Wesfarmers

Half Yearly Report

six months to 31 December 2007

Group financial highlights

- Operating revenue of $9.8 billion, up 108 per cent
- Group profit after tax of $601 million, up 53 per cent
- Earnings per share of 134.9 cents, up 27 per cent*
- Operating cash flow of 275 cents per share
- Interim dividend of 65 cents per share

*Excludes employee reserved shares, as per AIFRS.

Divisional earnings

Before interest, tax and corporate overheads

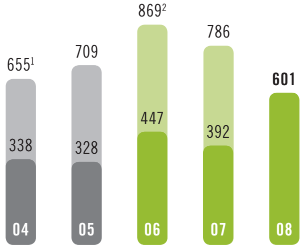
Half-Year ended 31 December ($m)	**2007**	2006	% change
Home improvement and office supplies	**332**	270	23.0 ↑
Coles	**130**	-	na
Target	**118**	-	na
Kmart	**101**	-	na
Resources+	**112**	168	33.3 ↓
Insurance	**64**	60	6.7 ↑
Industrial and safety	**61**	51	19.6 ↑
Chemicals and fertilisers	**48**	28	71.4 ↑
Energy	**48**	38	26.3 ↑
Other	**72**	34	111.8 ↑

+On 31 January 2008, the Coal Division changed its name to “Resources”.

Financial overview

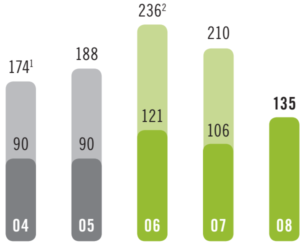
Net profit after tax ($m)*

$601m



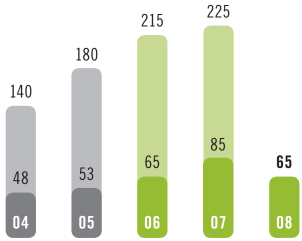
Earnings per share (cents)*

135 cents



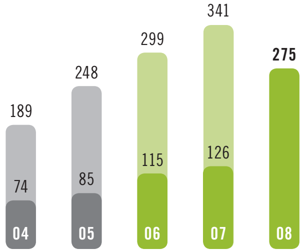
Dividends per share (cents)

65 cents



Operating cash flow per share (cents)

275 cents



	AGAAP	AIFRS
Full year to 30 June		
First half to 31 December		

* 2004 and 2005 are before goodwill amortisation

[1] Excludes sale of Landmark in 2004

[2] Excludes sale of ARG in 2006

The Directors of Wesfarmers Limited are pleased to present to shareholders this interim report covering the consolidated results of the company and its controlled entities for the six months ended 31 December 2007. The report also contains a brief overview of the Group's business activities for the half year.

Report to shareholders

Wesfarmers reported a record profit of $601 million for the half year ended 31 December 2007, an increase of $209 million or 53.3 per cent on the $392 million earned in the corresponding six months last year. Operating revenue rose from $4.7 billion to $9.8 billion for the half year.

The result includes for the first time a contribution from the Coles Group businesses acquired on 23 November 2007. This period of ownership represents a significant proportion of the full year's earnings for these businesses.

Earnings per share based on the weighted average number of shares on issue (445 million) for the six months were 134.9 cents compared with 105.8 cents for the corresponding period last year, an increase of 27.5 per cent. Operating cash flow per share of 274.9 cents was well above the 126.2 cents recorded last year, due in part to the reduction in inventories in former Coles Group businesses over the Christmas period.

The Directors have declared a fully franked interim dividend of 65 cents, a decrease of 20 cents on that paid last year, which included approximately 25 cents relating to franking credits from the sale of Wesfarmers' interest in the Australian Railroad Group.

The significant profit increase occurred because of the inclusion of the former Coles Group businesses which contributed $357 million before interest and tax.

Trevor Eastwood AM
Chairman

Richard Goyder
Managing Director

Another very strong result from Bunnings saw its earnings increase by $55 million. There was a reduction in earnings from the Resources division (comprising Wesfarmers' coal mining interests) of $56 million, due mainly to lower export prices than in the previous corresponding period.

The half year result included profit before tax of $32 million in dividends received on the Coles Group shares acquired in April 2007.

The contribution from the pre-Coles transaction businesses increased 12.4 per cent with five of the six divisions achieving higher earnings.

Bunnings continued its outstanding performance with both cash sales growth and underlying store-on-store cash sales growth higher than the same time last year.

The very short period of ownership of the former Coles Group businesses and the Christmas trading were important factors impacting the results.

Target performed very well with an innovative product range pipeline and an active new store roll-out programme. The improvement in Kmart continued and the business had a very strong Christmas trading period.

The supermarkets, liquor and fuel and convenience store businesses (the Coles division) increased revenue by seven per cent over the same period in 2006 but performance remains below acceptable benchmarks. With the Christmas/New Year period behind us the transformation of the Coles division is now underway. This process will accelerate with the arrival in May 2008 of Ian McLeod as Managing Director but, as advised at the time of announcing his appointment, the company will be progressing strategies in a number of areas well before then.

Coles Group integration

Integration of the acquired businesses is ahead of schedule with all reporting lines to Wesfarmers Limited now in place.

Organisational structures have been finalised for Target, Kmart and Officeworks and the organisational design is almost complete for the Coles division. A review of the Coles supply chain is expected to be completed early next month. Major restructuring will occur in the Coles division over the next six months. There have been about 60 redundancies since the change of control, many of these in senior roles.

Finance

The Group's net debt to equity ratio as at 31 December 2007 was 70.1 per cent, down from 143.6 per cent at 30 June 2007, given the combination of higher borrowings and a significant issue of new shares.

The rolling 12-month cash interest cover was 5.0 times.

Capital expenditure for the first half was $588 million.

The share buy-back programme that has been in place since February 2003 has been discontinued.

Interim dividend

A fully franked interim dividend of 65 cents per share payable to shareholders on 31 March 2008 has been declared by the directors.

The directors have also decided that new shares issued under the company's Dividend Investment Plan in respect of the interim dividend will be issued at a discount of one per cent. Shares will be allocated under the plan on 31 March 2008. The Plan has been underwritten to 100 per cent.

Outlook

The company's outlook is for continuing good results in most of the Group's businesses with a very strong focus on bringing about substantial change in Coles.

This will include a significant reduction in overheads, a comprehensive review of product range, promotions strategy and store layouts and a major effort to enhance the fresh produce offer.

Having had full access to all the acquired businesses for three months, the company's optimism about the benefits to its shareholders and other stakeholders of the Coles transaction is undiminished. The benefit will take time to achieve given there is a need for a fundamental restructure.

Good progress is being made in the restructuring of the Coles businesses and the majority of Coles transaction-related costs and provisions will be brought to account in the second half.

The company proposes to refinance $4 billion of transaction borrowings during the calendar year. The company is an investment grade-rated company (BBB+) with strong cash flows and is well advanced in its refinancing programme. Interest costs will be higher as a result of global credit conditions.

The directors retain a positive outlook for the expanded Group, taking account of increases in prevailing interest rates and fuel prices on the businesses and recognising that the significant restructuring of the Coles division will take time. The full impact of substantially higher export coal prices will be positive in 2008/09. New management appointments across the Group will strengthen the company's expanding businesses.

Senior management changes

During the first half, Mr Keith Gordon, formerly Managing Director of Chemical and Fertilisers, was appointed Business Integration Director responsible for the integration of the Coles Group businesses. Mr Ian Hansen, formerly General Manager, Chemicals, was appointed Managing Director of the CSBP businesses.

Mr Terry Bowen, formerly Managing Director of the Industrial and Safety division, was appointed Finance Director of the Coles division. He was replaced on an acting basis by Mr Olivier Chretien, formerly General Manager, Business Development with Industrial and Safety. In February 2008 the Board confirmed the permanent appointment of Mr Chretien to this position.

Mr Robert Scott assumed the position of Managing Director of the Insurance division from 1 July 2007, replacing Mr Bob Buckley who has retired.

In February 2008, Mr Ian McLeod was appointed head of the Coles division. Mr McLeod is currently Chief Executive Officer of Halfords plc in the United Kingdom and has a long and successful career in retail operations. He will take up his position in May 2008.

Mr Ben Lawrence has been appointed to the new position of Chief Human Resources Officer for Wesfarmers Limited. Mr Lawrence was formerly the senior human resources executive with Foster's Group Limited.

Sustainability report

In November 2007, Wesfarmers published its tenth report detailing the company's performance with respect to environmental, health and safety issues. The report also provides information on the way in which the company engages with the community. The Sustainability Report is available electronically from the company's website or by contacting the Public Affairs Department on (+61 8) 9327 4251.

Trevor Eastwood AM
Chairman

Richard Goyder
Managing Director

Home Improvement and Office Supplies

Bunnings is the leading retailer of home improvement, gardening products and a major supplier of building materials in Australia and New Zealand. Officeworks is Australia's largest retailer of office products.

Bunnings

Operating revenue of the home improvement business increased by 13.1 per cent to $2.79 billion in the first half. Earnings before interest and tax of $325 million were 20.4 per cent higher than those recorded in the corresponding period last year. Trading earnings (net of property sale contributions) increased by 15.5 per cent.

Cash sales growth in Bunnings of 14.4 per cent was achieved, with underlying store-on-store cash sales growth of 12.2 per cent. Pleasing results were achieved in all Australian states, and also in New Zealand. Relative to the previous corresponding period, sales were strong across all product categories reflecting positive external trading conditions and improved execution of merchandising and operational strategies.

Trade sales were 6.1 per cent higher than in the comparative period on the back of continued progress in re-aligning the trade business to focus better on servicing large trade customers through new trade centres and to improve the offer for walk-in trade customers within the store network.

Store network development activities were ongoing in the first half. Six new warehouse stores and one trade centre opened in the period. Investment in the existing network continued at similar levels to prior years.

Good progress continues to be made on strategies that deliver greater efficiencies and more effective operations within the business. These gains support the continued delivery of the everyday-lowest-prices policy to customers.

The three HouseWorks stores in Western Australia closed from 31 March 2008. Net exit costs of $4 million have been taken up in the half year result.

Outlook

Continued retail sales growth and steady trade sales improvement are expected, although threats to the positive retail trading conditions are emerging.

New warehouse development is forecast to continue at between 10 to 14 warehouse stores per year, with 12 warehouse stores likely to be opened in 2007/08.

Profits from the disposal of property in the second half will reflect the outcome of a tender process for the sale and leaseback of seven warehouse properties, with completion expected before the end of the financial year.

Officeworks

Operating revenue of Officeworks for the period 23 November to 31 December 2007 was $115 million, with earnings before interest and tax for the same period of $7 million. Christmas trading was satisfactory, relative to the corresponding period last year, in a competitive environment.

Comparative store-on-store sales growth for the five weeks was 1.6 per cent.

The key focus since acquisition has been on optimising performance during the peak Christmas and "back to school" trading periods, while working to integrate the business. Significant progress has been made in establishing Officeworks as an autonomous operating unit.

Outlook

Work will continue to lift performance in a competitive trading environment. The focus in the second half will be on finalising the initial integration activities, and on completing a detailed strategy review.

Coles

The Coles division comprises one of Australia's largest supermarket businesses (Coles and Bi-Lo), Coles Liquor (1st Choice Liquor Superstores, the Liquorland convenience offer and the specialist chain, Vintage Cellars) and the Coles Express fuel and convenience stores.

Operating revenue for the Coles division in the period since acquisition (23 November to 31 December 2007) increased by seven per cent over the same time last year to $2.9 billion. Earnings before interest and tax were $130 million.

In December, all seasonal Christmas categories performed strongly, although liquor sales were marginally down following adverse weather in New South Wales and Queensland. Comparative store-on-store sales growth in the supermarkets for the five weeks was two per cent above the same time in the previous year.

For the five months ended December (the period since the last release of financial information for these businesses under their former ownership), food and liquor sales have progressively improved, driven primarily by the traditional Coles network stores although converted Bi-Lo and Bi-Lo stores also showed some positive signs. A focus on product availability is producing better results, whilst fresh product category sales also increased. Underlying food inflation was around two per cent.

Convenience store results remained strong in December, benefiting from an improved customer value

proposition as well as the progressive roll-out of an enhanced store format. Comparable sales growth for the five weeks to the end of December in the convenience stores was 6.2 per cent.

Network development continued with 15 new supermarkets, seven 1st Choice and 20 convenience stores opened in the five months to the end of December. In addition, 15 supermarkets, 21 Liquorland and five convenience store refurbishments were completed. The total network of stores at the end of calendar 2007 comprised 748 supermarkets, 46 1st Choice, 715 liquor stores, 93 hotels and 621 convenience stores.

Upgrading of the distribution network continued, including the establishment of two national distribution centres in New South Wales and Victoria, one new composite distribution centre in South Australia, and one chilled distribution centre (CDC) and one regional distribution centre in Victoria. A new CDC is currently being commissioned in New South Wales. Two new distribution centres, one each in Queensland and Western Australia, are planned for 2009.

Since the acquisition date, key tasks have been to integrate support functions into the new Coles division, particularly in relation to the supply chain and to ensuring the successful delivery of Christmas trading given significant distribution network changes. Work is currently underway on detailed implementation planning for a number of customer-focused strategies, as well as organisational re-design of store support activities and an overall review of the store network.

Outlook

The business will continue to focus on improving product availability and value for customers. A strong focus on managing costs will be maintained, together with a heightened capital discipline consistent with Wesfarmers' return on capital measures.

Restructuring activities, including completing the transition to a stand-alone division within the Wesfarmers group, reviewing the business operating model (particularly with regards to the support of stores) and store networks generally are expected to progress significantly over the second half.

Ten new supermarkets, seven 1st Choice and 10 convenience stores are scheduled to be opened by 30 June 2008.

Target

Target is a leading Australian department store retailer offering customers quality, on-trend, fashionable apparel and soft homewares.

Operating revenue for the period 23 November to 31 December 2007 increased on the same period last year by 6.4 per cent to $605 million. Comparative store-on-store sales growth for the period was 3.1 per cent. Earnings before interest and tax were $118 million.

All merchandise departments recorded growth during the period, with particularly good results in menswear, homewares, childrenswear, toys, leisure and books. Consumer demand for technology-based products continued with extremely strong growth in electrical goods sales.

Customers continued the recent trend of doing the bulk of their Christmas shopping in the two weeks prior to Christmas Day and the strong sales momentum gathered greater pace during the post-Christmas sale period. A substantial increase in the number of gift card sales pre-Christmas drove additional traffic during the stocktake sale.

Reinvestment in the existing network continued with the roll-out of the store ambiance programme to another 19 locations featuring improved layout, design, signage, traffic flow and new fixtures. The programme, which has attracted favourable customer reaction, is scheduled for introduction to another 20 stores by the end of the financial year.

Nine new stores were opened in the period from 31 July to 31 December 2007 (seven full-line Target and two

Target Country) taking the total number of stores in the network to 274.

Outlook

New product initiatives and store refurbishments will continue, as will plans to introduce different ways to deliver and market great value offers. While acknowledging the potential impact of external influences such as interest rate rises, fashion merchandise levels are appropriate to effectively manage any change in consumer sentiment in the second half.

Three new stores are scheduled for opening by 30 June 2008.

Kmart

Kmart is a leading discount department store retailer in Australia and New Zealand offering a wide range of low cost merchandise ranging from apparel to hardware and leisure goods.

Operating revenue for the period 23 November to 31 December 2007 was $692 million, an increase of 4.5 per cent over the corresponding period last year. Earnings before interest and tax were $101 million.

The improved performance evident in the latter months of the first half is reflected in comparative store-on-store sales growth of 5.0 per cent for the period 23 November to 31 December.

Progress on the implementation of the strategy aimed at improvement of the product offer, focusing on better

value everyday for customers and investing in stores, has produced a pleasing result.

Kmart Tyre and Auto Service (KTAS) continued to focus on its core business of servicing and tyres and made a solid financial contribution.

Christmas trading was strong and the business is now experiencing consistent to strong performance across core categories.

At 31 December there were 168 Kmart stores in Australia, 15 in New Zealand and 267 KTAS stores.

Outlook

Continued comparative stores sales growth is expected.

The product offer will continue to evolve and focus will be on improvement of the in-store customer experience to drive future performance.

One new Kmart store is scheduled for opening in the second half.

An expanded refit programme is underway with work planned to begin before 30 June in 19 Kmart stores. A more aggressive store-opening programme will resume in future years.

Resources

Wesfarmers Resources owns and operates the Curragh Mine in Queensland, the Premier Mine in Western Australia and has a 40 per cent interest in the Bengalla Mine in New South Wales.

Operating revenue of $530 million from the Group's coal businesses was 9.7 per cent below the $587 million recorded in the corresponding period last year. Earnings before interest and tax of $112 million were 33.3 per cent lower than last year's $168 million. Earnings were below last year due to lower export metallurgical coal prices, a higher exchange rate and an increase in tonnage-related costs, partially offset by a reduction in the Stanwell rebate payment due to a lower rolling 12-month weighted average coal price.

Metallurgical coal sales volumes from the Curragh coal mine in Queensland of 3.1 million tonnes were 1.7 per cent lower than the corresponding six month period last year. A 21.8 per cent increase in steaming coal deliveries resulted in total sales volumes for Curragh increasing by 4.4 per cent.

Sales volumes from Premier Coal at Collie in Western Australia were 19.1 per cent below last year due to lower sales to Verve Energy due to maintenance and upgrade work at the Muja Power Station.

Joint venture sales volumes for the Bengalla coal mine in New South Wales, in which Wesfarmers holds a 40 per cent interest, were 7.5 per cent below the corresponding period last year. Bengalla's results for the period were affected by wet weather and infrastructure constraints. Modified Development Consent Approval for the Wantana Pit was obtained from the New South Wales Department of Planning. Feasibility studies to determine the viability of increasing the annual run of mine capacity from 8.7 million tonnes to 10.7 million tonnes are continuing.

At Curragh, highlights during the six month period included strong metallurgical coal demand in a constrained infrastructure environment, and stable production costs following the successful commissioning of the overland conveyor. Feasibility studies are being conducted into the expansion of the Curragh coal mine to achieve annual export tonnages of between 8.0 and 8.5 million tonnes of metallurgical coal.

On 31 January 2008 the Coal Division changed its name to Resources. This aligns the division's title with its business strategy and removes confusion following the acquisition of the Coles Group in November 2007.

Outlook

The export coal businesses will benefit from strengthening metallurgical and steaming coal prices and volume growth. Achievement of targeted sales volumes will, as always, require satisfactory mine, rail and shipment performance. Expected full-year production of metallurgical coal at Curragh is in the range of 6.1 to 6.5 million tonnes for the 2007/08 year due to a major flood event in January 2008, compared to the pre-flood forecast of 6.5 to 6.9 million tonnes.

Negotiations to renew the annual price of Curragh metallurgical coals will progress over the next few months. The export market has tightened with strong demand and constrained infrastructure in Australia. Indications are that all export coal prices will increase substantially.

Insurance

Wesfarmers' Insurance Division comprises three insurance companies, three insurance brokers, premium funding and superannuation activities and an insurance software developer.

Operating revenue of $799 million increased by 29.1 per cent in the first half. Earnings before interest, tax and amortisation of $71 million were 12.7 per cent higher than in the previous corresponding period. This included a full six month contribution from OAMPS and Crombie Lockwood.

Gross written premium (GWP) of $618 million and broking revenue of $103 million were recorded in the first half, reflecting a full six month contribution from OAMPS and Crombie Lockwood. GWP for the same time last year was $546 million.

Underwriting

Underwriting performance in the first six months was affected by higher claims and competitive pressures on premium rates. An increase in the frequency of severe weather-related events in New Zealand and the east coast of Australia and large claims resulted in higher loss ratios.

Wesfarmers Federation Insurance achieved good underwriting results in crop resulting from high grain prices and good claims experience.

These operating conditions were reflected in the divisional insurance margin of 5.6 per cent and the combined operating ratio (COR) of 98.1 per cent, compared with the previous corresponding period when the insurance margin was 13.2 per cent and the COR was 90.5 per cent.

The results from Lumley New Zealand's operations were particularly affected by weather events and were below expectations. A restructuring programme has commenced in New Zealand to improve underwriting performance.

Broking

The division's broking businesses continued to report solid results in competitive market conditions. OAMPS and Crombie Lockwood generated $28 million of EBITA on $103 million of income, resulting in a margin of 27.4 per cent.

The selective acquisition of broking businesses meeting investment criteria continued in Australia, New Zealand and the United Kingdom.

Outlook

Broking activities are likely to remain strong with earnings growth expected from new business and bolt-on acquisitions. Underwriting activities are subject to margin pressure due to the competitive environment in commercial lines and adverse weather conditions. Recent large claim events across the industry appear to be stabilising rates. Modest rate increases have been achieved in claims rated and underperforming classes.

The claims environment will remain difficult for the industry if the increased frequency of severe weather events associated with the La Niña weather pattern continues.

Industrial and safety

Wesfarmers' Industrial and safety division is the leading supplier of engineering products and industrial consumables, safety, packaging, materials handling and lifting products and services in Australia and New Zealand.

Operating revenue for the industrial and safety businesses for the first half of $642 million was 10.7 per cent above the corresponding period last year. Earnings before interest and tax increased by 19.6 per cent to $61 million for the six months.

The increase in operating revenue reflects growth in all businesses plus the addition of the Bullivants lifting, rigging and material handling business, acquired in December 2006. Strong growth was reported in all businesses operating in Western Australia with improvements in New Zealand. Market conditions remained very competitive in New South Wales, Victoria and South Australia.

The improved earnings resulted from growth in operating revenue, the continued development of the division's global sourcing capability and benefits from the implementation of business improvement initiatives.

At 31 December 2007, rolling 12-month capital employed was slightly lower than last year despite the addition of

the Bullivants business. The return on capital employed increased to 16.9 per cent, a significant improvement on the 13.7 per cent recorded in the corresponding period last year which reflects both increased earnings and the benefits of capital management initiatives.

Outlook

Market conditions are expected to remain mixed in the second half, with strong growth in Western Australia and Queensland and subdued trading performance in New South Wales, Victoria and South Australia.

Strong ongoing focus on business improvement initiatives is also expected to deliver further improvements in the period to 30 June 2008.

Chemicals and fertilisers

CSBP is one of Australia's leading suppliers of chemicals, fertilisers and other services to the mining, industrial and agricultural sectors.

Operating revenue of $391 million from CSBP's chemicals and fertilisers businesses for the first half was 69.3 per cent above the comparative period last year. Earnings before interest and tax of $48 million were recorded, an increase of 71.4 per cent compared with last year's $28 million (which included the profit on the sale of the Chlor Alkali business).

The 2008 first half result was boosted by higher than anticipated revenue and earnings from Australian Vinyls, acquired on 1 September 2007.

Ammonia sales and production volumes were lower than the corresponding period last year due to reduced customer offtake and production issues. Earnings were slightly higher as the cost of imported product to supplement production was less than that incurred last year.

Ammonium nitrate sales, production and earnings from Kwinana were higher than the corresponding period in the previous year. Completion of the new prill plant as part of the ammonium nitrate expansion project has been delayed until mid May 2008, due to lower than forecast labour productivity and issues with equipment delivery. The new nitric acid plant was commissioned during February. As a result of the increased construction time, estimated final cost for the project has increased to just over $400 million.

Returns from the Queensland Nitrates joint venture were below the corresponding period reflecting minor plant and gas supply issues which required the purchase of ammonia to ensure that production met customer demand.

Although sales from CSBP's sodium cyanide activities were in line with the equivalent period last year, production was significantly higher reflecting better plant performance leading to an improved contribution from the business.

Total earnings from chemicals activities were significantly ahead of the comparative period last year with the impact of the Australian Vinyls acquisition and good performance in ammonium nitrate and sodium cyanide more than offsetting lower earnings from Queensland Nitrates.

Fertiliser sales volumes were 33.6 per cent higher than the corresponding period last year as a result of growers collecting in advance of escalating global fertiliser prices. Revenue was 63.2 per cent above the same period last year. The earnings contribution from the fertiliser business was significantly higher than last year's, however margins in the second half will be tempered due to higher purchase costs.

Outlook

The seasonal break will determine the demand for fertiliser. Demand for all chemical products remains strong.

Energy

Wesfarmers' energy interests comprise four gas businesses, a power generation business and support services.

Operating revenue from the Group's gas and power businesses increased to $281 million, 26.6 per cent above the corresponding period last year. Earnings before interest and tax of $48 million were 26.3 per cent higher than the $38 million earned last year.

These results include a six month contribution from Coregas, the major industrial, specialist and medical gas company acquired in February 2007. The integration of Coregas has been completed and good progress was made on the liquid nitrogen and acetylene expansion projects which are due to be finished in the second half of the year. Earnings for the period were below expectations mainly as a result of subdued activity in Coregas' New South Wales market.

Earnings from Air Liquide WA, in which Wesfarmers holds a 40 per cent interest, were largely in line with earnings from the comparative period last year.

Wesfarmers LPG's sales volumes were 14.5 per cent below the corresponding period last year due mainly to lower production as a result of reduced LPG content in the Dampier to Bunbury Pipeline. Earnings were 1.3 per cent higher than last year as a result of the higher average international LPG prices.

Kleenheat Gas' total sales volumes for the half year were slightly above last year due to growth in Kwik-Gas cylinder exchange, traditional cylinder and autogas volumes which were offset by lower bulk and distributor

volumes. Comparative period earnings were below last year's, due mainly to the high international LPG prices impacting on margins. Kleenheat Gas also finalised an agreement to sell its 50 per cent interest in east coast autogas operator UNIGAS.

Energy Generation's (enGen) earnings for the half year were above last year's due partly to the completion and commissioning of the remaining power stations for the Aboriginal Remote Communities Power Supply Project. Good progress was also made on the construction of the LNG-fuelled Darlot and Sunrise Dam power stations.

Construction of the 175 tonne per day LNG plant in Kwinana, Western Australia continues on budget. Recent construction delays have resulted in commissioning of the plant to now be scheduled for May 2008. The plant is part of a $138 million vertically integrated project to supply the heavy duty vehicle and remote power generation markets in Western Australia.

Outlook

International LPG prices, gas flow rates and the LPG content of feed gas to Wesfarmers LPG will affect the full year result.

LPG export sales volumes for the second half are expected to be broadly in line with the prior year. Autogas sales volumes will be lower following sale of Kleenheat Gas' 50 per cent interest in UNIGAS in January 2008. Contributions from the LNG project are due in 2008/09.

Other operations

After-tax earnings for Wesfarmers from the partly-owned Gresham Partners amounted to $4 million. The Gresham Private Equity Funds investments contributed pre-tax earnings of $26 million.

There was a contribution of $8 million, pre-tax, from the Wesfarmers investment in the Bunnings Warehouse Property Trust and after-tax earnings of $2 million from the 50 per cent-owned Wespine Industries.

Income statement

for the half-year ended 31 December 2007 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED	
	DEC 2007 $M	DEC 2006 $M
REVENUE		
Sale of goods	**8,903**	4,029
Rendering of services	**795**	634
Interest	**47**	31
Dividends	**32**	1
Other	**31**	23
	9,808	4,718
EXPENSES		
Raw materials and inventory purchased	**(5,890)**	(2,319)
Employee benefits expense	**(1,293)**	(667)
Insurance expenses	**(531)**	(440)
Freight and other related expenses	**(118)**	(79)
Occupancy-related expenses	**(313)**	(115)
Depreciation and amortisation	**(220)**	(178)
Other expenses	**(458)**	(362)
	(8,823)	(4,160)
Other income	**14**	18
Finance costs	**(250)**	(63)
Share of profits and losses of associates	**47**	37
Profit before income tax	**796**	550
Income tax expense	**(195)**	(158)
Profit attributable to members of the parent	**601**	392
Earnings per share (cents per share)		
– basic for profit for the period attributable to ordinary equity holders of the parent	**134.9**	105.8
– diluted for profit for the period attributable to ordinary equity holders of the parent	**133.8**	104.8

Balance sheet

at 31 December 2007 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED	
	DEC 2007 $M	JUNE 2007 $M
ASSETS		
Current Assets		
Cash and cash equivalents	**1,096**	219
Trade and other receivables	**2,046**	1,512
Inventories	**4,810**	1,235
Derivatives	**90**	90
Investments backing insurance contracts	**826**	816
Other	**195**	152
Total Current Assets	**9,063**	4,024
Non-current Assets		
Receivables	**165**	112
Available-for-sale investments	**35**	2,064
Investment in associates	**460**	389
Deferred tax assets	**225**	-
Property, plant and equipment	**6,579**	2,716
Identifiable intangible assets	**4,323**	130
Goodwill	**16,140**	2,568
Derivatives	**68**	73
Other	**52**	-
Total Non-current Assets	**28,047**	8,052
TOTAL ASSETS	**37,110**	12,076
LIABILITIES		
Current Liabilities		
Trade and other payables	**4,801**	1,254
Interest-bearing loans and borrowings	**6,470**	4,436
Income tax payable	**92**	98
Provisions	**755**	169
Insurance liabilities	**1,244**	1,139
Other	**248**	85
Total Current Liabilities	**13,610**	7,181
Non-current Liabilities		
Payables	**51**	79
Interest-bearing loans and borrowings	**5,584**	687
Deferred tax liabilities	**-**	144
Provisions	**584**	170
Insurance liabilities	**559**	279
Other	**170**	33
Total Non-current Liabilities	**6,948**	1,392
TOTAL LIABILITIES	**20,558**	8,573
NET ASSETS	**16,552**	3,503
EQUITY		
Equity attributable to equity holders of the parent		
Contributed equity	**15,157**	2,256
Employee reserved shares	**(92)**	(111)
Retained earnings	**1,189**	1,131
Reserves	**298**	227
TOTAL EQUITY	**16,552**	3,503

Cash flow statement

for the half-year ended 31 December 2007 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED	
	DEC 2007 $M	DEC 2006 $M
Cash flows from operating activities		
Receipts from customers	**10,619**	5,097
Payments to suppliers and employees	**(9,050)**	(4,358)
Dividends and distributions received from associates	**15**	7
Dividends received from others	**32**	1
Interest received	**47**	31
Borrowing costs	**(254)**	(59)
Income tax paid	**(168)**	(242)
Net cash flows from operating activities	**1,241**	477
Cash flows from investing activities		
Net acquisition of insurance deposits	**(10)**	(26)
Purchase of property, plant and equipment	**(588)**	(317)
Purchase of other investments	**(19)**	-
Proceeds from sale of property, plant and equipment	**10**	17
Proceeds from sale of controlled entities	**3**	-
Subscription of capital in associates	**(31)**	(24)
Proceeds from sale of investments in associate	**-**	(1)
Return of capital received from associates	**2**	2
Acquisition of subsidiaries, net of cash acquired	**(4,161)**	(614)
Net cash flows used in investing activities	**(4,794)**	(963)
Cash flows from financing activities		
Proceeds from borrowings	**6,687**	1,380
Repayment of borrowings	**(1,856)**	(156)
Proceeds from exercise of in-substance options under the employee share plan	**12**	17
Equity dividends paid	**(410)**	(556)
Net cash flows used in financing activities	**4,433**	685
Net increase in cash and cash equivalents	**880**	199
Cash and cash equivalents at beginning of the period	**216**	83
Cash and cash equivalents at end of the period	**1,096**	282

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FINANCIAL CALENDAR+

Full-year results and final dividend announcement	August 2008
Final dividend payment	September 2008
Annual report mailed to shareholders	October 2008
Notice of annual general meeting and proxy form mailed to shareholders	October 2008
Annual general meeting	13 November 2008

+ Timing of events is subject to change

Wesfarmers

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WESF-11550