Wesfarmers Limited
ABN 28 008 984 049

21 August 2008

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

2008 FULL YEAR RESULT & PRELIMINARY FINAL REPORT

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

- 2008 Full Year Result Announcement; and
- Appendix 4E - Preliminary Final Report.

An analyst briefing will be held following the release of this announcement. This briefing will be webcast and can be accessed at:

Analyst Briefing 1:00 pm (WST)
http://www.multimediaservices.com.au/wesfarmers/2008_FY/welcome.htm

Yours faithfully,

L J KENYON
COMPANY SECRETARY

Enc.

Wesfarmers Limited
ABN 28 008 984 049

NEWS

21 August 2008

2008 FULL YEAR RESULT

The directors of Wesfarmers Limited today announced a net profit of $1,050 million for the year ended 30 June 2008, an increase of $264 million or 33.6 per cent on the previous year's profit of $786 million. Operating revenue was $33.6 billion, compared to $9.8 billion in 2006/07.

Earnings per share were $1.81, a decrease of 11.9 per cent on the $2.05 recorded in the previous year. Operating cash flows increased 11.5 per cent from last year's. Operating cash flow per share of $2.47 was 27.6 per cent below the $3.41 recorded last year, due to an additional 411 million shares being issued during the year.

Managing Director Richard Goyder said the company had achieved a strong result for 2007/08 in a year marked by the acquisition and integration of the Coles group of businesses.

"The acquisition of the major businesses of Coles, Target, Kmart and Officeworks has materially expanded Wesfarmers' operations, scale and engagement in Australian retailing. Significant financial, human and infrastructure resources have been committed to bring about a material repositioning and performance improvement in these businesses over the coming years.

"We've seen excellent results across a number of our divisions: Bunnings, Energy, Resources, Industrial and Safety, and Chemicals and Fertilisers. Overall, the businesses we owned for the full-year recorded a 15 per cent increase in revenue and 16 per cent increase in earnings before interest and tax.

"The results are pleasing given a tightening economy and the Varanus gas outage which curtailed our Western Australian energy and chemicals operations in June.

"Bunnings has again had a great year, with cash sales up 13.9 per cent on the previous 12 months, and earnings before interest and tax rising 11.6 per cent. This impressive result reflects good merchandising and operational strategies as well as the ongoing expansion of the Bunnings store network.

"Our coal operations have benefited from strong prices. The Resources division achieved an overall 25 per cent increase in earnings before interest and tax on last year to $423 million. Revenue from our Chemicals and Fertilisers division rose 68 per cent on the previous financial year, underpinning record earnings before interest and tax of $124 million.

“Our Energy division recorded earnings before interest and tax of $90 million, up 20 per cent. Industrial and Safety recorded earnings growth of 13 per cent.

Mr Goyder said: “These results were achieved while a lot of effort was going into the initiatives to improve the operational and financial performance of the recently acquired Coles group of businesses.

“A significant amount has been achieved since we acquired the group last November. The integration team was located within Coles two weeks prior to the completion of the transaction and moved quickly to realign all former Coles group corporate functions to the Wesfarmers corporate structure and operating model; restructured the previously centralised Coles functions to create autonomous retail divisions; completed a number of critical commercial reviews, including the review of Kmart; and dealt with a number of completion and legacy issues.

“Completing the integration programme prior to the end of the period has allowed all divisions to enter the new financial year with a clear focus on performance and without the distractions of further integration work.

“Since the acquisition of Coles there has been significant reductions in above-store employee numbers, the appointment of new management teams and development of five-year plans and budgets – all of which are continuing to lay the foundations for improved performance and dismantle barriers to growth.

“Results for the Food and Liquor business for the seven months reflect the fact that we are still in the early stages of a five-year turnaround.

“Ian McLeod and his new team are putting in place the structures and strategies required to effect a sustained turnaround of the business and create a much more customer-focused, value-driven operation.

“As we’ve said previously, the changes won’t suddenly be obvious on a particular day or date, but I continue to strongly believe that the results of progress made to date, and the strategies being planned, will deliver value to our shareholders and our customers.”

Outlook

The company’s outlook is for continuing solid performances across most businesses, with the earnings outlook for Resources in 2008/09 particularly strong. Notwithstanding the challenges of a tougher economic environment, change in Coles will gain momentum, as work continues to fix the basics, laying the foundations for its successful turnaround.

Final Dividend

The directors have declared a fully-franked final dividend of $1.35 per share which will be paid on 6 October 2008 to shareholders recorded on the company’s register on 1 September 2008, the record date for the dividend. This lifts the total dividend for the year to $2.00 per share, compared to the $2.25 paid last year which included a component of approximately 25 cents attributable to the sale of the Australian Railroad Group in June 2006.

The directors have decided to continue the operation of the Dividend Investment Plan. The allocation price for shares under the Plan will be calculated at a one per cent discount to the average of the daily volume weighted average price of Wesfarmers shares on each of the 10 consecutive trading days from and including the second trading day after the record date for participation in the Plan which is 1 September 2008. Shares will be allocated under the Plan on 6 October 2008. The directors have determined that the Plan will not be underwritten for this dividend.

Finance

Net operating cash flows for the year were $1.45 billion. Replacement and expansion capital expenditure was $1.2 billion.

The Group's ratio of net debt to equity at 30 June 2008 was 47.4 per cent, down from 144 per cent last year. The rolling 12 month cash interest cover was 4.9 times compared with 8.7 times last year.

Home Improvement & Office Supplies

<u>Bunnings</u>

Trading revenue for the home improvement business increased by 12.6 per cent and total operating revenue (including property transactions) increased by 8.5 per cent to $5.4 billion for the full-year. Earnings before interest and tax of $589 million were 11.6 per cent higher than those recorded last year. Trading earnings before interest and tax (excluding property, Houseworks and other non-trading items) increased by 16.8 per cent.

Cash sales growth of 13.9 per cent was achieved in Bunnings, with underlying store-on-store cash sales growth for the full-year of 11.3 per cent, reflecting strong organic growth from the existing store network. Good results were recorded in all States of Australia and across all product categories, as a result of good execution of merchandising and operational strategies. New Zealand results were impacted by tight economic conditions in that market.

Store-on-store cash sales growth was 8.7 per cent for the four month period March to June 2008, (taking into account the Easter trading period), despite the more challenging economic conditions that emerged later in the year.

Trade sales for the year grew by 6.3 per cent on the previous year, a good result given the continued weakness in the housing construction market in a number of parts of Australia and New Zealand. This performance reflects progress from the continuing re-alignment of the trade business, resulting in better service for larger trade customers as well as an improved offer for walk-in trade customers within the store network.

Good progress was made with the development of the network; 11 new warehouse stores, two smaller format stores and five trade centres were opened. At year-end there were 165 warehouse stores and 61 smaller format stores operating across Australia and New Zealand.

During the year 17 per cent of stores were upgraded as part of the ongoing store network refurbishment programme, which brings current building and merchandising standards into older parts of the network.

Solid progress was made throughout the year on strategies to deliver greater efficiencies and more effective operations within the business. Highlights included lower shrinkage levels, better inventory disciplines, enhancements to the supply chain and the continued upgrading and implementation of core IT systems.

Outlook

The outlook for the home improvement business in 2008/09 is for continued retail sales growth, with an increasing contribution from the trade business but in the context of a more challenging economic environment than has been experienced in recent years.

Officeworks

Operating revenue for the office supplies businesses (Officeworks and Harris Technology) between 23 November 2007 to 30 June 2008 ("the ownership period") was $802 million, 1.6 per cent higher than the corresponding period last year. Earnings before interest and tax for the ownership period were $36 million. This result included $7.1 million of acquisition and restructuring costs.

Trading conditions became more difficult across the second half of the year, particularly for the important smaller business customer base, as the economic environment tightened.

During the post-acquisition period, a substantial amount of work was completed to establish Officeworks and Harris Technology as an autonomous operating business within the Home Improvement & Office Supplies division and the broader Wesfarmers Group. The business strategies for both Officeworks and Harris Technology have been comprehensively assessed and reset, laying the foundation for future growth.

Outlook

The outlook for Officeworks is for moderate sales growth, reflecting the tougher current trading conditions. With restructuring largely complete, the focus on new strategies should see a progressive pick-up in performance.

Coles

Operating revenue for the Coles division (comprising the supermarkets, liquor and fuel and convenience businesses) during the ownership period increased by 7.2 per cent over the same period last year to $16.9 billion. Earnings before interest and tax were $474 million before charging $101 million of non-trading items related to redundancy and other restructuring costs resulting from organisational change and store network initiatives.

Food and Liquor sales grew by 4.2 per cent in the ownership period with sales growth in all categories except Fresh Produce, which was impacted by price deflation in the fourth quarter. Liquor sales also grew strongly largely through increased numbers of 1st Choice stores. Comparative store sales growth in Food and Liquor for the ownership period was 2.8 per cent.

During the ownership period, Coles' price position was improved with approximately $100 million re-invested through a combination of price decreases and the absorption of cost increases to improve value for customers.

Since the acquisition of Coles by Wesfarmers, Food and Liquor sales are beginning to show signs of improvement. Market share has been stabilising as a result. A major focus of Coles team members both in stores and throughout the supply chain has been to improve availability. Coles housebrand products grew by 14 per cent year on year, and multi-save promotion flexibility was introduced throughout Coles supermarkets in the fourth quarter, delivering better value for customers.

Convenience store results were solid, driven by strong volume in a number of low priced key staples and the ongoing roll-out of an enhanced store format. Comparable sales growth for the ownership period in Convenience was 5.7 per cent.

A focus on realigning the network commenced including the development of 17 new supermarkets, 42 new liquor stores, four hotels, and eight convenience stores during the ownership period. In addition, 12 supermarkets, 99 liquor stores, 27 hotels and 31 convenience stores were extended or refurbished. In an initial start to much needed reinvestment in stores, a programme of minor refurbishment was carried out on 266 supermarkets. The total network of stores as at 30 June 2008 comprised 750 supermarkets, 767 liquor stores (including 52 large format stores), 95 hotels and 619 convenience stores.

Upgrading the distribution network is on track with the opening of a new Chilled Distribution Centre in New South Wales and a new composite distribution centre in Western Australia. There were 26 distribution centres as at 30 June 2008, compared to 33 in July 2007.

The new senior management team for Coles is now fully in place, following the arrival of Stuart Machin, Store Operations Director, on 15 August 2008. A new streamlined operating model has been implemented across the business bringing a significant reduction in central support functions with over 1,000 non-store roles withdrawn. Stronger financial discipline, particularly in respect to capital management and inventory control has also been introduced.

To establish a solid foundation for the business, work has commenced on reviewing product ranges, fresh quality and promotional repositioning to provide better value for customers. Planning in respect to capital re-investment in stores, including a new store format is advancing.

Outlook

Considerable work has been undertaken since Wesfarmers' acquisition of Coles to integrate the respective retail businesses, streamline operational structures to increase efficiency, continue the development of the central distribution network, stabilise business performance and appoint a new Coles senior management team with significant international retail experience.

While there are challenges ahead for the new team to affect the successful turnaround of Coles over the coming years, strategies are now underway to revitalise the fresh food offer, tailoring the range to meet the needs of different customer groups, engender broader levels of customer trust through changes to the promotional programme and the development of a new store format before the end of the financial year. Capital has already been spent to improve basic customer facing standards in stores with further capital continuing to be allocated to this area. While retail markets are becoming more challenging as household budgets come under pressure and consumer confidence softens, these actions are collectively designed to lay the foundations of change and a sustained improvement in performance.

Target

Operating revenue for Target for the ownership period was $2.2 billion, 7.4 per cent higher than the prior comparable period. Earnings before interest and tax for the ownership period was $223 million. Comparative store sales growth for the ownership period was 3.3 per cent.

Target improved its margin on the comparable period last year by aligning the merchandise offer to the changing expectations of customers and a consistent focus on managing expenses.

Market conditions were challenging and varied considerably during the period. This required management of expenses and inventories in line with movements in trading. All merchandise departments recorded growth during the period.

Though the final quarter was a particularly challenging trading period, Target's inventory closed in a satisfactory position. Target has been able to comfortably close out its winter merchandise within budget and move into new ranges. In the ownership period, three new Target stores opened and 19 stores were upgraded or refurbished as part of an ongoing re-investment in the store network to ensure a more consistent look and feel across the business. At year-end there were 159 full-line Target stores and 118 Target Country stores operating throughout Australia.

Outlook

New product initiatives and store openings will continue, as will delivery of new offers. While external influences such as interest rates and petrol prices will have an effect on consumers, merchandise levels are appropriate to effectively manage changes in consumer sentiment. An accelerated store refurbishment programme, with 40 store refurbishments planned in 2008/09, will have some impact on profitability.

Kmart

Kmart returned to positive revenue growth, achieving operating revenue of $2.5 billion for the ownership period and generating earnings before interest and tax of $114 million. Comparable store sales growth over the same period was 2.2 per cent.

All Kmart businesses delivered improved results with Australian retail, New Zealand retail and Kmart Tyre and Auto Service experiencing growth in revenue and earnings before interest and tax. The division traded well over the Christmas period, although trading from March onwards became tougher as the impacts of interest rate and petrol price increases affected customer spending.

Evolution of the product offer, together with improvements in the product ranges and adjustments to the promotional programme enabled growth in key categories in conjunction with an improvement in margins.

During the ownership period, the refurbishment programme has continued with 18 store refurbishments completed. At 30 June, there were 182 Kmart stores and 263 Kmart Tyre and Auto Service stores.

With Wesfarmers' review of Kmart complete, the business became fully focussed on building foundations to improve its long-term performance.

Outlook

Kmart will continue to implement strategies focussed on the customer offer and quality product ranges. Kmart is actively sourcing new store opportunities and plans to open three new Kmart stores and refurbish more than 20 stores in 2008/09. An expanded refurbishment programme combined with operational improvements in store are expected to deliver an improved shopping experience for the customer.

Resources

Operating revenue from the Resources division increased to $1.3 billion, 15.6 per cent above last year's. Earnings before interest and tax of $423 million were 25.1 per cent higher than the $338 million earned last year due largely to higher export coal sales prices during the fourth quarter.

Total coal sales volumes from Curragh of 8.9 million tonnes (6.5 million metallurgical and 2.4 million steaming) were 3.1 per cent above those achieved in 2006/07. Earnings for the year were 23.7 per cent above last year's due to record coal prices during the fourth quarter, although this was partly offset by the appreciating Australian dollar and increased costs.

Highlights included continued metallurgical coal sales volume growth and the record hard coking coal prices achieved. Annual price negotiations with major customers were concluded in May 2008, with Curragh extending long-term contracts to supply steelmakers in Asia, Europe and South America. Despite floods adjacent to the Curragh North mine in January 2008, Curragh achieved record metallurgical coal production of 6.9 million tonnes for the year. Curragh is continuing a feasibility study into expansion of the mine.

Premier Coal in Western Australia achieved steaming coal sales volumes of 2.9 million tonnes in 2007/08, 3.9 per cent lower than last year's. Earnings were 12.6 per cent lower than last year's, as a result of increased costs and decreased deliveries to Verve Energy, due to plant outages at the Muja and Collie A power stations in Western Australia.

The Bengalla coal mine in New South Wales, in which Wesfarmers holds a 40 per cent interest, achieved steaming coal sales volumes of 5.6 million tonnes (4.6 million export and 1.0 million domestic), which were slightly higher than last year's. As a result of record coal prices for export steaming coal, earnings increased by 72.4 per cent. A feasibility study to determine the viability of increasing the annual run of mine capacity is continuing.

Outlook

Earnings will increase significantly due to record export prices during the 2008/09 financial year, underpinned by strong export market fundamentals and customer demand. Metallurgical coal sales from the Curragh mine are expected to be in the range of 6.5 to 6.9 million tonnes for the full-year subject to mine operating performance and infrastructure constraints.

Insurance

The Insurance division achieved growth in operating revenue to $1.6 billion with solid support from targeted market sectors. Earnings before interest, tax and amortisation was $145 million. The divisional insurance margin was 5.9 per cent and the Combined Operating Ratio ("COR") was 98.0 per cent.

This compares with the previous corresponding period when revenue was $1.4 billion with earnings before interest, tax and amortisation of $130 million. The divisional insurance margin was 9.5 per cent and the COR 94.2 per cent.

Amortisation of intangibles of $13 million associated with recent acquisitions resulted in earnings before interest and tax for the year of $132 million compared with $120 million for the previous corresponding period.

Wesfarmers Federation Insurance generated a record profit due to strong performance in crop and commercial insurance. Growth was achieved from expansion of the national distribution network, while insurance margins decreased slightly to 15.3 per cent compared with 16.1 per cent in the previous corresponding period. Net Earned Premium increased by 8.2 per cent over the previous year.

OAMPS Australia, in its first full-year under Wesfarmers' ownership, delivered earnings growth despite declining rates in many insurance classes. OAMPS UK continued to grow and delivered increased earnings for the year from environmental consulting services and scheme business.

Lumley Australia's results were affected by higher than expected claims resulting from adverse weather conditions, and rate reductions across most risk classes.

Lumley New Zealand was substantially impacted by falling premium rates due to increasing competition coupled with adverse weather events, culminating in a disappointing overall result. Steps have been taken to improve underwriting results and business efficiency.

During the year the Australian International Insurance Limited portfolio, acquired with OAMPS, was integrated successfully. Crombie Lockwood's earnings grew despite falling market rates in New Zealand.

Outlook

Business improvement strategies and an ongoing focus on underwriting are expected to produce earnings growth but underwriting performance is likely to be constrained in the short term by competitive pressures.

Consolidation of the two Australian underwriting licenses is progressing and is expected to be completed in late 2008/09. This will provide cost and capital efficiencies while providing a platform to leverage capabilities.

OAMPS and Crombie Lockwood are expected to make further bolt-on acquisitions which will provide profitable growth through further scale efficiencies.

Industrial and Safety

Operating revenue for the Industrial and Safety division increased by 8.4 per cent during the year to $1.3 billion, with sales growth being achieved in all businesses. Blackwoods continued to perform strongly, with all regions reporting sales growth.

Earnings before interest and tax of $130 million were 13.0 per cent higher than last year's with strong improvement reported for Blackwoods, Protector Alsafe, the Industrial Specialist businesses, as well as Blackwoods Paykels.

These results were assisted by strong growth from the resources sector, especially in Western Australia and Queensland.

The restructuring programme completed last year combined with a strong focus on markets and customers have also underpinned a significant lift in this year's performance.

The combination of strong relationships with key suppliers with the division's expanding direct sourcing capability has supported the continued development of the range of products and services offered to customers. A number of marketing and merchandising activities were implemented and new catalogues were issued for most businesses, including a new edition of Blackwoods' industry leading catalogue. Work to expand e-business functionalities continued and most websites were upgraded in the last 18 months.

Sales growth was supported by sales force expansion and branch networks refurbishment and development.

Good progress was made during the year on initiatives to deliver greater efficiencies and more effective operations, including the successful implementation of new inventory management systems. Delivery performance to customers further improved and Industrial and Safety was awarded best industrial supply chain in Australia by IBIS World and Logistics Magazine.

Outlook

With stronger business platforms, ongoing work to improve service to customers and continued resources and infrastructure-based activity, the division is expected to continue to strengthen its competitive position and deliver strong results.

Chemicals and Fertilisers

CSBP's revenue of $997 million was 68.4 per cent higher than last year's, as a result of higher sales volumes and prices. Earnings before interest and tax of $124 million were 22.8 per cent higher than the previous year's $101 million due to improved earnings from fertilisers, all chemical businesses, and the contribution from Australian Vinyls Corporation, acquired on 1 September 2007.

Chemicals

Continuing strong demand from the resources sector underpinned a lift in earnings by the chemicals business. Strong demand for ammonium nitrate continued with sales volumes above 2006/07. The Kwinana ammonium nitrate expansion came on line in March 2008, providing for a doubling of production capacity. The ammonia business recorded higher production and sales compared to 2006/07, despite operations being suspended from 3 June for the remainder of the financial year due to the interruption of gas supplies following the gas outage incident at the Varanus Island facilities.

Production from the Queensland Nitrates integrated ammonia/ammonium nitrate facility, in which CSBP has a 50 per cent interest, was higher than the previous year and demand for ammonium nitrate remained strong. The expansion of Queensland Nitrates' production capacity from 185,000 tonnes per annum to 215,000 tonnes per annum to meet the growing market demand in Queensland, is expected to be commissioned by January 2009.

The 75 per cent-owned Australian Gold Reagents ("AGR") business recorded sodium cyanide sales in line with 2006/07 levels, reflecting lower sales of solution product, due to the closure of some Western Australian gold mines, offset by higher volumes of exported solids product. AGR is currently expanding the production capacity of sodium cyanide solution at Kwinana to meet demand from the Boddington gold project due to be commissioned this financial year.

Fertilisers

Total fertiliser sales volumes increased by 17.3 per cent due to improved customer terms of trade in the broadacre cropping sector and improved seasonal conditions in Western Australia in 2008.

Higher sales volumes together with a strong focus on expenses and margin management resulted in improved fertiliser earnings, with ongoing strong demand for liquid fertiliser products.

Outlook

Increased ammonium nitrate and sodium cyanide production will make a positive contribution to earnings. The strength of the resources sector should also provide a favourable environment for other chemical products, but earnings will be moderated as a result of ongoing gas restrictions due to the gas outage incident at the Varanus Island facilities. At this time, it is anticipated that sufficient gas supplies will be obtained by mid-September 2008 to allow CSBP to operate its ammonia plant.

Energy

Operating revenue for the Energy division increased to $565 million, 22 per cent above last year's. Earnings before interest and tax of $90 million were 20 per cent higher than the $75 million earned in 2006/07. The division's increased earnings were due largely to a full-year contribution from Coregas, and an increase in international LPG prices.

Wesfarmers LPG increased revenue by 12.2 per cent compared to last year due to higher international LPG prices. This was partially offset by a 9.7 per cent reduction in production to 167,600 tonnes due to lower LPG content in the Dampier to Bunbury gas pipeline. Production during June 2008 was significantly impacted as a result of the Varanus Island gas incident and subsequent gas supply disruptions. Overall earnings were 34.6 per cent higher than last year's.

Kleenheat Gas' total sales volumes were broadly in line with last year's excluding autogas where volumes declined as a result of the sale of Wesfarmers' 50 per cent interest in the UNIGAS joint venture in January 2008. Earnings for the year decreased due to the increased cost of LPG adversely impacting margins.

The Energy Generation ("enGen") power generation business achieved increased revenue. Earnings were lower than expected as a result of delays in the commissioning of two LNG fuelled power stations and mining operations ceasing at two power station sites.

Construction of the 175 tonne-per-day LNG plant on the Wesfarmers LPG site at Kwinana reached mechanical completion within budget, although commissioning has been delayed due to the Varanus Island gas incident and subsequent gas supply disruptions.

This year saw a full-year contribution from Coregas with earnings for the year below expectations due mainly to subdued market activity in Coregas' major market of New South Wales. Integration into the division was successfully completed and a new general manager was appointed to the business to support its long term focus. Both the liquid nitrogen and acetylene expansion projects were successfully completed and are now operational. Air Liquide W.A. in which Wesfarmers holds a 40 per cent interest, achieved earnings in line with last year's.

Outlook

Improved sales are expected for the industrial, medical and specialty gas businesses through extended product supply. LPG earnings will continue to remain heavily dependent on international LPG prices, LPG content in the Dampier to Bunbury Pipeline and the gas market in Western Australia.

The Varanus Island gas incident and subsequent gas supply disruption will delay contributions from the LNG plant however, it is expected that the LNG plant cost will remain within original budget projections. LNG sales to the remote power generation and heavy duty vehicle markets are now expected to commence towards the end of the first quarter of the 2008/09 year and ramp up throughout the remainder of the year.

Other Operations

<u>Bunnings Warehouse Property Trust</u>

Wesfarmers' investment in the Bunnings Warehouse Property Trust resulted in a pre-tax contribution of $0.2 million compared with $47 million last year, as a result of property revaluations.

Forest Products

The 50 per cent-owned Wespine Industries, which operates a plantation softwood sawmill in Dardanup in Western Australia, contributed earnings of $5.3 million after tax, a decrease of 7.0 per cent on last year.

Gresham

Gresham contributed post-tax earnings of $5 million, with a further $16 million in pre-tax earnings through Wesfarmers' investments in Gresham's private equity funds. Fund 2 completed three new investments and Gresham's private equity business established its third fund during the year.

For further information: Richard Goyder,
Managing Director
(+61 8) 9327 4208

Mark Triffitt,
Executive General Manager, Corporate Affairs
(+61 8) 9327 4281 or 0413 876 810

Appendix 4E - Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2008 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

ABN 28 008 984 049

RESULTS FOR ANNOUNCEMENT TO THE MARKET		$m
Revenue from ordinary activities	up 244% to	**33,584**
Profit from ordinary activities after tax attributable to members	up 34% to	**1,050**
Net profit for the full year attributable to members	up 34% to	**1,050**

DIVIDENDS	Amount per security	Franked amount per security
Interim dividend	65 cents	65 cents
Final dividend	135 cents	135 cents
Previous corresponding period		
Interim dividend	85 cents	85 cents
Final dividend	140 cents	140 cents

Record date for determining entitlements to the dividend	1 September 2008
Last date for receipt of election notice for Dividend Investment Plan	1 September 2008
Date the final dividend is payable	6 October 2008

The company operates a Dividend Investment Plan which allows eligible shareholders to elect to invest dividends in new shares.

NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary share (excluding employee reserved shares): -$1.52 (2007: $2.11). This has reduced due to goodwill and intangible assets recognised on the partially debt funded acquisition of Coles Group Limited ("Coles Group").

OPERATING CASH FLOW PER SHARE

Operating cash flow per share: $2.47 (2007: $3.41). This has been calculated by dividing the net cash flow from operating activities by the weighted average number of ordinary shares (including employee reserved shares) on issue during the year.

ACQUISITIONS

During the period a number of acquisitions were completed. Further details on these transactions are included within this report.

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 2007.

COMMENTARY ON RESULTS FOR THE PERIOD

A commentary on the results for the period is contained in the press release dated 21 August 2008 accompanying this statement.

Income Statement

FOR THE YEAR ENDED 30 JUNE 2008 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Note	CONSOLIDATED 2008 $m	2007 $m
Revenue			
Sale of goods		**31,650**	8,239
Rendering of services		**1,651**	1,428
Interest		**121**	72
Dividends		**32**	-
Other		**130**	15
		33,584	9,754
Expenses			
Raw materials and inventory purchased		**(21,788)**	(4,799)
Employee benefits expenses	3	**(4,459)**	(1,411)
Insurance expenses		**(1,095)**	(973)
Freight and other related expenses		**(499)**	(188)
Occupancy-related expenses	3	**(1,231)**	(244)
Depreciation and amortisation	3	**(654)**	(345)
Other expenses	3	**(1,751)**	(612)
		(31,477)	(8,572)
Other income	3	**96**	40
Finance costs	3	**(800)**	(200)
Share of profits and losses of associates	7	**40**	83
Profit before income tax		**1,443**	1,105
Income tax expense		**(393)**	(319)
Profit attributable to members of the parent		**1,050**	786
Earnings per share (cents per share)	1		
– basic for profit for the period attributable to ordinary equity holders of the parent		**180.6**	204.9
– diluted for profit for the period attributable to ordinary equity holders of the parent		**179.5**	202.6
Dividends per share paid or declared out of profits for the year (cents per share)		**200.0**	225.0

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

Balance Sheet

AT 30 JUNE 2008 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	Note	CONSOLIDATED 2008 $m	2007 $m
ASSETS			
Current Assets			
Cash and cash equivalents		**725**	219
Trade and other receivables		**2,093**	1,513
Inventories		**4,638**	1,235
Derivatives		**138**	90
Investments backing insurance contracts		**871**	816
Other		**211**	151
Total Current Assets		**8,676**	4,024
Non-current Assets			
Receivables		**135**	112
Available-for-sale investments		**36**	2,064
Investment in associates		**465**	389
Deferred tax assets		**390**	-
Property, plant and equipment		**6,599**	2,716
Identifiable intangible assets		**4,408**	130
Goodwill		**16,387**	2,568
Derivatives		**149**	73
Other		**61**	-
Total Non-current Assets		**28,630**	8,052
TOTAL ASSETS		**37,306**	12,076
LIABILITIES			
Current Liabilities			
Trade and other payables		**3,966**	1,255
Interest-bearing loans and borrowings		**1,261**	4,436
Income tax payable		**236**	98
Provisions		**1,010**	186
Insurance liabilities		**1,137**	1,122
Derivatives		**53**	13
Other		**277**	72
Total Current Liabilities		**7,940**	7,182
Non-current Liabilities			
Payables		**25**	79
Interest-bearing loans and borrowings		**8,256**	687
Deferred tax liabilities		**-**	144
Provisions		**940**	170
Insurance liabilities		**340**	279
Derivatives		**89**	-
Other		**126**	32
Total Non-current Liabilities		**9,776**	1,391
TOTAL LIABILITIES		**17,716**	8,573
NET ASSETS		**19,590**	3,503
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	8	**18,173**	2,256
Employee reserved shares	8	**(76)**	(111)
Retained earnings	5	**1,163**	1,131
Reserves		**330**	227
TOTAL EQUITY		**19,590**	3,503

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2008 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

		CONSOLIDATED	
		2008	2007
	Note	**$m**	$m
Cash flows from operating activities			
Receipts from customers		**35,829**	10,733
Payments to suppliers and employees		**(33,561)**	(8,918)
Dividends and distributions received from associates		**27**	24
Dividends received from others		**32**	-
Interest received		**121**	65
Borrowing costs		**(620)**	(192)
Income tax paid		**(377)**	(411)
Net cash flows from operating activities		**1,451**	1,301
Cash flows from investing activities			
Net acquisition of insurance deposits		**(55)**	(111)
Purchase of property, plant and equipment and intangibles		**(1,241)**	(680)
Proceeds from sale of property, plant and equipment		**72**	48
Proceeds from sale of controlled entities		**23**	-
Net investments in associates and joint ventures		**(80)**	(24)
Acquisition of subsidiaries, net of cash acquired	9	**(4,198)**	(1,339)
Purchase of available-for-sale financial assets		**(22)**	(2,088)
Net cash flows used in investing activities		**(5,501)**	(4,194)
Cash flows from financing activities			
Proceeds from borrowings		**10,489**	3,945
Repayment of borrowings		**(8,178)**	(400)
Proceeds from exercise of in-substance options under the employee share plan		**24**	32
Equity dividends paid		**(754)**	(765)
Proceeds from issue of shares		**2,952**	214
Transaction costs from issue of shares		**(61)**	-
Net cash flows from financing activities		**4,472**	3,026
Net increase in cash and cash equivalents		**422**	133
Cash and cash equivalents at beginning of period		**216**	83
Cash and cash equivalents at end of period	6	**638**	216

Statement of Recognised Income and Expense

FOR THE YEAR ENDED 30 JUNE 2008 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

		CONSOLIDATED	
		2008	2007
	Note	**$m**	$m
Foreign currency translation reserve			
Exchange differences on translation of foreign operations		**(14)**	8
Available-for-sale financial assets reserve			
Changes in the fair value of available-for-sale assets net of tax		**26**	(32)
Cash flow hedge reserve			
Changes in the fair value of cash flow hedges net of tax		**51**	61
Restructure tax reserve			
Recognition of tax losses arising on the 2001 ownership simplification plan		**40**	-
Retained earnings			
Actuarial loss on defined benefit plan	5	**(21)**	-
Net profit recognised directly in equity		**82**	37
Net profit for the period		**1,050**	786
Total recognised income and expense for the period		**1,132**	823

1 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit attributable to ordinary equity holders and partially protected ordinary equity holders of the parent by the weighted average number of ordinary shares (excluding employee reserved shares treated as in-substance options) outstanding during the year. Each partially protected ordinary share confers rights on a partially protected shareholder that are the same in all respects to those conferred by an ordinary share on an ordinary shareholder on an equal basis.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders and partially protected ordinary equity holders of the parent by the weighted average number of ordinary shares (excluding employee reserved shares treated as in-substance options) outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	CONSOLIDATED	
	2008	2007
	$m	$m
Profit attributable to members of the parent	**1,050**	786
	shares (m)	**shares (m)**
Weighted average number of ordinary shares for basic earnings per share	**581**	374
Effect of dilution - employee reserved shares	**3**	4
Weighted average number of ordinary shares adjusted for the effect of dilution	**584**	378
Earnings per share (cents per share)	**cents**	**cents**
– basic for profit for the period attributable to ordinary equity holders of the parent	**180.6**	204.9
– diluted for profit for the period attributable to ordinary equity holders of the parent	**179.5**	202.6

Prior period earnings per share has been restated with an adjustment factor of 1.03 as a result of the entitlement offer.

There have been no other 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008 - WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

2 SEGMENT INFORMATION

	COLES *		HOME IMPROVEMENT AND OFFICE SUPPLIES		RESOURCES **		INSURANCE		KMART		TARGET		INDUSTRIAL AND SAFETY		ENERGY		CHEMICALS AND FERTILISERS		OTHER		CONSOLIDATED	
	2008 $m	2007 $m	**2008 $m**	2007 $m	**2008 $m**	2007 $m	**2008 $m**	2007 $m	**2008 $m**	2007 $m	**2008 $m**	2007 $m	**2008 $m**	2007 $m	**2008 $m**	2007 $m	**2008 $m**	2007 $m	**2008 $m**	2007 $m	**2008 $m**	2007 $m
Segment revenue	**16,876**	-	**6,160**	4,939	**1,311**	1,134	**1,649**	1,410	**2,454**	-	**2,198**	-	**1,309**	1,208	**565**	463	**997**	592	**65**	8	**33,584**	9,754
Segment result																						
Earnings before interest, tax, depreciation, amortisation (EBITDA) and corporate overheads	**714**	-	**700**	586	**571**	520	**160**	144	**145**	-	**256**	-	**141**	128	**128**	104	**172**	138	**(2)**	97	**2,985**	1,717
Depreciation and amortisation	**(240)**	-	**(75)**	(58)	**(148)**	(182)	**(28)**	(24)	**(31)**	-	**(33)**	-	**(11)**	(13)	**(38)**	(29)	**(48)**	(37)	**(2)**	(2)	**(654)**	(345)
Earnings before interest, tax (EBIT) and corporate overheads	**474**	-	**625**	528	**423**	338	**132**	120	**114**	-	**223**	-	**130**	115	**90**	75	**124**	101	**(4)**	95	**2,331**	1,372
Finance costs																					**(800)**	(200)
Corporate overheads																					**(88)**	(67)
Profit before income tax expense																					**1,443**	1,105
Income tax expense																					**(393)**	(319)
Profit attributable to members of the parent																					**1,050**	786
Assets and liabilities																						
Segment assets	**18,476**	-	**3,905**	2,399	**1,595**	1,285	**3,304**	3,199	**1,593**	-	**3,911**	-	**982**	930	**904**	819	**1,219**	747	**562**	2,308	**36,451**	11,687
Investments in associates	**14**	-	**-**	-	**-**	-	**17**	27	**-**	-	**-**	-	**-**	-	**3**	10	**68**	60	**363**	292	**465**	389
Tax assets																					**390**	-
Total assets																					**37,306**	12,076
Segment liabilities	**3,061**	-	**598**	424	**522**	325	**2,001**	1,973	**486**	-	**423**	-	**192**	172	**107**	104	**263**	127	**310**	83	**7,963**	3,208
Tax liabilities																					**236**	242
Interest bearing liabilities																					**9,517**	5,123
Total liabilities																					**17,716**	8,573
Other segment information																						
Capital expenditure	**351**	-	**302**	196	**146**	178	**18**	15	**41**	-	**60**	-	**20**	26	**118**	78	**252**	199	**5**	3	**1,313**	695
Share of net profit or loss of associates included in EBIT	**-**	-	**-**	-	**-**	-	**1**	1	**-**	-	**-**	-	**-**	-	**4**	6	**8**	8	**27**	68	**40**	83
Non-cash expenses other than depreciation and amortisation	**194**	-	**105**	76	**40**	14	**56**	15	**49**	-	**31**	-	**23**	17	**6**	6	**3**	3	**8**	6	**515**	137

Revenue and earnings of various divisions are affected by seasonality and cyclicality as follows:
- Home Improvement and Office Supplies, Coles, Kmart and Target - earnings are typically greater in the December half of the financial year due to the impact on the retail business of the Christmas holiday shopping period; and
- Resources - the majority of the entity's coal contracts are renewed in April each calendar year, and depending upon the movement in prevailing coal prices this can result in significant changes in revenue and earnings in the last quarter of the financial year through to the third quarter of the following year.

* Coles Division includes the supermarket, liquor, convenience and Coles property businesses, and previously unallocated Coles retail support costs.

** Coal Division has changed its name to Resources Division.

The above results for the former Coles Group businesses are for the period from the date of acquisition on 23 November 2007 to 30 June 2008.

	CONSOLIDATED	
	2008	2007
	$m	$m
3 REVENUE AND EXPENSES		
Other income		
Gain on sale of associate	**-**	6
Gains on disposal of property, plant and equipment	**15**	21
Gains on sale of controlled entities	**17**	-
Settlement and other income	**64**	13
	96	40
Finance costs		
Interest expense	**708**	202
Discount adjustment	**55**	9
Interest capitalised	**(16)**	(15)
Amortisation of debt establishment costs	**33**	-
Other	**20**	4
	800	200
Employee benefits expenses		
Remuneration, bonuses and on-costs	**4,128**	1,285
Amounts provided for employee entitlements	**289**	88
Share based payments expense	**42**	38
	4,459	1,411
Depreciation and amortisation		
Depreciation	**477**	193
Amortisation of intangibles	**53**	10
Amortisation of Stanwell rebate	**58**	120
Amortisation other	**66**	22
	654	345
Occupancy related expenses		
Minimum lease payments	**992**	213
Other	**239**	31
	1,231	244
Other expenses included in income statement		
Government mining royalties	**73**	67
Repairs and maintenance	**224**	80

	CONSOLIDATED 2008 $m	2007 $m
4 DIVIDENDS PAID AND PROPOSED		
Declared and paid during the period (fully franked at 30%)		
Final franked dividend for 2007: $1.40 (2006: $1.50)	**543**	567
Interim franked dividend for 2008: $0.65 (2007: $0.85)	**454**	322
Proposed and not recognised as a liability (fully franked at 30%)		
Final franked dividend for 2008: $1.35 (2007: $1.40)	**1,079**	543
5 RETAINED EARNINGS		
Balance as at 1 July	**1,131**	1,234
Net profit	**1,050**	786
Dividends	**(997)**	(889)
Actuarial loss on defined benefit plan	**(21)**	-
Balance as at 30 June	**1,163**	1,131
6 CASH FLOWS		
Reconciliation to cash flow statement		
For the purposes of the cash flow statement, cash and cash equivalents are comprised of the following:		
Cash on hand and in transit	**413**	49
Cash at bank and on deposit	**241**	91
Insurance broking trust accounts	**71**	79
Bank overdraft	**(87)**	(3)
	638	216
Non-cash financing and investing activities		
Issue of share capital under employee long term incentive plans	**44**	34
Issue of share capital under dividend investment plan	**231**	106
Issue of share capital for Coles Group acquisition	**12,733**	-
Acquisition of rights to mine via coal rebates payable	**183**	46

7 INVESTMENTS IN ASSOCIATES

		Ownership		Share of profit/loss	
		2008	2007	**2008**	2007
Associate	**Principal Activity**	**%**	%	**$m**	$m
Air Liquide WA Pty Ltd	Industrial gases	**40.0**	40.0	**4**	4
Albany Woolstores Pty Ltd	Wool handling	**35.0**	35.0	**-**	-
Bengalla Agricultural Company Pty Ltd	Dairy farming	**40.0**	40.0	**-**	-
Bengalla Coal Sales Company Pty Limited	Coal mining	**40.0**	40.0	**-**	-
Bengalla Mining Company Pty Limited	Coal mining	**40.0**	40.0	**-**	-
Bunnings Warehouse Property Trust	Property investment	**22.6**	22.6	**-**	47
Centrepoint Alliance Limited	Commercial finance	**24.6**	24.6	**1**	1
Gresham Partners Group Limited	Investment banking	**50.0**	50.0	**5**	3
Gresham Private Equity Funds	Private equity fund	**(a)**	(a)	**16**	12
HAL Property Trust	Property ownership	**50.0**	-	**-**	-
Queensland Nitrates Management Pty Ltd	Chemical manufacture	**50.0**	50.0	**8**	8
Queensland Nitrates Pty Ltd	Chemical manufacture	**50.0**	50.0	**-**	-
Unigas	LP gas distribution	**-**	50.0	**1**	2
Wespine Industries Pty Ltd	Pine sawmillers	**50.0**	50.0	**5**	6
				40	83

(a) Gresham Private Equity Funds
Whilst the consolidated entity's interest in the unitholders' funds of Gresham Private Equity Fund No. 1 and 2 amounts to 50.6% and 67.4% respectively, they are not controlled entities as the consolidated entity does not have the capacity to dominate decision making in relation to their financial and operating policies. Such control requires a unitholders' resolution of 75% of votes pursuant to the Fund's trust deed.

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.

8 CONTRIBUTED EQUITY

Movement in ordinary shares on issue	Thousands	$m
At 1 July 2006	378,042	1,902
Issue of shares under employee long term incentive plans at $34.57 per share	979	34
Issue of shares under dividend investment plan at $35.19 per share	3,017	106
Issue of shares under underwriting agreement at $35.55 per share	6,031	214
At 30 June 2007	388,069	2,256
Issue of shares under non executive director plan at $40.94 per share	**3**	**-**
Issue of shares as consideration for Coles Group acquisition at $41.48 per share	**152,606**	**6,331**
Issue of shares under employee long term incentive plans at $41.21 per share	**1,064**	**44**
Issue of shares under dividend investment plan at $40.47 per share	**3,068**	**124**
Issue of shares under non executive director plan at $39.57 per share	**2**	**-**
Issue of shares under dividend investment plan at $36.56 per share	**2,920**	**107**
Issue of shares under underwriting agreement at $36.56 per share	**9,424**	**344**
Issue of shares under entitlement offer at $29.00 per share	**89,030**	**2,583**
Issue of shares under institutional book build at $38.75 per share	**654**	**25**
Partially protected ordinary shares converted to ordinary shares at $41.95 per share	**343**	**14**
Transaction costs associated with entitlement offer	**-**	**(43)**
At 30 June 2008	**647,183**	**11,785**

Movement in partially protected ordinary shares on issue		
At 1 July 2007	-	-
Issue of shares as consideration for Coles Group acquisition at $41.95 per share	**152,598**	**6,402**
Partially protected ordinary shares converted to ordinary shares at $41.95 per share	**(343)**	**(14)**
At 30 June 2008	**152,255**	**6,388**
Total contributed equity	**799,438**	**18,173**

Movement in employee reserved shares on issue	Thousands	$m
At 1 July 2006	8,224	159
Exercise of in-substance options	(1,798)	(32)
Dividends applied	-	(17)
Foreign currency translation adjustment	-	1
At 30 June 2007	6,426	111
Exercise of in-substance options	**(1,156)**	**(24)**
Dividends applied	**-**	**(11)**
At 30 June 2008	**5,270**	**76**

9 BUSINESS COMBINATIONS

Acquisitions

During the period, Wesfarmers completed several acquisitions, the most significant being:

On 23 November 2007, Wesfarmers Limited, through its controlled entity Wesfarmers Retail Holdings Pty Ltd, acquired, through a Scheme of Arrangement ("the Scheme"), 89.4 per cent of the voting shares of Coles Group Limited ("Coles Group"), a publicly listed company and its subsidiaries. Combined with the initial interest of 10.6 per cent purchased in April 2007 at a total cost of $2,077 million, Wesfarmers held 100 per cent of the voting shares in Coles on 23 November 2007.

Coles Group is based in Australia and operates retail businesses in Australia and New Zealand. The Scheme consideration consisted of 152.6 million Wesfarmers ordinary shares, 152.6 million Wesfarmers partially protected shares and $4,328 million in cash. The cost of the acquisition totalled $19,307 million.

The provisional fair value of identifiable assets and liabilities recognised on acquisition of Coles Group has decreased $238 million compared to the fair value amounts previously reported. This reduction is due largely to a decrease in plant and equipment and an increase in provisions recognised on acquisition. The reduction in the fair value of identifiable assets and liabilities results in a corresponding increase to goodwill recognised on acquisition. At 30 June 2008, the acquisition accounting balances are provisional due to ongoing work finalising valuations and tax related matters which may impact acquisition accounting entries.

On 1 September 2007, the Group's chemicals and fertilisers subsidiary, CSBP Limited, acquired 100 per cent of Australian Vinyls Corporation, a privately owned company, which is the only manufacturer of poly vinyl chloride in the Australian market. The cost of the acquisition totalled $142 million.

Details of the provisional fair value of identifiable assets of the Coles Group and the Group's other acquisitions as at the date of acquisitions are:

	Recognised on acquisition $m	Book carrying value $m
Assets		
Cash and cash equivalents	505	505
Trade and other receivables	525	551
Inventories	3,662	3,659
Investment in associate	8	8
Property, plant and equipment	3,279	3,443
Investment property	6	8
Intangible assets	4,295	709
Assets held for sale	40	26
Deferred tax assets	378	458
Other assets	53	53
	12,751	9,420
Liabilities		
Trade and other payables	3,305	3,297
Interest bearing borrowings	2,013	2,079
Provisions	1,543	1,070
Other liabilities	223	277
	7,084	6,723
Fair value of identifiable net assets	**5,667**	**2,697**
Goodwill arising on acquisitions	**13,846**	
	19,513	
Cost of combinations		
Cash paid to shareholders	**6,604**	
Shares issued to shareholders	**12,733**	
Costs associated with acquisitions	**176**	
	19,513	
Cash outflow on acquisitions		
Net cash acquired - operating accounts	**502**	
Net cash acquired - broking trust accounts	**3**	
Cash paid for initial holding in Coles Group (in prior reporting period)	**2,077**	
Cash paid	**(6,780)**	
Net cash outflow	**(4,198)**	

9 BUSINESS COMBINATIONS (continued)

From the date of acquisition, the Coles Group and other acquisitions contributed $475 million to the net profit after tax of the Group.

If the combinations had taken place at the beginning of the period, the revenue from continuing operations for the Group would have been $49,427 million. It is considered impracticable to obtain robust normalised pre-acquisition results from 1 July 2007 due to the differences in reporting periods and the timing of accounting period end adjustments recognised by the Coles Group prior to acquisition.

The goodwill of $13,846 million arising on consolidation includes goodwill attributable to the Coles Group acquisition of $13,801 million and is attributable to various factors, including the ability to provide improved products and services to customers, the value of growth opportunities and inseparable intangible assets.

10 CONTINGENCIES

Tax consolidation review

The Australian Taxation Office concluded its review of the Group's implementation of the taxation consolidation rules in relation to the generation of capital losses relating to the 2001 restructure of the Group. The outcome of the review did not have a material impact on the result for the period.

11 EVENTS AFTER THE BALANCE SHEET DATE

Dividend

A fully franked dividend of 135 cents per share resulting in a dividend payment of $1,079 million was declared for payment on 6 October 2008. The dividend has not been provided for in the 30 June 2008 full year financial statements.