Wesfarmers

15 August 2013

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

APPENDIX 4E – PRELIMINARY FINAL REPORT & 2013 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
- 2013 Full-Year Results Announcement (including fourth quarter retail sales results).

An analyst briefing will be held at 10:00am (AWST) / 12:00pm (AEST) following the release of the announcements. The briefing will be webcast and accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

L J KENYON
COMPANY SECRETARY

Enc.

Appendix 4E - Preliminary final report

for the year ended 30 June 2013 - Wesfarmers Limited and its controlled entities

ABN 28 008 984 049

RESULTS FOR ANNOUNCEMENT TO THE MARKET		$m
Revenue from ordinary activities	up 3% to	**59,832**
Profit from ordinary activities after tax attributable to members	up 6% to	**2,261**
Net profit for the full year attributable to members	up 6% to	**2,261**

DIVIDENDS	Amount per security	Franked amount per security
Interim dividend	77 cents	77 cents
Final dividend	103 cents	103 cents
Previous corresponding period		
Interim dividend	70 cents	70 cents
Final dividend	95 cents	95 cents
Record date for determining entitlements to the dividend	5:00pm (WST) on 26 August 2013	
Last date for receipt of election notice for Dividend Investment Plan	5:00pm (WST) on 26 August 2013	
Date the final dividend is payable	27 September 2013	

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 15 consecutive trading days from and including the third trading day after the record date 26 August 2013 for participation in the Plan, being 29 August 2013 to 18 September 2013.

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 26 August 2013. 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 27 September 2013. A broker will be engaged to assist in this process.

Net tangible asset backing

Net tangible asset backing per ordinary share (including partially protected and excluding reserved shares): $4.69 (2012: $4.45).

Operating cash flow per share

Operating cash flow per share: $3.40 (2012: $3.15). This has been calculated by dividing the net cash flow from operating activities by the weighted average number of ordinary shares (including partially protected and 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 2012.

Commentary on results for the year

Commentary on the results for the year is contained in the press release dated 15 August 2013 accompanying this statement.

Income statement

for the year ended 30 June 2013 - Wesfarmers Limited and its controlled entities

	Note	CONSOLIDATED 2013 $m	2012 $m
Revenue			
Sale of goods		**57,467**	55,897
Rendering of services		**1,955**	1,788
Interest - other		**128**	144
Other		**282**	251
Total revenue		**59,832**	58,080
Expenses			
Raw materials and inventory		**(39,617)**	(38,406)
Employee benefits expense	3	**(7,912)**	(7,496)
Net insurance claims, reinsurance and commissions		**(1,375)**	(1,465)
Freight and other related expenses		**(1,021)**	(946)
Occupancy-related expenses	3	**(2,368)**	(2,232)
Depreciation and amortisation	3	**(1,071)**	(995)
Impairment expenses	3	**(49)**	(197)
Other expenses	3	**(3,036)**	(3,161)
Total expenses		**(56,449)**	(54,898)
Other income	3	**227**	383
Share of profits/(losses) of associates	8	**48**	(16)
		275	367
Earnings before interest and income tax expense		**3,658**	3,549
Finance costs	3	**(432)**	(505)
Profit before income tax		**3,226**	3,044
Income tax expense	6	**(965)**	(918)
Profit attributable to members of the parent		**2,261**	2,126
Earnings per share attributable to ordinary equity holders of the parent	1	**cents**	cents
– basic earnings per share		**195.9**	184.2
– diluted earnings per share		**195.6**	183.9

Statement of comprehensive income

for the year ended 30 June 2013 - Wesfarmers Limited and its controlled entities

		CONSOLIDATED	
		2013	2012
	Note	**$m**	$m
Profit attributable to members of the parent		**2,261**	2,126
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve			
Exchange differences on translation of foreign operations		**40**	(7)
Available-for-sale financial assets reserve			
Changes in the fair value of available-for-sale financial assets		**3**	(7)
Tax effect		**(1)**	2
Cash flow hedge reserve	11		
Unrealised gains on cash flow hedges		**193**	55
Realised gains transferred to net profit		**(120)**	(125)
Realised losses transferred to non-financial assets		**25**	33
Share of associates reserve		**-**	(3)
Tax effect		**(29)**	11
Items that will not be reclassified to profit or loss:			
Retained earnings	5		
Actuarial gain/(loss) on defined benefit plan		**2**	(6)
Tax effect		**(1)**	2
Other comprehensive income/(loss) for the year, net of tax		**112**	(45)
Total comprehensive income for the year, net of tax, attributable to members of the parent		**2,373**	2,081

Balance sheet

as at 30 June 2013 - Wesfarmers Limited and its controlled entities

	Note	CONSOLIDATED 2013 $m	2012 $m
ASSETS			
Current assets			
Cash and cash equivalents	7	**1,333**	1,127
Trade and other receivables		**2,341**	2,384
Inventories		**5,047**	5,006
Derivatives		**187**	164
Investments backing insurance contracts, reinsurance and other recoveries		**1,316**	1,690
Other		**362**	540
Total current assets		**10,586**	10,911
Non-current assets			
Receivables		**58**	33
Available-for-sale investments		**6**	15
Investments in associates	8	**420**	429
Deferred tax assets		**370**	475
Property		**2,947**	2,631
Plant and equipment		**7,217**	6,832
Goodwill		**16,151**	16,097
Intangible assets		**4,459**	4,393
Derivatives		**436**	233
Investments backing insurance contracts, reinsurance and other recoveries		**357**	193
Other		**148**	70
Total non-current assets		**32,569**	31,401
Total assets		**43,155**	42,312
LIABILITIES			
Current liabilities			
Trade and other payables		**5,999**	5,420
Interest-bearing loans and borrowings		**70**	1,621
Income tax payable		**310**	455
Provisions		**1,379**	1,289
Insurance liabilities		**1,540**	1,635
Derivatives		**52**	126
Other		**222**	201
Total current liabilities		**9,572**	10,747
Non-current liabilities			
Payables		**8**	20
Interest-bearing loans and borrowings		**5,709**	3,881
Provisions		**1,117**	1,206
Insurance liabilities		**613**	682
Derivatives		**66**	116
Other		**48**	33
Total non-current liabilities		**7,561**	5,938
Total liabilities		**17,133**	16,685
Net assets		**26,022**	25,627
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	9	**23,290**	23,286
Reserved shares	9	**(26)**	(31)
Retained earnings	5	**2,375**	2,103
Reserves		**383**	269
Total equity		**26,022**	25,627

Cash flow statement

for the year ended 30 June 2013 - Wesfarmers Limited and its controlled entities

	Note	CONSOLIDATED 2013 $m	2012 $m
Cash flows from operating activities			
Receipts from customers		**64,946**	62,620
Payments to suppliers and employees		**(59,768)**	(57,865)
Dividends and distributions received from associates		**67**	22
Interest received		**128**	144
Borrowing costs		**(402)**	(445)
Income tax paid		**(1,040)**	(835)
Net cash flows from operating activities	7	**3,931**	3,641
Cash flows from investing activities			
Net acquisition of insurance deposits		**(55)**	(164)
Payments for property, plant and equipment and intangibles		**(2,331)**	(2,626)
Proceeds from sale of property, plant and equipment and intangibles		**659**	275
Proceeds from sale of controlled entities		**4**	402
Net investments in associates and joint ventures		**7**	(4)
Acquisition of subsidiaries, net of cash acquired		**(44)**	(52)
Net cash flows used in investing activities		**(1,760)**	(2,169)
Cash flows from financing activities			
Proceeds from borrowings		**2,056**	1,443
Repayment of borrowings		**(2,040)**	(901)
Proceeds from exercise of in-substance options under the employee share plan		**4**	5
Equity dividends paid		**(1,985)**	(1,789)
Net cash flows used in financing activities		**(1,965)**	(1,242)
Net increase in cash and cash equivalents		**206**	230
Cash and cash equivalents at beginning of year		**1,127**	897
Cash and cash equivalents at end of year	7	**1,333**	1,127

Statement of changes in equity

for the year ended 30 June 2013 - Wesfarmers Limited and its controlled entities

		Attributable to equity holders of the parent					
CONSOLIDATED	Note	Issued capital $m	Reserved shares $m	Retained earnings $m	Hedging reserve $m	Other reserves $m	Total equity $m
Balance at 1 July 2011		23,286	(41)	1,774	189	121	25,329
Net profit for the year		-	-	2,126	-	-	2,126
Other comprehensive income							
Exchange differences on translation of foreign operations		-	-	-	-	(7)	(7)
Changes in the fair value of available-for-sale assets, net of tax		-	-	-	-	(5)	(5)
Changes in the fair value of cash flow hedges, net of tax	11	-	-	-	(29)	-	(29)
Actuarial loss on defined benefit plan, net of tax		-	-	(4)	-	-	(4)
Total other comprehensive loss for the year, net of tax		-	-	(4)	(29)	(12)	(45)
Total comprehensive income for the year, net of tax		-	-	2,122	(29)	(12)	2,081
Proceeds from exercise of in-substance options	9	-	5	-	-	-	5
Equity dividends	5, 9	-	5	(1,793)	-	-	(1,788)
		-	10	(1,793)	-	-	(1,783)
Balance at 30 June 2012		23,286	(31)	2,103	160	109	25,627
Balance at 1 July 2012		23,286	(31)	2,103	160	109	25,627
Net profit for the year		-	-	2,261	-	-	2,261
Other comprehensive income							
Exchange differences on translation of foreign operations		-	-	-	-	40	40
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	11	-	-	-	69	-	69
Actuarial gain on defined benefit plan, net of tax		-	-	1	-	-	1
Total other comprehensive income for the year, net of tax		-	-	1	69	42	112
Total comprehensive income for the year, net of tax		-	-	2,262	69	42	2,373
Share-based payment transactions		-	-	-	-	3	3
Issue of shares	9	4	-	-	-	-	4
Own shares acquired	9	-	(3)	-	-	-	(3)
Proceeds from exercise of in-substance options	9	-	4	-	-	-	4
Equity dividends	5, 9	-	4	(1,990)	-	-	(1,986)
		4	5	(1,990)	-	3	(1,978)
Balance at 30 June 2013		23,290	(26)	2,375	229	154	26,022

1 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year 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. Dilution arises as a result of the employee reserved shares issued under the employee share plan being accounted for as in-substance options.

Wesfarmers' partially protected shares ('PPS') are ordinary shares that confer rights on holders that are the same in all respects as 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 at the expiration of a specified period. 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	
	2013	2012
	$m	$m
Profit attributable to members of the parent	**2,261**	2,126
	shares (m)	shares (m)
Weighted average number of ordinary shares (including partially protected shares) for basic earnings per share	**1,154**	1,154
Effect of dilution - reserved shares	**2**	2
Weighted average number of ordinary shares (including partially protected shares) adjusted for the effect of dilution	**1,156**	1,156
Earnings per share (cents per share) attributable to ordinary equity holders of the parent	**cents**	cents
– basic earnings per share	**195.9**	184.2
– diluted earnings per share	**195.6**	183.9

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.

2 Segment information (continued)

	COLES[1]		HOME IMPROVEMENT AND OFFICE SUPPLIES		KMART		TARGET		INSURANCE[2]	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	$m	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m
Segment revenue	35,780	34,117	9,167	8,644	4,167	4,055	3,658	3,738	2,083	1,915
Segment result										
Earnings before interest, tax, depreciation, amortisation (EBITDA)	1,987	1,785	1,145	1,065	415	332	216	317	243	36
Depreciation and amortisation	(454)	(429)	(148)	(139)	(71)	(64)	(80)	(73)	(38)	(31)
Earnings before interest, tax (EBIT)	1,533	1,356	997	926	344	268	136	244	205	5

	RESOURCES[3]		CHEMICALS, ENERGY AND FERTILISERS[4]		INDUSTRIAL AND SAFETY		OTHER[5]		CONSOLIDATED	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	$m	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m
Segment revenue	1,539	2,132	1,805	1,786	1,647	1,690	(14)	3	59,832	58,080
Segment result										
Earnings before interest, tax, depreciation, amortisation (EBITDA)	299	589	348	348	192	217	(116)	(145)	4,729	4,544
Depreciation and amortisation	(151)	(150)	(99)	(90)	(27)	(27)	(3)	8	(1,071)	(995)
Earnings before interest, tax (EBIT)	148	439	249	258	165	190	(119)	(137)	3,658	3,549
Finance costs									(432)	(505)
Profit before income tax expense									3,226	3,044
Income tax expense									(965)	(918)
Profit attributable to members of the parent									2,261	2,126

1 Coles division includes the food, liquor, convenience and Coles property businesses.

2 The Insurance division's 2012 result was adversely affected by:
- additional reserving of $108 million above the reinsurance program limit relating to the February 2011 Christchurch earthquake; and
- estimated net claims expense in excess of allowances of $32 million, relating to the bushfires and storms in Western Australia and other severe weather events.

3 Resources' result includes Stanwell royalty expenses of $154 million (2012: $219 million) and hedge gains of $130 million (2012: $143 million).

4 The Chemicals, Energy and Fertiliser division's 2012 result included profit on the termination of its HISmelt agreement of $9 million.

5 The 2013 Other result includes:
- interest revenue of $13 million (2012: $22 million);
- share of profit/(loss) from associates of $21 million (2012: $(34) million); and
- corporate overheads of $108 million (2012: $101 million).

2012 included:
- gain on disposal of Energy Generation Pty Ltd of $43 million;
- gain on disposal of Wesfarmers Premier Coal Limited of $98 million;
- gain on disposal of Boddington forestry assets of $16 million;
- gain on disposal of Bangladesh Gas of $9 million;
- impairment of the Coregas related goodwill, plant and equipment of $181 million; and
- depreciation and amortisation credit of $11 million arising from depreciation of Premier being discontinued upon its classification as held for sale.

2 Segment information (continued)

	SEGMENT ASSETS		SEGMENT LIABILITIES	
	2013	2012	**2013**	2012
	$m	$m	**$m**	$m
Coles	20,367	19,940	4,145	3,676
Home Improvement and Office Supplies	5,888	5,647	957	810
Kmart	2,145	2,057	750	604
Target	3,561	3,538	464	575
Insurance	4,440	4,423	2,869	2,988
Resources	1,920	2,051	420	496
Industrial and Safety	1,292	1,309	281	270
Chemicals, Energy and Fertilisers	1,675	1,485	303	310
Other	1,077	958	855	999
Assets and liabilities managed on a Group basis[1]	790	904	6,089	5,957
Total	43,155	42,312	17,133	16,685

	CAPITAL EXPENDITURE[2]		NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION	
	2013	2012	**2013**	2012
	$m	$m	**$m**	$m
Coles	1,181	1,218	75	67
Home Improvement and Office Supplies	549	587	76	78
Kmart	91	136	12	10
Target	91	67	39	59
Insurance	26	47	29	22
Resources	79	392	60	99
Industrial and Safety	50	49	26	34
Chemicals, Energy and Fertilisers	273	169	12	16
Other	2	4	13	183
Total	2,342	2,669	342	568

	INVESTMENTS IN ASSOCIATES		SHARE OF NET PROFIT OR LOSS OF ASSOCIATES INCLUDED IN EBIT	
	2013	2012	**2013**	2012
	$m	$m	**$m**	$m
Coles	17	16	-	-
Chemicals, Energy and Fertilisers	97	93	27	18
Other	306	320	21	(34)
Total	420	429	48	(16)

1 Assets and liabilities managed on a Group basis include tax assets $370 million (2012: $475 million), tax liabilities $310 million (2012: $455 million) and interest-bearing liabilities $5,779 million (2012: $5,502 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 $2,331 million (2012: $2,626 million).

3 Income and expenses

	CONSOLIDATED 2013 $m	2012 $m
Employee benefits expense		
Remuneration, bonuses and on-costs	**7,295**	6,888
Amounts provided for employee entitlements	**524**	497
Share based payments expense	**93**	111
	7,912	7,496
Occupancy-related expenses		
Minimum lease payments	**1,794**	1,673
Contingent rental payments	**66**	63
Other	**508**	496
	2,368	2,232
Depreciation and amortisation		
Depreciation	**866**	807
Amortisation of intangibles	**89**	89
Amortisation other	**116**	99
	1,071	995
Impairment expenses		
Impairment of freehold property	**28**	11
Impairment of plant, equipment and other assets	**21**	14
Impairment of goodwill	**-**	172
Total impairment charge	**49**	197
Other expenses		
Government mining royalties	**108**	149
Stanwell rebate	**154**	219
Repairs and maintenance	**370**	395
Utilities and office expenses	**1,104**	979
Insurance expenses	**209**	219
Other	**1,091**	1,200
	3,036	3,161
Other income		
Gains on disposal of property, plant and equipment	**20**	23
Gains on disposal of controlled entities	**3**	150
Other income	**204**	210
	227	383
Finance costs		
Interest expense	**369**	418
Capitalised interest	**(10)**	(5)
Discount rate adjustment	**42**	57
Amortisation of debt establishment costs	**8**	7
Other including bank facility and settlement fees	**23**	28
	432	505

	CONSOLIDATED 2013 $m	2012 $m
4 Dividends paid and proposed		
Declared and paid during the year (fully-franked at 30 per cent)		
Final franked dividend for 2012: $0.95 (2011: $0.85)	**1,099**	983
Interim franked dividend for 2013: $0.77 (2012: $0.70)	**891**	810
Proposed and not recognised as a liability (fully-franked at 30 per cent)		
Final franked dividend for 2013: $1.03 (2012: $0.95)	**1,192**	1,099
5 Retained earnings		
Balance as at 1 July	**2,103**	1,774
Net profit	**2,261**	2,126
Dividends	**(1,990)**	(1,793)
Actuarial gain/(loss) on defined benefit plan, net of tax	**1**	(4)
Balance as at 30 June	**2,375**	2,103
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:		
Accounting profit before income tax	**3,226**	3,044
At the statutory income tax rate of 30 per cent (2012: 30 per cent):	**968**	913
Adjustments in respect of current income tax of previous years	**(28)**	(19)
Deferred tax asset on capital losses not previously recognised	**-**	(44)
Non-deductible writedowns	**13**	52
Share of associated companies net loss/(profit) after tax	**12**	5
Tax on undistributed associates' profit	**3**	3
Other	**(3)**	8
Income tax expense reported in the consolidated income statement	**965**	918

A deferred tax asset of $151 million (2012: $148 million), net of income tax, associated with the Mineral Resource Rent Tax ('MRRT') has not been recognised by the Resources division as it is not considered probable that the deferred tax asset will be utilised based on current forecasts. It is noted that the Resource division's pre-existing annual royalty and rebate commitments for its only wholly owned and operated mine, Curragh, are already in excess of the effective MRRT rate. For the 12 months ended 30 June 2013, the Resources division paid in excess of $262 million (2012: $345 million) to the Queensland Government and its instrumentalities by way of standard Government royalties and Stanwell rebate combined.

	CONSOLIDATED 2013 $m	2012 $m
7 Reconciliation to cash flow statement		
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:		
Cash on hand and in transit	**615**	417
Cash at bank and on deposit	**520**	598
Insurance broking trust accounts[(i)]	**198**	112
	1,333	1,127
(i) Trust cash cannot be used to meet business obligations or operating expenses other than to the extent of payments to underwriters and refunds to policy holders.		
Reconciliation of net profit after tax to net cash flows from operations		
Net profit	**2,261**	2,126
Adjustments		
Depreciation and amortisation	**1,071**	995
Impairment and writedowns of assets	**49**	197
Net loss/(gain) on disposal of non-current assets	**21**	(133)
Share of associates' net (profits)/losses	**(48)**	16
Dividends and distributions received from associates	**67**	22
Capitalised borrowing costs	**(10)**	(5)
Discount adjustment in borrowing costs	**42**	57
Amortisation of debt establishment costs, net of amounts paid	**8**	7
Ineffective interest rate swap losses, net of amounts paid	**1**	2
Non-cash issue of shares recognised in earnings	**4**	-
Other	**11**	(2)
(Increase)/decrease in assets		
Trade and other receivables	**31**	(318)
Inventories	**(17)**	(16)
Prepayments	**(24)**	(44)
Reinsurance and other recoveries	**290**	298
Deferred tax assets	**74**	(25)
Other assets	**(90)**	(59)
Increase/(decrease) in liabilities		
Trade and other payables	**552**	274
Current tax payable	**(148)**	107
Provisions	**(35)**	138
Other liabilities	**(179)**	4
Net cash flows from operating activities	**3,931**	3,641
Net capital expenditure		
Payment for property	**734**	849
Payment for plant and equipment	**1,455**	1,660
Payment for intangibles	**142**	117
Payments for property, plant, equipment and intangibles	**2,331**	2,626
Proceeds from sale of property, plant, equipment and intangibles	**659**	275
Net capital expenditure	**1,672**	2,351

	CONSOLIDATED	
	2013	2012
	$m	$m
8 Investments in associates		
Share of profit/(loss) of associates	**48**	(16)
Loans to associates	**-**	8
Carrying amount	**420**	421
Investment in associates	**420**	429

		OWNERSHIP	
		2013	2012
Associate	**Principal activity**	**%**	%
Air Liquide WA Pty Ltd	Industrial gases	**40.0**	**40.0**
Albany Woolstores Pty Ltd	Wool handling	**35.0**	**35.0**
Bengalla Agricultural Company Pty Limited	Agriculture	**40.0**	**40.0**
Bengalla Coal Sales Company Pty Limited	Sales agent	**40.0**	**40.0**
Bengalla Mining Company Pty Limited	Management company	**40.0**	**40.0**
BWP Trust	Property investment	**24.3**	**23.5**
Gresham Partners Group Limited	Investment banking	**50.0**	**50.0**
Gresham Private Equity Funds	Private equity fund	**(a)**	**(a)**
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**
Wespine Industries Pty Ltd	Pine sawmillers	**50.0**	**50.0**

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 govern decision making in relation to their financial and operating policies. Such control requires a unitholders' resolution of 75.0 per cent of votes pursuant to the Funds' trust deeds. Gresham Private Equity Fund No. 3 is subject to future capital calls.

9 Contributed equity

Movement in shares on issue	Ordinary Thousands	Ordinary $m	Partially protected Thousands	Partially protected $m	Total contributed equity Thousands	Total contributed equity $m
At 1 July 2011	1,005,676	16,934	151,396	6,352	1,157,072	23,286
Partially protected ordinary shares converted to ordinary shares at $41.95 per share	833	35	(833)	(35)	-	-
At 30 June 2012	**1,006,509**	**16,969**	**150,563**	**6,317**	**1,157,072**	**23,286**
Issue of ordinary shares under the Wesfarmers Long Term Incentive Plan	**67**	**2**	**-**	**-**	**67**	**2**
Issue of ordinary shares under the Wesfarmers Employee Share Acquisition Plan	**55**	**2**	**-**	**-**	**55**	**2**
Partially protected ordinary shares converted to ordinary shares at $41.95 per share	**41**	**2**	**(41)**	**(2)**	**-**	**-**
At 30 June 2013	**1,006,672**	**16,975**	**150,522**	**6,315**	**1,157,194**	**23,290**

Movement in reserved shares	Thousands	$m
At 1 July 2011	3,780	41
Exercise of in-substance options	(611)	(5)
Dividends applied	-	(5)
At 30 June 2012	**3,169**	**31**
Own shares acquired	**89**	**3**
Exercise of in-substance options	**(410)**	**(4)**
Dividends applied	**-**	**(4)**
At 30 June 2013	**2,848**	**26**

10 Borrowing and repayment of debt

As a result of the acquisition of the Coles group in 2007, Wesfarmers entered into financing arrangements with Coles group's note holders during the year ended 30 June 2008. The medium-term fixed rate notes outstanding had a principal of $400 million, which matured, and was repaid on 25 July 2012. Interest on these notes was payable semi-annually in arrears at a coupon rate of six per cent per annum. There is no further debt outstanding in the name of the Coles group.

On 2 August 2012, Wesfarmers issued €650 million (approximately A$764 million) unsecured fixed rate medium-term notes maturing in August 2022. The notes were priced at 110 basis points over the EURO ten-year mid swap rate, resulting in a coupon of 2.75 per cent. The issue was fully swapped back in Australian dollars, resulting in a total fixed interest cost of 5.86 per cent per annum payable semi-annually in arrears.

On 12 March 2013, Wesfarmers issued A$350 million unsecured fixed rate medium-term notes maturing in March 2020. These notes were priced at 115 basis points over the seven-year swap rate, resulting in a yield of 4.79 per cent per annum.

On 20 March 2013, Wesfarmers issued US$750 million (approximately A$728 million) fixed rate medium-term notes maturing in March 2018. The notes were priced at 100 basis points over the five-year US Treasuries rate, resulting in a coupon of 1.87 per cent. The issue was fully swapped back in Australian dollars at a margin of 1.24 per cent over the bank bill swap rate.

On 10 April 2013, the inaugural US$650 million medium-term notes (approximately A$711 million) issued in April 2008 matured. The notes were issued at a margin of 425 basis points over US Treasuries and were repaid from existing facilities.

On 26 April 2013, the Tranche A syndicated facility refinancing of $1,250 million was completed. The syndicated facility, that was due to mature in December 2013, was cancelled and replaced with bilateral facilities with 15 primary relationship banks totalling $1,250 million. The new facilities are spread across one and three year maturities.

11 Cash flow hedge reserve

The change in cash flow hedge reserve for the year ended 30 June 2013 includes the after-tax net movement in market value of cash flow hedges from 30 June 2012 and comprised: $152 million (2012: $16 million) of interest rate swaps and $(83) million (2012: $(45) million) of foreign exchange rate contracts.

12 Impairment testing

Wesfarmers has completed detailed impairment testing of its non-current assets and performed a 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 a value in use methodology has been used, these plans have been adjusted to exclude the costs and benefits of expansion capital and have been prepared on the understanding that many actual outcomes will differ from assumptions used in the calculations. Discount rates are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs.

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.

13 Events after the balance sheet date

Dividend

A fully-franked dividend of 103 cents per share resulting in a dividend payment of $1,192 million was declared for payment on 27 September 2013. The dividend has not been provided for in the 30 June 2013 full year financial statements.

Sale and leaseback

On 8 August 2013, Wesfarmers announced the sale and leaseback of a portfolio of 10 Bunnings stores to BWP Trust which, when completed, will release approximately $271 million of capital employed in Bunnings.

Capital return

On 15 August 2013, Wesfarmers announced the intention to make a capital return of 50 cents per fully-paid ordinary share and partially protected share in December 2013, accompanied by a proportionate share consolidation, subject to a final ruling by the Australian Tax Office and approval of Wesfarmers shareholders at the Annual General Meeting in November 2013.

Wesfarmers

NEWS

15 August 2013

2013 FULL-YEAR RESULTS

Highlights

- Operating revenue of $59.8 billion, up 3.0 per cent
- Earnings before interest and tax (EBIT) of $3,658 million, up 3.1 per cent
- Net profit after tax of $2,261 million, up 6.3 per cent
- Earnings per share of $1.96, up 6.4 per cent
- Operating cash flows after tax of $3,931 million, up 8.0 per cent
- Free cash flow of $2,171 million, up 47.5 per cent
- Fully franked final dividend of $1.03 declared taking full-year dividend to $1.80, up 9.1 per cent
- Capital return of 50 cents per share including a proportionate share consolidation (subject to final ruling by the Australian Tax Office and shareholder approval)

Wesfarmers Limited today announced a net profit after tax (NPAT) of $2,261 million for the full-year ended 30 June 2013, an increase of 6.3 per cent on the previous corresponding period.

The Group's retail businesses achieved solid growth in earnings before interest and tax (earnings) for the year of 7.7 per cent, with strong performances recorded in all businesses other than Target.

The Coles division continued to deliver strong earnings growth, up 13.1 per cent for the year to $1,533 million and ahead of sales growth of 5.2 per cent. Improved performance was again delivered by solid customer transaction and unit growth which offset selling price deflation. Coles continues to invest in better value for its customers, drive higher levels of product innovation and further strengthen its fresh food offer. Better operational efficiencies and the progressive renewal of the store network were also strong contributors to the result.

Bunnings recorded another very good result with earnings up 7.5 per cent to $904 million. Sales growth in Bunnings was 7.0 per cent for the year, after increasing by 10.2 per cent in the fourth quarter, as customers continue to respond favourably to Bunnings' market leading value, ongoing range innovation and further improvements in customer service. The strong performance by Bunnings' commercial segment in a challenging building environment and the strengthening store network were both highlights for the period.

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Kmart delivered very strong earnings growth, up 28.4 per cent to $344 million, building on the 31.4 per cent earnings growth achieved in the prior period. Kmart recorded another year of strong customer transaction and unit growth, which offset high levels of deflation, as it continued to improve its product range and reinvest better sourcing and operational efficiencies in lower prices on everyday items.

Target had a disappointing year with earnings falling to $136 million from $244 million recorded in the prior year. Sales and trading margins in Target were below the prior year, affected by price deflation across the store due to strong competition, as well as ongoing challenges in entertainment-related categories. Management changes made late in the second half led to the business undertaking high levels of clearance activity in the fourth quarter to reduce excess inventories, exacerbated by a late start to winter. Costs for the year were higher than planned, in part due to restructuring activities in the final quarter that are expected to provide future benefit.

Despite challenging market conditions and continued deflation in technology related categories, trading in Officeworks improved during the year, with the business achieving pleasing earnings growth of 9.4 per cent to $93 million.

The Insurance division recorded earnings of $205 million, which was a significant increase on the $5 million for the same period last year which included increased reserve estimates for the 22 February 2011 Christchurch earthquake (EQ2). Excluding EQ2 impacts, underlying underwriting earnings growth was driven by higher premiums and a lower claims experience, reflective of progress made in improving risk selection over a number of years. Broking earnings for the division also grew solidly, increasing 9.0 per cent for the year.

Earnings in the Resources division of $148 million were down 66.3 per cent on last year. The earnings decline was caused by substantially lower export coal prices, with the division experiencing a progressively more challenging export coal market. Production at Curragh was marginally up on last year, but down on plan largely as a result of the effects of Cyclone Oswald, which impacted rail and port infrastructure during the second half of the financial year. Positively, a strong focus on cost control resulted in better than expected mine-cash-cost results.

Earnings for the Chemicals, Energy and Fertilisers division of $249 million were in line with the prior period (after allowance for the termination payment of $9 million relating to the HIsmelt agreement received in the prior period). Continued strong demand, product mix and good plant performance drove increased earnings in the chemicals business. Offsetting this was a poor harvest and a dry June which adversely affected fertiliser earnings and, as expected, Kleenheat Gas' contribution reduced due to lower gas content in the Dampier to Bunbury natural gas pipeline.

The Industrial and Safety division recorded earnings of $165 million, compared with $190 million for the same period last year. Market conditions for the division became more challenging over the year as customers reduced activity and intensified their focus on cost reduction.

Other businesses, non-trading items and corporate overheads reported an expense of $119 million, compared with an expense of $137 million in the prior period, with better results in the Gresham Private Equity Funds and the BWP Trust partially offset by reduced interest revenue.

Financing costs for the year of $432 million were $73 million lower than the previous year reflecting the benefits of refinancing activity and the progressive expiry of pre-GFC interest rate hedges.

Operating cash flows after tax of $3,931 million were up 8.0 per cent on the prior year, with a cash realisation ratio of 118.0 per cent, due to higher earnings and good working capital management across the Group.

Net capital expenditure of $1,672 million was 28.9 per cent lower than last year, and included $659 million in property disposals, including a significant Coles transaction with ISPT in May 2013 delivering proceeds of approximately $400 million. Major growth capital expenditure during the year included improving the retail store networks, particularly in Bunnings and Coles, and the ammonium nitrate capacity expansion in the chemicals business.

Free cash flows of $2,171 million were 47.5 per cent ahead of last year despite the prior period's inclusion of $402 million of proceeds from the sale of the Premier Coal mine, the enGen business and a number of other small divestments.

The directors declared an increase in the final dividend to 103 cents per share fully-franked, taking the full-year dividend to 180 cents per share, which compares to 165 cents per share last year.

Consistent with the announcement to the Australian Securities Exchange (ASX) today, Wesfarmers' directors announced the intention to make a capital return of 50 cents per fully-paid ordinary share and partially protected share, accompanied by a proportionate share consolidation, subject to a final ruling by the Australian Tax Office (ATO) and approval of Wesfarmers shareholders at the Annual General Meeting in November 2013. The capital return is being made to return surplus capital to shareholders and to ensure that Wesfarmers maintains an efficient capital structure.

Managing Director Richard Goyder said that it was pleasing to have recorded an increase in the Group's profit, driven by strong earnings in five of the nine divisions, given the significant fall in contribution from the Resources division as a result of lower coal prices and the disappointing earnings result of Target.

"Coles and Kmart both recorded strong results, reflective of the positive momentum generated in these divisions through their turnaround plans. Team capabilities and cultures have been transformed over recent years and the businesses have worked hard to deliver efficiencies that have been reinvested in significantly improved merchandise offers and better value for customers," Mr Goyder said.

"Bunnings achieved another very strong result, with growth across all key business segments driven by good improvements in value, range and service. Bunnings' network and new store pipeline were also strengthened during the year.

"Target's result for the year was disappointing and below expectations, exacerbated by necessary stock clearance activity and store support office restructuring.

"Strong earnings growth in the Insurance division was a highlight and a good reward for the insurance team given their efforts in recent years in dealing with unprecedented catastrophe claims and the work done improving risk selection in the underwriting business.

"The Group's industrial divisions were, collectively, operating in a very difficult external environment, with the Resources division negatively affected by lower export coal prices, while lower industrial business activity and cost-cutting affected Industrial and Safety's results.

"Cash realisation by the Group was again strong, reflecting Wesfarmers' focus on return on capital and the high quality of earnings. Given this performance, it is pleasing to recommend to shareholders, subject to a final ruling by the ATO and shareholder approval, that Wesfarmers makes a capital return of 50 cents per fully-paid ordinary share and partially protected share. The capital return, which would total $579 million, demonstrates the Group's commitment to prudent capital management while actively managing the balance sheet to provide satisfactory returns to shareholders."

Despite more subdued forecasts for the Australian economy and challenging conditions for the Group's Industrial divisions, Mr Goyder said he remained optimistic about the Group's outlook.

"We expect continuing growth from the Group's retail portfolio. Coles, Kmart and Officeworks have plans to build on the strong foundations established during their respective turnarounds, and the outlook for Bunnings is positive. As Target executes its transformation we expect earnings to progressively recover, but this improvement will take time," Mr Goyder said.

"Further improvement in underwriting performance of the Insurance division is expected, in the absence of significant catastrophe events, driven by the growth of Coles Insurance and disciplined risk selection.

“Recent production capacity increases and better cost control in the Resources division have positioned it well should market conditions improve. Soft demand and low export coal prices do, however, provide for a challenging short term outlook for the division. Similarly, the Industrial and Safety division is currently experiencing a more difficult trading environment.

“The longer term outlook for the Chemicals, Energy and Fertilisers division is positive given the expected commissioning during the 2014 financial year of its ammonium nitrate expansion and sodium cyanide debottlenecking projects.

“Wesfarmers has a strong portfolio of businesses and a healthy balance sheet providing a positive outlook for the Group.”

Results Summary

Full-year ended 30 June	**2013**	2012	Variance %
KEY FINANCIALS ($m)			
Revenue	59,832	58,080	*3.0*
Group EBITDA	4,729	4,544	*4.1*
Group EBIT	3,658	3,549	*3.1*
Net profit after tax	2,261	2,126	*6.3*
Operating cash flows	3,931	3,641	*8.0*
Net capital expenditure	1,672	2,351	*(28.9)*
Free cash flow	2,171	1,472	*47.5*
Net debt	5,259	4,904	*7.2*
KEY SHARE DATA (cents per share)			
Earnings per share	195.9	184.2	*6.4*
Operating cash flows per share	339.7	314.6	*8.0*
Dividends per share	180	165	*9.1*
KEY RATIOS			
Interest cover (R12, cash basis) (times)	12.2	10.8	*13.0*
Fixed charges cover (R12) (times)	3.0	2.9	*3.4*
Return on shareholders' funds (R12) (%)	8.9	8.4	*6.0*

Divisional Earnings Summary

Full-year ended 30 June ($m)	**2013**	2012	Variance %
EBIT			
Coles	1,533	1,356	*13.1*
Home Improvement	904	841	*7.5*
Office Supplies	93	85	*9.4*
Target	136	244	*(44.3)*
Kmart	344	268	*28.4*
Combined Retail	*3,010*	*2,794*	*7.7*
Insurance[1]	205	5	*n.c.*
Resources	148	439	*(66.3)*
Industrial & Safety	165	190	*(13.2)*
Chemicals, Energy & Fertilisers	249	258	*(3.5)*
Divisional EBIT	3,777	3,686	*2.5*
Other (including non-trading items)	(11)	(36)	*69.4*
Corporate overheads[2]	(108)	(101)	*(6.9)*
Group EBIT	3,658	3,549	*3.1*

[1] The 2012 result has been adversely affected by additional reserving of $108 million relating to the 22 February 2011 Christchurch earthquake, together with net claims in excess of allowances of $32 million relating to severe weather events and bushfires in Australia.

[2] 2012 includes a non-trading items expense of $15 million comprised of the following: non-cash writedown of the carrying value of Coregas ($181 million), partially offset by gain on the disposal of the Premier Coal mine ($98 million), gain on the disposal of the enGen business ($43 million), gain on the disposal of Boddington forestry assets ($16 million) and gain on the disposal of Bangladesh Gas ($9 million).

Retail

Headline food and liquor sales for Coles of $28.1 billion for the 2013 financial year[3] were 5.5 per cent above the prior corresponding period, with comparable store sales increasing 4.3 per cent. For the fourth quarter[4], total food and liquor sales were $7.3 billion, an increase of 5.7 per cent on the prior corresponding period, with comparable store sales increasing 4.5 per cent. Food and liquor price deflation was 1.5 per cent in the fourth quarter[4] taking total food and liquor price deflation to 1.7 per cent for the financial year[3].

Despite a challenging retail environment where consumers remained focussed on value, Coles continued to record strong volume growth, particularly in fresh categories, which demonstrates that its value based offer is resonating well with customers.

Coles delivered earnings growth of 13.1 per cent to $1,533 million for the year, with continued investment in value funded by operational efficiencies achieved across its store network, supply chain and store support functions. The transformation of Coles' supply chain continued during the year and included further progress on automated inventory replenishment, in-house load planning and better optimisation of fast and slow moving product flows.

Refurbishment activity continued at pace during the year with a further 90 stores launched in the renewal format, including a concept store at Southland in Melbourne, an urban concept store at Raine Square in Perth and a further six larger format stores. As at 30 June 2013, 342 stores were in the renewal format. The optimisation of the Coles supermarket store network also progressed with net space growth of 1.6 per cent achieved through 19 store openings and 12 store closures.

In Coles Liquor, an improved margin mix as a result of more effective promotions and increased exclusive label sales drove better profitability and sales performance during the year. Network restructuring continued with 46 stores opened, which included 10 1st Choice stores and 29 Liquorland stores co-located with a supermarket, while 28 underperforming stores were closed.

Coles Express reported earnings growth of 33.1 per cent to $165 million for the year. Coles Express sales, including fuel, were $8.0 billion for the financial year[3], 4.0 per cent higher than the prior corresponding period. Fourth quarter sales, including fuel, of $2.1 billion were 2.0 per cent higher than the prior period.

Total fuel volumes increased 5.4 per cent during the year, with comparable fuel volumes increasing 2.3 per cent[3]. For the fourth quarter, total fuel volume growth was 4.2 per cent, with comparable fuel volume growth of 2.3 per cent[4]. Fuel volume growth was driven by investment in forecourts, more customers migrating to premium and diesel fuels, and a positive response to Coles' multi-faceted value offer.

Convenience shop sales increased 1.5 per cent for the financial year[3], but declined 0.8 per cent on a comparable store basis. For the fourth quarter[4], convenience shop sales grew 3.3 per cent and increased 0.8 per cent on a comparable store basis. Progressive improvement in the shop performance during the year was achieved through extension of the "Down Down" campaign to Coles Express and more targeted use of promotions.

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[3] Financial Year 2013 for the 53 week period 25 June 2012 to 30 June 2013 and Financial Year 2012 for the 53 week period 27 June 2011 to 1 July 2012.
[4] Financial Year 2013 for the 14 week period 25 March 2013 to 30 June 2013 and Financial Year 2012 for the 14 week period 26 March 2012 to 1 July 2012.

Bunnings achieved strong operating revenue growth of 7.0 per cent to $7.7 billion for the year, with total store sales growth of 7.2 per cent and commercial sales growth of 9.6 per cent. Store-on-store sales growth was 4.4 per cent, with growth in consumer and commercial areas across all key trading regions and merchandising categories. Trading for the year finished very strongly, with total sales growth of 10.2 per cent and store-on-store sales growth of 6.9 per cent recorded in the fourth quarter.

Bunnings' earnings of $904 million for the year were 7.5 per cent higher than the prior corresponding period. During the year, Bunnings continued to invest in better customer experiences, range innovation and category expansion. Stock flow improved and increased value was provided to customers with price investment funded through cost and productivity efficiencies.

Bunnings' network and pipeline of new stores was strengthened during the year. This included the opening of 23 trading locations, including 10 new warehouse stores, 10 smaller format stores and three trade centres.

Bunnings' strong focus on return on capital also resulted in increasing activity in capital recycling. This activity will further accelerate in the 2014 financial year, and includes the announcement on 8 August 2013 of the sale and leaseback of 10 warehouses to the BWP Trust realising approximately $271 million. The business is also in advanced discussions with other parties regarding a sale and leaseback of another large portfolio of Bunnings freehold properties.

In Officeworks, operating revenue increased by 1.6 per cent for the year to $1.5 billion, supported by a good trading performance in the fourth quarter where total sales increased 5.3 per cent over the prior period. Transaction and unit sales growth was achieved across all channels as customers responded favourably to Officeworks' integrated offer. Within this result, online sales again grew strongly.

Officeworks reported pleasing earnings growth of 9.4 per cent to $93 million, despite generally challenging conditions and continued deflationary headwinds, particularly in technology products. Increased earnings growth was achieved through a focus on providing better customer service, ranging of new products and services, continued investment in the online offer and improvements made in the business-to-business segment. Investment in the store network was also strong in the year with the opening of 13 new Officeworks stores.

Target's total sales of $3.7 billion for the financial year[5] were 1.7 per cent below the previous corresponding period, with comparable[6] store sales declining 3.3 per cent. For the fourth quarter[7], total sales were down on last year by 9.8 per cent to $898 million, with comparable store sales also decreasing 9.8 per cent.

Despite growth in units sold, Target's sales revenue for the year was below last year due to high levels of price deflation across key categories in a very competitive market, as well as challenging conditions for sales of entertainment products. Trading in the fourth quarter was affected by the need for high levels of clearance activity to help address excess inventory levels as sales fell short of plans, in part due to warmer weather causing a late start to the winter selling season.

Target's earnings for the year of $136 million were down 44.3 per cent on the prior year, reflecting the challenging sales environment and lower trading margins due to deflation, high levels of clearance activity and stock shrinkage. Costs were up on last year, particularly in the store support office where high levels of consulting costs were experienced in the first half of the 2013 financial year and restructuring costs were incurred in June 2013.

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[5] Financial Year 2013 for the 53 week period 24 June 2012 to 29 June 2013 and Financial Year 2012 for the 53 week period 26 June 2011 to 30 June 2012.
[6] Comparable store sales include lay by sales. Lay by sales are excluded from total sales under Australian Accounting Standards.
[7] Financial Year 2013 for the 14 week period 24 March 2013 to 29 June 2013 and Financial Year 2012 for the 14 week period 25 March 2012 to 30 June 2012.

Target's second half result included a release of the remaining balance of the supply chain provision, having utilised half of the original $40 million reserve. Increased provisions related to stock loss and realisable value offset the otherwise positive affect of this release.

Mr Stuart Machin, formerly Coles' Store Development and Operations Director, was appointed Target's Managing Director on 15 April 2013, replacing Mr Dene Rogers. Since his appointment, Mr Machin has been reviewing all aspects of the business, with a focus on getting Target 'back to basics'. This has included the commencement of clearance of excess or poor inventory, reviewing product ranges, pricing architecture and sourcing disciplines, early stage improvement in store standards and execution, and a stronger focus on costs including the restructuring of the support office team to improve efficiency. Work is progressing well on strengthening the leadership team that will oversee Target's longer term transformation.

Kmart achieved total sales of $4.2 billion for the financial year[8], 2.7 per cent above last year, with comparable[9] store sales increasing 2.1 per cent. For the fourth quarter[10], total sales increased 0.2 per cent to $1.0 billion, with comparable store sales declining 0.7 per cent. The removal of Christmas lay-by and the Toy Sale event affected sales in the final week of the financial year and, excluding this impact, comparable sales for the fourth quarter increased 2.8 per cent.

Growth in Kmart's sales was underpinned by a strong increase in customer transactions and units sold, which more than offset price deflation as the business continued to reinvest efficiencies in lower prices. All key categories performed well over the year driven by a strong performance on everyday core ranges where on shelf availability was improved. Entertainment continued to be the most challenging category due to high levels of price deflation in music and DVDs.

Kmart delivered earnings of $344 million for the year, 28.4 per cent higher than last year. This very strong growth reflected ongoing improvements in sourcing, range assortment, inventory management and in-store execution. Reduced mark-down activity and the realisation of cost efficiencies also contributed to the improvement in earnings.

During the year, investment accelerated on the store network with six new Kmart stores opened. Progress on delivering a renewal format suitable for broad fleet roll-out was also progressed.

Insurance

The Insurance division reported earnings of $205 million, significantly above the $5 million reported for the prior corresponding period, which included increased reserve estimates for the 22 February 2011 Christchurch earthquake (EQ2) of $108 million. Adjusting for EQ2, significant drivers of the improved result were higher premiums which benefited from rate increases achieved over the last two years and reduced claims costs. This was partially offset by lower investment income due to lower interest rates. The division's Broking earnings increased 9.0 per cent compared to last year.

Strong growth in gross written premium of 9.3 per cent reflected increases in premium rates and volumes across most portfolios, particularly Coles Insurance personal lines, motor and rural. Targeted reduction in exposures to higher risk categories and geographies was a partial offset to growth in these areas.

Lower claims costs and cost reduction initiatives were reflected in an improved combined operating ratio of 95.3 per cent. This result included benefits from new reinsurance arrangements from 1 July 2012 and improvement in underlying loss ratios. Claims settlements associated with the Christchurch earthquakes continued, with around 60 per cent of outstanding claims settled at 30 June 2013 and event reserving remaining broadly in line with the position at 30 June 2012.

[8] Financial Year 2013 for the 53 week period 25 June 2012 to 30 June 2013 and Financial Year 2012 for the 53 week period 27 June 2011 to 1 July 2012.
[9] Comparable store sales include lay by sales. Lay by sales are excluded from total sales under Australian Accounting Standards.
[10] Financial Year 2013 for the 14 week period 25 March 2013 to 30 June 2013 and Financial Year 2012 for the 14 week period 26 March 2012 to 1 July 2012.

Increased Broking earnings during the year were as a result of strong revenue growth in New Zealand, which was supported by better than expected contributions from the recent acquisitions of FMR and ACM Ahlers. Broking results in Australia and the United Kingdom were more subdued.

Industrial

Collectively, the Industrial divisions experienced a difficult year driven by lower Resources and Industrial and Safety earnings.

The Resource division's earnings of $148 million were 66.3 per cent below the prior year. Revenue of $1,539 million was 27.8 per cent lower despite relatively flat metallurgical coal sales volumes of 7.2 million tonnes. Steaming coal volumes increased 16.8 per cent following the capacity expansion at Bengalla. Overall, results reflect lower export coal prices as metallurgical coal supply exceeded steel production requirements. Adding to general downward coal price pressures, a challenging steel making environment also saw customers increase demand for lower grade metallurgical coal. This caused price falls to be more pronounced for hard coking coal which adversely affected sales mix.

Metallurgical coal production at Curragh of 7.4 million tonnes was 2.3 per cent above last year but below capacity. Production output was impacted by a scheduled shutdown over Christmas in order to manage costs in a weak demand environment, and the effects of significant wet weather associated with Cyclone Oswald which interrupted rail and port activities. Production volumes at Bengalla were 32.6 per cent above the prior year.

Given the difficult market environment for metallurgical coal, a strong focus on cost and capital control realised positive outcomes, particularly at Curragh where unit mine cash costs (excluding the carbon tax) were 12.5 per cent below the prior corresponding period.

The Chemicals, Energy and Fertilisers division recorded earnings of $249 million. This was in line with last year, after adjusting for the $9 million HIsmelt industrial gas supply agreement settlement, driven by a higher chemicals business contribution offset by lower fertilisers and Kleenheat Gas earnings.

Solid earnings growth in the chemicals business was achieved following good production performances in all plants and strong product pricing, particularly for ammonia, ammonium nitrate and sodium cyanide. An increased contribution from the Queensland Nitrates joint venture was also recorded. The major challenge for the business unit remained Australian Vinyls, where margins continued to be affected by low PVC selling prices, relative to input prices, and a strong Australian dollar.

The fertilisers business had a difficult year with lower sales and margins recorded due to lower prices, a poorer harvest than the prior year and a very dry June. Whilst in line with expectations, earnings at Kleenheat Gas were lower for the year due to poorer LPG production economics, largely as a result of reducing gas content in the Dampier to Bunbury natural gas pipeline.

The 260,000 tonne per annum expansion of ammonium nitrate capacity at Kwinana continued during the year, with construction progressing well and the project remaining on track to be commissioned on time, and within budget, during the first half of the 2014 calendar year. Work is also underway on a $22 million project at Australian Gold Reagents to expand sodium cyanide production capacity to 78,000 tonnes per annum and solid production capacity to 45,000 tonnes per annum.

The Industrial and Safety division encountered increasingly challenging market conditions as the year progressed. This affected both sales and margins as customers reduced business activity and operating expenditure, particularly across the coal mining sector. As a result, despite strong customer contract retention rates, earnings for the division of $165 million finished 13.2 per cent below the prior year.

In response to this trading environment the division placed a strong focus on cost control, which will include the announced closure of 13 branches, focussed mainly on fasteners distribution, between June and October 2013. The division also realigned its activities along three customer-focused streams of Generalists, Safety Specialists and Industrial Specialists to help maximise revenue opportunities. This saw encouraging growth in on-site services and industrial gas distribution.

Other businesses/Corporate overheads

Other businesses, non-trading items and corporate overheads reported an expense of $119 million, compared with an expense of $137 million in the previous corresponding period. Other earnings were ahead of last year, despite lower interest revenue, largely due to reduced expenses associated with non-trading items[11] and higher earnings from associates.

Interest revenue declined to $13 million from $22 million in the prior period due to lower levels of cash on deposit during the year. Wesfarmers' share of the loss recorded by the Gresham Private Equity Funds was $11 million, compared to a loss of $55 million last year, while the Group's investment in the BWP Trust generated earnings of $27 million compared with $16 million last year.

Corporate overheads increased by $7 million to $108 million due largely to an increase in corporate sponsorships.

There were no non-trading items reported during the year, compared to a net expense of $15 million reported in the prior year.

Balance sheet and cash flow

Operating cash flows of $3,931 million for the year were 8.0 per cent above the prior year due to higher earnings growth and strong working capital performance. Working capital inflows for the year were $542 million, with the retail businesses contributing $577 million due to improving inventory management and trading terms.

Gross capital investment of $2,331 million was $295 million below the prior year, largely due to lower expenditure in the Resources division following the completion of coal handling preparation plant expansions at Curragh and Bengalla. Growth capital investment during the year related to ongoing retail network improvements, particularly in Bunnings and Coles, and expenditure associated with the expansion of ammonium nitrate capacity at Kwinana.

Consistent with a return on capital focus, disposal proceeds for the year increased by $384 million to $659 million as more of the retail property pipeline entered a stage where the Group could optimise outcomes from sale. As part of this activity, the Group has considered more innovative property sale structures, in support of traditional sale and leaseback activity, where better market outcomes can be achieved. Consistent with this approach, a joint venture was established between Coles and ISPT, a leading Australian property fund manager. Through this vehicle ISPT acquired a 75 per cent interest in an initial portfolio of 19 Coles-owned shopping centres, with Wesfarmers retaining a 25 per cent interest as well as property management rights. This transaction released approximately $400 million of capital.

After disposals, net capital expenditure for the year was $1,672 million, 28.9 per cent lower than the prior corresponding period.

Free cash flows for the year grew strongly to $2,171 million, $699 million higher than the same period last year despite the prior period benefiting from $402 million in cash proceeds associated with the sale of the Premier mine, the enGen business and other small divestments.

[11] Non-trading items in 2012 included a $181 million non-cash writedown of the carrying value of Coregas, partially offset by gains on sales totalling $166 million.

Net debt, comprising interest bearing liabilities less cash at bank and on deposit, at year end was $5,259 million, 7.2 per cent above the net debt position at 30 June 2012. The Group's finance costs decreased $73 million to $432 million for the year due to a lower effective borrowing rate of 6.65 per cent, 118 basis points down on the same period last year.

During the year the Group was very active with three separate bond raisings, consistent with its strategy to pre-fund upcoming debt maturities when conditions are favourable and extend debt maturities when commercially attractive.

In August 2012, the Group issued its first 10-year bond, raising EUR$650 million (approximately A$764 million) through European debt markets. In March 2013, Wesfarmers issued A$350 million seven year unsecured fixed rate medium term notes in the Australian market and in the same month completed a US$750 million (approximately A$728 million) five year notes raising in the United States. The raisings completed during the year also reflect the Group's aim to maintain a diversity of funding sources and maintain a regular issuer status in key debt markets.

Higher earnings and reduced finance costs resulted in further improvement in the Group's credit metrics. For the year, fixed charges cover increased to 3.0 times[12] and cash interest cover ratio increased to 12.2 times[12]. Gearing at 30 June 2013 remains at a comfortable level, with net debt-to-equity of 20.2 per cent.

In line with these strong credit metrics, during the year Moody's Investors Service upgraded Wesfarmers' issuer and senior unsecured long term debt rating from Baa1 (positive) to A3 (stable). This is consistent with the Group's credit rating from Standard & Poor's of A- (stable).

In November 2012, the Wesfarmers Board elected to extend the lapse date associated with Wesfarmers Partially Protected Shares for a period of 12 months. The lapse date is now 23 November 2013. The Board has the right to extend the lapse date for a further 12 months, up to another two times, subject to the terms and conditions of the shares.

Final dividend

Consistent with the Group's dividend policy, the directors have declared a fully-franked final dividend of 103 cents per share, taking the full-year dividend to 180 cents per share. The full-year dividend represents an increase of 9.1 per cent on the 165 cents per share full-year dividend declared for the 2012 financial year.

The dividend will be paid on 27 September 2013 to shareholders on the company's register on 26 August 2013, 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 15 consecutive trading days from 29 August 2013 to 18 September 2013 inclusive.

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 27 September 2013 to satisfy any shares to be issued under the Plan.

[12] Calculated on a rolling 12 month basis.

Capital management

Consistent with the announcement to the Australian Securities Exchange (ASX) today, Wesfarmers directors intend to seek shareholder approval to make a capital return of 50 cents per fully-paid ordinary share and partially protected share. This amounts to a total capital return of approximately $579 million and will be subject to a final ruling by the Australian Tax Office on the taxation treatment of the payment as well as approval by Wesfarmers shareholders at the Annual General Meeting (AGM) in November 2013.

The capital return is being made to return surplus capital to shareholders and to ensure that Wesfarmers maintains an efficient capital structure. The company's strong earnings growth, cash flow generation and balance sheet, together with well-established funding sources, mean Wesfarmers is able to undertake the capital return without adversely affecting its financial flexibility and growth objectives.

The capital return will apply equally to both the Wesfarmers ordinary and partially protected shares, and will be accompanied by an equal and proportionate share consolidation. The combination of a capital return and share consolidation will enable Wesfarmers to provide an earnings per share (EPS) outcome similar to that which would result from a share buy-back, whilst also ensuring that all shareholders receive an equal cash distribution per share. The share consolidation will be implemented in a manner which ensures that each shareholder's proportionate interest in Wesfarmers remains unchanged post the capital return, subject to rounding up of fractional entitlements.

In order to properly reflect the impact of the capital return and share consolidation on Wesfarmers partially protected shares, the floor price and conversion ratio attaching to the partially protected shares will be adjusted to $34.32 and 1.256 respectively.

A draft Class Ruling has been received from the ATO in relation to the taxation treatment of the capital return for its shareholders which, if issued, will confirm that there will be no immediate tax liability for most Wesfarmers shareholders. Instead, the cost base of shares for capital gains tax purposes will be reduced by 50 cents per share. For shareholders with a cost base of less than that amount, an assessable gain could arise. Shareholders will consider the proposal at the company's AGM, scheduled to be held in early November 2013. The final ATO ruling is expected before the AGM, with a detailed explanation of the proposal and confirmation of the timetable to be included with the AGM notice of meeting. Should all conditions be met, shareholders are expected to receive their payments by early December 2013.

Outlook

Despite more challenging forecasts for the Australian domestic economy and households, the Group continues to remain optimistic in its outlook.

The turnaround strategies in Coles, Kmart and Officeworks have provided solid platforms for future growth. These businesses ended the year with solid momentum and have plans in place to exploit further opportunities to deliver growth through operating efficiencies and improvements in their customer offers. Bunnings' outlook appears similarly positive, supported by a full strategic agenda to improve an already strong customer experience. The future conversion of the property pipeline into trading locations at a higher rate than historically achieved is also expected to contribute to growth.

Target remains a valued brand in Australia and its performance is expected to progressively improve over time. Trading in the first half of the 2014 financial year is, however, expected to continue to be challenging as a result of ongoing winter clearance activity and the non-repeat of high levels of promotional activity in the prior year.

The Insurance division's outlook is positive, in the absence of significant catastrophe events. In relation to underwriting, growth in Coles Insurance and ongoing discipline in commercial underwriting is expected. Future growth in Broking earnings is also anticipated, but planned systems upgrades will constrain margin improvement in the short term.

The short term outlook for the Group's Industrial divisions will continue to be challenging. Current variable metallurgical coal demand and low export coal prices provide for a difficult short term outlook for the Resource division. Within this environment, the division will continue to maintain a strong focus on cost control. The division will benefit should there be any further weakening in the Australian dollar. Longer term, a reducing cost structure and recent capacity expansions provide leverage to any improvement in coal prices.

The Industrial and Safety division will maintain a strong focus on creating operational efficiencies, while continuing to target new growth initiatives, given the cost reduction focus of many of its customers.

The outlook for the Chemicals, Energy and Fertiliser division is expected to remain weighted to the performance of the chemicals business, which is exposed to global commodity pricing, particularly ammonia. In the short term, solid demand for ammonia and ammonium nitrate is expected to continue, but higher gas prices, together with a planned ammonium nitrate plant shutdown, are expected to constrain earnings growth. The ammonium nitrate expansion and the sodium cyanide debottlenecking project are expected to support future earnings growth once commissioned.

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APPENDIX ONE

2013 FOURTH QUARTER AND FULL-YEAR RETAIL SALES RESULTS

Full-Year Sales ($m)	Financial Year 2013	Financial Year 2012	Movement (%)
Food & Liquor[1,2]	28,125	26,650	5.5
Convenience[1,3]	7,950	7,647	4.0
Total Coles	**36,075**	**34,297**	**5.2**
Home Improvement[4,5]	7,652	7,152	7.0
Office Supplies[4]	1,504	1,481	1.6
Total Home Improvement & Office Supplies	**9,156**	**8,633**	**6.1**
Target[6]	**3,719**	**3,785**	**(1.7)**
Kmart[1]	**4,237**	**4,125**	**2.7**

Refer to appendix three for footnotes.

Fourth Quarter Sales ($m)	Financial Year 2013	Financial Year 2012	Movement (%)
Food & Liquor[8,2]	7,332	6,936	5.7
Convenience[8,3]	2,058	2,017	2.0
Total Coles	**9,390**	**8,953**	**4.9**
Home Improvement[9,5]	1,784	1,619	10.2
Office Supplies[9]	375	356	5.3
Total Home Improvement & Office Supplies	**2,159**	**1,975**	**9.3**
Target[10]	**898**	**996**	**(9.8)**
Kmart[8]	**1,034**	**1,032**	**0.2**

Refer to appendix three for footnotes.

APPENDIX TWO

WESFARMERS RETAIL OPERATIONS - STORE NETWORK
FINANCIAL YEAR 2013

	Open at 1 Jul 2012	Opened	Closed	Re-branded	Open at 30 Jun 2013
COLES					
Supermarkets					
Coles	710	19	(10)	3	722
Bi-Lo	39	-	(2)	(3)	34
Total Supermarkets	**749**	**19**	**(12)**	**-**	**756**
Liquor					
1st Choice	84	10	(2)	-	92
Vintage Cellars	80	5	(6)	-	79
Liquorland	628	30	(19)	-	639
Hotels	92	1	(1)	-	92
Total Liquor	**884**	**46**	**(28)**	**-**	**902**
Convenience	**627**	**12**	**(3)**	**-**	**636**
Selling Area (m^2)					
Supermarkets	1,630,168	n.a.	n.a.	n.a.	1,656,520
Liquor (excluding hotels)	190,247	n.a.	n.a.	n.a.	199,178
HOME IMPROVEMENT					
Bunnings Warehouse	206	10	(6)	-	210
Bunnings smaller formats	58	10	(1)	-	67
Bunnings Trade Centres	36	3	(3)	-	36
OFFICE SUPPLIES					
Officeworks	139	13	(3)	-	149
Harris Technology	2	-	(1)	-	1
TARGET					
Target	179	8	(4)	-	183
Target Country	122	6	(3)	-	125
KMART					
Kmart	185	6	(1)	-	190
Kmart Tyre & Auto	260	5	(2)	-	263

APPENDIX THREE

FOOTNOTES

1. Financial Year 2013 for the 53 week period 25 June 2012 to 30 June 2013 and Financial Year 2012 for the 53 week period 27 June 2011 to 1 July 2012
2. Includes hotels, excludes gaming revenue and property income
3. Includes fuel sales
4. Financial Year 2013 and Financial Year 2012 for the 12 month period 1 July to 30 June
5. Includes cash and trade sales, excludes property income
6. Financial Year 2013 for the 53 week period 24 June 2012 to 29 June 2013 and Financial Year 2012 for the 53 week period 26 June 2011 to 30 June 2012
7. Comparable store sales include lay by sales. Lay by sales are excluded from total sales under Australian Accounting Standards
8. Financial Year 2013 for the 14 week period 25 March 2013 to 30 June 2013 and Financial Year 2012 for the 14 week period 26 March 2012 to 1 July 2012
9. Financial Year 2013 and Financial Year 2012 for the three month period 1 April to 30 June
10. Financial Year 2013 for the 14 week period 24 March 2013 to 29 June 2013 and Financial Year 2012 for the 14 week period 25 March 2012 to 30 June 2012

Coles Division

Performance Summary		
Full year ended 30 June	**2013 ($m)**	2012 ($m)
Revenue	**35,780**	34,117
EBITDA	**1,987**	1,785
Depreciation & amortisation	**(454)**	(429)
EBIT	**1,533**	1,356

Coles' operating revenue for the year increased $1.7 billion to $35.8 billion. Earnings before interest and tax (EBIT) increased 13.1 per cent to $1,533 million, with EBIT margin increasing 31 basis points to 4.3 per cent. Coles recorded strong comparable food and liquor store sales growth[1] of 4.3 per cent.

Annual food and liquor price deflation was 1.7 per cent, reflecting Coles' ongoing investment in lower prices for Australian families.

Coles' investment in value for customers was funded from a savings pool generated from cost reductions and business efficiencies across its store, supply chain and store support functions. Suppliers also benefitted from lower prices due to increased demand, with double-digit growth achieved for many products included in the 'Down Down' campaign.

Continued improvements in product quality, particularly in fresh categories where participation again grew, drove strong volume growth. Coles continued to work with a number of smaller, Australian-owned suppliers to bring new and innovative products to market, such as the introduction of a new baby corn product in consultation with Rugby Farm in Queensland which reduces the reliance on imports from Thailand.

The ongoing transformation of Coles' supply chain network continued with a number of significant cost reduction activities commencing. Programs including automated ordering for fresh food, in-house load planning and optimisation of fast and slow moving product flows are expected to generate further savings in coming years. The rollout of new store formats continued at pace, with a further 90 stores launched in the renewal format during the year, including a full-scale concept store at Southland in Melbourne and an urban concept store at Raine Square in Perth. At the end of the financial year there were 342 renewal stores, with nearly half of the fleet now in the renewal format.

Coles continued to improve the quality of its supermarket network, closing smaller stores and opening larger stores, delivering net space growth of 1.6 per cent for the year. Coles opened a further six larger format stores which have received pleasing customer feedback and which continue to perform in line with expectations.

Coles Liquor's performance improved during the year, with profit growth supported by a better margin mix as a result of improved promotional effectiveness and increased exclusive label sales. The significant task of restructuring the property network was further progressed with 46 stores opened and 28 stores closed during the year.

Coles Express recorded revenue of $7.8 billion for the year, up 3.8 per cent on the previous year. Total fuel volumes increased by 5.4 per cent, with comparable volumes[1] up 2.3 per cent. Total convenience store sales increased 1.5 per cent for the year, but declined 0.8 per cent on a comparable basis. For the fourth quarter[2], convenience store sales increased 3.3 per cent with comparable sales growth of 0.8 per cent achieved.

Coles Express reported good earnings growth of 33.1 per cent to $165 million for the year, driven by a strong customer response to the quality of the Coles Express fuel offer. The improved sales performance of the convenience store network followed the extension of the 'Down Down' campaign to Coles Express the benefits of an improved grocery range.

Coles' multi-channel initiatives also progressed well during the year with initial trials of the redesigned Coles Online website completed. This new platform will support higher transactional volumes as well as a significantly improved experience for customers across the country.

Growth in financial services continued throughout the year with over 200,000 insurance policies in force and the launch of a new Coles MasterCard with no annual fee applicable. The flybuys loyalty programme continued to achieve strong growth in active members, with new partners added during the year.

In the 2013 financial year, Coles opened 19 new supermarkets, 45 liquor stores, one hotel and 12 convenience stores. At 30 June 2013, Coles had a total of 756 supermarkets, 810 liquor stores, 636 Coles Express sites and 92 hotels.

[1] For 2013 the 53 weeks from 25 June 2012 to 30 June 2013 and for 2012 the 53 weeks from 27 June 2011 to 1 July 2012.
[2] For 2013 the 14 weeks from 25 March 2013 to 30 June 2013 and for 2012 the 14 weeks from 26 March 2012 to 1 July 2012.

Outlook

Coles will continue its transformation strategy at pace with a priority focus on improved quality, service and value. The continued focus on value will help customers combat rising living costs. The success of the turnaround strategy over the last five years has provided a solid platform as Coles transitions to its second wave of transformation to take advantage of opportunities in store renewal, supply chain transformation and continued improvements in operating efficiencies. Coles is also investing in a range of new initiatives to deliver sustainable growth over the longer term, which includes continued category innovation and Coles brand development, multi-channel integration and a tailored loyalty offer.

Home Improvement and Office Supplies Division

Bunnings

Performance Summary		
Full year ended 30 June	**2013 ($m)**	2012 ($m)
Revenue	**7,661**	**7,162**
EBITDA	**1,028**	**957**
Depreciation & amortisation	**(124)**	**(116)**
EBIT	**904**	**841**

Operating revenue from the Bunnings home improvement business increased by 7.0 per cent to $7.7 billion for the year. Earnings before interest and tax (EBIT) of $904 million were 7.5 per cent higher than the prior corresponding period.

Total store sales growth of 7.2 per cent was achieved, with store-on-store sales increasing by 4.4 per cent. Commercial sales were 9.6 per cent higher than the comparable period. Sales growth for the year was achieved in both consumer and commercial areas across all key trading regions by all merchandising categories. Trading for the year finished well, with total sales up 10.2 per cent and store-on-store growth up 6.9 per cent during the fourth quarter.

The business was further strengthened during the year through the delivery of better customer experiences, continued range innovation and category expansion, and further network and property pipeline development.

Stock flow was improved, the team is better equipped to deliver on service objectives, and more value is being provided to customers funded by cost and productivity improvements.

During the year 23 trading locations were opened, including 10 new warehouse stores, 10 smaller format stores and three trade centres. At the end of the period there were 210 warehouses, 67 smaller format stores and 36 trade centres operating in the Bunnings network across Australia and New Zealand.

Outlook

Work will continue in the next year to drive sales and earnings growth by creating more value for customers, providing better customer experiences, expanding brand reach, leveraging the commercial area of the business, and delivering more merchandise innovation. There will also be continuing investment in the team, stock flow, productivity and community involvement, to further build on those aspects of the business.

Conversion of the property pipeline into trading locations will occur at higher rate than historically achieved with at least 20 new warehouse stores expected to open in the 2014 financial year. There will be further investment in the property pipeline and in existing stores, with an ongoing focus on the recycling of capital.

Home Improvement and Office Supplies Division

Officeworks

Performance Summary		
Full year ended 30 June	**2013 ($m)**	2012 ($m)
Revenue	**1,506**	1,482
EBITDA	**117**	**108**
Depreciation & amortisation	**(24)**	**(23)**
EBIT	**93**	**85**

Operating revenue for Officeworks increased by 1.6 per cent to $1.5 billion for the year. Earnings before interest and tax (EBIT) of $93 million were 9.4 per cent above the prior corresponding period.

Sales during the year were supported by a strong performance in the fourth quarter with total sales in the quarter increasing 5.3 per cent on the prior corresponding period.

Deflationary headwinds and challenging market conditions did, however, constrain sales growth over the year. Transaction and unit sales were above last year and online sales grew strongly, in line with the Officeworks "every channel" strategy.

During the year, Officeworks remained focused on its strategic agenda with customer service a key area of effort through a range of initiatives implemented. New products and services were added whilst investment in the online offer continued.

Investment in the business-to-business offer also continued as more customers responded favourably to Officeworks' every channel offer.

Thirteen new stores were opened during the year and, at year end, there were 150 sites.

Outlook

Officeworks' primary focus remains on investing to further enhance the customer offer, including expanding and renewing the store network. Increasing business-to-business sales and investing in the online platform remain priorities and productivity improvements will continue through the removal of operational complexity. Underpinning these strategic initiatives will be ongoing work to develop and strengthen the Officeworks team.

The outlook for sales and margin is expected to be challenging given current market conditions.

Wesfarmers

Target Division

Performance Summary		
Full year ended 30 June	**2013 ($m)**	2012 ($m)
Revenue	**3,658**	**3,738**
EBITDA	**216**	**317**
Depreciation & amortisation	**(80)**	**(73)**
EBIT[1]	**136**	**244**

Target's operating revenue decreased by 2.1 per cent to $3.7 billion, while comparable store sales for the year declined 3.3 per cent[2]. Earnings before interest and tax (EBIT) were $136 million, down 44.3 per cent on the prior year.

Target's reduced earnings reflect challenging trading conditions. Continued price deflation due to strong competition and continuing challenges in electrical and entertainment categories affected sales and trading margins.

A higher than anticipated shrinkage result, and high levels of excess inventory which led to elevated clearance activity during the fourth quarter, adversely affected earnings during the year. A late start to winter and poor product ranges also affected sales and contributed to the higher inventory and clearance activity. High levels of consulting costs were experienced in the first half, with costs incurred in June 2013 related to the restructuring of the store support centre.

Stuart Machin joined Target as Managing Director on 15 April 2013, with the immediate focus being on getting Target 'back to basics'. This has included the commencement of clearance of excess or poor inventory, reviewing product ranges, pricing architecture and sourcing disciplines, early stage improvement in store standards and execution, and a stronger focus on costs.

Work also progressed on strengthening Target's leadership team to oversee the business' turnaround and the longer term transformation of Target. In June, the store support office was restructured, with key strategic initiatives communicated to the business.

During the year 14 stores were opened, including four replacement stores, with seven stores closed. At the end of the year there were 183 Target stores, including three Urban By Target stores and five Target Outlets, and 125 Target Country stores.

[1] 2012 includes a $40 million restructuring provision
[2] For 2013 the 53 week period 24 June 2012 to 29 June 2013 and for 2012 the 53 week period 26 June 2011 to 30 June 2012

Outlook

Target's primary focus will remain on getting 'back to basics'. In what is expected to be a transitional year a key priority will be the strengthening of Target's leadership team to drive its longer term transformation. Key initiatives during the year will include improving the customer experience and product offering, resetting pricing architecture, rationalising range, focusing on and benchmarking style and improving process efficiency and cost management.

The challenging trading environment experienced in the fourth quarter of financial year 2013 is expected to continue into financial year 2014 due mostly to high levels of winter inventory that will require continued clearance. Trading will also be affected by a late launch to the spring/summer product transition and the non-repeat of high levels of promotional activity in the prior year.

As Target executes its transformation, earnings are expected to progressively recover but improvement will take time.

Target expects to open 12 new stores and two replacement stores in financial year 2014.

Kmart Division

Performance Summary		
Full year ended 30 June	**2013 ($m)**	2012 ($m)
Revenue	**4,167**	4,055
EBITDA[1]	**415**	332
Depreciation & amortisation	**(71)**	(64)
EBIT[1]	**344**	268

Kmart's operating revenue for the year was $4.2 billion with earnings before interest and tax (EBIT) of $344 million[1] up 28.4 per cent on the prior year, with an EBIT margin of 8.3 per cent 165 basis points above the prior corresponding period.

Total store sales growth was 2.7 per cent with comparable store sales growth of 2.1 per cent[2].

Sales growth for the full year was underpinned by strong transaction and unit growth. The fourth quarter of the year represented the fourteenth consecutive quarter of growth in customer transactions and units sold.

The strong increase in earnings was achieved through improvements in sourcing, range assortment, inventory management and in store execution. The 2013 financial year represents the fourth consecutive year of double digit earnings growth.

Return on capital (RoC) improved 700 bps to 25.9 per cent which reflects increased sales, reduced mark down activity, a focus on cost efficiency and strong working capital management.

During the year investment in the network continued with six new Kmart stores opened and 10 Kmart store refurbishments completed.

At year-end there were 190 Kmart stores and 263 Kmart Tyre & Auto Service centres.

[1] 2013 result includes $2 million earnings relating to Coles Group Asia overseas sourcing (2012:$2 million).

[2] 2013 for the 53 week period 25 June 2012 to 30 June 2013 and 2012 for the 53 week period 27 June 2011 to 1 July 2012.

Outlook

Focus will continue on delivering growth through operational excellence, creating adaptable stores, driving a high performance culture and investing in the store network. Initiatives to further improve sourcing, stock flow and availability and costs of doing business will continue. Team and customer safety remains a significant priority along with a continuing focus on ethical sourcing and building stronger relationships with all suppliers.

The recent devaluation of the Australian dollar is expected to affect margin growth and exchange rate movements will, as always, be closely managed. Sales in the first quarter of financial year 2014 are expected to be affected by the removal of Christmas lay-by from the Toy Sale event.

Network investment will continue, with six new Kmart stores planned to open in the 2014 financial year.

Insurance Division

Performance Summary		
Full-Year ended 30 June	**2013 ($m)**	2012 ($m)
Revenue	**2,083**	**1,915**
EBITDA	**243**	**36**
Depreciation	**(25)**	**(19)**
EBITA	**218**	**17**
EBIT	**205**	**5**

Operating revenue of $2.1 billion was 8.8 per cent higher than the previous corresponding period. Broking revenue increased by 9.7 per cent on the previous corresponding period, and Gross Written Premium from underwriting activities increased by 9.3 per cent on the prior period.

The combined operating ratio for the underwriting business was 95.3 per cent and the earnings before interest, tax and amortisation (EBITA) margin for the broking businesses was 29.3 per cent.

Wesfarmers Insurance EBITA increased to $218 million, a significant increase on the $17 million achieved in the previous corresponding period. Earnings for the previous corresponding period included a $108 million impact from reserve increases in relation to the 22 February 2011 Christchurch Earthquake.

Earnings before interest and tax (EBIT) for the year were $205 million. The increase in divisional earnings was largely driven by higher premiums, benefiting from premium rate increases achieved in the current and prior year and favourable claims experience within the underwriting businesses. Broking earnings were higher than the previous corresponding period, with EBITA increasing to $86 million, an increase of 8.9 per cent on the previous corresponding period.

Strong growth in gross written premium was achieved during the year reflecting further increases in premium rates and strong growth in volumes across most portfolios, particularly Coles Insurance personal lines, Motor and Rural. This was partially offset by a targeted reduction in exposures to higher risk categories and geographies.

Strong customer interest in Coles Insurance continues to drive substantial increases in sales of motor and home products, with more than 200,000 policies in force at 30 June 2013.

Changes in reinsurance arrangements from 1 July 2012, together with improvements in underlying loss ratios, have benefited underwriting earnings across most classes of business.

Increases in claims reserves for the run-off Builders Warranty portfolio were offset by the release of the remaining Liability Adequacy Test deficit, reflecting the impact of achieved rate increases and improved underwriting risk selection.

The underwriting operations continued to invest in IT and efficiency initiatives, including the completion of the implementation of the new policy administration system in New Zealand, launch of the full policy lifecycle process in Lumley Australia and further expansion of the Partnered Repair Network for motor claims.

The New Zealand operations continued to support customers through the Christchurch Earthquake claims process, with around 60 per cent of outstanding claims settled at 30 June 2013. Reserving for the event remains broadly in line with the position at 30 June 2012.

Broking revenue and earnings were higher than the previous corresponding period, however, planned expenditure on investment in broking systems resulted in a small reduction in EBITA margin.

The New Zealand broking business achieved strong revenue and earnings growth, with the FMR and ACM Ahlers acquisitions completed and performing ahead of expectation and new business growth benefiting from increases in premium rates.

Revenue and earnings growth in OAMPS Australia have been more challenging, reflecting continued difficult trading conditions in the SME sector. The business remained focused on customer retention strategies and new business growth during the year.

Subdued economic conditions in the United Kingdom have resulted in flat earnings across the UK broking business.

Outlook

Further improvement in underwriting earnings is expected in the 2014 financial year, in the absence of significant catastrophe events, benefiting from a continued focus on disciplined risk selection and operational efficiencies. Rate increases are, however, likely to slow across Australia and New Zealand. Further expansion of the Coles Insurance offer is expected to provide strong growth in personal lines premiums. Continued pressure on investment yields due to the low interest rate environment is expected to continue to constrain investment earnings.

Broking operations will continue to pursue growth through targeted recruitment, bolt-on acquisitions and improvements in productivity. While further growth in earnings from broking operations is expected, continued investment in the planned upgrade in broking systems will constrain margin improvement in the short term.

Resources Division

Performance Summary		
Full year ended 30 June	**2013 ($m)**	2012[1] ($m)
Revenue	**1,539**	2,132
EBITDA	**299**	589
Depreciation & amortisation	**(151)**	(150)
EBIT	**148**	439

[1] 2012 includes Premier Coal results for the period until divestment on 30 December 2011. Gain on disposal of Premier Coal was excluded and reported as part of 'Other' earnings.

Revenue of $1.5 billion for the year was 27.8 per cent below the preceding year. Earnings before interest and tax (EBIT) of $148 million were 66.3 per cent below the last year.

Revenue and earnings declines reflected significantly lower US$ export prices received across all products which were in line with challenging global coal market movements. Export revenues were also constrained during the year due to the continued strength of the Australian dollar.

Curragh (Qld): Metallurgical coal sales volumes of 7.21 million tonnes were 0.8 per cent above the preceding year. Steaming coal sales volumes of 3.17 million tonnes were 7.5 per cent higher than the prior corresponding period reflecting contracted commitments. Metallurgical coal production for the year of 7.38 million tonnes was 2.2 per cent above the previous year and steaming coal production of 3.25 million tonnes was 12.8 per cent higher. Production was constrained by a scheduled shutdown during the Christmas period and significant wet weather, which interrupted rail and port activities, associated with Cyclone Oswald.

Good performance was achieved during the year in lowering production costs. This reflected a sustained focus on cost control, with unit mine cash costs (excluding carbon tax) achieved for the year being 12.5 per cent lower than the previous year and approximately 30 per cent lower than the peak in cash costs experienced in 1H FY12.

Bengalla (NSW): Sales volumes from the Bengalla mine, in which Wesfarmers holds a 40 per cent interest, were up 28.5 per cent on the preceding year and production volumes were also up 32.6 per cent compared to the same time last year. These increases reflected operation at expanded mine capacity of 9.3 million tonnes Run-of-Mine (ROM) coal per annum (100 per cent basis) for the full year.

Outlook

Increased export sales volumes are expected from the Curragh mine in the 2014 financial year with Bengalla expected to maintain similar performance levels to 2013. Curragh's metallurgical coal sales are forecast to be in the range of 7.5 to 8.5 million tonnes subject, as always, to mine operating performance and key infrastructure availability.

The focus on operational productivity and cost control will continue.

Chemicals, Energy and Fertilisers Division

Performance Summary		
Full year ended 30 June	**2013 ($m)**	2012 ($m)
Revenue[1]	**1,805**	1,786
EBITDA[1]	**348**	348
Depreciation & amortisation	**(99)**	(90)
EBIT[1]	**249**	258

[1] 2012 includes enGen and the Bangladesh LPG joint venture revenue and earnings until divestment in August 2011 and January 2012 respectively. Gain on disposal of both entities excluded and reported as part of 'Other' earnings.

Operating revenue of $1.8 billion was 1.1 per cent higher than last year, largely as a result of an improved revenue/product mix and firmer pricing in both the chemicals and LPG businesses.

Earnings before interest and tax were $249 million, compared to earnings of $258 million from the previous year, which included a one-off positive earnings impact of $9 million from the termination of the HIsmelt industrial gas supply agreement in February 2012 and earnings from enGen and the Bangladesh LPG joint venture up until their divestment.

Ammonium Nitrate Expansion: Expansion of ammonium nitrate production capacity at Kwinana, Western Australia by 260,000 tonnes per annum (tpa) to 780,000 tpa continues. Construction is well advanced with all major modules delivered to site and in place. The project remains on track to be operational on-time and within budget during the first half of the 2014 calendar year.

Chemicals: Earnings from the chemicals businesses were ahead of last year.

Good production performances and strong product pricing in ammonia, ammonium nitrate and sodium cyanide resulted in solid earnings uplifts for these businesses. Earnings from the Queensland Nitrates joint venture were significantly ahead of the previous year which included a major shutdown and some plant issues. As anticipated, Australian Vinyls had another challenging year, with higher input costs relative to PVC selling prices, and a strong Australian dollar, impacting margins and subdued construction activity dampening volume growth.

Approval has been received from both Australian Gold Reagents venture partners to expand sodium cyanide production capacity at Kwinana from 64,000 tpa to 78,000 tpa and solid production capacity from 34,000 tpa to 45,000 tpa at a cost of $22 million. The expansion is expected to be completed by the end of the 2013 calendar year.

Fertilisers: Fertiliser earnings were below the previous corresponding period, as declining fertiliser prices, a poorer harvest than the prior year, together with a very dry June, resulted in lower sales volumes and reduced margins.

Kleenheat Gas: Kleenheat Gas earnings continue to reflect declines in LPG production economics and earnings were below the previous year but in line with expectations.

LPG production for the year was 145,700 tonnes, 2.9 per cent lower than last year due to further declines in LPG content in the Dampier to Bunbury natural gas pipeline.

In March 2013, Kleenheat Gas launched a natural gas retailing business, providing competition for the first time in the south-west of Western Australia. Early performance of the business is in line with expectations.

LNG business performance improved on the previous corresponding period.

Air Liquide WA (40 per cent): Earnings were below the previous year due to slightly reduced margins.

Outlook

There remains an ongoing focus on the successful completion of both the ammonium nitrate expansion and sodium cyanide debottlenecking projects which are intended to underpin growth in earnings from these businesses.

Demand for chemical inputs to the Western Australian resources sector is expected to support strong performances from the ammonia and ammonium nitrate businesses. Higher gas input costs and lower international ammonia pricing are, however, expected to partially offset this, and planned shutdowns of the nitric acid/ammonium nitrate plant and the ammonium nitrate prill plant during the 2014 financial year will also affect earnings in the coming period.

Continued pressure on margins at Australian Vinyls is expected as the business remains challenged by higher input costs relative to selling prices, which would be partly offset in the event of a sustained weakening in the Australian dollar. Sales volumes are also expected to remain under pressure as market demand remains soft.

Kleenheat Gas' LPG earnings continue to be dependent on international LPG prices and LPG content in the Dampier to Bunbury natural gas pipeline, with the latter expected to remain challenging.

Following a good start to the season in May, low rainfall in June and early July 2013 has resulted in lower soil moisture levels and reduced yield potential in much of WA. The Fertiliser business' earnings in the 2014 financial year do, however, remain dependent upon a good seasonal break in the second half of the financial year and farmers' terms of trade.

Industrial and Safety Division

Performance Summary		
Full year ended 30 June	**2013 ($m)**	2012 ($m)
Revenue	**1,647**	1,690
EBITDA	**192**	217
Depreciation & amortisation	**(27)**	(27)
EBIT	**165**	190

Industrial and Safety delivered a solid result in challenging market conditions where reduced operating activity and increased cost control by customers affected sales and margins. Operating revenue declined by 2.5 per cent to $1.6 billion.

In Australia, sales growth was achieved in Coregas, Bullivants and in the oil & gas sector, however, this was offset by reduced customer activity in the mining sector, especially coal mining. Good results were generally achieved in the New Zealand businesses.

The continued improved results in Coregas reflected benefits from business improvement initiatives in recent years and increasing collaboration with Blackwoods.

The division continued to strengthen customer relationships with a focus on customer service and supply solutions, and more structured key account management processes across industry sectors.

During the year, the division realigned its activities along three customer-focused streams: Generalists, Safety Specialists and Industrial Specialists.

Blackwoods Protector and Total Fasteners were restructured during the last quarter. Total Fasteners was repositioned to increase distribution and sales efficiencies with Blackwoods while keeping a focused specialist team. The closure of 13 branches across the division's networks was also announced and will take effect between June and October 2013.

The division continued to enhance key supplier relationships and build its portfolio of leading proprietary and home brands. New growth also included on-site services expansion, gas distribution through Blackwoods, the acquisition of a small gas and welding distributor, and the launch of online businesses in Australia and New Zealand.

Distribution capability improvements included relocations to new branches (Karratha, Gladstone) and new distribution centres under construction (Sydney, Adelaide, Mackay). A new distribution centre was also opened in Shanghai.

Technology was a key focus, including significant improvement in electronic data interchange processes, better IT infrastructure including data centre outsourcing, automation for future distribution centres to improve productivity, new scanning and vending solutions, and the issue of a request for quote for a new enterprise resource planning system.

Capital management remained a key focus and included the sale and lease back of the Blackwoods Brisbane and Sydney distribution centres in the second half.

Outlook

In a challenging environment the division is well placed to continue to grow market share and respond to any market recovery. The division will continue to focus on supply chain and operational efficiencies, lowering the cost of doing business and product range development.

The division will continue to target new growth initiatives to deliver increased diversification of the customer base and growth into new, related markets, including services. The division will also consider targeted acquisition opportunities to complement organic growth, where it believes satisfactory returns can be achieved.