



Wesfarmers

strength through diversity

Fertilisers and chemicals

Coal

Rural services and insurance

Hardware

diversity

Rail transport

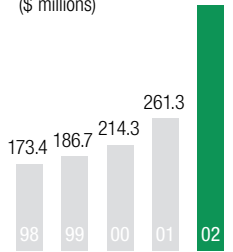
Forest products

Gas and power

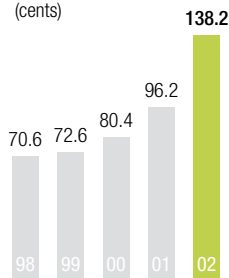
Industrial and safety

Operating profit

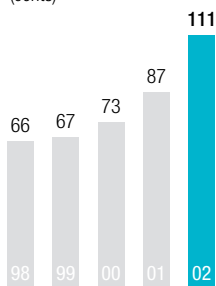
after tax before
goodwill amortisation
(\$ millions)



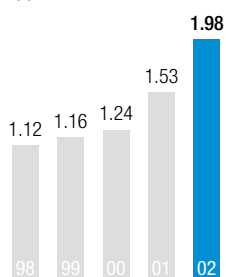
Earnings per share
before goodwill amortisation
(cents)



Dividends per share
(cents)



Cash flow per share
(\$)



2002 2001 % Change

Financial overview

Operating revenue	\$m	7,386	4,389	68.3 ▲
Operating profit before interest and tax	\$m	684	424	61.3 ▲
Operating profit after tax before goodwill amortisation	\$m	493	261	88.9 ▲
Operating profit after tax	\$m	414	251	64.9 ▲
Dividends	\$m	413	245	68.6 ▲
Total assets	\$m	6,613	4,004	65.2 ▲
Net borrowings	\$m	1,324	1,026	29.0 ▲
Shareholders' equity	\$m	3,410	1,618	110.8 ▲
Capital expenditure on property, plant and equipment	\$m	230	243	5.3 ▼
Depreciation and amortisation	\$m	292	164	78.0 ▲
Earnings per share before goodwill amortisation	cents	138.2	96.2	43.7 ▲
Dividends per share	cents	111	87	27.6 ▲
Net tangible assets per share	\$	4.83	4.61	4.8 ▲
Cash flow per share	\$	1.98	1.53	29.4 ▲
Return on average shareholders' equity	%	16.6	17.8	6.7 ▼
Gearing (net debt to equity)	%	38.8	63.4	38.8 ▼
Net interest cover (cash basis)	times	12.7	10.9	16.5 ▲

strength

2002
\$m 2001
\$m

Creating wealth and adding value

Wealth creation		
Total operating revenue	7,386	4,389
Total cost of materials, goods and services and other external costs	5,463	3,156
Total value-added, representing the wealth created by Wesfarmers	1,923	1,233
This created wealth was shared as follows:		
- to employees as salaries, wages and other benefits	834	515
- to governments as income tax, royalties and other taxes	336	233
- to lenders on borrowed funds	94	69
- to shareholders as dividends on their investment	413	246
- reinvested in the business as depreciation, amortisation and retained earnings	246	170

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Directory

Wesfarmers Limited
A.B.N. 28 008 984 049

Executive directors

M A Chaney, Managing Director and Chief Executive Officer
R J B Goyder, Finance Director
G T Tilbrook, Executive Director, Business Development

Non-executive directors

C H Perkins, AO, Chairman
D J Asimus, AO
T R Eastwood, AM
T J Flügge, AO
L A Giglia
J P Graham
R D Lester
C Macek
D C White

Company Secretary

L J Kenyon

Audit and compliance committee

D C White, Chairman of the committee
T J Flügge
R D Lester
C Macek

Registered office

11th Floor, Wesfarmers House
40 The Esplanade
Perth, Western Australia 6000
Telephone: (618) 9327 4211
Facsimile: (618) 9327 4216
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Annual general meeting

The 21st annual general meeting of Wesfarmers Limited will be held at the Hyatt Regency Perth, 99 Adelaide Terrace, Perth on Monday 4 November 2002 at 2.00 pm.

Financial calendar

Final dividend payment, 77 cents per share	26 September 2002
Annual general meeting and quarterly announcement of results	4 November 2002
Half-year results and interim dividend announcement	February 2003
Half-year results summary mailed to shareholders	February 2003
Interim dividend payment	March 2003
Quarterly announcement of results	May 2003
Full-year results and final dividend announcement	August 2003
Final dividend payment	September 2003
Annual report mailed to shareholders	October 2003
Annual general meeting and quarterly announcement of results	November 2003



BUNNINGS
warehouse



About Wesfarmers

Company profile

Wesfarmers is ranked as one of Australia's largest public companies with operating revenue of \$7.4 billion in 2001/02 and profits after tax of \$414 million.

Headquartered in Perth, Western Australia, the company measures its success in terms of shareholder returns and strives to be ranked with the leading performers among Australia's listed companies.

The company is proud of its origin in 1914 as a Western Australian farmers' co-operative - a history that forged strong links with the rural community. While building on these links, Wesfarmers has diversified over the past two decades, greatly broadening its business and geographical base.

Today, Wesfarmers has interests in coal mining; gas processing and distribution; retailing of home and garden improvement products and building materials; provision of rural merchandise, services and insurance; fertilisers and chemicals manufacture; industrial and safety product distribution; rail transport; and forest products.

Wesfarmers operates mainly in Australia and New Zealand and has significant export markets.

Since its public listing in 1984, Wesfarmers has recorded strong growth in assets and profits. At June 2002, the group employed about 18,000 people full-time and a further 11,000 on a casual basis. Wesfarmers has about 90,000 shareholders on its register including about 14,000 employees.

With a clear focus on shareholder value, Wesfarmers is actively expanding its existing businesses and assessing new opportunities throughout Australia and overseas.

Objective

The primary objective of Wesfarmers Limited is to provide a satisfactory return to shareholders. The company aims to achieve this by:

- satisfying the needs of customers through the provision of goods and services on a competitive and professional basis;
- providing a fulfilling and safe working environment for employees, rewarding good performance and providing opportunities for advancement;
- contributing to the growth and prosperity of Australia by conducting existing operations in an efficient manner and by searching out opportunities for expansion;
- responding to the attitudes and expectations of the communities in which the company operates and placing strong emphasis on achieving sustainable development and protection of the environment; and
- acting with integrity and honesty in dealings both inside and outside the company.



highlights

- Operating profit after tax up 65 per cent to \$414 million.
- Earnings per share before goodwill amortisation up 44 per cent to \$1.38.
- Reduction in the group's ratio of net debt to equity from 63.4 per cent to 38.8 per cent.
- Successful acquisition of Howard Smith Limited.
- Integration of Bunnings/BBC hardware businesses well progressed.
- Strong growth in the energy businesses with an excellent performance from the Curragh coal mine.
- Good profit performance from rural services/ insurance businesses and integration of IAMA rural operations into Wesfarmers Landmark almost complete.
- Strong improvement in fertilisers and chemicals.
- Industrial and safety businesses adopting Wesfarmers' management systems and performing well.

Chairman's letter to shareholders

Dear Shareholder

On behalf of the board, I am delighted to present the Wesfarmers 2002 annual report.

Record levels of revenue and profit were achieved again this year. The result is particularly pleasing given that it occurred in a climate of economic uncertainty and volatility in world financial markets and is a strong endorsement of the policy of diversification that has been pursued by the company over the last two decades.

The highlight of the year was the acquisition of the Howard Smith hardware and industrial and safety businesses. We now have major operating activities outside Australia with the absorption of the New Zealand businesses previously run by Howard Smith. The integration of the BBC hardware business into Bunnings Building Supplies has progressed well and we are pleased with the early performance of the industrial and safety businesses.

During the year the integration of IAMA into the Wesfarmers Landmark business was substantially completed, the Curragh coal mine continued its excellent performance and CSBP's results showed a strong improvement.

Two other significant milestones have been achieved over the last year. The number of employees in the group was doubled to about 29,000 as a result of the Howard Smith acquisition and the number of Wesfarmers shareholders also doubled as a result of that acquisition and the group restructure completed in May 2001.

In the review by Wesfarmers Managing Director, Michael Chaney, and the detailed business unit reports that follow, you will find full details of the group's performance in the 2001/02 year as well as comments and information on future prospects. I encourage you to read these reports.

Dividend

In line with the company's current policy of maintaining a dividend payout of 100 per cent of after tax profit, a fully-franked final dividend of 77 cents per share has been declared (last year 60 cents). This will be paid on 26 September, approximately one month earlier than in previous years. It lifted the full-year dividend to \$1.11 per share compared to last year's 87 cents.

In declaring the final dividend the directors decided to continue the dividend investment plan. Shareholders are able to invest all or part of the dividend at the prevailing market price calculated in accordance with the plan. Previously a discount of 2.5 per cent applied.

Board retirements

In September last year the board announced the retirement of three long standing directors, Kevin Hogan, David Nuttall and John Paterson. The board records its sincere appreciation of the wonderful contribution made by these three directors.

Kevin Hogan and John Paterson joined the board in 1984 – the year the company was listed on the Australian Stock Exchange – having previously served for a considerable time as directors of Wesfarmers' founding entity, Westralian Farmers Co-operative Limited. They made important contributions to the development of Wesfarmers from a rural co-operative to one of Australia's leading public companies. Their contributions, and that of David Nuttall during his 10 years on the board, have been very valuable. I would like to particularly thank Kevin Hogan for the great support he provided in his role as Deputy Chairman since 1986.

In July 2002 Erich Fraunschiel retired after a long and distinguished career with Wesfarmers. The board records its sincere appreciation of the outstanding contribution made by Erich in his capacity as director of the company since 1992 and for his 18 years of valuable and loyal service to the group, including 10 years as Finance Director.

Board appointments

A special welcome is extended to three new directors who have recently joined the board.

Charles Macek became a director in October 2001. He has extensive experience in the investment banking sector in his former roles as Managing Director and Chairman of County Natwest Australia Investment Management Ltd (now INVESCO) and previously in roles with Wardleys and Colonial Mutual.

Gene Tilbrook joined the board in April 2002 as Executive Director, Business Development. Gene joined Wesfarmers in 1985 and has held a number of senior commercial positions in the group including in the Business Development Department which he currently heads, and at Wesfarmers Energy.

Richard Goyder joined the board as Finance Director in July 2002 following the retirement of Erich Fraunschiel. Richard joined Wesfarmers in 1993 working in business development for three years including two years as General Manager. Prior to his appointment, Richard was the Managing Director of Wesfarmers Landmark, the group's rural services and insurance business unit.

Employees

I would like to conclude this brief introduction by saying that this year's outstanding result would not have been possible without the ongoing commitment of our employees. They have responded to the task of improving work practices and efficiencies at all levels in the group with a best practice approach.

On behalf of the board I would like to thank all employees for their loyalty, dedication and tremendous efforts over the last year.

Yours sincerely



HARRY PERKINS AO
Chairman



Harry Perkins
Chairman



Michael Chaney
Managing Director

Managing Director's review of operations

Wesfarmers achieved another record performance in 2001/02, with operating profit after tax reaching \$414 million. This represented an increase of 65 per cent on last year's reported profit of \$251 million. Earnings per share of \$1.38 (before goodwill amortisation) were 44 per cent higher than last year's 96.2 cents.

Total operating revenue of \$7.4 billion increased 68 per cent on last year's \$4.4 billion.

The strong results were attributable to the impact of the acquisition of Howard Smith from August 2001 and solid increases in earnings from all key business units.

A diversified portfolio

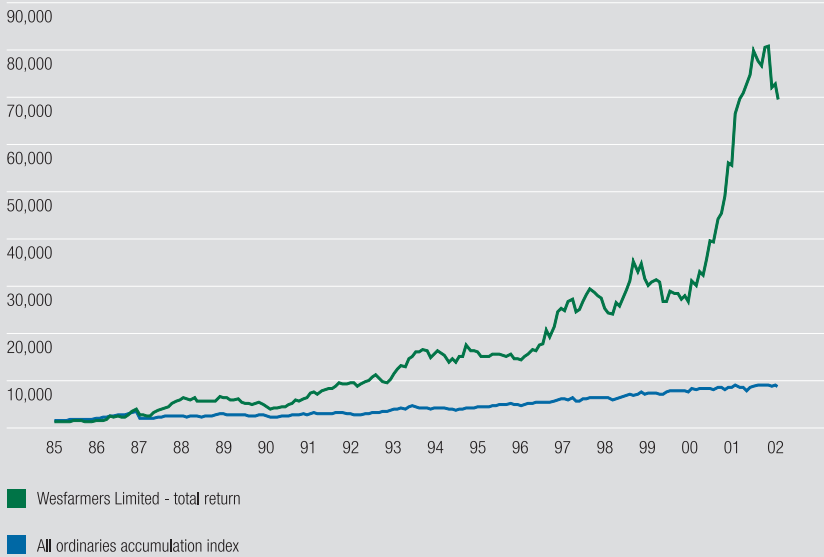
Following the acquisition of the Howard Smith hardware and industrial and safety businesses, there is an increased diversity and balance in profit contribution from the group's business units, as illustrated in the graphs on the following page.

The Bunnings national hardware retailing business continued to grow strongly during

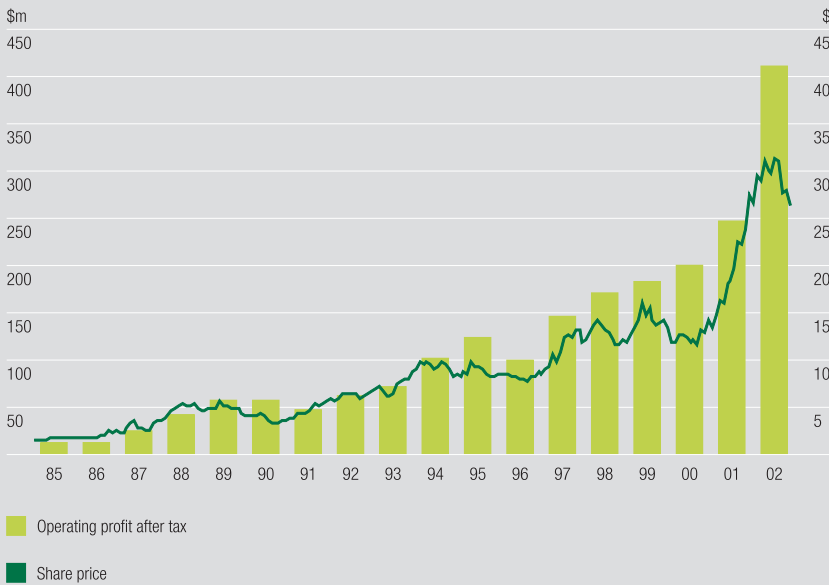
the year with the inclusion of Howard Smith's BBC hardware business and strong growth in the combined network. A further seven warehouses were opened, expanding the company's national hardware chain to 111 at year-end. Integration of the combined businesses has progressed well.

The group's energy business achieved a good result for the year with strong growth in coal earnings more than offsetting lower than expected earnings from the gas business. The Curragh coal mine in Queensland performed well ahead of expectations. The profit contribution from the Premier mine in Collie, Western Australia was in line with budget despite a volume shortfall. Wesfarmers' 40 per cent interest in the Bengalla coal mine in New South Wales performed below expectations due to weaker local demand, lower export volumes and strong competition. Gas sales earnings and revenues were impacted by weaker domestic demand for autogas, lower export volumes to Japan and weaker international LP gas prices.

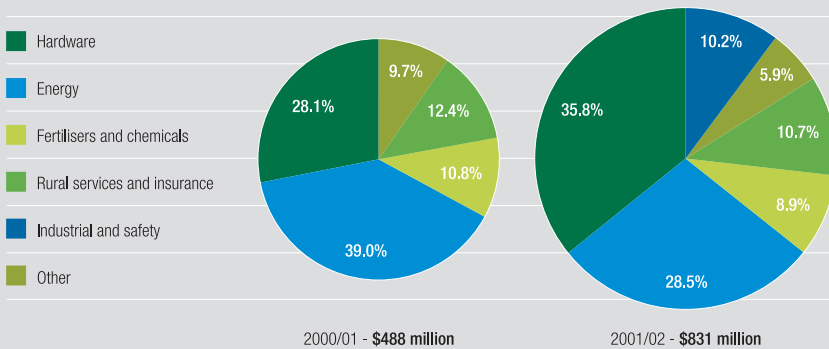
Australian accumulation index 1985-2002



Share price vs operating profit after tax



Divisional EBIT (before goodwill amortisation)



The industrial and safety businesses, acquired as part of the Howard Smith acquisition in August 2001, recorded a good result for the 11 months to 30 June 2002 considering the mixed trading conditions in the Australian industrial sector over this period. The integration of the recently acquired businesses, Protector and Atkins Carlyle have been substantially completed with synergy benefits in line with expectations.

The rural services and insurance businesses achieved strong growth in earnings and revenues in 2001/02. The results reflect the synergies and scale achieved from the acquisition of IAMA Limited in February 2001 and positive trading conditions across major areas of activities. The Wesfarmers Federation Insurance business achieved outstanding results, despite a high level of crop related claims, reflecting its conservative approach to risk management and investment.

The group's fertilisers and chemicals businesses recorded a good profit improvement. Chemical activities performed strongly and ahead of budget. Fertiliser revenues and earnings were in line with expectations despite difficult seasonal conditions. Notwithstanding good demand, production problems at the Queensland ammonium nitrate joint venture plant resulted in it again recording a loss for the year.

The 50 per cent-owned Australian Railroad Group reported earnings that were ahead of last year but below budget, due largely to one-off restructuring charges and the costs associated with the bid for the National Rail Corporation and Freightcorp.

Sotico's forest products business reported earnings that were below last year's but ahead of expectations. The restructuring of the hardwood business in response to changes in the Western Australian government's forest management policy is progressing. The restructure will result in the sale or closure of these operations.

The divestment of Wesfarmers Transport's freight services and logistics operations was completed in December 2001. The only remaining road transport operation is the North Queensland-based Johnstone River Transport, a business involved in the cartage of sugar cane which is now managed by Wesfarmers Landmark. Profits from the divestments led to above budget road transport earnings in the period.

Financial position

The record net operating profit and higher cash flows from operating activities have enabled the company to maintain its financial strength.

Net operating cash flow for the year was \$683.7 million compared to \$383.7 million last year, an increase of 78 per cent.

This was adequate to finance the group's replacement and expansion capital expenditure of \$230 million as well as the net amount of acquisition expenditure not covered by the issue of new equity.

As a result, there was a significant decrease in the group's ratio of net debt to equity from 63.4 per cent last year to 38.8 per cent at 30 June 2002, just below the target range of 40-65 per cent.

Net interest cover on a cash basis of 12.7 times was higher than last year's 10.9 times and remains well above the group's policy level of a minimum of four times.

Growth strategy

Wesfarmers continues to follow a three-pronged strategy for growth; namely improving the efficiency of existing businesses, expanding those businesses as opportunities are identified and investing in new businesses.

One of the key success factors in improving the efficiency of our businesses has been the development of a strong "best practice" performance culture throughout the group. This culture is based on the presumption that there is no reason we cannot be the best in the world at everything we do. At Wesfarmers we endeavour to benchmark our performance against what we consider to be the best operations elsewhere and strive to do better.

There is widespread recognition throughout the group that unless there is continuous improvement, the company's business operations will not be able to compete in the increasingly deregulated globalised economy. This message was reinforced at the fifth Wesfarmers Best Practice Conference held in November 2001 which was attended by more than 500 employees.

The second and third strategies – expansion of existing businesses and investing in new businesses – continue to generate significant growth throughout the group. Decisions concerning portfolio expansion or contraction are driven by financial return considerations rather than a desire to "do another deal". We have a strong view that the future is unpredictable and that our task lies in readying the company, in financial and human resource terms, to take advantage of opportunities as they arise; and then executing and managing them effectively.

One of the pleasing aspects of the last 12 months has been the success we have had in integrating new businesses. The achievement of synergy benefits through cost savings, new revenue or other efficiency opportunities is a key success factor in making acquisitions work. The successful integration of the Curragh, IAMA and Howard Smith operations into the group can be attributed to the

effective management systems we have developed and to the dedication, efforts and skills of our employees.

People

At June 2002, the Wesfarmers group had a total permanent workforce of about 18,000 people and employed about 11,000 people on a casual basis, mainly in Bunnings warehouse stores and Wesfarmers Landmark.

It is pleasing that approximately 14,000 employees of the group now hold shares in the company through the Employee Share Plan. During 2001/02, over 93 per cent of eligible employees accepted invitations to apply for shares under the plan.

It is also gratifying that the incidence of work-related injuries continued to decline in almost all group activities during 2001/02. Achieving a safer working environment has been a strong focus of senior management in all businesses in recent years. Continued improvements in safety performance reflect the acceptance by all employees that safety is an absolute priority.

Management changes

Following Erich Fraunschiel's retirement, Richard Goyder, formerly Managing Director of Wesfarmers Landmark, has been appointed Finance Director of Wesfarmers Limited.

I take this opportunity to thank Erich for his outstanding contribution to Wesfarmers over 18 years. His financial acumen and discipline were important factors in the company's success over that time.

Effective from July 2002, Mark Allison, formerly Managing Director of Wesfarmers CSBP, was appointed Managing Director of Wesfarmers Landmark and John Gillam, formerly Company Secretary, was appointed Managing Director, Wesfarmers CSBP.

Outlook

The company's solid performance is expected to continue in the 2002/03 year. Integration work on the recent major acquisitions is progressing well and the group's key business units continue to perform strongly.

The outlook for the expanded hardware merchandising business for both the retail and trade sectors is for continued strong revenue and earnings growth in 2002/03, although a recent downturn in housing approvals may result in more subdued trade sales later in the year.

Earnings for the coal and gas businesses are impacted by international price trends but the outlook is generally positive.

The overall profits of the coal business are expected to increase marginally despite a 500,000 tonne reduction in deliveries at Premier, a fall in Curragh's domestic tonnages and a fall in steaming coal prices applying to Bengalla's export product. Profit increases will be achieved through

anticipated growth in export volumes from Curragh and Bengalla and higher coking coal prices.

Profits from the group's gas operations are budgeted to increase but their ultimate performance will depend on the level of international prices.

The outlook for the industrial and safety businesses is positive due to the imminent commencement of a number of merger infrastructure projects and with the realisation of cost savings from logistics improvement programmes.

With the integration of IAMA almost complete, the focus of the rural services business in the coming year will be on increasing revenue and maximising the benefits of larger scale. With dry seasonal conditions and lower livestock prices, there will be continued emphasis on managing costs.

Subject to seasonal conditions CSBP is expected to continue its improved performance, due principally to increased profits from its chemicals business.

The outlook for the Australian Railroad Group remains positive.

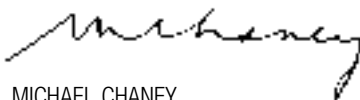
In forest products, Sotico will continue to reduce the scale of its operations.

Continued strong cash flow from the group's operations is expected to fund the increased capital expenditure programme for the 2002/03 year, as well as further strengthening the group's financial position. As a consequence, interest expense on borrowed funds is budgeted to be lower than in 2001/02, in the absence of major acquisition expenditure.

Overall we are budgeting for what we consider to be an acceptable increase in group earnings in the 2002/03 year.

On the basis of our most recent corporate plan, the company's profits should continue to grow in the years ahead. The strength of Wesfarmers' balance sheet, its financial disciplines and the calibre of its employees at all levels will assist in this being achieved.

A more detailed review of operations follows.



MICHAEL CHANEY
Managing Director

A portfolio of diversified businesses



Hardware

- Retailing building materials and home and garden improvement products
- Servicing project builders and the housing industry
- Bargain hardware and variety

Year in brief

- 117 per cent increase in earnings
- Integration of the Howard Smith hardware businesses
- Strong sales growth in Bunnings' warehouse stores
- Seven new warehouse stores opened, three closed
- 28 traditional stores closed

Future directions

- Continued rationalisation of the store network
- Conversion of the Hardwarehouse and BBC stores to Bunnings' standards
- Consolidation and building on the position as the leading supplier of building materials to the housing industry
- Continued national rollout of warehouse stores







Energy - Coal


- Coal mining and development
- Coal marketing to both domestic and export markets


Year in brief

- Increased coal production and sales from Curragh
- Bengalla impacted by weak thermal coal markets
- Lower coal deliveries from Premier
- Industry leader in safety and environmental achievements

Future directions

- Continued focus on safety and environment
- Development of adjacent coal deposits
- Further sales market development
- Improved production and processing efficiencies



Energy - Gas and power

- National marketing and distribution of LP gas
- LP gas extraction for domestic and export markets
- Manufacture and marketing of industrial gases and equipment
- Electricity supply to mining operations and regional centres



Year in brief

- Sales revenue declined following lower international LP gas prices
- Improved operational efficiency achieved
- Kwinana LP gas extraction plant debottleneck
- Bangladesh sales network expansion
- Improved industrial gases performance
- LNG pilot plant commissioned
- Kleenheat and Elgas eastern States autogas activities merged to form Unigas
- StateWest Power acquisition
- New safety record at Air Liquide W.A.

Future directions

- LNG market development
- Search for new LP gas extraction opportunities
- Expand power generation activities
- New industrial gases production




Rural services and insurance

- Supplier of rural merchandise and fertilisers to cotton, cropping, horticulture, viticulture and grazing industries
- Provider of:
 - wool and livestock marketing services;
 - real estate and rural property sales;
 - seasonal finance, term loans and deposit facilities; and
 - rural, domestic and commercial insurance

Year in brief

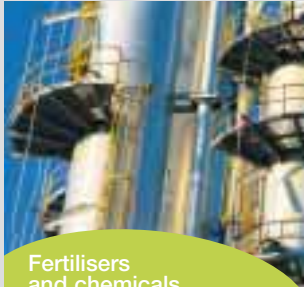
- Record earnings for Wesfarmers Landmark
- Strong premium growth by Wesfarmers Federation Insurance
- Benefits from the IAMA integration
- Continued expansion of the merchandise business
- Higher cattle and wool prices
- Record rural property and real estate sales
- Increased rural lending and insurance sales

Future directions

- Focus on growth of core business activities
- Further development of supply chain efficiencies
- Focus on key business drivers including costs and capital




WESFARMERS FEDERATION INSURANCE LIMITED



Fertilisers and chemicals

- Manufacture and marketing of chemicals for industry, mining and mineral processing
- Manufacture and marketing of broadacre and horticultural fertilisers
- Soil and plant testing and agronomy advisory services

Year in brief

- 39 per cent increase in earnings
- Strong chemicals performance with increased volumes and earnings
- Sodium cyanide solids plant constructed
- Increased fertiliser volumes despite adverse seasonal impact
- Fertilisers cost base reduced and productivity improved

Future directions

- Growth in chemicals sales and earnings
- Expand chemicals production
- Continued improvement in fertiliser outcomes
- Develop new markets



Industrial and safety

- Supplier and distributor of maintenance, repair and operating (MRO) products
- Specialist supplier and distributor of industrial safety products and services

Year in brief

- Adoption of Wesfarmers' management systems
- Integration of Atkins Carlyle and Protector Safety Supply businesses substantially completed
- Introduction of common information technology platforms in each of Australia and New Zealand

Future directions

- Continue to develop strategic alliances with key suppliers and customers
- Refine and develop "hub and spoke" logistics model
- Merge Alsafe Safety and Protector Safety Supply into a single business unit
- Combine Atkins Carlyle and Blackwoods distribution centres in Western Australia
- Provide suppliers and customers with innovative e-business solutions
- Review and refine distribution facilities in New Zealand



Rail transport

- 50 per cent interest in Australian Railroad Group Pty Ltd which:
 - has an interest in the South Australian and Western Australian rail freight businesses;
 - provides rail services for bulk commodities and associated rail logistics operations; and
 - leases track infrastructure in Western Australia and South Australia

Year in brief

- First full-year contribution from Australian Railroad Group
- Restructuring to reflect the requirements of private ownership
- Performance in line with expectations

Future directions

- Continued transition from public to private ownership
- Development of value-added transport and logistic services
- Focus on service levels through enhanced technology service systems



Forest products

- Manufacturer of products to service furniture/cabinet/joinery manufacturers, the wholesale timber market in Australia and internationally and industrial customers
- Forestry and timber operations

Year in brief

- Improved hardwood timber sales in Western Australian and national markets
- Reduced production as part of business restructure
- Significant lift in Wespine sales

Future directions

- Continued restructure of the business based on reduced log supply



Hardware

Top right: Trade delivery to a building site.
Top left: Bunnings warehouse, Mornington, Victoria.
Bottom: Bunnings warehouse, Melville, Western Australia.



Bunnings Building Supplies is Australia's leading specialist retailer of home and garden improvement products and building materials. About 75 per cent of Bunnings' business is conducted with do-it-yourself consumers and the balance with builders and contractors.



JOE BOROS
MANAGING DIRECTOR
Bunnings Building Supplies Pty Ltd

Highlights

- **117 per cent increase in earnings before interest, tax and goodwill amortisation**
- **Integration of the Howard Smith hardware businesses**
- **Strong sales growth in Bunnings warehouse stores**
- **Seven new warehouse stores opened, three closed**
- **28 traditional stores closed**

The business recorded another outstanding year with operating revenue growing by 122 per cent to \$3.1 billion. Earnings before interest, tax and goodwill amortisation for the financial year were 117 per cent above last year. This result was due to the inclusion of the Howard Smith hardware businesses from August 2001 and strong growth in the combined network.

The acquisition from Howard Smith of 60 Hardwarehouse stores, together with seven new warehouse stores and three closures resulted in 111 operating warehouse stores at year-end. Warehouse stores now account for 75 per cent of total Bunnings' sales compared to last year's 81 per cent. The size of the traditional store network increased to 114 after 28 closures during the year. A total of 18 WA Salvage stores were operating at year-end with two new stores opened and one store closed during the year.

Bunnings is continuing to evolve and expand its warehouse concept with two of the seven stores opened in the current year setting new size benchmarks in Australian hardware retailing, allowing an expansion of the already enormous product range. The constant innovation of the concept and the implementation of these improvements into the newly expanded store network will ensure that Bunnings remains the leading hardware retailer in Australia.

Strategies to maintain and build on Bunnings' position as the leading supplier of building materials to the housing industry have been developed and will be implemented over the next three years. Strategically located warehouse stores have been selected and will

be developed into major trade centres to provide a more efficient service to the industry.

Bunnings will continue to rationalise the store network over the next three to five years with further closures or relocations of up to 13 warehouse stores, 40 traditional and seven wholesale and manufacturing outlets.

The warehouse rollout programme has progressed satisfactorily and is expected to continue with the development of 8 to 12 new warehouses per year.

The acquisition of the BBC hardware business and the store opening programme has resulted in the number of Bunnings' employees more than doubling over the last year to almost 20,000. With this large increase, a prime focus has been on the induction and ongoing skills training of all employees. This training helps to ensure that all employees are well equipped to deliver the desired high customer service levels.

The major focus over the last year has been on the integration of the Bunnings and the Howard Smith hardware businesses - Hardwarehouse, BBC and Benchmark. Integration of the businesses is now largely complete and the focus is on improving the performance of all stores. Performance improvement will come from implementing the Bunnings marketing strategy of lowest prices, the widest product range and a high level of customer service across the newly expanded network.

Significant effort has gone into rebranding the warehouse stores. By December 2002, all Hardwarehouse stores in Australia and New Zealand will carry the Bunnings name. All BBC traditional stores will have been rebranded while the "Benchmark" brand will continue in New Zealand.

The rebranding of all stores is occurring in conjunction with merchandising and layout changes to improve their performance. The results of the preliminary changes are promising with store on store growth improving each quarter.

The implementation of the Bunnings back office systems across the whole network has been successful. Further efficiencies will arise from adopting the Bunnings point of sale system in all Australian stores by November 2002. At the completion of this rollout, all Australian retail stores will be operating on the one technology platform.

Improvements to the New Zealand stores to ensure that the back office systems are in line with Bunnings' operating philosophies are planned and will be implemented in the 2002/03 financial year.

The bargain hardware and variety business, operating as WA Salvage through 18 metropolitan and regional Western Australia stores, had a difficult year. Although sales increased by seven per cent, margins were well below budget.

Energy - Coal

Top right: Curragh mine, Blackwater, Queensland.

Top left: Premier mine, Collie, Western Australia.

Bottom: Curragh mine, Blackwater, Queensland.





DAVID ROBB
MANAGING DIRECTOR
Wesfarmers Energy Limited

Wesfarmers Energy's coal interests comprise the Premier mine at Collie in Western Australia's south-west, the Curragh mine in Queensland's Bowen Basin and a 40 per cent interest in the Bengalla mine in the Hunter Valley of New South Wales.

Highlights

- **Curragh growth continues**
- **Bengalla and Premier sales under pressure**
- **Record health and safety results**

Premier, Western Australia

Sales of 3.6 million tonnes of coal in 2001/02 from Wesfarmers Premier Coal were in line with last year but below expectations, due mainly to a continued shortfall in deliveries required by the mine's major customer, Western Power. Earnings were in line with budget despite the volume shortfall, due to reductions in production costs.

Overburden removal of 29.5 million bank cubic metres in 2001/02 was similar to the previous year's.

Employee occupational health and safety continues to be a major focus including development and implementation of safe work practices, behavioural systems and health checks. A record low lost time injury frequency rate was achieved for the year.

Premier is committed to enhancing its market position by developing new outlets for Collie coal, including potential export sales and by continuing to reduce production costs. A major benchmarking study was conducted during the year to highlight areas for further productivity improvement.

Rehabilitation of completed mine areas is well underway, including reshaping, replacing top soil and planting of vegetation. The overall concept includes filling of mine voids with water to enhance the potential community value of the areas and encourage a possible aquaculture industry.

Studies continue to show that, when used for electricity generation in the south-west of Western Australia, Collie coal is on par with gas from the north-west shelf with respect to greenhouse gas emissions.

Premier is pursuing opportunities to supply coal to proposed new electricity generation plants in Western Australia.

Curragh, Queensland

Wesfarmers operates and markets coal from the Curragh open-cut coal mine situated near Blackwater, 200 kilometres west of Rockhampton in Queensland's Bowen Basin.

Sales volumes of 6.0 million tonnes were more than 20 per cent higher than last year's with higher sales of both export quality coking coal, sold to a number of overseas steelmakers, and steaming coal, sold for domestic power generation. Overburden removal and coal production were both higher than last year to meet the increase in sales volumes.

Earnings were ahead of budget and rose significantly from last year's result due to the combination of increased export and domestic volumes, stronger selling prices and favourable exchange rates.

During the year, Curragh's coal preparation plant was upgraded to improve yield.

The first phase of the Curragh East development was completed and work began on the second stage.

Safety and environmental management performance are two of Curragh's core values and objectives. Despite a lost time injury in May, which broke an accident-free record period of more than 500 days, Curragh's safety performance continued to exceed industry standards.

Curragh's commitment to minimising environmental impacts includes rehabilitation and revegetation of all disturbed areas to sustain local flora and fauna. Water from retention ponds is recycled for use in coal processing and dust control.

Further volume increases, together with continued firm US dollar prices for export coal, partially offset by less favourable exchange rates, suggest a further profit improvement in the 2002/03 year.

Bengalla, New South Wales

Bengalla is an open-cut steaming coal mine located in the Hunter Valley in New South Wales managed by Coal and Allied. Wesfarmers holds a 40 per cent interest in the Bengalla mine which was officially opened in 1999.

Lower domestic sales volumes and less than budgeted volume growth in export markets, due to weak demand and strong competition, resulted in total sales volumes slightly below last year's. Earnings were higher due to better prices.

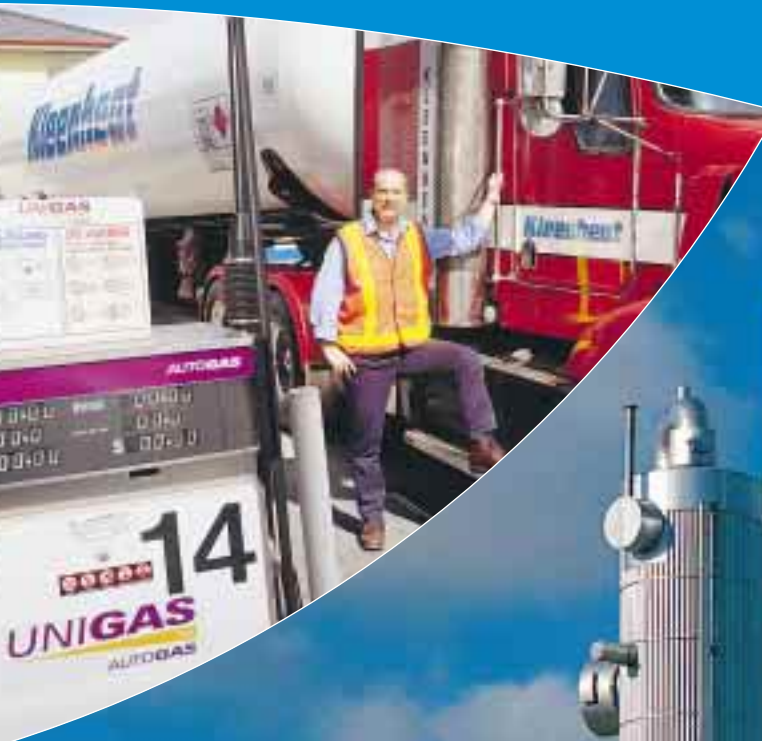
Weak market conditions are expected to continue to impact earnings in the 2002/03 year.

Energy - Gas and power

Top right: StateWest Power generators, Sunrise Dam mine, Western Australia.

Top left: Kleenheat Gas delivery to Unigas service station, Victoria.

Bottom: Wesfarmers LPG plant, Kwinana, Western Australia.



Wesfarmers Energy's gas activities comprise Wesfarmers Kleenheat Gas Pty Ltd (distribution and marketing), Wesfarmers LPG Pty Ltd (production and export) and a 40 per cent interest in Air Liquide W.A. Pty Ltd (industrial gases). During the year Wesfarmers Energy acquired a controlling interest in StateWest Power Pty Ltd, a specialist remote power generation company.

Highlights

- **Kleenheat and Elgas eastern States autogas activities merged to form Unigas**
- **LP gas plant upgrade commissioned with record gas production**
- **Acquisition of controlling interest in StateWest Power**

Kleenheat

Kleenheat is a major distributor of liquefied petroleum gas (LP gas) to a broad range of domestic, commercial, autogas and industrial customers. Kleenheat operates in all mainland states of Australia through a comprehensive network of depots, company-operated branches, dealers and franchisees, servicing in excess of 22,000 bulk and 243,000 domestic customer installations.

Kleenheat's reported LP gas sales volumes were lower than last year's due to the commencement of the eastern Australian-based Unigas autogas joint venture in August 2001 and general weak demand for autogas. Unigas, which is 50 per cent-owned by Wesfarmers, is a specialist supplier of autogas to over 1,000 independent service stations in rural and regional areas and major cities.

The use of liquefied natural gas (LNG) as a clean, economical, transport and power generation fuel is well established in other countries. During the year a small LNG plant was commissioned at Kwinana in Western Australia to assist in the development of a market in transport and remote power applications for LNG.

Kleenheat's safety performance was disappointing last year despite a strong

focus on safety communication, training and consultation with all staff, particularly those involved in the direct handling of LP gas.

Kleenheat has continued the development of an LP gas business in Bangladesh with the establishment of a network of more than 100 dealers and distributors and the commencement of bulk deliveries.

StateWest Power

In September 2001, Wesfarmers Energy acquired a controlling stake in StateWest Power Pty Ltd, which specialises in the supply of electricity to mining operations and regional centres.

Performance during the year was in line with expectations. The current major focus is on completion of the Mid-West power project, which will provide power to six Western Australian country centres over the next 10 years.

Wesfarmers LPG

Wesfarmers LPG owns and operates a plant at Kwinana in Western Australia which extracts LP gas from the natural gas stream in the Dampier to Bunbury pipeline.

Product from the plant supplies much of the State's domestic market, with the balance exported to Japan.

Production from the plant increased by a further five per cent following recent upgrades which have taken capacity to about 350,000 tonnes per annum.

Export sales revenues declined in line with falling international LP gas prices and resulted in earnings below budget and well below last year's exceptional result.

Production and sales volumes are expected to increase further in the current year.

Wesfarmers LPG's excellent safety record continued with no lost time injuries incurred during the year. The plant has operated for more than five years without a lost time injury.

Air Liquide W.A.

Air Liquide W.A. Pty Ltd is a 40 per cent-owned company, managed by Wesfarmers Energy. Air Liquide produces and markets a comprehensive range of industrial, medical, scientific and environmental gases, as well as welding products.

Sales and earnings have shown a recovery against the same period last year, with strong growth in the health services sector and bulk sales offsetting reduced demands for cylinder products.

Air Liquide, through significant efforts of all its staff, continues to maintain a strong commitment to its quality, safety and environmental objectives. In a major milestone 26 June, 2002 marked the achievement of 10 years without a lost time injury.

Rural services and insurance

Top right: Wesfarmers Federation Insurance agent and client, Millendon, Western Australia.

Top left: Warehouse, Mackay, Queensland.

Bottom: Wesfarmers Landmark representative and client, Harvey, Western Australia.





MARK ALLISON
MANAGING DIRECTOR
Wesfarmers Landmark Limited

The rural businesses comprise Wesfarmers Landmark Limited and Wesfarmers Federation Insurance Limited. Wesfarmers Landmark is now Australia's largest supplier of farm inputs to every major agricultural sector. It has significant market shares in wool, livestock and rural property marketing and provides rural finance and insurance. Wesfarmers Federation Insurance is a specialist insurer in rural and regional Australia.

Highlights

- **Integration of Wesfarmers Dalgety/IAMA to form Wesfarmers Landmark almost complete**
- **Increased merchandise and fertiliser sales**
- **Strong livestock and real estate operations**
- **Growth in premium income for insurance business**

The rural businesses achieved record results, with earnings before interest, tax and goodwill amortisation of \$89.2 million, 47 per cent above last year's. This reflects the synergies and scale achieved in the rural services business from the acquisition of IAMA Limited in February 2001 and positive trading conditions across major areas of activities.

Merchandise

Merchandise and fertiliser turnover established new records but dry conditions in autumn 2002 across Western Australia and most of the cropping areas in eastern Australia resulted in limited sales for the winter cropping season. Despite the dry conditions, record sales were achieved due to the geographical diversity of the company's farm inputs business and its coverage of horticulture and viticulture as well as broadacre cropping.

Wesfarmers Landmark continued to develop and implement more efficient processes for the purchase, transport, storage and distribution of agricultural chemicals and other farm inputs.

Cotton

Wesfarmers Landmark has a large cotton industry presence and provides seed, fertiliser and agricultural chemicals to the industry, as well as specialist agronomy advice and technical information on pests, diseases and plant nutrition. It also undertakes research and development.

Conditions in the cotton industry were less than favourable during the year as a result of adverse weather conditions, developing water shortages and a poor price outlook.

Wool

The wool broking business was impacted by the continued reduction in wool production. The level of production is a major issue, with other sectors, particularly early stage processing, experiencing problems due to over-capacity.

More wool growers are now utilising risk management products, with record monthly volumes of the Wesfarmers Landmark Wool Basis Contract being written during February and March 2002, stimulated by higher auction prices.

Livestock

Livestock marketing revenue was well above budget and last year's due to record cattle prices and high prices for sheep and lambs. Strong export demand, the low Australian dollar and the reduced sheep flock sustained prices for most of the year. A weaker Japanese market together with dry conditions and a firming Australian dollar contributed to a fall in cattle prices in the last three months of the financial year.

Wesfarmers Landmark promotes a range of marketing and value-added services, including supply-chain relationships, enhanced feedback, genetics service and animal nutrition advice.

Real estate

Revenue from real estate and rural property sales exceeded expectations and set new records for Wesfarmers Landmark.

The company successfully marketed a number of prominent, multi-million dollar properties. Particularly strong demand was evident for properties suited to beef production, driven by buoyant conditions in the cattle market.

Rural finance services

Lending to primary producers reached record levels during the year. Wesfarmers Landmark provides competitive seasonal and term finance through an alliance with the Primary Industry Bank of Australia Ltd, a subsidiary of Rabobank.

Deposits also reached higher levels. A new Wesfarmers Landmark prospectus was issued to facilitate the growth of deposit services.

Larger numbers of finance customers are using the on-line facility to check account balances and print tax invoices and account sales.

Insurance

Wesfarmers Federation Insurance (WFI), operating through 79 outlets around Australia, had an above-budget result following strong premium income growth and sound expense management. The good result was achieved despite a high level of crop claims and is pleasing given the difficulties being faced by other insurance companies in Australia and internationally.

WFI continues to build its reputation as a specialist insurer in rural and regional Australia. It is the preferred insurer for a number of state primary producer organisations.

Wesfarmers Landmark is an agent throughout Australia for WFI and, in states other than Western Australia, for CGU Insurance. The dual agency continues to operate very successfully. Insurance sales and earnings increased in the 2001/02 year.

The future

With the integration of IAMA almost complete, the focus in the coming year will be on growing revenue and maximising benefits from the scale of the business. With expectations of drier seasonal conditions and lower beef prices, there will be a continued emphasis on managing costs.

Delivery of "Knowledge, Know-How, Can Do" to the agricultural sector will continue to give Wesfarmers Landmark's customers a competitive edge. The company will also continue to be active in sponsoring projects which add value to economic, social and community life in rural Australia, including support for the Co-operative Research Centre for Plant-based Management of Dryland Salinity, the Rabobank/University of Queensland Executive Development Programme for Primary Producers and the Nuffield Foundation.

Fertilisers and chemicals

Top right: Sodium cyanide solids plant, Kwinana, Western Australia.

Top left: Bulk fertiliser store, Kwinana, Western Australia.

Bottom: On-farm liquid fertiliser delivery near Bulyee, Western Australia.





JOHN GILLAM
MANAGING DIRECTOR
Wesfarmers CSBP Limited

Wesfarmers CSBP Limited is a major supplier of fertilisers, chemicals and services to the agricultural, mining and processing industries.

Highlights

- **39 per cent increase in earnings**
- **Strong chemicals performance**
- **Higher fertiliser sales despite difficult seasonal conditions**
- **Sodium cyanide solids plant constructed**

Operating revenue of \$464 million grew by six per cent over last year's due to higher sales in both fertilisers and chemicals. A strong chemicals performance drove earnings contribution before interest, tax and goodwill amortisation to \$73.5 million, 39 per cent above last year's \$52.9 million. Continued improvement in performance is expected in the coming year.

Fertilisers

Total fertiliser sales of 1.04 million tonnes were 11 per cent higher than last year's, with a four per cent increase in Western Australian sales and additional sales to producers in eastern Australia. The increased volumes, partially offset by lower average margins, yielded a five per cent increase in fertiliser earnings.

Market conditions in Western Australia were mixed. A solid 2001 harvest and generally favourable commodity prices were offset by low rainfall in many agricultural areas of the State which reduced total fertiliser demand in May and June 2002.

A stronger market-focused approach has been developed over the past year, with an emphasis on working with and through CSBP's distributors, in particular Elders and Wesfarmers Landmark, to meet the varied fertiliser and agronomic needs of farmers.

Costs of manufactured products were reduced through changes in feedstock arrangements and productivity gains were achieved in all areas of the fertiliser business, enabling CSBP to improve its market position in a highly competitive environment. This work will continue.

Growth in demand for CSBP's liquid fertiliser products, in particular "Flexi-N", was supported by investment in additional production and distribution facilities.

Rationalisation of superphosphate production facilities continued. The Esperance plant ceased production in early 2002 and the Bunbury plant will close in March 2003. Both locations will continue to operate as regional distribution centres.

The outlook for the coming year is for continued improvement in fertiliser sales and earnings, underpinned by further product development initiatives and a strong customer focus.

Chemicals

The company's chemical businesses performed strongly, with sales volumes five per cent higher than in the 2000/01 year. Increased ammonia and ammonium nitrate volumes, together with above-budget sodium cyanide earnings, drove the earnings contribution from chemicals to a level 53 per cent higher than last year's.

Ammonia/ammonium nitrate - Ammonia volumes were 14 per cent higher than last year's, due to increased sales to the nickel industry and higher internal use. The Kwinana ammonia plant was shut down in October 2001 for its first major maintenance. A subsequent refractory failure in November 2001 caused further downtime and importation of ammonia was required to supplement production. Since December 2001, ammonia production has been above the nameplate capacity of the plant.

Ammonium nitrate volumes increased by 26 per cent due to growth in demand from the mining sector and strong growth in sales of the liquid fertiliser 'Flexi-N', in which ammonium nitrate is a major ingredient. Plant enhancements enabled record production levels to be achieved.

Despite good market demand, CSBP's 50 per cent investment in the Queensland nitrate project recorded a loss for the year due to continued production difficulties. Efforts to improve the plant's reliability have been increased.

Sodium cyanide - Sodium cyanide sales were steady, but earnings were above budget due to a fall in international prices for input caustic soda, which enabled recovery of some of the margin lost when prices rose in January 2001.

Construction of the \$26 million, 20,000 tonne per annum sodium cyanide solids plant was completed on time and on budget in July 2002 and commercial production has commenced. This investment will enable the 75 per cent-owned Australian Gold Reagents business to take advantage of the improved global outlook for gold, with most of the production from the new plant destined for export markets.

Industrial chemicals - Sales of chlorine and other industrial chemicals were steady despite water restrictions, with more chlorine required to treat lower quality groundwater.

In the 2002/03 year, demand for ammonia and ammonium nitrate is expected to remain firm and production from the new sodium cyanide solids plant will open up opportunities for sales to international and interstate markets.

Community interaction

All plants operated within their environmental licence parameters throughout the year. CSBP provided details of its environmental, safety and occupational health performance, in line with its commitment to openness in reporting to the community, in the 2001 Wesfarmers' annual environment, safety and health progress report. Further details of CSBP's community involvement are included on page 30 of this report.

People

The dedication and efforts of employees contributed strongly to the improved business performance.

Disappointingly, safety performance was poor with increases in lost time injuries. Initiatives have been introduced to improve safety systems and to reinforce employee awareness of the importance of safe work practices in an effort to reverse this trend. The objective is to achieve an accident-free workplace.

The combination of improved safety performance and employee commitment to improvements in all areas will underpin targets for enhanced business performance.

Industrial and safety

Top right: Blackwoods' delivery, Sydney, New South Wales.

Top left: Blackwoods sales manager discussing products with client at OneSteel Mill, New South Wales.

Bottom: Blackwoods' warehouse, Smithfield, New South Wales.





BOB DENBY
MANAGING DIRECTOR
Industrial and safety division

Wesfarmers' industrial and safety businesses, acquired as part of the Howard Smith acquisition, are Australasia's leader in the supply of maintenance, repair and operating (MRO) products and safety products.

Highlights

- **Solid earnings in Australia and New Zealand**
- **Successful integration of Atkins Carlyle and Protector Safety Supply businesses**
- **Adoption of Wesfarmers' management systems**
- **Rollout of "hub and spoke" logistics model in Blackwoods**

The industrial and safety businesses recorded a solid result, with operating revenue of \$1.1 billion and earnings before interest, tax and goodwill amortisation of \$84.8 million for the 11 months ended 30 June 2002. This was a pleasing result considering the mixed trading conditions that persisted in the Australian industrial sector over the period, with two major customers failing.

A major feature of the 2001/02 year was the successful integration of the Atkins Carlyle and Protector Safety Supply businesses, acquired in April 2001 and July 2001 respectively.

Industrial and safety has over 260 outlets throughout Australia and New Zealand; and more than 3,200 employees. Over 300,000 products are covered in the range from safety, tools, general industrial, welding, fasteners, power transmission, bearings, mechanical services, electrical, janitorial, packaging and materials handling, supporting over 70,000 account customers.

The businesses operate through a number of recognised brand names including Blackwoods, A. E. Baker & Co, Motion Industries, Atkins Carlyle, Mullings Fasteners, NZ Safety, Protector Safety Supply, Packaging House, and the newly combined Australian Safety operations of Protector Alsaf.

Industrial and safety's customers vary in size and complexity and operate in a diverse range of industries from mining, construction, chemical refining and exploration to manufacturing, shipping, product and maintenance and agricultural enterprises.

Strategic alliances and major contracts enable customers from single sites or multiple locations to access services quickly and easily, ensuring a reduction in the total supply chain cost.

Industrial and safety is currently expanding its business-to-business e-commerce capabilities to allow full access to the branch network including inventory, pricing, despatch acknowledgement and receipt as well as payment and remittance advice functions.

During the year, good progress was made in enabling all businesses to operate from two information technology platforms in Australia and New Zealand. This will allow the businesses to fully realise the synergy benefits arising from integration.

Industrial and safety is currently focused on the development and rollout of its "hub and spoke" logistics model to lift customer service and speed of delivery, and at the same time reduce working capital usage. This initiative has now been successfully implemented in Adelaide, Brisbane, Melbourne and Sydney, with Perth due for completion prior to December 2002.

The safety business units continue to develop and supply integrated safety solutions built from a knowledge of products and associated safety techniques. Consultancy services and in-house seminars are also provided.

The metals distribution and processing businesses, Blackwoods Metals and Horans Steel were sold in August 2002. The sale followed a detailed review of all the businesses subsequent to the Howard Smith acquisition.

The business outlook in Australia is positive given increased spending in the mining and transport infrastructure sectors and the go-ahead for a number of large-scale developments by the capital-intensive resources industry.

Similarly, in New Zealand the outlook is positive with solid revenue growth forecast.

Industrial and safety will continue to extend the range of products and services it provides, supported by both specialist, qualified staff, and a well-developed distribution network.

Rail transport

Top: Australian Railroad Group locomotive, Forrestfield, Western Australia.



Forest products

Bottom: Sotico's Yarloop Mill, veneer plant, Western Australia.



Wesfarmers Limited has a 50 per cent interest in Australian Railroad Group Pty Ltd (ARG). ARG has rail operations in Western Australia and South Australia, as well as an interest in the Alice Springs to Darwin railroad project.

Highlights

- Continued development of value-added transport and logistical service packages across the group
- Ongoing restructuring initiatives to reflect the transition from public to private ownership
- First full-year contribution from ARG in line with expectations

The 2001/02 year marked the first full 12 months of operations of ARG. Revenue was slightly down on budget, and earnings reduced by one-off items as part of a

planned transition from government to private ownership. Overall, the results were pleasing and ARG is well placed to build on the resurgence in rail transport across Australia.

During the year ARG took up its role as the rail operator during construction of the Alice Springs to Darwin railroad project. Track laying commenced in April 2002 and is scheduled for completion in March 2004. Over the 24-month period more than two million concrete sleepers will be laid to finally link the national rail network to Australia's northern most capital city, Darwin.

Operations benefited from a strong grain harvest in 2001 in Western Australia and South Australia. ARG delivers over 10 million tonnes of grain annually to various port facilities in both of these States. Other bulk commodity customers also experienced a good year resulting in reasonable volumes of traffic across the network.

ARG employs over 1,000 staff. About 850 are located in Western Australia where ARG operates on more than 5,000 kilometres of standard and narrow gauge track leased for 49 years from the Western Australian government. In addition, ARG has over

1,300 kilometres of track, leased for 50 years from the South Australian government.

Various capital projects were undertaken including the upgrade of track from Koolyanobbing to Kalgoorlie and Worsley to Brunswick Junction at a combined cost of nearly \$50 million. ARG took delivery of 76 new narrow gauge grain wagons for use in Western Australia and 65 ballast wagons as part of its commitment to the Alice Springs to Darwin railroad project.

During the year, ARG was able to refine its product and service offering to its major customers as part of an ongoing transition process. It is anticipated that this process will continue as ARG seeks to consolidate its position as a market leader in Australia's deregulated rail industry.

Road transport - The divestment of Wesfarmers Transport freight services and logistics operations was completed in December 2001. The only remaining road transport operation is the North Queensland-based Johnstone River Transport, a business involved in the cartage of sugar cane which is now managed by Wesfarmers Landmark.



RON ADAMS
MANAGING DIRECTOR
SOTICO PTY LTD

Sotico Pty Ltd produces hardwood sawn timber from Western Australia's south-west forests and operates a pine treatment plant. Sotico also has a 50 per cent interest in Wespine Industries Pty Ltd which operates a softwood sawmill at Dardanup in Western Australia.

Highlights

- Improved hardwood timber sales nationally
- Reduced production as part of business restructure
- Significant lift in Wespine sales

Revenue was below the previous year due to reduced production and the sale in 2000/01 of Sotico's woodchipping and plantation businesses. The voluntary decision to cut back on log intake and sawn timber production, taken in response to changes in the Western Australian government's forest management policy, is aimed at preparing the business for sale in 2004.

Timber sales to Western Australian customers improved slightly during the year on the strength of the State's home building market. Sales to other Australian customers also improved, particularly for seasoned value-added products while export timber volumes decreased due to lower production. Timber prices for some products were reduced to facilitate stock reductions.

The 50 per cent-owned Wespine Industries achieved significantly increased sales, fully utilising the expansion of its Dardanup pine sawmill commissioned at the end of 2000.

Western Australia's forest management

Sotico's restructure proposal, announced in May 2001, is based on a transition to a smaller business through to mid-2004 rather than having all the changes occur in that year. At that time, the company expects to lose more than 60 per cent of its log supply under the Western Australian State government's new Forest Management Plan. The government has facilitated the implementation of this restructuring by assisting in the funding of redundancy costs to displaced employees.

In April 2002, Sotico entered into an agreement with a local sawmiller for the sale

of the Pemberton karri sawmill. Negotiations to finalise this sale are continuing.

Employees

All employees displaced as part of the restructuring of the operations, including the progressive closure of the Welshpool timber processing centre and reduced production at most sawmills, are being paid their full entitlements under employment contracts and are eligible for a workers' assistance programme comprising a redundancy top-up payment and training and employment assistance from the government.

All employees are receiving regular updates on the restructuring process.

Safety

During the year, the Sotico workforce had two lost time injuries which broke a record 15-month lost time injury free period. Since these two injuries, six months has been achieved free of any lost time injury.

This performance contributed to the recognition by the Industrial Foundation for Accident Prevention with the granting of a Silver Safeway Achiever Award.

Outlook

The restructuring of the hardwood business will continue during the year. It is anticipated that the future ownership of some of Sotico's businesses will be resolved with the continued focus on reducing hardwood stocks and building alliances with furniture manufacturers.

Board of directors

Harry Perkins

Non-executive Chairman; age 63

Joined the board in 1984. Harry commenced his career with the group as a director of Westralian Farmers Co-operative Limited in 1975 and was appointed Chairman of that company in 1986. He is Chancellor of the Curtin University of Technology; Chairman of the Western Australian Institute for Medical Research; a member of the Prime Minister's Advisory Council for Co-operative Research Centres; and a director of Adelaide Brighton Ltd and a number of Wesfarmers subsidiary companies. Harry was a Nuffield Farming Scholar in 1972.

Michael Chaney

Managing Director and Chief Executive Officer; age 52

Joined the board in 1988. Michael holds Bachelor of Science and Master of Business Administration degrees from the University of Western Australia. He has also been awarded an Honorary Doctorate of Laws from the University of Western Australia. He completed the Advanced Management Program at the Harvard Business School in 1992. Michael is Chief Executive Officer and a director of a number of Wesfarmers group subsidiaries. He worked in the finance and petroleum industries in Australia and the United States of America before joining Wesfarmers in 1983. Michael is a director of BHP Billiton Limited, Gresham Partners Holdings Limited and the Centre for Independent Studies. He is a member of the Council of the National Gallery of Australia, the Business Council of Australia and Chairman of the Australian Research Alliance for Children and Youth Limited.

David Asimus

Non-executive director; age 70

Joined the board in 1994. David holds a Bachelor of Economics degree from the University of Sydney, an Honorary Doctorate in Science from the University of New South Wales and an Honorary Doctorate in Agricultural Economics from the University of Sydney. He is Chancellor of the Charles Sturt University; and a director of Rural Press Limited and The Industrial Bank of Japan Australia Limited. David was formerly Chairman of the Australian Wool Corporation and International Wool Secretariat; a former member of the Executive of CSIRO; and a past director of BHP Limited, Delta Electricity, Austrade and Australian Eagle Insurance. He was a Nuffield Farming Scholar in 1958.



Richard Goyder

Finance Director; age 42

Joined the board in July 2002. Richard has a Bachelor of Commerce degree from the University of Western Australia and completed the Advanced Management Program at the Harvard Business School in 1998. He joined Wesfarmers in 1993 after working in various commercial roles at Tubemakers of Australia Limited. He has held a number of commercial positions in Wesfarmers' Business Development Department including the role of General Manager. From 1999 and immediately prior to joining the board, he was Managing Director of Wesfarmers Landmark Limited. He is Finance Director and a director of a number of Wesfarmers group subsidiaries. He is also a director of Gresham Partners Holdings Limited and Australian Railroad Group Pty Ltd.

James Graham

Non-executive director; age 54

Joined the board in 1998. James holds a Bachelor of Engineering in Chemical Engineering with Honours from the University of Sydney and a Master of Business Administration from the University of New South Wales. He has had an active involvement in the growth of Wesfarmers since 1976 in his roles as Managing Director of Gresham Partners Limited and previously as a director of Hill Samuel Australia Limited and Managing Director of Rothschild Australia Limited. In addition to his investment banking activities, James is Deputy Chairman of Primary Industry Bank of Australia Ltd and of Rabo Australia Ltd. He is a trustee or member of a number of community organisations and was Chairman of the Darling Harbour Authority in New South Wales for a period of six years.

Dick Lester

Non-executive director; member of the audit and compliance committee; age 63

Joined the board in 1995. Dick is a graduate with Honours from Dookie Agricultural College, Victoria and is a licenced property valuer. He was Principal and Chief Executive Officer of Growth Equities Mutual Limited until he sold his interest in that organisation in 1994. He was an inaugural member of the Companies and Securities Advisory Committee established by the Federal Attorney General to advise the Australian Government on securities industries laws. Dick is actively involved in real estate investment and development in the Perth metropolitan area and south-west regions of Western Australia. He is Chairman of SageCorp Limited and a director of the Western Australian Institute of Medical Research and Jema Genetics Pty Ltd.

Trevor Eastwood

Non-executive director; age 60

Joined the board in 1994. Trevor holds a Bachelor of Engineering degree from the University of Western Australia and completed the Advanced Management Program at the Harvard Business School in 1982. He commenced his career with the group as an employee of Westralian Farmers Co-operative Limited in 1963 and held a number of management positions in the group up to his retirement in 1992, including his final eight years as Managing Director of Wesfarmers Limited. Trevor is Chairman of Gresham Partners Holdings Limited and Gresham Rabo Management Limited; and a director of Qantas Airways Limited. He was formerly the Chairman of West Australian Newspapers Holdings Ltd.

Trevor Flügge

Non-executive director; member of the audit and compliance committee; age 55

Joined the board in 1998. Trevor is a member of the Rabobank Food & Agribusiness Advisory Board and a director of Australian Wool Services Limited (AWS) and AWS subsidiaries TWC Holdings Pty Ltd and The Woolmark Company Pty Ltd. He is a past President of the Grains Council of Australia, a past director of the Grains Research and Development Corporation and the former Chairman of AWB Limited. Trevor received the Monash University/Rabobank Agribusiness Leader of the Year award in 1998 and in 1997 was awarded the Farrer Memorial Medal for his contribution to agriculture.

Lou Giglia

Non-executive director; age 61

Joined the board in 1984. Lou is a director of Farmwest Services Limited. He is the immediate past President of the Royal Agricultural Society of Western Australia (Inc), past member of the advisory boards of National Foods Limited, the Herd Improvement Service Board, the Dairy Industry Authority of Western Australia and past President of the Holstein Friesian Association of Australia.



Charles Macek

Non-executive director; member of the audit and compliance committee; age 55

Joined the board in 2001. Charles holds a Bachelor of Economics degree and a Master of Administration from Monash University. Charles is Chairman of Australian Focus Funds Management Pty Ltd, Centre for Eye Research Australia Limited and Sustainable Investment Research Institute Pty Ltd. He is also a director of Telstra Corporation Limited, Famoice Technology Pty Ltd, IOOF Holdings Ltd and a member of the Financial Reporting Council.

Gene Tilbrook

Executive Director, Business Development; age 51

Joined the board in April 2002. Gene holds Bachelor of Science and Master of Business Administration degrees and a Diploma in Computing Science from the University of Western Australia. He completed the Advanced Management Program at the Harvard Business School in 1998. Gene joined Wesfarmers in 1985 and has held a number of commercial positions in Wesfarmers' Business Development Department, which he currently heads; and at Wesfarmers Energy. He previously worked in corporate finance and in systems engineering. He is Executive Director, Business Development and a director of a number of Wesfarmers group subsidiaries. He is also a director of Bunnings Property Management Limited, Gresham Partners Holdings Limited and Australian Railroad Group Pty Ltd.

David White

Non-executive director; Chairman of the audit and compliance committee; age 54

Joined the board in 1990. David holds a Bachelor of Business degree from Curtin University and is a fellow of CPA Australia. He is the Treasurer of The Royal Agricultural Society of Western Australia (Inc).

Corporate governance

In fulfilling its obligations and responsibilities to its various stakeholders, the board of Wesfarmers Limited is a strong advocate of best practice in corporate governance. This statement summarises the principal corporate governance practices of the company.

Communication with shareholders

Wesfarmers places considerable importance on effective communication with shareholders.

Information is communicated to shareholders through the distribution of the annual and half yearly reports, quarterly releases covering profit performance, announcements through the Australian Stock Exchange and the media regarding changes in its businesses and the Chairman's address at the annual general meeting.

Wesfarmers posts all reports, Australian Stock Exchange and media releases, copies of significant business presentations and speeches on the company's website - www.wesfarmers.com.au.

Continuous disclosure

Wesfarmers Limited is committed to complying with the continuous disclosure obligations of the Corporations Act and the Australian Stock Exchange Listing Rules.

Wesfarmers understands and respects the fact that timely disclosure of relevant information is central to the efficient operation of the securities market. The company has developed and adopted a continuous disclosure policy which also covers the conduct of investor and analysts briefings and communications with the media.

The board

In view of the diverse business activities of the Wesfarmers group, the company has recognised the importance of having a balanced board comprised of directors with an appropriate range of backgrounds, skills and experience.

The company considers that the preferred number of directors is between 8 and 12

although a number outside this range may be acceptable from time to time. It is company policy that the board has a majority of non-executive directors.

The board is currently comprised of nine non-executive directors, including the Chairman, and three executive directors; namely the Managing Director, the Finance Director and the Executive Director, Business Development. Details of the age, experience and qualifications of the directors are set out on pages 26 and 27 of this annual report.

The composition of the board is determined by the application of the following principles:

- Persons nominated as non-executive directors shall be expected to have qualifications, experience and expertise of benefit to the company and to bring an independent view to the board's deliberations. Persons nominated as executive directors must be of sufficient stature and security of employment to express independent views on any matter
 - The Chairman shall be a non-executive director who shall be expected to retire from the position at the expiration of 10 years unless the board decides otherwise. The appointment of the position shall be formally reviewed at the end of each five year period
 - All non-executive directors are expected voluntarily to review their membership of the board from time to time taking into account length of service, age, qualifications and expertise relevant to the company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the company
- Executive directors shall be expected to retire from the board on the relinquishment of their executive position with the company. They are then eligible for re-appointment if they meet the guidelines for non-executive directors.

The constitution of the company requires one third of the directors (other than the Managing Director) to retire from office at each annual general meeting. Directors who have been appointed by the board are required to retire from office at the next annual general meeting and are not taken into account in determining the number of directors to retire at that annual general meeting. No director can hold office for a period in excess of three years or until the third annual general meeting following appointment without submitting themselves for re-election. Retiring directors are eligible for re-election by shareholders.

Responsibilities and functions of the board

The board is responsible for ensuring that Wesfarmers is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of employees, customers, suppliers, lenders and the wider community.

The relationship between the board and management is a partnership that is crucial to the company's long term success.

The separation of responsibilities between the board and management is clearly understood and respected.

The board is responsible for setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the board for the day to day management of the company.

The board's responsibilities and duties include the following:

- appointing the Managing Director;
- determining the strategic direction of the company and measuring performance against approved strategies;
- adopting operating budgets at the commencement of each financial year and monitoring progress on a regular basis against budget by both financial and non-financial key performance indicators;
- monitoring and overseeing the company's financial position and risk management priorities;
- evaluating the performance of the Managing Director and senior executives and determining their remuneration;
- determining that satisfactory arrangements are in place for auditing the company's financial affairs; and
- ensuring that policies and compliance systems consistent with the company's objectives and best practice are in place and that the company and its officers act legally, ethically and responsibly on all matters.

Committees of the board

The board of Wesfarmers is supported by the following committees comprised wholly of non-executive directors. These committees assist the board in the discharge of its obligations by the review of financial reports, audit, compliance, remuneration and the composition and self appraisal of the board itself.

Nomination committee

The main responsibilities of the nomination committee are to review the composition, performance and membership of the board and to make recommendations on new appointments. Any director may, at any time, recommend a person to the nomination committee for consideration as a director.

The members of the nomination committee are Messrs C H Perkins (Chairman), D J Asimus, T R Eastwood and T J Flügge.

The committee met four times during the 2001/02 year.

Audit and compliance committee

The audit and compliance committee monitors internal control policies and procedures designed to safeguard company assets and to ensure the integrity of financial reporting.

Among its specific responsibilities, the committee reviews and advises the board on the nomination and remuneration of external auditors and the adequacy of existing external and internal audit arrangements including the scope and quality of audits.

In May 2002 the board approved new terms of reference for the committee and changed its name from the audit committee to the audit and compliance committee. An additional responsibility of this committee is to assess the effectiveness of the group's compliance reporting programme.

Members of the audit and compliance committee are Messrs D C White (Chairman), T J Flügge, R D Lester and C Macek.

The Finance Director, General Manager Group Accounting, Company Secretary and the external audit partner in charge of the Wesfarmers audit attend meetings of the committee by invitation.

The committee also meets from time to time with the external auditors, independent of management.

The committee met six times during the 2001/02 year. Four of these meetings were timed to review quarterly profit announcements made to the Australian Stock Exchange.

Compensation committee

The compensation committee determines remuneration policies and practices for Wesfarmers as a whole, including those affecting the Managing Director and senior executives who report to the Managing Director. In determining policies and practices that are market competitive and will attract, motivate and retain high quality people, the committee regularly seeks appropriate external advice.

Wesfarmers' executive remuneration is comprised of a number of components – base salary and superannuation, incentives and other benefits.

Market comparisons are measured using the Hay job evaluation system so that fixed pay is relative to comparative businesses. With respect to superannuation, executive remuneration packages include contributions which are made to the company's scheme. Executives may elect to take any portion of their contribution entitlement, in excess of the statutory minimum, as a taxable cash payment.

Senior executives can earn cash incentives based on group and business unit performance. Performance measures are directly aligned with the company's financial targets.

Details of the remuneration of the directors and the five highest paid executive officers of the company for the 2001/02 year are included in the Directors' Report on page 73.

The aggregate amount of non-executive directors' fees approved by the shareholders of the company currently stands at \$1.5 million. The constitution of the company provides that this aggregate amount may be divided among the directors participating in the sum in such proportions as the directors shall agree. In determining fees, each year the board seeks appropriate external advice.

Members of the compensation committee are Messrs C H Perkins (Chairman), D J Asimus, T R Eastwood, T J Flügge, L A Giglia, J P Graham, R D Lester, C Macek and D C White.

The committee met three times during the 2001/02 year.

Ethical standards

The board has adopted the principles outlined in the booklet - Corporate Practices and Conduct - Third Edition - a guide produced by a working group comprising representatives of a number of Australian industry and professional organisations.

The board has drawn from this guide to develop its own policy statement which establishes procedures and guidelines to ensure that the highest ethical standards, corporate behaviour and accountability are maintained.

Non-financial accountability

For the past four years Wesfarmers has published an environment, safety and health report detailing the performance of business units in these years.

Independent professional advice

After prior approval of the Chairman, directors may obtain independent professional advice at the expense of the company on matters arising in the course of their board duties.

Share trading by directors

Directors are each required to hold, directly or indirectly, a minimum of 1,000 ordinary shares in the company from not later than

two months after the director's appointment and during the period of office of the director. Directors are permitted to trade in Wesfarmers securities at any time subject to compliance with statutory and other relevant regulatory restrictions, after reference to the Company Secretary. Particulars of directors' shareholdings are shown on page 72 of this annual report.

Other directorships

Directors are required continually to evaluate the number of boards on which they serve to ensure that each can be given the time and attention required properly to fulfil their duties and responsibilities. Directors are required to notify the Chairman prior to accepting an invitation to become a director of any corporation. Executive directors may not accept appointment to the board of any corporation outside the Wesfarmers group of companies without the prior approval of the board.

Code of conduct

The company has adopted a code of conduct which sets out the minimum acceptable standards of behaviour expected of all employees of the group. All employees are required to act with honesty, decency and integrity at all times.

Risk management

The company has in place a framework to safeguard company assets and ensure that business risks are identified and properly managed.

The company has in place a number of risk management controls which include the following:

- policies and procedures for the management of financial risk and treasury operations including exposures to foreign currencies, financial instruments, commodity derivatives and movements in interest rates;
- guidelines and limits for the approval of capital expenditure and investments;
- a group regulatory compliance programme supported by approved guidelines and standards covering crisis management, the environment, occupational health and safety, trade practices, equal employment opportunity, anti-discrimination and sexual harassment; and
- a comprehensive insurance programme including external risk management surveys.

Management is required to provide regular reports on all of these matters.

Group strategic planning

The company has adopted a formal, dynamic planning process of preparing five year strategic plans each year for each operating activity and the group. A special board planning meeting is held annually at which these plans are presented and the board reviews and endorses strategies designed to ensure the continued profitable growth of the group.

Environmental, safety and community

Environmental management

The operations of a company with the size, geographical spread and diversity of Wesfarmers have the potential to make significant impacts on the natural environment.

Issues include rehabilitation of mined areas, solid and liquid waste generation and disposal and the handling and storage of dangerous goods.

Wesfarmers welcomes increased interest in and scrutiny of the environmental consequences of business activities. Responsible action in this area is equally as important as the maintenance of a high standard of financial performance and corporate governance.

Consistent with the company's autonomous business unit model, Wesfarmers devolves operational responsibility for environmental management to its businesses. Under the group's Environmental Standard, all businesses are required to have their own management programmes tailored to meet the needs of their particular activities. These systems must be regularly audited, internally and externally.

While operational independence is mandated, performance and outcomes are closely monitored through annual reports to the subsidiary boards, to the audit and compliance committee and the board of Wesfarmers Limited.

As part of its commitment to environmental protection, Wesfarmers operates on the basis that legal compliance is the minimum acceptable with a constant goal to achieve a higher standard.

Contributing to an improved environment

Aside from its approach to managing environmental issues, Wesfarmers makes a positive contribution to better environmental outcomes through business unit engagement with a range of projects and initiatives.

These include sponsorship by Wesfarmers Premier Coal of an Australian Coal Association Research Programme based at an aquafarm on the banks of one of the Premier mine's water-filled voids at Collie, in Western Australia. Evaluation of acidity treatments for such areas will help in their future use for value-adding activities such as recreation and aquaculture. Premier Coal is also committed over seven years to financially support a Co-operative Research Centre (CRC) project aimed at delivering better greenhouse and general environmental outcomes through improved efficiency and waste management.

Wesfarmers CSBP and Premier Coal are participants in the Greenhouse Challenge programme which is an important part of the Commonwealth government's policy directed towards reducing greenhouse emissions. CSBP also maintains its sponsorship of the Chair of Cleaner Production at the John Curtin International Institute in Western Australia. In November 2001, CSBP received the Western Australian business and industry sector 3R Award which recognises organisations that have developed successful waste reduction, reuse, recycling and cleaner production programmes.

Wesfarmers Landmark continues its seven year commitment to the CRC for Plant-based Management of Dryland Salinity involving a number of Australian universities and government agencies.

Safety

The provision of a safe working environment for employees is a non-negotiable priority. Management remuneration is linked to safety performance with all businesses targeting the achievement of an annual reduction in accident rates of 50 per cent towards a goal of zero.

As with environmental performance, the business units are required to develop their own safety management systems and to report, through their subsidiary boards, to the board of Wesfarmers Limited on an annual basis.

Some outstanding results have been reported. Wesfarmers LPG has not had a lost time injury for more than five years, Premier Coal achieved a record low accident rate during the year and the 40 per cent-owned Air Liquide W.A. in June celebrated 10 years free of lost time injuries.

Environment, safety and health (ES&H) report

A very detailed account of the group's approach to environmental and safety issues and its performance is provided in a separately published annual report.

The decision five years ago to produce this report was recognition by Wesfarmers of the growing demand for non-financial accountability by companies. The report enables shareholders and other stakeholders to gain a comprehensive understanding of how, and how well, these issues have been handled. Wesfarmers believes, also, that public exposure inevitably increases the pressure to improve.

The ES&H Report is independently verified by the Snowy Mountains Engineering Corporation and is available on the Wesfarmers website: www.wesfarmers.com.au. Printed copies can be obtained from the Public Affairs Department, telephone (618) 9327 4251. The next report is scheduled for publication in November 2002.

The community

From its earliest days as a farmers' co-operative, Wesfarmers has attached great importance in maintaining strong links with the communities in which it operates.

In practice, this means having open and honest dialogue at a local level and being prepared to provide direct assistance by way of sponsorships and donations. Wesfarmers believes companies ought to contribute to society above and beyond the economic benefits that flow from their successfully run business operations.

The network of Wesfarmers Landmark branches and agencies continues the traditional engagement with rural and regional Australia. Landmark provides scholarships, supports key agribusiness organisations and sponsors State and national sporting competitions.

At Blackwater (Queensland) and Collie (Western Australia) the company's coal mining operations are important contributors to their communities and have well established consultative procedures. Wesfarmers CSBP's active membership of the Kwinana Community and Industries Forum ensures regular interaction with the public working and living near its main manufacturing location. In April 2002 CSBP held an open day at Kwinana and 65 employee volunteers helped more than 2,000 visitors gain a better understanding of the company's activities.

Sponsorships and donations

Across the group, businesses contribute to many community focused activities and organisations. This takes the form of direct financial support and involvement by employees in community benefiting events.

Examples include the donation by Kleenheat Gas of guernseys to the Clontarf Football Academy, the participation of more than 3,000 Bunnings' team members in the Juvenile Diabetes Research Foundation's "Walk For The Cure", which raised more than \$60,000, and access by community groups to Bunnings stores for fund raising through sausage sizzles.

This significant commitment by business units is supplemented by Wesfarmers Limited's donations and sponsorship programme.

Wesfarmers' five year support of the Western Australian Institute for Medical Research, which aims to establish a world class centre of excellence for research into adult health issues, continued during the year with a further contribution of \$1 million. Assistance was also provided in a number of other areas, including education and indigenous advancement.

The company's major sponsorship involvement is through Wesfarmers Arts. This award-winning programme provided \$450,000 to performing and visual arts organisations involved in fine music, opera, ballet, theatre and arts for young people.



Top left: Community open day, Bunnings warehouse, Melville, Western Australia.
Middle left: Mine rescue training, Premier mine, Collie, Western Australia.
Middle right: Training at Clontarf Football Academy, Western Australia.
Lower left: Aquaculture research, Collie, Western Australia.
Lower right: On-site medical centre, Curragh mine, Blackwater, Queensland.
Bottom: Blackwater Senior High School students on Curragh mine site tour.



Investor information

Shareholder inquiries

Please contact the company's share registry if you have questions about your shareholding or dividends.

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace, Perth,
Western Australia 6000
Investor inquiries: (618) 9323 2077
Facsimile: (618) 9323 2033

When communicating with the share registry, it will assist if you can quote your current address together with your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHES statements.

Stock exchange listing

Wesfarmers shares are listed on the Australian Stock Exchange and reported in the industrial section in daily newspapers - code WES. Share prices can also be accessed on the Wesfarmers website or at www.asx.com.au.

Dividend investment plan

The company has in place a dividend investment plan. The dividend investment plan is a convenient method by which shareholders can increase their shareholding without incurring brokerage fees or other costs.

Shareholders are able to invest all or part of their dividend at the prevailing market prices calculated in accordance with the plan. Previously a discount of 2.5 per cent applied.

Details of the plan are available from the share registry or the Wesfarmers website.

Electronic payment of dividends

Shareholders may nominate a bank, building society or credit union account for the payment of dividends by direct credit. Payments are electronically credited on the dividend payment date and confirmed by mailed payment advice. Shareholders wishing to take advantage of payment by direct credit should contact the share registry.

Uncertificated share register

The Wesfarmers share register is uncertificated. Two forms of uncertificated holdings are available to shareholders:

Issuer sponsored holdings. This type of holding is sponsored by Wesfarmers and there is no need for shareholders to be sponsored by a stockbroker.

Broker sponsored holdings. Shareholders may arrange to be sponsored by a stockbroker who will require a signed sponsorship agreement. This type of holding is attractive to regular stockmarket traders or those

shareholders who have their share portfolio managed by a stockbroker.

Holding statements are issued to shareholders within five business days after the end of any month in which transactions occur that alter the balance of their holding.

Change of address or banking details

Shareholders should notify the share registry in writing immediately of changes of address or banking details for dividends electronically credited to a bank account.

Publications

The annual report is the main source of information for shareholders. Shareholders are also sent a half year report which reviews, in summary, the six months to December.

Other publications available on request include reports for the quarters ended 31 March and 30 September and the Chairman's address given at the annual general meeting in November. The company also produces a separate environment, safety and health report. The next report is due for publication in November 2002.

Further information and publications about the company's operations are available from the Public Affairs Department, telephone (618) 9327 4251 or from the Wesfarmers website.

Wesfarmers website

Wesfarmers has an internet address at www.wesfarmers.com.au.

This site contains the company's latest annual report, interim reports, media statements released through the Australian Stock Exchange and copies of significant business presentations and speeches.

Removal from annual report mailing list

Shareholders can choose not to receive an annual report by contacting the share registry. Shareholders who choose not to receive an annual report will continue to receive all other information including the notice of annual general meeting and proxy form.

Financial statements

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Statement of financial performance

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	NOTE	CONSOLIDATED		WESFARMERS LIMITED	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
Revenues from ordinary activities	2	7,385,656	4,388,650	967,702	870,612
Expenses from ordinary activities	3	(6,719,933)	(3,970,919)	(411,315)	(494,622)
Borrowing expenses	3	(94,084)	(68,681)	(92,963)	(66,725)
Share of net profits of associates	33	35,662	21,053	-	-
Profit from ordinary activities before income tax expense		607,301	370,103	463,424	309,265
Income tax expense relating to ordinary activities	6	193,115	118,499	4,494	27,975
Profit from ordinary activities after income tax expense		414,186	251,604	458,930	281,290
Net profit attributable to outside equity interests		263	598	-	-
Net profit attributable to members of the parent entity	23	413,923	251,006	458,930	281,290
Net exchange difference on translation of financial report of foreign controlled entities		(57)	109	-	-
Total changes in equity other than those resulting from transactions with owners as owners		413,866	251,115	458,930	281,290
Net profit attributable to members of the parent entity consists of:					
Net profit before goodwill amortisation		493,263	261,372	458,930	281,290
Goodwill amortisation		(79,340)	(10,366)	-	-
Net profit after goodwill amortisation		413,923	251,006	458,930	281,290
Basic and diluted earnings per share (cents per share)					
- before goodwill amortisation	35	138.2	96.2		
- after goodwill amortisation	35	116.0	92.4		
Franked dividends per share (cents per share)	7	111.0	87.0		

The statement of financial performance should be read in conjunction with the accompanying notes.

Statement of financial position

at 30 June 2002 - Wesfarmers Limited and its controlled entities

	NOTE	CONSOLIDATED		WESFARMERS LIMITED	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
Current assets					
Cash assets	8	171,937	110,753	63,053	28,361
Receivables	9	971,284	741,317	2,474,899	1,607,710
Inventories	10	1,310,832	722,031	-	-
Total current assets		2,454,053	1,574,101	2,537,952	1,636,071
Non-current assets					
Receivables	9	255,264	191,723	226,328	140,174
Investments accounted for using the equity method	11	342,070	258,558	784	884
Other financial assets	12	30,203	106,514	4,591,718	3,152,789
Property, plant and equipment	13	1,819,127	1,512,069	25,935	23,748
Deferred tax assets		110,711	57,716	-	-
Intangible assets	14	1,601,291	295,751	-	-
Other	15	2	7,639	-	-
Total non-current assets		4,158,668	2,429,970	4,844,765	3,317,595
Total assets		6,612,721	4,004,071	7,382,717	4,953,666
Current liabilities					
Interest bearing liabilities	16	582,740	383,212	426,227	65,000
Payables	17	824,787	629,539	2,801,001	2,605,158
Current tax liabilities		45,028	47,657	5,983	10,968
Provisions	18	410,266	206,735	171,012	99,919
Other	19	159,536	141,193	5,271	4,016
Total current liabilities		2,022,357	1,408,336	3,409,494	2,785,061
Non-current liabilities					
Interest bearing liabilities	16	906,457	751,129	676,900	719,023
Payables	17	3,091	2,256	593	593
Deferred tax liabilities		94,631	97,429	3,147	7,672
Provisions	20	138,958	86,625	9,653	8,995
Other	21	37,150	40,488	-	-
Total non-current liabilities		1,180,287	977,927	690,293	736,283
Total liabilities		3,202,644	2,386,263	4,099,787	3,521,344
Net assets		3,410,077	1,617,808	3,282,930	1,432,322
Shareholders' equity					
Contributed equity	22	3,027,008	1,234,171	3,027,008	1,234,171
Reserves	23	182,059	123,436	201,405	142,726
Retained profits	23	190,619	236,534	54,517	55,425
Shareholders' equity attributable to members of Wesfarmers Limited		3,399,686	1,594,141	3,282,930	1,432,322
Outside equity interests in controlled entities	24	10,391	23,667	-	-
Total shareholders' equity		3,410,077	1,617,808	3,282,930	1,432,322

The statement of financial position should be read in conjunction with the accompanying notes.

Statement of cash flows

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	NOTE	CONSOLIDATED		WESFARMERS LIMITED	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
Cash flows from operating activities:					
Receipts from customers		7,941,660	4,311,473	470,265	462,121
Payments to suppliers and employees		(7,052,143)	(3,786,471)	(439,304)	(344,832)
Dividends received from associates		22,078	9,901	-	-
Dividends received - other		3,147	3,263	1	1
Dividends received from controlled entities		-	-	444,377	224,071
Interest received		15,733	10,644	94,441	64,021
Borrowing costs		(97,931)	(60,744)	(89,858)	(61,187)
Income tax paid		(148,830)	(104,416)	(14,849)	(17,351)
Net cash provided by operating activities	25(b)	683,714	383,650	465,073	326,844
Cash flows from investing activities:					
Acquisition of property, plant and equipment		(230,429)	(242,690)	(5,992)	(4,188)
Acquisition of investments		(8,444)	(138,118)	(6,100)	-
Acquisition of entities	25(c)	(539,667)	(118,372)	-	(113,609)
Disposal of entities	25(d)	-	53,777	-	14,877
Advances to controlled entities		-	-	(653,214)	(384,594)
Loans advanced to related parties		-	(7,700)	-	(932)
Proceeds from sale of non-current assets		95,939	45,975	3,024	352
Other items		(192)	(4,118)	-	(3,603)
Net cash used in investing activities		(682,793)	(411,246)	(662,282)	(491,697)
Cash flows from financing activities:					
Proceeds from issue of shares		25,150	206,066	25,150	206,066
Costs associated with restructure		-	(30,709)	-	(30,709)
Proceeds (repayments) from borrowings		247,466	(28,675)	319,104	80,717
Repayment of employee share plan loans		52,265	54,972	52,265	54,972
Repayment of securitised receivable facility		(100,000)	-	-	-
Dividends paid					
- Ordinary shareholders		(164,618)	(120,631)	(164,618)	(120,631)
- Outside shareholders		-	(673)	-	-
Net cash provided by financing activities		60,263	80,350	231,901	190,415
Net increase in cash held		61,184	52,754	34,692	25,562
Cash at the beginning of the financial year		110,753	57,999	28,361	2,799
Cash at the end of the financial year	25(e)	171,937	110,753	63,053	28,361

The statement of cash flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company and the consolidated accounts are a general purpose financial report which has been drawn up in accordance with applicable accounting standards and the requirements of the Corporations Act 2001 and other mandatory professional reporting requirements (Urgent Issues Consensus Views). They have been prepared in accordance with the historical cost convention. Cost in relation to assets represents the cash amount paid or the fair value of the assets given in exchange. The accounting policies are consistent with those of the previous year unless otherwise specified.

(a) Principles of consolidation

The consolidated accounts are those of the consolidated entity, comprising Wesfarmers Limited (the chief entity) and all entities which Wesfarmers Limited controlled from time to time during the year and at year's end.

All significant inter-entity balances, transactions and unrealised profits arising from inter-entity transactions have been eliminated in full.

The consolidated entity's proportion of joint venture assets, liabilities and expenses is included in the accounts under the relevant items. The consolidated entity's interest in joint ventures is shown in note 36.

The consolidated entity has accounted for its investments in associates in accordance with the equity method of accounting in its consolidated accounts. The cost method of accounting has continued to be applied in Wesfarmers Limited's accounts. The consolidated entity's interest in associated entities is shown in note 33.

(b) Revenue recognition

Revenues are recognised when the control of goods sold has passed to a buyer or when services have been rendered.

(c) Receivables

Receivables are carried at nominal amounts less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.

Finance advances and loans

Rural advances are made for a maximum of 365 days and are usually secured against clients' livestock and wool. The maximum loan to a client is usually determined as a proportion of their anticipated cash flow.

Employee share plan

Employee share plan loans are repayable from dividends or proceeds from the sale of the shares by employees.

Trade debtors

Credit sales are normally on 7 to 30 day terms.

(d) Inventories

Inventories, including work in progress, are valued at the lower of cost and net realisable value. For manufactured inventory, cost is derived on an absorption costing basis, which includes the cost of direct materials and labour and a proportion of fixed and variable overheads based on normal operating capacity.

(e) Investments

The consolidated entity's interests in companies, other than controlled entities and associated entities, are included in the accounts as investments and only dividend income received or receivable is taken into profits. Associated entities are those in which the consolidated entity holds a significant shareholding of the issued ordinary share capital and participates in commercial and policy decision making. Particulars of associated entities are set out in note 33.

Long term investments are stated at the lower of cost and their recoverable amount.

(f) Income tax

Tax effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a deferred tax asset or deferred tax liability. The net deferred tax asset relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain.

(g) Depreciation and amortisation

Buildings, plant and equipment are depreciated on a straight line basis so as to write off the cost or valuation of each asset less estimated residual value at the end of the life of the asset over its anticipated useful life. The major depreciation periods are:

Plant and equipment	5 – 15 years
Buildings	20 – 40 years

Leasehold improvements are amortised over the period of the lease or the anticipated useful life of the improvements, whichever is shorter.

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Mining, exploration and development costs

Accumulated exploration and evaluation expenditure on areas where activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves or where such costs are expected to be recouped through successful exploitation or sale, is carried forward. All other exploration and evaluation expenditure is either provided for or written off.

Expenditure carried forward in respect of areas of interest in which production has commenced is amortised over the life of the mine based on the rate of depletion of the economically recoverable reserves.

Amortisation is not charged on expenditure carried forward in respect of areas of interest in the development phase in which production has not yet commenced.

(i) Leases

The consolidated entity leases certain land and buildings and plant and equipment. The cost of improvements to or on leasehold property is disclosed as leasehold improvements and amortised over the unexpired period of the lease or the anticipated useful life of the improvements, whichever is shorter.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

(j) Capitalisation of interest

Interest charges on funds invested in major projects with substantial development and construction phases are capitalised to the project until such time as the project becomes operational.

(k) Deferred expenditure

Significant items of expenditure on new projects having a benefit or relationship to more than one period are carried forward and written off over the periods to which the benefit of the expenditure relates.

(l) Intangibles

Trade names

The trade names of the consolidated entity are considered to be identifiable assets and are included in the financial accounts at the lower of cost of acquisition or recoverable amount.

The residual value of these assets is such that there is no depreciable amount to be amortised and accordingly no amortisation has been provided against the carrying value of these assets.

Goodwill

Goodwill represents the excess of the purchase consideration over the adjusted book value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity. Goodwill is assessed at the time of acquisition and is amortised over a period not exceeding 20 years.

(m) Borrowings

Bank overdraft

The bank overdraft is carried at its principal amount subject to set-off arrangements. Interest is charged on a monthly basis as an expense at the banks' benchmark rate as it accrues.

Deposits

Retail deposits are carried at their principal amount and are repayable either at call or over a period not exceeding four years. Interest is charged on a monthly basis as an expense at commercial deposit rates as it accrues.

Bank and other loans

Bank promissory notes and other loans are carried at their principal amount less any unexpired discount for bank bills. These loans are generally borrowed for short terms under long term facilities. The loans are allocated between current and non-current based on the repayment period for the facilities. Interest is charged as an expense at short term commercial rates as it accrues.

(n) Payables

Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed to the consolidated entity. These liabilities are normally settled on 30 day terms.

(o) Employee entitlements

Provisions have been made against profits for amounts expected to be paid to employees for accrued annual leave, long service leave and retirement entitlements. Expenses which are consequential to the employment of the employees, for example payroll tax associated with employee entitlements, have also been recognised as liabilities and included in the amount for employee entitlements.

Contributions to superannuation funds are charged to the statement of financial performance when paid.

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Restoration obligations

Provision is made for the consolidated entity's estimated liability under specific legislative requirements and the conditions of its mining leases for future costs, at undiscounted amounts, expected to be incurred restoring areas of interest. The liability includes the cost of reclamation of the site using existing technology, including plant removal and landfill costs. These costs are recognised gradually over the life of each mine with any changes to the total estimated liability being recognised on a prospective basis.

(q) Dividends payable

Dividends payable are recognised when declared by the company. The provision for dividend represents the probable cash pay out portion of the company's final dividend. The share reinvestment reserve represents the probable final dividend to be reinvested under the terms of the company's dividend investment plan, based on past levels of participation in the plan.

(r) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the obligation.

(s) Unearned income

Insurance premiums and commission income are brought to account using the 365ths method of calculation.

(t) Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange applicable at the date of each transaction. Foreign currency balances arising from these transactions are translated at the rate of exchange at balance date. To the extent that such balances are hedged, the effect of the hedging is taken into account. Gains and losses arising from these transactions are taken directly to the statement of financial performance.

Where a purchase or sale is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of the purchase or sale are included with the purchase or sale.

Assets and liabilities of foreign controlled entities that are outstanding at balance date are converted at the rates of exchange ruling at balance date. The resulting translation gains or losses on capital invested are transferred to the foreign currency translation reserve.

(u) Terms and condition of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(v) Comparison

Certain reclassifications have been made to the prior year's accounts in order to enhance comparability with those of the current year.

(w) Rounding

The amounts contained in this report have been rounded to the nearest thousand dollars under the option available to the company under ASIC Class Order 98/100.

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
2 REVENUE FROM ORDINARY ACTIVITIES				
Revenue from the sale of goods	6,677,365	3,723,705	418,867	414,760
Revenue from services	515,172	519,579	6,496	6,639
Proceeds on sale of non-current assets	105,732	91,194	3,024	160,789
Dividends				
- Controlled entities	-	-	444,377	224,071
- Other corporations	3,147	3,263	1	1
Interest (see note 4)	13,791	12,934	94,441	63,951
Rent received	5,913	5,908	-	-
Other income	64,536	32,067	496	401
Total revenue from ordinary activities	7,385,656	4,388,650	967,702	870,612
3 EXPENSES AND OTHER GAINS/LOSSES				
(a) Expenses				
Cost of goods sold	4,871,541	2,776,733	351,076	352,779
Distribution expenses	131,159	95,320	-	-
Sales and marketing expenses	1,075,261	558,085	-	-
Direct selling expenses	233,763	288,511	-	-
Administration expenses	287,503	174,171	57,725	34,004
Other expenses	120,706	78,099	2,514	107,839
Total expenses from ordinary activities	6,719,933	3,970,919	411,315	494,622
Bad and doubtful debts				
Trade debtors	10,562	7,237	6	(60)
Finance advances and loans	65	-	-	-
	10,627	7,237	6	(60)
Depreciation and amortisation				
Depreciation - Buildings	12,717	4,769	129	59
- Plant and equipment	186,058	137,024	2,333	1,402
Amortisation - Leasehold improvements	3,796	3,415	16	21
- Mineral exploration and development costs	10,322	8,759	-	-
- Goodwill	79,340	10,366	-	-
	292,233	164,333	2,478	1,482
Borrowing expenses				
Interest paid (see note 4)	90,979	66,757	89,858	64,801
Other borrowing costs	3,105	1,924	3,105	1,924
	94,084	68,681	92,963	66,725

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
3 EXPENSES AND OTHER GAINS/LOSSES (continued)				
(a) Expenses (continued)				
Write down of non-current assets				
Investments	3,610	-	-	-
Property, plant and equipment	-	1,556	-	-
Goodwill	100	2,115	100	-
Operating lease rentals	181,652	52,245	1,795	-
Provision charged against profits				
Employee entitlements	45,303	26,990	8,370	8,677
Restoration obligations	4,501	4,843	-	-
Restructure	3,500	2,050	-	-
Other	9,405	14,005	12,529	6,538
Government mining royalties	5,011	9,096	-	-
Mineral exploration and development costs written off	70	57	-	-
Contributions to defined benefit superannuation funds	979	981	-	-
(b) Gains				
Profit on sale of property, plant and equipment	11,522	13,783	1,697	183
Profit on sale of listed investments	2,560	6,831	-	-
Profit on sale of controlled entities	-	1,374	-	52,231
Foreign exchange gains	964	510	-	-
4 NET INTEREST				
Interest paid/payable to:				
Ultimate parent entity	-	-	-	1,322
Controlled entities	-	-	33,684	24,147
Other persons/corporations	90,979	66,757	56,174	39,332
	90,979	66,757	89,858	64,801
Less interest received/receivable from:				
Controlled entities	-	-	93,116	61,893
Associated entities	490	105	28	56
Other persons/corporations	13,301	12,829	1,297	2,002
	13,791	12,934	94,441	63,951
Net interest	77,188	53,823	(4,583)	850

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
5 AUDITORS' REMUNERATION				
Amounts received or due and receivable by the auditors for:				
Audit or review of the financial report	1,777	965	345	236
Other services	1,345	1,738	1,249	1,583
	3,122	2,703	1,594	1,819
6 INCOME TAX				
The prima facie tax on profit from ordinary activities differs from the income tax provided in the financial statements as follows:				
Prima facie tax at 30% (2001: 34%) on profit from ordinary activities	182,190	125,835	139,027	105,150
Tax effect on permanent differences:				
Rebateable dividends	(729)	(334)	(133,314)	(75,944)
Depreciation and amortisation	26,685	6,179	68	8
Capital profits	(2,256)	(5,719)	(277)	(1,041)
Development allowance	(648)	(557)	-	-
Non-allowable items	1,417	3,114	119	579
Other items	864	340	(538)	(38)
Share of associated companies net profit after tax	(9,004)	(5,717)	-	-
Gain on change in income tax rates	-	(4,003)	-	(957)
Adjustment relating to previous year	(5,404)	(639)	(591)	218
Income tax attributable to operating profit	193,115	118,499	4,494	27,975
Total income tax comprises:				
Amount set aside to provision for income tax	153,304	98,653	8,846	15,416
Amount (withdrawn from) set aside to deferred tax liabilities	(5,041)	17,040	(4,292)	12,584
Amount withdrawn from (set aside to) deferred tax asset	44,852	2,806	(60)	(25)
	193,115	118,499	4,494	27,975
7 DIVIDENDS PROVIDED FOR OR PAID				
Additional final dividend for the year ended 30 June 2001 on shares issued to acquire Howard Smith Limited	47,424	-	47,424	-
34 cents per share (2001: 27 cents) interim dividend paid on ordinary shares	125,878	76,343	125,878	76,343
77 cents per share (2001: 60 cents) final dividend provided on ordinary shares	286,664	169,048	286,664	169,048
	459,966	245,391	459,966	245,391
Franking credits available for subsequent financial years after allowing for the payment of income tax payable as at 30 June 2002 and the payment of the final dividend provided at 30 June 2002	-	2,799		

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
8 CASH ASSETS				
Cash on hand	6,375	1,941	7	7
Cash on deposit and at bank	165,562	108,812	63,046	28,354
	171,937	110,753	63,053	28,361
Weighted average effective interest rates				
- Cash on deposit and at bank	3.9%	5.5%		
9 RECEIVABLES				
Current				
Finance advances and loans	12,656	24,887	-	-
Less provision for doubtful debts	168	114	-	-
	12,488	24,773	-	-
Employee share plan loans	15,931	11,970	15,931	11,970
	28,419	36,743	15,931	11,970
Trade debtors	801,250	604,127	9,609	14,025
Less provision for doubtful debts	35,851	27,957	15	9
	765,399	576,170	9,594	14,016
Amounts from:				
Controlled entities	-	-	2,445,368	1,579,876
Associated entities	248	3,530	-	21
Other debtors and prepayments	177,218	124,874	4,006	1,827
	177,466	128,404	2,449,374	1,581,724
	971,284	741,317	2,474,899	1,607,710
Non-current				
Finance advances and loans	15	81	-	-
Employee share plan loans	226,328	139,242	226,328	139,242
	226,343	139,323	226,328	139,242
Other debtors and prepayments	28,921	52,400	-	932
	255,264	191,723	226,328	140,174
Weighted average effective interest rates				
- Finance advances and loans	8.1%	9.1%		

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
10 INVENTORIES				
Raw materials:				
At cost	51,086	51,420	-	-
At net realisable value	6,269	6,602	-	-
	57,355	58,022	-	-
Work in progress:				
At cost	89,542	87,002	-	-
Finished goods:				
At cost	1,163,564	576,563	-	-
At net realisable value	371	444	-	-
	1,163,935	577,007	-	-
Total inventories at lower of cost and net realisable value	1,310,832	722,031	-	-
11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Units in listed property trust at cost	50,935	49,266	-	-
Shares at cost	226,089	157,793	184	184
	277,024	207,059	184	184
Share of retained earnings and reserves of associated entities	36,141	22,038	-	-
	313,165	229,097	184	184
Loans to associated entities	28,905	29,461	600	700
	342,070	258,558	784	884
Aggregate quoted market value at balance date of units listed on a prescribed stock exchange:				
Units in listed property trust	74,595	66,006	-	-
12 OTHER FINANCIAL ASSETS				
Investments in controlled entities:				
Shares at cost	-	-	3,084,968	3,078,868
Loans at cost	-	-	1,500,678	43,123
	-	-	4,585,646	3,121,991
Investments in other listed entities:				
Shares at cost	26,550	23,575	-	-
Other investments:				
Shares at cost	3,293	59,038	6,072	7,322
Other loans at cost	360	23,901	-	23,476
	3,653	82,939	6,072	30,798
	30,203	106,514	4,591,718	3,152,789
Aggregate quoted market value at balance date of investments listed on a prescribed stock exchange comprise:				
Shares	30,300	22,666	-	-

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	Gross value of assets \$000	2002 Provision for depreciation/ amortisation \$000	Net fixed assets \$000	Gross value of assets \$000	2001 Provision for depreciation/ amortisation \$000	Net fixed assets \$000
13 PROPERTY, PLANT AND EQUIPMENT						
Consolidated						
Investment property:						
At cost	-	-	-	17,250	-	17,250
Freehold land:						
At cost	211,068	-	211,068	91,870	-	91,870
Buildings:						
At cost	306,230	47,486	258,744	145,899	41,324	104,575
Leasehold improvements:						
At cost	44,077	10,958	33,119	45,299	10,294	35,005
Plant, vehicles and equipment:						
At cost	1,720,279	679,339	1,040,940	1,720,440	727,638	992,802
Under construction at cost	33,439	-	33,439	30,721	-	30,721
	1,753,718	679,339	1,074,379	1,751,161	727,638	1,023,523
Mineral exploration and development costs:						
Production						
Mineral reserves at cost	274,468	41,013	233,455	261,003	30,691	230,312
Pre-production						
Mineral reserves at cost	-	-	-	772	-	772
	274,468	41,013	233,455	261,775	30,691	231,084
Plantations at cost						
	8,362	-	8,362	8,762	-	8,762
	2,597,923	778,796	1,819,127	2,322,016	809,947	1,512,069
Wesfarmers Limited						
Freehold land:						
At cost	1,465	-	1,465	2,262	-	2,262
Buildings:						
At cost	4,655	2,189	2,466	5,536	2,505	3,031
Leasehold improvements:						
At cost	1,311	242	1,069	1,311	220	1,091
Plant, vehicles and equipment:						
At cost	28,655	7,720	20,935	23,193	5,829	17,364
	36,086	10,151	25,935	32,302	8,554	23,748

Current values of land and buildings

The current value of the Wesfarmers Limited controlled entities' land and buildings at 30 June 2002 was \$512 million. The values are based on directors' valuations as at 30 June 2000 plus additions at cost less disposals since that date.

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
13 PROPERTY, PLANT AND EQUIPMENT (continued)				
Movements during the year				
Freehold land:				
Carrying amount at beginning	91,870	88,864	2,262	2,513
Additions	16,736	4,632	-	-
Transfers	(4,574)	-	-	-
Disposals	(5,354)	(11,969)	(797)	(251)
Additions through acquisition of entities	112,390	10,343	-	-
	211,068	91,870	1,465	2,262
Buildings:				
Carrying amount at beginning	104,575	100,764	3,031	3,017
Additions	8,093	10,430	-	31
Transfers	27,052	-	-	-
Disposals	(9,603)	(1,850)	(436)	-
Additions through acquisition of entities	141,344	-	-	-
Depreciation expense	(12,717)	(4,769)	(129)	(17)
	258,744	104,575	2,466	3,031
Leasehold improvements:				
Carrying amount at beginning	35,005	5,368	1,091	1,112
Additions	1,728	4,222	-	-
Transfers	(40)	26,609	-	-
Disposals	(567)	(89)	(6)	(3)
Additions through acquisition of entities	789	2,310	-	-
Amortisation expense	(3,796)	(3,415)	(16)	(18)
	33,119	35,005	1,069	1,091
Plant, vehicles and equipment:				
Carrying amount at beginning	1,023,523	1,005,112	17,364	14,657
Additions	194,280	153,597	5,992	4,188
Transfers	(40,934)	6,635	-	-
Disposals	(49,651)	(16,819)	(88)	(972)
Additions through acquisition of entities	133,219	12,022	-	-
Depreciation expense	(186,058)	(137,024)	(2,333)	(509)
	1,074,379	1,023,523	20,935	17,364
Mineral exploration and development costs:				
Carrying amount at beginning	231,084	255,854	-	-
Additions	9,592	17,233	-	-
Transfers	3,101	(33,244)	-	-
Amortisation expense	(10,322)	(8,759)	-	-
	233,455	231,084	-	-
Plantations at cost:				
Carrying amount at beginning	8,762	49,576	-	-
Additions	-	1,107	-	-
Disposals	(400)	(41,921)	-	-
	8,362	8,762	-	-

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
14 INTANGIBLE ASSETS				
Trade names at cost	41,600	41,600	-	-
Goodwill at cost	1,691,855	310,179	-	-
Less provision for amortisation	132,164	56,028	-	-
	1,559,691	254,151	-	-
	1,601,291	295,751	-	-
15 OTHER NON-CURRENT ASSETS				
Deferred expenditure	2	7,639	-	-
16 INTEREST BEARING LIABILITIES				
Current				
Secured				
- Bank loans	4,041	4,322	-	-
Unsecured				
- Deposits	295,732	311,262	-	-
- Promissory notes	109,857	-	109,857	-
- Bank loans	39,771	65,515	18,000	65,000
- Bank bills	129,054	-	298,370	-
- Other loans	4,285	2,113	-	-
	582,740	383,212	426,227	65,000
Non-current				
Secured				
- Bank loans	138,519	161,044	250,000	-
Unsecured				
- Deposits	3,116	4,219	-	-
- Bank loans	318,362	-	-	-
- Bank bills	426,900	570,874	426,900	719,023
- Other loans	19,560	14,992	-	-
	906,457	751,129	676,900	719,023

Secured loans

The weighted average interest rate on secured loans was 7.3% (2001: 6.9%).

Bank and other loans

Bank, promissory notes and other loans bear interest at short term commercial rates payable monthly or at the time of maturity. The weighted average interest rate was 5.5% (2001: 6.3%) for the year ended 30 June 2002, including any interest rate hedging adjustments (see note 29(a)).

Deposits

Deposits bear interest at commercial deposit rates. The weighted average interest rate was 4.1% (2001: 5.5%) for the year ended 30 June 2002.

Secured liabilities

Specific and floating charge over the assets of Wesfarmers Bengalla Limited and Wesfarmers Kleenheat Elpiji Limited.

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
17 PAYABLES				
Current				
Trade creditors and accruals	824,415	629,167	19,645	19,700
Amounts other than trade creditors payable to:				
- Controlled entities	-	-	2,780,984	2,585,086
- Associated entities	372	372	372	372
	824,787	629,539	2,801,001	2,605,158
Non-current				
Trade creditors and accruals	3,091	2,256	-	-
Amounts other than trade creditors payable to controlled entities	-	-	593	593
	3,091	2,256	593	593
18 PROVISIONS (CURRENT)				
Employee entitlements	121,711	86,994	15,135	15,139
Restoration obligations	4,744	2,994	-	-
Restructure	63,022	17,332	-	250
Other	77,457	14,891	12,545	6
	266,934	122,211	27,680	15,395
Dividends	143,332	84,524	143,332	84,524
	410,266	206,735	171,012	99,919
19 OTHER CURRENT LIABILITIES				
Unearned insurance premiums	101,608	87,277	5,271	4,016
Outstanding insurance claims	57,928	53,916	-	-
	159,536	141,193	5,271	4,016
20 PROVISIONS (NON-CURRENT)				
Employee entitlements	28,387	29,527	9,653	8,995
Restoration obligations	52,717	51,104	-	-
Restructure	54,457	-	-	-
Other	3,397	5,994	-	-
	138,958	86,625	9,653	8,995
21 OTHER NON-CURRENT LIABILITIES				
Outstanding insurance claims	37,150	40,488	-	-

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
22 CONTRIBUTED EQUITY				
Issued and paid up capital is as follows:				
372,291,010 (2001: 281,746,266) ordinary shares	3,027,008	1,234,171	3,027,008	1,234,171
Shares issued during the year:				
Employee share plan:				
5,107,737 ordinary shares fully paid at \$30.35 per share				
Dividend investment plan:				
3,483,716 ordinary shares fully paid at \$29.53 per share				
2,060,316 ordinary shares fully paid at \$30.65 per share				
Acquisition of Howard Smith Limited:				
79,032,975 ordinary shares at \$18.30 per share				
Share placement:				
860,000 ordinary shares at \$29.58 per share				
Movement in capital during the year:				
Balance at the beginning of the year	1,234,171	892,192	1,234,171	892,192
Issue of shares during the year	1,792,889	2,777,872	1,792,889	2,777,872
Costs associated with the issue of shares and other costs of the capital restructure	(52)	(33,643)	(52)	(33,643)
Net discount on acquisition of entities acquired under the simplification plan	-	48,623	-	48,623
Adjustment arising from the sale of Gresham Partners Management Limited under the simplification plan	-	5,900	-	5,900
Shares repurchased during the year	-	(2,456,773)	-	(2,456,773)
Balance at the end of the year	3,027,008	1,234,171	3,027,008	1,234,171

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
23 RESERVES AND RETAINED PROFITS				
Capital reserve	24,170	24,170	-	-
Asset revaluation reserve	14,004	14,132	58,074	58,202
Foreign currency translation reserve	554	610	-	-
Share reinvestment reserve	143,331	84,524	143,331	84,524
	182,059	123,436	201,405	142,726
Share reinvestment reserve:				
Provision for dividend to be reinvested in share capital under the terms of the company's dividend investment plan on the payment of the final dividend	143,331	84,524	143,331	84,524
Utilisation of share reinvestment reserve on issue of shares	(84,524)	(63,285)	(84,524)	(63,285)
Retained profits:				
Balance at the beginning of the year	236,534	225,121	55,425	15,586
Net profit attributable to members of Wesfarmers Limited	413,923	251,006	458,930	281,290
Transfer from reserves - foreign currency reserve	-	297	-	-
- insurance reserve	-	333	-	-
- general reserve	-	5,168	-	3,940
- asset revaluation reserve	128	-	128	-
Total available for appropriation	650,585	481,925	514,483	300,816
Dividends provided for or paid	(459,966)	(245,391)	(459,966)	(245,391)
	190,619	236,534	54,517	55,425

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
24 OUTSIDE EQUITY INTEREST				
Issued capital	10,562	23,225		
Reserves	(456)	3		
Retained profits	285	439		
	10,391	23,667		
25 CASH FLOWS				
(a) Non cash financing and investing activities:				
Share capital issued during the year:				
Acquisition of Howard Smith Limited	1,446,303	-	1,446,303	-
Dividend investment plan	166,023	71,697	166,023	71,697
Employee share plan	155,020	74,450	155,020	74,450
Simplification plan	-	20,474	-	20,474
	1,767,346	166,621	1,767,346	166,621
Dividends:				
Employee share plan repayments	11,708	10,575	11,708	10,575
(b) Reconciliation of net cash provided by operating activities to operating profit after income tax:				
Operating profit after income tax	414,186	251,604	458,930	281,290
Depreciation and amortisation	292,233	164,333	2,478	1,482
Provisions charged against profits	62,709	47,888	20,899	15,215
Profit on sale of non-current assets	(14,082)	(21,988)	(1,697)	(52,414)
Share of associated companies profit after tax	(35,662)	(21,053)	-	-
Dividends received from associated companies	23,618	13,902	-	-
Write down of non-current assets	3,710	3,671	100	-
Other items	4,570	3,087	30	83
Changes in assets and liabilities net of effects of acquisitions of entities and businesses:				
Decrease (increase) in accounts receivable	115,597	11,989	(3,711)	(184,183)
Increase in inventories	(46,043)	(83,786)	-	-
(Decrease) increase in accounts payable	(120,615)	4,949	3,014	264,326
Increase in insurance provisions	15,005	26,326	1,255	-
Provisions applied	(67,374)	(31,355)	(8,298)	-
Increase (decrease) in deferred taxes payable	38,491	19,846	(4,212)	2,709
Decrease in income tax payable	(2,629)	(5,763)	(3,715)	(1,664)
Net cash provided by operating activities	683,714	383,650	465,073	326,844

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED	
	2002 \$000	2001 \$000
25 CASH FLOWS (continued)		
(c) Entities acquired:		
The entities acquired were Howard Smith Limited and StateWest Power Limited in the current financial year and IAMA Limited in the previous financial year	2,022,905	160,268
Fair value of net assets acquired:		
Cash	31,191	41,896
Receivables (current)	229,699	201,345
Inventories (current)	525,374	97,384
Other (current)	1,489	-
Other financial assets (non-current)	333	413
Receivables (non-current)	-	115
Other (non-current)	-	2,096
Intangibles	1,382,052	170,215
Property, plant and equipment	387,742	24,675
Deferred tax assets	97,847	34,473
Payables (current)	(309,895)	(143,489)
Interest bearing liabilities (current)	(131,156)	(26,891)
Provision for restructure (current)	(66,409)	(18,193)
Provision other (current)	(58,622)	(22,978)
Provision for income tax (current)	7,103	(1,717)
Payables (non-current)	-	(102)
Provision for restructure (non-current)	(55,765)	-
Provision other (non-current)	(10,610)	(7,986)
Deferred tax liabilities	(2,243)	-
Interest bearing liabilities (non-current)	(5,225)	(190,988)
	2,022,905	160,268
Outflow of cash to acquire the entities:		
Consideration	2,022,905	160,268
Less equity shares issued	(1,446,303)	-
Less outside equity interests acquired	(5,744)	-
Less cash balances acquired	(31,191)	(41,896)
	539,667	118,372
The provision for restructure mainly relates to the closure of 135 BBC hardware stores and employee redundancies.		
(d) Entities disposed:		
Consideration	-	54,131
Cash balance disposed	-	(354)
	-	53,777
Book value of assets and liabilities disposed		
Receivables (current)	-	11,757
Inventories (current)	-	11,882
Property, plant and equipment	-	46,509
Deferred tax asset	-	31
Payables (current)	-	(150)
Provisions (current)	-	(2,737)
Deferred tax liability	-	(11,351)
Other (non-current)	-	(3,538)
	-	52,403

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
25 CASH FLOWS (continued)				
(e) Reconciliation of cash:				
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:				
Cash on hand	6,375	1,941	7	7
Cash on deposit and at bank	165,562	108,812	63,046	28,354
	171,937	110,753	63,053	28,361
26 COMMITMENTS				
Lease commitments (substantially in connection with leased property)				
Amounts due under operating lease:				
Within 1 year	125,078	44,837	1,767	1,577
Within 1-5 years	303,244	100,451	5,162	5,559
Over 5 years	254,554	55,541	-	-
	682,876	200,829	6,929	7,136
Commitments arising from contracts for capital expenditure contracted for at balance date but not provided for:				
Consolidated entity:				
Due within 1 year	57,817	15,036	-	-
27 CONTINGENT LIABILITIES				
Wesfarmers Limited and all the controlled entities marked "+" in note 32 have entered into a deed of cross guarantee pursuant to the ASIC Class Orders, whereby they covenant with a trustee for the benefit of each creditor, that they guarantee to each creditor payment in full of any debt on the event of any entity, including Wesfarmers Limited, being wound up.				
Wesfarmers Bengalla Limited may become liable for additional joint venture capital contributions under a second phase equity agreement in the event that the joint venture capital expenditure exceeds amounts set out in the project finance reference budget.				
28 FINANCING ARRANGEMENTS				
The consolidated entity has unrestricted access to the following finance facilities:				
Overdraft	5,000	5,000	5,000	5,000
Multi purpose facilities	180,000	180,000	180,000	180,000
Term loan	363,211	-	250,000	-
Bank bill lines	980,000	1,000,000	980,000	1,000,000
Committed standby lines to support commercial paper program	300,000	-	300,000	-
	1,828,211	1,185,000	1,715,000	1,185,000
Amount of credit unused	758,078	454,925	735,000	454,925
The unused amounts of the facilities have the following terms:				
Within 1 year	735,000	354,925	735,000	354,925
Within 1-2 years	5,660	10,000	-	10,000
Within 2-5 years	17,418	90,000	-	90,000
	758,078	454,925	735,000	454,925

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

29 FINANCIAL INSTRUMENTS

Recognised financial instruments

The consolidated entity has recognised certain financial instruments in the accounts. These financial instruments are disclosed in notes 8, 9, 12, 16 and 17.

Unrecognised financial instruments

The consolidated entity, through its diverse operations, is exposed to financial risks from movements in foreign exchange rates, interest rates and commodity prices. The consolidated entity manages the foreign exchange and interest rate exposures using a comprehensive set of policies and procedures approved by the board of directors. Speculative trading is specifically prohibited by policy.

The consolidated entity is party to financial instruments for the purpose of reducing its exposure to adverse fluctuations in foreign exchange and interest rates. The hedging instruments are subject to fluctuations in value and any such fluctuations are generally offset by the value of the underlying financial risks being hedged.

(a) Interest rate risk exposure

The consolidated entity enters into various derivative transactions with the objective of obtaining lower funding costs and a more stable and predictable interest cost outcome principally employing the use of interest rate swaps. In addition, forward interest rate agreements, caps and floors are utilised. For interest rate swaps and forward rate agreements, the consolidated entity agrees with counterparties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount. Any amounts paid or received relating to interest rate swaps and forward rate agreements are recognised as adjustments to interest expense over the life of each contract swap, thereby adjusting the effective interest rate on the underlying obligations. At 30 June 2002 the fixed rates varied from 4.9% to 6.7% (2001: 5.7% to 6.7%) and the majority of the floating rates were at bank bill rates.

The consolidated entity's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below.

Note	Floating \$000	FIXED INTEREST MATURING IN:			Non-interest bearing \$000	Total \$000
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000		
2002						
Financial assets						
Cash assets	8	125,863	-	-	46,074	171,937
Receivables	9	-	12,488	15	1,214,045	1,226,548
Other financial assets	12	-	-	-	30,203	30,203
		125,863	12,488	15	1,290,322	1,428,688
Financial liabilities						
Interest bearing liabilities	16	1,489,197	-	-	-	1,489,197
Payables	17	-	-	-	827,878	827,878
		1,489,197	-	-	827,878	2,317,075
Interest swaps*		(803,780)	70,000	424,840	308,940	-
2001						
Financial assets						
Cash assets	8	97,243	-	-	13,510	110,753
Receivables	9	-	24,773	81	908,186	933,040
Other financial assets	12	-	-	-	106,514	106,514
		97,243	24,773	81	1,028,210	1,150,307
Financial liabilities						
Interest bearing liabilities	16	1,134,341	-	-	-	1,134,341
Payables	17	-	-	-	631,795	631,795
		1,134,341	-	-	631,795	1,766,136
Interest swaps*		(547,830)	-	260,000	287,830	-

*Notional principal amounts

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

29 FINANCIAL INSTRUMENTS (continued)

(b) Foreign exchange risk exposure

The consolidated entity enters into foreign exchange contracts and currency options to hedge capital obligations, expenses and revenues denominated in foreign currencies (principally US dollars). Benefits or costs arising from currency hedges for expense and revenue transactions are brought to account in the statement of financial performance at the same time as the hedged transaction is brought to account. For transactions to hedge specific capital or borrowing commitments any cost or benefit resulting from the hedge forms part of the initial asset or liability carrying value.

The following table sets out the gross value to be received under foreign currency contracts, the weighted average contracted exchange rates and the range of settlement dates of outstanding contracts.

	AVERAGE EXCHANGE RATE		CONSOLIDATED	
	2002	2001	2002 \$000	2001 \$000
Buy US dollars				
Within 1 year	0.5378	0.5184	44,649	13,602
Sell US dollars				
Within 1 year	0.5581	0.5466	287,436	294,547
Within 1-2 years	0.5613	0.5949	236,592	106,062
Within 2-3 years	0.5699	0.6006	170,212	100,907
Within 3-4 years	0.5326	0.6026	124,492	95,935
Over 5 years	0.5211	0.5496	41,447	57,310

As these contracts are hedging future sales, purchases and capital commitments any unrealised gains and losses on the contracts, together with the costs of the contract, will be recognised in the financial statements at the time the underlying transaction occurs. The net unrecognised loss on hedges of future foreign currency purchases and sales (that is, assuming no matching of physical transactions are taken into account) as at 30 June 2002 was \$24.5 million (2001: \$94.8 million).

(c) Commodity price risk management

The consolidated entity manages commodity price risk, as appropriate, depending upon the availability of suitable risk management instruments.

(d) Credit risk exposures

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the statement of financial position.

In relation to unrecognised financial assets, credit risk arises from the potential failure of counterparties to meet their obligation under the contract or arrangement. Credit risk on off-statement financial position derivative contracts is minimised because counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The consolidated entity's maximum credit risk exposure in relation to these is as follows:

- (i) Forward exchange contracts - the full amount of the foreign currency it will be required to pay when settling the forward exchange contract, should the counterparty not pay the currency it is committed to deliver to the consolidated entity. These amounts have been outlined above in note 29(b).
- (ii) Interest rate swap and forward rate agreements - is limited to the net amounts to be received on contracts that are favourable to the consolidated entity, being nil.

Concentration of credit risk

The consolidated entity minimises concentrations of credit risk in relation to accounts receivable by undertaking transactions with a large number of customers within each industry. The majority of customers are concentrated in Australia. The consolidated entity is not materially exposed to any individual overseas country or individual customer.

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

29 FINANCIAL INSTRUMENTS (continued)

(e) Net fair values of financial assets and liabilities

Net fair values of financial assets and liabilities are determined by the consolidated entity as follows:

On-balance sheet financial instruments

Cash - the carrying amount approximates fair value.

Employee share plan loans (provided on an interest free basis) - the fair values are estimates applying a discounted cash flow analysis on the expected inflows from the repayment of loans by way of dividends received from the company. Dividends are assumed to continue at the same level as paid and declared in the financial year ended 30 June 2002. The discount rate for the year ended 30 June 2002 was 7% (2001: 7%), based on a 1.0% margin over the 10 year long term bond rate.

Trade debtors - the carrying amount approximates fair value.

Other receivables - the carrying amount approximates fair value.

Listed investments - the fair values are based on the final share prices quoted on the Australian Stock Exchange at balance date.

Accounts payable - the carrying amount approximates fair value.

Borrowings - the carrying amount approximates fair value because the repayment periods are generally short term in nature (less than three months) with the split between current and non-current based on the term of the facility under which the borrowing is held.

Financial position of financial instruments

The valuation of financial instruments detailed below reflects the estimated amounts which the consolidated entity expects to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates at balance date. This is based on independent market quotations and determined using standard valuation techniques.

The carrying amounts and net fair values of financial assets and liabilities where the carrying value does not approximate the fair value are as follows:

	2002		2001	
	Carrying amount \$000	Net fair value \$000	Carrying amount \$000	Net fair value \$000
Assets				
Employee share plan loans	242,259	155,318	151,212	104,273
Listed shares	26,550	30,300	23,575	22,666
Liabilities				
Interest rate swaps	-	9,665	-	3,256
Forward exchange contracts	-	24,504	-	94,758

Employee share plan loans are carried above their net fair value because the directors intend to hold the loans until they have been repaid in full from dividends paid by the company or from the proceeds of sale of shares by the employee. These loans are secured by the relevant shares issued under the plan.

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

30 SUPERANNUATION AND OWNERSHIP REMUNERATION SCHEME

(a) Superannuation

During the year the Wesfarmers Staff Retirement Fund changed its name to the Wesfarmers Superannuation Fund. All defined benefits members of the Fund transferred their benefits to the accumulation lump sum benefits category of the Fund on 1 July 2002.

(b) Employee share plan

The Wesfarmers Limited Employee Investment Plan (the "Plan") was approved by shareholders in April 1985. Under the Plan all permanent employees who have been continuously employed by Wesfarmers Limited or its subsidiaries for a minimum period of one year and who are 18 years or older are invited to apply for fully paid ordinary shares in the company (December 2001: 15,465 eligible employees were invited to apply for shares). All eligible employees receive a general invitation to apply for a specified number of shares (December 2001: 300 shares). Senior executives may receive invitations to apply for additional shares as and when they reach certain remuneration levels and periods of service within the consolidated entity.

Shares can be allotted under the Plan at a price being not less than 90 per cent of the weighted average market price of Wesfarmers Limited fully paid shares during the one week period up to and including the day of allotment. In December 2001 the shares were allotted at the full weighted average price of Wesfarmers Limited shares posted on the Australian Stock Exchange one week up to and including the day of allotment.

Employees are provided with loans to purchase the shares and the total number of shares for which there are outstanding loans under the Plan cannot exceed 10 per cent of the issued capital of the company from time to time. The number of shares issued to current employees who have a loan outstanding is 3.8 per cent of the issued capital of the company.

During the financial year 5,107,737 ordinary fully paid shares were issued to employees under the Plan, the total market value of those shares at the issue date (13 December 2001) was \$155,019,818 and the total amount received and/or receivable from employees for those shares was \$155,019,818.

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000

31 REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Directors' remuneration (including executive directors)

Income paid or payable or otherwise made available to all directors of each entity in the consolidated entity from the company or any related party

30,392 18,378

Income paid or payable or otherwise made available to all directors of the company or any related party

10,945 4,923

	WESFARMERS LIMITED	
	2002 No.	2001 No.
Directors of Wesfarmers Limited whose remuneration was within:		
\$ 50,000 - \$ 59,999	3	7
\$ 60,000 - \$ 69,999	-	2
\$ 70,000 - \$ 79,999	1	-
\$ 80,000 - \$ 89,999	6	-
\$ 90,000 - \$ 99,999	1	1
\$ 220,000 - \$ 229,999	-	1
\$ 240,000 - \$ 249,999	1	-
\$ 970,000 - \$ 979,999	1	-
\$1,030,000 - \$1,039,999	-	1
\$1,110,000 - \$1,119,999	1	-
\$3,040,000 - \$3,049,999	-	1
\$7,930,000 - \$7,939,999	1	-

The remuneration of executive directors includes amounts both paid and unpaid by the consolidated entity. It includes salaries, incentive payments, allowances and other benefits actually paid by the consolidated entity.

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
31 REMUNERATION OF DIRECTORS AND EXECUTIVES (continued)				
(b) Executive remuneration				
Amounts received or due and receivable by executives of Wesfarmers Limited from the company and entities in the consolidated entity and related entities whose remuneration is \$100,000 or more	35,568	22,158	18,800	9,388

	CONSOLIDATED		WESFARMERS LIMITED	
	2002 No.	2001 No.	2002 No.	2001 No.
Executives of Wesfarmers Limited and entities in the consolidated entity whose remuneration was within:				
\$ 100,000 - \$ 109,999	-	1	-	-
\$ 120,000 - \$ 129,999	2	-	-	-
\$ 140,000 - \$ 149,999	-	1	-	-
\$ 170,000 - \$ 179,999	-	1	-	-
\$ 180,000 - \$ 189,999	1	3	-	2
\$ 190,000 - \$ 199,999	5	2	1	-
\$ 200,000 - \$ 209,999	3	3	-	1
\$ 210,000 - \$ 219,999	6	3	2	-
\$ 220,000 - \$ 229,999	4	4	1	1
\$ 230,000 - \$ 239,999	4	2	-	-
\$ 240,000 - \$ 249,999	4	3	1	-
\$ 250,000 - \$ 259,999	2	1	-	1
\$ 260,000 - \$ 269,999	5	2	1	-
\$ 270,000 - \$ 279,999	6	2	-	1
\$ 280,000 - \$ 289,999	1	4	1	-
\$ 290,000 - \$ 299,999	1	3	-	1
\$ 300,000 - \$ 309,999	-	2	-	1
\$ 310,000 - \$ 319,999	2	-	2	-
\$ 320,000 - \$ 329,999	2	2	-	-
\$ 330,000 - \$ 339,999	1	-	-	-
\$ 340,000 - \$ 349,999	1	-	-	-
\$ 350,000 - \$ 359,999	2	-	2	-
\$ 360,000 - \$ 369,999	1	-	-	-
\$ 380,000 - \$ 389,999	1	-	1	-
\$ 400,000 - \$ 409,999	1	2	-	-
\$ 410,000 - \$ 419,999	1	-	-	-
\$ 430,000 - \$ 439,999	1	-	-	-
\$ 440,000 - \$ 449,999	1	-	-	-
\$ 500,000 - \$ 509,999	1	1	1	1
\$ 570,000 - \$ 579,999	-	1	-	1
\$ 640,000 - \$ 649,999	-	1	-	-
\$ 700,000 - \$ 709,999	-	1	-	1
\$ 740,000 - \$ 749,999	1	-	1	-
\$ 770,000 - \$ 779,999	1	-	-	-
\$ 780,000 - \$ 789,999	-	1	-	1
\$ 790,000 - \$ 799,999	1	-	1	-
\$ 800,000 - \$ 809,999	-	1	-	1
\$ 890,000 - \$ 899,999	1	-	1	-
\$ 960,000 - \$ 969,999	1	-	1	-
\$ 970,000 - \$ 979,999	1	-	1	-
\$1,030,000 - \$1,039,999	-	1	-	1
\$1,110,000 - \$1,119,999	1	-	1	-
\$1,500,000 - \$1,509,999	1	-	1	-
\$1,680,000 - \$1,689,999	-	1	-	-
\$1,690,000 - \$1,699,999	1	-	-	-
\$2,200,000 - \$2,209,999	-	1	-	-
\$2,270,000 - \$2,279,999	1	-	-	-
\$3,040,000 - \$3,049,999	-	1	-	1
\$7,930,000 - \$7,939,999	1	-	1	-

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

31 REMUNERATION OF DIRECTORS AND EXECUTIVES (continued)

The remuneration of executive directors includes amounts both paid and unpaid by the consolidated entity. It includes salaries, incentive payments, allowances and other benefits actually paid by the consolidated entity.

Senior executives' remuneration, and in particular that of the Managing Director, is substantially influenced by incentive plans that reward executives for long term profitable growth of the consolidated entity.

For the purposes of Accounting Standards AASB 1034 the company has interpreted executive officers as being the Managing Director, subsidiary company executive directors and general managers in the consolidated entity.

32 PARTICULARS RELATING TO CONTROLLED ENTITIES

	BENEFICIAL INTEREST			BENEFICIAL INTEREST	
	2002 %	2001 %		2002 %	2001 %
Parent entity: Wesfarmers Limited					
Controlled entities:					
A.C.N. 003 165 464 Pty Ltd (formerly Seed Grain Biotechnology Australia Pty Ltd)	100	100	Curragh Queensland Mining Pty Ltd	100	100
A.C.N. 003 921 873 Pty Limited	100	-	Dairy Rural Pty Ltd	100	100
Alsafe Safety Industries Pty Limited+	100	-	Dairy Properties Co-operative Limited	100	100
Artfern Pty Ltd	-	100	Danlan Pty Limited+	100	-
Aussigold Produce Pty Ltd	100	100	Donald Nominees Pty Ltd	100	100
Australian Gold Reagents Pty Ltd	75	75	Eastfarmers Pty Ltd +	100	100
Australian Seed Inoculants Pty Ltd (formerly SGB Australia Pty Ltd)	100	100	Farmland Pty Ltd	100	100
BBC Hardware Limited+	100	-	FIF Investments Pty Limited	100	100
BBC Hardware (NZ) Ltd#	100	-	FPT (Australia) Pty Limited	100	-
BBC Hardware Properties (NSW) Pty Ltd	100	-	Franklin Smith IAMA Pty Ltd	100	100
BBC Hardware Properties (VIC) Pty Ltd	100	-	Frank Sauer and Sons Pty Ltd	100	100
BBC Hardware Purchasing Pty Limited	100	-	Glencoe Distributors Pty Ltd	100	100
Barnett Bros Pty Limited +	100	100	Goldref Pty Ltd	100	100
Barrobook Pty Limited	100	100	GPML Pty Ltd	100	100
Bayridge Holdings Pty Ltd	100	100	Gresham Private Equity Fund	-	51
Benchmark Building Supplies Ltd#	100	-	Haarsma's IAMA Pty Ltd	100	100
Berrwillock Nominees Pty Ltd	100	100	Hardwarehouse Limited#	100	-
Big N Distributors Pty Ltd	100	100	Howard Smith Group Superannuation Association Pty Limited	100	-
Bunnings (Northern Territory) Pty Ltd +	100	100	Howard Smith Limited+	100	-
Bunnings Building Supplies Pty Ltd +	100	100	Howard Smith Nominees Pty Ltd	100	-
Bunnings Chip Mill Pty Ltd +	100	100	IAMA Agribusiness Pty Ltd +	100	100
Bunnings Management Services Pty Ltd +	100	100	IAMA Insurance Brokers Holdings Pty Limited	100	80
Bunnings Manufacturing Pty Ltd +	100	100	IAMA Insurance Brokers Pty Ltd	100	80
Bunnings Properties Pty Ltd +	100	100	IAMA Iritech Pty Ltd	60	60
Bunnings Property Management Limited	100	100	IAMA (QLD) Pty Ltd	100	100
Bunnings Pulp Mill Pty Ltd +	100	100	IAMA (SA) Pty Ltd	100	100
Bunnings Superannuation Plan Pty Ltd	100	100	IAMA Superannuation Fund Pty Ltd	100	100
Bunnings Timbcraft Pty Ltd +	100	100	IAMA Trading (NZ) Ltd # (liquidated)	-	100
Bushridge Pty Ltd	100	100	Ibert Pty Limited+	100	-
CS Holdings Pty Limited +	100	100	Interfix Gold Coast Pty Ltd +	100	100
CSBP Ammonia Terminal Pty Ltd	100	100	Interline Pty Ltd +	100	100
Campbells Hardware & Timber Pty Limited	100	-	ISP Nominees Pty Ltd	100	100
Cardinal Contractors Pty Ltd +	100	100	J Blackwood & Son Ltd+	100	-
Carr Bros IAMA Pty Ltd	100	100	J Blackwood & Son (NZ) Limited#	100	-
Chemical Holdings Kwinana Pty Ltd +	100	100	J Blackwood & Son Steel & Metals Pty Ltd+	100	-
Chemstock Animal Health Ltd # (liquidated)	-	100	Jen-ell Agrispray Pty Ltd	100	100
Co-operative Wholesale Services Ltd	100	100	Johnstone River Transport Pty Ltd +	100	100
Cootamundra Farm Centre Pty Ltd	100	100	J O'Malley & Co Pty Ltd	100	100
Credit Management Pty Ltd +	100	100	Kelly & Co Rural Centre Pty Limited	67	67
Cuming Smith and Company Limited +	100	100	Kleenheat Autogas Pty Ltd	100	100
Curragh Coal Sales Co Pty Ltd	100	100	Kleenheat Gas House Franchising Pty Ltd	100	100

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

32 PARTICULARS RELATING TO CONTROLLED ENTITIES (continued)

	BENEFICIAL INTEREST			BENEFICIAL INTEREST	
	2002 %	2001 %		2002 %	2001 %
Kwinana Nitrogen Company Proprietary Limited+	100	100	Wesfarmers Fertilizers Pty Ltd +	100	100
Langes Agribusiness Pty Ltd	100	100	Wesfarmers Gas Limited +	100	100
Latot Pty Ltd	-	100	Wesfarmers Holdings Pty Ltd	100	100
Laxstone Pty Ltd	100	100	Wesfarmers Industrial &		
Lenmost Pty Limited	100	100	Safety Holdings NZ Limited#	100	-
Loggia Pty Ltd +	100	100	Wesfarmers Industrial & Safety NZ Limited#	100	-
Macquarie Valley Distributors Pty Limited	100	100	Wesfarmers Insurance Investments Pty Ltd	100	100
Mallee Chemicals Pty Ltd	100	100	Wesfarmers Investments Pty Ltd	100	100
Millars (WA) Pty Ltd +	100	100	Wesfarmers Kleenheat Elpiji Limited (formerly		
Morris, Black & Matheson (1994) Limited#	100	-	Elpiji Malaysia – Bangladesh Limited)<	55	55
Motion Industries Limited	100	-	Wesfarmers Kleenheat Gas Pty Ltd +	100	100
NEGF Power Management Pty Ltd	76	-	Wesfarmers Kleenheat Gas (Asia) Limited #	100	100
NEGF Power Sales Pty Ltd	76	-	Wesfarmers Landmark Limited (formerly		
North Central Nominees Pty Ltd	100	100	Wesfarmers Dalgety Limited)+	100	100
O'Malley Distribution Group Pty Limited	100	100	Wesfarmers Landmark (QLD) Limited (formerly		
Pailou Pty Ltd +	100	100	Dalgety Limited)	100	100
Pathia Pty Ltd	100	100	Wesfarmers Landmark Realty (QLD) Pty Ltd		
Patrick Operations Pty Ltd	100	-	(formerly Dalgety Real Estate QLD Pty Ltd)	100	100
Peppertree Fashions Limited#	100	-	Wesfarmers Landmark Realty (WA) Pty Ltd (formerly		
Petersen Brothers Pty Ltd	100	-	Wesfarmers Dalgety Real Estate WA Pty Ltd)	100	100
Powertrain Pty Limited	100	-	Wesfarmers Landmark Risk Management Pty Ltd		
Pratco Industries Pty Ltd	-	100	(formerly Wesfarmers Dalgety Risk		
Rangal Holdings Pty Ltd	100	100	Management Pty Ltd)	100	100
R&N Palmer Pty Ltd +	100	100	Wesfarmers Landmark Tenderland Pty Ltd		
Riverland IAMA Pty Ltd (formerly RFC IAMA			(formerly Wesfarmers Dalgety Tenderland Pty Ltd)	100	100
Pty Ltd)	100	50	Wesfarmers Landmark Wool Pty Ltd		
R.V.L. Distribution Pty Ltd	100	100	(formerly Wesfarmers Dalgety Wool Pty Ltd)	100	100
SBS IAMA Real Estate Pty Ltd	100	100	Wesfarmers LNG Pty Ltd	100	100
SBS Rural IAMA Pty Limited	100	100	Wesfarmers LPG Pty Ltd+	100	100
Seed & Grain Sales Pty Limited	100	100	Wesfarmers Premier Coal Limited +	100	100
Sellers (SA) Pty Ltd	100	-	Wesfarmers Private Equity Pty Ltd	100	100
Share Nominees Limited	100	100	Wesfarmers Provident Fund Pty Ltd +	100	100
Sotico Pty Ltd +	100	100	Wesfarmers Queensland Coal Pty Ltd (formerly		
StateWest.com.au Pty Ltd	76	-	Wesfarmers W2A Pty Ltd)	100	100
Statewest Power Pty Ltd	76	-	Wesfarmers Railroad Holdings Pty Ltd	100	100
Stores Realty Pty Ltd +	100	100	Wesfarmers Resources Pty Ltd +	100	100
The Builders Warehouse Group Pty Limited	100	-	Wesfarmers Retail Pty Ltd+	100	100
The Fibre Company Pty Ltd	100	100	Wesfarmers Risk Management Limited #	100	100
The Franked Income Fund	100	100	Wesfarmers Rural Holdings Limited (formerly		
The Packaging House Limited#	100	-	IAMA Limited)+	100	100
Thornton Hall Corporate Wardrobe Limited#	100	-	Wesfarmers Securities Management Pty Ltd	100	100
Thornton Hall Limited#	100	-	Wesfarmers Sugar Company Pty Ltd	100	100
Ucone Pty Ltd +	100	100	Wesfarmers Superannuation Pty Ltd +	100	100
Valley Investments Pty Ltd+	100	-	Wesfarmers Transport Indonesia Pty Ltd	100	100
Vivco Distribution Pty Ltd	100	100	Wesfarmers Transport International #	-	100
Vivco Rural Supplies Pty Ltd	100	100	Wesfarmers Transport Limited +	100	100
WA Salvage Pty Ltd +	100	100	Weskem Pty Ltd +	100	100
Wesfarmers Agribusiness Limited +	100	100	West Africa Power Company Pty Ltd	76	-
Wesfarmers Bangladesh Gas Pty Ltd	100	100	Westralian Farmers Co-operative Limited	100	100
Wesfarmers Bengalla Limited	100	100	Westralian Farmers Superphosphates Limited +	100	100
Wesfarmers Bunnings Limited +	100	100	WFCL Investments Pty Ltd	100	100
Wesfarmers CSBP Limited +	100	100	Wimmel Distributors Pty Ltd	100	100
Wesfarmers Coal (Indonesia) Pty Ltd +	100	100	WTL Asia Pty Ltd	100	100
Wesfarmers Coal Superannuation Pty Ltd +	100	100	Wyper Brothers Pty Limited	100	-
Wesfarmers Curragh Pty Ltd +	100	100	XCC (Retail) Pty Ltd +	100	100
Wesfarmers Energy Limited +	100	100			
Wesfarmers Federation Insurance Limited	100	100			

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

32 PARTICULARS RELATING TO CONTROLLED ENTITIES (continued)

Audited by firms of Ernst & Young International.

< Audited by other firms of accountants.

With the exception of Wesfarmers Kleenheat Gas (Asia) Limited which is incorporated in Hong Kong; Wesfarmers Risk Management Limited incorporated in Bermuda; Wesfarmers Kleenheat Elpiji Limited incorporated in Bangladesh; Benchmark Building Supplies Ltd, BBC Hardware (NZ) Ltd, Hardware House Limited, Chemstock Animal Health Ltd, IAMA Trading (NZ) Proprietary Ltd, J Blackwood and Son (NZ) Limited, Morris Black & Matheson (1994) Limited, Peppertree Fashions Limited, The Packaging House Limited, Thornton Hall Corporate Wardrobe Limited, Thornton Hall Limited, Wesfarmers Industrial and Safety Holdings NZ Limited, Wesfarmers Industrial & Safety NZ Limited, incorporated in New Zealand and Wesfarmers Transport International incorporated in Mauritius, all other companies in the consolidated entity are incorporated in Australia.

+ An approved deed of cross guarantee in accordance with the ASIC Class Orders made on 19 December 1991 has been entered into by Wesfarmers Limited and these entities. As a result separate audit opinions have not been issued for these entities.

For entities within the consolidated entity which have entered into deeds of cross guarantee, the consolidated statement of financial performance and statement of financial position are as follows:

	2002 \$000	2001 \$000
Consolidated statement of financial performance		
Profit from ordinary items before income tax	485,372	368,649
Income tax expense relating to ordinary items	162,223	95,626
Net profit	323,149	273,023
Retained profits at the beginning of the financial year	219,561	192,480
Aggregate of amounts transferred from (to) reserves	128	(551)
Total available for appropriation	542,838	464,952
Dividends provided for or paid	459,966	245,391
Retained profits at the end of the financial year	82,872	219,561
Consolidated statement of financial position		
Current assets		
Cash assets	111,104	75,838
Receivables	915,301	855,053
Inventories	1,241,543	690,222
Total current assets	2,267,948	1,621,113
Non-current assets		
Receivables	470,970	217,686
Other financial assets	3,013,797	2,652,546
Property, plant and equipment	1,474,283	1,241,245
Deferred tax assets	91,761	48,633
Intangible assets	1,554,990	295,458
Other	22,000	2,350
Total non-current assets	6,627,801	4,457,918
Total assets	8,895,749	6,079,031

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	2002 \$000	2001 \$000
32 PARTICULARS RELATING TO CONTROLLED ENTITIES (continued)		
Current liabilities		
Interest bearing liabilities	636,427	357,384
Payables	3,663,637	3,100,531
Current tax liabilities	45,826	33,994
Provisions	379,034	200,123
Other	30	44
Total current liabilities	4,724,954	3,692,076
Non-current liabilities		
Interest bearing liabilities	692,891	672,365
Payables	2,150	2,699
Deferred tax liabilities	65,813	59,519
Provisions	127,055	86,604
Total non-current liabilities	887,909	821,187
Total liabilities	5,612,863	4,513,263
Net assets	3,282,886	1,565,768
Shareholders' equity		
Contributed equity	3,027,008	1,234,171
Reserves	173,006	112,036
Retained profits	82,872	219,561
Total shareholders' equity	3,282,886	1,565,768

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

33 PARTICULARS RELATING TO ASSOCIATED ENTITIES

ASSOCIATED ENTITY	PRINCIPAL ACTIVITY	BENEFICIAL INTEREST		BOOK VALUE OF INVESTMENT		CONTRIBUTION TO CONSOLIDATED PROFIT	
		2002 %	2001 %	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Air Liquide WA Pty Ltd	Industrial gases	40	40	1,381	1,381	1,982	1,769
Albany Wool Stores Pty Ltd	Wool handling	35	35	185	185	-	(3)
Arcadian Wool Brokers Limited	Wool handling	41	41	3,001	3,001	577	388
Artferm Pty Ltd	Agricultural chemical distribution	50	-	4,000	-	366	-
Auctionsplus Pty Ltd	Livestock service	-	37	-	-	-	-
Australian Railroad Group Pty Ltd	Rail freight	50	50	117,600	117,600	12,340	9,311
Bengalla Agricultural Company Pty Limited	Dairy	40	40	1	1	48	(93)
Bunnings Warehouse Property Trust	Property	25	31	50,935	49,266	5,271	5,129
Gresham Partners Group Limited	Merchant banking	50	50	4,255	4,255	6,956	3,093
Gresham Private Equity Fund	Private equity fund	50	-	47,131	-	4,752	-
Presoval Pty Ltd	Rural merchandising	50	-	1,485	-	445	-
Queensland Nitrates Management Pty Ltd	Chemical manufacture	50	50	-	-	-	-
Queensland Nitrates Pty Ltd	Chemical manufacture	50	50	10,000	10,000	(645)	(2,170)
Sydney Woolbrokers Limited	Wool handling	-	48	-	-	-	-
The Farmshed Merchandising Pty Limited	Rural merchandising	-	39	-	1,024	-	(326)
The Farmshed Ventures Pty Ltd	Online rural venture financing	25	23	6,923	4,624	(4,039)	(1,509)
Unigas	LP gas distribution	50	-	14,405	-	1,488	-
Wesfarmers Underwriting Agencies Pty Ltd	Underwriting	-	50	-	-	-	-
Wespine Industries Pty Ltd	Pine sawmillers	50	50	7,030	7,030	4,906	2,660
Wooldumpers Australia Pty Ltd	Wool handling	50	50	8,692	8,692	1,215	2,804
				277,024	207,059	35,662	21,053

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED	
	2002 \$000	2001 \$000
33 PARTICULARS RELATING TO ASSOCIATED ENTITIES (continued)		
Additional disclosure		
(a) Share of associates' profits:		
Profit before income tax expense	46,935	30,603
Income tax expense	11,273	9,550
Net profit	35,662	21,053
(b) Carrying amount of investment in associates:		
Balance at the beginning of the financial year	229,097	90,519
Acquisition of associates during the financial year	78,801	125,638
Disposal of associates during the financial year	(8,836)	-
Write down of associated companies	(642)	(111)
Share of associates' reserves for the financial year	2,701	-
Share of associates' profits for the financial year	35,662	21,053
Dividends received from associates	(23,618)	(13,902)
Adjustment arising from simplification plan	-	5,900
Carrying amount of interest in associates	313,165	229,097
(c) Particulars of retained earnings attributable to associates:		
Retained earnings	14,104	12,942
(d) The consolidated entity's share of associated companies commitments and contingent liabilities are included in notes 26 and 27 where material.		

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

34 SEGMENT INFORMATION

The consolidated entity is comprised of the undermentioned business segments, operating predominantly in Australia. Segment revenue, expenses and results between segments are not considered material.

Hardware

- Retailing building materials and home and garden improvement products;
- Servicing project builders and the housing industry; and
- Bargain hardware and variety.

Energy

- Coal mining and development;
- Coal marketing to both domestic and export markets;
- National marketing and distribution of LP gas;
- LP gas extraction for domestic and export markets;
- Manufacture and marketing of industrial gases and equipment; and
- Electricity supply to mining operations and regional centres.

Rural services and insurance

- Supplier of rural merchandise and fertilisers to cotton, cropping, viticulture, horticulture and grazing industries;
- Provider of:
 - wool and livestock marketing services;
 - real estate and rural property sales;
 - seasonal finance, term loans and deposit facilities; and
 - rural, domestic and commercial insurance.

Fertilisers and chemicals

- Manufacture and marketing of chemicals for industry, mining and mineral processing;
- Manufacture and marketing of broadacre and horticultural fertilisers; and
- Soil and plant testing and agronomy advisory services.

Industrial and safety

- Supplier and distributor of maintenance, repair and operating (MRO) products; and
- Specialist supplier and distributor of industrial safety products and services.

Other

Rail transport

- 50 per cent ownership in Australian Railroad Group Pty Ltd which:
 - has an interest in the South Australian and Western Australian rail freight businesses;
 - provides rail services for bulk commodities and associated rail logistics operations; and
 - owns track infrastructure under a 49 year lease.

Forest products

- Manufacturer of products to service the wholesale timber market in Australia and internationally, industrial customers and furniture/cabinet/joinery manufacturers; and
- Forestry and timber operations

Other group assets and investments

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

34 SEGMENT REPORTING DETAILS (continued)

	HARDWARE		ENERGY		INDUSTRIAL AND SAFETY DISTRIBUTION	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
(a) Operating revenue	3,066,261	1,383,947	963,536	978,132	1,055,353	-
Consolidation adjustment						
Total operating revenue						
(b) Earnings						
Earnings before interest paid, tax, goodwill amortisation, and corporate overheads	297,057	137,149	236,935	190,358	84,790	-
Goodwill amortisation	(46,535)	(6,392)	(429)	(232)	(23,046)	-
Earnings before interest paid, tax and corporate overheads	250,522	130,757	236,506	190,126	61,744	-
Consolidation adjustment						
Interest paid and corporate overheads						
Operating profit before income tax						
Income tax expense						
Net profit before outside shareholder's interest						
Share of net profit or loss of associates included in earnings before interest paid, tax and corporate overheads	5,274	4,667	3,518	1,765	-	-
Depreciation and amortisation (excluding goodwill amortisation)	58,538	18,437	81,913	74,686	8,640	-
Non cash expenses other than depreciation	16,662	7,822	18,380	14,214	14,651	-
(c) Assets and liabilities						
Segment assets	2,421,180	747,202	1,080,577	1,042,299	966,685	-
Tax assets						
Consolidation adjustment						
Consolidated assets						
Segment liabilities	348,429	119,679	252,008	263,610	158,261	-
Tax liabilities						
Provision for dividend						
Interest bearing liabilities						
Consolidated liabilities						
Investments accounted for using the equity method	53,601	49,470	19,499	3,417	-	-
Acquisition of non-current assets	1,246,731	59,512	77,571	133,843	594,517	-

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

34 SEGMENT REPORTING DETAILS (continued)

	RURAL SERVICES AND INSURANCE		FERTILISERS AND CHEMICALS		OTHER		CONSOLIDATED	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
	1,645,813	1,272,054	463,923	438,058	198,261	325,048	7,393,147	4,397,239
							(7,491)	(8,589)
							7,385,656	4,388,650
	89,182	60,469	73,514	52,887	49,212	47,494	830,690	488,357
	(9,068)	(3,479)	(262)	(263)	-	-	(79,340)	(10,366)
	80,114	56,990	73,252	52,624	49,212	47,494	751,350	477,991
							(7,369)	(8,441)
							(136,680)	(99,447)
							607,301	370,103
							193,115	118,499
							414,186	251,604
	(1,436)	1,365	(647)	(1,798)	28,953	15,054	35,662	21,053
	16,338	11,651	38,432	35,944	9,032	13,249	212,893	153,967
	8,327	11,898	3,273	5,984	18,992	20,471	80,285	60,389
	978,963	1,077,297	511,790	539,049	712,131	688,657	6,671,326	4,094,504
							110,711	57,716
							(169,316)	(148,149)
							6,612,721	4,004,071
	538,763	521,813	59,262	50,940	73,733	66,270	1,430,456	1,022,312
							139,659	145,086
							143,332	84,524
							1,489,197	1,134,341
							3,202,644	2,386,263
	17,427	14,173	6,812	7,457	215,826	154,580	313,165	229,097
	26,345	210,467	23,865	23,603	8,807	10,155	1,977,836	437,580

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

	CONSOLIDATED	
	2002	2001
35 EARNINGS PER SHARE		
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	356,831,323	271,731,323

	CONSOLIDATED	
	2002 \$000	2001 \$000
36 INTERESTS IN JOINT VENTURE OPERATIONS		
Assets employed in joint venture operations:		
Current assets		
Cash	4,060	1,251
Receivables	8,645	866
Inventories	14,896	6,999
	27,601	9,116
Non-current assets		
Other financial assets	-	17,250
Property, plant and equipment	217,448	200,675
	217,448	217,925
	245,049	227,041

JOINT VENTURE	PRINCIPAL ACTIVITY	INTEREST	
		2002 %	2001 %
40 The Esplanade, Perth	Investment property	-	50
Sodium Cyanide	Sodium cyanide manufacture	75	75
Bengalla joint venture	Coal mining	40	40
Wesfarmers Marubeni joint venture	Sugar development	-	80

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

37 RELATED PARTIES DISCLOSURES

1 The directors of Wesfarmers Limited during the year were:

D J Asimus	E Fraunschiel	R D Lester	C H Perkins
M A Chaney	L A Giglia	C Macek (appointed 2/10/01)	G T Tilbrook (appointed 2/4/02)
T R Eastwood	J P Graham	D E W Nuttall (resigned 5/11/01)	D C White
T J Flügge	K P Hogan (resigned 5/11/01)	J M Paterson (resigned 5/11/01)	

2 The following related party transactions occurred during the year:

(a) Transactions with related parties:

- (i) Sales and services to and purchases from associated and partly owned entities and director related entities by the consolidated entity are made under normal commercial terms and conditions and are not material.
- (ii) Sales and services to and purchases from wholly owned entities by Wesfarmers Limited are under normal commercial terms and conditions and are not material.

	CONSOLIDATED	
	2002 \$000	2001 \$000
(b) Transactions with directors of Wesfarmers Limited and controlled entities:		
(i) Loans to directors:		
Wesfarmers Limited employee share plan:		
Aggregate of advances outstanding at 30 June	18,671	14,224
Aggregate of advances made during the year	7,179	1,720
The names of directors of Wesfarmers Limited and controlled entities who received advances:		
R J Adams	B J H Denison	F G D Landels
D E Allan	J H Doyle	J S Maher
M C Allison	C I Duncan	D J McMahon
D J Beisley	M G Evans	C R Menzies
J R Beveridge	J J Fane De Salis	K J O'Connell
K L Blaikie	G A Findlay	T J P O'Leary
J Boros	W L Fischer	L S Pangiarella
T J Bowen	C J French	A Perkins
R Brenchley	G W Gernhoefer	S Price
R J Buckley	J C Gillam	W H Pruys
T J Bult	D K Goldsmith	P H Reichstein
J R Burke	K D Gordon	M W Ridley
S A Butel	R J B Goyder	D A Robb
R A Carey	K T Graham	D C Rogers
A Coles	I Hansen	M P Taylor
M Connell	E P Harnett	I P Thomson
A Crane	G P Ireson	G T Tilbrook
J Cranston	P J Jolob	M J Wedgwood
J C Davis	B J Kelly	P Wickham
D Deiley	L J Kenyon	J H Wilson
M Denby	T J R Kuzman	
Aggregate of repayments made during the year	2,102	2,341

Notes to and forming part of the accounts

for the year ended 30 June 2002 - Wesfarmers Limited and its controlled entities

37 RELATED PARTIES DISCLOSURES (continued)

The names of directors of Wesfarmers Limited and controlled entities who made repayments:

R J Adams	B J H Denison	F G D Landels
D E Allan	J H Doyle	D J McMahon
M C Allison	C I Duncan	J S Maher
D J Beisley	M G Evans	C R Menzies
J R Beveridge	J J Fane De Salis	K J O'Connell
K L Blaikie	G A Findlay	T J P O'Leary
J Boros	W L Fischer	L S Pangiarella
T J Bowen	E Fraunschiel	A Perkins
R Brenchley	C J French	S Price
R J Buckley	G W Gernhoefer	W H Pruys
T J Bult	J C Gillam	P H Reichstein
J R Burke	D K Goldsmith	M W Ridley
S A Butel	K D Gordon	D A Robb
R A Carey	R J B Goyder	D C Rogers
M A Chaney	K T Graham	M P Taylor
A Coles	I Hansen	I P Thomson
M Connell	E P Harnett	G T Tilbrook
P A Crane	G P Ireson	M J Wedgwood
B J Cranston	P J Jolob	P Wickham
P J C Davis	B J Kelly	J H Wilson
D Deiley	L J Kenyon	
R M Denby	T J R Kuzman	

Terms and conditions:

The terms and conditions of advances and repayments are set out in the Wesfarmers Employee Share Plan Prospectus, a copy of which was lodged with the Australian Securities and Investments Commission on 14 November 2001 (2001: 30 November 2000).

	2002 No.	2001 No.
(ii) Interest in the shares and options of entities within the consolidated entity held by directors of the reporting entity and their related entities as at 30 June 2002:		
Aggregate number of shares acquired under the dividend investment plan	24,988	18,190
Aggregate number of shares acquired under the Wesfarmers Employee Share Plan	2,247	3,008
Aggregate number of shares acquired under the simplification plan	-	3,156,096
Aggregate number of shares held	3,968,714	4,928,130
(iii) Fees charged during the year for general financial advice provided by Gresham Partners Group Limited group of companies to the consolidated entity totalled \$6.4 million (2001: \$2.7 million)		
During the previous year Gresham Partners Group Limited received a financial benefit from the sale of its subsidiary company Gresham Partners Management Limited, to the consolidated entity for \$20 million as part of the simplification plan. Mr J P Graham, a director of Wesfarmers Limited has a beneficial interest in Gresham Partners Group Limited.		
(iv) The total rental paid by the consolidated entity to an associated entity, the Bunnings Warehouse Property Trust, for rental of properties was \$28.9 million (2001: \$23.1 million). The total net profit before tax on sale of properties sold to the Bunnings Warehouse Property Trust brought to account by the consolidated entity was \$1.4 million (2001: \$1.0 million).		

Directors' report

Wesfarmers Limited and its controlled entities

The information appearing on pages 1 to 32 forms part of the directors' report for the year ended 30 June 2002 and is to be read in conjunction with the following information:

	2002 \$000	2001 \$000
RESULTS AND DIVIDENDS		
Operating profit		
Profit from ordinary activities after income tax expense	414,186	251,604
Less net profit attributable to outside equity interests	263	598
Net profit attributable to members of the parent entity	413,923	251,006
Dividends		
The following dividends have been paid by the company or declared by the directors since the commencement of the financial year ended 30 June 2002:		
(a) out of the profits for the year ended 30 June 2001 on the fully-paid ordinary shares:		
(i) fully franked final dividend of 60 cents per share paid on 25 October 2001 as disclosed in last years directors' report	169,048	
(ii) additional final dividend on shares issued to acquire Howard Smith Limited	47,424	
(b) out of the profits for the year ended 30 June 2002 on the fully-paid ordinary shares:		
(i) fully franked interim dividend of 34 cents per share paid on 28 March 2002	125,878	
(ii) fully franked final dividend of 77 cents per share declared by the directors for payment on 26 September 2002	286,664	

Principal activities

The principal activities during the year of entities within the consolidated entity were:

- retailing of home and garden improvement products and building materials;
- coal mining and production;
- gas processing and distribution;
- industrial and safety products distribution;
- rural merchandise and services;
- fertilisers and chemicals manufacture;
- insurance;
- forest products; and
- investment in rail transport.

There have been no significant changes in the nature of those activities during the year.

Directors' report

Wesfarmers Limited and its controlled entities

DIRECTORS

Information on directors

The names and details of the directors of the company in office as at the date of this report appear on pages 26 and 27. The names of directors of the company who retired during the year appear in note 37 on page 69.

Directors' shareholdings

Securities in the company or in a related body corporate in which directors have a relevant interest as at the date of this report were:

	BUNNINGS WAREHOUSE PROPERTY TRUST UNITS	WESFARMERS LIMITED ORDINARY SHARES
D J Asimus	47,872	2,823
M A Chaney	23,000	402,889
T R Eastwood	-	878,694
T J Flügge	-	4,417
L A Giglia	5,699	9,265
R J B Goyder	-	89,465
J P Graham	9,334	1,574,716
R D Lester	-	42,466
C Macek	-	3,000
C H Perkins	70,236	156,365
G T Tilbrook	22,779	192,813
D C White	3,838	9,243

Directors' benefits

During or since the end of the financial year no director of the company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the consolidated accounts, by reason of a contract entered into by the company or an entity that the company controlled or a body corporate that was related to the company when the contract was made or when the director received, or became entitled to receive, the benefit with:

- a director, or
- a firm of which a director is a member, or
- an entity in which a director has a substantial financial interest,

except payments made to Gresham Partners Group Limited, of which Mr J P Graham is a director, for professional services provided in the ordinary course of business on normal commercial terms.

Insurance of directors and officers

During or since the end of the financial year, the company has paid premiums in respect of a contract insuring all the directors of Wesfarmers Limited against costs incurred in defending proceedings for conduct other than that involving:

- (a) a wilful breach of duty; or
- (b) a contravention of sections 182 and 183 of the Corporations Act 2001

as permitted by section 199B of the Corporations Act 2001.

Directors' report

Wesfarmers Limited and its controlled entities

Directors' and other officers' emoluments

Non-executive directors' fees are determined by the board of directors within the aggregate amount approved by shareholders. In determining fees, the board seeks appropriate external advice each year.

The compensation committee of the Wesfarmers Limited board of directors is responsible for the determination of remuneration policies for Wesfarmers as a whole, including those affecting the Managing Director and senior managers who report to the Managing Director. In determining policies and practices that are market competitive and will attract, motivate and retain high quality people, the committee regularly seeks appropriate external advice.

The senior managers of the consolidated entity receive their emoluments by way of cash and benefits such as motor vehicles. Salary packages are designed so that the manner of payment will be optimal for the recipient without adding to the overall cost to the company.

The compensation committee links the nature and amount of officers' emoluments to the company's financial and operational performance. All senior managers participate in a plan which provides cash incentives where specified criteria are met including: annual profit and return on capital targets; and – where appropriate – safety targets for business operations under their control.

From time to time, special purpose incentives have been implemented. An example is the Bunnings retention incentive which has applied to key executives of Bunnings Building Supplies Pty Ltd.

The Managing Director and Chief Executive Officer, Mr Michael Chaney, entered into a contract upon his appointment in 1992. His remuneration comprised a salary and allowances package supplemented by an incentive plan.

Under the incentive plan, Mr Chaney is entitled to incentive payments calculated as a function of increases in the shareholders' equity of the company and return on equity. Those payments accrue in a pool and each year Mr Chaney may draw on a portion of the funds. For the first seven years of the contract that portion was 33 per cent, rising to 50 per cent, 60 per cent and 100 per cent in years eight, nine and ten respectively. As foreshadowed in the Bidder's Statement for the Howard Smith Limited acquisition, in the 2001/02 year the incentive payment received by Mr Chaney rose by an additional \$3 million as a result of that acquisition due to the large increase in shareholders' equity and continued high return on equity resulting from the takeover.

Prior to the end of the tenth year of his contract on 30 June 2002, Mr Chaney and the board agreed terms for an extension of the contract. These included a continuation of the incentive plan, with full annual vesting, and an additional annual contract extension payment.

Details of the nature and amount of the emolument of each director of the company and each of the five executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are as follows:

	BASE(1) \$000	ANNUAL EMOLUMENTS			TOTAL \$000
		SHORT-TERM INCENTIVES(2) \$000	VESTED PORTION OF LONG-TERM INCENTIVES(3) \$000	OTHER(4) \$000	
Non-executive directors					
C H Perkins	163			81	244
D C White	93				93
L A Giglia	88				88
R D Lester	86				86
J P Graham	86				86
D J Asimus	84				84
T R Eastwood	82				82
T J Flügge	82				82
C Macek	72				72
Executive directors					
M A Chaney	1,040		6,716	182	7,938
E Fraunschiel	549	430		140	1,119
G T Tilbrook	412	486		74	972
Executive officers					
J Boros	513	158	1,492	110	2,273
P J C Davis	323	92	1,232	47	1,694
R J B Goyder	431	319		214	964
D A Robb	468	326		102	896
R M Denby	459	267		67	793

In August 2001 an executive officer of the company, Mr P W Knowles, retired. He received remuneration of \$1.5 million (inclusive of termination benefits).

- (1) Base salaries/fees (including superannuation).
- (2) Performance based short-term incentive payments.
- (3) Vested portion of performance based long-term incentive payments.
- (4) Other benefits (including motor vehicles and fringe benefits).

Directors' report

Wesfarmers Limited and its controlled entities

Directors' meetings

In addition to its regular meetings, the board acts through the audit and compliance committee, the nomination committee and the compensation committee.

The audit and compliance committee monitors the internal control and financial systems operating in the company and provides a direct link between the board and the company's internal and external auditors. The members of the committee at the date of this report are Messrs D C White (Chairman), T J Flügge, R D Lester and C Macek.

The composition and performance of the board - including criteria for the appointment and retirement of directors - is monitored by the nomination committee. The members of the committee at the date of this report are Messrs C H Perkins, D J Asimus, T R Eastwood and T J Flügge.

The compensation committee, which comprises all non-executive directors, meets as and when required to review the company's remuneration policies and practices, including those affecting the senior management of the company.

The following table sets out the number of meetings of the company's directors (including meetings of committees) held during the year ended 30 June 2002, and the number of meetings attended by each director:

	BOARD MEETINGS	AUDIT AND COMPLIANCE	COMMITTEE MEETINGS NOMINATION	COMPENSATION
No. of meetings held:	11	6	4	3
No. of meetings attended by:				
C H Perkins (Chairman)	11		4	3
M A Chaney (Managing Director)	11			
D J Asimus	11		4	3
T R Eastwood	11		4	3
T J Flügge	11		4	3
E Fraunschiel	11			
L A Giglia	11	5		2
J P Graham	11			3
K P Hogan (retired 5 November 2001)	4		2	3
R D Lester	11	6		3
C Macek*	8	4		1
D E W Nuttall (retired 5 November 2001)	5	2		3
J M Paterson (retired 5 November 2001)	5			3
G T Tilbrook*	2			
D C White	10	6		3

* Mr Macek joined the board on 2 October 2001 and Mr Tilbrook joined the board on 2 April 2002. They both attended all meetings after the date of their appointment.

REVIEW OF OPERATIONS

The operations of the consolidated entity during the financial year and the results of those operations are reviewed on pages 1 to 25 of this report and in the accompanying financial statements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Particulars of the significant changes in the state of affairs of the consolidated entity during the financial year are as follows:

- revenues from ordinary activities up 68 per cent to \$7.4 billion see pages 1 and 7
- net profit for the period attributable to members up 65 per cent to \$414 million see pages 1, 5 and 7
- dividends per share paid or payable up 28 per cent see pages 1 and 6
- total assets up 65 per cent to \$6.6 billion see page 1
- shareholders' equity up 111 per cent to \$3.4 billion see page 1
- net borrowings up 29 per cent to \$1.3 billion see page 1
- successful acquisition of Howard Smith Limited see pages 6 and 7

Directors' report

Wesfarmers Limited and its controlled entities

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations, results of operations or state of affairs of the consolidated entity in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in and expected results of the operations of the consolidated entity in subsequent years are referred to elsewhere in this report, particularly on pages 7 to 25. In the opinion of the directors, further information on those matters could prejudice the interests of the company and the consolidated entity and has therefore not been included in this report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity holds a number of environmental licences issued by various authorities throughout Australia and New Zealand.

These licences regulate the management of air and water quality, the storage and carriage of hazardous materials, the disposal of wastes and other environmental matters associated with the consolidated entity's operations.

There have been no significant material known breaches of the consolidated entity's licence conditions.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Wesfarmers Limited support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained on pages 28 and 29 of this annual report.

CORPORATE INFORMATION

Wesfarmers Limited is a company limited by shares that is incorporated and domiciled in Australia. The registered office and principal business address of Wesfarmers Limited is 11th floor, Wesfarmers House, 40 The Esplanade, Perth, Western Australia.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded off under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors of Wesfarmers Limited.



C H Perkins

Chairman

Sydney, 3 September 2002



M A Chaney

Managing Director

Directors' declaration

Wesfarmers Limited and its controlled entities

In accordance with a resolution of the directors of Wesfarmers Limited, we state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group comprising the company and the controlled entities marked "+" as identified in note 32 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the deed of cross guarantee disclosed in note 27.

On behalf of the board



C H Perkins

Chairman

Sydney, 3 September 2002



M A Chaney

Managing Director

Independent audit report

To the members of Wesfarmers Limited

Scope

We have audited the financial report of Wesfarmers Limited for the financial year ended 30 June 2002, as set out on pages 34 to 70, including the Directors' Declaration on page 76. The financial report includes the financial statements of Wesfarmers Limited, and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

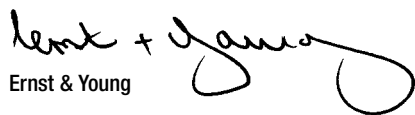
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

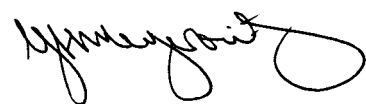
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Wesfarmers Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.


Ernst & Young



G H Meyerowitz

Partner

Perth

Date: 3 September 2002

Shareholder information

Wesfarmers Limited and its controlled entities

SUBSTANTIAL SHAREHOLDERS

Substantial shareholder details as at 3 September 2002 were:

HOLDERS OF RELEVANT INTEREST	NUMBER OF ORDINARY SHARES IN WHICH INTEREST HELD
Commonwealth Bank of Australia	38,764,040

VOTING RIGHTS

Ordinary fully-paid shares, carry voting rights of one vote per share.

DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS

SIZE OF HOLDING	NUMBER OF ORDINARY SHAREHOLDERS
1 - 1,000	56,523
1,001 - 5,000	27,249
5,001 - 10,000	4,229
10,001 - 100,000	2,751
100,001 - and over	173
	<hr/>
	90,925

There were 715 holders of less than a marketable parcel of ordinary shares.

Less than two per cent of shareholders have registered addresses outside Australia.

Shareholder information

Wesfarmers Limited and its controlled entities

TWENTY LARGEST SHAREHOLDERS

The twenty largest holders of ordinary shares on the company's register as at 3 September 2002 were:

NAME	NUMBER OF SHARES	% OF ISSUED CAPITAL (*)
J P Morgan Nominees Australia Limited	29,465,460	7.9
National Nominees Limited	18,263,984	4.9
Westpac Custodian Nominees Limited	15,037,693	4.0
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fund A/C)	11,601,424	3.1
Commonwealth Custodial Services Limited	8,162,951	2.2
Citicorp Nominees Pty Limited	6,193,732	1.7
Citicorp Nominees Pty Limited (CFS Imputation Fund A/C)	6,134,510	1.6
AMP Life Limited	5,826,766	1.6
Queensland Investment Corporation	5,817,400	1.6
Citicorp Nominees Pty Limited (CFS WSLE Geared Share Fund A/C)	5,209,521	1.4
Australian Foundation Investment Company Limited (Investment Portfolio A/C)	4,905,928	1.3
Citicorp Nominees Pty Limited (CFS WSLE Aust Share Fund A/C)	3,616,813	1.0
The National Mutual Life Association of Australasia Limited	3,283,056	0.9
ING Life Limited	3,267,347	0.9
RBC Global Services Australia Nominees Pty Limited (MTRAEF A/C)	3,209,620	0.9
MLC Limited	2,748,741	0.7
Citicorp Nominees Pty Limited (CFS WSLE Industrial Share A/C)	2,608,386	0.7
HSBC Custody Nominees (Australia) Limited	2,548,749	0.7
NRMA Nominees Pty Limited	2,473,229	0.7
Citicorp Nominees Pty Limited (CFS WSLE Leaders Fund A/C)	2,271,598	0.6

* The percentage holding of the twenty largest shareholders was 38.4 per cent.

Ten year financial history

Wesfarmers Limited and its controlled entities

(All figures in \$ millions unless shown otherwise)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Summarised statement of financial performance										
Sales revenue	7,193	4,243	3,358	2,818	2,727	2,601	2,435	2,427	2,282	1,704
Other operating revenue	193	146	122	301	96	109	78	86	118	39
Operating revenue	7,386	4,389	3,480	3,119	2,823	2,710	2,513	2,513	2,400	1,743
Operating profit before depreciation, net interest paid and income tax	976	588	445	389	380	343	269	297	296	208
Depreciation and amortisation (excluding goodwill)	213	154	118	113	102	102	93	86	73	66
Net interest paid	77	54	23	17	12	16	20	16	14	21
Income tax expense	193	118	89	72	92	78	54	64	51	35
	493	262	215	187	174	147	102	131	158	86
Outside equity interests	-	(1)	(1)	(1)	(1)	-	(1)	(1)	(17)	(10)
Operating profit after income tax before goodwill amortisation	493	261	214	186	173	147	101	130	141	76
Goodwill amortisation	(79)	(10)	(7)	(7)	(7)	(7)	(8)	(3)	(2)	(2)
Operating profit after income tax attributable to members of Wesfarmers Limited	414	251	207	179	166	140	93	127	139	74
Capital and dividends										
Ordinary shares on issue (number)	372	282	264	262	251	240	229	220	198	192
Paid up ordinary capital	3,027	1,234	892	950	860	716	624	561	360	320
Ordinary dividends paid or declared	413	245	193	178	165	138	84	107	81	56
Dividend per ordinary share	111.0c	87.0c	73.0c	67.0c	66.0c	58.0c	37.0c	48.0c	41.0c	29.0c
Percentage franked	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Financial performance										
Before goodwill amortisation										
Earnings per ordinary share (weighted average)	138.2	96.2c	80.4c	72.6c	70.6c	62.6c	44.8c	62.0c	72.7c	40.2c
After goodwill amortisation										
Earnings per ordinary share (weighted average)	116.0c	92.4c	77.6c	69.8c	67.6c	59.6c	41.3c	60.6c	71.6c	39.2c
Return on average ordinary shareholders' funds	16.6%	17.8%	17.0%	15.1%	15.2%	14.7%	10.8%	17.7%	25.1%	15.7%
Net interest cover – profit basis (times)	8.9	7.9	13.6	15.9	22.5	14.7	8.3	12.7	15.9	6.6
Net interest cover – cash basis (times)	12.7	10.9	18.9	23.0	31.6	21.5	13.3	18.1	21.2	9.8
Income tax expense (effective rate)	31.8%	32.0%	30.0%	28.7%	35.6%	35.7%	36.4%	32.8%	24.7%	35.9%
Financial position as at 30 June										
Total assets	6,613	4,004	3,169	2,576	2,374	2,058	2,005	1,932	1,693	1,358
Total liabilities	3,203	2,386	1,937	1,369	1,204	1,046	1,111	1,097	950	743
Net assets	3,410	1,618	1,232	1,207	1,170	1,012	894	835	743	615
Outside equity interests in controlled entities	10	24	6	1	2	1	1	6	130	117
Shareholders' equity attributable to members of Wesfarmers Limited	3,400	1,594	1,225	1,206	1,168	1,011	893	829	613	498
Net tangible asset backing per ordinary share	\$4.83	\$4.61	\$4.13	\$3.96	\$4.06	\$3.58	\$3.21	\$3.01	\$3.06	\$2.54
Net financial debt to net tangible assets	73.2%	77.6%	75.6%	41.1%	34.3%	28.5%	51.3%	55.8%	23.0%	40.3%
Net financial debt to equity	38.8%	63.4%	67.3%	36.3%	29.9%	24.2%	42.1%	44.8%	23.4%	39.2%
Total external liabilities/total tangible assets*	62.8%	62.7%	62.2%	54.1%	53.3%	54.9%	59.5%	61.6%	55.7%	53.7%
Stock market capitalisation as at 30 June	10,126	7,638	3,507	3,568	3,012	3,000	1,737	1,965	1,699	1,112

*Excluding project financing