19 August 2010

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

APPENDIX 4E – PRELIMINARY FINAL REPORT & 2010 FULL YEAR RESULTS

In accordance with ASX Listing Rule 4.3A, the following documents are attached for release to the market:

- Appendix 4E – Preliminary Final Report; and
- 2010 Full Year Results Announcement.

An analyst briefing will be held at 11:30 am (WST) / 1:30 pm (AEST) following the release of the announcement. The briefing will be webcast and accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

L J KENYON
COMPANY SECRETARY

Enc.

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Appendix 4E - Preliminary final report

for the year ended 30 June 2010 - Wesfarmers Limited and its controlled entities
ABN 28 008 984 049

RESULTS FOR ANNOUNCEMENT TO THE MARKET		$m
Revenue from ordinary activities	up 2% to	**51,827**
Profit from ordinary activities after tax attributable to members	up 3% to	**1,565**
Net profit for the full year attributable to members	up 3% to	**1,565**

DIVIDENDS		Amount per security	Franked amount per security
Interim dividend		55 cents	55 cents
Final dividend		70 cents	70 cents
Previous corresponding period			
Interim dividend		50 cents	50 cents
Final dividend		60 cents	60 cents
Record date for determining entitlements to the dividend	5:00pm (WST) on	30 August 2010	
Last date for receipt of election notice for Dividend Investment Plan	5:00pm (WST) on	30 August 2010	
Date the final dividend is payable		30 September 2010	

Dividend investment plan
The Company operates a Dividend Investment Plan (the "Plan") which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with Wesfarmers ordinary shares. The allocation price for shares under the Plan will be calculated as the average of the daily volume weighted average price of Wesfarmers ordinary shares on each of the 10 consecutive trading days from and including the second trading day after the record date 30 August 2010 for participation in the Plan, being 1 September 2010 to 14 September 2010.

The last date for receipt of applications to participate in or to cease or vary participation in the Plan is by 5:00pm (WST) on 30 August 2010. The Directors have determined that no discount shall apply to the allocation price and the Plan will not be underwritten. Shares to be allocated under the Plan will be acquired on-market and transferred to participants on 30 September 2010. A broker will be engaged to assist in this process.

Net tangible asset backing
Net tangible asset backing per ordinary share (excluding employee reserved shares): $3.61 (2009: $3.13).

Operating cash flow per share
Operating cash flow per share: $2.88 (2009: $3.25). This has been calculated by dividing the net cash flow from operating activities by the weighted average number of ordinary shares (including employee reserved shares) on issue during the year.

Audit
This report is based on accounts which are in the process of being audited.

Previous corresponding period
The previous corresponding period is the year ended 30 June 2009.

Commentary on results for the period
A commentary on the results for the period is contained in the press release dated 19 August 2010 accompanying this statement.

Income statement

for the year ended 30 June 2010 - Wesfarmers Limited and its controlled entities

		CONSOLIDATED	
			Restated[a]
		2010	2009
	Note	**$m**	$m
Revenue			
Sale of goods		**49,865**	49,023
Rendering of services		**1,620**	1,618
Interest		**149**	146
Other		**193**	195
		51,827	50,982
Expenses			
Raw materials and inventory		**(34,411)**	(33,735)
Employee benefits expenses	3	**(6,828)**	(6,535)
Net insurance claims, reinsurance and commissions		**(1,165)**	(1,203)
Freight and other related expenses		**(822)**	(802)
Occupancy-related expenses	3	**(2,077)**	(2,008)
Depreciation and amortisation	3	**(917)**	(856)
Other expenses	3	**(2,982)**	(3,015)
		(49,202)	(48,154)
Other income	3	**149**	169
Finance costs	3	**(654)**	(951)
Share of profits/(losses) of associates	8	**95**	(50)
Profit before income tax		**2,215**	1,996
Income tax expense	6	**(650)**	(474)
Profit attributable to members of the parent		**1,565**	1,522
Earnings per share (cents per share)	1		
– basic for profit for the period attributable to ordinary (including partially protected) equity holders of the parent		**135.7**	158.5
– diluted for profit for the period attributable to ordinary (including partially protected) equity holders of the parent		**135.5**	158.2

Dilution to earnings per share arises as a result of the employee reserved shares issued under the employee share plan being accounted for as in-substance options.

[a] The Group has a change in accounting policy that, as outlined in note 14, has resulted in a restatement of the income statement, and notes to the restated amounts.

Statement of comprehensive income

for the year ended 30 June 2010 - Wesfarmers Limited and its controlled entities

	Note	CONSOLIDATED 2010 $m	Restated[a] 2009 $m
Profit attributable to members of the parent		**1,565**	1,522
Other comprehensive income			
Foreign currency translation reserve			
Exchange differences on translation of foreign operations		**(32)**	(10)
Available-for-sale financial assets reserve			
Changes in the fair value of available-for-sale financial assets		**3**	(3)
Tax effect		**(1)**	1
Cash flow hedge reserve			
Unrealised losses on cash flow hedges	13	**(41)**	(863)
Realised losses transferred to net profit		**150**	331
Realised losses/(gains) transferred to non-financial assets		**169**	(276)
Ineffective hedge losses transferred to net profit		**51**	140
Tax effect		**(99)**	200
Retained earnings			
Actuarial loss on defined benefit plan	5	**-**	(59)
Tax effect	5	**-**	18
Other comprehensive income/(loss) for the period net of tax		**200**	(521)
Total comprehensive income for the year, net of tax, attributable to members of the parent		**1,765**	1,001

[a] The Group has a change in accounting policy that, as outlined in note 14, has resulted in a restatement of profit attributable to members of the parent.

Balance sheet

as at 30 June 2010 - Wesfarmers Limited and its controlled entities

	Note	CONSOLIDATED 2010 $m	Restated 2009 $m	Restated[a] 2008 $m
ASSETS				
Current assets				
Cash and cash equivalents	7	**1,640**	2,124	725
Trade and other receivables		**2,086**	1,893	2,022
Inventories		**4,658**	4,665	4,634
Derivatives		**75**	38	138
Investments backing insurance contracts		**1,065**	1,003	871
Other		**150**	221	211
Total current assets		**9,674**	9,944	8,601
Non-current assets				
Receivables		**220**	211	135
Available-for-sale investments		**19**	18	36
Investment in associates		**468**	392	465
Deferred tax assets		**608**	766	485
Property, plant and equipment		**7,542**	6,912	6,362
Intangible assets		**4,328**	4,365	4,408
Goodwill		**16,206**	16,273	16,269
Derivatives		**127**	147	149
Other		**44**	34	61
Total non-current assets		**29,562**	29,118	28,370
Total assets		**39,236**	39,062	36,971
LIABILITIES				
Current liabilities				
Trade and other payables		**4,603**	4,054	3,909
Interest-bearing loans and borrowings		**304**	634	1,261
Income tax payable		**167**	27	106
Provisions		**1,176**	1,066	1,083
Insurance liabilities		**1,307**	1,198	1,137
Derivatives		**107**	413	53
Other		**188**	169	176
Total current liabilities		**7,852**	7,561	7,725
Non-current liabilities				
Payables		**9**	3	25
Interest-bearing loans and borrowings		**5,049**	5,535	8,256
Provisions		**1,070**	1,042	922
Insurance liabilities		**408**	503	340
Derivatives		**138**	153	89
Other		**16**	17	7
Total non-current liabilities		**6,690**	7,253	9,639
Total liabilities		**14,542**	14,814	17,364
Net assets		**24,694**	24,248	19,607
EQUITY				
Equity attributable to equity holders of the parent				
Contributed equity	9	**23,286**	23,286	18,173
Employee reserved shares	9	**(51)**	(62)	(76)
Retained earnings	5	**1,414**	1,179	1,185
Reserves		**45**	(155)	325
Total equity		**24,694**	24,248	19,607

[a] The Group has a change in accounting policy that, as outlined in note 14, has resulted in a restatement of consolidated property, plant and equipment, payables, other liabilities, other net assets and retained earnings. In accordance with AASB 101.39, a third consolidated balance sheet and notes to the restated amounts have been presented.

Cash flow statement

for the year ended 30 June 2010 - Wesfarmers Limited and its controlled entities

	Note	CONSOLIDATED 2010 $m	2009 $m
Cash flows from operating activities			
Receipts from customers		**55,528**	54,169
Payments to suppliers and employees		**(51,299)**	(49,909)
Dividends and distributions received from associates		**19**	51
Interest received		**145**	147
Borrowing costs		**(616)**	(816)
Income tax paid		**(450)**	(598)
Net cash flows from operating activities	7	**3,327**	3,044
Cash flows from investing activities			
Net acquisition of insurance deposits		**(62)**	(132)
Purchase of property, plant and equipment and intangibles		**(1,656)**	(1,503)
Proceeds from sale of property, plant and equipment		**30**	61
Proceeds from sale of controlled entities		**1**	9
Net investments in associates and joint ventures		**4**	(46)
Acquisition of subsidiaries, net of cash acquired		**(13)**	(16)
Net cash flows used in investing activities		**(1,696)**	(1,627)
Cash flows from financing activities			
Proceeds from borrowings		**1,380**	2,242
Repayment of borrowings		**(2,177)**	(5,706)
Proceeds from exercise of in-substance options under the employee share plan		**7**	6
Equity dividends paid		**(1,325)**	(1,066)
Proceeds from issue of shares		**-**	4,646
Transaction costs from issue of shares		**-**	(53)
Net cash flows (used in)/from financing activities		**(2,115)**	69
Net increase in cash and cash equivalents		**(484)**	1,486
Cash and cash equivalents at beginning of period		**2,124**	638
Cash and cash equivalents at end of period	7	**1,640**	2,124

Statement of changes in equity

for the year ended 30 June 2010 - Wesfarmers Limited and its controlled entities

		Attributable to equity holders of the parent					
CONSOLIDATED	**Note**	**Issued capital $m**	**Employee reserved shares $m**	**Retained earnings $m**	**Hedging reserve $m**	**Other reserves $m**	**Total equity $m**
Balance at 1 July 2008 - as previously stated		18,173	(76)	1,176	161	164	19,598
Change in accounting policy		-	-	9	-	-	9
Restated balance		18,173	(76)	1,185	161	164	19,607
Net profit for the period		-	-	1,522	-	-	1,522
Other comprehensive income							
Exchange differences on translation of foreign operations		-	-	-	-	(10)	(10)
Changes in the fair value of available-for sale assets net of tax		-	-	-	-	(2)	(2)
Changes in the fair value of cash flow hedges net of tax	13	-	-	-	(468)	-	(468)
Actuarial loss on defined benefit plan		-	-	(41)	-	-	(41)
Total other comprehensive income for the period net of tax		-	-	(41)	(468)	(12)	(521)
Total comprehensive income for the period net of tax		-	-	1,481	(468)	(12)	1,001
Transactions with equity holders in their capacity as equity holders:							
Issue of shares	9	5,150	-	-	-	-	5,150
Transaction costs	9	(37)	-	-	-	-	(37)
Proceeds from exercise of in-substance options	9	-	6	-	-	-	6
Equity dividends	5,9	-	8	(1,487)	-	-	(1,479)
		5,113	14	(1,487)	-	-	3,640
Balance at 30 June 2009		23,286	(62)	1,179	(307)	152	24,248
Balance at 1 July 2009		**23,286**	**(62)**	**1,179**	**(307)**	**152**	**24,248**
Net profit for the period		**-**	**-**	**1,565**	**-**	**-**	**1,565**
Other comprehensive income							
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**(32)**	**(32)**
Changes in the fair value of available-for sale assets net of tax		**-**	**-**	**-**	**-**	**2**	**2**
Changes in the fair value of cash flow hedges net of tax	13	**-**	**-**	**-**	**230**	**-**	**230**
Total other comprehensive income for the period net of tax		**-**	**-**	**-**	**230**	**(30)**	**200**
Total comprehensive income for the period net of tax		**-**	**-**	**1,565**	**230**	**(30)**	**1,765**
Transactions with equity holders in their capacity as equity holders:							
Proceeds from exercise of in-substance options	9	**-**	**7**	**-**	**-**	**-**	**7**
Equity dividends	5,9	**-**	**4**	**(1,330)**	**-**	**-**	**(1,326)**
		-	**11**	**(1,330)**	**-**	**-**	**(1,319)**
Balance at 30 June 2010		**23,286**	**(51)**	**1,414**	**(77)**	**122**	**24,694**

1 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares (including partially protected shares) outstanding during the year (excluding employee reserved shares).

Diluted earnings per share amounts are calculated as above with an adjustment for the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares.

Wesfarmers partially protected shares ('PPS') are ordinary shares that confer rights on holders that are the same in all respects to those conferred by other ordinary shares. In addition, PPS provide a level of downside price protection in that they may provide holders with up to an additional 0.25 ordinary shares per PPS, in certain circumstances within a specified period from the date the PPS were issued. Full details and other terms and conditions applicable to the PPS are available from the Company website www.wesfarmers.com.au.

Basic and dilutive earnings per share calculations are as follows:

	CONSOLIDATED	
	2010	2009
	$m	$m
Profit attributable to members of the parent	**1,565**	1,522
	shares (m)	shares (m)
Weighted average number of ordinary shares (including partially protected shares) for basic earnings per share	**1,153**	932
Effect of dilution - employee reserved shares	**2**	2
Weighted average number of ordinary shares (including partially protected shares) adjusted for the effect of dilution	**1,155**	934
Earnings per share (cents per share)	**cents**	cents
– basic for profit for the period attributable to ordinary (including partially protected) equity holders of the parent	**135.7**	158.5
– diluted for profit for the period attributable to ordinary (including partially protected) equity holders of the parent	**135.5**	158.2

Prior period earnings per share have been adjusted by a factor of 1.03, reflecting settlement of the entitilement offer part way through the previous financial year. In January 2009, Wesfarmers announced an equity issue, including a 3 for 7 accelerated pro-rata non-renounceable entitlement offer at an offer price of $13.50 per share which included a fully underwritten institutional component; and additional proceeds of $900 million raised by placements to two strategic investors. Details of shares issued are outlined in note 9.

There have been no transactions involving ordinary shares between the reporting date and the date of completion of these financial statements, apart from the normal conversion of employee reserved shares (treated as in-substance options) to unrestricted ordinary shares and the conversion of partially protected ordinary shares to ordinary shares.

2 Segment information

The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and operates in different industries and markets. The Board and executive management team (the chief operating decision makers) monitor the operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment.

	COLES[1]		HOME IMPROVEMENT AND OFFICE SUPPLIES		RESOURCES[2]		INSURANCE		KMART		TARGET	
	2010 $m	2009 $m	**2010 $m**	2009 $m	**2010 $m**	2009 $m	**2010 $m**	2009 $m	**2010 $m**	2009 $m	**2010 $m**	2009 $m
Segment revenue	**30,002**	28,799	**7,822**	7,151	**1,416**	2,411	**1,698**	1,720	**4,019**	3,998	**3,825**	3,788
Segment result												
Earnings before interest, tax, depreciation, amortisation (EBITDA) and corporate overheads	**1,364**	1,216	**916**	817	**285**	990	**146**	116	**254**	171	**449**	417
Depreciation and amortisation	**(402)**	(385)	**(114)**	(93)	**(120)**	(105)	**(24)**	(25)	**(58)**	(62)	**(68)**	(60)
Earnings before interest, tax (EBIT) and corporate overheads	**962**	831	**802**	724	**165**	885	**122**	91	**196**	109	**381**	357

	INDUSTRIAL AND SAFETY		ENERGY[3]		CHEMICALS AND FERTILISERS[3]		OTHER[4]		CONSOLIDATED	
	2010 $m	2009 $m	**2010 $m**	2009 $m	**2010 $m**	2009 $m	**2010 $m**	2009 $m	**2010 $m**	2009 $m
Segment revenue	**1,311**	1,294	**611**	598	**1,060**	1,162	**63**	61	**51,827**	50,982
Segment result										
Earnings before interest, tax, depreciation, amortisation (EBITDA) and corporate overheads	**125**	127	**153**	122	**183**	115	**7**	(187)	**3,882**	3,904
Depreciation and amortisation	**(14)**	(13)	**(51)**	(47)	**(62)**	(63)	**(4)**	(3)	**(917)**	(856)
Earnings before interest, tax (EBIT) and corporate overheads	**111**	114	**102**	75	**121**	52	**3**	(190)	**2,965**	3,048
Finance costs[5]									**(654)**	(951)
Corporate overheads									**(96)**	(101)
Profit before income tax expense									**2,215**	1,996
Income tax expense[6]									**(650)**	(474)
Profit attributable to members of the parent									**1,565**	1,522

[1] Coles Division includes the food, liquor, convenience and Coles property businesses, and Coles retail support costs.

[2] Resources prior period results have been restated following a change in accounting policy. Prior period EBIT has reduced largely due to a reclassification of finance costs as outlined in note 14. Resources 2010 result includes $20 million of hedge losses (2009: $204 million) in relation to foreign exchange forward contracts incurred by Curragh, including $83 million (2009: $88 million) of locked-in exchange rate losses and Stanwell rebate expense of $156 million (2009: $183 million).

[3] On 20 April 2010, Wesfarmers announced that the Chemical and Fertilisers, and Energy divisions will merge to form a new division and Coregas will transfer to the Industrial and Safety division. Reporting of results in accordance with the new structure will commence from 1 July 2010. 2009 results were affected by the gas supply disruption caused by the explosion at Varanus Island during the period. These disruptions are subject to an insurance recovery process which is ongoing.

[4] 2010 includes interest revenue of $65 million (2009: $57 million), share of profit/(loss) of associates of $77 million (2009: loss of $60 million), impairment of Coles freehold property $10 million (2009: $82 million), writedown in goodwill of Coregas $48 million, Kmart supply chain and restructuring costs of $33 million (2009: $70 million) and Chemicals, Energy and Fertilisers division restructuring costs of $4 million. Prior periods results were also impacted by Coles store exit provision writeback $30 million and Insurance restructuring costs and impairment of the Company's investment in Centrepoint Alliance Limited $15 million.

[5] Finance costs include $51 million (2009: $136 million) relating to the recognition of cumulative losses on hedging instruments transferred from equity as the forecast transactions are no longer expected to occur. This is the result of losses being recognised on interest rate swaps used to hedge the maturity profile of debt facilities repaid during the period.

[6] Prior year effective tax rate was affected by the finalisation of appropriate deferred tax treatment for leasehold improvements in the former Coles group divisions (2009: $84 million) and research and development claims (2009: $26 million). Refer to note 6 for the income tax note.

2 Segment information (continued)

	SEGMENT ASSETS		SEGMENT LIABILITIES	
	2010	2009	**2010**	2009
	$m	$m	**$m**	$m
Coles	**18,350**	17,995	**3,113**	2,855
Home Improvement and Office Supplies	**4,703**	4,217	**752**	637
Resources	**1,657**	1,515	**413**	426
Insurance	**3,641**	3,561	**2,264**	2,190
Kmart	**1,487**	1,444	**624**	497
Target	**3,930**	3,886	**513**	487
Industrial and Safety	**1,005**	967	**208**	163
Energy	**817**	894	**112**	97
Chemicals and Fertilisers	**1,106**	1,262	**182**	139
Other	**1,464**	2,163	**841**	1,127
Assets and liabilities managed on a Group basis[1]	**1,076**	1,158	**5,520**	6,196
Total	**39,236**	39,062	**14,542**	14,814

	CAPITAL EXPENDITURE[2]		NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION	
	2010	2009	**2010**	2009
	$m	$m	**$m**	$m
Coles	**683**	606	**91**	122
Home Improvement and Office Supplies	**446**	378	**147**	134
Resources	**228**	252	**69**	95
Insurance	**26**	26	**24**	24
Kmart	**79**	63	**4**	8
Target	**91**	91	**48**	11
Industrial and Safety	**25**	25	**21**	21
Energy	**21**	40	**57**	6
Chemicals and Fertilisers	**32**	44	**4**	3
Other	**3**	14	**12**	39
Total	**1,634**	1,539	**477**	463

	INVESTMENTS IN ASSOCIATES		SHARE OF NET PROFIT OR LOSS OF ASSOCIATES INCLUDED IN EBIT	
	2010	2009	**2010**	2009
	$m	$m	**$m**	$m
Coles	**15**	14	**-**	-
Resources	**-**	-	**-**	1
Energy	**5**	4	**6**	4
Chemicals and Fertilisers	**65**	73	**12**	5
Other	**383**	301	**77**	(60)
Total	**468**	392	**95**	(50)

[1] Assets and liabilities managed on a Group basis include tax assets $608 million (2009: $766 million), tax liabilities $167 million (2009: $27 million) and interest-bearing liabilities $5,353 million (2009: $6,169 million). Also included are investments in associates which have been disclosed on a segment basis above.

[2] Capital expenditure includes accruals to represent costs incurred during the year. The amount excluding movement in accruals is $1,656 million (2009: $1,503 million).

	CONSOLIDATED 2010 $m	2009 $m
3 Revenue and expenses		
Employee benefits expenses		
Remuneration, bonuses and on-costs	**6,311**	6,033
Amounts provided for employee entitlements	**441**	434
Share based payments expense	**76**	68
	6,828	6,535
Occupancy related expenses		
Minimum lease payments	**1,661**	1,602
Other	**416**	406
	2,077	2,008
Depreciation and amortisation		
Depreciation	**735**	667
Amortisation of intangibles	**86**	83
Amortisation other	**96**	106
	917	856
Other expenses included in the income statement		
Impairment of freehold property	**10**	82
Impairment of plant, equipment and other assets	**71**	36
Total impairment charge	**81**	118
Government mining royalties	**98**	208
Stanwell rebate	**156**	183
Repairs and maintenance	**382**	378
Utilities and office expenses	**900**	815
Self-insurance expenses	**195**	205
Other	**1,170**	1,108
	2,982	3,015
Other income		
Gains on disposal of property, plant and equipment	**4**	13
Gains on sale of controlled entities	**8**	1
Other income	**137**	155
	149	169
Finance costs		
Interest expense	**493**	737
Ineffective interest rate swap losses (refer to note 2, footnote (5))	**51**	136
Discount adjustment	**64**	41
Amortisation of debt establishment costs	**25**	21
Other including bank facility and settlement fees	**21**	16
	654	951

	CONSOLIDATED		
		Restated	Restated[(a)]
	2010	2009	2008
	$m	$m	$m
4 Dividends paid and proposed			
Declared and paid during the period (fully franked at 30%)			
Final franked dividend for 2009: $0.60 (2008: $1.35)	**694**	1,079	
Interim franked dividend for 2010: $0.55 (2009: $0.50)	**636**	408	
Proposed and not recognised as a liability (fully franked at 30%)			
Final franked dividend for 2010: $0.70 (2009: $0.60)	**810**	694	
5 Retained earnings			
Balance as at 1 July	**1,179**	1,185	1,131
Net profit	**1,565**	1,522	1,072
Dividends	**(1,330)**	(1,487)	(997)
Actuarial loss on defined benefit plan	**-**	(41)	(21)
Balance as at 30 June	**1,414**	1,179	1,185

(a) The Group has a change in accounting policy that, as outlined in note 14, has resulted in a restatement of retained earnings.

6 Income tax

A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:

	2010 $m	2009 $m
Accounting profit before income tax	**2,215**	1,996
At the statutory income tax rate of 30% (2009: 30%):	**665**	599
Adjustments in respect of current income tax of previous years	**(9)**	(41)
Additional Federal Government Investment Allowance deductions	**(26)**	(11)
Non-deductible writedown of assets	**17**	30
Share of associated companies net loss/(profit) after tax	**(8)**	4
Tax on undistributed associates profit	**4**	4
Research and development costs	**-**	(26)
Deferred tax asset not previously recognised	**-**	(84)
Other	**7**	(1)
Income tax expense reported in the consolidated income statement	**650**	474

	CONSOLIDATED 2010 $m	CONSOLIDATED 2009 $m
7 Reconciliation to cash flow statement		
For the purposes of the cash flow statement, cash and cash equivalents are comprised of the following:		
Cash on hand and in transit	**237**	311
Cash at bank and on deposit	**1,318**	1,734
Insurance broking trust accounts	**85**	79
	1,640	2,124
Reconciliation of net profit after tax to net cash flows from operations		
Net profit	**1,565**	1,522
Adjustments		
Depreciation and amortisation	**917**	856
Impairment and writedowns of assets	**81**	118
Net loss on disposal of property, plant and equipment	**56**	55
Share of associates' net (profit)/loss	**(95)**	50
Dividends and distributions received from associates	**19**	51
Discount adjustment in borrowing costs	**64**	41
Amortisation of debt establishment costs net of amounts paid	**18**	(7)
Ineffective interest rate swap losses net of amounts paid	**13**	98
Non-cash issue of shares recognised in earnings	**21**	66
Other	**(25)**	(28)
Changes in assets and liabilities		
(Increase)/decrease in inventories	**2**	(49)
(Increase)/decrease in trade and other receivables	**(225)**	73
(Increase)/decrease in prepayments	**42**	(14)
Increase in trade and other payables	**596**	131
(Increase)/decrease in deferred tax assets	**58**	(35)
Increase in other assets	**(2)**	(67)
Increase in provisions	**65**	39
Increase in other liabilities	**17**	228
(Decrease)/increase in current tax payable	**140**	(84)
Net cash from operating activities	**3,327**	3,044
Non-cash financing and investing activities		
Issue of share capital under employee incentive plans recognised in earnings	**21**	66
Issue of share capital under dividend investment plan	**-**	415

8 Investments in associates

Associate	Principal activity	Ownership 2010 %	Ownership 2009 %	Share of profit/(loss) 2010 $m	Share of profit/(loss) 2009 $m
Air Liquide WA Pty Ltd	Industrial gases	**40.0**	40.0	**6**	4
Albany Woolstores Pty Ltd	Wool handling	**35.0**	35.0	**-**	-
Bengalla Agricultural Company Pty Limited	Agriculture	**40.0**	40.0	**-**	1
Bengalla Coal Sales Company Pty Limited	Sales agent	**40.0**	40.0	**-**	-
Bengalla Mining Company Pty Limited	Management company	**40.0**	40.0	**-**	-
Bunnings Warehouse Property Trust	Property investment	**23.1**	22.7	**27**	(8)
Gresham Partners Group Limited	Investment banking	**50.0**	50.0	**1**	1
Gresham Private Equity Funds	Private equity fund	**(a)**	(a)	**43**	(57)
HAL Property Trust	Property ownership	**50.0**	50.0	**-**	-
Queensland Nitrates Management Pty Ltd	Chemical manufacture	**50.0**	50.0	**-**	-
Queensland Nitrates Pty Ltd	Chemical manufacture	**50.0**	50.0	**12**	5
Wespine Industries Pty Ltd	Pine sawmillers	**50.0**	50.0	**6**	4
				95	(50)

Each of the above entities is incorporated in Australia and has a reporting date of 30 June with the exception of Gresham Partners Group Limited which has a reporting date of 30 September and the Bengalla companies that have a reporting date of 31 December.

(a) Gresham Private Equity Funds
Whilst the consolidated entity's interest in the unitholders' funds of Gresham Private Equity Fund No. 2 and 3 amounts to greater than 50.0 per cent, they are not controlled entities as the consolidated entity does not have the capacity to dominate decision making in relation to their financial and operating policies. Such control requires a unitholders' resolution of 75 per cent of votes pursuant to the Funds' trust deeds. Gresham Private Equity Fund No. 3 is subject to future capital calls and the consolidated entity's interest is expected to reduce over time.

Resolutions to terminate Gresham Private Equity Fund No. 1 were passed on 28 February 2010 by unitholders in the fund.

9 Contributed equity

Movement in ordinary shares on issue	Thousands	$m
At 1 July 2008	647,183	11,785
Issue of shares under non executive director plan at $31.82 per share	5	-
Issue of shares under salary sacrifice share plan at $29.09 per share	57	2
Issue of shares under dividend investment plan at $30.46 per share	11,230	342
Issue of shares under employee long term incentive plans at $18.11 per share	4,575	83
Issue of shares under salary sacrifice plan at $16.25 per share	141	2
Issue of shares under salary sacrifice plan at $18.72 per share	87	2
Issue of shares under placement at $14.25 per share	63,158	900
Issue of shares under institutional book build at $15.00 per share	30,153	452
Issue of shares under institutional entitlement offer at $13.50 per share	115,282	1,556
Issue of shares under non executive director plan at $16.86 per share	9	-
Issue of shares under retail entitlement offer at $13.50 per share	128,661	1,737
Issue of shares under dividend investment plan at $17.37 per share	4,217	73
Issue of shares under retail entitlement offer at $13.50 per share	59	1
Partially protected ordinary shares converted to ordinary shares at $41.95 per share	310	13
Transaction costs associated with entitlement offer	-	(37)
At 30 June 2009	**1,005,127**	**16,911**
Partially protected ordinary shares converted to ordinary shares at $41.95 per share	**41**	**2**
At 30 June 2010	**1,005,168**	**16,913**
Movement in partially protected ordinary shares on issue		
At 1 July 2008	152,255	6,388
Partially protected ordinary shares converted to ordinary shares at $41.95 per share	(310)	(13)
At 30 June 2009	**151,945**	**6,375**
Partially protected ordinary shares converted to ordinary shares at $41.95 per share	**(41)**	**(2)**
At 30 June 2010	**151,904**	**6,373**
Total contributed equity	**1,157,072**	**23,286**
Movement in employee reserved shares on issue		
At 30 June 2008	5,270	76
Exercise of in-substance options	(497)	(6)
Dividends applied	-	(8)
At 30 June 2009	**4,773**	**62**
Exercise of in-substance options	**(468)**	**(7)**
Dividends applied	**-**	**(4)**
At 30 June 2010	**4,305**	**51**

10 Events after the balance sheet date

Dividend

A fully franked dividend of 70 cents per share resulting in a dividend payment of $810 million was declared for payment on 30 September 2010. The dividend has not been provided for in the 30 June 2010 full year financial statements.

Board appointment

On 6 July 2010, Wesfarmers announced the appointment of Ms Vanessa Wallace as a new non-executive director, with effect from that date.

11 Borrowing and repayment of debt

On 4 September 2009, Wesfarmers announced the issue of $400 million of unsecured fixed rate medium term notes maturing in September 2014, with pricing of 260 basis points over the five year mid swap rate; and $100 million of unsecured floating rate medium term notes maturing in September 2014, with a pricing of 260 basis points over the average mid three month Bank Bill Reference Rate (BBSW). Settlement of the transaction was on 11 September 2009.

Proceeds from the issue of medium term notes and cash on hand were applied towards the repayment of $472 million of current debt and $500 million of non-current debt. The non-current debt repaid consisted of $300 million maturing in December 2011 and $200 million maturing in December 2012.

On 25 January 2010, Wesfarmers repaid $200 million of bilateral facilities maturing in December 2011.

On 4 March 2010, Wesfarmers announced the issue of $756 million (€500 million) of bonds maturing on 10 July 2015 under its Euro Medium Term Note program with pricing after the effect of hedging of 228 basis points over the average mid three month Bank Bill Reference Rate (BBSW). Settlement of the transaction was on 10 March 2010.

Proceeds from the Euro bond issue and an additional $250 million of surplus cash were applied towards repayment of part of the syndicated bank facility maturing in December 2012.

Following prepayment of facilities during the period, the Group has brought forward interest rate hedge close out costs of $51 million (2009: $136 million) and incurred additional debt establishment costs of $7 million (2009: $10 million).

12 Impairment testing

Wesfarmers has completed detailed impairment testing of its non-current assets and sensitivity analysis, as required under Australian Accounting Standards. Included in the non-current assets tested for impairment were goodwill and other intangible assets recognised on acquisition of businesses including the Coles group.

The recoverable amounts of the cash generating units have been determined using cash flow projections based on Wesfarmers' corporate plans and business forecasts. Wesfarmers' corporate plans are developed annually with a five year outlook. Supplemental business forecasts are also used where appropriate in determining the recoverable value of a business unit.

Where performance of a particular business is below expectations or other impairment triggers are identified, the recoverable amount is re-assessed using updated budget or forecast information and other key assumptions such as discount and growth rates.

Refer to note 3 for the impairment expense recognised in relation to property, plant and equipment and other assets for the year ended 30 June 2010, including a $48 million impairment of goodwill recognised on acquisition of the Coregas business. The impairment of Coregas' goodwill reflects in part the continued challenging industrial gas market in Eastern Australia, post the Global Financial Crisis, as the business's manufacturing customer base experiences a dampened growth outlook in the short to medium term.

The recoverable amounts remain sensitive to changes in underlying assumptions including discount rates and general trading conditions and will continue to be assessed.

On 2 July 2010, the Australian Government announced the key features of a new Mineral Resource Rent Tax ('MRRT') that is proposed to be applicable to the coal and iron ore sectors from 1 July 2012. The introduction of the MRRT, as currently proposed, is not expected to lead to an impairment of Wesfarmers' coal mining businesses. However, in the event the MRRT is introduced, future impairment outcomes are uncertain as they will depend on the final design.

13 Cash flow hedge reserve

The change in cash flow hedge reserve for the year ended 30 June 2010 includes the after-tax net movement in market value of cash flow hedges from 30 June 2009 and comprised: $104.1 million (2009: ($221.4) million) of interest rate swaps and $126.0 million (2009: ($246.9) million) of foreign exchange rate contracts.

14 Voluntary change in accounting policy - Coal rebates payable and rights to mine

From 1 July 2009 and as disclosed in the 31 December 2009 Half Year Financial Statements, the Group has elected to change its accounting policy in relation to the rebate payable to Stanwell Corporation for the right to mine the Curragh North deposit so as to better align the timing of the rebate expense with the actual contractual obligations to pay such amount. This change will bring the accounting treatment in line with industry practice and simplify the presentation of the financial statements.

Under the previous accounting policy, the Group recognised a provision related to its total expected future rebate obligation and an intangible right to mine asset for the same amount based on the committed contracts on hand. Both the provision and the intangible right to mine asset changed over time as and when Curragh entered into new export contracts or there were changes in contract prices. The Group also recorded a monthly amortisation expense related to the intangible right to mine asset, as well as a finance cost that reflected the unwinding of the discount of the liability.

There has been no change to the contractual arrangements or rebate payments made to Stanwell as a result of this accounting policy change and the net effect on both current and retained earnings for the Group is not material. The effect of the change in accounting policy has been applied retrospectively to previous reporting periods in accordance with Australian Accounting Standards.

In accordance with AASB 101, the Group has presented a third balance sheet and related notes as at 1 July 2008, as the change in accounting policy has been applied retrospectively.

The change in accounting policy has the balance sheet effect at 30 June 2010 of reducing financial liabilities by $170 million (30 June 2009: $246 million) offset by a reduction in property, plant and equipment of $145 million (30 June 2009: $214 million) and other net assets of $16 million (30 June 2009: $36 million).

The change in accounting policy has resulted in a reduction in depreciation and amortisation at 30 June 2010 of $150 million (year ended 30 June 2009: $168 million) and a reduction in finance costs of $10 million (year ended 30 June 2009: $12 million). The above reduction in expenditure has been largely offset by an increase in royalty and other expenses of $142 million (year ended 30 June 2009: $198 million). The net effect of the change in accounting policy on profit after tax at 30 June 2010 is an increase of $13 million (year ended 30 June 2009: reduction of $13 million).

The cumulative financial statement effect of the change in accounting policy has resulted in an increase in retained earnings as at 30 June 2010 of $9 million (30 June 2009: reduction of $4 million).

The change in accounting policy has resulted in basic earnings per share increasing from 134.6 to 135.7 (2009: decreasing from 160.0 to 158.5) and diluted earnings per share increasing from 134.3 to 135.5 (2009: decreasing from 159.6 to 158.2).

Wesfarmers

NEWS

19 August 2010

2010 FULL-YEAR RESULTS

Highlights

- Net profit after tax of $1,565 million, up 2.8 per cent
- Operating revenue of $51.8 billion, up 1.7 per cent overall and up 4.4 per cent across the retail businesses
- Earnings before interest and tax ('EBIT') of $2,869 million, down 2.6 per cent
- EBIT (excluding Resources) increased 31.1 per cent, with EBIT from retail businesses up 15.8 per cent
- Operating cash flows of $3,327 million, up 9.3 per cent
- Earnings per share of $1.36, down 14.4 per cent, on the expanded share capital
- Fully franked final dividend of $0.70 declared, up 16.7 per cent, taking full-year dividend to $1.25

Wesfarmers Limited announced today a net profit after tax of $1,565 million for the full-year ended 30 June 2010, 2.8 per cent ahead of the previous corresponding period despite the foreshadowed significant drop in earnings[1] from the Resources[2] division.

The highlight for the year was the earnings improvements achieved across most divisions, and in particular, the encouraging performance in the Group's turnaround businesses.

The Group's retail businesses recorded solid earnings growth for the year, up 15.8 per cent, despite challenging retail conditions, particularly in the second half of the year.

The Coles division continues to make encouraging progress on its turnaround program. The new management team has established solid business foundations, with significant improvements made to the in-store offer and higher levels of customer trust established in the Coles brand.

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[1] Earnings refer to earnings before interest and tax ('EBIT')
[2] EBIT from Resources for the 12 months to 30 June 2010 was $165 million compared to $885 million in the previous corresponding period. 2009 EBIT restated for change to Stanwell royalty accounting policy

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Bunnings continued to perform strongly, with earnings up 10.5 per cent, supported by robust growth in both retail and trade sales.

Kmart and Officeworks made pleasing progress in executing their strategic plans, with both businesses reporting good transaction growth.

Despite a challenging trading environment, Target reported a solid result due to a higher contribution to sales from apparel, and good inventory and cost management.

Earnings from the Resources division were significantly below last year's record result, due to materially lower global export coal prices in the first nine months of the financial year, a higher Stanwell royalty expense and costs associated with the early close-out of a number of foreign exchange hedge contracts.

The Insurance division recorded a 34.1 per cent increase in earnings, following portfolio and business unit restructuring and an ongoing focus on underwriting and claims management disciplines.

Earnings for the Energy and the Chemicals and Fertilisers divisions, excluding restructuring costs and a non-cash impairment charge in relation to Coregas of $48 million, improved 36.0 per cent and 132.7 per cent respectively, with both businesses benefiting from a return to full gas supply for the year.

Subdued industrial markets, particularly in the first half, resulted in flat earnings for the year in the Industrial and Safety division. Trading conditions improved materially in the second half.

The Group's earnings benefited from an improved contribution from associate businesses, lower corporate overhead costs and lower interest charges following debt repayments.

Cash flow generation was again a highlight, reflecting the strong cash generating nature of the Group's businesses and a continued focus on working capital management. Cash flows from improvements in working capital more than offset an increase in capital expenditure during the year.

Strong cash flows further strengthened the balance sheet, with net debt reduced by the end of the year to $4.0 billion, resulting in a closing net debt to equity ratio of 16.3 per cent and a cash interest cover ratio of 6.8 times.

The directors declared an increase in the final dividend to 70 cents per share fully-franked, taking the full-year dividend to 125 cents per share, compared to 110 cents per share for the 2009 full-year.

Managing Director Richard Goyder said it was pleasing to have recorded a higher profit than last year given the significant fall in the contribution from the Resources division as a result of lower coal prices in the first nine months of the financial year. The improved overall result was achieved despite the retail businesses trading against the Australian Government's stimulus payments of the previous year and pressure on household budgets from higher interest rates and energy costs. The overall result showed once again the strength of the diversity of earnings across the Group.

"The effective execution of our divisional strategic agendas, combined with ongoing investment in our people and expansion opportunities, continue to drive growth in earnings, with most divisions recording an improved result over last year," Mr Goyder said.

"Continuing improvement in our turnaround retail businesses was particularly encouraging. Progress is being achieved in building consumer trust through improvements in product quality, in-store service and value, as well as gains in supply chain efficiency and better working capital management. While there still remains significant work ahead to extract further value from these businesses, the performance to date is reassuring.

"Bunnings again delivered a strong result, with growth across all regions and product categories, and further improvement in both the retail and trade offers. Significant work was completed in the Bunnings' store network, with 22 new trading locations opened during the year and good progress made on continuing to strengthen the store pipeline across Australia and New Zealand.

"The outlook for ongoing growth in the Group's overall businesses is encouraging, especially the Resources division where the market fundamentals for high quality metallurgical coal are strong, and the coal price outlook, compared to prices in place at the commencement of the 2010 financial year, is positive."

Results Summary

Full-year ended 30 June	**2010**	2009	Variance %
KEY FINANCIALS ($m)			
Revenue	51,827	50,982	*1.7*
Group EBITDA^	3,786	3,803	*(0.4)*
Group EBIT^	2,869	2,947	*(2.6)*
Net profit after tax^	1,565	1,522	*2.8*
Operating cash flows	3,327	3,044	*9.3*
Net debt	4,035	4,435	*(9.0)*
KEY SHARE DATA (cents per share)			
Earnings per share^	135.7	158.5	*(14.4)*
Operating cash flows per share	287.5	324.8	*(11.5)*
Dividends per share	125	110	*13.6*
KEY RATIOS			
Net debt to equity (%)	16.3	18.3	*(2.0)pt*
Interest cover (R12, cash basis) (times)^	6.8	5.0	*1.8 pt*
Return on shareholders' funds (R12) (%)	6.4	7.3	*(0.9)pt*

Divisional Earnings Summary

Full-year ended 30 June ($m)	**2010**	2009	Variance %
EBIT			
Coles	962	831	*15.8*
Home Improvement	728	659	*10.5*
Office Supplies	74	65	*13.8*
Target	381	357	*6.7*
Kmart	196	109	*79.8*
Resources^	165	885	*(81.4)*
Insurance	122	91	*34.1*
Industrial & Safety	111	114	*(2.6)*
Chemicals & Fertilisers	121	52	*132.7*
Energy	102	75	*36.0*
Other (including non-trading items)	3	(190)	*n.m.*
Divisional EBIT^	2,965	3,048	*(2.7)*
Corporate overheads	(96)	(101)	*(5.0)*
Group EBIT^	2,869	2,947	*(2.6)*

^ 2009 restated for change to Stanwell royalty accounting policy
n.m. = not meaningful

Retail

Performance across the retail businesses was encouraging, with earnings increasing 15.8 per cent compared to the previous year. Retail trading conditions during the year were mixed. Consumer spending showed signs of recovery, before being affected by higher interest rates and household bills in the second half. Performance was further affected, particularly in the second half of the year, by trading against last year's consumer demand fuelled by the Australian Government's stimulus package. Increased competition and deflation were particularly evident over the latter months of the year as customers sought value and incentives to purchase.

The Coles division's performance for the year was pleasing, generating an increase in EBIT of 15.8 per cent on the previous corresponding period to $962 million. This result reflects the significant improvements made to date in Coles by the new management team, as the first phase of the turnaround program is completed.

Total food and liquor store sales growth for the year[3] was 5.6 per cent, with comparative food and liquor sales growth of 5.0 per cent, despite a deflationary pricing environment throughout the year. Sales growth continued to be driven by increasing transaction numbers as strategic initiatives to improve customer service and value, product quality, on-shelf availability and store standards were well received by customers. An increase in fresh sales for the year justified the level of investment made in this area.

Bunnings delivered another strong result with EBIT of $728 million, up 10.5 per cent on the previous corresponding period. Continued growth in the business across all regions and product ranges resulted from ongoing improvements to the merchandise offer. Network growth accelerated during the year and future network growth outlook is encouraging given the very strong store pipeline in place. Cash sales growth of 10.3 per cent was achieved for the year, with underlying store-on-store cash sales increasing by 7.3 per cent. Bunnings continues to significantly improve its trade offer, both in-store and through dedicated trade centres, with trade sales increasing 10.8 per cent for the year.

The Office Supplies business generated EBIT of $74 million, 13.8 per cent higher than the previous year with customers responding well to the introduction of new product ranges, improvements to customer service and new store formats. Sales from the retail network grew 9.0 per cent over the year, driven by strong increases in customer transactions. The Officeworks business channel also experienced positive sales growth for the year.

Target delivered a solid result, despite difficult trading conditions in the second half, with EBIT of $381 million for the full-year, up 6.7 per cent. The performance was driven by good inventory management and merchandise planning, a favourable shift in sales mix towards apparel and a focus on costs. Total sales for the year[4] increased 0.9 per cent with comparable store sales declining by 0.9 per cent.

Kmart made good progress in relaunching its offer during the year. EBIT improved 79.8 per cent to $196 million as customers responded well to a number of changes within the business, with good transaction growth. The strong earnings result was due to higher margins, reflecting improved category management and the progressive introduction of a low price everyday model, as well as benefits from supply chain restructuring. Tight cost control was also evident as the business repositioned itself with a lowest price offer. Total sales for the year[3] increased 0.4 per cent, despite the exit of high value category lines, with comparable store sales declining 0.1 per cent.

[3] For the 52 week period 29 June 2009 to 27 June 2010
[4] For the 52 week period 28 June 2009 to 26 June 2010

Industrial

EBIT from the Resources division was $165 million compared with a record $885 million[5] in the previous corresponding period. The current year's result was affected by a significant reduction in the March 2009 price settlements, following declines in global export coal prices between August 2008 and May 2009.

The Resources' result was also adversely affected by the foreshadowed $85 million of costs associated with the early close-out of a number of foreign exchange hedge contracts, and the lag effect of the Stanwell royalty, which resulted in a Stanwell royalty cost of $156 million for the year. Strong cost control across the business helped to offset the negative impact of lower coal prices and a stronger Australian dollar. Cash costs per tonne for the Curragh mine reduced by nine per cent compared to the previous corresponding period.

Global coal markets saw a progressive recovery over the year resulting in solid demand for export coal with sales of metallurgical coal from Curragh up 14.0 per cent in the second half and up 2.8 per cent to 6.6 million tonnes over the full-year. As announced on 14 April 2010, 75 per cent of Curragh's metallurgical coal volumes are now priced on a quarterly basis, in line with a change in industry practice. Curragh achieved a 70 per cent increase in prices for the April to June 2010 quarter, compared to prior year pricing, while the 25 per cent of its metallurgical coal remaining on annually priced contracts achieved a 78 per cent increase above the prior year pricing.

Wesfarmers' 40 per cent share of export steaming coal sales from the Bengalla mine was 2.1 million tonnes for the year, an increase of 2.2 per cent on the previous corresponding period. Sales of domestic steaming coal from the Premier mine during the year were 2.6 million tonnes, down 24.4 per cent on the previous year due to lower Verve Energy off-take.

The Energy and Chemicals and Fertilisers divisions recorded improved results due to the return to full gas supply in June 2009 following the Varanus Island gas disruption. Chemicals and Fertilisers recorded EBIT for the year of $121 million, up from $52 million in the previous corresponding period, following a challenging year for the Fertiliser business that included significant inventory write-downs. For the Chemicals business, the highlight was the improved production performance and strong demand for ammonia, ammonium nitrate and sodium cyanide. Energy recorded EBIT of $102 million for the year, compared to $75 million in the previous corresponding period, due to higher LPG production and improved performance of Kleenheat Gas.

From 1 July 2010 the Energy and Chemicals and Fertilisers divisions were combined enabling the division to have a stronger focus on the delivery of growth opportunities, as well as capturing synergies across the larger business.

The Industrial and Safety division's result for the year was mixed with EBIT down 2.6 per cent to $111 million. While performance in the first half was difficult as a result of soft industrial markets, the second half saw solid improvement, with earnings performance in this period up 30.4 per cent on the previous period. Operationally, the business continued to gain market share as a result of supply chain efficiencies, ongoing improvements in sourcing and improved sales force capabilities.

Insurance

The Insurance division's EBIT for the year increased by 34.1 per cent to $122 million due to a strong turnaround in insurance underwriting profitability, despite the exit from builders warranty insurance and higher than average claims from a number of severe weather events in the second half of the financial year. During the year, the division's Lumley operations saw improvements from recent restructuring and a focus on sound risk underwriting. Broking earnings were relatively flat compared to last year, mainly as a result of challenging conditions for clients, leading to reduced commission and fee income. The businesses were also affected by lower investment income for the year, due to lower average interest rates compared to the previous corresponding period.

[5] 2009 EBIT restated for change to Stanwell royalty accounting policy

Other Businesses/Corporate

Other businesses and non-trading items contributed before-tax earnings of $3 million for the year against a loss of $190 million in the previous comparative period. The Gresham Private Equity Funds contributed $43 million of earnings, due to upward non-cash revaluations, compared to a loss of $57 million last year. Wesfarmers' investment in Bunnings Warehouse Property Trust contributed earnings of $27 million, compared to a loss of $8 million recorded last year.

Non-trading and other one-off costs for the year totalled $170 million (before any associated tax impact), primarily relating to a non-cash goodwill impairment charge for Coregas ($48 million, pre-tax), supply chain restructuring in Kmart ($33 million, pre-tax), non-cash property impairments and surplus lease provision at Coles ($21 million, pre-tax), and interest costs brought forward ($58 million, pre-tax) triggered by the early payment of shorter term debt maturities.

The Coregas non-cash impairment charge reflects the Group's view that the industrial gas market in Eastern Australia post the global financial crisis will remain challenging, primarily due to ongoing difficulties faced by manufacturing-based customers. The Group continues to execute its strategies to drive sales and earnings growth in Coregas, including leveraging common customer relationships with the Group's other industrial businesses.

Capital Management

Cash realisation[6] of 129.1 per cent for the year reflected ongoing initiatives to improve working capital across the Group as well as fertiliser inventories reducing to historical levels. Operating cash flows were as a result strong for the year at $3,327 million, compared to $3,044 million for the previous corresponding period.

Increased operating cash flows more than offset additional capital expenditure, which increased by $153 million over the previous year, to $1,656 million. The increase in capital expenditure was mainly related to land and building acquisitions by Coles and Bunnings as these businesses strengthened their store networks. Investment in store infrastructure also increased as work continued on improving store standards within the supermarkets business. Free cash flows for the year were $1,671 million, compared to $1,541 million in the previous corresponding period.

Over the year, the Group strengthened its balance sheet and diversified its current debt profile. In the first half, the Group issued $500 million in domestic five-year corporate bonds and in March 2010, issued $755 million through an inaugural issue of European Medium Term Notes. The proceeds of both issuances were used to repay shorter term debt.

During the year Standard and Poor's upgraded the Group's long term credit rating to BBB+ positive from a BBB+ stable outlook.

[6] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and significant non-cash non-trading items

Final Dividend

Consistent with the Group's dividend policy, the directors have declared a fully-franked final dividend of 70 cents per share, taking the full-year dividend to 125 cents per share.

The dividend will be paid on 30 September 2010 to shareholders on the company's register on 30 August 2010, the record date for the final dividend.

Given the preference of many shareholders to receive dividends in the form of equity, the directors have decided to continue the operation of the Dividend Investment Plan (the "Plan"). The allocation price for shares under the Plan will be calculated as the average of the daily volume weighted average price of Wesfarmers shares on each of the 10 consecutive trading days from and including the second trading day after 30 August 2010.

No discount will apply to the allocation price and the Plan will not be underwritten. Given Wesfarmers' current capital structure and strong balance sheet, shares will be acquired on-market and transferred to participants on 30 September 2010 to satisfy any shares to be issued under the Plan.

Outlook

Wesfarmers is well placed to benefit from any further upturn in the Australian economy, but remains cognisant of the fragility of global markets and cautious of the negative impact that any sign of a potential downturn, or added pressure on household budgets, would have on the Australian retail environment.

Overall, the Group remains optimistic about the future performance of its retail businesses, particularly given the opportunity to extract further improvements from the turnaround businesses of Coles, Kmart and Officeworks over the longer term. In the shorter term, trading is expected to continue to be challenging in the first half of the 2011 financial year, in particular within the Group's non-food retail businesses, given the positive impact on consumer confidence in the same period last year of the Australian Government's stimulus package and comparatively lower interest rates.

The outlook for the Resources division is positive, following a significant increase in export metallurgical coal prices achieved in the first quarter of the 2011 financial year compared to the same period last year. In line with the change in industry practice, the majority of Curragh coal contracts are now priced on a quarterly basis, consequently the earnings outlook for the remainder of the year will be dependent on the outcome of future price negotiations.

The Industrial businesses, under the restructured Wesfarmers Chemicals, Energy & Fertilisers division and Wesfarmers Industrial and Safety division are well positioned to focus on growth opportunities and to benefit from any further improvements in industrial markets.

The Insurance division is expected to build on the strong positive momentum from 2010, with a focus on disciplined underwriting and growth in premiums through a number of new initiatives. The division will also benefit from increased investment income from interest rate rises that occurred part way through the 2010 financial year.

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Wesfarmers

coles

Coles Division

Performance Summary		
Full year ended 30 June	**2010 ($m)**	2009 ($m)
Revenue	30,002	28,799
EBITDA	1,364	1,216
Depreciation & amortisation	(402)	(385)
EBIT	962	831

Coles' operating revenue for the year was up 4.2 per cent to just over $30 billion, with earnings before interest and tax up 15.8 per cent to $962 million. Food and liquor store sales growth, excluding property, was 5.6 per cent[1], with comparable food and liquor store sales growth of 5.0 per cent[1].

The delivery of the Coles turnaround strategy is heavily focused on improving the customer proposition through quality, service and value. Phase one of the three-phase, five-year turnaround has focused on building a solid foundation for the business with targeted improvement programs developed to support Coles' customer proposition.

Delivering truly better value has been essential in starting to build higher levels of customer trust in the Coles brand. Value initiatives included the introduction of state-based uniform pricing which ensures 97 per cent of products in 98 per cent of our stores are the same price, lower prices on preferred grocery items, retaining prices at lower levels and instigating fewer, deeper promotions.

Communication of these value initiatives has been delivered in a far more effective marketing and sponsorship program, including 'Down, down, prices are down', Curtis Stone 'feed your family for under $10' recipes, and MasterChef, which generates strong consumer recall and positive brand awareness.

Supply chain improvements are focused on improved quality control, speed of delivery and in-store presentation and care, particularly in fresh produce. As a result, customers have greater confidence in Coles' offer and fresh food sales are growing faster than average, particularly in renewal stores.

Significant work has also taken place to improve operating standards, improve availability, and deliver better service through more efficient rostering programs. The success of these initiatives gives increased confidence that the turnaround strategy initiated two years ago is the right one for Coles.

Liquor sales and profit are also strong, following a similar path of improved value to customers, communicating value more effectively and investing in the store network through a combination of new stores and formats and refurbishment of existing stores.

Coles Express delivered revenue of $6.2 billion and comparable shop sales growth of 3.3 per cent[1] for the year. Performance was driven by an improving convenience store offer and ongoing network improvement.

In the 2010 financial year, Coles opened 10 new supermarkets, 26 liquor stores, two hotels and three convenience stores. Coles also transferred 22 Coles and Bi-Lo supermarkets to FoodWorks during the year. At 30 June, Coles had a total of 742 supermarkets, 766 liquor stores, 619 Coles Express sites and 96 hotels. Over the next few years, Coles will continue to build new store formats and roll-out new formats into a wider number of existing stores across the network.

[1] For the 52 weeks from 29 June 2009 to 27 June 2010

Outlook

The Coles turnaround remains on track and the business is now moving into phase two of the program in which it will focus on 'Delivering Consistently Well' by embedding the new store-first culture, improving customer service, continuing the commitment to value, improving the fresh food offer, accelerating the roll-out of new store formats and completing easy store ordering across the network.

BI-LO 1st CHOICE LIQUOR SUPERSTORE coles express coles.com.au LIQUORLAND VINTAGE CELLARS

Home Improvement and Office Supplies Division

Bunnings

Performance Summary		
Full year ended 30 June	**2010 ($m)**	2009 ($m)
Revenue	6,413	5,845
EBITDA	822	736
Depreciation & amortisation	(94)	(77)
EBIT	728	659

Operating revenue from the Bunnings home improvement business increased by 9.7 per cent to $6.4 billion for the full-year, with trading revenue increasing by 10.4 per cent. Earnings before interest and tax of $728 million were 10.5 per cent higher than that recorded in the corresponding period last year.

Cash sales growth of 10.3 per cent was achieved, with underlying store-on-store cash sales increasing by 7.3 per cent, reflecting continued strong organic growth in the business. Trade sales were 10.8 per cent higher than the comparative period.

Pleasing results were achieved in all Australian states and New Zealand, across all product ranges, driven by good execution of merchandising and operational strategies. Significant work commenced to further enhance merchandising for DIY and trade with new product ranges and category expansions, improved space utilisation in stores, and the re-setting of existing ranges to provide the best choice and leverage volumes.

Eleven warehouse stores, two smaller format stores and nine trade centres were opened during the year. At year-end there were 184 warehouses, 58 smaller format stores and 29 trade centres operating in the Bunnings network across Australia and New Zealand. Investment in bringing current merchandising standards into older parts of the network continued, together with category specific upgrade work across the whole network.

Outlook

The business is well positioned for continued sales growth.

The strategic focus in the business remains on five growth drivers: service; category expansion; network expansion; commercial opportunities in-store and via trade centres and achieving lower costs of doing business to underpin the provision of more value to customers.

Network expansion will continue at the high end of our stated range of 10 to 14 warehouse stores per annum and four to eight trade centres, with investment in the new store pipeline for the longer term forecast at similar rates to those achieved in the 2010 financial year.

Home Improvement and Office Supplies Division

Officeworks

Performance Summary		
Full year ended 30 June	**2010 ($m)**	2009 ($m)
Revenue	1,409	1,306
EBITDA	94	81
Depreciation & amortisation	(20)	(16)
EBIT	74	65

Operating revenue for the office supplies businesses was $1.4 billion for the full-year, which was 8.0 per cent higher than the previous year. Earnings before interest and tax grew 13.8 per cent to $74 million.

Headline sales growth across the Officeworks retail store network for the year was 9.0 per cent, which was underpinned by a strong lift in transactions. The Officeworks business channel experienced positive sales growth for the year and continues to gain momentum.

Over the year, Officeworks maintained an intense focus on its strategic agenda. New product ranges were introduced into the offer and new 'special orders' and print services were rolled out. A new point-of-sale system was implemented across all stores and the Officeworks website was further enhanced to make it easier for customers to shop. Work to improve inventory management processes and systems is ongoing.

Five new Officeworks stores were opened and 12 Officeworks stores were fully upgraded. At year-end, there were 128 Officeworks stores and five Harris Technology business centres operating across Australia.

Outlook

Sales momentum experienced in the 2010 financial year is expected to position the business well for further sales growth, but the business also anticipates a continued competitive trading environment placing downward pressure on margins.

The primary focus remains on reinvigorating the business through a range of inter-linked strategic initiatives. Investment to further enhance the customer offer whilst expanding and renewing the network will continue, as will work to lower costs and remove operational complexity.

Target Division

Performance Summary		
Full year ended 30 June	**2010 ($m)**	2009 ($m)
Revenue	3,825	3,788
EBITDA	449	417
Depreciation & amortisation	(68)	(60)
EBIT	381	357

Operating revenue for Target grew by one per cent to $3.8 billion, with comparable store sales growth for the full-year declining 0.9 per cent[1]. Earnings before interest and tax were $381 million, with an EBIT to sales margin of 10.0 per cent.

Target's EBIT to sales margin increased as a result of an improvement in the merchandise mix by ensuring volumes reflected customer expectations, combined with tight management of expenses and inventory.

Target's core destination departments - ladieswear, childrenswear and baby-related products - delivered positive growth for the year in a challenging and competitive environment. Sales of electrical items declined compared to the previous year as a result of sales in the previous period benefiting from the Australian Government's stimulus package. Consumer sentiment was also affected by increased interest rates, petrol and utility prices.

Inventory levels were below last year's at 30 June and this ensured a clean move into new ranges for the 2011 financial year.

During the past year seven stores were opened (including one replacement store) and three stores closed (two Target and one Target Country). At year-end there were 171 full line Target stores and 119 Target Country stores.

Continued investment in the existing store network resulted in 24 store refurbishments, reflecting new store design standards including layout, fixtures, flooring and signage.

Improvements in supply chain efficiencies were completed during the year, resulting in substantial cost savings, better service to stores and improvements in speed to market from the point of manufacture.

Consumers continued to be cautious in their discretionary spend, with value a key priority. In response, Target reduced over 50 per cent of customer price points on like product from the previous year across core categories of clothing, footwear and homewares, with no reduction in product quality.

The implementation of new product design and development capabilities commenced and will ensure Target's continued differentiation in the market.

[1] For the 52 weeks from 28 June 2009 to 26 June 2010

Outlook

Trading is expected to continue to be challenging, at least in the first half of the financial year, given the positive impact on consumer confidence in the same period last year of the Australian Government's stimulus package and comparatively lower interest rates. The challenging and competitive trading environment will continue to place pressure on margins and comparable store sales growth.

New disciplines and processes across the business are the key to maintaining a leadership position, with a focus on core clothing categories.

Continued investment in the network is planned with five new stores and 57 refurbishments in the 2011 financial year.

Kmart Division

Performance Summary		
Full year ended 30 June	**2010[1] ($m)**	2009 ($m)
Revenue	4,019	3,998
EBITDA	248	171
Depreciation & amortisation	(58)	(62)
EBIT	190	109

Kmart's operating revenue for the year was $4 billion with underlying earnings before interest and tax and non-trading items of $190 million.

Comparable store sales growth for the year declined 0.1 per cent[2]. The business faced difficult trading conditions in the second half due primarily to trading against the previous year's Australian Government's stimulus package. Additionally, higher interest rates, petrol and utility costs affected customer confidence and spending.

The main areas of growth were achieved in the apparel departments, whilst the hard goods areas saw a decline as a number of unprofitable categories were exited.

A shift away from high-low promotional activity and movement towards 'low prices everyday' occurred during the year saw price reductions throughout the second half and an uplift in customer transactions.

Investment continued in upgrading floors and fitting rooms during the year. Efficiencies continued in supply chain and through non-store cost control.

Kmart Tyre & Auto Service delivered solid sales and profit growth.

Two new Kmart stores were opened during the year. At year-end there were 186 Kmart and 251 Kmart Tyre & Auto Service stores.

[1] 2010 result excludes $6 million earnings relating to Coles Group Asia overseas sourcing operations utilised by both Kmart and Target (2009:nil)
[2] For the 52 weeks from 29 June 2009 to 27 June 2010

Outlook

As Kmart moves from the 'Renewal' to 'Growth' phase of its strategic plan a number of challenges continue to exist. The key focus will remain the customer and delivering the lowest prices to families on everyday items. The lift in the in-store shopping environment will continue to deliver clean and tidy stores, fast and friendly checkouts and engaged team members.

Floors and fitting rooms in stores will continue to be refreshed. Efficiencies will be leveraged through an ongoing focus on reducing the cost of doing business.

While the business is focused on resetting for longer term success, it remains cautious of trading against the positive impact on consumer confidence in the first half of the last financial year of the Australian Government's stimulus package and comparatively lower interest rates.

One new Kmart store and six Kmart Tyre & Auto Service stores are planned to open in the 2011 financial year.

Wesfarmers Resources

Resources Division

Performance Summary		
Full year ended 30 June	**2010 ($m)**	2009[1] ($m)
Revenue	1,416	2,411
EBITDA	285	990
Depreciation & amortisation	(120)	(105)
EBIT	165	885

Revenue of $1.4 billion for the year was 41.3 per cent below the $2.4 billion recorded in the preceding year. Earnings before interest and tax ('EBIT') of $165 million were 81.4 per cent lower than the $885 million earned last year. Lower export coal sales pricing during the first three quarters was the major factor in the substantially decreased result for the 2010 financial year. Significantly improved export prices were achieved in the fourth quarter. Earnings were affected by Stanwell royalty costs of $156 million which reflected, in part, the impact of the previous year's record prices. As previously advised, locked-in foreign exchange losses of $85 million were brought to account during the year.

Curragh (Qld): Total coal sales volumes from Curragh of 6.6 million tonnes of metallurgical coal and 2.5 million tonnes of steaming coal were 7.0 per cent below those achieved in the 2009 financial year with export prices and EBIT down significantly on last year's record. Aggressive cost reduction programs delivered lower mine cash costs of nine per cent over the period compared to last year. Highlights of the year included the decision in November 2009 to proceed with the $286 million expansion of the Curragh mine to 8.0 - 8.5 million tonnes annual export capacity, the early completion of the Blackwater Creek diversion project and the decision in February 2010 to enter into a long-term contract with Thiess for overburden removal at Curragh.

Premier Coal (WA): Sales volumes for the year were down 24.4 per cent on the previous year due to decreased demand from Verve Energy. Volumes for the 2009 financial year were positively affected by disruptions to the Western Australian gas supply in the previous year. EBIT was higher than the previous year, which had been affected by several non-recurring items. During the year Premier Coal completed preparations to transition to sole supplier to Verve Energy from 1 July 2010 and continued to develop the Premier Power Sales business.

Bengalla (NSW): Sales volumes were up 2.2 per cent on last year. EBIT was down on the record previous year reflecting the lower export price environment. A highlight was continued progress with respect to the feasibility study to expand the Bengalla mine, which is now nearing completion.

[1] 2009 EBITDA, depreciation and amortisation and EBIT restated following Stanwell royalty accounting change announced previously.

Outlook

Earnings are expected to increase significantly in the coming year due to improved export coal prices. Consistent with global trends, approximately 75 per cent of Curragh's metallurgical production is now subject to quarterly price resets, with the balance subject to reset in the fourth quarter of the year.

Metallurgical coal sales from the Curragh mine are expected to be in the range of 6.5 to 7.0 million tonnes for the full-year, subject to mine operating performance and infrastructure constraints.

CURRAGH BENGALLA Premier Coal

Wesfarmers Insurance

Insurance Division

Performance Summary		
Full Year Ended 30 June	**2010 ($m)**	2009 ($m)
Revenue	1,698	1,720
EBITDA	146	116
Depreciation	(15)	(13)
EBITA	131	103

Wesfarmers Insurance earnings before interest, tax and amortisation ('EBITA') improved to $131 million, compared with $103 million for the previous year, an increase of 27.2 per cent. Operating revenue of $1.7 billion was a reduction of 1.3 per cent from the previous year and resulted from portfolio remediation and exit from unprofitable arrangements. The combined operating ratio for underwriting was 97.9 per cent and the EBITA margin for the broking businesses was 27.8 per cent.

Earnings before interest and tax for the year were $122 million. This included amortisation of intangibles of $9 million associated with the acquisition of insurance brokers.

Lumley's operations in Australia and New Zealand both delivered a significant improvement in profitability as a result of previous organisational changes and an ongoing focus on strong underwriting and claims disciplines. The Australian business was affected by two major hailstorms in March 2010, whereas the New Zealand business benefited from more favourable weather conditions.

WFI achieved premium growth and strong client retention throughout the year. Earnings were affected by catastrophe events, particularly the Perth and Melbourne hailstorms. WFI also incurred higher levels of claims than anticipated in its crop insurance portfolio. Earnings were in line with last year's but below expectations due to these higher claims costs.

The consolidation of the two Australian underwriting licences in 2009, and subsequent investment in systems capabilities across the underwriting businesses, is expected to drive further operational efficiencies.

Insurance broking revenues and earnings were lower than the previous year as a result of lower exchange rates on offshore earnings and lower investment income. The secondary effects of the global financial crisis affected new business, client cancellations and interest rates, but this was partly offset by growth in premium funding and cost savings.

Crombie Lockwood continued to strengthen its position in the New Zealand market and achieved revenue and earnings growth in local currency.

OAMPS UK was negatively affected by a lower profit share as a result of claims experience in scheme business, but commission and fee revenue increased on the previous year in local currency.

OAMPS Australia achieved lower than expected revenues. This shortfall was partially offset by a focus on expense reduction and the successful launch of Monument Premium Funding. Overall EBITA was slightly below last year.

Outlook

In 2011, the division will continue to focus on improvements in underwriting performance and also pursue premium growth through a number of new initiatives, including retail initiatives with Coles and Kmart Tyre & Auto Service.

Both the underwriting and broking businesses will continue to make investments in capability and IT solutions to support growth initiatives.

Lumley will continue to build on the positive momentum from 2010 with a focus on disciplined underwriting and claims processes. WFI is well positioned to maintain the recent strong premium growth in its core rural and regional areas.

The broking businesses will continue to pursue a combination of organic growth and selective bolt-on acquisitions across Australia, New Zealand and the United Kingdom.

wfi OAMPS Lumley

CROMBIE LOCKWOOD
New Zealand's Insurance Brokers

Wesfarmers Chemicals, Energy & Fertilisers

Chemicals, Energy and Fertilisers Division

From 1 July 2010, Wesfarmers Chemicals and Fertilisers and Wesfarmers Energy merged to form Wesfarmers Chemicals, Energy & Fertilisers. In addition, Coregas became part of Wesfarmers Industrial and Safety. Up until 30 June 2010, the two former divisions reported separately, with Coregas a part of Wesfarmers Energy.

Chemicals & Fertilisers Performance Summary[1]

Full year ended 30 June	**2010 ($m)**	2009 ($m)
Revenue	1,060	1,162
EBITDA	183	115
Depreciation & amortisation	(62)	(63)
EBIT	121	52

Chemicals and Fertilisers' operating revenue of $1,060 million was 8.8 per cent lower than last year largely as a result of reduced net fertiliser selling prices. Earnings before interest and tax of $121 million were substantially higher than the previous year's $52 million which was affected by the Varanus Island gas disruption incident in Western Australia. The result also includes insurance proceeds of $2.3 million and $4.0 million in profit from the sale of CSBP's Mt Weld phosphate rock assets.

Chemicals

Strong demand continued for ammonium nitrate which, when coupled with good production performance, resulted in an increase in sales tonnes of 8.4 per cent, largely into the local resource sector and fertiliser manufacturing. Together with reductions in fixed costs, this resulted in a lift in earnings from the previous year.

The ammonia business experienced record production and improved sales performance during the year, recovering from the previous year's Varanus Island gas disruption when the business imported higher cost ammonia.

Demand for ammonium nitrate from Queensland Nitrates remained strong with the operation benefiting from a full year of expanded production capacity of 215,000 tonnes per annum.

The Australian Gold Reagents business saw a recovery in demand from its Australian gold mining customers following the impact of the Varanus Island gas disruption in the previous year. The business commissioned an 8,000 tonnes per annum production capacity expansion in June 2010.

Australian Vinyls increased its sales volumes by 10.5 per cent during the year as the housing market started to show signs of recovery, but this was more than offset by margin decline due to higher input costs relative to the PVC selling price.

Fertilisers

Following a return to more traditional levels of nutrient application and a reasonable break to the season in May, sales volumes increased 23.6 per cent on last year despite the change in distributor arrangements. Significant carryover of highly-priced inventory into the year resulted in a $25 million inventory writedown in December 2009 and low margin sales throughout the year. As a result, fertiliser earnings were down significantly on the prior year.

Energy Performance Summary[1]

Full year ended 30 June	**2010 ($m)**	2009 ($m)
Revenue	611	598
EBITDA	153	122
Depreciation & amortisation	(51)	(47)
EBIT	102	75

Energy

Operating revenue for the Energy division increased to $611 million, 2.2 per cent above last year. Earnings before interest and tax of $102 million were 36.0 per cent higher than last year and include $3.4 million in insurance proceeds. The increase in earnings was largely due to higher international LPG prices and the recovery from the previous year's Varanus Island incident.

CSBP KleenheatGas enGen energy generation Australian Vinyls AGR QNP AIR LIQUIDE WESTERN AUSTRALIA

Wesfarmers Chemicals, Energy & Fertilisers

Chemicals, Energy and Fertilisers Division

LPG and LNG

Revenues from the LPG and LNG businesses were slightly ahead of last year due to higher international LPG prices and a full year of LNG sales, partially offset by a higher AUD:USD foreign exchange rate. Earnings increased significantly, as a result of higher production of both LPG and LNG and the recovery from last year's Varanus Island gas disruption. Growing demand for LNG from the heavy-duty vehicle market remains challenging.

Industrial, medical and specialty gases

Coregas: Conditions in key eastern Australian manufacturing and welding markets remain subdued contributing to the non-cash write-down in the carrying value of Coregas of $48 million.

Air Liquide WA: Economic conditions in Western Australia have contributed to a recovery in industrial gas markets and stronger earnings from the 40 per cent interest in Air Liquide WA.

Power generation

enGen: Earnings were higher than last year following a full year's operation of the LNG-fuelled power stations at Sunrise Dam and Darlot in Western Australia.

[1] Not reflecting the merger from 1 July 2010 of Wesfarmers Chemicals and Fertilisers and Wesfarmers Energy to form Wesfarmers Chemicals, Energy & Fertilisers

Outlook

Strong demand for ammonium nitrate and sodium cyanide is expected to continue. Increased gas input costs in sodium cyanide production will offset some of this expected benefit. Continued pressure on margins at Australian Vinyls is expected until the relativity between its raw material costs and PVC pricing returns to more typical levels.

Finalisation of the FEED study into the potential expansion of ammonium nitrate capacity at Kwinana is expected by the third quarter of the 2011 financial year.

LPG earnings will be affected by increased domestic gas prices in Western Australia and continue to be dependent on international LPG prices and LPG content in the Dampier to Bunbury natural gas pipeline.

With reduced volatility in global fertiliser prices, an increase in earnings is anticipated albeit dependent upon a good seasonal break in the second half of the year and farmers' terms of trade.

Savings of $5 million per annum are expected following the divisional merger.

Industrial and Safety Division

Performance Summary		
Full year ended 30 June	**2010 ($m)**	2009 ($m)
Revenue	1,311	1,294
EBITDA	125	127
Depreciation & amortisation	(14)	(13)
EBIT	111[1]	114

Industrial and Safety delivered a solid result in a challenging economic environment. Operating revenue increased by 1.3 per cent to $1.3 billion. Revenue performance in the second half improved significantly, being 11.0 per cent higher than last year.

Sales growth was strongest in businesses and regions exposed to resources activity, however most areas of Australia delivered sales growth with industrial activity improving in most regions. The New Zealand businesses showed improvement in the second half, albeit less than that experienced in Australia.

Earnings before interest and tax were $111 million. Strong operating earnings were achieved in the second half of the year and were 30.4 per cent higher than last year.

The year was marked by a strong recovery over the second half, with good sales momentum across a number of areas due to:

- sustained project activity, particularly in mining and oil and gas;
- contract successes;
- pleasing eBusiness and services growth; and
- increasing industry diversification.

Over the year, the division continued to strengthen its capabilities, including the roll-out of a full Customer Relationship Management capability to the Blackwoods and Protector Alsafe sales forces, supported by laptops to all external sales personnel with remote connectivity.

Upgrading supply chain capabilities continued with the completion of the Blackwoods Perth and Blackwoods Paykels Auckland distribution centres. The international supply chain, including sourcing, quality assurance and logistics, was further enhanced, highlighted by the opening at the end of the year of a multi-country consolidation distribution centre in Shenzhen, China.

The combination of strong relationships with key suppliers and expanding direct sourcing capability has supported the continued development of the range of products and services offered. Blackwoods launched a new catalogue and Protector Alsafe significantly expanded its accredited training offer.

Operational improvements delivered strong cost and capital performance.

Finally, Coregas joined the division on 1 July 2010, expanding the division's offering to industrial, medical and specialty gases.

[1]Affected by $4 million additional obsolete stock provision.

Outlook

The strong platforms the division has built over recent years position it well to take advantage of any further economic recovery. Improved market conditions may be dampened by margin pressures and the growing labour retention challenge. Resources and infrastructure-based activity and increasing customer spend are expected to provide good growth opportunities. Additionally, business expansion and the transition of Coregas to the division are expected to strengthen its leadership positions in existing and new markets.