. Focusing initially on New South Wales, this programme has resulted in a substantial improvement in safety awareness and performance.

OUTLOOK

The outlook for the hardware merchandising business in 2004/05 is for continued, but slower retail sales growth in Australia. Housing industry activity is expected to reduce over the next 12 months leading to subdued trade sales performance.

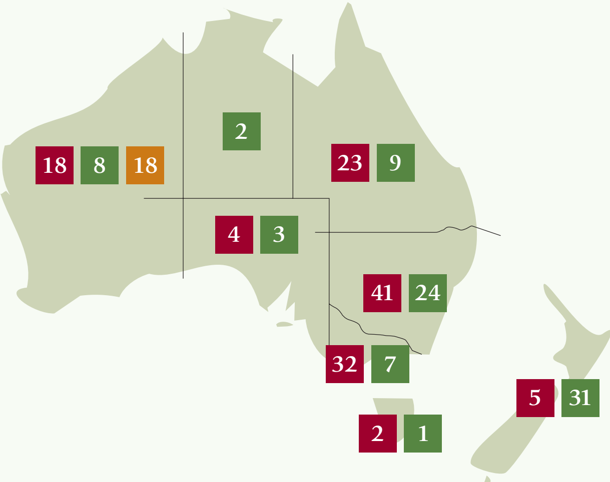
New warehouse development is forecast to continue at between 8 to 12 stores per year although the majority of openings in the next year will be in the second half. Plans are underway to launch several new Series 3000 warehouse, a format created to service the smaller regional centres in both Australia and New Zealand. These are expected to open over the next 12 months. Development of the New Zealand market remains a priority with approximately 20 new warehouse stores planned to open over the next four years.

Growth is also expected to continue from store upgrades with around 15 stores scheduled for improvement in 2004/05.

HARDWARE

WAREHOUSES AND STORES

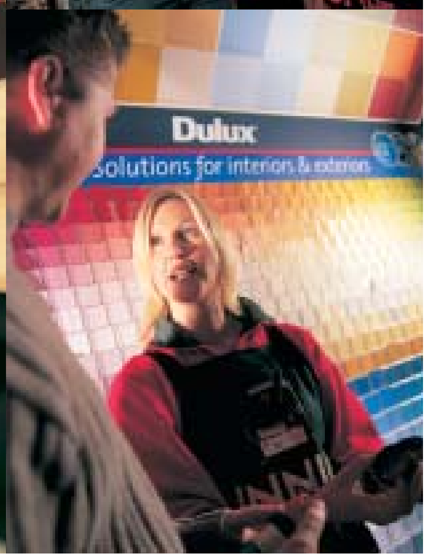
	No.
Warehouses	125
Traditional stores	85
WA Salvage stores	18



QUICK FACTS

125 warehouse stores
85 traditional stores
45,000 product lines
21,500 employees

Below: *Peter Daniel strapping a wood order at Bayswater, Victoria.*
Top right: *Bill Young assisting a customer in the lighting department at Bayswater.*
Bottom right: *Diane Bell advising a customer on paint selection at Bayswater.*

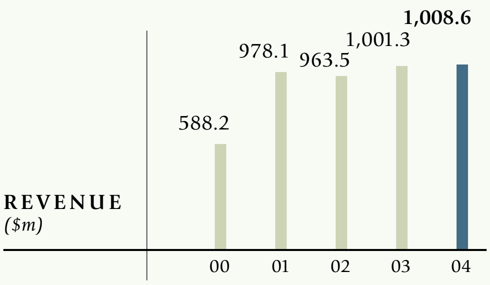


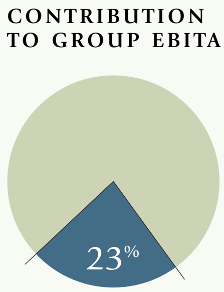
Energy

KEY FINANCIAL INDICATORS

	00	01	02	03*	04
Operating revenue *($m)*	588.2	978.1	963.5	1,001.3	**1,008.6**
Earnings before interest, tax and goodwill amortisation *($m)*	107.7	190.4	236.6	259.8	**240.2**
Capital employed *($m)*	538.4	778.3	844.9	815.6	**770.9**
Return on capital employed *(%)*	20.0	24.5	28.0	31.9	**31.2**
Capital expenditure *($m)*	66.5	133.8	77.6	57.8	**86.1**

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






Dragline in operation at the Curragh mine, near Blackwater, Queensland.

ENERGY

Wesfarmers Energy is involved in coal mining; LPG extraction and distribution; and power generation.

DAVID ROBB
Managing Director, Wesfarmers Energy Limited

OUR BUSINESS

Wesfarmers Energy comprises three coal companies, three gas companies, a power company and a range of business services to support these companies.

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

Energy's gas and power activities comprise Wesfarmers Kleenheat Gas Pty Ltd (liquefied petroleum gas distribution and marketing), Wesfarmers LPG Pty Ltd (LPG production and export), StateWest Power Pty Ltd (power generation for regional areas) and a 40 per cent interest in Air Liquide W.A. Pty Ltd (industrial and medical gases).

STRATEGY

Wesfarmers Energy's objective is to achieve "Profitable Growth Over Time", which is aligned to the Wesfarmers Limited objective of providing a satisfactory return to shareholders.

RESULTS

Operating revenue of $1.0 billion from the group's energy business was in line with last year's (excluding revenue from the sale of the Girrah coal deposit). Earnings before interest and tax (before goodwill and amortisation) of $240.2 million were 7.5 per cent lower than the $259.8 million earned last year (excluding profit on the sale of Girrah).

Coal

The results for the coal businesses overall were characterised by steady growth in volumes - an increase of 5.8 per cent - but reduced revenues and earnings.

Total sales volumes from the Curragh coal mine in Queensland of 6.9 million tonnes (4.6 million export and 2.3 million domestic) were 12.0 per cent above those achieved in 2002/03. Earnings for the year were 13.8 per cent below last year's due to lower export coking coal prices, stronger exchange rates and higher overall costs, which included unfavourable inventory movements and demurrage costs.

Premier Coal in Collie, Western Australia, achieved sales volumes of 3.4 million tonnes in 2003/04, in line with last year's. Earnings for the year were similar to those recorded last year.

Bengalla joint venture sales volumes of 5.8 million tonnes (4.2 million export and 1.6 million domestic) were slightly higher than last year's with a corresponding increase in revenue.

Gas and power

Kleenheat Gas' overall sales volumes were in line with last year's with the acquisition of Peters Gas (operating in Victoria and South Australia) as well as sales volume growth in the bulk and cylinder markets offsetting reduced autogas volumes. Earnings were below last year's due to higher international LPG prices impacting margins and competitive pressures in autogas.

Wesfarmers LPG achieved export volumes of 221,000 tonnes, which was slightly below those achieved last year. Earnings were marginally lower than those recorded in 2002/03 due to the lower sales tonnages.

Earnings from Air Liquide W.A. were above last year's due to continued sales revenue growth.

The performance of StateWest Power was significantly better than last year due mainly to the commencement of operations of the Mid-West power project.

ENERGY

YEAR IN BRIEF

A major focus during the year was finalising mine plans, obtaining necessary approvals and confirming marketing commitments for the Curragh North coal resource. The development of Curragh North will more than double the recoverable coal reserves currently available, extending the life of mining operations until at least 2025. Production from the Curragh North coal resource is expected to begin ahead of schedule in the first quarter of the 2005 calendar year.

Curragh celebrated its 20th anniversary of operations in December 2003 and received two awards during the year. The mine's outstanding export performance was recognised with a Queensland Export Award in the Minerals and Energy category while the second award was for the Best Overseas Raw Material Supplier award from TATA Iron and Steel India.

Premier Coal expanded its existing coal handling plant to meet additional coal sales to the mineral sands market. Board approval was also received for a pilot plant to produce char by upgrading coal to meet new local and export markets.

In June 2004, Premier won the mining category of the Banksia Awards, Australia's most prestigious environmental awards. The award was in recognition of Premier Coal's value-added conservation and community asset development programme, in particular its work on the Collie Lakes Rehabilitation Programme.

In partnership with J-Power, Japan's largest electricity generator, Wesfarmers Energy is bidding for the right to build a base-load power generation station as part of Western Power's power procurement process. The bid process is expected to be completed by mid-2005.

During the year, Kleenheat Gas purchased LPG distributor Peters Gas, with operations in South Australia and Victoria, and comprising over 5,000 residential and commercial customers.

Kleenheat's total direct sales volume in its traditional market increased over the previous year with gains in all market segments but autogas sales volumes from the 50 per cent-owned Unigas business and Kleenheat's WA autogas business declined due to ongoing expansion of discount schemes and excise uncertainty.

Kleenheat continued its successful LNG operations in Western Australia and signed an agreement to construct and operate an LNG road tanker loading facility in Victoria.

The Federal Government's announcement in December 2003 confirming future excise and tax arrangements for transport fuels, including LPG, enables Kleenheat to plan for the future with increased confidence.

Negotiations continued throughout the year with a view to confirming commercial arrangements for continued operation of the LPG extraction plant post-2005.

Air Liquide continued construction of the $45 million air separation unit at Kwinana in Western Australia, which will supply oxygen and nitrogen to the HIsmelt pig iron project.

StateWest Power satisfied all contractual conditions as part of its project to supply electricity to the Mid-West region of Western Australia for a contract period of 10 years.

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, including Kleenheat's achievement of a lost time injury frequency rate of zero for the year and 12 years without a lost time injury at Air Liquide.

OUTLOOK

The next year will involve a focus on improving the energy division's existing operations and progressing various large projects, such as the development of Curragh North.

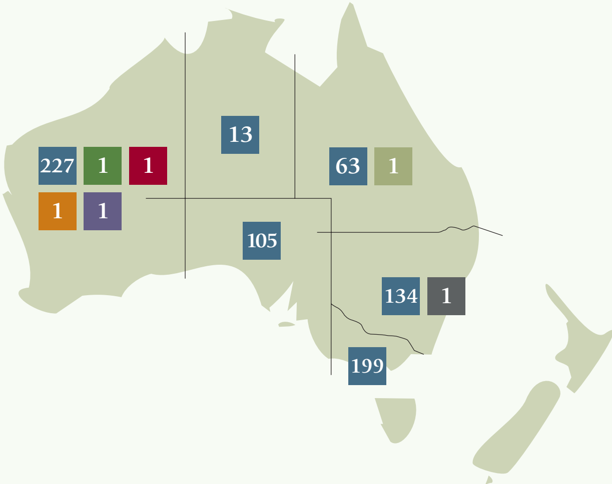
After facing tough market conditions for most of 2003/04, the export coal activities are now benefiting from stronger thermal and coking coal prices.

Earnings from the gas businesses will once again be dependent on the level of international LPG prices and domestic competition.

ENERGY

BUSINESSES

	No.
Kleenheat Gas	741
Wesfarmers LPG	1
Air Liquide	1
StateWest Power	1
Premier Coal	1
Curragh	1
Bengalla	1



QUICK FACTS

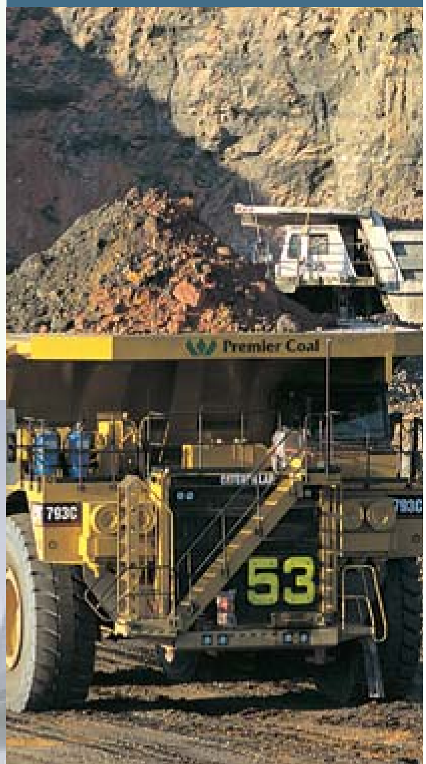
Coal (not including Bengalla)
900 employees
30 customers

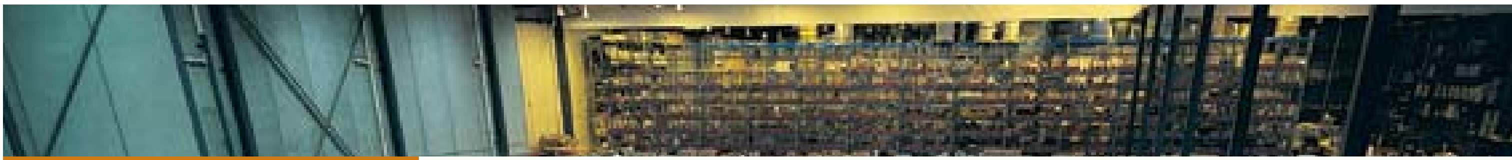
Gas and power
900 employees
230,000 customers

Below: *Kleenheat bulk driver Ian Coxon refuelling at a service station in Pearsall, Western Australia.*

Top right: *One of Premier Coal's new dump trucks at Collie, Western Australia.*

Bottom right: *Wesfarmers LPG's export facility at Kwinana, Western Australia.*



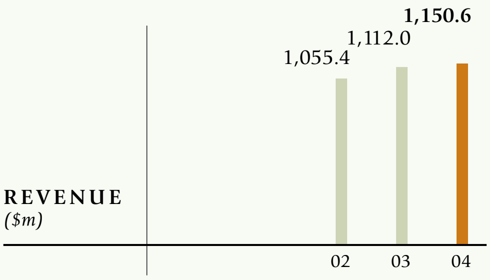


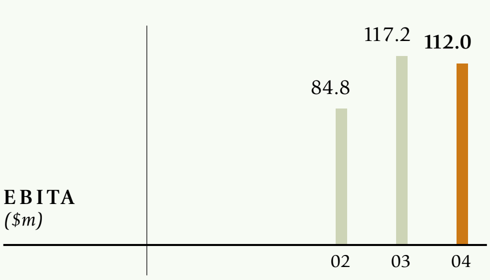
Industrial and safety

KEY FINANCIAL INDICATORS

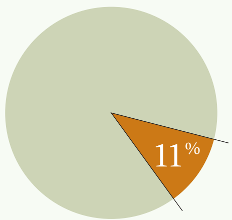
	02*	03	04
Operating revenue *($m)*	1,055.4	1,112.0	**1,150.6**
Earnings before interest, tax and goodwill amortisation *($m)*	84.8	117.2	**112.0**
Capital employed *($m)*	708.5	797.3	**814.1**
Return on capital employed *(%)*	12.0	14.7	**13.8**
Capital expenditure *($m)*	10.9	25.4	**23.1**

** 2002 figures include the results for the 11 month period from August 2001 to 30 June 2002*





CONTRIBUTION TO GROUP EBITA



The central conveyancing system at Blackwoods' new warehouse facility in Scoresby, Victoria.

The industrial and safety businesses are Australasia's leaders 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 division comprises 10 different trading businesses and is Australasia's leader in the supply and distribution of maintenance, repair and operating (MRO) products and safety products.

In Australia, industrial products distribution is headed by Blackwoods, established in 1878, and four other technical specialist distribution businesses, trading as Bakers Construction, Atkins, Motion Industries and Mullings Fasteners. The Australian safety distribution business trades as Protector Alsafe.

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

STRATEGY

Wesfarmers industrial and safety division 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 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 $1.2 billion was 3.5 per cent above the result recorded in the previous year. Earnings before interest and tax (before goodwill amortisation) of $112.0 million were 4.4 per cent below the $117.2 million recorded last year, primarily due to poorer performance of the Protector Alsafe business.

Increased activity within the mining industry contributed positively to sales performance in Queensland and Western Australia. Sales in New South Wales and Victoria increased in the construction sector but remained flat overall due to subdued growth in the manufacturing sector.

Revenue and profits from the Protector Alsafe business were below expectations. A number of initiatives have been implemented and the business has stabilised and is showing signs of improvement.

The Australian Blackwoods business returned a solid result despite generally flat sales in New South Wales and Victoria. The New Zealand operations achieved strong growth, benefiting from a robust domestic economy and a strong New Zealand dollar.

The integration of the newly acquired Paykels business (New Zealand's largest distributor of maintenance, repair and operating products) with Blackwoods is almost complete. Earnings from the combined businesses were in line with expectations.

YEAR IN BRIEF

The rebadging of the Australian safety supply business under the Protector Alsafe brand was completed during the year. In New Zealand, the Paykels operations were merged with Blackwoods.

Blackwoods celebrated its 125th anniversary in 2003, culminating in a four-day trade fair at Sydney's Olympic Park in New South Wales. This was the

INDUSTRIAL AND SAFETY

biggest trade fair of its type in the southern hemisphere, an event which attracted more than 15,000 visitors and had almost 400 exhibitors.

Following the production of the Blackwoods catalogue last year, five trading stream-specific catalogues were produced during the year; Protector Safety Supply New Zealand, Packaging House, Motion Industries, Mullings Fasteners and Protector Alsafe. The industrial and safety catalogues are recognised as the industry standard publications and are now accessible on-line.

Industrial and safety continued to market its e-business capabilities. Sales orders generated through e-business solutions doubled during the year and significant growth is expected over the next 12 months.

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

Refurbishment and consolidation of industrial and safety's distribution facilities continued with the development of a Blackwoods distribution centre at Scoresby, Victoria, the opening of a new Blackwoods branch in Rockhampton, Queensland and the redevelopment of a distribution centre in Smithfield, New South Wales which will encompass a larger and more efficient import warehouse.

OUR PEOPLE

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

The design, implementation and roll-out of a complete learning and development strategy took place during the year. Over 1,600 employees have participated in the cornerstone module "growth through service" and over 270 field sales employees have undertaken the "field selling solutions" programme.

During the year significant resources were devoted to developing the capabilities and effectiveness of the division's sales teams. A formal sales and distribution traineeship programme was successfully implemented during the year.

Safety performance continued to improve with the lost time injury frequency rate falling from 8.6 to 5.3. Supporting this favourable result is a demonstrable improvement in the business's OHSE management system, particularly in the areas of risk assessment and incident management.

OUTLOOK

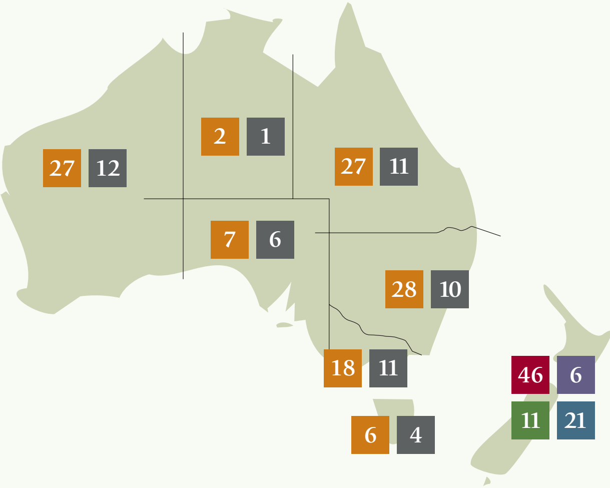
The industrial and safety division expects a moderate profit increase in 2004/05. The outlook for the business in Australia is generally positive with continued spending in the mining and transport infrastructure segments anticipated. New Zealand's economic outlook remains steady and the integration of the Paykels business is expected to contribute to growth in revenue and earnings.

During 2004/05 the business will focus on employee training and development, the continued upgrade of distribution facilities, the opening of a number of new shopfront-style or trade centres and the increased utilisation of best practice information systems and processes.

INDUSTRIAL AND SAFETY

BUSINESSES

	No.
Industrial Products	115
Blackwoods	*65*
Motion Industries	*10*
Atkins	*3*
Blackwoods Atkins	*21*
Bakers Construction	*6*
Mullings Fasteners	*9*
Metals	*1*
Protector Alsafe	55
Protector & NZ Safety	46
NZ Safety	*24*
Protector Safety Supply	*22*
Blackwoods (NZ)	6
Packaging House	11
Paykels	21



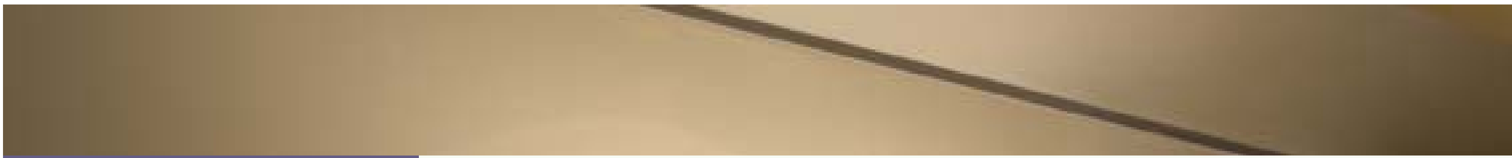
QUICK FACTS

100,000 customers
400,000 product lines
12,000 vendors
3,000 employees
254 locations

Below: *Customer Service Officer Marcel Caron (right) providing advice at the Blackwoods Trade Centre in Moorabbin, Victoria.*

Top right: *The newly refurbished Blackwoods warehouse at Smithfield, New South Wales.*

Bottom right: *Fitter Machinist John Fusco (left) and Works Gearing Manager Ken Stothard checking a transmission at Motion Industries in Wetherill Park, New South Wales.*

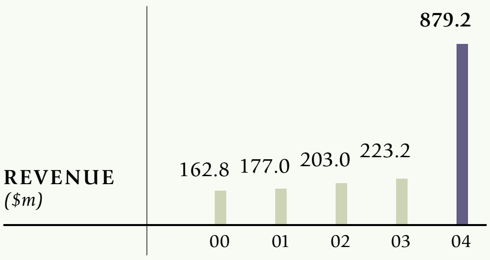


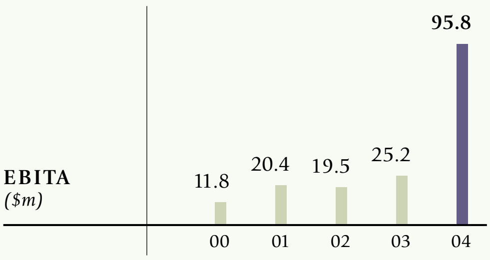
Insurance

KEY FINANCIAL INDICATORS

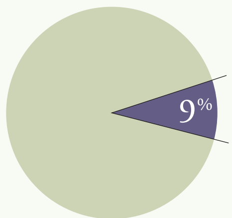
	00	01	02	03	04*
Operating revenue *($m)*	162.8	177.0	203.0	223.2	**879.2**
Earnings before interest, tax and goodwill amortisation *($m)*	11.8	20.4	19.5	25.2	**95.8**
Capital employed *($m)*	38.7	51.0	42.1	38.3	**389.8**
Return on capital employed *(%)*	30.5	40.0	46.3	65.8	**24.6**
Capital expenditure *($m)*	1.4	3.1	2.6	2.6	**7.6**

**2004 figures include the effect of the acquisition of the Lumley insurance businesses*





CONTRIBUTION TO GROUP EBITA

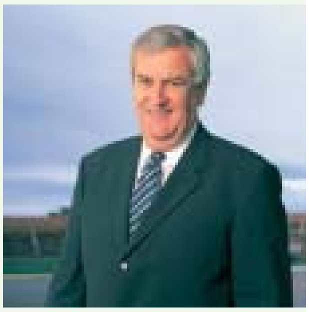


Receptionist Angele Tohme and National Operations Quality Compliance Manager Frank Kiernan at Lumley General Australia's head office in Sydney, New South Wales.

INSURANCE

The insurance division consists of three separate businesses providing insurance products to select market segments in Australia and New Zealand under the WFI and Lumley brands.

BOB BUCKLEY
Chief Executive Officer, Wesfarmers insurance division



OUR BUSINESS

Wesfarmers insurance division was formed in October 2003 following the acquisition of Edward Lumley Holdings, the owner of the Lumley insurance businesses in Australia and New Zealand. The division comprises three general insurance companies, two premium funding businesses and an insurance software developer.

The insurance operations comprise Wesfarmers Federation Insurance (WFI), Lumley General Insurance Australia (LGA) and Lumley General Insurance New Zealand (LGNZ). The premium funding businesses operate under the Lumley name in both Australia and New Zealand.

The insurance division also includes a software developer, Koukia, which is majority owned by Wesfarmers. Koukia is developing and marketing a general insurance package based on open platforms.

STRATEGY

In Australia, the group's insurance operations service both the direct and intermediary distribution channels. WFI focuses on direct service to rural and provincial Australia whilst Lumley Australia and Lumley New Zealand specialise in the fleet and commercial motor, engineering and marine sectors. The premium funding businesses support the general insurance engagement with insurance brokers in Australia and New Zealand.

Koukia aims to provide a world class general insurance software package to insurers both within and outside Australia.

All activities are underpinned by the requirement to achieve profitable returns in line with the key objective of Wesfarmers Limited.

RESULTS

The division's results consist of 12 months' trading for WFI and Koukia. The contribution from the Lumley businesses was for the period from October 2003 to the end of June 2004.

Operating revenue of $879.2 million was achieved with solid support from all market sectors.

The earnings contribution (before goodwill amortisation) of $95.8 million was substantially above expectations and for the three insurance businesses represents record performance.

YEAR IN BRIEF

The major achievement for the 2003/04 year was the successful completion of the Lumley acquisition and the integration of the Lumley businesses into the newly formed insurance division.

Importantly, during the integration process, focus was maintained on our core business activities with outstanding financial performance being achieved.

Lumley General (Australia) achieved a strong result, notwithstanding a fall in its insurance margin to 18.5 per cent, compared with 19.7 per cent in the previous corresponding period and the combined operating ratio ("COR") increasing to 85.1 per cent from 83.6 per cent previously. The result was characterised by a generally benign claims environment despite a severe storm event in Victoria in December 2003. Gross written premium ("GWP") for the period increased 0.6 per cent compared with the previous corresponding period.

INSURANCE

Lumley General (New Zealand) performed ahead of expectations due to strong revenue growth and a generally favourable claims environment. The COR improved to 87.1 per cent from 89.0 per cent previously. The insurance margin of 14.8 per cent, compared with 12.7 per cent in the corresponding period last year, was adversely affected by a one in 100 year storm and flooding event that occurred in the lower North Island of New Zealand in January 2004. GWP increased 17.4 per cent compared with the corresponding period last year.

Wesfarmers Federation Insurance experienced higher than anticipated crop insurance claims, more than offset by lower claims in the non-crop insurance business. Overall the result was ahead of expectations with the insurance margin increasing to 16.0 per cent compared with last year's 13.3 per cent. The COR improved to 88.1 per cent from 90.8 per cent previously. GWP increased 13.5 per cent compared with the previous year.

Integration of the Lumley businesses is proceeding as planned with a number of initiatives underway to standardise procedures and practices and enable modest synergy benefits to be realised, mainly in relation to shared information technology services. Wesfarmers' management systems, including: management reporting; performance measurement; treasury; company secretarial; corporate planning and human resources have now been implemented in all of the Lumley businesses.

The premium funding operations performed creditably in an extremely competitive environment. In addition to their profit contribution these businesses provide valuable support to our insurance operations and enable a broader engagement with our supporting intermediaries.

Koukia continued its development of a new general insurance system which is being deployed within both WFI and LGNZ. Progress to date is very pleasing and considerable interest from other insurers, both within and outside Australia, is being received.

OUR PEOPLE

The cultural alignment between the Lumley group and Wesfarmers Federation Insurance was apparent before the acquisition and has been confirmed as the Lumley team has been welcomed into Wesfarmers. Both have focused on developing values of customer service and prudent risk management. While there have been relatively few structural changes, the merger has created new career opportunities.

The depth of skills across the division provides a sound foundation to meet future challenges.

The exceptional results achieved over recent years are a direct reflection of the dedication and hard work of all employees.

A number of training and development programmes are in place as we continue to invest in our people and our future.

OUTLOOK

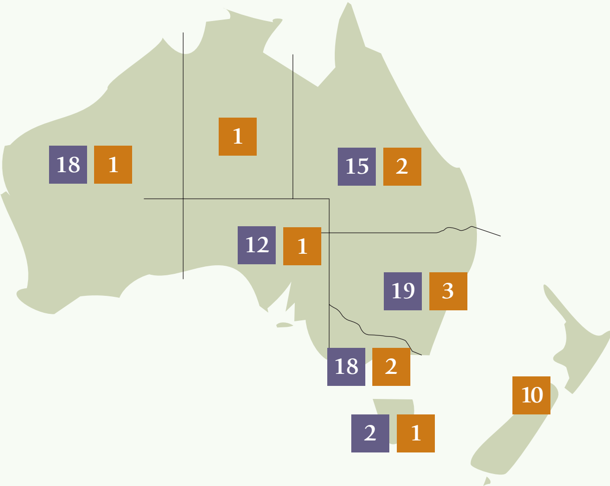
The outlook for the insurance division in 2004/05 is positive with all businesses commanding strong market positions.

After several years of increasing prices, there are signs that rates are stabilising and in some areas, coming under increasing competitive pressure. Against this background revenue growth is likely to be modest whilst margins are expected to remain satisfactory.

INSURANCE

BUSINESSES

	No.
Wesfarmers Federation Insurance	84
Lumley	21



QUICK FACTS

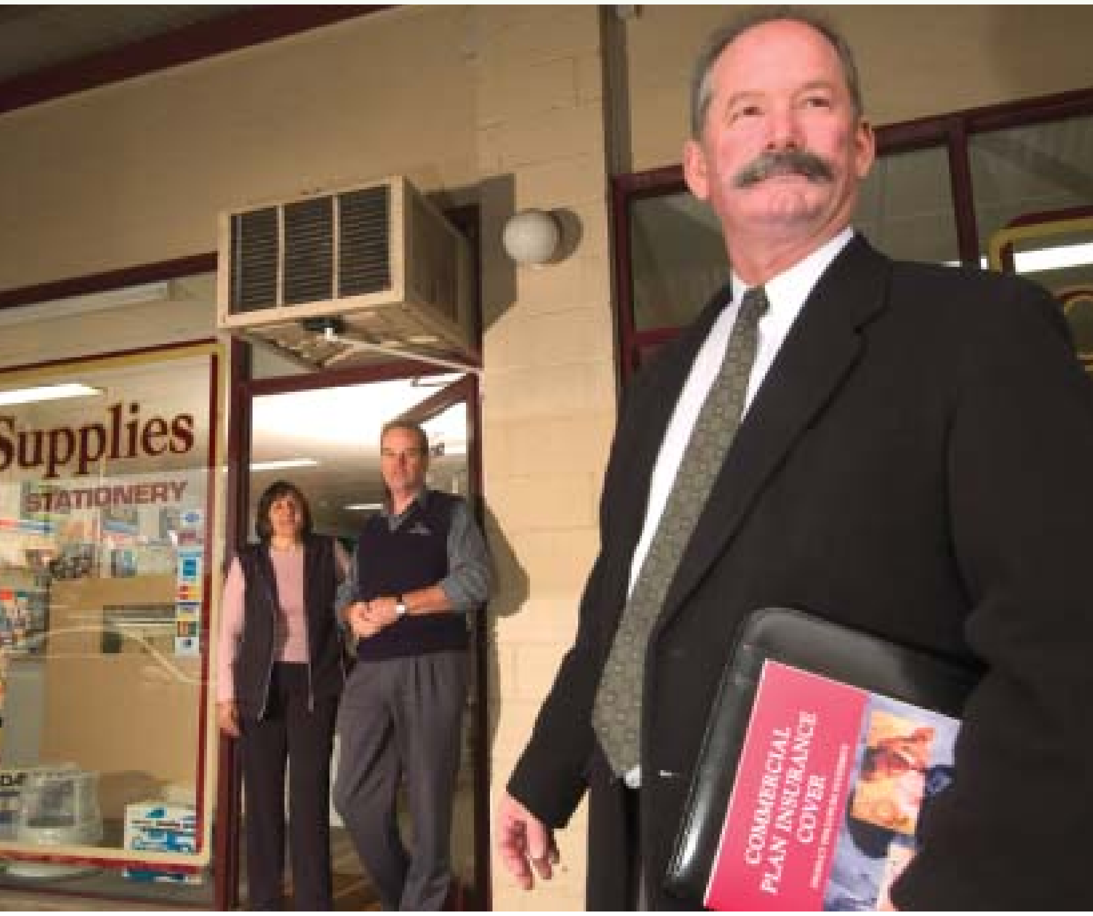
1,400 employees

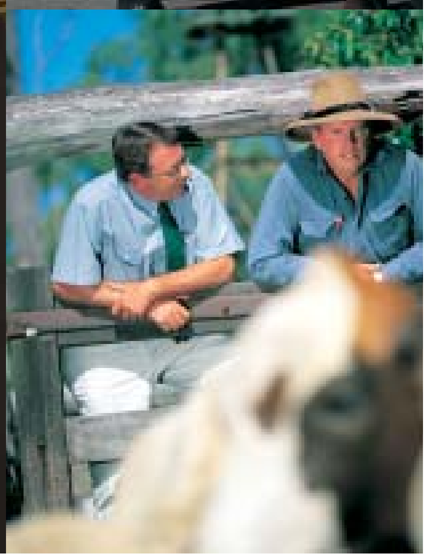
105 branches

Below: *Wesfarmers Federation Insurance (WFI) Area Manager Wes Costin with small business owners Ray and Irene Bassett in Geelong, Victoria.*

Top right: *Lumley's Ray Coleman (right) with Reg Wallin (centre) and insurance broker Carl Parrilla (left) at the Collex depot in Camellia, New South Wales.*

Bottom right: *Stuart Lusty WFI Area Manager (left) and client Ewen Besch at a cattle property in Central Queensland.*

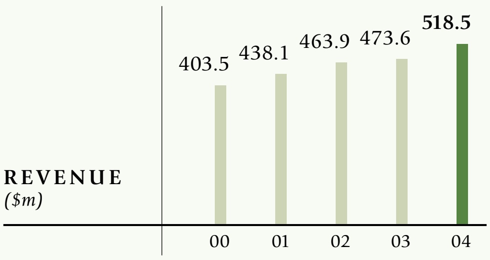


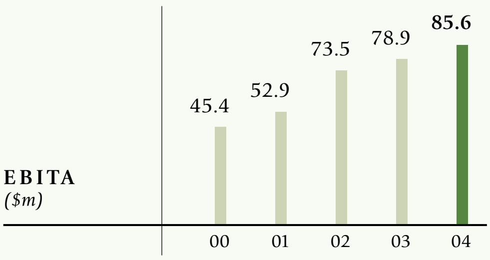


Chemicals and fertilisers

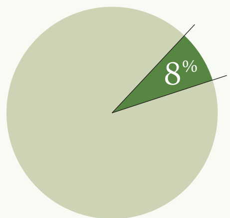
KEY FINANCIAL INDICATORS

	00	01	02	03	04
Operating revenue *($m)*	403.5	438.1	463.9	473.6	**518.5**
Earnings before interest, tax and goodwill amortisation *($m)*	45.4	52.9	73.5	78.9	**85.6**
Capital employed *($m)*	483.7	506.2	515.0	491.1	**482.6**
Return on capital employed *(%)*	9.4	10.5	14.3	16.1	**17.7**
Capital expenditure *($m)*	46.2	23.6	23.9	19.2	**34.6**





CONTRIBUTION TO GROUP EBITA



(From left to right) Erin Cahill , Area Manager Moora, Stephen Loss, Field Research Manager, and Agricultural Officer Daniel Bell, inspect fertiliser and seed placement field trials, at Dandaragan, Western Australia.

CSBP is a major manufacturer and supplier of chemicals, fertilisers and related services.

KEITH GORDON
Managing Director, CSBP Limited

OUR BUSINESS

CSBP 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. CSBP is pursuing expansion opportunities in the ammonium nitrate and sodium cyanide businesses.

In fertilisers, CSBP strives to provide Western Australian farmers with the widest range of quality fertilisers at competitive prices, supported by leading technical support and high customer service standards.

RESULTS

Operating revenue of $518.5 million increased 9.5 per cent with higher sales achieved in both chemicals and fertilisers. Earnings before interest and tax (before goodwill amortisation) of $85.6 million were 8.5 per cent above last year's $78.9 million.

The company's chemicals activities performed well with increased revenues recorded in most product groups. Production volumes from ammonium nitrate and sodium cyanide operations improved during the year while ammonia production was steady.

CSBP's 50 per cent investment in the Queensland Nitrates ammonium nitrate joint venture recorded an increased profit in 2003/04. Positive earnings were recorded in CSBP's result this year for the first time.

Total fertiliser sales of 1.1 million tonnes were 7.1 per cent higher with over 98 per cent of these sales occurring in Western Australia. The lift in sales reflects CSBP's stronger market focus and continued growth in demand for Flexi-N, CSBP's liquid fertiliser. These factors, combined with cost base and supply chain efficiency gains, resulted in an increase in earnings in the fertiliser business.

YEAR IN BRIEF

Chemicals

Ammonia/ammonium nitrate - External and internal demand for ammonia improved in 2003/04. The ammonia plant at Kwinana in Western Australia performed steadily and a major maintenance and expansion shutdown of the plant in May 2004 was completed. Due to the shutdown, total annual ammonia production volumes were 95 per cent of last year's level.

Ammonium nitrate sales volumes exceeded last year's due to strong demand from the Australian resources sector. Production of ammonium nitrate from Kwinana increased 13 per cent over last year.

CSBP is currently conducting a feasibility study on the potential expansion of its ammonium nitrate capacity by the construction of a duplicate plant and new prilling tower at Kwinana. This will double current production volumes. The capital cost of these works is estimated at between $130 million and $140 million.

Production of ammonium nitrate at Kwinana is currently sold out and further demand is anticipated in light of strengthening resource commodity prices, new projects announced by major mining companies and growth in demand for Flexi-N. Subject to

CHEMICALS AND FERTILISERS

completion of the feasibility study and receipt of regulatory approvals, construction is planned to commence in 2005 with production on-line in the second half of the 2006/07 financial year.

During the year, CSBP increased its investment in the Queensland Nitrates ammonium nitrate joint venture which is owned equally by CSBP and Dyno Nobel Asia Pacific Limited. Production performance at the plant exceeded design capacity in 2003/04 and the joint venture achieved an improved financial result.

Sodium cyanide - The 75 per cent-owned Australian Gold Reagents business recorded liquid sodium cyanide sales in line with expectations. Export sales of solid sodium cyanide into African and South American markets increased during the year as production from the solids plant reached full capacity. Increased demand for sodium cyanide is expected to support increased export sales and further expansion of this business in 2004/05.

Industrial chemicals - Sales and production of chlorine and derivatives declined slightly during the year. Sales of other traded industrial chemical products were in line with expectations.

Fertilisers

Market and seasonal conditions for fertilisers in Western Australia improved during the past year.

CSBP continued a strong market-focused approach working with and through distributors - in particular AWB Landmark and Elders - to meet the needs of farmer customers. Product range and technical service improvements, higher service levels and competitive pricing continued to be features of CSBP's approach from which a 7.1 per cent increase in sales volumes in 2003/04 was achieved.

Approximately half of the fertiliser volumes sold are locally manufactured and efforts to enhance the manufactured product range and lower production costs were successful in 2003/04. State-of-the-art product blending and despatch facilities were installed during the year at CSBP's Albany and Bunbury facilities in Western Australia.

The strong demand for liquid fertiliser products, in particular Flexi-N, continued. CSBP's commitment to ongoing research and development combined with expanding production and storage facilities will meet the growing liquid fertiliser demand in Western Australia.

ENVIRONMENT

All plants operated within their environmental licence parameters throughout the year apart from two minor breaches notified by CSBP to the Department of Environment. A highlight of CSBP's environmental programme was the launch in June 2004 of a purpose-built nutrient stripping wetland at Kwinana, Western Australia.

CSBP makes significant disclosures of its environmental, safety and occupational health performance in line with its commitment to openness in reporting to the community through Wesfarmers' Social Responsibility Report.

OUR PEOPLE

The commitment and effort of CSBP's employees contributed strongly to the continued lift in business performance.

Safety performance improved markedly over the prior year with a 50 per cent reduction in lost time injuries and a 34 per cent reduction in total workplace injuries. This improvement is the result of a stronger safety focus within the business supported by enhancements to safety systems. CSBP's objective is to achieve an accident-free workplace.

CSBP continued its support for education, training and a wide range of community activities.

OUTLOOK

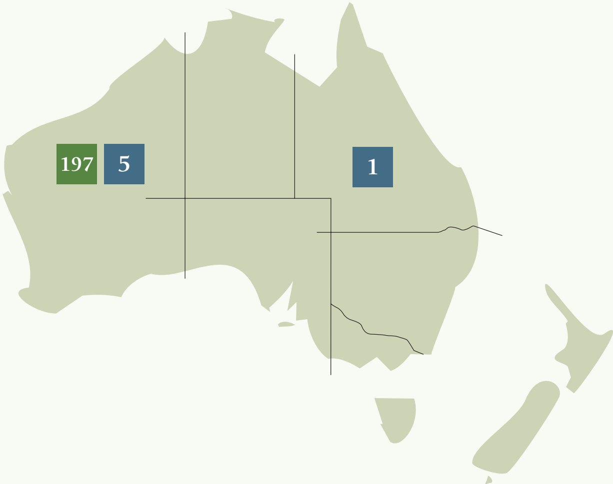
Strong demand conditions provide a favourable environment for CSBP's core chemicals products: ammonia, ammonium nitrate and sodium cyanide. Expansion and enhancement of production facilities to meet this demand is being evaluated.

Within Western Australia there is a positive outlook for the 2004 harvest that should maintain good fertiliser market conditions. Growth in this market through a stronger market offer is anticipated, with cost base and supply chain improvements underpinning pricing competitiveness. Markets for fertilisers beyond Western Australia continue to be actively pursued.

CHEMICALS AND FERTILISERS

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*



QUICK FACTS

550 employees

250 chemicals customers

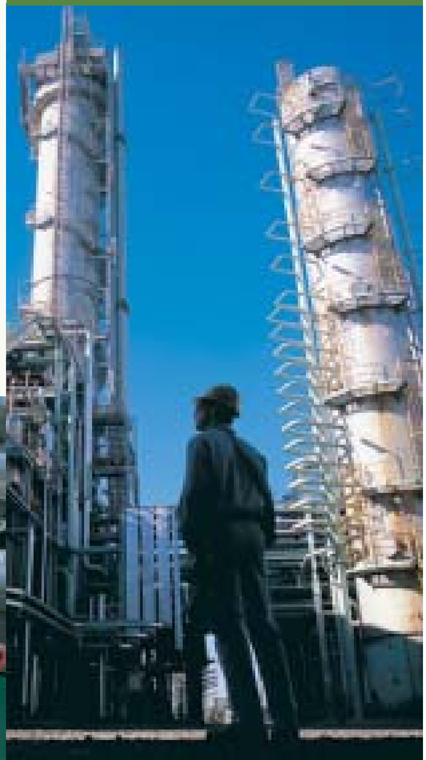
2 major fertiliser distributors servicing over 5,000 farmers

11 operational manufacturing plants

Below: *Thiess contractors working on the ammonia plant upgrade at CSBP's Kwinana works in Western Australia.*

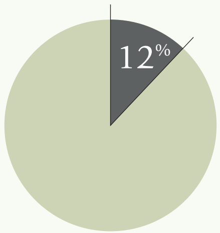
Top right: *Process Technician Adam Turner at the Queensland Nitrates plant, near Moura in Queensland.*

Bottom right: *Laboratory Technicians My Linh Tran (left) and An Tran at the CSBP Soil & Plant Analysis Service, Bibra Lake, Western Australia.*



Other activities

CONTRIBUTION TO GROUP EBITA



Rail transport

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 and grain. ARG has approximately 1,000 employees.

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

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

Revenues for the 2003/04 year were above the previous year due mainly to higher grain volumes in Western Australia and South Australia, higher iron ore volumes and a new contract in New South Wales.

Pre-tax earnings were also above the previous year due to increased revenue, an improved incident and safety performance, partly offset by an increase in fuel prices and establishment costs for new contracts.

Overall volumes hauled were some 50 million tonnes, up from 45 million tonnes in 2002/03.

A record 2003/04 grain harvest in Western Australia and a near-record in South Australia resulted in approximately 10 million tonnes of grain being handled, up from seven million tonnes in 2002/03.

Tonnages for iron ore and products associated with the nickel industry were also higher, with tonnages for other products around the previous year's levels.

A highlight of the year was a significant reduction in the lost time injury frequency rate from 11.4 last year to 0.5.

During the year ARG expanded its bulk haulage operations into New South Wales and won a contract for haulage from the new Mt Gibson iron ore mine to Geraldton port. It continues to evaluate new business opportunities.

Capital expenditure included the refurbishment of locomotives and the recommissioning of a number of previously unutilised wagons to meet grain demand.

To meet ongoing operating and safety requirements, WestNet Rail continued a programme of infrastructure upgrades including a major upgrade of the Toodyay to Miling line in Western Australia. An acoustic monitoring system installed in early 2004 has resulted in a significant reduction in the number of wheel bearing related incidents.

ARG continued as rail operator for construction of the Alice Springs to Darwin project until track laying was completed in October 2003. Train services commenced in early 2004 and ARG maintains an involvement as the provider of locomotives, wagons, crews and management services to the rail operator and as a minor equity investor.

The performance of ARG is expected to improve in 2004/05 due to a continuation of strong grain and other bulk commodity volumes and operational efficiencies.

There are indications of expansion in the next several years by some of ARG's major mineral producing customers and the potential for some new projects emerging in Western Australia. ARG will continue to consolidate its operations in New South Wales and examine new opportunities as they arise.

Gresham Partners

Wesfarmers owns a 50 per cent interest in Gresham Partners Group Limited, the holding company for the Australian investment banking activities of Gresham Partners.

With offices in Sydney, Melbourne and Perth, Gresham's main activities are corporate finance, private equity and property advisory and investment businesses.

Its corporate finance business is focused upon mergers and acquisitions; industry consolidations; and the provision of strategic financial advice to a wide array of Australian businesses.

Its property activities have seen it establish two funds with committed capital of more than $125 million, engaged in providing mezzanine debt for property projects.

The private equity activities have been centred upon investing in management buy outs of significant commercial businesses. With aggregate commitments across its two private equity funds exceeding $400 million, Gresham Private Equity has made nine significant investments. These include the Australian automotive parts business Repco; the Australian ATM operator Cashcard; the Australian luxury power boat builder Riviera; and the New Zealand electrical appliance retailer Noel Leeming.

Wesfarmers, in addition to its initial shareholding in the Gresham Partners Group, contributed $100 million to the first Gresham Private Equity Fund, established in 1999, and has committed up to $150 million to the second Fund launched early in 2004.

Wesfarmers is engaged in the Investment and Advisory Committees of these Private Equity Funds, as well as providing a member of its Business Development team on secondment to Gresham Private Equity.

As is typical in the private equity sector, each fund is closed-ended and aims to exit all of its investments, returning net proceeds to investors, within 10 years of inception.

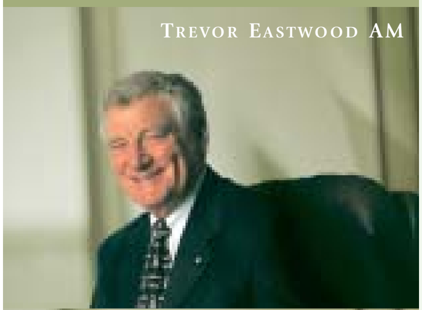
In 2003/04 Wesfarmers earned $73 million, pre-tax, from its investment in the first Private Equity Fund. Future contributions, which will depend on the timing of divestments, are expected to make a worthwhile contribution to earnings.

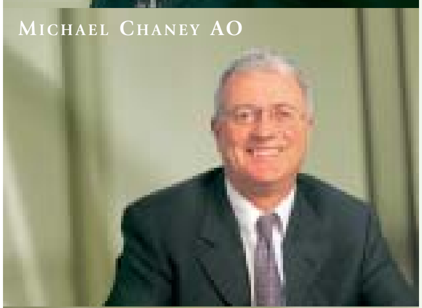
Forest products

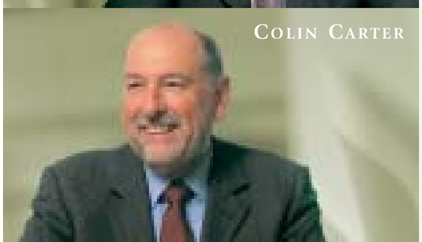
Operating revenue from Sotico's forest products business was below budget and last year's due to divestments and the voluntary reduction of hardwood log intake. Earnings for the year were slightly above budget but below last year's. Wespine Industries, in which Wesfarmers has a 50 per cent interest, performed soundly over the year due to the ongoing strength of demand from the Western Australian housing construction market.

In August 2004, Sotico's jarrah business assets were sold for $29 million, including $18 million of timber stocks. This sale is the final step in the restructuring of the Sotico operations announced in May 2001. The group's only remaining active involvement in the forest products industry is its 50 per cent interest in the Wespine plantation pine sawmill at Dardanup in Western Australia.

Board of directors







TREVOR EASTWOOD AM

Non-executive Chairman; Chairman of the Nomination and Remuneration Committee; age 62

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 and Perron Group Limited. He was formerly Chairman of West Australian Newspapers Holdings Ltd.

MICHAEL CHANEY AO

Managing Director and Chief Executive Officer; age 54

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, The Centre for Independent Studies Ltd and Vice-President of the Business Council of Australia. He is a member of the Council of the National Gallery of Australia and the JPMorgan International Council and Chairman of Australian Research Alliance for Children and Youth Limited.

COLIN CARTER

Non-executive director; member of the Nomination and Remuneration Committee; age 61

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, a 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 45

Joined the Board in 2003. Patricia holds a Bachelor of Science degree (Econ) with Honours from Georgetown University. She is a director of Qantas Airways Limited and Chairman of Qantas Superannuation Limited. Patricia has had 25 years experience in international banking and finance, having served two years with the U.S. government, over 15 years in management and executive roles with Chase Manhattan Bank, Banque Nationale de Paris, National Australia Bank and eight years as a non-executive director with organisations including the Transport Accident Commission (Deputy Chairman), Suncorp Metway Limited and AMP Limited. She has also served on a variety of not-for-profit boards including the Murdoch Children's Research Institute, and as an honorary advisor to the Federal Treasurer on the Financial Sector Advisory Council and the Companies and Securities Advisory Committee.

TREVOR FLÜGGE AO

Non-executive director; member of the Audit and Nomination and Remuneration Committees; age 57

Joined the Board in 1998. Trevor is Chairman of Australian Wool Services Limited (AWS) and Andar Holdings Limited. He is a director and Chairman of AWS subsidiaries TWC Holdings Pty Limited and The Woolmark Company Pty Ltd. He is also a member of the Rabobank Food & Agribusiness Advisory Board. He is a former Chairman of AWB Limited and past President of the Grains Council of Australia and a past director of the Grains Research and Development Corporation. 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 63

Joined the Board in 1984. Lou is Chairman of Westpork Pty Ltd and a director of Farmwest Services Limited (formerly the Herd Improvement Service Board). He is past President of The Royal Agricultural Society of Western Australia (Inc), past member of the advisory boards of National Foods Limited, the Dairy Industry Authority of Western Australia and past President of the Holstein Friesian Association of Australia.

RICHARD GOYDER

Deputy Managing Director and Chief Financial Officer; age 44

Joined the Board in 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 positions in Wesfarmers' Business Development Department including General Manager. In 1999 Richard was appointed Managing Director of Wesfarmers Landmark Limited (formerly Wesfarmers Dalgety Limited), a position he retained until his appointment as Finance Director of Wesfarmers Limited in 2002. He was appointed Deputy Managing Director and Chief Financial Officer of Wesfarmers Limited in May 2004. Richard is a director of a number of Wesfarmers group subsidiaries. He is also a director of Gresham Partners Holdings Ltd, Australian Railroad Group Pty Ltd, the West Australian Symphony Orchestra and a member of the University of Western Australia Business School Advisory Board.

JAMES GRAHAM

Non-executive director; member of the Audit Committee; age 56

Joined the Board in 1998. James holds a Bachelor of Engineering in Chemical Engineering degree with Honours from the University of Sydney, a Master of Business Administration degree from the University of New South Wales and is a Fellow of the Australian Academy of Technological Sciences and Engineering. 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, Lumley General Insurance Limited and Riviera Group Pty Ltd. He is also Chairman of the Advisory Council of The Institute for Neuromuscular Research, a trustee of the Gowrie Scholarship Trust Funds 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 65

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 Inc.

CHARLES MACEK

Non-executive director; member of the Audit Committee; age 57

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 Financial Reporting Council and Sustainable Investment Research Institute Pty Ltd. He is also a director of Telstra Corporation Limited, Vertex Capital Pty Ltd and Williamson Community Leadership Program Ltd. Charles was formerly Chairman of IOOF Holdings Ltd and the Centre for Eye Research Australia Limited.

DAVID ROBB

Executive Director and Managing Director of Wesfarmers Energy Limited; age 50

Joined the Board in July 2004. David holds a Bachelor of Science degree from the University of Western Australia, a Graduate Diploma in Personnel Administration from Deakin University, and completed the Advanced Management Program at the Harvard Business School in 1999. He joined Wesfarmers in 1995 after working in the oil industry in Australia, the UK, the USA and Asia. David was appointed General Manager, Business Development for the group in 1996 and Managing Director, Wesfarmers Energy Limited in 1999. He is a director of a number of Wesfarmers group subsidiaries and associated companies.

GENE TILBROOK

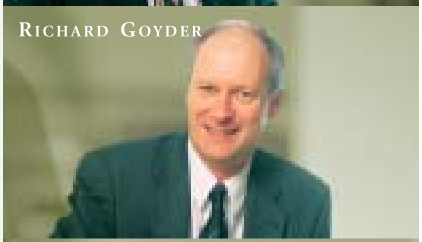
Executive Director, Business Development; age 53

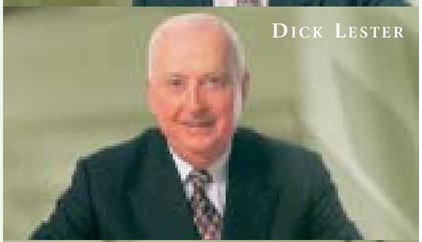
Joined the Board in 2002. Gene holds Bachelor of Science and Master of Business Administration degrees and a Diploma in Computing Science from the University of Western Australia. He completed the Advanced Management Program at the Harvard Business School in 1998. Gene joined Wesfarmers in 1985 and has 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 a director of a number of Wesfarmers group subsidiaries and is also a director of Bunnings Property Management Limited, Gresham Partners Holdings Ltd and Australian Railroad Group Pty Ltd.

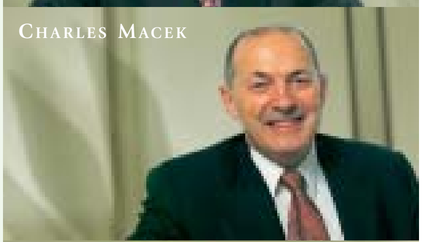
DAVID WHITE

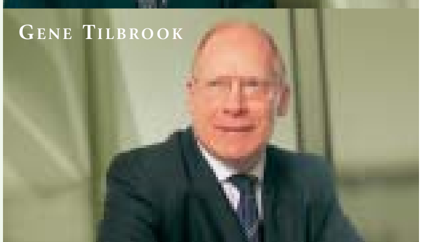
Non-executive director; Chairman of the Audit Committee; age 56

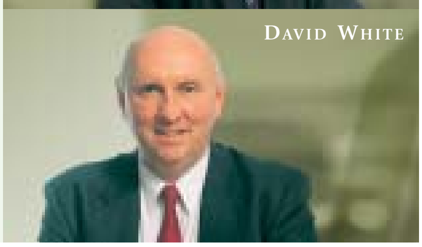
Joined the Board in 1990. David holds a Bachelor of Business degree from Curtin University and is a fellow of CPA Australia. He is Chairman of the Wheatbelt Area Consultative Committee and Treasurer of The Royal Agricultural Society of Western Australia (Inc).











Corporate governance statement

The Board is a strong advocate of corporate governance and seeks to ensure that the company fulfils its corporate governance obligations and responsibilities to all its stakeholders.

On 31 March 2003, the Australian Stock Exchange released the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles"). In conjunction with the ASX Listing Rules, the ASX Principles require companies to disclose in their annual reports whether their corporate governance practices follow the ASX Principles on an "if not, why not" basis.

Following the release of the ASX Principles, Wesfarmers conducted a review of its existing corporate governance policies and practices. Upon completion of this review, Wesfarmers concluded that it substantially complied with most of the ASX Principles, and the Board updated or replaced its policies where improvements were considered appropriate.

In September 2003, the company launched a comprehensive corporate governance page on its website (www.wesfarmers.com.au). The website includes copies or summaries of key corporate governance policy documents including:

- Audit Committee Charter
- Board Charter
- Board Code of Conduct
- Code of Ethics and Conduct
- Continuous Disclosure Policy
- Nomination and Remuneration Committee Charter
- Share Trading Policy

In addition, the website includes discussion on key corporate governance issues such as risk management, director independence and remuneration policy. The website is reviewed by the company regularly and updated to ensure the information is current and accurate.

Details of Wesfarmers' compliance with the ASX Principles and its main corporate governance practices for the year ended 30 June 2004 are disclosed in this statement.

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, taking into account the interests of other 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. A summary of the Board Charter has been posted on the corporate governance section of the company's website.

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.

The roles and responsibilities of the company's Board and management are consistent with those set out in ASX Principle 1.

BOARD STRUCTURE

On 5 May 2004, the Board announced that the company's Managing Director, Mr Michael Chaney, would retire when his current contract expired in July 2005. The Board further announced that

CORPORATE GOVERNANCE STATEMENT

Mr Richard Goyder had been appointed to the position of Deputy Managing Director, and would become Managing Director upon Mr Chaney's retirement. Mr David Robb, Managing Director of Wesfarmers Energy Limited was appointed to the Board as an executive director in July 2004.

As a result, the Board is currently comprised of nine non-executive directors, including the Chairman, and four executive directors. Upon the retirement of Mr Chaney, the number of directors will revert to the preferred range of between 8 and 12.

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 director and whether they retire at the 2004 annual general meeting are set out in the table below.

Details of the background, experience and professional skills of each director are set out on pages 38 and 39 of this report.

DIRECTOR INDEPENDENCE

Directors are expected to bring independent views and judgement to the Board's deliberations.

The 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 13 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.

BOARD STRUCTURE

Name of director	Year appointed	Non-executive	Executive	Independent	Retiring at 2004 AGM	Seeking re-election at 2004 AGM
T R Eastwood, *Chairman*	1994	Yes	No	Yes	No	No
C B Carter	2002	Yes	No	Yes	Yes#	Yes
M A Chaney, *Managing Director and Chief Executive Officer*	1988	No	Yes	No	No	No
P A Cross	2003	Yes	No	Yes	No	No
T J Flügge	1998	Yes	No	Yes	No	No
L A Giglia	1984	Yes	No	Yes	No	No
R J B Goyder, *Deputy Managing Director and Chief Financial Officer*	2002	No	Yes	No	No	No
J P Graham	1998	Yes	No	No	Yes#	Yes
R D Lester	1995	Yes	No	Yes	No	No
C Macek	2001	Yes	No	Yes	No	No
D A Robb, *Executive Director and Managing Director, Wesfarmers Energy Limited*	2004	No	Yes	No	Yes*	Yes
G T Tilbrook, *Executive Director, Business Development*	2002	No	Yes	No	No	No
D C White	1990	Yes	No	Yes	Yes#	Yes

* Appointed by the Board on 6 July 2004 and required by the Constitution to retire at the 2004 annual general meeting.
# Retiring by rotation in accordance with the Constitution and the Listing Rules of the Australian Stock Exchange.

CORPORATE GOVERNANCE STATEMENT

The test of whether a relationship is material is based on the nature of the relationship and the circumstances of the director. Materiality is considered from the perspective of the company, the director and the person or entity with which the director has a relationship.

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 length 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 make objective judgements on matters before the Board.

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

- Mr Michael Chaney
  Managing Director and Chief Executive Officer;
- Mr Richard Goyder
  Deputy Managing Director and Chief Financial Officer;
- Mr James Graham
  Non-executive director, who is Managing Director of Gresham Partners Limited, an investment adviser to the company;
- Mr David Robb
  Executive Director and Managing Director of Wesfarmers Energy Limited; and
- Mr Gene Tilbrook
  Executive Director, Business Development.

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. On the invitation of the Board, members of senior management attend and make presentations at Board meetings. Non-executive directors meet regularly without executive directors and management being present.

In May 2004, 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 held and attended by each of the directors for the financial year ended 30 June 2004 are set out in the directors' report on page 103 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 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 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 Board Charter and the company's letter of appointment for a non-executive director, a non-executive director is required to take into account the views of the other non-executive directors of the company when making a decision to stand for re-election as a director of the company. This year, the Nomination and Remuneration Committee assessed the performance of the directors seeking re-election and recommended to the Board that their nominations be supported.

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

CORPORATE GOVERNANCE STATEMENT

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 the qualifications of the 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 must retire at the next following annual general meeting and will be eligible for re-election by shareholders at that annual general meeting.

New directors are provided with a letter of appointment setting out the terms and conditions of the appointments together with material detailing the operations, policies and practices of the company.

REVIEW OF PERFORMANCE

The Nomination and Remuneration Committee is responsible for the review of Board performance. In May 2004, the performance of the Board and Audit Committee was evaluated through feedback obtained from the completion of a detailed questionnaire by the directors. This included a review of the performance of the Chairman of the Board, Chairman of the Audit Committee and also the Managing Director. The responses to the questionnaire were discussed at the Board's annual strategic planning session and recommendations for improvement were considered by the Board. As referred to above, the performance of individual directors is reviewed upon their nomination for re-election at the conclusion of their three year term.

Details of the review of the performance and remuneration policies for senior executives are set out in note 29 of the financial statements on pages 81 to 86 of this report.

KNOWLEDGE, SKILLS AND EXPERIENCE

To assist directors to maintain an appropriate level of knowledge, skill and experience in the operations of the company, directors undertake site visits to familiarise themselves with the company's businesses.

Directors are also provided with papers, presentations and briefings on group businesses and on matters which may affect the company. Directors are also encouraged to undertake continuing education relevant to the discharge of their obligations as directors of the company. Subject to prior approval by the Company Secretary, the reasonable cost of such education is met by the company.

BOARD ACCESS TO INFORMATION AND INDEPENDENT ADVICE

All directors have unrestricted access to 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 expenses 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 August 2003, the Nomination and Remuneration Committee adopted a revised charter to reflect the requirements of the ASX Principles. Among the specific responsibilities set out in the 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

CORPORATE GOVERNANCE STATEMENT

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 five times during the financial year ended 30 June 2004. Details of the meetings attended by each committee member are set out in the directors' report on page 103 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 on the 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

The Deputy Managing Director and Chief Financial Officer; the General Manager, Group Business Services; 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 seven times during the financial year ended 30 June 2004. Four of these meetings were scheduled to coincide with results 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 103 of this report. Consistent with ASX Principle 4, the Audit Committee Charter has been posted on the corporate governance section of the company's website.

FINANCIAL REPORTING

CEO and CFO declaration

Consistent with ASX Principle 4, the company's financial report preparation and approval process for the financial year ended 30 June 2004, involved both the Chief Executive Officer and Chief Financial Officer providing a written statement to the Board that, to the best of their knowledge and belief, 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.

International Financial Reporting Standards

In July 2002, the Financial Reporting Council announced that Australia would adopt International Financial Reporting Standards (IFRS). Following this announcement the company established a project team to facilitate the transition to IFRS, and the likely impacts of adoption are appropriately disclosed in the notes to this year's financial statements. The company will be required to first report under IFRS in its financial reports for the half-year ending 31 December 2005 and for the full-year ending 30 June 2006.

REMUNERATION

Non-executive directors

Details of non-executive directors' remuneration, which are generally consistent with ASX Principle 9, are set out in note 29 of the financial statements on pages 81 to 86 of this report.

The Board has proposed that a resolution will be put to the 2004 annual general meeting seeking to

CORPORATE GOVERNANCE STATEMENT

increase the directors' fee pool limit to $2.25 million. Further details of the proposed increase to the fee pool are provided in the 2004 notice of annual general meeting.

Senior executives

Details of senior executives' remuneration, which are generally consistent with ASX Principle 9, are set out in note 29 of the financial statements on pages 81 to 86 of this report.

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

In respect of financial years commencing on or after 1 July 2004, the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004 ("CLERP 9") amendments to the Corporations Act 2001 require external auditors to make an annual independence declaration, addressed to the Board, declaring that the auditors have maintained their independence in accordance with CLERP 9 amendments and the rules of the professional accounting bodies.

Ernst & Young has provided such a declaration to the Audit Committee for the financial year ended 30 June 2004.

Rotation of lead external audit partners

In the 2003 annual report it was stated that the lead audit partner for the company would be rotated from 1 January 2004. At the 2003 annual general meeting, the Chairman advised shareholders that as a result of senior management changes within the company, the decision to rotate the lead audit partner would be postponed. This policy and its application to the company will be reviewed in light of the CLERP 9 requirements for the rotation of auditors which apply for financial years beginning on or after 1 July 2006.

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

The Audit Committee has implemented a process that requires the prior approval of the Company Secretary to the provision of any non-audit services to the company or its related companies 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 and CLERP 9, Ernst & Young attend, and are available to answer questions at the company's annual general meetings. Shareholders may submit questions for the external auditors to the Company Secretary no later than five business days before an annual general meeting.

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 compliance programme supported by approved guidelines and standards covering such key areas as safety, the environment, legal liability, risk identification, quantification and reporting and financial controls;
- a comprehensive annual insurance programme including external risk surveys;

CORPORATE GOVERNANCE STATEMENT

- 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 designated months of the year, each of the main divisions in the group are required to review and report to the Audit Committee on risks associated with legal liability, financial controls and environment, health and safety.

Following a comprehensive review of the company's risk management systems by an external consultant, a number of initiatives were commenced during the year to strengthen the approach to identifying, managing and reporting risks.

These initiatives included detailed annual risk reviews by each of the company's divisions. The risk reviews encompass operational, financial, strategic and compliance risk assessment and quantification.

The internal audit function is independent of the external audit function. The General Manager, Group Internal Audit, monitors the internal control framework of the group and provides reports to the Audit Committee. The Audit Committee approves the internal audit charter and the annual internal audit plan to ensure that planned audit activities are aligned to business risks. The Audit Committee also reviews internal audit reports issued by the General Manager, Group Internal Audit and monitors progress with recommendations made in these reports to ensure ongoing improvement in the internal control environment of the company.

In accordance with ASX Principle 7, the Managing Director and Chief Financial Officer have provided the Board with a written statement that:

- the statement given with respect to the integrity of the financial statements (referred to under the heading "Financial Reporting") was founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the company's risk management and internal compliance and control system was operating efficiently and effectively in all material respects.

A description of the company's risk management policy and internal compliance and control system is available on the website.

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.

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 on the 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

CORPORATE GOVERNANCE STATEMENT

the Australian Stock Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, media communications, commenting on expected earnings, communication 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 co-ordinating 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 co-ordinating disclosure of information to analysts, brokers and shareholders. The General Manager, Public Affairs is responsible for overseeing and co-ordinating 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 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 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.

The company reviews and updates the contents of its website on a regular basis and provides a service through its website which permits shareholders to receive notification of significant Australian Stock Exchange announcements by email.

The company regularly reviews its communication strategy and underlying policies and processes to ensure effective communication with shareholders is maintained.

A description of the arrangements the company has to promote communication with shareholders is also available on the 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.

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.

The Code of Ethics and Conduct specifically provides that any employee who reports a breach of the Code will not be disadvantaged or prejudiced. A review of the company's policies is underway in light of the protection for whistleblowers contained in the CLERP 9 amendments to the Corporations Act.

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

Janice Murray, Activities Organiser from Bunnings' Joondalup warehouse in Western Australia, and a primary school student at a school workshop.

Our people, our communities

The way in which companies relate to their employees and the communities in which they operate is assuming increasing importance for investors and other stakeholders.

These issues form part of the developing concept of corporate social responsibility under which corporations are assessed in terms of their broader impacts on society - and whether, looked at in this way, a company's operations are likely to be sustainable over the long term.

Wesfarmers welcomes increased interest in an area that has always been fundamental to its way of doing business.

PEOPLE

Wesfarmers as an employer

With about 30,000 people employed across the group (including almost 2,500 in New Zealand) Wesfarmers is a significant contributor to national and regional economies.

Employee wellbeing is a high priority. Consistent with the Wesfarmers operational philosophy, responsibility for most people issues rests with the business divisions. This includes recruitment, development, management and various strategies which enhance the capability and effectiveness of the company's workforce.

Despite the operational autonomy of the business divisions, a number of people management issues are handled on a group-wide basis. These include remuneration programmes, executive development and some human resources policies.

Wesfarmers places a strong emphasis on the ongoing training and career enhancement of its people. At a group level there is a focus on executive succession planning and the development of internal candidates for senior positions. Initiatives include an Executive Development Programme - an eight month action learning-based course introduced in 1996 - and the General Manager Forum, which focuses on commercial and leadership capabilities.

A biennial 'Best Practice Conference' has been held since 1993 featuring contributions from internal and external speakers aimed at broadening the knowledge base and experience of the several hundred attendees. The conference includes interactive case study sessions, conducted by a professor from the Harvard Business School, which provide detailed analysis of relevant corporate issues. The group also co-ordinates staff development opportunities such as Earthwatch Fellowships and the Leeuwin Ocean Adventure.

Business divisions tailor career progression, training and leadership development initiatives to meet their needs and to encourage retention and internal promotion of employees.

The group has adopted a number of human resources policies which promote a good working environment and statutory compliance, including a Code of Ethics and Conduct covering employee behaviour. Business divisions may adopt their own specific standards that best match the circumstances of their activities but such codes must embody the principles laid down in the group Code. The Code is available on the company's Corporate Office intranet and a summary is posted on the company's website.

The group policy manual also requires strict adherence to anti-discrimination legislation and to the provision of equal opportunity workplaces. Each year, the Corporate Solicitors' Office conducts intensive interactive workshops to ensure staff are familiar with the provisions of the Trade Practices Act.

Wesfarmers has experienced a very low level of industrial disputation. It recognises the rights of employees to negotiate individually or collectively with or without the involvement of third parties. Employment agreements across the group vary from enterprise-based arrangements negotiated by unions to individual contracts under common law. All business divisions aim to foster a culture which promotes strong working relationships at all levels so that productivity is enhanced and a healthy working environment exists.

THE COMMUNITY

Wesfarmers as a corporate citizen

It is becoming reasonably commonplace for companies to be assessed and judged on a much broader range of performance issues. This happens at the level of the individual investor, by institutions with significant holdings and by organisations providing advice to entities such as superannuation trusts and investment funds with a particular focus on ethical or social responsibility issues.

The scrutiny encompasses many different aspects of "non-financial" accountability, including environmental responsibility, safety standards and performance and corporate philanthropy - in addition to the very important issue of how a company deals with its employees.

The Wesfarmers corporate objective (on the inside front cover of this report) specifically makes reference to most of these matters, some of which are dealt with in more detail in this section.

The environment

With its scale of operations, sector diversity and geographical spread, Wesfarmers has the potential to make significant impacts on the environment. The most relevant issues are minesite rehabilitation; emissions to air, land and water; waste disposal; and site contamination.

As with most other matters, day-to-day responsibility for environmental management is devolved to the operating entities. Each entity is accountable to its subsidiary board and, through the Audit Committee, to the Board of Wesfarmers Limited. Environmental performance is also disclosed publicly each year through the Social Responsibility Report (formerly the Environment, Health, Safety and the Community Report), referred to on the following page under the heading public accountability.

The company has an environmental policy which requires businesses to develop environmental management systems designed to meet the particular circumstances of their operations. The business systems and adherence to standards include compliance guidelines which, for Wesfarmers, represent the minimum requirement for each of its activities.

In addition, the company encourages its businesses to be proactive in developing initiatives that positively benefit the environment and the community.

Premier Coal's rehabilitated minesite Lake Kepwari, Western Australia

The Bunnings hardware business provides two current examples. In September 2003, Bunnings launched a campaign to tackle an issue of growing public concern - the impact of plastic bags on the environment. As a major retailer, where the issue of plastic carry bags to customers had reached massive proportions, Bunnings introduced a 10 cents per bag levy aimed at discouraging the use of this commodity, the disposal of which raises environmental issues. All proceeds are donated to the Keep Australia Beautiful Council (KABC), for use in community-based environmental campaigns. In addition, customers are encouraged to use free cardboard boxes or purchase reusable bags. This initiative has seen a reduction of more than 70 per cent in plastic bag use and donations to 30 June 2004 of more than $100,000 to the KABC.

Bunnings also responded to community interest in the sourcing of its sawn timber and other wood products, relating particularly to overseas imports. The company is now implementing a policy which will require, over time, that all suppliers are able to produce independently-verified evidence that their products are sourced from legally-operating and sustainably-managed forest areas.

Other environment-benefiting initiatives include CSBP's sponsorship of the Chair of Cleaner Production at the John Curtin International Institute in Western Australia and Wesfarmers Premier Coal's rehabilitation of mined areas at Collie in Western Australia. In June 2004, Premier won the mining section of the prestigious national Banksia Award for leadership in sustainability.

Team member Liz Canning distributing reusable woven bags as part of Bunnings' plastic bag reduction campaign.

At the group level, in December 2003 the Board considered the result of the externally commissioned assessment of the company's greenhouse gas emissions profile, referred to in last year's annual report. The Board endorsed the findings of the report, including a requirement that business divisions, that had not already done so, conduct audits of their operations, specifically with regard to electricity use, and that there be ongoing monitoring of emissions by the Corporate Office. These recommendations have been implemented.

Safety

Workplace safety is another issue that, while left in the hands of the business divisions to manage, is subject to group standards and reporting requirements. Wesfarmers has a zero accidents goal and a specific annual target for each operating business of a 50 per cent reduction in injury rates. This was achieved by three businesses - CSBP, Kleenheat Gas and Wesfarmers LPG. Part of the remuneration of each Divisional Managing Director and most of those who report to them is tied to safety performance improvement.

Each business unit is required to have a safety management system and to report through its subsidiary boards to the Board of Wesfarmers.

Public accountability

Since 1998, Wesfarmers has published a comprehensive separate report detailing its performance with respect to the environment, and health and safety issues. In more recent years the scope of the report has been broadened to include aspects of the group's community relations programme as this is an important part of socially responsible behaviour.

Reporting in this level of detail remains voluntary for Australian corporations but Wesfarmers believes the public is entitled to know what it does and to be told about both the good and bad aspects of its activities in these areas. Over the years since the first publication, the report has become significantly more specific and informative as business divisions gradually develop the capacity to measure and account for these facets of their operations. Apart from the highly desirable goal of public accountability, the very fact that these matters are being reported externally inevitably adds to the incentive to improve.

The report is subjected to internal verification by the Corporate Office legal and risk management departments and undergoes an external review process overseen by the Snowy Mountains Engineering Corporation (SMEC). Its assessment is published in the report and management receives a very detailed critique of the document and the reporting process from SMEC which is used to maintain improvement. Last year Wesfarmers asked SMEC to make an assessment of the report against the criteria used in the Global Reporting Initiative, developed to help benchmark the efforts of companies to report on what are commonly referred to as triple bottom line or sustainability factors. This year's report, to be published in November, will further advance the company's progress towards coverage of corporate sustainability issues.

The Social Responsibility Report will be available electronically at www.wesfarmers.com.au or by contacting the Public Affairs Department on (61 8) 9327 4251.

Community contributions

Community engagement has been central to the operations of Wesfarmers since its foundation in 1914. In its earliest manifestation as a farmers' co-operative this meant being an integral part of many rural towns and districts. Today's Wesfarmers maintains the tradition through the customer interaction of many of its businesses and through a willingness to help in other ways.

The Board takes the view that it is in the interests both of the community and the company to provide direct assistance to organisations whose work either currently benefits or has the potential to significantly advantage the society in which we live. In deciding how and where to allocate the available funds (subject to an annual ceiling of 0.25 per cent of pre-tax profits), the company believes it can maximise the impact of its contributions by focusing on areas that have very broad application, such as medical research. As a result, Wesfarmers tends to concentrate its efforts by providing significant levels of financial support to a relatively small number of areas rather than a wider distribution of smaller amounts.

One of our major current partnerships is with the Institute for Child Health Research in Western Australia. The Institute, headed by Professor Fiona Stanley AC, specialises in the field of childhood cancer and is doing internationally-recognised work on the causes of and treatment for asthma, the most common chronic health problem for children and adolescents.

From left Dr Richard Hopkins and Professor Fiona Stanley at the Telethon Institute for Child Health Research, Subiaco, Western Australia.

On top of the funds flowing to the community from Wesfarmers Limited, very significant contributions are made by the operating business divisions. In the 2003/04 financial year, direct financial assistance from the Wesfarmers group totalled in excess of $4.5 million.

As well as donations, the company runs a nationally-awarded arts sponsorship programme. In the year under review, Wesfarmers Arts provided about $500,000 to major performing and visual arts organisations and to others centrally involved in fostering the development of the vibrant culture which is such an important part of a creative and tolerant society. Wesfarmers has embarked on an innovative new partnership with the Perth International Arts Festival under which the company will help fund five major new works in music, ballet, opera, drama and public art to be staged at the 2005-2007 festivals.

The two year national tour of selected works from the Wesfarmers art collection, referred to last year, continued to capital city and regional locations. In the year to June 2004 the "Sublime" exhibition was displayed in Melbourne and on the Mornington Peninsula in Victoria, Canberra, Mount Gambier in South Australia and Armidale in New South Wales. Since the start of the tour in November 2002, "Sublime" has been seen by more than 250,000 people.

Investor information

FINANCIAL CALENDAR

Final dividend payment, 92 cents per share	30 Aug 2004
Annual general meeting	8 Nov 2004
Half-year results and interim dividend announcement	Feb 2005
Half-year results summary mailed to shareholders	Mar 2005
Interim dividend payment	Mar 2005
Full-year results and final dividend announcement	Aug 2005
Final dividend payment	Aug/Sep 2005
Annual report mailed to shareholders	Oct 2005
Annual general meeting	Nov 2005

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:
Within Australia: 1300 557 010
Outside Australia: (+61 3) 9415 4000

Facsimile:
Within Australia: (08) 9323 2033
Outside Australia: (+61 8) 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 a 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 the Chairman's address given at the annual general meeting in November and the 2004 Social Responsibility Report, due for publication in November 2004.

Further information and publications about the company's operations are available from the Public Affairs Department, telephone (08) 9327 4251 (if you are within Australia) or (+61 8) 9327 4251 (from outside Australia) or from the Wesfarmers website.

FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

		CONSOLIDATED		WESFARMERS LIMITED	
	NOTE	2004 $000	2003 $000	2004 $000	2003 $000
Revenues from ordinary activities	2	**8,407,492**	7,753,374	**997,095**	948,292
Expenses from ordinary activities	3	**(7,209,488)**	(6,920,915)	**(309,856)**	(408,047)
Borrowing expenses	3	**(80,296)**	(80,197)	**(72,741)**	(73,013)
Share of net profits of associates	12	**114,683**	36,382	-	-
Profit from ordinary activities before income tax expense		**1,232,391**	788,644	**614,498**	467,232
Income tax expense relating to ordinary activities	6	**(363,812)**	(250,726)	**(11,480)**	(6,860)
Profit from ordinary activities after income tax expense		**868,579**	537,918	**603,018**	460,372
Net loss attributable to outside equity interests		**4,535**	290	-	-
Net profit attributable to members of the parent entity	21	**873,114**	538,208	**603,018**	460,372
Adjustment on adoption of revised accounting standard AASB1028 "Employee Benefits"		-	(9,810)	-	(273)
Net increase in asset revaluation reserve relating to associate		**11,492**	2,676	-	-
Net exchange difference on translation of financial report of foreign controlled entities		**4,064**	(1,542)	-	-
Total revenue and expenses attributable to members and recognised directly in equity		**15,556**	(8,676)	-	(273)
Total changes in equity other than those resulting from transactions with owners as owners		**888,670**	529,532	**603,018**	460,099
Net profit attributable to members of the parent entity consists of:					
Net profit before goodwill amortisation		**958,650**	623,942	**603,018**	460,372
Goodwill amortisation		**(85,536)**	(85,734)	-	-
Net profit after goodwill amortisation		**873,114**	538,208	**603,018**	460,372
Net profit attributable to members of the parent entity includes significant items:					
Net profit on sale of the rural services business		**303,950**	-	**201,257**	-
Net profit on sale of the Girrah coal deposit		-	56,351	-	-
Basic and diluted earnings per share (cents per share)	32	**232.4**	142.9		
After goodwill amortisation and before significant items		**151.5**	127.9		
Before goodwill amortisation		**255.1**	165.7		
Before goodwill amortisation and significant items		**174.2**	150.7		

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

STATEMENT OF FINANCIAL POSITION

at 30 June 2004 - Wesfarmers Limited and its controlled entities

		CONSOLIDATED		WESFARMERS LIMITED	
	NOTE	2004 $000	2003 $000	2004 $000	2003 $000
CURRENT ASSETS					
Cash assets	8	**103,374**	170,247	**59,291**	82,869
Receivables	9	**1,306,186**	895,531	**2,422,910**	2,173,918
Inventories	10	**1,260,096**	1,345,626	**-**	-
Other insurance assets	11	**721,028**	19,635	**-**	-
Total current assets		**3,390,684**	2,431,039	**2,482,201**	2,256,787
NON-CURRENT ASSETS					
Receivables	9	**330,843**	313,512	**252,701**	300,037
Investments accounted for using the equity method	12	**395,375**	375,220	**-**	-
Other financial assets	13	**16,602**	6,373	**4,408,755**	4,575,613
Property, plant and equipment	14	**1,600,052**	1,688,641	**23,751**	28,032
Deferred tax assets		**65,118**	82,183	**60,118**	-
Intangible assets	15	**1,472,724**	1,519,898	**-**	-
Other		**2**	1,236	**15,634**	1,236
Total non-current assets		**3,880,716**	3,987,063	**4,760,959**	4,904,918
Total assets		**7,271,400**	6,418,102	**7,243,160**	7,161,705
CURRENT LIABILITIES					
Interest bearing liabilities	16	**309,822**	384,288	**219,878**	16,500
Payables	17	**840,681**	852,968	**2,727,286**	2,988,501
Current tax liabilities		**121,838**	117,568	**116,780**	-
Provisions	18	**154,894**	175,681	**17,404**	11,344
Insurance liabilities	19	**806,417**	181,020	**5,286**	7,148
Total current liabilities		**2,233,652**	1,711,525	**3,086,634**	3,023,493
NON-CURRENT LIABILITIES					
Interest bearing liabilities	16	**1,302,096**	671,826	**1,206,445**	548,359
Payables	17	**17,612**	6,795	**-**	-
Deferred tax liabilities		**109,912**	107,570	**83,034**	7,551
Provisions	18	**111,058**	111,806	**6,276**	10,011
Insurance liabilities	19	**166,545**	43,503	**-**	-
Total non-current liabilities		**1,707,223**	941,500	**1,295,755**	565,921
Total liabilities		**3,940,875**	2,653,025	**4,382,389**	3,589,414
Net assets		**3,330,525**	3,765,077	**2,860,771**	3,572,291
SHAREHOLDERS' EQUITY					
Contributed equity	20	**2,345,633**	3,159,466	**2,345,633**	3,159,466
Reserves	21	**55,200**	39,644	**58,067**	58,067
Retained earnings	21	**931,779**	559,370	**457,071**	354,758
Shareholders' equity attributable to members of Wesfarmers Limited		**3,332,612**	3,758,480	**2,860,771**	3,572,291
Outside equity interests in controlled entities	22	**(2,087)**	6,597	**-**	-
Total shareholders' equity		**3,330,525**	3,765,077	**2,860,771**	3,572,291

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	NOTE	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	WESFARMERS LIMITED 2004 $000	WESFARMERS LIMITED 2003 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**8,146,065**	8,360,603	**177,736**	478,055
Payments to suppliers and employees		**(7,220,780)**	(7,365,855)	**(158,549)**	(466,014)
Dividends and distributions received from associates		**85,959**	31,509	**-**	-
Dividends received from controlled entities		**-**	-	**394,209**	445,082
Dividends received from others		**1,006**	2,430	**-**	-
Interest received		**20,478**	9,909	**32,743**	56,219
Borrowing costs		**(79,133)**	(77,014)	**(72,741)**	(73,013)
Income tax (paid) refunded		**(243,062)**	(142,878)	**7,437**	(10,966)
Net cash provided by operating activities	23	**710,533**	818,704	**380,835**	429,363
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		**(258,198)**	(218,311)	**(3,496)**	(5,335)
Acquisition of investments and insurance deposits		**(327,096)**	(27,516)	**-**	-
Disposal of controlled entities	36	**703,443**	-	**411,818**	-
Acquisition of controlled entities	36	**(303,829)**	-	**-**	-
Advances from (to) controlled entities		**-**	-	**(230,205)**	522,671
Proceeds from sale of non-current assets		**157,624**	255,634	**4,379**	278
Return of capital received from associates		**20,985**	-	**-**	-
Other items		**(12,623)**	(9,986)	**1,236**	(1,236)
Net cash (used in) provided by investing activities		**(19,694)**	(179)	**183,732**	516,378
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds of borrowings		**696,490**	-	**772,409**	-
Repayment of borrowings		**(99,213)**	(432,558)	**-**	(538,268)
Repayment of employee share plan loans		**51,918**	37,186	**51,408**	37,186
Payment of return of capital		**(896,021)**	-	**(896,021)**	-
Payment for share buyback		**(78,891)**	(91,489)	**(78,891)**	(91,489)
Dividends paid to ordinary shareholders		**(479,646)**	(333,354)	**(479,646)**	(333,354)
Net cash used in financing activities		**(805,363)**	(820,215)	**(630,741)**	(925,925)
Net (decrease) increase in cash held		**(114,524)**	(1,690)	**(66,174)**	19,816
Cash at the beginning of the financial year		**170,247**	171,937	**82,869**	63,053
Cash at the end of the financial year	23	**55,723**	170,247	**16,695**	82,869

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

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

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 except for investment properties which are carried at market value in an associated entity. Cost in relation to assets represents the cash amount paid or the fair value of the assets given in exchange.

(a) Changes in accounting policies

There have been no changes to accounting policies during the year.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Wesfarmers Limited (the parent company) and all entities which Wesfarmers Limited controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control. Subsidiary acquisitions are accounted for using the purchase method of accounting.

Financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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 the assets, liabilities and expenses of joint venture operations is included in the accounts under the relevant items. The consolidated entity's interest in joint venture operations is shown in note 33.

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 12.

(c) 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.

(d) 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 to a buyer.

Interest
Control of the right to receive the interest payment.

Dividends
Control of the right to receive the dividend payment.

(e) Taxes

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 of being realised.

Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Taxes (continued)

Goods and services tax (GST) (continued)

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(f) 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 (excluding deposits held as investments by the insurance businesses), net of outstanding bank overdrafts.

(g) 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.

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 2 to 30 day terms.

(h) 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.

(i) 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 12.

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

(j) Recoverable amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down.
In determining the recoverable amount, the expected net cash flows to be generated from the non-current asset have not been discounted.

(k) Property, plant and equipment

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	3 – 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.

(l) 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.

(m) 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.

(n) 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.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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.

(p) 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 fair 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.

(q) Interest bearing liabilities

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.

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 and medium term notes. 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.

(r) 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.

(s) 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

Provision is 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) are also recognised as a liability and included in the amount for employee entitlements.

The benefit to employees of the Wesfarmers Limited Employee Share Plan described in note 28 is not recognised as an employee benefits expense.

Contributions to superannuation funds are charged to the Statement of Financial Performance when due.

Mine rehabilitation

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 rehabilitating 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 and any changes to the total estimated liability are recognised on a prospective basis.

Restructure

A provision for restructuring is recognised for the expected costs associated with restructuring upon the acquisition of an entity. 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.

(t) Insurance activities

Insurance premium revenue

Direct premium comprises amounts charged to the policyholder or other insurers, including fire service levies, but excluding stamp duties collected on behalf of third parties. The earned portion of premiums received and receivable including unclosed business is recognised as revenue. Premium is treated as earned from the date of attachment of risk.

The pattern of recognition of income over the policy or indemnity periods is based on time, which closely approximates the pattern of risks underwritten. Unearned premium is determined by apportioning the premium written in the year on a daily pro rata basis for direct business.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Insurance activities (continued)

Outwards reinsurance

Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, a portion of outwards reinsurance premium is treated at balance date as a receivable.

Reinsurance recoveries are recognised as revenue for claims incurred. Recoveries receivable are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

Insurance claims

Claims expense and a liability for outstanding claims are recognised in respect of direct and inwards reinsurance business. The liability covers claims reported but not yet paid, incurred but not reported claims ("IBNR") and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing individual claim files and estimating unnotified claims and settlement costs using statistics based on past experience and trends. Outstanding claims are subject to independent actuarial assessment.

The liability for outstanding claims is measured as the present value of the expected future payments. These payments are estimated on the basis of the ultimate cost of settling claims, which is effected by factors arising during the period of settlement such as normal and "superimposed" inflation. The expected future payments are discounted to present value at balance date. Prudential margins are included for uncertainties and latency claims.

Reinsurance and other recoveries receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid and IBNRs are recognised as revenue. Recoveries receivable in relation to "long-tail" risk classes are measured as the present value of the expected future receipts, and calculated on the same basis as the liability for outstanding claims.

Deferred acquisition costs

A portion of acquisition costs relating to unearned premium revenue is deferred in recognition that it represents a future benefit. Deferred acquisition costs are measured at the lower of cost and recoverable amount and are amortised over the financial years expected to benefit from the expenditure.

Insurance investments

Investments take the form of short-term deposits and are measured at cost.

(u) Comparatives

Where necessary, comparatives are reclassified and repositioned for consistency with current year disclosures.

(v) Rounding

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

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

		CONSOLIDATED		WESFARMERS LIMITED	
		2004 $000	2003 $000	2004 $000	2003 $000
2	**REVENUE FROM ORDINARY ACTIVITIES**				
	Revenue from the sale of goods	6,464,358	6,959,161	141,095	437,780
	Revenue from insurance premiums	825,218	213,734	9,788	8,082
	Revenue from other services	151,963	252,941	-	-
	Proceeds on sale of non-current assets	157,624	255,634	4,379	278
	Proceeds on sale of controlled entities	703,443	-	411,818	-
	Dividends				
	Controlled entities	-	-	394,209	445,082
	Other corporations	1,061	2,329	-	-
	Interest received (see note 4)	25,784	9,048	32,743	56,219
	Rent received	2,774	7,018	-	-
	Other income	75,267	53,509	3,063	851
	Total revenue from ordinary activities	8,407,492	7,753,374	997,095	948,292
3	**EXPENSES AND OTHER GAINS/LOSSES**				
	Expenses				
	Cost of goods sold	4,508,462	4,977,752	89,074	359,107
	Distribution expenses	153,181	143,004	-	-
	Sales and marketing expenses	1,178,973	1,167,637	-	-
	Direct selling expenses	652,651	198,220	-	-
	Administration expenses	289,436	267,609	52,507	48,940
	Cost of rural services business sold	300,237	-	168,275	-
	Other expenses	126,548	166,693	-	-
	Total expenses from ordinary activities	7,209,488	6,920,915	309,856	408,047
	Borrowing expenses				
	Interest paid (see note 4)	76,267	74,314	69,066	69,382
	Other borrowing costs	4,029	5,883	3,675	3,631
		80,296	80,197	72,741	73,013
	Expenses from ordinary activities are arrived at after taking into account:				
	Bad and doubtful debts				
	Trade debtors	9,657	3,369	-	-
	Finance advances and loans	295	40	-	-
	Employee share plan loans	334	1,769	334	1,769
		10,286	5,178	334	1,769
	Depreciation and amortisation				
	Depreciation - buildings	10,789	10,845	53	126
	- plant and equipment	168,744	181,760	2,962	2,824
	Amortisation - leasehold improvements	3,620	3,694	23	23
	- mineral exploration and development costs	10,695	9,941	-	-
	- goodwill	85,536	85,734	-	-
		279,384	291,974	3,038	2,973

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	Consolidated		Wesfarmers Limited	
	2004 $000	2003 $000	2004 $000	2003 $000
3 EXPENSES AND OTHER GAINS/LOSSES (continued)				
Expenses (continued)				
Write down of non-current assets				
Property, plant and equipment	2,213	2,845	-	-
Goodwill	-	11	-	-
Operating lease rentals	164,409	173,965	1,481	1,837
Provision charged against profits				
Employee benefits	66,611	39,350	12,781	9,672
Mine rehabilitation obligations	9,032	6,916	-	-
Restructure	-	1,058	-	-
Government mining royalties	34,274	35,321	-	-
Mineral exploration and development costs written off	142	137	-	-
Gains				
Profit (loss) on sale of property, plant and equipment	11,991	14,439	1,669	(179)
Profit on sale of rural services business	400,700	-	243,072	-
Profit on sale of Girrah coal deposit	-	80,505	-	-
Profit on sale of listed investments	-	6,136	-	-
Foreign exchange gains	304	637	-	-
4 NET INTEREST				
Interest paid/payable to:				
Controlled entities	-	-	9,805	25,842
Other persons/corporations	76,267	74,314	59,261	43,540
	76,267	74,314	69,066	69,382
Less interest received/receivable from:				
Controlled entities	-	-	29,202	55,000
Associated entities	23	28	23	27
Other persons/corporations	25,761	9,020	3,518	1,192
	25,784	9,048	32,743	56,219
Net interest	50,483	65,266	36,323	13,163

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	**2004 $000**	2003 $000
5 AUDITORS' REMUNERATION				
Amounts received or due and receivable by Ernst & Young for:				
Audit or review of the financial reports	**1,747**	1,631	**627**	527
Other services - tax compliance	**879**	616	**864**	602
- other	**847**	786	**660**	594
	3,473	3,033	**2,151**	1,723
Amounts received or due and receivable by related practices of Ernst & Young Australia for:				
Audit or review of the financial reports of subsidiary entities	**212**	89	**-**	-
Other services - tax compliance	**7**	-	**-**	-
- other	**13**	-	**-**	-
Amounts received or due and receivable by auditors other than Ernst & Young for:				
Audit or review of the financial reports of subsidiary entities	**9**	2	**-**	-
	3,714	3,124	**2,151**	1,723
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	**369,717**	236,593	**184,349**	140,170
Tax effect on permanent differences:				
Rebateable dividends	**(910)**	(697)	**(118,262)**	(133,525)
Share of associated companies' net profit after tax	**(10,390)**	(9,934)	**-**	-
Non-assessable capital gains	**(11,840)**	(33)	**(20,162)**	-
Depreciation and amortisation	**27,342**	27,160	**48**	40
Other non-deductible expenses	**1,171**	1,997	**76**	143
Other items	**2,253**	266	**(9,766)**	(99)
Recognition of tax benefit upon formation of a tax consolidation group and resetting tax values	**(14,777)**	-	**(26,230)**	-
Adjustment relating to previous year excluding tax consolidation adjustments	**1,246**	(4,626)	**1,427**	131
Income tax attributable to operating profit	**363,812**	250,726	**11,480**	6,860
Adjustment on the adoption of revised accounting standard AASB 1028 "Employee Benefits"	**-**	(4,208)	**-**	(118)
Total income tax expense	**363,812**	246,518	**11,480**	6,742
Total income tax comprises:				
Amount set aside to provision for income tax	**341,936**	209,733	**10,473**	2,307
Amount (withdrawn from) set aside to deferred tax liabilities	**(2,239)**	11,066	**1,007**	4,435
Amount withdrawn from deferred tax asset	**24,115**	25,719	**-**	-
	363,812	246,518	**11,480**	6,742

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

6 INCOME TAX (continued)

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	**2004 $000**	2003 $000
Income tax losses				
Future income tax benefit arising from tax losses of the consolidated entity not recognised at balance date because the realisation of the benefit is not regarded as virtually certain	**71,963**	19,806	**-**	-

This future income tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

Tax consolidation legislation

Effective for the tax year ended 30 June 2003, for the purposes of income tax, Wesfarmers Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group during the financial year ended 30 June 2004. Members of the group have entered into a tax sharing arrangement whereby the head entity, Wesfarmers Limited, meets the tax obligations on behalf of its wholly owned Australian subsidiaries, which are then on-charged.

As a consequence, Wesfarmers Limited, as the head entity in the tax consolidated group, recognised current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable and payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense (revenue).

The deferred tax balances recognised by the parent entity in relation to wholly-owned entities joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidation regime, with one exception. The deferred tax balances relating to assets that had their tax values reset on joining the tax consolidated group, have been remeasured based on the carrying amount of those assets at the tax-consolidated group level and their reset tax values. The measurement adjustments to these deferred tax balances are also recognised in the consolidated financial statements as income tax expense or revenue, or as direct debits to the asset revaluation reserve to the extent the adjustments relate to the revaluation of assets.

As a result of the revised tax legislation and the election made during the year ended 30 June 2004 to form a tax consolidated group, the following adjustments have been made to timing differences recognised in the financial statements:

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	WESFARMERS LIMITED 2004 $000	WESFARMERS LIMITED 2003 $000
Deferred tax assets				
Tax losses not previously recognised now brought to account via:				
Income tax expense	**26,230**	-	**26,230**	-
Contributed equity (related to the 2001 ownership simplification plan)	**128,168**	-	**128,168**	-
	154,398	-	**154,398**	-
Deferred tax liabilities				
Cost base of property, plant and equipment	**11,453**	-	**-**	-

The net impact on the result for the period of the above adjustments was to increase the consolidated entity's profit from ordinary activities after income tax expense by $14,777,000, including $10,945,000 increase in the profit on sale of the rural services business.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	Consolidated 2004 $000	Consolidated 2003 $000	Wesfarmers Limited 2004 $000	Wesfarmers Limited 2003 $000
7 DIVIDENDS PAID				
Interim 2004 fully franked dividend of 48 cents per share (2003: 42 cents) paid on ordinary shares	180,650	159,865	180,650	159,865
Final 2003 fully franked dividend of 85 cents per share (2002: 77 cents) paid on ordinary shares	320,055	286,664	320,055	286,664
	500,705	446,529	500,705	446,529
Franking credits shortfall for subsequent financial years	2,911	3,968	2,911	3,968
8 CASH ASSETS				
Cash on hand	5,361	6,207	6	7
Cash on deposit and at bank	98,013	164,040	59,285	82,862
	103,374	170,247	59,291	82,869
Weighted average effective interest rates - cash on deposit and at bank	4.2%	3.6%		
9 RECEIVABLES				
Current				
Finance advances and loans	90,973	11,115	-	-
Less allowance for doubtful debts	(1,683)	(93)	-	-
	89,290	11,022	-	-
Employee share plan loans	20,960	21,302	20,960	21,302
	110,250	32,324	20,960	21,302
Trade debtors	758,670	738,573	5,372	26,929
Less allowance for doubtful debts	(12,097)	(23,881)	-	(4)
	746,573	714,692	5,372	26,925
Reinsurance and other recoveries receivable	278,189	10,763	-	-
Amounts from:				
Controlled entities	-	-	2,392,189	2,119,526
Associated entities	3,859	13,754	-	-
Other debtors and prepayments	167,315	123,998	4,389	6,165
	171,174	137,752	2,396,578	2,125,691
	1,306,186	895,531	2,422,910	2,173,918
Non-current				
Finance advances and loans	-	4	-	-
Employee share plan loans	260,468	300,037	252,701	300,037
	260,468	300,041	252,701	300,037
Reinsurance and other recoveries receivable	61,204	5,074	-	-
Other debtors and prepayments	9,171	8,397	-	-
	330,843	313,512	252,701	300,037
Weighted average effective interest rates - finance advances and loans	15.6%	8.4%		

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	**2004 $000**	2003 $000
10 INVENTORIES				
Raw materials:				
At cost	**52,265**	53,204	**-**	-
At net realisable value	**6,014**	6,531	**-**	-
	58,279	59,735	**-**	-
Work in progress:				
At cost	**105,044**	94,709	**-**	-
Finished goods:				
At cost	**1,093,928**	1,191,182	**-**	-
At net realisable value	**2,845**	-	**-**	-
	1,096,773	1,191,182	**-**	-
Total inventories at lower of cost and net realisable value	**1,260,096**	1,345,626	**-**	-
11 OTHER INSURANCE ASSETS				
Deposits at cost	**629,361**	-	**-**	-
Deferred acquisition costs	**91,667**	19,635	**-**	-
	721,028	19,635	**-**	-
Weighted average effective interest rates - deposits	**5.2%**	-		
12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Units in listed property trust at cost	**60,433**	55,813	**-**	-
Shares at cost	**207,333**	222,659	**-**	-
	267,766	278,472	**-**	-
Share of retained earnings and reserves of associated entities	**99,346**	67,534	**-**	-
Total investment in associated entities	**367,112**	346,006	**-**	-
Loans to associated entities	**28,263**	29,214	**-**	-
	395,375	375,220	**-**	-
Aggregate quoted market value at balance date of units listed on a prescribed stock exchange	**103,219**	92,523	**-**	-

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Associated entity	Principal activity	Beneficial interest 2004 %	Beneficial interest 2003 %	Consolidated carrying amount 2004 $000	Consolidated carrying amount 2003 $000	Contribution to consolidated profit 2004 $000	Contribution to consolidated profit 2003 $000
Air Liquide WA Pty Ltd	Industrial gases	**40**	40	**3,980**	3,701	**2,933**	2,242
Albany Woolstores Pty Ltd	Wool handling	**35**	35	**376**	354	-	-
Arcadian Wool Brokers Limited	Wool handling	-	41	-	1,686	**3**	482
Artfern Pty Ltd	Agricultural chemical distribution	-	-	-	-	-	(328)
Australian Railroad Group Pty Ltd	Rail freight	**50**	50	**171,667**	158,076	**13,591**	18,825
Bengalla Agricultural Company Pty Limited	Dairy	**40**	40	**(225)**	(45)	**(179)**	(17)
Bunnings Warehouse Property Trust	Property	**23**	23	**77,275**	64,551	**7,242**	7,253
Gresham Partners Group Limited	Investment banking	**50**	50	**24,856**	22,466	**4,265**	1,405
Gresham Private Equity Fund 1	Private equity fund	**50**	50	**37,104**	58,144	**74,100**	(1,413)
Gresham Private Equity Fund No. 2	Private equity fund	**76**	-	**344**	-	**(656)**	-
Presoval Pty Limited	Rural merchandising	-	-	-	-	-	377
Queensland Nitrates Management Pty Ltd	Chemical manufacture	**50**	50	-	-	-	-
Queensland Nitrates Pty Ltd	Chemical manufacture	**50**	50	**26,706**	6,812	**6,192**	-
The Farmshed Ventures Pty Limited	Online rural venture financing	-	-	-	-	-	(1,383)
Unigas	LP gas distribution	**50**	50	**14,928**	12,809	**1,006**	1,543
Wespine Industries Pty Ltd	Pine sawmillers	**50**	50	**10,101**	9,201	**6,400**	5,780
Wooldumpers Australia Pty Ltd	Wool handling	-	50	-	8,251	**(214)**	1,616
				367,112	346,006	**114,683**	36,382

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Additional disclosures

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000
Share of associates' profits:		
Profit before income tax expense	**127,541**	40,259
Amortisation of goodwill on acquisition	**(1,644)**	(1,644)
Income tax expense	**(11,214)**	(2,233)
Net profit	**114,683**	36,382
Carrying amount of investment in associates:		
Balance at the beginning of the year	**346,006**	313,165
Acquisition of associates during the year	**22,218**	28,046
Disposal of associates during the year	**(9,709)**	(5,488)
Return of capital	**(20,985)**	-
Write down of associates	**-**	(111)
Share of associates' reserve increments for the year	**11,492**	2,676
Share of associates' profits for the year	**114,683**	36,382
Dividends and distributions received from associates	**(96,593)**	(28,664)
Carrying amount of investment in associates	**367,112**	346,006
Share of associates' assets and liabilities:		
Current assets	**150,831**	121,126
Non-current assets	**687,733**	622,911
Current liabilities	**(96,851)**	(75,189)
Non-current liabilities	**(399,922)**	(344,385)
Net assets	**341,791**	324,463
Particulars of retained earnings and reserves attributable to associates:		
Retained earnings	**81,294**	60,974
Asset revaluation reserve	**18,052**	6,560

The consolidated entity's share of associates' commitments and contingent liabilities are included in notes 24 and 25 where material.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	**2004 $000**	2003 $000
13 OTHER FINANCIAL ASSETS				
Investments in listed entities:				
Shares at cost	**10,198**	4,438	**-**	-
Investments in controlled entities:				
Shares at cost	**-**	-	**2,930,259**	3,084,969
Loans at cost	**-**	-	**1,472,196**	1,483,888
	-	-	**4,402,455**	4,568,857
Other investments:				
Shares at cost	**6,404**	1,485	**6,256**	6,256
Other loans at cost	**-**	450	**44**	500
	6,404	1,935	**6,300**	6,756
	16,602	6,373	**4,408,755**	4,575,613
Aggregate quoted market value at balance date of investments in shares listed on a prescribed stock exchange	**13,043**	5,875	**-**	-

	2004			2003		
	GROSS VALUE OF ASSETS $000	**PROVISION FOR DEPRECIATION/ AMORTISATION $000**	**NET FIXED ASSETS $000**	GROSS VALUE OF ASSETS $000	PROVISION FOR DEPRECIATION/ AMORTISATION $000	NET FIXED ASSETS $000
14 PROPERTY, PLANT AND EQUIPMENT						
Consolidated						
Freehold land:						
At cost	**134,817**	**-**	**134,817**	155,936	-	155,936
Buildings:						
At cost	**242,936**	**(59,920)**	**183,016**	271,573	(61,410)	210,163
Leasehold improvements:						
At cost	**65,198**	**(19,712)**	**45,486**	52,296	(14,836)	37,460
Plant, vehicles and equipment:						
At cost	**1,867,000**	**(904,474)**	**962,526**	1,897,834	(889,300)	1,008,534
Under construction at cost	**60,837**	**-**	**60,837**	44,636	-	44,636
	1,927,837	**(904,474)**	**1,023,363**	1,942,470	(889,300)	1,053,170
Mineral exploration and development costs:						
Production mineral reserves at cost	**259,661**	**(58,461)**	**201,200**	273,306	(51,057)	222,249
Exploration and evaluation expenditure at cost	**6,866**	**-**	**6,866**	2,146	-	2,146
	266,527	**(58,461)**	**208,066**	275,452	(51,057)	224,395
Plantations at cost	**5,304**	**-**	**5,304**	7,517	-	7,517
	2,642,619	**(1,042,567)**	**1,600,052**	2,705,244	(1,016,603)	1,688,641

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	2004			2003		
	GROSS VALUE OF ASSETS $000	PROVISION FOR DEPRECIATION/ AMORTISATION $000	NET FIXED ASSETS $000	GROSS VALUE OF ASSETS $000	PROVISION FOR DEPRECIATION/ AMORTISATION $000	NET FIXED ASSETS $000
Wesfarmers Limited						
Freehold land:						
At cost	**1,051**	**-**	**1,051**	1,379	-	1,379
Buildings:						
At cost	**3,195**	**(1,266)**	**1,929**	5,166	(2,200)	2,966
Leasehold improvements:						
At cost	**1,311**	**(285)**	**1,026**	1,312	(265)	1,047
Plant, vehicles and equipment:						
At cost	**32,162**	**(12,417)**	**19,745**	32,832	(10,192)	22,640
	37,719	**(13,968)**	**23,751**	40,689	(12,657)	28,032

Current values of land and buildings

The current value of the Wesfarmers Limited controlled entities' land and buildings at 30 June 2004 was $362 million, (2003: $374 million) based on valuations as at 30 June 2003 adjusted for subsequent acquisitions at cost and disposals. 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.

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	**2004 $000**	2003 $000
Movements during the year				
Freehold land:				
Carrying amount at the beginning of the year	**155,936**	211,068	**1,379**	1,465
Additions	**22,955**	7,509	**-**	-
Transfers	**(17,388)**	(11,960)	**(212)**	-
Disposals	**(20,406)**	(50,681)	**(116)**	(86)
Disposals through sale of entities	**(6,280)**	-	**-**	-
Carrying amount at the end of the year	**134,817**	155,936	**1,051**	1,379
Buildings:				
Carrying amount at the beginning of the year	**210,163**	258,744	**2,966**	2,466
Additions	**12,971**	20,161	**-**	626
Transfers	**3,857**	13,925	**(984)**	-
Disposals	**(22,816)**	(62,436)	**-**	-
Additions (adjustments) through acquisition of entities	**-**	(9,386)	**-**	-
Disposals through sale of entities	**(10,370)**	-	**-**	-
Depreciation expense	**(10,789)**	(10,845)	**(53)**	(126)
Carrying amount at the end of the year	**183,016**	210,163	**1,929**	2,966

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	2004 $000	2003 $000
14 PROPERTY, PLANT AND EQUIPMENT (continued)				
Movements during the year (continued)				
Leasehold improvements:				
Carrying amount at the beginning of the year	**37,460**	33,119	**1,047**	1,069
Additions	**958**	8,398	**-**	1
Transfers	**15,559**	185	**2**	-
Disposals	**(81)**	(548)	**-**	-
Addition through acquisition of entities	**1,358**	-	**-**	-
Disposals through sale of entities	**(6,148)**	-	**-**	-
Amortisation expense	**(3,620)**	(3,694)	**(23)**	(23)
Carrying amount at the end of the year	**45,486**	37,460	**1,026**	1,047
Plant, vehicles and equipment:				
Carrying amount at the beginning of the year	**1,053,170**	1,074,379	**22,640**	20,935
Additions	**210,719**	178,585	**3,496**	4,708
Transfers	**(14,854)**	(1,718)	**(835)**	192
Disposals	**(18,585)**	(12,970)	**(2,594)**	(371)
Write down	**-**	(2,000)	**-**	-
Addition (adjustments) through acquisition of entities	**10,399**	(1,346)	**-**	-
Disposals through sale of entities	**(48,742)**	-	**-**	-
Depreciation expense	**(168,744)**	(181,760)	**(2,962)**	(2,824)
Carrying amount at the end of the year	**1,023,363**	1,053,170	**19,745**	22,640
Mineral exploration and development costs:				
Carrying amount at the beginning of the year	**224,395**	233,455	**-**	-
Additions	**10,595**	3,658	**-**	-
Transfers	**(16,229)**	(773)	**-**	-
Disposals	**-**	(2,004)	**-**	-
Amortisation expense	**(10,695)**	(9,941)	**-**	-
Carrying amount at the end of the year	**208,066**	224,395	**-**	-
Plantations at cost:				
Carrying amount at the beginning of the year	**7,517**	8,362	**-**	-
Write down	**(2,213)**	(845)	**-**	-
Carrying amount at the end of the year	**5,304**	7,517	**-**	-
15 INTANGIBLE ASSETS				
Trade names at cost	**41,600**	41,600	**-**	-
Goodwill at cost	**1,726,408**	1,696,196	**-**	-
Less provision for amortisation	**(295,284)**	(217,898)	**-**	-
	1,431,124	1,478,298	**-**	-
	1,472,724	1,519,898	**-**	-

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	**2004 $000**	2003 $000
16 INTEREST BEARING LIABILITIES				
Current				
Secured				
Bank loans	**5,641**	5,413	**-**	-
Unsecured				
Deposits	**-**	277,659	**-**	-
Promissory notes	**-**	16,500	**-**	16,500
Bank loans	**23,000**	83,862	**23,000**	-
Bank bills	**154,282**	-	**154,282**	-
Bank overdrafts	**47,651**	-	**42,596**	-
Other loans	**79,248**	854	**-**	-
	309,822	384,288	**219,878**	16,500
Non-current				
Secured				
Bank loans	**1,660**	106,620	**-**	-
Unsecured				
Deposits	**-**	2,772	**-**	-
Bank loans	**-**	100,000	**-**	100,000
Bank bills	**656,945**	199,018	**656,945**	199,018
Corporate bonds	**549,500**	249,341	**549,500**	249,341
Other loans	**93,991**	14,075	**-**	-
	1,302,096	671,826	**1,206,445**	548,359

Secured loans
The weighted average interest rate on secured loans was 7.0% (2003: 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 2004 was 6.0% (2003: 6.0%) and includes any interest rate hedging adjustments (see note 27).

Deposits

Deposits bore interest at commercial deposit rates. The weighted average interest rate for the year ended 30 June 2003 was 4.2%.

Secured liabilities

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

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	**2004 $000**	2003 $000
17 PAYABLES				
Current				
Trade creditors and accruals	**840,681**	852,968	**15,549**	26,984
Amounts other than trade creditors payable to controlled entities	**-**	-	**2,711,737**	2,961,517
	840,681	852,968	**2,727,286**	2,988,501
Non-current				
Trade creditors and accruals	**17,612**	6,795	**-**	-

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	WESFARMERS LIMITED 2004 $000	WESFARMERS LIMITED 2003 $000
18 PROVISIONS				
Current				
Employee benefits	**123,547**	125,718	**17,404**	11,344
Mine rehabilitation	**7,402**	5,487	-	-
Restructure	**23,945**	44,476	-	-
	154,894	175,681	**17,404**	11,344
Non-current				
Employee benefits	**31,798**	29,679	**6,276**	10,011
Mine rehabilitation	**57,507**	53,649	-	-
Restructure	**21,753**	28,478	-	-
	111,058	111,806	**6,276**	10,011
Movements during the year				
Mine rehabilitation				
Carrying amount at the beginning of the year	**59,136**	57,461	-	-
Additional provisions recognised	**9,032**	6,916	-	-
Amounts utilised during the year	**(3,259)**	(5,241)	-	-
Carrying amount at the end of the year	**64,909**	59,136	-	-
Restructure				
Carrying amount at the beginning of the year	**72,954**	117,479	-	-
Addition (adjustments) through acquisition of entities	**10,086**	(18,016)	-	-
Disposal of rural services business	**(5,429)**	-	-	-
Additional provisions recognised	-	1,058	-	-
Amounts utilised during the year	**(31,913)**	(27,567)	-	-
Carrying amount at the end of the year	**45,698**	72,954	-	-
19 INSURANCE LIABILITIES				
Current				
Unearned insurance premiums	**541,831**	114,325	**5,286**	7,148
Outstanding insurance claims	**264,586**	66,695	-	-
	806,417	181,020	**5,286**	7,148
Non-current				
Outstanding insurance claims	**166,545**	43,503	-	-
Outstanding insurance claims				
Expected future claims payments – undiscounted	**471,725**	118,366		
Discount to present value	**(40,594)**	(8,168)		
Liability for outstanding claims	**431,131**	110,198		
The weighted average expected term from balance date to settlement date of outstanding claims is estimated to be 2.2 years (2003: 1.5 years).				
The following average inflation and discount rates were applied to measure the liability for outstanding claims:				
Claims expected to be paid not later than one year:				
Inflation rate	**2.0 - 8.0%**	2.0 - 8.0%		
Discount rate	**5.5 - 5.7%**	4.6 - 4.8%		
Claims expected to be paid later than one year:				
Inflation rate	**2.0 - 10.0%**	2.0 - 9.4%		
Discount rate	**5.5 - 5.7%**	4.6 - 4.8%		

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	WESFARMERS LIMITED 2004 $000	WESFARMERS LIMITED 2003 $000
20 CONTRIBUTED EQUITY				
Issued and paid up capital:				
376,354,416 (2003: 376,536,134) ordinary shares	**2,345,633**	3,159,466	**2,345,633**	3,159,466

Terms and conditions of contributed equity

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 vote, either in person or by proxy, at a meeting of the company.

	WESFARMERS LIMITED 2004 NUMBER OF SHARES '000	2004 $000	2003 NUMBER OF SHARES '000	2003 $000
Movement in capital during the year:				
Balance at the beginning of the year	**376,536**	**3,159,466**	372,291	3,027,008
Issue of shares during the year				
Employee share plan – issue price $26.24 (2003: $27.22)	**2,706**	**71,011**	4,994	135,937
Dividend investment plan – average issue price $nil (2003: $28.48)	-	-	3,345	95,277
Return of capital – $2.50 per share	-	**(934,121)**	-	-
Tax losses in relation to the 2001 ownership simplification plan not previously recognised now brought to account	-	**128,168**	-	-
Shares repurchased during the year – average cost $27.32 (2003: $24.12)	**(2,888)**	**(78,891)**	(4,094)	(98,756)
Balance at the end of the year	**376,354**	**2,345,633**	376,536	3,159,466

On 19 December 2003 2,706,016 ordinary shares were issued to employees at $26.24 per share pursuant to the employee share plan – refer note 28 for further details.

On 18 December 2003 a return of capital of $2.50 per share was paid on 373,648,400 shares, being all ordinary shares on issue at the entitlement date of 15 December 2003.

During the year 2,887,734 ordinary shares were bought back on-market by Wesfarmers Limited at an average cost of $27.32 per share, representing 0.76% of the weighted average number of shares on issue during the year. The buy back was announced on 11 February 2003 commencing 26 February 2003 and the maximum number of shares the company specified to buy back was 19,000,000 during the initial 12 month period. The buy back was extended by 12 months to 25 February 2005 on 11 February 2004.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

21 RESERVES AND RETAINED EARNINGS

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000	WESFARMERS LIMITED 2004 $000	WESFARMERS LIMITED 2003 $000
Capital reserve	**24,170**	24,170	-	-
Asset revaluation reserve	**27,500**	16,008	**58,067**	58,067
Foreign currency translation reserve	**3,530**	(534)	-	-
	55,200	39,644	**58,067**	58,067
Capital reserve				
Nature and purpose of reserve				
The capital reserve is used to accumulate capital profits. The reserve can be used to pay dividends or issue bonus shares.				
Movements in reserve				
Balance at the beginning of the year	**24,170**	24,170	-	-
Movement during the year	-	-	-	-
Balance at the end of the year	**24,170**	24,170	-	-
Asset revaluation reserve				
Nature and purpose of reserve				
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.				
Movements in reserve				
Balance at the beginning of the year	**16,008**	14,004	**58,067**	58,074
Share of associates' reserve increments arising during the year	**11,492**	2,676	-	-
Transfers to retained earnings	-	(672)	-	(7)
Balance at the end of the year	**27,500**	16,008	**58,067**	58,067
Foreign currency translation reserve				
Nature and purpose of reserve				
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.				
Movements in reserve				
Balance at the beginning of the year	**(534)**	554	-	-
Net exchange difference on translation of statements of foreign controlled entities	**4,064**	(1,542)	-	-
Transfers from retained earnings on realisation	-	454	-	-
Balance at the end of the year	**3,530**	(534)	-	-
Retained earnings				
Balance at the beginning of the year	**559,370**	190,619	**354,758**	54,517
Adjustment on adoption of AASB 1028 "Employee Benefits"	-	(9,810)	-	(273)
Net profit attributable to members of Wesfarmers Limited	**873,114**	538,208	**603,018**	460,372
Transfer from asset revaluation reserve	-	672	-	7
Transfer to foreign currency translation reserve	-	(454)	-	-
Total available for appropriation	**1,432,484**	719,235	**957,776**	514,623
Dividends paid	**(500,705)**	(159,865)	**(500,705)**	(159,865)
Balance at the end of the year	**931,779**	559,370	**457,071**	354,758

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	2004 $000	2003 $000
22 OUTSIDE EQUITY INTEREST				
Issued capital	5,651	8,313		
Reserves	(1,076)	(955)		
Retained earnings	(6,662)	(761)		
	(2,087)	6,597		
23 CASH FLOWS				
Non cash financing and investing activities:				
Share capital issued during the year:				
Dividend investment plan	-	95,277	-	95,277
Employee share plan	71,011	135,937	62,837	135,937
	71,011	231,214	62,837	231,214
Dividends declared recorded as employee share plan repayments	20,821	17,902	20,673	17,902
Return of capital recorded as employee share plan repayments	38,100	-	38,100	-
Dividends receivable recorded as acquisitions of investment in associates	6,775	3,905	-	-
Reconciliation of net cash provided by operating activities to operating profit after income tax:				
Operating profit after income tax	868,579	537,918	603,018	460,372
Depreciation and amortisation	279,384	291,974	3,038	2,973
Provisions charged against profits	75,642	47,324	12,781	9,672
(Profit) loss on sale of non-current assets and controlled entities	(412,691)	(101,080)	(244,741)	179
Share of associates' profit after tax	(114,683)	(36,382)	-	-
Dividends and distributions received from associates	86,965	28,664	-	-
Write down of non-current assets	2,213	2,856	-	-
Other items	(12,366)	13,364	9,737	2,117
Changes in assets and liabilities net of effects of acquisitions of entities and businesses:				
Increase in accounts receivable	(257,988)	(16,629)	(30,589)	(16,887)
Increase in inventories	(85,530)	(34,794)	-	-
Increase (decrease) in accounts payable	309,489	31,885	35,425	(13,048)
(Decrease) increase in insurance provisions	(48,969)	27,837	(1,862)	1,877
Provisions applied	(100,262)	(82,081)	(10,015)	(13,786)
Increase in deferred taxes payable	14,723	39,296	-	4,522
Increase (decrease) in income tax payable	106,027	68,552	4,043	(8,628)
Net cash provided by operating activities	710,533	818,704	380,835	429,363
Reconciliation of cash:				
Cash on hand	5,361	6,207	6	7
Cash on deposit and at bank	98,013	164,040	59,285	82,862
Bank overdrafts	(47,651)	-	(42,596)	-
	55,723	170,247	16,695	82,869

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	**2004 $000**	2003 $000
24 COMMITMENTS				
Lease commitments (substantially in connection with leased property)				
Amounts due under operating leases:				
Within 1 year	**152,204**	146,375	**1,495**	1,699
Within 1-5 years	**415,151**	371,389	**67**	1,672
Over 5 years	**191,992**	195,630	**-**	47
	759,347	713,394	**1,562**	3,418
Commitments arising from contracts for capital expenditure contracted for at balance date but not provided for:				
Due within 1 year	**44,731**	58,334	**-**	-
Commitments arising from agreements to invest in associates contracted for at balance date but not provided for:				
Due within 1 year	**25,000**	-	**-**	-
Within 1-5 years	**75,000**	-	**-**	-
	100,000	-	**-**	-

Operating leases relate to the lease of buildings, motor vehicles and office equipment. The lease terms and implicit interest rates vary significantly. For the lease of buildings the lease terms range from one year to 24 years and have various renewal options, termination rights and residual liability clauses.

25 CONTINGENT ASSETS AND LIABILITIES

Wesfarmers Limited and all the controlled entities marked "+" in note 30 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.

26 FINANCING ARRANGEMENTS

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	**2004 $000**	2003 $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	**127,094**	364,155	**-**	250,000
Bank bill lines	**1,130,000**	980,000	**1,130,000**	980,000
Committed standby lines to support commercial paper programme	**300,000**	300,000	**300,000**	300,000
	1,742,094	1,829,155	**1,615,000**	1,715,000
Amount of credit unused	**820,635**	1,295,295	**795,000**	1,265,000
The unused amounts of the facilities have the following terms:				
Within 1 year	**800,635**	1,095,295	**775,000**	1,065,000
Within 1-2 years	**-**	150,000	**-**	150,000
Within 2-5 years	**20,000**	50,000	**20,000**	50,000
	820,635	1,295,295	**795,000**	1,265,000

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

27 FINANCIAL INSTRUMENTS

The consolidated entity has recognised certain financial instruments in the accounts. These financial instruments are disclosed in notes 8, 9, 11, 13, 16 and 17.

Derivatives

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.

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 2004 the fixed rates varied from 4.9% to 7.1% (2003: 4.9% to 7.1%) 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
2004							
Financial assets							
Cash assets	8	18,307	-	-	-	85,067	103,374
Receivables	9	-	89,290	-	-	1,547,739	1,637,029
Insurance deposits	11	-	629,361	-	-	-	629,361
Other financial assets	13	-	-	-	-	16,602	16,602
		18,307	718,651	-	-	1,649,408	2,386,366
Interest swaps (notional principal amounts):							
- fixed short term to fixed long term		-	(55,000)	-	55,000	-	-
Financial liabilities							
Interest bearing liabilities	16	1,611,918	-	-	-	-	1,611,918
Payables	17	-	-	-	-	858,293	858,293
		1,611,918	-	-	-	858,293	2,470,211
Interest swaps (notional principal amounts):							
- floating to fixed		(506,000)	98,000	408,000	-	-	-
- fixed to floating		360,000	-	(360,000)	-	-	-

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

27 FINANCIAL INSTRUMENTS (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
2003							
Financial assets							
Cash assets	8	143,967	-	-	-	26,280	170,247
Receivables	9	-	11,022	4	-	1,198,017	1,209,043
Other financial assets	13	-	-	-	-	6,373	6,373
		143,967	11,022	4	-	1,230,670	1,385,663
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):							
- floating to fixed		(687,395)	80,000	425,125	182,270	-	-
- fixed to floating		150,000	-	(150,000)	-	-	-

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 2004 $000	2003 $000	CONSOLIDATED 2004 $000	2003 $000
Buy US dollars				
Within 1 year	**0.7100**	0.6203	**92,656**	63,752
Sell US dollars				
Within 1 year	**0.6469**	0.5797	**299,051**	317,939
Within 1 - 2 years	**0.6323**	0.5800	**257,134**	211,626
Within 2 - 3 years	**0.6340**	0.5593	**169,314**	185,063
Within 3 - 4 years	**0.6482**	0.5675	**99,900**	115,463
Over 5 years	**0.6709**	0.5642	**25,800**	29,775

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 position on hedges of future foreign currency purchases and sales (that is, assuming no matching of physical transactions are taken into account) as at balance date was a gain of $48.8 million (2003: $79.2 million gain).

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

27 FINANCIAL INSTRUMENTS (continued)

Credit risk exposures

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of 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 derivatives, credit risk arises from the potential failure of counterparties to meet their obligation under the contract or arrangement. Credit risk on 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 above.

(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.

Net fair values of financial assets and liabilities

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

Cash assets - the carrying amount approximates fair value.

Trade debtors – the carrying amount approximates fair value.

Finance advances and loans – the carrying amount approximates fair value.

Other receivables – the carrying amount approximates fair value.

Insurance deposits – the carrying amount approximates fair value because the maturity periods are generally short term in nature (less than three months).

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

Employee share plan loans – fair value is equal to the discounted expected future loan repayments.

Accounts payable – the carrying amount approximates fair value.

Interest bearing liabilities – 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.

Derivatives – fair value is based on independent market quotations and determined using standard valuation techniques.

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.

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:

	2004		2003	
	CARRYING AMOUNT $000	**NET FAIR VALUE $000**	CARRYING AMOUNT $000	NET FAIR VALUE $000
Assets				
Listed shares	**10,198**	**13,043**	4,438	5,875
Forward foreign exchange contracts	**-**	**48,818**	-	79,229
Employee share plan loans	**281,428**	**205,366**	321,339	231,932
Liabilities				
Interest rate swaps	**-**	**931**	-	21,953

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

28 OWNERSHIP REMUNERATION SCHEME

The Wesfarmers Limited employee share plan (the "Plan") was approved by shareholders in April 1985. Under the Plan all employees who have permanent conditions of employment 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 annually to apply for fully paid ordinary shares in the company. All eligible employees receive a general invitation to apply for a specified number of 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% 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. During the current and prior years 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 interest-free loans to purchase the shares and the total number of shares for which there are outstanding loans under the Plan cannot exceed 10 % of the issued capital of the company from time to time. The number of shares issued to current employees who have a loan outstanding was 14,325,566 (2003: 16,500,728), which is equivalent to 3.8% (2003: 4.4%) of the issued capital of the company.

The employee's obligation for repayment of the loans is limited to the dividends declared and capital returns by the company and in the event the employee ceases employment, the market price achieved on the sale of the shares held as security by the company for the loans. The loans are recorded at cost and no provision has been made in respect to any shortfall between the remaining loan balance and the current market value of the shares as it is considered the majority of these loans will be paid from future dividends and capital returns or in due course from the proceeds from the sale of the shares.

Movements in the loan balance was as follows:

	CONSOLIDATED		WESFARMERS LIMITED	
	2004 $000	2003 $000	**2004 $000**	2003 $000
Balance at the beginning of the year	**321,339**	242,259	**321,339**	242,259
Loans for shares issued during the year	**71,011**	135,937	**62,837**	135,937
Repayment of loans from dividends paid and capital return	**(58,921)**	(17,902)	**(58,773)**	(17,902)
Repayment of loans on sale of shares	**(51,918)**	(37,186)	**(51,408)**	(37,186)
Foreign currency translation adjustment	**251**	-	**-**	-
Bad debts written off	**(334)**	(1,769)	**(334)**	(1,769)
Balance at the end of the year	**281,428**	321,339	**273,661**	321,339
Market value of shares held as security	**421,172**	422,419	**412,746**	422,419

29 DIRECTOR AND EXECUTIVE DISCLOSURES

Directors and Executives

The following persons were directors of Wesfarmers Limited during the financial year:

Chairman – non executive

T R Eastwood

Executive directors

M A Chaney, Managing Director and Chief Executive Officer
R J B Goyder, Deputy Managing Director and Chief Financial Officer
G T Tilbrook, Executive Director, Business Development

D A Robb was appointed an executive director of Wesfarmers Limited on 6 July 2004.

Non-executive directors

C B Carter
P A Cross
T J Flügge
L A Giglia
J P Graham
R D Lester
C Macek
D C White

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

29 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Directors and Executives (continued)

Executives (other than directors) with the greatest authority for strategic direction and management

The following persons were the executives with the greatest authority for the strategic direction and management of the consolidated entity ("specified executives") during the financial year:

NAME	POSITION	DIVISION
M C Allison (1 July to 29 August 2003)	Managing Director	Rural Services
R J Buckley	Chief Executive Officer	Insurance
P J C Davis	Managing Director	Hardware
R M Denby	Managing Director	Industrial and Safety
J C Gillam	Managing Director	Chemicals and Fertilisers
D A Robb	Managing Director	Energy

Remuneration policies

Non-executive directors

The company's non-executive directors receive only fees (including statutory superannuation) for their services plus 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 ensure that the directors' fees are in line with market levels. 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 was approved by shareholders at the annual general meeting in November 2001 and is currently almost fully utilised. This fee pool is only available to non-executive directors.

The non-executive directors currently receive $115,500 (2003: $110,000) per annum and the Chairman is paid $346,500 (2003: $330,000) per annum. Members of the Audit Committee receive an additional $20,000 (2003: $10,000), other than the Chairman of this committee who is paid an additional $40,000 (2003: $20,000). Members of the Nomination and Remuneration Committee receive an additional $10,000 (2003: nil), other than the Chairman of this committee who is paid an additional $20,000 (2003: nil).

Executive directors and specified executives

The Nomination and Remuneration Committee is responsible for determining the remuneration policies for the group, including those affecting the executive directors and the specified executives (being the divisional 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. Board membership is taken into account in determining the remuneration paid to executive directors as part of their normal employment conditions.

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

Fixed annual remuneration

Executive directors and specified executives receive a fixed annual remuneration. The executive may elect to have a combination of benefits, including superannuation, company-paid travel and the provision of a motor vehicle, provided out of the fixed annual remuneration. The value of any of the non-cash benefits provided to the executive includes the costs of any fringe benefits tax payable by the company as a result of providing the benefit.

The company must allow from the fixed annual remuneration the minimum superannuation contribution required by law and contributes it into the Wesfarmers Superannuation Fund in respect of the executive. Executive directors and specified executives may choose to have the company contribute beyond the minimum level. 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 group's financial and operational performance. All executive directors (other than the Managing Director) and specified executives are invited to participate in an annual incentive scheme which provides cash incentives where specified criteria are met; these include annual profit and return on capital targets, and where appropriate, safety targets for business operations under their control. Executive directors and specified executives are rewarded for the performance of both the business they manage and the group as a whole. Upon reaching the minimum performance measures and hurdles a payment totalling between 0% and 60% of the executive's fixed annual remuneration is made. Generally, targets for minimum payment on the financial measures have been set at 92.5% of budget and maximum payments have been set at achieving 110% of budget. Safety measures (normally based on injury frequency rate measures) will have generally required achievement of a 25% improvement on the previous year performance for minimum payment and a 75% improvement for maximum payment.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

29 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Remuneration policies (continued)

Executive directors and specified executives (continued)

Long term incentive

Executive directors and specified executives are invited to participate in a long term incentive ("LTI") plan. The plan involves a long term incentive generally in the form of shares and is designed to foster long term alignment of performance with shareholder expectations and to provide reasonable reward for that performance. The executive may elect to use the long term incentive award to either reduce their existing loans under the employee share plan or to purchase Wesfarmers shares or a combination of both. The plan provides for up to 50% of fixed annual remuneration to be provided if a hurdle is achieved i.e. if the Wesfarmers group's return on equity (pre goodwill amortisation) is above the 60th percentile ROE of the top 50 ASX companies by market capitalisation. No incentive is payable if the group's return on equity is below the 40th percentile and payments are made pro-rata between the 40th and 60th percentiles. The shares acquired are "restricted shares" for a period of three years from the date the shares were acquired, but become unrestricted if employment ceases during that period.

In previous years executives received long term incentives through participation in the company's employee share plan. The plan provided an opportunity for executive directors and specified executives to receive limited-recourse loans to purchase shares in the company which are repayable by dividends and capital returns. The long term incentive award specified above is reduced by a notional interest charge at 11.85% per annum on share loans outstanding from the previous scheme.

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 incentive plans.

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 contract extension payment of $2 million per annum, plus an additional amount up to $500,000 per annum, dependent on an earnings per share growth hurdle being met after the financial year ended 30 June 2002 and a continuation of Mr Chaney's long term cash incentive plan.

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 group and return on equity. The payments accrue in a pool whereby 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%, rising to 50%, 60% and 100% in years eight, nine and ten respectively, and 100% thereafter.

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

Mr Chaney also participates in the long term incentive plan which was introduced in 2003 for executive directors and specified executives as explained above. He may receive an award of up to 50% of base salary plus superannuation, which must be used to repay outstanding loans under the employee share plan.

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 2004 would have been $5.3 million (2003: $5.1 million), which has been fully provided for in the accounts.

Executive directors (other than the Managing Director) and specified executives are entitled to a retention/termination benefit on termination. The amount is determined by multiplying the payout factor by the total target remuneration at the time of the termination. The payout factor is a maximum of one times after five years service. Total target remuneration means fixed annual remuneration plus target annual incentive plus target long term incentive. The amounts that would have been payable under these arrangements as at 30 June 2004 amount in aggregate to $5.2 million (2003: $4.8 million), with the accrued expense for the year disclosed below under "post employment other benefits".

Performance review and succession planning

The Managing Director has established an annual process for the formal review of specified executive performance and succession plans. Each specified 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.

Other transactions with directors and specified executives

Fees charged to the consolidated entity during the year for services provided by an associated entity, Gresham Partners Group Limited group of companies, of which J P Graham is a director, totalled $2,990,000 (2003: $300,000)

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

29 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

SPECIFIED DIRECTORS		PRIMARY				POST EMPLOYMENT		EQUITY	OTHER		TOTAL
	Year	Salary & fees $000	Cash bonus $000	Long term incentive $000	Non monetary benefits $000	Super-annuation benefits $000	Other benefits $000	Value of shares $000	Termination benefits $000	Other [1] $000	$000
C B Carter	**2004**	**116**	**-**	**-**	**-**	**11**	**-**	**-**	**-**	**9**	**136**
Director (non-executive)	2003	74	-	-	-	7	-	-	-	9	90
M A Chaney	**2004**	**1,216**	**-**	**2,655**	**189**	**-**	**170**	**-**	**-**	**2,509**	**6,739**
Managing Director and Chief Executive Officer	2003	1,130	-	2,618	175	-	323	-	-	2,509	6,755
P A Cross	**2004**	**115**	**-**	**-**	**-**	**12**	**-**	**-**	**-**	**9**	**136**
Director (non-executive)	2003	41	-	-	-	5	-	-	-	9	55
T R Eastwood	**2004**	**337**	**-**	**-**	**-**	**32**	**-**	**-**	**-**	**9**	**378**
Chairman – (non-executive)	2003	196	-	-	-	19	-	-	-	9	224
T J Flügge	**2004**	**131**	**-**	**-**	**-**	**14**	**-**	**-**	**-**	**9**	**154**
Director (non-executive)	2003	102	-	-	-	11	-	-	-	9	122
L A Giglia	**2004**	**78**	**-**	**-**	**-**	**49**	**-**	**-**	**-**	**9**	**136**
Director (non-executive)	2003	64	-	-	-	42	-	-	-	9	115
R J B Goyder	**2004**	**566**	**413**	**-**	**88**	**39**	**-**	**350**	**-**	**9**	**1,465**
Deputy Managing Director and Chief Financial Officer	2003	555	152	-	100	34	-	350	-	9	1,200
J P Graham	**2004**	**167**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9**	**176**
Director (non-executive)	2003	128	-	-	-	-	-	-	-	9	137
R D Lester	**2004**	**119**	**-**	**-**	**-**	**13**	**-**	**-**	**-**	**9**	**141**
Director (non-executive)	2003	102	-	-	-	11	-	-	-	9	122
C Macek	**2004**	**120**	**-**	**-**	**-**	**12**	**-**	**-**	**-**	**9**	**141**
Director (non-executive)	2003	105	-	-	-	10	-	-	-	9	124
G T Tilbrook	**2004**	**509**	**413**	**-**	**99**	**75**	**-**	**350**	**-**	**9**	**1,455**
Executive Director, Business Development	2003	415	182	-	89	74	-	350	-	9	1,119
D C White	**2004**	**106**	**-**	**-**	**-**	**43**	**-**	**-**	**-**	**9**	**158**
Director (non-executive)	2003	96	-	-	-	26	-	-	-	9	131
Total remuneration - specified directors	**2004**	**3,580**	**826**	**2,655**	**376**	**300**	**170**	**700**	**-**	**2,608**	**11,215**
	2003	3,008	334	2,618	364	239	323	700	-	2,608	10,194

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

29 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

SPECIFIED EXECUTIVES		PRIMARY				POST EMPLOYMENT		EQUITY	OTHER		TOTAL
	Year	Salary & fees $000	Cash bonus $000	Long term incentive $000	Non monetary benefits $000	Super-annuation benefits $000	Other benefits $000	Value of shares $000	Termination benefits $000	Other [1] $000	$000
M C Allison	**2004**	**97**	**-**	**-**	**36**	**10**	**-**	**-**	**981**	**2**	**1,126**
Managing Director, Rural Services Division (ceased employment 29 August 2003) [2]	2003	401	111	-	179	60	289	55	-	9	1,104
R J Buckley	**2004**	**338**	**293**	**-**	**60**	**86**	**169**	**247**	**-**	**9**	**1,202**
Chief Executive Officer, Insurance Division											
P J C Davis	**2004**	**510**	**287**	**-**	**37**	**43**	**228**	**300**	**-**	**9**	**1,414**
Managing Director, Hardware Division	2003	392	34	-	68	40	120	300	-	9	963
R M Denby	**2004**	**474**	**185**	**-**	**64**	**31**	**219**	**288**	**-**	**9**	**1,270**
Managing Director, Industrial & Safety Division	2003	426	128	288	68	30	245	-	-	9	1,194
J C Gillam	**2004**	**363**	**261**	**-**	**72**	**44**	**186**	**245**	**-**	**9**	**1,180**
Managing Director, Chemical & Fertilisers Division	2003	283	105	113	67	65	195	132	-	9	969
D A Robb	**2004**	**597**	**412**	**-**	**75**	**11**	**-**	**350**	**-**	**9**	**1,454**
Managing Director, Energy Division	2003	517	208	-	71	11	-	350	-	9	1,166
Total remuneration - specified executives	**2004**	**2,379**	**1,438**	**-**	**344**	**225**	**802**	**1,430**	**981**	**47**	**7,646**
	2003	2,019	586	401	453	206	849	837	-	45	5,396

All specified directors and specified executives have held their position for the entire reporting period unless otherwise indicated above.

Comparative information voluntarily disclosed above has been compiled to facilitate direct comparison with the amounts calculated for the current year. Amounts included in remuneration disclosed for the first time include post-employment retention/termination benefits, amounts paid in respect of indemnity insurance premiums and other minor non-monetary benefits.

(1) Other benefits include contract extension amounts payable to the Managing Director and Chief Executive Officer, and amounts paid in respect of indemnity insurance premiums.

(2) Only remuneration received during the period in which the employee acted as a specified executive has been included in the disclosure.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

29 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Loans to directors and executives

Details of loans made under the employee share plan to directors of Wesfarmers Limited and the specified executives of the consolidated entity, including their personally related entities, are set out below.

	BALANCE AT THE BEGINNING OF THE YEAR $000	INTEREST CHARGED $000	INTEREST NOT CHARGED OFFSET AGAINST LTI $000	BALANCE AT THE END OF THE YEAR $000	HIGHEST INDEBTEDNESS DURING THE YEAR $000
Specified directors					
M A Chaney	1,818	-	148	789	1,818
R J B Goyder	665	-	41	-	665
G T Tilbrook	670	-	51	-	670
Total	3,153	-	240	789	3,153
Specified executives					
M C Allison	871	-	96	755	871
R J Buckley	205	-	14	53	205
P J C Davis	792	-	75	-	792
R M Denby	871	-	88	636	871
J C Gillam	872	-	65	-	872
D A Robb	1,000	-	67	-	1,000
Total	4,611	-	405	1,444	4,611
Total specified directors and specified executives	7,764	-	645	2,233	7,764

The above loans are made to the directors and executives under the employee share plan, and are for an unspecified period. No interest is charged on the loans but a notional interest charge of 11.85% on the outstanding balance reduces the executives' entitlements to the payment of long-term incentives. The loans are limited recourse to the shares issued and are repayable from dividends and capital returns. No write-downs or allowances for doubtful receivables have been recognised in relation to any of the above loans.

Shareholdings

The number of shares in the company held during the financial year by each director of Wesfarmers Limited and each of the specified executives of the consolidated entity, including their personally related entities, are set out below.

	BALANCE AT THE BEGINNING OF THE YEAR	RECEIVED DURING THE YEAR AS REMUNERATION	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Specified directors				
C B Carter	4,000	-	-	4,000
M A Chaney	445,663	-	-	445,663
P A Cross	1,000	-	1,000	2,000
T R Eastwood	878,694	-	-	878,694
T J Flügge	4,417	-	-	4,417
L A Giglia	12,120	-	4,000	16,120
R J B Goyder	95,820	6,051	-	101,871
J P Graham	1,582,504	-	(600,000)	982,504
R D Lester	44,614	-	-	44,614
C Macek	5,000	-	-	5,000
G T Tilbrook	192,813	6,053	(60,000)	138,866
D C White	38,784	-	400	39,184
Specified executives				
M C Allison	30,254	-	-	30,254
R J Buckley	46,080	4,650	200	50,930
P J C Davis	58,738	5,272	-	64,010
R M Denby	30,254	114	-	30,368
J C Gillam	42,408	2,346	-	44,754
D A Robb	107,326	5,797	(3,000)	110,123

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

30 PARTICULARS RELATING TO CONTROLLED ENTITIES

	BENEFICIAL INTEREST 2004 %	BENEFICIAL INTEREST 2003 %
Parent entity:		
Wesfarmers Limited		
Controlled entities:-		
Aben Pty Ltd @	**100**	-
A.C.N. 003 921 873 Pty Limited	**100**	100
ACN 005 144 445 Pty Ltd $	-	100
A.C.N. 082 931 486 Pty Ltd	**100**	100
Alsafe Safety Industries Pty Limited+	**100**	100
Aussigold Produce Pty Ltd $	-	100
Australian Gold Reagents Pty Ltd	**75**	75
Australian Seed Inoculants Pty Ltd $	-	100
Barnett Bros Pty Limited *	-	100
Barrobook Pty Limited $	-	100
BBC Hardware Limited +	**100**	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
Big N Distributors Pty Ltd $	-	100
Bunnings (Northern Territory) Pty Ltd +	**100**	100
Bunnings Chip Mill Pty Ltd +	**100**	100
Bunnings 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 +	**100**	100
Bunnings Pulp Mill Pty Ltd	**100**	100
Bunnings Superannuation Plan Pty Ltd *	-	100
Bunnings Timbacraft Pty Ltd *	-	100
Bushridge Pty Ltd $	-	100
C S Holdings Pty Limited +	**100**	100
Campbells Hardware & Timber Pty Limited	**100**	100
Cardinal Contractors Pty Ltd %	-	100
Chemical Holdings Kwinana Pty Ltd +	**100**	100
Co-operative Wholesale Services Ltd	**100**	100
Credit Management Pty Ltd +	**100**	100
CSBP Ammonia Terminal Pty Ltd	**100**	100
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
Danlan Pty Limited +	**100**	100
Donald Nominees Pty Ltd *	-	100
Eastfarmers Pty Ltd +	**100**	100
Edward Lumley & Sons (Vic) Proprietary Limited @	**100**	-
ELH Services Limited (formerly Edward Lumley Holdings Limited) @#	**100**	-
ELOL Limited (formerly Edward Lumley Overseas Limited) @#	**100**	-
Farmland Pty Ltd $	-	100
FIF Investments Pty Limited	**100**	100
FPT (Australia) Pty Limited	**100**	100
Frank Sauer and Sons Pty Ltd $	-	100
Franklin Smith IAMA Pty Ltd $	-	100
Glencoe Distributors Pty Ltd $	-	100
Goldref Pty Ltd $	-	100
GPML Pty Ltd	**100**	100
Haarsma's IAMA Pty Ltd *	-	100
Howard Smith Group Superannuation Association Pty Limited *	-	100
Howard Smith Limited +	**100**	100
Howard Smith Nominees Pty Ltd	**100**	100
IAMA Agribusiness Pty Ltd $	-	100
IAMA Insurance Brokers Holdings Pty Limited $	-	100
IAMA Insurance Brokers Pty Ltd $	-	100
IAMA Irritech Pty Ltd $	-	60
IAMA (Qld) Pty Ltd $	-	100
IAMA (SA) Pty Ltd $	-	100
IAMA Superannuation Fund Pty Ltd $	-	100
Ibert Pty Limited +	**100**	100
Interfix Gold Coast Pty Ltd	**100**	100
Interline Pty Ltd	**100**	100
ISP Nominees Pty Ltd $	-	100
J Blackwood & Son Limited +	**100**	100
J Blackwood & Son Steel & Metals Pty Ltd +	**100**	100
Johnstone River Transport Pty Ltd $	-	100
J O'Malley & Co Pty Ltd $	-	100
Kelly & Co Rural Centre Pty Limited $	-	67
Kerin Lange Rural Pty Ltd $	-	50
Kleenheat Autogas Pty Ltd	**100**	100
Kleenheat Gas House Franchising Pty Ltd	**100**	100
Koukia Pty Limited &	**53**	-
Kwinana Nitrogen Company Proprietary Limited +	**100**	100
Landmark Operations Limited (formerly Wesfarmers Landmark Limited) $	-	100
Landmark (Qld) Limited (formerly Wesfarmers Landmark (Qld) Limited) $	-	100
Landmark Realty (Qld) Pty Ltd (formerly Wesfarmers Landmark Realty (Qld) Pty Ltd) $	-	100
Landmark Realty (WA) Pty Ltd (formerly Wesfarmers Landmark Realty (WA) Pty Ltd) $	-	100
Landmark Risk Management Pty Ltd (formerly Wesfarmers Landmark Risk Management Pty Ltd) $	-	100
Landmark Rural Holdings Limited (formerly Wesfarmers Rural Holdings Limited) $	-	100
Landmark Tenderland Pty Ltd (formerly Wesfarmers Landmark Tenderland Pty Ltd) $	-	100
Landmark Wool Pty Ltd (formerly Wesfarmers Landmark Wool Pty Ltd) $	-	100

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

30 PARTICULARS RELATING TO CONTROLLED ENTITIES (continued)

	BENEFICIAL INTEREST 2004 %	BENEFICIAL INTEREST 2003 %
Langes Agribusiness Pty Ltd $	-	100
Laxstone Pty Ltd $	-	100
Lenmost Pty Limited $	-	100
Loggia Pty Ltd +	**100**	100
Lumley Corporation Pty Limited @	**100**	-
Lumley Finance Limited @	**100**	-
Lumley Finance (NZ) Limited @#	**100**	-
Lumley General Insurance Limited @	**100**	-
Lumley General Insurance (NZ) Limited @#	**100**	-
Lumley Insurance Group Limited @	**100**	-
Lumley Investments (NZ) Limited @#	**100**	-
Lumley Life (NZ) Limited @#	**100**	-
Lumley Management Services Pty Limited @	**100**	-
Lumley Risk Consultants Ltd @	**100**	-
Lumley Securities Limited @	**100**	-
Lumley Services (NZ) Limited @#	**100**	-
Lumley Superannuation Pty Limited @	**100**	-
Lumley Technology (India) Pte Limited @#	**100**	-
Lumley Technology Limited @	**100**	-
Lumley Technology (NZ) Limited @#	**100**	-
Macquarie Valley Distributors Pty Limited $	-	100
Mallee Chemicals Pty Ltd $	-	100
Mandate Management Consultants Pty Ltd @	**100**	-
Millars (WA) Pty Ltd +	**100**	100
Motion Industries Pty Ltd	**100**	100
NEGF Power Management Pty Ltd	**100**	88
NEGF Power Sales Pty Ltd	**100**	88
North Central Nominees Pty Ltd $	-	100
NZ Finance Holdings Pty Limited #	**100**	100
O'Malley Distribution Group Pty Limited $	-	100
Packaging House Limited #	**100**	100
Pailou Pty Ltd +	**100**	100
Patrick Operations Pty Ltd	**100**	100
Petersen Bros Pty Ltd	**100**	100
Powertrain Pty Limited	**100**	100
Presoval Pty Limited $	-	100
Rangal Holdings Pty Ltd $	-	100
R & N Palmer Pty Ltd +	**100**	100
Riverland IAMA Pty Ltd $	-	100
R.V.L. Distribution Pty Ltd $	-	100
SBS IAMA Real Estate Pty Ltd $	-	100
SBS Rural IAMA Pty Limited	**100**	100
Seed & Grain Sales Pty Limited $	-	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	**100**	88
StateWest Power Pty Ltd	**100**	88
Stores Realty Pty Ltd	**100**	100
The Builders Warehouse Group Pty Limited	**100**	100
The Fibre Company Pty Ltd *	-	100
The Franked Income Fund	**100**	100
Torque Underwriting Pty Ltd @	**100**	-
Ucone Pty Ltd +	**100**	100
Valley Investments Pty Ltd +	**100**	100
Vivco Distribution Pty Ltd *	-	100
Vivco Rural Supplies Pty Ltd $	-	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
Wesfarmers Energy (Industrial Gas) Pty Ltd	**100**	100
Wesfarmers Federation Insurance Limited	**100**	100
Wesfarmers Fertilizers Pty Ltd +	**100**	100
Wesfarmers Finance Pty Ltd	**100**	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**	100
Wesfarmers Insurance Pty Ltd	**100**	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 *	-	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 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	**100**	88
Westralian Farmers Co-operative Limited	**100**	100
Westralian Farmers Superphosphates Limited +	**100**	100
WFCL Investments Pty Ltd	**100**	100
Wimmal Distributors Pty Ltd $	-	100
WTL Asia Pty Ltd	**100**	100
Wyper Brothers Pty Limited	**100**	100
XCC (Retail) Pty Ltd	**100**	100

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

30 PARTICULARS RELATING TO CONTROLLED ENTITIES (continued)

With the exception of Wesfarmers Risk Management Limited incorporated in Bermuda; Wesfarmers Kleenheat Elpiji Limited incorporated in Bangladesh; Bunnings Limited (formerly Benchmark Building Supplies Limited), Lumley Finance (NZ) Limited, Lumley General Insurance (NZ) Limited, Lumley Investments (NZ) Limited, Lumley Life (NZ) Limited, Lumley Services (NZ) Limited, Lumley Technology (NZ) Limited, NZ Finance Holdings Pty Limited, Packaging House Limited, Wesfarmers Industrial & Safety Holdings NZ Limited and Wesfarmers Industrial & Safety NZ Limited, incorporated in New Zealand; ELH Services Limited and ELOL Limited incorporated in the UK; and Lumley Technology (India) Pte Limited incorporated in India; all other companies in the consolidated entity are incorporated in Australia.

@ Entity acquired during the year as part of the acquisition of Edward Lumley Holdings Limited – refer note 36.

& Other minor acquisitions during the year.

$ Entity disposed of during the year as part of the disposal of the rural services business – refer note 36.

% Other minor disposals during the year.

* Entity deregistered or liquidated during the year.

Audited by firms of Ernst & Young International.

< Audited by other firms of accountants.

+ 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:

	2004 $000	2003 $000
Consolidated statement of financial performance		
Profit from ordinary activities before income tax	**1,019,313**	713,332
Income tax expense relating to ordinary activities	**(294,224)**	(223,996)
Net profit after tax	**725,089**	489,336
Retained earnings at the beginning of the year	**403,089**	82,872
Adjustment on adoption of revised accounting standard AASB 1028 "Employee Benefits"	**-**	(9,472)
Adjustment for companies transferred into Class Order group	**26,907**	-
Aggregate of amounts transferred from reserves	**-**	218
Total available for appropriation	**1,155,085**	562,954
Dividends provided for or paid	**(500,705)**	(159,865)
Retained earnings at the end of the year	**654,380**	403,089
Consolidated statement of financial position		
Current assets		
Cash assets	**89,445**	115,520
Receivables	**1,041,222**	1,118,047
Inventories	**1,147,502**	1,265,084
Total current assets	**2,278,169**	2,498,651
Non-current assets		
Receivables	**253,061**	300,762
Other financial assets	**3,148,911**	2,755,358
Property, plant and equipment	**1,228,573**	1,334,586
Deferred tax assets	**55,238**	70,197
Intangible assets	**1,290,277**	1,522,539
Other	**68,387**	1,236
Total non-current assets	**6,044,447**	5,984,678
Total assets	**8,322,616**	8,483,329

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

30 PARTICULARS RELATING TO CONTROLLED ENTITIES (continued)

	2004 $000	2003 $000
Current liabilities		
Interest bearing liabilities	**361,728**	518,664
Payables	**3,230,099**	3,331,357
Current tax liabilities	**121,413**	116,432
Provisions	**134,476**	164,495
Other	**5,268**	7,148
Total current liabilities	**3,852,984**	4,138,096
Non-current liabilities		
Interest bearing liabilities	**1,206,801**	565,192
Payables	**7,442**	4,991
Deferred tax liabilities	**103,412**	70,205
Provisions	**99,656**	100,900
Total non-current liabilities	**1,417,311**	741,288
Total liabilities	**5,270,295**	4,879,384
Net assets	**3,052,321**	3,603,945
Shareholders' equity		
Contributed equity	**2,345,633**	3,159,466
Reserves	**52,308**	41,390
Retained earnings	**654,380**	403,089
Total shareholders' equity	**3,052,321**	3,603,945

31 SEGMENT INFORMATION

The consolidated entity is comprised of the undermentioned business segments, operating predominantly in Australia. 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 centres.

Insurance

Wesfarmers Federation Insurance is a supplier of specialist rural and small business regional insurance;

Lumley Insurance group was acquired on 14 October 2003 and provides general insurance in Australia and New Zealand. Information for the current year includes results from the Lumley Insurance group for the eight and a half months since acquisition.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

31 SEGMENT INFORMATION (continued)

Rural services

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.

Wesfarmers Landmark was sold with effect from 29 August 2003. Information shown for the current year covers only the period from 1 July to 29 August 2003.

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

Fifty 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.

Gresham Partners Group Limited

Fifty per cent ownership in Gresham Partners Group Limited which:

- is an investment bank providing financial advisory and investment management services; and
- operates four separate units including Corporate Advisory, Private Equity, Specialist Funds and Property Advisory.

Gresham Private Equity Funds

Fifty per cent ownership in Gresham Private Equity Fund 1 which is a 10 year closed-end private equity fund targeting larger size private equity transactions in the areas of management buy-outs, expansion capital and corporate restructuring; and

In February 2004 Wesfarmers announced its commitment of up to $150 million, with an initial firm commitment of $100 million, in Gresham Private Equity Fund No. 2.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

31 SEGMENT INFORMATION (continued)

	HARDWARE		ENERGY		INDUSTRIAL AND SAFETY	
	2004 $000	2003 $000	**2004 $000**	2003 $000	**2004 $000**	2003 $000
Operating revenue	**3,845,707**	3,474,538	**1,008,557**	1,083,834	**1,150,601**	1,112,023
Consolidation adjustment						
Total operating revenue						
Earnings						
Earnings before interest paid, tax, goodwill amortisation and corporate overheads	**392,056**	349,031	**240,218**	340,320	**112,011**	117,198
Goodwill amortisation	**(50,074)**	(50,074)	**(835)**	(685)	**(25,258)**	(25,258)
Earnings before interest paid, tax and corporate overheads	**341,982**	298,957	**239,383**	339,635	**86,753**	91,940
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	**7,242**	7,253	**3,759**	3,768	**-**	-
Depreciation and amortisation of property, plant and equipment	**51,302**	52,484	**78,821**	79,361	**12,386**	10,743
Non cash expenses other than depreciation and amortisation	**33,993**	5,399	**17,680**	14,811	**10,335**	10,822
Assets and liabilities						
Segment assets	**2,325,721**	2,303,334	**1,024,553**	1,009,122	**934,019**	919,137
Tax assets						
Consolidation adjustment						
Consolidated assets						
Segment liabilities	**349,544**	301,837	**258,462**	249,302	**133,045**	131,670
Tax liabilities						
Interest bearing liabilities						
Consolidated liabilities						
Investments accounted for using the equity method	**77,275**	64,451	**18,683**	16,460	**-**	-
Acquisition of non-current assets	**97,911**	84,453	**93,652**	57,792	**33,091**	25,373

On 29 August 2003 the consolidated entity sold 100% of the capital of Wesfarmers Rural Holdings Limited, an Australian company owning the rural services segment of the group known as Landmark. Information shown for the current year covers only the period from 1 July to 29 August 2003. Disposal proceeds and gains have been included in the “Other” segment.

On 14 October 2003 the consolidated entity acquired 100% of the capital of Edward Lumley Holdings Limited, a UK company with insurance businesses in Australia and New Zealand. Information for the current year includes in the “Insurance” segment the results from Lumley Insurance group for the eight and a half months since acquisition.

In the prior year the consolidated entity sold the Girrah coal deposit. Disposal proceeds and gains have been included in the “Energy” segment.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

31 SEGMENT INFORMATION (continued)

Rural Services		Insurance		Chemicals and Fertilisers		Other		Consolidated	
2004 $000	2003 $000	**2004 $000**	2003 $000	**2004 $000**	2003 $000	**2004 $000**	2003 $000	**2004 $000**	2003 $000
221,563	1,280,808	**879,235**	223,195	**518,505**	473,562	**788,559**	114,269	**8,412,727**	7,762,229
								(5,235)	(8,855)
								8,407,492	7,753,374
8,414	51,116	**95,797**	25,214	**85,649**	78,881	**515,829**	46,435	**1,449,974**	1,008,195
(1,566)	(9,455)	**(7,541)**	-	**(262)**	(2629)	**-**	-	**(85,536)**	(85,734)
6,848	41,661	**88,256**	25,214	**85,387**	78,619	**515,829**	46,435	**1,364,438**	922,461
								(5,047)	(8,704)
								(127,000)	(125,113)
								1,232,391	788,644
								(363,812)	(250,726)
								868,579	537,918
(213)	765	**-**	-	**6,192**	-	**97,703**	24,596	**114,683**	36,382
2,940	18,081	**6,211**	2,085	**37,720**	37,789	**4,468**	5,697	**193,848**	206,240
125	4,712	**1,308**	435	**3,168**	888	**17,255**	18,951	**83,864**	56,018
-	711,996	**1,666,495**	293,708	**566,648**	541,333	**716,572**	727,574	**7,234,008**	6,506,204
								65,118	82,183
								(27,726)	(170,285)
								7,271,400	6,418,102
-	320,389	**1,162,159**	241,426	**110,484**	71,846	**83,513**	55,303	**2,097,207**	1,371,773
								231,750	225,138
								1,611,918	1,056,114
								3,940,875	2,653,025
-	10,297	**-**	-	**26,706**	6,812	**244,448**	247,986	**367,112**	346,006
5,103	33,664	**312,135**	2,584	**48,297**	19,198	**311,559**	36,654	**901,748**	259,718

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

31 SEGMENT INFORMATION (continued)

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000
Insurance segment disclosures		
Direct premium revenue	**825,218**	213,992
Reinsurance premiums expense	**(287,662)**	(29,902)
Retained premiums	**537,556**	184,090
Direct claims expense	**(447,325)**	(127,972)
Reinsurance and other recoveries	**151,636**	18,794
Net incurred claims	**(295,689)**	(109,178)
Acquisition costs expense	**(107,344)**	(20,832)
Earned exchange commissions	**59,564**	4,371
General and administration expenses	**(36,338)**	(11,637)
Other underwriting expenses	**(87,767)**	(30,595)
Net underwriting expenses	**(171,885)**	(58,693)
Underwriting result	**69,982**	16,219
Investment income	**25,815**	8,995
Amortisation of goodwill	**(7,541)**	-
Earnings before interest and tax	**88,256**	25,214

32 EARNINGS PER SHARE

	2004	2003
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	**375,727,000**	376,610,000

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

33 INTERESTS IN JOINT VENTURE OPERATIONS

	CONSOLIDATED 2004 $000	2003 $000
Assets employed in joint venture operations:		
Current assets		
Cash assets	**2,720**	1,157
Receivables	**8,481**	5,686
Inventories	**19,084**	19,862
Total current assets	**30,285**	26,705
Non-current assets		
Property, plant and equipment	**224,150**	210,102
Total non-current assets	**224,150**	210,102
Total assets	**254,435**	236,807

JOINT VENTURE	PRINCIPAL ACTIVITY	INTEREST 2004 %	2003 %
Sodium Cyanide	Sodium cyanide manufacture	**75**	75
Bengalla joint venture	Coal mining	**40**	40
Kwinana Industrial Gases	Nitrogen manufacture	**40**	-

34 RELATED PARTIES DISCLOSURES

The total rental paid by the consolidated entity to an associated entity, the Bunnings Warehouse Property Trust, for rental of properties was $44,269,000 (2003: $35,805,000). The total management fee paid by the Bunnings Warehouse Property Trust to the consolidated entity was $2,987,000 (2003: $2,359,000). 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 $5,547,000 (2003: $79,000).

Management fees paid by associated entities, Air Liquide WA Pty Ltd and Australian Railroad Group Pty Ltd, to the consolidated entity totalled $54,000 (2003: $216,000) and $1,412,000 (2003: $1,147,000) respectively.

A loan of $19,500,000 (2003: $19,500,000) has been made to an associated entity, Queensland Nitrates Pty Ltd. The loan is subordinated to a syndicate of project financing banks and is neither repayable nor interest-bearing until a number of financial covenants have been achieved.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

35 INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated entity will be required to adopt Australian Accounting Standards Board (AASB) equivalents to International Financial Reporting Standards (IFRSs), for its financial reporting at the half year ending 31 December 2005 and the full year ending 30 June 2006. At these dates a first time adopter of Australian equivalent IFRSs will be required to restate its comparative financial statements using all IFRSs, except for AASB132 Financial Instruments: Disclosure and Presentation, AASB139 Financial Instruments: Recognition and Measurement, and AASB 4 Insurance Contracts. For the consolidated entity this means the preparation of an opening balance sheet in accordance with IFRSs as at 1 July 2004, with the majority of restatement adjustments being made, retrospectively, against opening retained earnings.

During the year the consolidated entity established a project team to manage the transition to Australian equivalent IFRSs. This project team comprises a Project Sponsor, a Steering Committee, a full time Project Accountant and a Project Working party. The Project Accountant and working party members, together with guidance from the steering committee, have been assessing the likely impact of the new standards on training, systems and internal controls, financial reporting and accounting policies. The project has been fully mobilised, issues within the new standards have been identified and graded as high, medium and low. Work is currently being performed on assessing the impact of each throughout the consolidated entity. A periodic project status report is prepared and regular updates are provided to the Audit Committee. The majority of accounting policy changes have been identified. There are, however, some choices of accounting policies available, including under AASB 136 "Borrowing Costs", and elective exemptions under AASB 1 "First-time Adoption of Australian Financial Reporting Pronouncements", which are still being analysed to determine the most appropriate policy for the consolidated entity. The treatment of the employee share plan loan under IFRSs is still being assessed and the impact is unknown, although it is expected to result in a significant debit adjustment against equity on adoption. At this stage the consolidated entity has not been able to reliably quantify the impacts on the financial report from the transition to Australian equivalent IFRSs.

Key accounting policy changes identified to date include the following:

IFRSs	Current accounting policy	Accounting policy under AASB equivalents to IFRSs
AASB 2 Share Based Payments	Employee loans issued under the current employee share plan are recognised at full nominal value as a receivable asset. There is currently no charge to the Statement of Financial Performance.	Wesfarmers Limited is currently seeking clarification on the treatment of its employee share plan under AASB 2. At this stage, the accounting treatment is uncertain, however, it is expected that the remuneration benefit associated with the issue of shares will be recognised in the Statement of Financial Performance.
AASB 3 Business Combinations	Goodwill is amortised over a period not exceeding 20 years.	Goodwill will no longer be amortised, but subject to annual impairment testing, with goodwill being written down to the extent that it is impaired. The impact will be an increase in profit reflecting the discontinuation of amortisation expense. This increase in profit will be offset by an expense should any impairment of goodwill occur. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.
	A provision for restructure is recognised for the expected costs associated with restructuring upon acquisition of a business.	A provision for restructure will be recognised on acquisition only if there is an existing provision in the books of the acquiree at the date of acquisition. In practice it is unlikely that a provision for restructure will be raised in these circumstances. This change in accounting policy is likely to result in a lower goodwill figure than what would be recorded under existing policy, and also has the potential to result in significant expenses to the Statement of Financial Performance in the first years of acquisition as restructuring costs are incurred.
AASB112 Income Taxes	Tax effect accounting is applied using the liability method, which takes into account both timing and permanent differences to determine taxable income. Capital gains tax effects of asset revaluations are not currently recognised in the deferred income tax liability account.	To determine taxable income a balance sheet approach with temporary differences identified for each asset and liability will be used. The largest impact is likely to be the recognition of a deferred tax liability in relation to the asset revaluation reserve, as capital gains tax effects are recognised.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

35 INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRSs	Current accounting policy	Accounting policy under AASB equivalents to IFRSs
AASB136 Impairment of Assets	Non-current assets are carried on the Statement of Financial Position at an amount not greater than their recoverable amount. Recoverable amount of an asset is determined using a nominal cash flow basis. If the carrying amount exceeds the recoverable amount the asset is written down.	The recoverable amount of an asset will be determined as the higher of net selling price or value in use. Net selling price is determined by reference to an active market. Value in use is calculated using a discounted cash flow method. If the net selling price or value in use is less than the carrying amount, an impairment loss will be recorded and the asset will be written down. The change in method for calculating recoverable amount is likely to mean that impairment of assets is recognised sooner and that the amount of write downs will be greater. Reliable estimation of this change in accounting policy is impracticable because conditions under which impairment will be assessed are not yet known.
	The recoverable amount test is performed on individual non-current assets or groups of assets which together generate net cash inflows.	An asset is defined under this standard as an individual asset or a cash generating unit. A cash generating unit (CGU) being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment testing is performed at an individual asset or CGU level. This change in accounting policy has resulted in the classification of CGUs which are at a lower asset level than was previously used to carry out impairment testing. The effect of this is to increase the likelihood that impairment testing will identify groups of assets that require write downs.
AASB 137 Provisions, Contingent Liabilities and Contingent Assets	Restructuring provisions are recognised where there is a detailed plan in place and a public announcement has been made.	A provision for restructure will be recognised on the basis of a constructive obligation. For the sale of an operation this is only where a binding sales agreement is in place. With this change in policy it is likely that restructuring provisions relating to the sale of a business will be recognised later than under current policy.
	Mine rehabilitation provisions to rehabilitate mining site areas of interest are recognised at undiscounted amounts over the life of each mine, with changes to the total estimated liability being recognised on a prospective basis.	Mine rehabilitation provisions will be required to be recognised on a discounted cash flow basis in the year the obligation first arises. An asset equal to the value of the mine rehabilitation provision will be raised and amortised over the expected life of the mine. The provision balance will be decreased as costs are incurred, and the asset balance will be credited with amortisation expense. The periodic unwinding of the discount will be recognised in the Statement of Financial Performance as a finance cost.
AASB138 Intangible Assets	Expenditure incurred relating to the opening of new stores is carried forward and written off over the periods to which the benefit of the expenditure relates.	Pre-opening store costs will be immediately expensed. This change in accounting policy will result in pre-opening store costs being recognised earlier in the Statement of Financial Performance than under current policy.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

35 INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRSs	Current accounting policy	Accounting policy under AASB equivalents to IFRSs
AASB139 Financial Instruments: Recognition and Measurement	Current measurement of financial instruments is at amortised cost, with certain derivative financial instruments not being recognised on the Statement of Financial Position.	Financial instruments are required to be classified into one of four categories, which will in turn determine the accounting treatment of the item. The classifications are: - loans and receivables – measured at amortised cost - held to maturity – measured at amortised cost - held for trading – measured at fair value with fair value changes reflected in the Statement of Financial Performance, and - available for sale – measured at fair value with fair value changes taken to equity. This will result in a change in the current accounting policy that does not classify financial instruments. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.
	Hedging activities are monitored off balance sheet with any gains or losses on settlement recognised through the Statement of Financial Performance.	In order to achieve hedge accounting for its derivative financial instruments the consolidated entity will be required to meet the following criteria: - identify the type of hedge – fair value or cash flow - identify the hedged item or transaction - identify the nature of the risk being hedged - demonstrate that the hedge has and will continue to be highly effective; and document the hedging relationship, including the risk management objectives and strategy for undertaking the hedge and how effectiveness will be tested. Where effective cash flow hedges exist, fair value adjustments will be made at each balance sheet date, with the effective portion of the hedge going to a hedge reserve in equity, and any ineffective portion adjusted against profit in the Statement of Financial Performance. On settlement of the hedge the accumulated balance in the hedge reserve will be recognised through the Statement of Financial Performance. It is expected that interest rate swap agreements and foreign exchange contracts will qualify for hedge accounting, with the majority of fair value adjustments being reflected in the hedge reserve.

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

36 CHANGES IN THE COMPOSITION OF ENTITY

Disposals of controlled entities

On 29 August 2003 the consolidated entity sold 100% of the capital of Wesfarmers Rural Holdings Limited, an Australian company owning the rural services segment of the group known as Landmark.

Financial information relating to the discontinuing operation for the period to the date of disposal is set out below. Further information is set out in note 31– segment information.

Financial performance information for the period from 1 July to 29 August 2003 and the year ended 30 June 2003.

	CONSOLIDATED 2004 $000	2003 $000
Revenue from ordinary activities	**221,563**	1,280,808
Expenses from ordinary activities (including borrowing costs)	**(216,759)**	(1,252,307)
Profit from ordinary activities before related income tax	**4,804**	28,501
Income tax expense	**(2,568)**	(11,824)
Net profit after tax	**2,236**	16,677
Cash flow information for the period from 1 July to 29 August 2003 and the year ended 30 June 2003		
Net cash inflow (outflow) from operating activities	**(2,974)**	78,910
Net cash outflow from investing activities	**(3,894)**	(17,239)
Net cash inflow from financing activities	**-**	-
Net increase (decrease) in cash generated by the division	**(6,868)**	61,671
Details of the disposal, which represents a discontinuing operation, were as follows:		
Carrying amount of assets and liabilities as at 29 August 2003 and 30 June 2003		
Total assets	**815,549**	735,491
Total liabilities	**(515,312)**	(433,721)
Net assets	**300,237**	301,770
Profit on disposal		
Proceeds on disposal - cash	**700,937**	-
Carrying amount of assets and liabilities disposed	**(300,237)**	-
Profit on disposal	**400,700**	-
Applicable income tax expense	**(96,750)**	-
Profit on disposal after tax	**303,950**	-
Net cash effect		
Cash proceeds	**829,537**	-
Cash balance disposed	**(128,600)**	-
Cash effect from the disposal of Wesfarmers Rural Holdings Limited as reflected in the consolidated statement of cash flows	**700,937**	-
Other minor disposals of controlled entities	**2,506**	-
Total cash proceeds from disposals of controlled entities	**703,443**	-

NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 30 June 2004 - Wesfarmers Limited and its controlled entities

36 CHANGES IN THE COMPOSITION OF ENTITY (continued)

Acquisitions of controlled entities

On 14 October 2003 the consolidated entity acquired 100% of the capital of Edward Lumley Holdings Limited, a UK company with insurance businesses in Australia and New Zealand.

The operating results of this newly controlled entity have been included in the consolidated statement of financial performance since the date of acquisition.

	CONSOLIDATED 2004 $000	CONSOLIDATED 2003 $000
Fair value of identifiable net assets of controlled entity acquired:		
Cash	44,301	-
Receivables	801,941	-
Insurance investments	324,839	-
Plant and equipment	11,757	-
Deferred tax assets	23,769	-
Goodwill	9,589	-
Payables	(243,456)	-
Interest bearing liabilities	(49,450)	-
Current tax liabilities	(17,369)	-
Deferred tax liabilities	(2,879)	-
Insurance liabilities	(700,330)	-
Provisions	(18,995)	-
	183,717	-
Goodwill on consolidation	175,391	-
Total consideration	359,108	-
The components of the acquisition cost were as follows:		
Cash paid	345,302	-
Cash deferred	12,744	-
Payable due to vendor	1,062	-
Total consideration	359,108	-
Net cash effect		
Cash paid	345,302	-
Cash balance acquired	(44,301)	-
Cash effect from the acquisition of Edward Lumley Holdings Limited as reflected in the consolidated statement of cash flows	301,001	-
Other minor acquisitions of controlled entities	2,828	-
Total cash outflows on acquisitions of controlled entities	303,829	-

37 SUBSEQUENT EVENTS

A dividend of 92 cents per share resulting in a dividend payment of $346,246,000 was declared on 10 August 2004, and paid on 30 August 2004.

DIRECTORS' REPORT

Wesfarmers Limited and its controlled entities

The information appearing on pages 2 to 47 and note 29 to the financial statements form part of the directors' report for the year ended 30 June 2004 and are to be read in conjunction with the following information:

	2004 $000	2003 $000
RESULTS AND DIVIDENDS		
Operating profit		
Profit from ordinary activities after income tax expense	**868,579**	537,918
Net loss attributable to outside equity interests	**4,535**	290
Net profit attributable to members of the parent entity	**873,114**	538,208
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 2004:		
(a) out of the profits for the year ended 30 June 2003 on the fully-paid ordinary shares: fully franked final dividend of 85 cents per share paid on 25 September 2003 as disclosed in last year's directors' report	**320,055**	
(b) out of the profits for the year ended 30 June 2004 on the fully-paid ordinary shares:		
(i) fully franked interim dividend of 48 cents per share paid on 2 March 2004	**180,650**	
(ii) fully franked final dividend of 92 cents per share paid on 30 August 2004	**346,246**	

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;
- rail transport;
- forest products; and
- investments

Apart from the sale on 29 August 2003 of the company's rural merchandise and services business, Landmark, there have been no significant changes in the nature of those activities during the year.

DIRECTORS' REPORT

Wesfarmers Limited and its controlled entities

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 38 and 39.

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	-	878,694
T J Flügge	-	4,417
L A Giglia	10,386	11,516
R J B Goyder	-	95,516
J P Graham	9,334	965,459
R D Lester	-	44,614
C Macek	-	5,000
D A Robb	22,308	108,209
G T Tilbrook	22,779	138,866
D C White	-	9,243

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 and officers of Wesfarmers Limited and its related entities 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.

In accordance with the company's Constitution, the company has entered into Deeds of Indemnity, Insurance and Access with each of the directors of the company. These deeds:

- indemnify a director to the full extent permitted by law against any liability incurred by the director:
  - as an officer of the company or of a related body corporate; and
  - to a person other than the company or a related body corporate, unless the liability arises out of conduct on the part of the director which involves a lack of good faith;
- provide for insurance against liability incurred as a director; and
- provide a director with continuing access, for a specified period after the director ceases to be a director, to certain company documents which relate to the director's period in office.

Auditor

The company's auditor is Ernst & Young.

During the financial year:

- the company has not provided any indemnities or paid any insurance premiums to Ernst & Young or a body corporate related to Ernst & Young; and
- there were no officers of the company who were former partners or directors of Ernst & Young, whilst Ernst & Young conducted audits of the company.

Directors' and other officers' emoluments

Discussion of the Board's policy for determining the nature and amount of emoluments for directors and senior executives and the relationship between such policy and company performance are contained in note 29 to the financial statements on pages 81 to 86 of this report together with details of emoluments paid to each director and to six of the officers of the company receiving the highest emoluments.

DIRECTORS' REPORT

Wesfarmers Limited and its controlled entities

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of Board committees) held during the year ended 30 June 2004 and the number of meetings attended by each director.

	BOARD		AUDIT COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE	
DIRECTOR	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
T R Eastwood	8	8			5	5
M A Chaney	8	8				
C B Carter	8	8			5	5
P A Cross	8	7			5	4
T J Flügge	8	7	7	6	5	3
L A Giglia	8	8			5	5
R J B Goyder	8	8				
J P Graham	8	8	7	7		
R D Lester	8	8	7	7		
C Macek	8	8	7	7		
G T Tilbrook	8	8				
D C White	8	8	7	7		

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 37 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 8.4 per cent to $8.4 billion — see pages 3 and 8
- net profit for the financial year attributable to members up 62.2 per cent to $873 million — see pages 3 and 8
- dividends per share paid or payable up 10.2 per cent to 140 cents — see pages 3 and 5
- total assets up 13.3 per cent to $7.3 billion — see page 3
- shareholders' equity down 11.5 per cent to $3.3 billion — see page 3
- net borrowings up 69.7 per cent to $1.5 billion — see page 3
- the share buyback programme introduced in February 2003 was continued and 2,887,734 of the company's shares were purchased for a total cost of $78.9 million and subsequently cancelled — see page 9
- the company's rural services business, Wesfarmers Landmark, was sold in August 2003 — see page 2
- a new insurance division was created following the cost in October 2003 of Lumley's Australian and New Zealand operations — see pages 2 and 10
- a capital return to shareholders of $2.50 per share amounting to $934 million was paid in December 2003 — see pages 2 and 5
- the company committed up to $150 million for the establishment of Gresham Private Equity Fund No 2 in February 2004 — see page 2

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

- on 23 July 2004, the company was granted a mining lease for the development of its Curragh North coal resource and on 10 August 2004, the Board announced final approval of capital expenditure of up to $290 million to bring forward the development of the Curragh North mine.
- on 30 August 2004, a dividend of 92 cents per share was paid resulting in the payment of $346,246,000.

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 8 to 37. 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 activities of the consolidated entity are subject to environmental regulation by various authorities throughout Australia and New Zealand.

Licences granted to the consolidated entity 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.

During the year 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 40 to 47 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 to the nearest thousand dollars 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

M A Chaney
Managing Director

Perth, 14 September 2004

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 2004 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 30 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 referred to in note 25.

On behalf of the Board

T R Eastwood
Chairman

M A Chaney
Managing Director

Perth, 14 September 2004

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 2004. 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 2004 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

G H Meyerowitz
Partner

Perth, 14 September 2004

SHAREHOLDER INFORMATION

Wesfarmers Limited and its controlled entities

SUBSTANTIAL SHAREHOLDERS

Substantial shareholder details as declared in substantial shareholding notices received to 14 September 2004 were:

HOLDERS OF RELEVANT INTEREST	NUMBER OF ORDINARY SHARES IN WHICH INTEREST HELD
The Capital Group Companies, Inc	22,623,852

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	82,787
1,001 – 5,000	32,801
5,001 – 10,000	4,406
10,001 – 100,000	2,825
100,001 – and over	127
	122,946

There were 687 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 shareholders of ordinary shares on the company's register as at 14 September 2004 were:

NAME	NUMBER OF SHARES	% OF ISSUED CAPITAL (*)
J P Morgan Nominees Australia Limited	45,065,202	12.0
National Nominees Limited	29,946,533	8.0
Westpac Custodian Nominees Limited	23,940,340	6.4
Citicorp Nominees Pty Limited	8,216,250	2.2
ANZ Nominees Limited	6,123,679	1.6
Queensland Investment Corporation	6,116,901	1.6
Australian Foundation Investment Company Limited	4,905,928	1.3
AMP Life Limited	4,289,340	1.1
Cogent Nominees Pty Limited	2,906,791	0.8
Argo Investments Limited	2,438,293	0.7
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fund A/C)	2,335,438	0.6
HSBC Custody Nominees (Australia) Limited	2,190,305	0.6
Citicorp Nominees Pty Limited (CFS WSLE Geared Share Fund A/C)	2,005,557	0.5
Tower Trust Limited	1,579,913	0.4
Citicorp Nominees Pty Limited (CFS Imputation Fund A/C)	1,465,880	0.4
Perpetual Trustee Company Limited	1,409,860	0.4
RBC Global Services Australia Nominees Pty Limited (BKCUST A/C)	1,366,148	0.4
Milton Corporation Limited	1,160,942	0.3
Cogent Nominees Pty Limited (SMP Accounts)	1,141,962	0.3
RBC Global Services Australia Nominees Pty Limited (MLCI A/C)	896,644	0.2

* The percentage holding of the twenty largest shareholders was 39.8

FIVE YEAR FINANCIAL HISTORY

Wesfarmers Limited and its controlled entities

(All figures in $ millions unless shown otherwise)

	2004	2003	2002	2001	2000
Summarised statement of financial performance					
Sales revenue	**7,441**	7,426	7,193	4,243	3,358
Other operating revenue	**966**	327	193	146	122
Operating revenue	**8,407**	7,753	7,386	4,389	3,480
Operating profit before depreciation, net interest paid and income tax	**1,562**	1,146	976	588	445
Depreciation and amortisation (excluding goodwill)	**(194)**	(206)	(213)	(154)	(118)
Net interest paid	**(50)**	(65)	(77)	(54)	(23)
Income tax expense	**(364)**	(251)	(193)	(118)	(89)
	954	624	493	262	215
Outside equity interests	**5**	-	-	(1)	(1)
Operating profit after income tax before goodwill amortisation	**959**	624	493	261	214
Goodwill amortisation	**(86)**	(86)	(79)	(10)	(7)
Operating profit after income tax attributable to members of Wesfarmers Limited	**873**	538	414	251	207
Capital and dividends					
Ordinary shares on issue (number of millions)	**376**	377	372	282	264
Paid up ordinary capital	**2,346**	3,159	3,027	1,234	892
Ordinary dividends in respect of year	**527**	480	413	245	193
Dividend per ordinary share	**140.0c**	127.0c	111.0c	87.0c	73.0c
Percentage franked	**100%**	100%	100%	100%	100%
Financial performance					
Before goodwill amortisation					
Earnings per ordinary share (weighted average)	**255.1c**	165.7c	138.2c	96.2c	80.4c
After goodwill amortisation					
Earnings per ordinary share (weighted average)	**232.4c**	142.9c	116.0c	92.4c	77.6c
Return on average ordinary shareholders' funds	**24.6%**	15.0%	16.6%	17.8%	17.0%
Net interest cover – profit basis (times)	**25.4**	13.1	8.9	7.9	13.6
Net interest cover – cash basis (times)	**30.9**	17.6	12.7	10.9	18.9
Income tax expense (effective rate)	**29.5%**	31.8%	31.8%	32.0%	30.0%
Financial position as at 30 June					
Total assets	**7,271**	6,418	6,613	4,004	3,169
Total liabilities	**(3,941)**	(2,653)	(3,203)	(2,386)	(1,937)
Net assets	**3,330**	3,765	3,410	1,618	1,232
Outside equity interests in controlled entities	**2**	(7)	(10)	(24)	(6)
Shareholders' equity attributable to members of Wesfarmers Limited	**3,332**	3,758	3,400	1,594	1,226
Net tangible asset backing per ordinary share	**$4.94**	$5.95	$4.83	$4.61	$4.13
Net financial debt to net tangible assets	**81.5%**	39.7%	73.2%	77.6%	75.6%
Net financial debt to equity	**45.5%**	23.7%	38.8%	63.4%	67.3%
Total external liabilities/total assets*	**54.2%**	40.3%	47.3%	57.9%	59.4%
Stock market capitalisation as at 30 June	**11,065**	9,526	10,126	7,638	3,507

* Excluding project financing

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