Wesfarmers Limited
ABN 28 008 984 049
NEWS

4 November 2002

Wesfarmers reports strong first quarter result

The directors of Wesfarmers Limited today reported a strong start to the 2002/03 financial year with a first quarter net profit of $101.4 million. This result was 28 per cent above the figure of $79.3 million recorded in the comparative period last year.

The result was achieved on operating revenue of $1.81 billion which was nine per cent higher than last year's first quarter operating revenue of $1.66 billion.

Earnings per share (before goodwill amortisation) of 33 cents for the three months were 13 per cent above last year's comparative period. Cash flow per share of 46.1 cents was three per cent higher than last year's.

Hardware

Operating revenue for the Bunnings hardware merchandising business was 29 per cent above the same quarter last year and slightly above budget. First quarter earnings before interest and tax (before goodwill amortisation) increased by 56 per cent over the same period last year.

The high increase in both sales and earnings was partially due to an extra one month's trading result from the Howard Smith hardware business which was integrated from 1 August 2001. Comparisons of sales growth for the two month period from 1 August to 30 September with the corresponding period last year are not meaningful due to the number of store closures that have taken place. Indicatively, normalised store on store growth has continued at around 11 per cent.

Sales to the building industry were stronger than anticipated and were above budget.

The "Bunnings" rebranding of all stores in Australia and New Zealand has been completed. The Benchmark name will be retained for the chain of traditional stores in New Zealand.

The outlook for the expanded hardware merchandising business in both the retail and trade sectors is for continued strong revenue and earnings growth in 2002/03.

Energy

Operating revenue from the group's energy businesses was below budget and the corresponding period last year. Earnings before interest and tax (before goodwill amortisation) were two per cent higher than last year's and in line with budget due to a strong performance from the gas business.

Coal

Sales volumes and earnings from the Curragh coal mine in Queensland for the period were below budget and last year's mainly due to an extended shutdown of the coal preparation plant during its upgrade and revised shipping schedules.

Earnings from the Premier mine in Western Australia were ahead of budget but below last year's due to lower sales volumes.

The Bengalla coal mine in New South Wales, in which Wesfarmers has a 40 per cent interest, produced sales volumes higher than in the comparative period last year but below budget as a result of lower global demand and domestic delivery timing issues. Earnings were ahead of last year's due to higher export volumes partially offset by lower export prices.

The outlook for coal for 2002/03 is for a result in line with last year's.

Gas

Domestic liquefied petroleum gas (LPG) sales volumes were slightly below budget, and significantly lower than last year's reported results due to the commencement of the Eastern Australian-based Unigas autogas joint venture in August 2001.

Earnings were above budget and last year's with improved margins and strong cost control in the traditional Australian gas distribution activity.

Wesfarmers LPG's export volumes were in line with budget, but earnings were below budget and last year's due to higher gas costs.

The outlook for the group's gas activities for 2002/03 remains dependent on international price movements but an improved result overall is expected.

Industrial and safety

The industrial and safety businesses reported operating revenue 52 per cent above that in the first quarter last year. Earnings before interest and tax (before goodwill amortisation) were 82 per cent above those in the comparative period last year and in line with expectations.

Last year's first quarter comparative results included only two months of trading results from 1 August 2001. For the period 1 August to 30 September 2002 earnings before interest and tax (before good will amortisation) increased by 14 per cent over the same two months last year.

Following a detailed review of the businesses acquired as part of the Howard Smith acquisition, the Horans Steel business was sold in August this year.

The drought gripping eastern Australia is having some effect on sales in the industrial and safety businesses. Notwithstanding this, the outlook for the division over the remainder of the financial year is for continued improvement in revenues and earnings.

Rural services and insurance

Operating revenue in the Wesfarmers Landmark rural services and Wesfarmers Federation Insurance businesses was 12 per cent below that in the first quarter last year. However earnings before interest and tax (before goodwill amortisation) in the same period were 61 per cent above last year's.

Difficult seasonal conditions resulted in lower merchandise sales for Wesfarmers Landmark in all regions. Cattle prices were also lower and the reduced wool clip has impacted on wool revenue, despite the highest wool prices seen for more than a decade. Real estate, insurance and finance activities generated revenues ahead of last year.

Profitability was enhanced by cost benefits now being realised from the integrated business and by an earnings contribution of $2.3 million generated by the North Queensland-based Johnstone River Transport which now forms part of the rural services business. The full year's earnings for that business are expected to be around the current level given the very seasonal nature of its operations.

Wesfarmers Federation Insurance reported an excellent result which was higher than budget and last year's due to higher premium income and lower than expected claims.

The full year outlook for the group's rural services and insurance businesses is for a profit result not materially different from last year's. This assumes a return to more normal seasonal conditions in autumn 2003 and a normal insurance claims pattern.

Fertilisers and chemicals

Operating revenue for the group's fertilisers and chemicals businesses was ahead of budget and higher than in the corresponding period last year. Solid performances in both fertilisers and chemicals produced increased earnings overall.

Fertiliser sales revenue was above budget and ahead of last year's on higher tonnages related to late season rains. Earnings from the fertiliser business exceeded budget and were in line with last year's.

Chemical sales tonnages and revenue were above budget but lower than in the corresponding quarter last year. Earnings from chemicals activities were above budget and above last year's.

Efforts to address production problems at the Queensland ammonium nitrate joint venture have been successful to date and the plant has operated at or above nameplate capacity over the quarter.

The outlook for the group's fertilisers and chemicals business for 2002/03 is for an improved performance over last year.

Other operations

Earnings from the group's other operations were lower than in the corresponding period last year.

Revenues from the 50 per cent-owned Australian Railroad Group were seven per cent above last year's but marginally below budget. Earnings were below budget and last year's due to reduced grain haulage and a number of derailments.

Operating revenue for the forest products business, Sotico Pty Ltd, was slightly below budget and the corresponding period last year while earnings exceeded last year's mainly due to an improved result from Wespine Industries Pty Ltd in which Wesfarmers has a 50 per cent interest. Steady progress continues to be made in the orderly rationalisation of the forest products business.

Earnings from the company's partly owned investment house associate, Gresham Partners, were lower than last year's due to a smaller number of completed corporate finance transactions.

Outlook

The directors are pleased with the first quarter result and expect the strong performance of the hardware, energy, industrial and safety and fertilisers and chemicals business units to continue over the course of the financial year.

As stated above, subject to seasonal conditions the solid performance of the rural services and insurance businesses is also expected to continue.

There has been widespread comment on the impact of the drought on the economy and on businesses associated with agriculture. This is a serious issue for all farmers and businesses in affected areas, including many Wesfarmers clients, and the company is providing every assistance to them that it can.

With regard to the effect on Wesfarmers itself, it is important to note that group businesses impacted by the rural economy contribute less than 15 per cent of the group's budgeted earnings for the year and of that, a significant proportion is unlikely to be directly affected.

At this time, the directors remain confident about achieving an acceptable increase in profit for the full year.

For further information contact: Mr Michael Chaney, Managing Director
(08) 9327 4203

Quarterly Report

for the three months to 30 September 2002

Name of entity

WESFARMERS LIMITED

	Quarter ended
ABN 28 008 984 049	30 September 2002

Equity accounted results for announcement to the market

				$A'000
Revenues from ordinary activities *(item 1.1)*	up	9.2%	to	1,814,775
Profit (loss) from ordinary activities after tax attributable to members *(item 1.11)*	up	27.8%	to	101,411
Profit (loss) from extraordinary items after tax attributable to members *(item 1.8)*	gain (loss) of	N/A		
Net profit (loss) for the period attributable to members *(item 1.11)*	up	27.8%	to	101,411*
* Consists of				
Net profit before goodwill amortisation	up	30.9%	to	122,761
Goodwill amortisation				(21,350)
Net profit after goodwill amortisation	up	27.8%	to	101,411

Consolidated statement of financial performance

		Current period - $A'000	Previous corresponding period - $A'000
1.1	Revenues from ordinary activities	1,814,775	1,661,915
1.2	Expenses from ordinary activities	1,651,767	1,535,241
1.3	Borrowing costs	19,758	21,271
1.4	Share of net profit (loss) of associates and joint venture entities	9,155	9,988
1.5	**Profit (loss) from ordinary activities before tax**	152,405	115,391
1.6	Income tax on ordinary activities	51,109	35,559
1.7	**Profit (loss) from ordinary activities after tax**	101,296	79,832
1.8	Profit (loss) from extraordinary items after tax	-	-
1.9	**Net profit (loss)**	101,296	79,832
1.10	Net profit (loss) attributable to outside equity interests	(115)	509
1.11	**Net profit (loss) for the period attributable to members***	101,411	79,323
	* Consists of:		
	Net profit before goodwill amortisation	122,761	93,791
	Goodwill amortisation	(21,350)	(14,468)
	Net profit after goodwill amortisation	101,411	79,323

Earnings per security (EPS)

		Current period	Previous corresponding period
2.1	Calculation of the following in accordance with *AASB 1027: Earnings per Share*		
	(a) Basic EPS - before goodwill amortisation	33.0c	29.3c
	- after goodwill amortisation	27.2c	24.8c
	(b) Diluted EPS (if materially different from (a))	-	-
	(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	372,472,829	320,128,664

3. Supplementary Information 'Cash Flow Per Share'

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

Current period	Previous corresponding period
46.1c	44.7c

4. Segment Information – three months ending 30 September 2002

(a) Segment Earnings	Earnings before goodwill amortisation		Goodwill amortisation		Earnings after goodwill amortisation	
	2002 $000	2001 $000	**2002 $000**	2001 $000	**2002 $000**	2001 $000
Hardware	78,146	50,242	12,545	7,900	65,601	42,342
Energy	62,348	61,148	117	80	62,231	61,068
Industrial and safety	31,823	17,454	6,285	4,202	25,538	13,252
Rural services and insurance	19,735	12,254	2,337	2,220	17,398	10,034
Fertiliser and chemicals	6,003	4,462	66	66	5,937	4,396
Other	9,874	17,923	-	-	9,874	17,923
	207,929	163,483	21,350	14,468	186,579	149,015
Consolidation adjustments	(2,072)	(1,917)	-	-	(2,072)	(1,917)
Interest paid and corporate overheads	(32,102)	(31,707)	-	-	(32,102)	(31,707)
Operating profit before income tax	173,755	129,859	21,350	14,468	152,405	115,391
Income tax expense	(51,109)	(35,559)	-	-	(51,109)	(35,559)
	122,646	94,300	21,350	14,468	101,296	79,832

(b) Segment Revenue	Operating Revenue	
	2002 $000	2001 $000
Hardware	814,571	633,882
Energy	239,492	264,153
Industrial and safety	310,782	204,009
Rural services and insurance	363,912	411,761
Fertiliser and chemicals	67,680	64,196
Other	20,463	85,859
	1,816,900	1,663,860
Consolidation adjustments	(2,125)	(1,945)
	1,814,775	1,661,915

Comments by Directors

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

Refer to the press release dated 4 November 2002 accompanying this statement.

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

Nil

Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 2001.

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

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

4 The entity has a formally constituted audit committee.

Sign here: .... Date: 4 November 2002
Company Secretary

Print name: L J Kenyon