



**Wesfarmers**

**focused on shareholder value**

Annual Report 2000

Continuing the company's strong performance. Highlights of the 1999/2000 financial year and results at a glance.

Once again the result was a record. A detailed review of the year's results and the outlook for the future.

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## directory

**Wesfarmers Limited** ABN 28 008 984 049

### Executive directors

MA Chaney *Managing Director and Chief Executive Officer*  
E Fraunschiel *Finance Director*

### Non-executive directors

CH Perkins *Chairman*  
KP Hogan, O.A.M. *Deputy Chairman*  
DJ Asimus, A.O.  
TR Eastwood, AM  
TJ Flügge, A.O.  
LA Giglia  
JP Graham  
RD Lester  
DEW Nuttall  
JM Paterson  
DC White

### Company Secretary

PJ Johnston

### Audit committee

DC White *Chairman of the committee*  
LA Giglia  
RD Lester  
DEW Nuttall

### Registered office

11th Floor, Wesfarmers House  
40 The Esplanade  
Perth, Western Australia 6000  
Telephone: (08) 9327 4211 Facsimile: (08) 9327 4216

## financial calendar

Final dividend payment 48 cents per share	26 October 2000
Annual general meeting and quarterly announcement of results	6 November 2000
Half-year results and interim dividend announcement	February 2001
Half-year results summary mailed to shareholders	March 2001
Interim dividend payment	April 2001
Quarterly announcement of results	May 2001
Full-year results and final dividend announcement	August 2001
Annual report mailed to shareholders	October 2001
Final dividend payment	October 2001
Annual general meeting and quarterly announcement of results	November 2001

**Annual general meeting** The 19th annual general meeting of Wesfarmers Limited will be held at the Hyatt Regency Perth, 99 Adelaide Terrace, Perth on Monday 6 November 2000 at 2.00 pm.

**Annual report cost** 50,000 copies of this annual report have been produced at a cost of about \$3.00 per copy.

Operational performances at a glance followed by detailed reviews of each of the group businesses.

Directors, their details and the corporate governance practices that are followed.

A snapshot of Wesfarmers' role in the community. A summary of useful information relating to your investment in the company.

Group financial statements, statutory reports and details of shareholdings.

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## company profile

Wesfarmers is a major diversified Australian public company headquartered in Perth, Western Australia and is ranked with the leading performers among Australia's top 50 listed companies in terms of shareholder return. This is seen as the ultimate test of the company's performance.

The company's origin in 1914 as a Western Australian farmers' co-operative determined its early focus on the provision of services and merchandise to the rural community. While maintaining this focus, Wesfarmers has undertaken a diversification programme over the past decade resulting in a greatly broadened business and geographical base.

Today it is a diversified corporation with interests in fertilisers and chemicals manufacture; gas processing and distribution; coal mining and production; building materials, hardware retailing and forest products; rural merchandise and services; transport; and insurance.

Since its public listing in 1984, Wesfarmers has recorded strong growth in assets and profits. Today the group employs about 9,700 people full-time and a further 4,700 on a part-time or casual basis. Wesfarmers has 41,000 shareholdings on its register comprising farmers, institutions, employees and other investors.

With a clear focus on shareholder value, Wesfarmers is active in its endeavours to expand the existing businesses and to assess new opportunities as they are presented both within Australia and overseas.

## Wesfarmers' objective

**The primary objective of Wesfarmers Limited is to provide a satisfactory return to shareholders.**

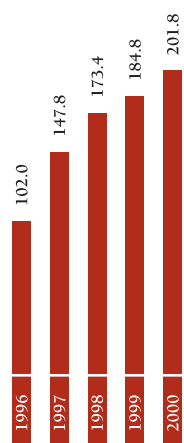
The company aims to achieve this by:

- 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.

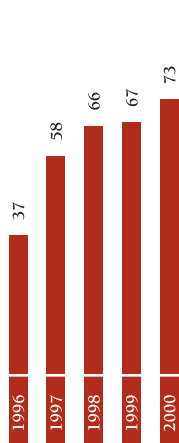
# highlights of the year

- operating profit after tax (before abnormal items and goodwill amortisation) up nine per cent to \$202 million
- nine new Bunnings warehouse stores opened in mainland Australia
- completion of a new \$150 million ammonia plant at Kwinana in Western Australia
- acquisition of the Curragh coal mine in Queensland's Bowen Basin
- completion of the jointly owned 180,000 tonne per annum Queensland nitrates project

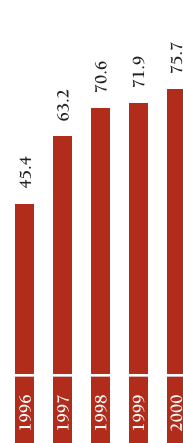
before abnormal items  
and goodwill amortisation  
(\$ millions)



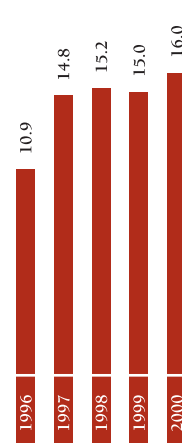
(cents)



before abnormal items  
and goodwill amortisation  
(cents)



before abnormal items  
(%)



## financial overview

		2000	1999	% Change
Operating revenue	\$m	<b>3,496</b>	3,119	+ 12.1
Operating profit before abnormal items, interest and tax	\$m	<b>320</b>	268	+ 19.4
Operating profit after tax before abnormal items and goodwill amortisation	\$m	<b>202</b>	185	+9.2
Operating profit after tax before abnormal items	\$m	<b>195</b>	178	+ 9.6
Dividends	\$m	<b>193</b>	178	+ 8.4
Total assets	\$m	<b>3,169</b>	2,576	+ 23.0
Net borrowings	\$m	<b>829</b>	438	+ 89.3
Shareholders' equity	\$m	<b>1,231</b>	1,207	+ 2.0
Capital expenditure on property, plant and equipment	\$m	<b>189</b>	352	- 46.3
Depreciation and amortisation	\$m	<b>125</b>	120	+ 4.2
Earnings per share before abnormal items and goodwill amortisation	cents	<b>75.7</b>	71.9	+ 5.3
Return on average shareholders' equity before abnormal items	%	<b>16.0</b>	15.0	+ 6.7
Dividends per share	cents	<b>73</b>	67	+ 9.0
Net tangible assets per share	\$	<b>4.13</b>	3.96	+ 4.3
Cash flow per share	\$	<b>1.20</b>	1.16	+ 3.4
Gearing (net debt to equity)	%	<b>67.3</b>	36.3	+ 85.4
Net interest cover before abnormal items (cash basis)	times	<b>18.9</b>	23.0	- 17.8

For a detailed financial history, refer to page 72.

## creating wealth and adding value

	\$m	\$m
Wealth creation		
Total operating revenue	<b>3,496</b>	3,119
Total cost of materials, goods and services and other external costs	<b>2,525</b>	2,267
Total value-added, representing the wealth created by Wesfarmers	<b>971</b>	852
This created wealth was shared as follows:		
• to employees as salaries, wages and other benefits	<b>420</b>	370
• to governments as income tax, royalties and other taxes	<b>186</b>	158
• to lenders as interest on borrowed funds	<b>32</b>	24
• to shareholders as dividends on their investment	<b>194</b>	178
• reinvested in the business as depreciation, amortisation and retained earnings	<b>139</b>	122

# letter from the chairman

## Dear Shareholder,

I am delighted to present the Wesfarmers 2000 annual report.

On behalf of the board, it is pleasing to report on another year in which record levels of revenue and profits were established.

Highlights of the year included another outstanding contribution from the group's national hardware retailing business and significant profit turnarounds by the rural/insurance and forest products operations. Revenue and earnings from the group's energy businesses also improved on last year with a positive first-year contribution from the new Bengalla coal mine, but reduced contributions were recorded by fertilisers/chemicals and transport.

As the graphs on this page illustrate, Wesfarmers has achieved strong profit growth and provided very substantial returns to its shareholders since it listed on the Stock Exchange in 1984. An investment of \$1,000 in Wesfarmers at that time would be worth \$36,000 today if all dividends had been reinvested. This compares with around \$8,000 for an investment of \$1,000 in the basket of stocks comprised in the All Ordinaries index.

It is no coincidence that Wesfarmers has achieved these results while maintaining strict guidelines on how much it

should be willing to pay for assets. Wesfarmers has been a "value investor" and, as a result, its assets provide good returns.

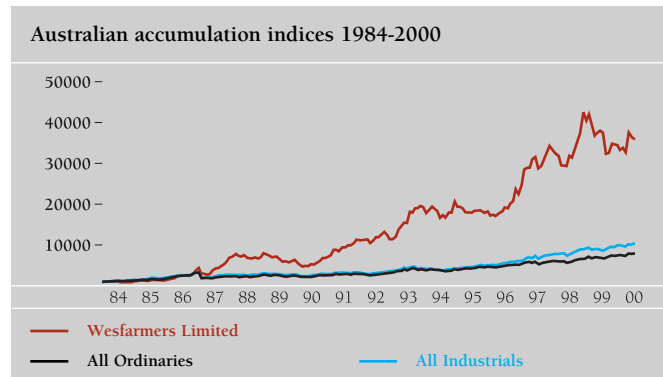
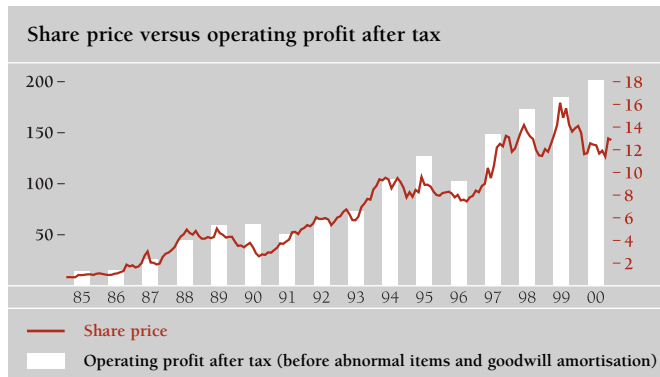
In the review by Wesfarmers Managing Director, Michael Chaney, and the detailed business unit reports that follow you will find full details of the group's 1999/2000 performance as well as comments and information about future prospects. I encourage you to read these reports.

## Dividend

In line with the company's current policy of maintaining a dividend payout ratio of 100 per cent of after-tax profit before abnormal items, a fully franked final dividend of 48 cents per share has been declared (last year 42 cents). This lifts the full-year distribution to 73 cents per share compared to last year's 67 cents.

The directors have also reinstated the company's dividend investment plan as a result of higher group gearing, as explained in more detail in the Managing Director's review. New shares issued under this plan will be at a discount of 2.5 per cent to the market price for the final 2000 dividend, the same discount that applied prior to the plan's suspension in August 1999.

# once again the result was a record



## Board retirement

During the year, the board announced the retirement of Warren Murphy after a long and distinguished executive career with Wesfarmers. The board records its sincere appreciation of the valuable contribution made by Warren in his capacity as a director of the company since 1997 and for his 31 years of valuable and loyal service to the group.

## Employees

I would like to conclude this brief introduction to the 2000 report by saying that the outstanding result achieved this year would not have been possible without the special efforts of the group's dedicated employees. The quality of these people, at all levels in the organisation, is the foundation on which the continued success of the group is built. On behalf of the board, I thank them all for their commitment and loyalty.

Yours sincerely



**HARRY PERKINS**  
*Chairman*

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*Harry Perkins (left), Chairman  
and Michael Chaney (right),  
Managing Director,  
Wesfarmers Limited*



# managing director's

review of operations

# a strong



*Bunnings employee Gwen Gerrard  
at the new hardware warehouse  
store at Rockingham in  
Western Australia.*

Wesfarmers recorded another record performance in 1999/2000, with profit topping the \$200 million mark on a pre-goodwill basis for the first time.

The group operating profit after tax (before abnormal items and goodwill amortisation) of \$201.8 million was nine per cent higher than last year's comparative result of \$184.8 million which was a record result at that time. On a post-goodwill amortisation basis, the year 2000 after tax profit before abnormal items was \$194.5 million compared with \$177.5 million in 1999, a 10 per cent increase.

The group also recorded an abnormal gain of \$12.5 million arising from the restatement of tax timing differences due to changes in corporate tax rates effective from 1 July 2000 and 1 July 2001. Last year a net abnormal profit of \$1.9 million was recorded. The bottom line profit was thus \$207.0 million, 15 per cent higher than last year's \$179.4 million.

The group's earnings per share of 75.7 cents (before abnormal items and goodwill amortisation) were five per cent higher than last year's 71.9 cents.

Operating revenue in 1999/2000 totalled \$3.5 billion which was 12 per cent above last year's \$3.1 billion. The increase was 17 per cent after adjusting last year's figure for abnormal revenue of \$79 million from the sale of warehouses to the Bunnings Warehouse Property Trust and \$65 million from the



*Pictured are some of the members of the Wesfarmers business development team, Peter Tazewell, Gene Tilbrook, Stephen Price and Dan Ellis.*



# focus on

# shareholder value

sale of shares in SGIO Insurance Limited. More relevantly, sales revenue of \$3.4 billion increased by 19 per cent over last year.

## A diversified business portfolio

In a broad sense the performance of the group's businesses mirrored that of the previous year.

The Bunnings national hardware retailing business continued to go from strength to strength. In another outstanding year, sales revenue was 34 per cent higher and earnings were 41 per cent above last year. A further nine warehouses were opened, expanding the company's national chain to 39.

The group's energy business recorded a pleasing improvement with higher profit contributions from both gas and coal. Gas sales revenue was significantly above last year both from the national Kleenheat business and from exports to Japan which benefited from record high international prices and a favourable Australian dollar exchange rate.

The profit contribution from the Collie "Premier" open-cut coal mine in Western Australia was again strong and slightly above last year. 1999/2000 marked the first full year of operation of the Bengalla coal mine in the Hunter Valley in New South Wales which made a positive, above-budget contribution to group earnings.

The profit turnaround in the rural and insurance business in 1999/2000 was particularly pleasing and a tribute to the strong management team. It was mainly driven by higher merchandise sales (establishing new records in the year), but also reflected an improvement in wool and cattle prices. The Wesfarmers Federation Insurance business achieved a major profit turnaround as a result of good premium income growth and a more normal claims year.

The Sotico forest products business also recorded an improvement in its results in 1999/2000, due to successful initiatives to market hardwood timbers outside Western Australia and the mini house-building boom that was experienced in Western Australia in the lead up to the 1 July introduction of the goods and services tax.

The year was, however, not without its disappointments.

The fertilisers business made a significantly lower contribution to group profits mainly due to fierce competition and globally depressed prices. Delays in the completion of the new ammonia plant at Kwinana in Western Australia and a nitric acid plant failure affected results of the chemicals business.

Similarly, the profit contribution from the group's transport operations was lower than budgeted with mixed results in the highly competitive market segments in which it operates.

The results again highlight the value of diversification, which exposes the group to a broader range of industry sectors and minimises the adverse effect that cyclical downturns can have on revenue and earnings.

## Financial position

The higher operating profit and cash flow from operating activities has enabled the company to maintain its financial strength. The company's cash flow per share of \$1.20 (before abnormal items) was three per cent higher than last year's \$1.16.

Cash outflows of \$234 million on investments (up from \$85 million last year) included the acquisition of the Queensland Curragh coal mine announced in May 2000.

The investment cash flows were offset by reduced expenditure on property, plant and equipment (down from \$352 million last year to \$189 million this year) as major development projects that commenced in prior financial years were progressively completed.

The company's share buy-back which was announced in August 1999 resulted in the repurchase of 8.8 million shares during the year at a cost of \$108 million (an average of \$12.24 per share), representing about 3.3 per cent of the company's

ordinary shares. The buy-back was terminated in May 2000 at the time of the Curragh coal mine acquisition.

The net effect of these cash flows was an increase in the group's ratio of net debt to equity from 36.3 per cent last year to 67.3 per cent at 30 June 2000. This was close to the company's target level of 65 per cent. The directors have reinstated the company's dividend investment plan with effect from the 2000 final dividend in order to allow the continued distribution of profits without jeopardising the health of the balance sheet.

Net interest cover on a cash basis of 18.9 times was lower than last year's 23.0 times, but remains well above the group's minimum level of four times and illustrates the strong cash generating ability of its assets.

## Business development

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.

During the course of 1999/2000, a number of projects were initiated.

*Kleenheat autogas service station attendant Callum Sinclair, who works at Myaree in Western Australia.*



An additional nine Bunnings warehouse hardware stores were opened around Australia in the company's roll-out programme. The company now operates 39 of these stores in the national chain.

A \$150 million ammonia plant being built by Wesfarmers CSBP Limited at Kwinana in Western Australia was completed in June, as was the \$200 million acquisition of the Curragh coal mine in Queensland's Bowen Basin about 200 kilometres west of Rockhampton.

During the year, a 60,000 tonne per annum expansion of the liquefied petroleum gas extraction plant at Kwinana was announced. This \$20 million project will increase capacity by 25 per cent to about 300,000 tonnes per annum to supply domestic and export markets.

Subsequent to the end of the financial year, Wesfarmers acquired a 13.04 per cent

interest in the rural merchandiser, IAMA Limited, for \$16.4 million by way of a share placement. The IAMA board has announced that it is intending to pursue merger negotiations with Wesfarmers Dalgety Limited and an evaluation of that proposal is currently underway.

## The technology challenge

Group businesses are already supported by well developed and efficient computer systems that meet their individual needs. Many of these systems were upgraded and, in some cases, replaced as a result of the comprehensive year 2000 compliance programme completed late last year.

There is, however, a strengthened focus throughout the group on the opportunities and threats that need to be addressed as a result of developments in electronic commerce.

In February 2000 a new position of Group Director, e-Commerce was created in order to facilitate business unit efforts in this area and to coordinate information technology activities across the group.

In early July 2000 Wesfarmers Dalgety Limited announced a joint venture with Rural Press Limited and McKinsey & Company, to create a one-stop internet portal network for agriculture. Primary producers will be able to source a wide range of technical and commodity information through the portal and will be able to trade through a non-exclusive range of suppliers. The portal should be a relevant and highly efficient business tool for the rural sector.

In another initiative, the company also announced that Wesfarmers was one of 14 Australian companies to form the country's first internet-based e-marketplace, corProcure. Together these companies are expected to spend more than \$8 billion on indirect goods and services using corProcure over the next two years, significantly benefiting both suppliers and buyers.

## People

The Wesfarmers group now has a total permanent workforce across Australia of about 9,700 and employs a further 4,700 on a part time or casual basis, mainly in stores operated by Bunnings hardware and Wesfarmers Dalgety.

The group's success is due to the efforts of these employees and they are the key to the achievement of future growth and expansion strategies.

The incidence of work-related injury declined across most group activities during 1999/2000. The safer working environment that has been nurtured reflects the importance placed on this aspect of the business by senior management and the acceptance by all employees that safety is their responsibility.

Over 90 per cent of eligible employees accepted invitations during the year to apply for shares in Wesfarmers Limited

through the Employee Share Plan. It is gratifying that over 6,000 employees of the group now hold shares in the company.

## Outlook

Current expectations are for continued growth in revenue and earnings in the 2000/2001 financial year.

The Bunnings hardware warehouse chain should generate good sales and profit growth with a further 10 warehouse stores to be opened in the next year. The apparent rate of growth will, however, be lower than in previous years because, with the introduction of Australia's GST on 1 July 2000, a proportion of the revenues that would normally have occurred in the 2001 financial year were pulled forward into 1999/2000.

House building activity is expected to decline in the post GST period, affecting the Sotico forest products business, but the level of interest in value added jarrah products from international markets is encouraging and higher export sales will partly offset the expected downturn in the local market.

The company's gas activities are anticipating another year of growth following the restructure of the Kleenheat business and progress in market development initiatives such as the "Gas House" retail franchise concept and substitution of propane for diesel. The results for this business unit will also be affected by the level of international LP gas prices.

The acquisition of the Queensland Curragh mining operation will lift earnings from the group's coal business in 2000/2001. The Bengalla, New South Wales mine is also expected to make an increased contribution in its second full year of operations. The Premier mine at Collie in Western Australia will continue to make a solid contribution to group results.

The outlook for the CSBP fertilisers and chemicals business is positive with the development of business strategies which will address the evolving market conditions. The new Kwinana ammonia plant and the jointly-owned Queensland

nitrates plant are now both producing satisfactorily and are expected to make increased contributions to earnings in 2000/2001.

Wesfarmers Dalgety is expected to benefit from an environment of improved agricultural commodity prices and lower operating costs and is budgeting for a further increase in profit in 2001.

The Wesfarmers Transport business is budgeting for increased revenue and profit this year although this sector will continue to experience challenging market conditions.

Notwithstanding a significant rise in interest costs as a result of increased borrowings, the company should achieve a satisfactory increase in group profits in the 2000/2001 year.

As the graphs on page four of this report illustrate, Wesfarmers has a proud record of profit growth.

On the basis of Wesfarmers' most recent corporate plan, I am confident that the company's profits can continue to grow in the years ahead.

A more detailed description of group activities is contained in the following pages.



**MICHAEL CHANEY**  
*Managing Director*



*Developments in electronic commerce led to the appointment of Group Supply Manager, Henk de Vos and Group Director, e-Commerce, Rich Krasnoff, responsible for the co-ordination of e-business activities across the group.*



*Stewart Butel, General Manager, and Rob Brenchley, General Manager, Marketing, of the Curragh coal mine, in Queensland's Bowen Basin.*

# a portfolio of diversified businesses

## hardware

### Major activities

- retailing building materials and hardware
- servicing project builders and the housing industry
- bargain hardware and variety

### The year in brief

- strong growth in Bunnings warehouse hardware sales
- nine new warehouse stores opened in national chain

### Future directions

- continued national rollout of warehouse stores particularly focused on New South Wales and Queensland
- introduction of seven day trading in Queensland
- enhanced technology and management systems



## gas

### Major activities

- marketing and distribution of gas and gas appliance retailing
- LP gas extraction for domestic, industrial use and export
- manufacture and marketing of industrial gases and equipment

### The year in brief

- successful restructure of the Kleenheat business
- expansion of the "Gas House" franchise
- acquisition of the Shoal Gas LP gas business at Nowra in New South Wales
- enhancement of Kleenheat's "customer service centre" at Myaree in Western Australia
- significant improvement in safety performance

### Future directions

- market development, including the supply of simulated natural gas and the use of propane as a substitute for diesel
- 25 per cent expansion of the LP gas extraction plant at Kwinana in Western Australia
- establishment of an LP gas terminal and marketing business in Bangladesh



## coal

### Major activities

- coal mining and development
- coal marketing

### The year in brief

- increased coal production and supply to the new Collie Power Station in Western Australia
- first full year of sales from the Bengalla coal mine in the Hunter Valley in New South Wales
- acquisition of a coal mine at Curragh in Queensland
- significant improvement in safety performance at Collie

### Future directions

- integration of the Curragh coal mining operations into the Wesfarmers Energy segment of business units
- improved productivity in all mining operations
- increased export sales



## fertilisers & chemicals

### Major activities

- manufacture and marketing of broadacre and horticultural fertilisers
- manufacture and marketing of chemicals and acids for industry, mining and mineral processing
- soil and plant testing and agronomy advisory services

### The year in brief

- lower fertiliser margins due to intense competition
- chemicals operations impacted by weaker demand and plant delays
- completion of a new \$150 million ammonia plant at Kwinana in Western Australia
- completion of the 180,000 tonne per annum Queensland nitrates project

### Future directions

- product research and development; technical service extension
- increased contributions to earnings from the Kwinana ammonia plant and the Queensland nitrates plant in their first full-year of operation



## rural services & insurance

### Major activities

- wool and livestock marketing services
- suppliers of rural merchandise and fertilisers
- real estate and rural property sales
- seasonal finance, term loans and deposit facilities
- rural, domestic and commercial insurance

### The year in brief

- continued expansion of the merchandise business, especially in the cropping, horticulture and viticulture sectors
- higher wool and cattle prices contribute to improved earnings
- increased rural lending
- increased revenue from rural property and real estate sales
- significant profit turnaround by Wesfarmers Federation Insurance with good premium income growth and lower claims

### Future directions

- focus on key business drivers, including costs and capital
- development of e-business strategies including a rural internet site
- continued expansion of core business activities



## forest products

### Major activities

- forestry and timber operations
- manufacture of products to service the wholesale timber market, industrial customers and furniture/cabinet/ joinery manufacturers

### The year in brief

- change of company name to Sotico Pty Ltd
- increased pre-GST demand in the Western Australian housing industry
- increased international, interstate sales
- 2,600 hectares of *Eucalyptus globulus* established on private tree plantations
- announcement after the close of the year, of the sale of the woodchipping, plantations and plantation management business

### Future directions

- development of international markets for value-added Western Australian hardwoods



## transport

### Major activities

- general and freezer freight transport
- specialised transport, bulk and heavy haulage, warehousing and storage
- express freight transport

### The year in brief

- intense competition and poor results in traditional freight-related markets
- satisfactory results in express freight, logistics, warehousing, distribution and specialised services

### Future directions

- further development of time critical logistics and supply chain management
- development of value-added services and enhanced technology service systems





**Above** The trade area in the Bunnings warehouse store at Rockingham in Western Australia, opened in April.

**Below** Sales assistant, Darren Crowder, at the Bunnings warehouse store at Rockingham in Western Australia.



**Below** Rachel Tayler, a horticulturist at the Bunnings warehouse at Rockingham in Western Australia, in the nursery section.



**Above** Yard attendant, Sean Hardy, serves a customer at the WA Salvage store at Port Kennedy in Western Australia.



JOE BOROS  
Managing Director  
Bunnings Building Supplies Pty Ltd

Nine new warehouse hardware stores were opened during the year, expanding the national chain to 39, a number that is expected to increase by a further 10 during 2000/2001. The Bunnings marketing strategy is based on lowest prices possible, the widest product range and a high level of customer service.

# hardware

Bunnings Building Supplies Pty Ltd is a specialist retailer of home and garden improvement products and building materials.

About 86 per cent of business is conducted with do-it-yourself consumers and the balance with builders and contractors.

The business recorded another outstanding year with sales exceeding one billion dollars for the first time, 34 per cent higher than in 1998/99. Earnings for the financial year were 41 per cent above last year.

During the year, nine new warehouse stores were opened, expanding the national chain to 39. Warehouse stores now account for 77 per cent of total Bunnings hardware sales compared to last year's 68 per cent, with individual stores in their second, third or fourth year of operation maintaining their strong year-on-year sales growth.

While the Warehouse concept has been well accepted by customers, Bunnings continues to strive to further improve key elements of the business by widening its enormous product range, continually improving levels of service and being the competitive leader in the market.

The nine new warehouse stores that were opened last year included several smaller format stores designed specifically for less densely populated regional centres and to service metropolitan markets where existing stores are over-shopped.

Bunnings also opened its seventh store in Queensland and secured the right to trade seven days per week from 1 July 2000. A very strong base has been developed in this state in a short time and with seven day trading

now in place, the business is expected to grow substantially during the next few years.

Bunnings is progressing satisfactorily with its 2000/2001 warehouse rollout programme which is likely to result in a further 10 stores being opened and a higher number being opened in the subsequent year.

This warehouse building programme was accompanied by a reduction in traditional hardware stores from 27 to 23 during the 1999/2000 financial year. Although fewer in number, the remaining traditional stores continued to perform well with strong store-on-store sales growth.

Bunnings now has almost 8,600 employees and the numbers are increasing rapidly with the warehouse store rollout programme.

To support the large recruitment effort demanded by the warehouse rollout, expenditure in the human resource areas is increasing. A significant investment in induction and ongoing skills training continues to be made to ensure all employees are well equipped to deliver the desired high customer service levels. All Bunnings employees have the opportunity to participate in various incentive schemes aimed at delivering them a share of their business's success.

A modern and flexible technology base is continually being upgraded to support the rapid growth of the business. Over the past 18 months new financial and people management systems have been successfully implemented. In addition, development of a new point of sale system was

finalised and is now operating in nine sites, year 2000 compliance testing was achieved and all systems were updated to accommodate GST. Further enhancements were also made in the use of radio frequency technology in the stores.

Investment in technology to lift business effectiveness continues. The in-house developed Bunnings Internet Trading System (BITS) is moving into its third year of use and approximately 70 per cent of orders are now placed using internet and e-commerce. Bunnings' objective is to achieve paperless trading with all major suppliers within the next two years. This will deliver significant supply chain efficiency benefits to Bunnings and participating suppliers. In-house development work for an e-commerce system (TradeBITS) which facilitates trading with large builder and contractor customers was finalised in 1999/2000 and will be deployed progressively during 2000/2001. This initiative will further develop the e-commerce competencies of the business.

The bargain hardware and variety business, operating as WA Salvage through 17 metropolitan and regional Western Australian stores, had a year of consolidation. Sales grew at above the rate of inflation but margins reduced, resulting in a lower profit. A management and merchandising restructure was completed during the year and the business is now well placed for future growth in earnings.

**Below** Branch Manager, Michael Goff, attending a customer at Kleenheat's Gas House at Myaree in Western Australia.



**Right** The Mosquito Magnet, designed to attract mosquitoes using carbon dioxide produced by burning LP gas, is an innovative product distributed by Kleenheat Gas.



**Right** Contractor Craig Jauncey at Kleenheat's truck wash down facility at Kwinana in Western Australia.



DAVID ROBB  
Managing Director  
Wesfarmers Energy Limited

The gas activities of Wesfarmers Energy comprise three operating units: Wesfarmers Kleenheat Gas Pty Ltd (distribution and retailing), Wesfarmers LPG Pty Ltd (production and export) and Air Liquide WA Pty Ltd (industrial gases).

## gas

**Kleenheat** is a major distributor of liquefied petroleum gas (LP gas) and gas appliances 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, serving in excess of 21,000 bulk and 240,000 domestic customer installations.

Gas sales volumes were in line with last year, with a solid performance in bulk and cylinder sales offset by shortfalls in some major autogas markets. Results were affected by record high international LP gas prices, which depressed both demand for LP gas and margins. Appliance sales increased by two per cent, with particularly strong growth in the trade sector.

The Kleenheat business was restructured during the year, moving to a channel rather than a regionally based organisation. The restructure has improved customer focus, lowered costs, improved safety performance and positioned the business for further growth.

The "Gas House" retail franchise concept was further refined and 59 franchises are now in place, together with 31 company-owned stores.

During the year, Kleenheat's national "customer service centre" at Myaree in Western Australia was enhanced to match the demands of the new structure and emerging e-business requirements. Progress was made in installing new accounting and scheduling packages which should improve efficiency and lower costs.





**Left** Service station attendant, Callum Sinclair, filling a vehicle at Kleenheat's autogas outlet at Myaree in Western Australia.

Kleenheat's commitment to safety, quality and environmental management was reinforced with continued development of an on-line operations management system, and a strong focus on safety communication, training and consultation with all staff, particularly those involved in the direct handling of LP gas. Kleenheat's safety performance improved significantly, with the lost time injury frequency rate reducing by over 50 per cent.

Market development activities were successful in a number of areas, notably in supplying LP gas blended with air to form simulated natural gas (SNG), and using propane to substitute for diesel in stationary and on-road applications. On 30 June Kleenheat acquired the Shoal Gas LP gas business at Nowra in New South Wales, representing an additional seven thousand tonnes per annum of LP gas sales to more than 10,000 customers.

**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 under a long-term sales contract.

The plant has operated at high levels of availability and efficiency to achieve production of 252,000 tonnes for 1999/2000, in line with last year despite a scheduled four week maintenance shutdown during the year. The shutdown was completed on time and on budget. Strong domestic demand reduced export sales to Japan to 159,000 tonnes versus last year's 187,000 tonnes.

Export sales benefited from record high international LP gas prices and a favourable Australian dollar exchange rate

which produced revenues and earnings substantially ahead of budget and last year.

In May 2000, Wesfarmers announced a major expansion of the Kwinana extraction plant which will increase production by approximately 25 per cent to 300,000 tonnes per annum. Commissioning is scheduled for December 2000.

Wesfarmers LPG's good safety record continued, despite the higher activity levels associated with the plant shutdown. In January the plant achieved 250,000 hours without a lost time injury - more than three years injury free. Voluntary health and fitness checks continue to be made available to employees, a practice now extended to other Wesfarmers Energy businesses.

**Air Liquide WA Pty Ltd** is a 40 per cent owned company, managed by Wesfarmers Energy. Air Liquide produces and

markets a comprehensive range of industrial and medical gases as well as welding products. Sales and earnings were affected by the downturn in the Western Australian gold and fabrication sectors with results below budget and last year.

Air Liquide's results were also adversely affected by the need to import carbon dioxide due to commissioning problems with Wesfarmers CSBP's new ammonia plant. An excellent logistics effort saw more than 4,500 tonnes imported by road from interstate over a seven month period to meet customer needs.

Air Liquide is particularly proud of its safety record, which now extends for more than eight years without a lost time injury.



**Above** A new electric shovel is performing above expectations at the Premier open-cut coal mine at Collie in Western Australia.

**Below** Matt Mills, Senior Production Supervisor, with production employee Brett Gook inspecting the bucket on a dragline, at the Curragh coal mine, 200 kilometres west of Rockhampton in Queensland.



**Above** A dragline in operation at the Curragh coal mine in Queensland's Bowen Basin.



DAVID ROBB  
Managing Director  
Wesfarmers Energy Limited

TOM KUZMAN  
Managing Director  
Wesfarmers Coal Limited

The coal interests of Wesfarmers Energy comprise open-cut operations at Collie in Western Australia's south-west, the newly acquired 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.

# coal

**Collie, Western Australia**  
Wesfarmers Coal Limited operates the Premier open-cut coal mine near Collie, 200 kilometres south of Perth in Western Australia.

Sales of 3.8 million tonnes of coal in 1999/2000 were 31 per cent higher than last year, with most of the increased volume supplied under contract to Western Power's new Collie power station. Earnings, however, were in line with last year due to lower selling prices and adverse winter weather conditions.

Overburden removal of 29.7 million bank cubic metres in 1999/2000 was 40 per cent higher than last year.

Construction of a new \$12 million shovel was completed on time and on budget. The shovel has exceeded productivity expectations and

contributed to the record levels of overburden moved.

Wesfarmers Coal is committed to the ongoing rehabilitation of mined out areas and its environmental management programme includes specific projects to reduce waste and improve energy efficiency.

Employee safety is being enhanced by training, incident investigation and further development of a comprehensive safety system. A significant improvement in safety performance was achieved during the year.

**Curragh, Queensland** In May 2000, a major expansion of the company's coal mining interests was announced with the acquisition of the Curragh coal mine, 200 kilometres west of Rockhampton in Queensland's Bowen Basin for an overall price of about \$200 million.

The deposit currently being mined at Curragh produced about 4.5 million tonnes of coking and steaming coal last year, with two other deposits marked for future development. Sales are split roughly half and half between steaming coal for the domestic market under a long-term contract to supply the Stanwell Power Station in Queensland and exports of hard and semi-soft coking coal. Curragh benefits from the spread of its export sales over geographically diverse buyers who value its high quality and consistent adherence to contract specifications.

Settlement took place on 26 June 2000 and integration of this business into Wesfarmers Energy has proceeded smoothly, with employees and senior management accepting offers to join the Wesfarmers group. Current focus is on lifting mine output and lowering costs to capitalise on the strengthening demand for coking coal in export markets.

**Bengalla, New South Wales**  
Bengalla is a new open cut steaming coal mine located in the Hunter Valley in New South Wales managed by Peabody Resources Australia Limited. Wesfarmers holds a 40 per cent interest in the Bengalla mine which was officially opened in July 1999.

Sales volumes continued to increase steadily, reaching three million tonnes for the year, well ahead of budget. These higher volumes and lower costs led to a positive earnings result, despite prevailing low coal prices. Further volume increases and a recent strengthening of international coal prices suggest that a further profit improvement can be expected in the 2000/2001 year.

There have been no lost time injuries since the mine commenced operations.



**Above** The conveyor belt delivering coal from Wesfarmers Coal's Premier mine to Western Power's new Collie power station, near Collie in Western Australia.



PETER KNOWLES  
*Managing Director  
Wesfarmers CSBP Limited*

Wesfarmers CSBP Limited is the major supplier of fertilisers and chemicals to Western Australia's agricultural, mining and industrial sectors.

# fertilisers & chemicals



**Above** Laboratory technician, Lisa Carrabba, preparing a sample for total nitrogen analysis at CSBP's Kwinana operations in Western Australia.



**Right** Russell Cross, dispatch supervisor, checking the new urea dispatch facility at CSBP's fertiliser works at Albany in Western Australia.



**Right** Duty site controller, Marten Noordzy, on a platform at the newly commissioned ammonia plant at Kwinana in Western Australia.

Each of CSBP's businesses performed below expectations in the 1999/2000 year. The fertilisers business struggled in the face of intense competition in the marketplace, whilst the chemicals operations suffered from weaker demand, production problems and - in the case of ammonia - plant construction delay.

## Fertilisers

CSBP manufactures and distributes fertilisers for all types of agricultural customers in Western Australia - ranging from broadacre cropping and mixed farming operations in the Western Australian grainbelts to intensive horticulture, meat and dairy producers in the south-west regions of the state.

Demand for single superphosphate remained subdued, but an emphasis on the sale of super "mixes",

together with some slightly increased optimism in the wool outlook contributed to a seven per cent increase in the overall volume of pasture fertilisers sold.

Sales of CSBP's premium range of cropping fertilisers - which include the Agras products - remained firm. In the search by farmers for greater productivity, sales of concentrated nitrogen and phosphorous fertilisers strengthened.

The home garden range of fertilisers marketed under the Cresco brand also saw strong growth in sales - with volumes up by 26 per cent during 1999/2000.

Total sales of all fertiliser products increased nine per cent to over 1.1 million tonnes compared to 1.0 million tonnes last year.

Fierce competition and globally depressed prices for commodity fertilisers, however, led to



*Left* Stuart Wragg a member of the ammonia dispatch team at CSBP's ammonia rail loading facility at Kwinana in Western Australia.

intense pressure on margins and profitability. Despite these pressures, CSBP continued to invest in products and services designed to improve sustainable productivity. CSBP continues to be the only fertiliser supplier in Western Australia that actively invests in productivity research and development through its extensive field based trials programmes.

This is consistent with the philosophy behind the launch of the **futurefarm** brand during the year, as was CSBP's significant investment in regional communities with a rebate system under which local community organisations throughout Western Australia receive donations.

The product development function has been particularly active, with a number of potential new products undergoing on-farm and manufacture evaluation. The most exciting and innovative new product is a liquid nitrogen fertiliser called Flexi-N that offers farmers significant benefits in handling and nutrient performance.

To maintain its competitiveness CSBP recognises the need to constantly review the utilisation of manufacturing assets. During the year the Geraldton works was transformed from a manufacturing centre to a regional distribution point, and the sulphuric acid plant at Kwinana was closed in December.

For the fertiliser business, the demand outlook for 2000/2001 is moderately positive, as late and patchy rainfall has allowed plantings to occur, but with lower yields anticipated.

#### **Chemicals**

##### ***Ammonia/ammonium nitrate***

The production and sales of ammonium nitrate were lower than in the previous year, due to a boiler failure in the nitric acid plant, as well as lower demand and pricing pressure from the mining industry in general. Market conditions were very competitive with some prill being imported at a time of very low world pricing. Both Europe and the USA have initiated successful anti-dumping action against Russian exporters. Sales of ammonium nitrate solution, however, remained strong, being only slightly below last year despite the plant problems.

Manufacture of ammonia in the old plant ceased in July 1999 and supply for all requirements was met from imports until the new plant commenced in May 2000 - some seven months later than anticipated. The new plant has come on line at nameplate capacity with no significant commissioning issues other than the construction delay.

Deliveries of ammonia to the laterite nickel projects remained substantially below expectations as these projects continue to

experience plant commissioning problems with equipment and material failures. There is an expectation, however, of increasing demand for ammonia over the first quarter of 2000/2001.

Commissioning of the Queensland nitrates project - a joint venture with Dyno Nobel Asia Pacific Limited - was completed in April. Design capacity has been achieved but some equipment installation difficulties have prevented operating the plant above design capacity. In May a failure of a heat exchanger in the ammonia plant section forced a plant shutdown for about six weeks while repairs were carried out. Supplies to customers were maintained by importing product from other sources.

**Sodium cyanide** Demand for sodium cyanide remained flat throughout the year, reflecting the continuation of gold prices at 20 year lows. Australian Gold Reagents' sales were within three per cent of last year's despite the closure of a number of customers' operations. The depressed market continued to keep cyanide pricing at levels similar to those experienced in the previous year. Furthermore, mechanical difficulties in the plant led to higher operational costs which, when combined with low selling prices, resulted in reduced margins and profitability.

The outlook for the business is one of continued difficult trading conditions although there are some signs of a tightening in world supply of cyanide and therefore a potential upward movement in pricing.

**Industrial chemicals** Sales of industrial chemicals and chlor-alkali products were again generally slightly lower than in the previous year, with the exception of chlorine and sodium hypochlorite which were above budget due to warm weather conditions. The production plants performed well throughout the year with above 96 per cent utilisation and the business also achieved a five year lost time injury free milestone in June 2000.

**Environment** Whilst, in general, there has been an ongoing significant decrease in all solid, liquid and gaseous discharges across all CSBP sites, an accidental undetected release of low concentrations of arsenic into the ocean occurred over a period of several weeks during the year. Whilst the discharge does not appear to have caused any short or long term environmental damage, its occurrence was unacceptable and all efforts are being made to ensure that such discharges do not recur.

**Safety** CSBP's employee safety performance again improved, with the pleasing result of zero lost time injuries during 1999/2000.



RICHARD GOYDER  
Managing Director  
Wesfarmers Dalgety Limited

Wesfarmers Dalgety Limited - also encompassing Wesfarmers Federation Insurance - is one of Australia's largest suppliers of services to the rural sector. The year produced the best earnings results since Wesfarmers acquired the Dalgety business in 1993. All activities produced gross profit results above last year. Wesfarmers Federation Insurance also achieved strong premium growth and record earnings.

# rural services & insurance

**Merchandise** Merchandise turnover established new records and higher margins were achieved, despite lower-than-expected results in Western Australia as a result of a dry autumn which delayed the start of seeding. Strong sales occurred in the eastern states, reflecting the strategy of expanding retail and wholesale business activities across animal health, cropping and, more recently, horticulture sectors. Wesfarmers Dalgety is now an important supplier in the

sugar cane, tree-crop, vegetable crop and viticulture sectors.

During the year, the merchandise structure was reorganised, with strategic appointments made to ensure that Wesfarmers Dalgety is well-resourced to drive growth in its merchandise and fertiliser business.

New premises designed to accommodate expanding merchandise activity were constructed in key locations including Tully in far north

Queensland, Katherine in the Northern Territory and Roma in central Queensland. Albury branch moved to larger premises.

During the year Wesfarmers Dalgety became a shareholder in Nugrain Pty Ltd., a specialist business focussing on emerging opportunities in seeds, grain and biotechnology.

The internet based Online Store was made available through 33 branches and agencies around Australia, enabling producers to order merchandise from the Wesfarmers Dalgety website.

**Wool** There was a significant improvement in wool prices during the year, especially at the fine end of the clip with the Eastern Market Indicator rising 31 per cent and the Western Market Indicator rising 20 per cent.

Increased throughput and revenue were recorded in the wool business, reflecting sales of new season's wool plus growers' wool withheld from previous seasons.

Australian woolgrowers now operate in a completely deregulated wool market. In addition to auction services, Wesfarmers Dalgety offers a range of products to help growers manage price volatility and changing market demands.

**Livestock** Improved cattle prices and firm sheep and lamb prices resulted in increased confidence in the livestock industry. Operating revenue increased as a result of higher throughput and prices.

Additional services are being added to Wesfarmers Dalgety's livestock marketing activities, in relation to supply management and the provision of pre-sale and post-sale information.

These services will enhance the opportunity for producers to achieve more consistent returns for their stock and provide processors, supermarket chains, live exporters and lot-feeders with a regular supply of livestock to their specifications.

**Real estate** Revenue from real estate and rural property sales reached record levels, reflecting improved confidence in the beef sector and growth in business activity.

Wesfarmers Dalgety was successful in achieving a number of very large rural property sales during the year, reflecting the level of expertise and professionalism in this specialised area. Real estate activity in regional centres, which focuses on residential, small holdings and lifestyle blocks, also increased.

**Rural finance services** Through an alliance with the Primary Industry Bank of Australia Limited, a subsidiary of Rabobank, Wesfarmers Dalgety provides highly competitive seasonal finance and term loan products to primary producers. Lending activity increased to record levels.

Many producers also utilise the Wesfarmers Dalgety deposit service which offers attractive rates of interest on "at call" and fixed term deposits, with a cheque book facility available on a number of deposit accounts.

A rural transaction card was introduced, allowing customers to access their accounts at any merchant or bank which accepts Visa Card.

**Insurance** Wesfarmers Federation Insurance - operating through 79 outlets around Australia - achieved



**Left** Neville Tutt, Wesfarmers Dalgety's Albany Branch Manager, Real Estate, with clients Greg and Leanne Connell, in Western Australia's southwest.

**Below** Cattle auctioneers Harry Carroll (foreground) and Charlie Staite at the Mt Barker cattle saleyards in Western Australia.

record earnings following strong premium income growth. The result was achieved despite higher than budgeted crop claims.

Wesfarmers Federation Insurance continues to build its reputation as a specialist insurer in rural and regional Australia and is now the preferred insurer for a number of primary producer organisations including NSW Farmers Association and Agforce in Queensland.

The dual insurance agency operated by Wesfarmers Dalgety through Wesfarmers Federation Insurance and CGU Insurance Limited in states other than Western Australia is operating successfully. Insurance sales and earnings increased in 1999/2000 compared to the previous year.

**The future** Wesfarmers Dalgety is at the forefront of e-commerce developments in the rural sector. In partnership with Rural Press Limited and McKinsey and Company, the company has announced the launch of an internet portal for agribusiness. This will complement other strategies currently being developed within the company to integrate the benefits of e-commerce with the "on-the-ground" national network of over 250 outlets.

The outlook for rural commodities is more positive than it has been in recent years as a result of strong economic growth in most of Australia's customer countries. Wesfarmers Dalgety will benefit from this environment of improved prices and producer confidence, with growth strategies and an ongoing focus on the control of costs and capital usage underpinning continued strong performance.



**Left** Wesfarmers Federation Insurance Area Manager, Andrew Rogers, with farmer Reece Edgley near Albany in Western Australia.

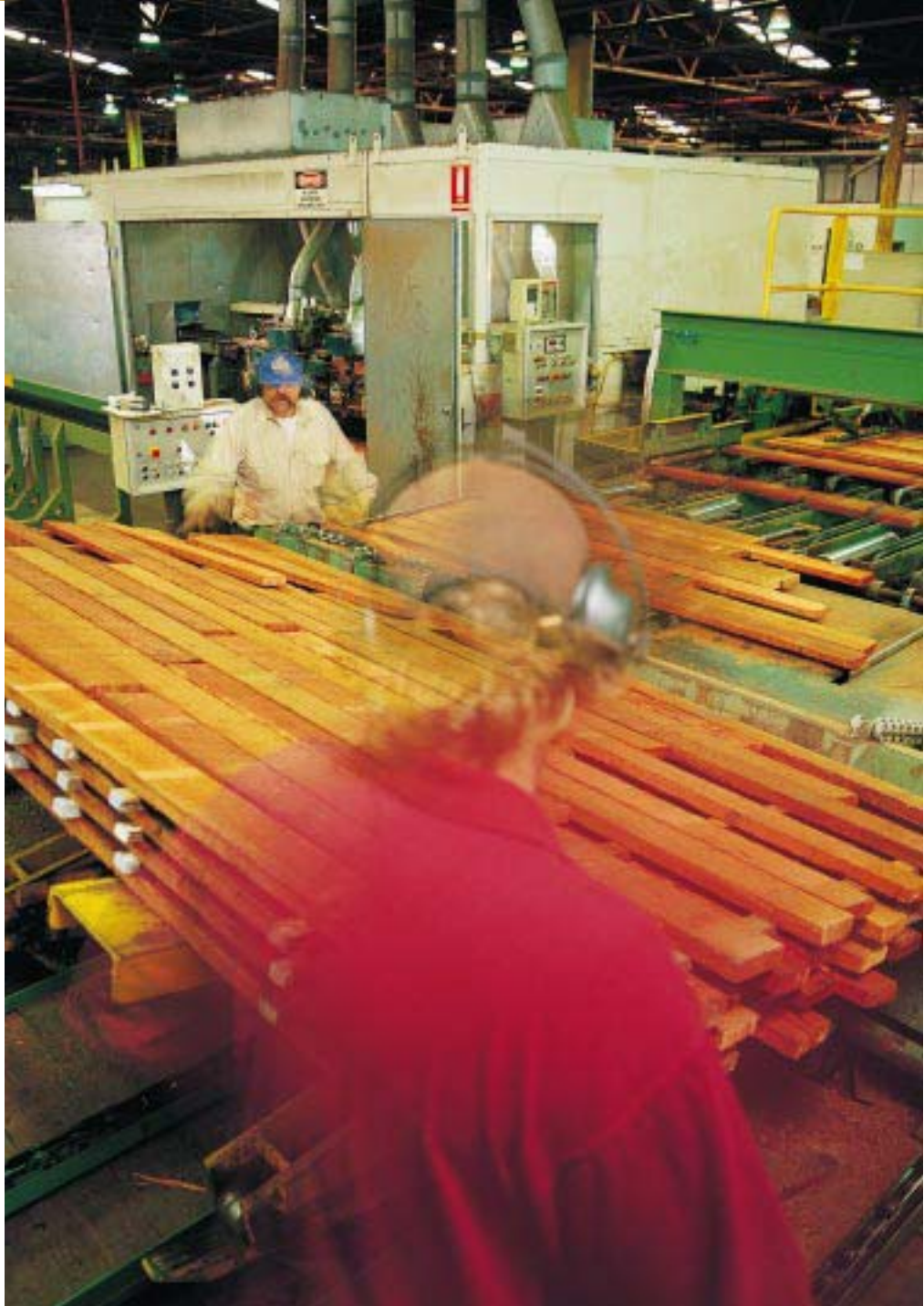
**Below** Haydn Rowland (on right), Merchandise Manager at Wesfarmers Dalgety's Midland store, with Max O'Dea, a farmer from Gidgegannup in Western Australia.





**Above** Treated pine rounds stacked at Sotico's Mundijong treatment plant. Timber is preserved using a copper, chrome and arsenic (CCA) treatment process.

**Below** Leading hand, Keith Hancock, working at Sotico's Welshpool operations.



**Above** Sotico supplies Western Australian hardwoods to domestic and international markets. One such company is a West Australian fine furniture house Antry Pty Ltd. Vasel Tashev, a furniture worker, sanding a jarrah chair.





RON ADAMS  
Managing Director  
Sotico Pty Ltd

**Below** Sotico's jarrah is used by wood craftsman, Edmund Daimouni, Managing Director of Antry Pty Ltd, at his Western Australia fine furniture factory, to produce striking designs.

The core business activity of Sotico Pty Ltd is the production and marketing of Western Australian timbers.

# forest products



During the year the forest products business changed its name from Bunnings Forest Products Pty Ltd to Sotico Pty Ltd. The primary reason for the name change was to differentiate the forest products business from hardware retailing. Sotico will focus on servicing the wholesale timber market, furniture cabinet and joinery manufacturers and large industrial customers with timber and panel products. It was announced after the close of the year that the company's woodchip, plantation and plantation services businesses were to be sold.

Sotico recorded significantly improved results in 1999/2000 due to higher timber sales to all markets. As forecast last year, house building activity in Western Australia increased during the year in the lead up to the introduction of the goods and services tax which lifted demand for structural timber, particularly from Wespine,

the 50 per cent owned softwood sawmill. Sales from Wespine increased by 17 per cent over the previous year.

International hardwood timber sales in 1999/2000 were 25 per cent higher than in the previous year following a 52 per cent growth in the prior year. Sales to Japan of dry decorative timbers used in commercial applications were particularly strong.

Interstate sales of hardwood timbers increased by 22 per cent over last year with the strongest growth experienced in Victoria and South Australia.

Sotico remained committed to developing new markets for value-added Western Australian hardwood. The proportion of jarrah hardwood that is currently directed to higher value applications increased again during the year and is now in excess of 80 per cent of total production. Dry decorative

timber sales increased by 22 per cent in 1999/2000 following a 28 per cent increase in the prior year.

Woodchip exports in 1999/2000 from native forest waste and sawmill residue were in line with last year but exports sourced from *Eucalyptus globulus* plantations increased by 137 per cent to 147,000 tonnes.

### Regional Forest Agreement

In May 1999, the Western Australian Government and the Commonwealth Government signed a Regional Forest Agreement (RFA) covering all Western Australia's state forests. This agreement increased the formal conservation reserves by 151,000 hectares, creating a reserve system that exceeds nationally-agreed criteria for comprehensive, adequate and representative forests. It also encouraged a sustainable forest industry for Western Australia. To accommodate the increase in jarrah reserves Sotico joined

other industry participants in reducing its jarrah harvest to below contract volumes.

In July 1999 the Western Australian Government implemented a major amendment to the RFA by announcing that all logging of old growth karri and tingle forest would be scaled down immediately and would cease by 2003. This will result in a substantial reduction in karri sawmilling after that date.

**Outlook** It is anticipated that housing activity in Western Australia will decline in the next year but that the hardwood marketing initiatives with Western Australian furniture manufacturers and interstate and export markets will continue to realise growth. Increasingly, plantation softwood will dominate housing construction timber usage in Western Australia and the upgraded Wespine sawmill will be well placed to supply these products.



IAN THOMSON  
General Manager  
Wesfarmers Transport Limited



**Above** A Wesfarmers Transport truck loading nut coal at Wesfarmers Coal's Premier mine at Collie for delivery to Loongana Lime, at Kalgoorlie in Western Australia.

Wesfarmers Transport Limited comprises two business units: *transport and logistics*, including freight services and Niteroad Express; and *specialised services*, including bulk haulage, bulk storage, warehousing and distribution.

# transport

Operating revenue from the transport business was similar to the previous year, with growth limited and revenue declining in some traditional markets. Profit contribution was below expectations as a result of the subdued trading conditions.

The **transport and logistics** operation reported mixed results with good growth being recorded in the logistics services and express businesses, but a reduction of revenue in freight services.

The transport and logistics operations comprise freight services - providing regular scheduled general freight and refrigerated transport services to destinations throughout Western Australia and the Northern Territory; Niteroad Express - providing express freight and overnight services to destinations throughout Western Australia's country areas; and logistics services - providing contract warehousing,

distribution, logistics and freight management for a number of significant Western Australian companies across a range of industries.

Continued emphasis is being placed on the further development of time critical and logistic management services.

**Specialised services** operating revenue was slightly ahead of expectations and the previous year. Johnstone River Transport in north Queensland and operations in Tamworth and Newcastle all reported pleasing performances. Bulk haulage operations in Western Australia have continued to be affected by reduced activity in the mining and resource sectors.

The specialised services operations are involved in the cartage of dangerous goods and chemicals, heavy haulage and bulk storage. These specialised operations extend throughout Western Australia, the Hunter

Valley and Tamworth in New South Wales and sugar haulage activities in northern Queensland and the north of Western Australia.

Despite the continued depressed market conditions evident across a number of regions in Western Australia, Wesfarmers Transport continues to seek further opportunities to expand its interests, with particular emphasis on value adding services and an increased involvement in technology and the fulfilment of customers' requirements in logistics and supply chain management.

**Below** Niteroad Express owner/driver, Ian Swann, in silhouette, delivering parcels at Toodyay in Western Australia.



**Above** Wesfarmers Transport has warehousing and logistics operations at the Swan Brewery at Canning Vale in Western Australia. Forklift operator Gary Jacob loading beer cartons.





HARRY PERKINS

ERICH FRAUNSCHIEL

MICHAEL CHANEY

TREVOR FLÜGGE

JAMES GRAHAM

DAVID NUTTALL

## board of directors

### Harry Perkins

*Non-executive Chairman; age 61.*

Joined the board in 1984. Harry is Chancellor of the Curtin University of Technology; Chairman of the Western Australian Institute for Medical Research, Gresham Partners Management Limited and WFCL Investments Pty Ltd; and a director of Scientific Services Ltd and Adelaide Brighton Limited. He was a Nuffield Farming Scholar in 1972.

### Erich Fraunschiel

*Finance Director; age 54.*

Joined the board in 1992. Erich holds a Bachelor of Commerce degree with Honours from the University of Western Australia and attended the Advanced Management Program at the Harvard University Graduate School of Business Management in 1991. He joined Wesfarmers in 1984 after working in the finance, management consulting and petroleum marketing industries. He is also a director of Gresham Partners Group Limited, Gresham Partners Management Limited, Gresham Private Equity Pty Ltd and a number of Wesfarmers group subsidiaries.

### Michael Chaney

*Chief Executive Officer and Managing Director; age 50.*

Joined the board in 1988. Michael holds Bachelor of Science and Master of Business Administration degrees from the University of Western Australia and attended the Advanced Management Program at the Harvard University Graduate School of Business Management in 1992. 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 The Broken Hill Proprietary Company Limited and Gresham Partners Group Limited and is involved with a number of public and charitable institutions. He is a member of the board of the Business Council of Australia and is Vice President of the Australia Japan Business Co-operation Committee.

### Trevor Flügge

*Non-executive director; age 53.*

Joined the board in 1998. Trevor is Chairman of the AWB Limited and the CSIRO Field Crops Sector Advisory Committee; a member of the Rabobank Food & Agribusiness Advisory Board; and a director of Shenzhen Southseas Grains Industries, China and of Five Star Flour Mills, Egypt. He was formerly President of the Grains Council of Australia; and a past director of the Grains Research and Development Corporation. 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.

### James Graham

*Non-executive director; age 52.*

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 1977 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 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.

### David Nuttall

*Non-executive director; member of the audit committee; age 66.*

Joined the board in 1990. David holds a Diploma of Valuation and Farm Management from Lincoln College, Canterbury University, New Zealand and has practised as a farm management consultant in Western Australia since 1961. He is Managing Director of Agribusiness Counsellors Pty Ltd, a farm business consulting firm, and holds directorships in a number of farming companies.



LOU GIGLIA

DAVID WHITE

DAVID ASIMUS

KEVIN HOGAN

JOHN PATERSON

DICK LESTER

TREVOR EASTWOOD

### **Lou Giglia**

*Non-executive director;  
member of the audit committee; age 59.*

Joined the board in 1984. Lou is President of the Royal Agricultural Society of Western Australia (Inc) and is a member of the advisory board of National Foods Limited, the Herd Improvement Service Board and the Dairy Industry Authority of Western Australia.

### **David White**

*Non-executive director;  
Chairman of the audit committee; age 52.*

Joined the board in 1990. David holds a Bachelor of Business degree from Curtin University (formerly Western Australian Institute of Technology) and is a member of the Australian Society of Certified Practising Accountants. He is a councillor of The Royal Agricultural Society of Western Australia (Inc) and Chairman of the Beverley Hospital Board.

### **David Asimus**

*Non-executive director; age 68.*

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 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 The Broken Hill Proprietary Company Limited, Delta Electricity, Austrade and of Australian Eagle Insurance. He was a Nuffield Farming Scholar in 1958.

### **Kevin Hogan**

*Non-executive Deputy Chairman; age 67.*

Joined the board in 1984. Kevin is a director of WFCL Investments Pty Ltd; a trustee of the Country Medical Foundation; and a member of the Kununoppin Hospital Board. He was the founding Chairman of the West Australian Rural Counselling Services.

### **John Paterson**

*Non-executive director; age 68.*

Joined the board in 1984. John is the Mayor of the City of Nedlands; a director of Epic Energy (WA) Pty Ltd, WFCL Investments Pty Ltd and Black Swan Theatre; a trustee of the Scotch College Foundation and Chairman of the Rock Lobster Industry Advisory Committee. He is a past President of the Western Australian Club.

### **Dick Lester**

*Non-executive director;  
member of the audit committee; age 61.*

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 and south-west regions of Western Australia.

### **Trevor Eastwood**

*Non-executive director; age 58.*

Joined the board in 1994. Trevor holds a Bachelor of Engineering degree from the University of Western Australia and attended the Advanced Management Program at the Harvard University Graduate School of Business Management 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 West Australian Newspapers Holdings Ltd, Gresham Partners Holdings Ltd and Gresham Rabo Management Limited; and a director of Qantas Airways Limited.

In fulfilling its obligations and responsibilities to its various stakeholders, the board of Wesfarmers Limited is a strong advocate of best practice and corporate governance.

# corporate governance

This statement outlines the principal corporate governance practices that were followed by the company throughout the 1999/2000 financial year.

## **Role of shareholders**

The shareholders of Wesfarmers play an important role in corporate governance by virtue of their responsibility for voting on the appointment of directors.

The board ensures that shareholders are kept fully informed on developments affecting the company through:

- the annual and half-year reports which are distributed to all shareholders;
- quarterly reports released through the Australian Stock Exchange and the media; and
- the annual general meeting and other meetings called to obtain approval for board action.

**Board composition** 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 remains above its preferred range with 13 directors although the number reduced by one during the financial year following the retirement in February 2000 of an executive director not replaced on the board. As a result the board is now comprised of 11 non-executive directors, including the Chairman and Deputy Chairman, and two executive directors, including the Managing Director. Details of the age, experience and qualifications of directors are set out on pages 26 and 27 of this annual report.

The composition of the board is determined by application of the following additional 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 and Deputy Chairman shall be non-executive directors who shall be expected to retire from those positions at the expiration of 10 years unless the board decides otherwise. The appointments of both positions shall be formally reviewed at the end of each five years of their respective terms.
- 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.

## **Committee structure**

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, remuneration and the composition and self appraisal of the board itself.

### **Nomination committee**

The nomination committee comprises the Chairman of the company, Mr C H Perkins, and the Deputy Chairman, Mr K P Hogan, both non-executive directors.

The main responsibilities of the committee are to review the composition, performance and membership of the board and make recommendations on new appointments.

Any director may, at any time, recommend a person to the nomination committee for consideration as a director.

Upon appointment, a new director receives an orientation pack including the board policy statement, the constitution and other relevant information about the company.

The nomination committee reports at least annually to the board.

**Audit committee** The members of the audit committee are Messrs D C White (Chairman), L A Giglia, R D Lester and D E W Nuttall, all non-executive directors. The Finance Director, General Manager Group Accounting, Company Secretary and the external audit partner in charge of the Wesfarmers audit attend meetings by invitation. The committee also meets regularly with the external auditors, independent of management.

The 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.

The committee meets and reports to the board at least five times each year. Four of these meetings are timed to review quarterly profit announcements made to the Australian Stock Exchange and the committee also meets to review the end of year financial statements prior to approval by the board and publication in the company's annual report. Other meetings are held as required.

#### **Compensation committee**

All non-executive directors are members of the compensation committee which is chaired by the Chairman of the company.

The committee determines remuneration policies and practices 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 aggregate amount of non-executive directors' fees approved by the shareholders of the company currently stands at \$725,000. 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.

#### **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;
- 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 are in place and that the company and its officers act legally, ethically and responsibly on all matters.

**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.

#### **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 own a minimum of 2,000 shares in the company and, in addition to statutory and other particular restrictions, are required to restrict their trading in Wesfarmers securities to a period of four weeks immediately following quarterly profit announcements. Particulars of directors' shareholdings are shown on page 65.

#### **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 duties and responsibilities. Directors are required to notify the Chairman in writing 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 standard 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 annual insurance programme including external risk management surveys.

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

**Group 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.



# Wesfarmers and the community

**Environment** Wesfarmers is committed to the management of its business operations in an environmentally responsible manner.

In its aim to achieve best practice environmental management, Wesfarmers endeavours to respond to the attitudes and expectations of the communities in which it operates and places strong emphasis on achieving sustainable development and protection of the environment.

An Environmental Standard is included in the Wesfarmers Group Risk Management Standards and Guidelines, requiring full environmental legal compliance and the monitoring and reporting of environmental performance by each operating business unit. Legal compliance is the minimum requirement - the goal is to achieve much higher.

In terms of this Environmental Standard, each operating business unit is required to have its own programme for managing environmental risk. Such a programme is to include an environmental policy tailored to the relevant business activity, objectives and targets, manuals and procedures and a management framework

including designated responsibilities. Each business unit is required to report regularly on its environmental performance and the standard also requires regular audits by external experts and Wesfarmers staff to review the continuing suitability and effectiveness of measures taken.

This year, for the second time, Wesfarmers produced a separate environment, health and safety report to provide more detail about the performance of some of the business units. The report, published in December 1999, covered activities in fertilisers and chemicals, forest products, energy production and distribution and transport. Copies are available on request from the Public Affairs Co-ordinator, telephone (08) 9327 4257. The third annual report is due for publication before the end of 2000.

#### **Greenhouse Challenge**

In November 1999, Wesfarmers CSBP submitted its second annual report as a signatory to the Commonwealth Government's Greenhouse Challenge programme. The company expects to meet its year 2000 greenhouse gas emission target under the Challenge programme. Wesfarmers Coal has also joined the Challenge initiative.

**Earthwatch** Wesfarmers continues its partnership with the internationally-respected Earthwatch organisation by sponsoring, for the fifth year, employees on scientific research projects. Earthwatch is a non-profit body which for over 25 years has been active in developing links between scientists and the broader community through research activities in 129 countries. More than 50,000 volunteers have participated in the programme.

Six Earthwatch scholarships are offered each year. Group employees have worked on projects in Australia, New Zealand and Indonesia. Participants report a high level of satisfaction and personal enrichment from the experience. On their return, Wesfarmers Earthwatch fellows actively share their experiences with employee and external audiences.

**Ribbons of Blue** The Sotico Waterwatch programme is a Ribbons of Blue project for which Sotico Pty Ltd provides a full time coordinator. In 1998 it won the National Landcare Business Award for its contribution to improving water quality over the 30,000 square

kilometres covered by the Margaret and Blackwood river catchments in the south-west of Western Australia.

#### **Sponsorships and donations**

Wesfarmers supports a wide-range of community activities. These include major medical research, education, the arts and programmes designed to develop positive attitudes among young people towards the environment. In 1998/99 Wesfarmers announced a donation of \$5 million over five years to the Western Australian Institute for Medical Research, the biggest single contribution by an Australian company to medical research. Contributions are made also by individual business units to many smaller, community-focussed activities in areas where those businesses operate.

Through Wesfarmers Arts the company is a major supporter of the visual and performing arts in Western Australia, in partnership with key arts organisations including the West Australian Ballet, West Australian Opera, West Australian Symphony Orchestra and Black Swan Theatre Company.





**Left** Mark Morton, Works Manager at CSBP's Albany fertiliser operations, inspecting a tree plantation planted about five years ago to reduce the groundwater impact on Princess Royal Harbour.

**Right** Research Technician, Julie Cox, conducting a controlled cross pollination at Sotico Treefarms at Manjimup in Western Australia. This involves taking pollen from a superior tree and pollinating the flower of a weaker tree to produce the next breeding generation.



## Stock exchange listing

Wesfarmers shares are listed on the Australian Stock Exchange and reported in the "industrial" section in daily newspapers - code WES.

## Dividend investment plan

The company has reinstated its dividend investment plan with effect from the dividend payable on 26 October 2000. Shareholders who were participating in the plan at the time of its suspension in August 1999 will automatically be reinstated unless they have advised that they wish to withdraw.

New Wesfarmers Limited fully-paid shares issued in respect of the 2000 final dividend will be at a discount of 2.5 per cent to the market price.

The dividend investment plan is a convenient method by which shareholders can increase their holdings of Wesfarmers Limited fully-paid shares without incurring the cost of brokerage fees or stamp duty.

Details of the plan are available from the share registry.

## 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 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 now totally uncertificated. Two forms of uncertificated holdings are available to shareholders:

### *Issuer sponsored holdings.*

This type of holding is sponsored by Wesfarmers and has the advantage of being uncertificated without the need 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 your 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. In addition, shareholders are sent a half year report which reviews, in summary, the six months to December.

Other publications available on request include March and September quarterly reports and the Chairman's address given at the annual general meeting in November.

Further information and publications about the company's operations are available from the Public Affairs Co-ordinator, telephone (08) 9327 4257 or from the Wesfarmers website.

## Wesfarmers Website

Wesfarmers has an internet address at [www.wesfarmers.com.au](http://www.wesfarmers.com.au)

This site contains the company's latest annual report, interim reports and media statements released through the Australian Stock Exchange.

## Removal from annual report mailing list

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

# investor information

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

Computershare Registry Services Pty Limited

Level 2, Reserve Bank Building  
45 St George's Terrace  
Perth, Western Australia 6000

Telephone: (08) 9323 2000  
Facsimile: (08) 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/CHESS statements.

# financial statements

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# profit and loss account

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	NOTE	CONSOLIDATED		WESFARMERS LIMITED	
		2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>Operating revenue</b>	2	3,495,773	3,119,461	645,185	554,427
<b>Operating profit before abnormal items and income tax</b>	2	296,759	251,250	195,739	118,260
Abnormal items before income tax	5	–	1,285	–	–
<b>Operating profit before income tax</b>		296,759	252,535	195,739	118,260
Income tax attributable to:					
Operating profit before abnormal items	6	101,484	73,064	12,566	6,251
Abnormal items	5	(12,495)	(630)	752	–
		88,989	72,434	13,318	6,251
<b>Operating profit after income tax</b>		207,770	180,101	182,421	112,009
Outside equity interests in operating profit after income tax		741	660	–	–
<b>Operating profit after income tax attributable to members of Wesfarmers Limited</b>		207,029	179,441	182,421	112,009
Retained profits at the beginning of the financial year		211,426	209,794	25,253	91,053
Aggregate of amounts transferred (to) from reserves	22	(373)	42	873	42
<b>Total available for appropriation</b>		418,082	389,277	208,547	203,104
Dividends provided for or paid	7	192,961	177,851	192,961	177,851
<b>Retained profits at the end of the financial year</b>		225,121	211,426	15,586	25,253
Operating profit after income tax attributable to members of Wesfarmers Limited consists of:					
Profit before abnormal items and goodwill amortisation		201,819	184,827	182,421	112,009
Goodwill amortisation		(7,285)	(7,301)	–	–
Profit before abnormal items		194,534	177,526	182,421	112,009
Profit on abnormal items	5	12,495	1,915	–	–
		207,029	179,441	182,421	112,009

The profit and loss account should be read in conjunction with the accompanying notes.

# balance sheet

AS AT 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	NOTE	CONSOLIDATED		WESFARMERS LIMITED	
		2000	1999	2000	1999
		\$000	\$000	\$000	\$000
<b>Current assets</b>					
Cash	8	57,999	56,366	2,799	19,904
Receivables	9	558,181	394,702	1,314,358	1,048,131
Inventories	10	544,580	485,532	–	–
<b>Total current assets</b>		<b>1,160,760</b>	<b>936,600</b>	<b>1,317,157</b>	<b>1,068,035</b>
<b>Non-current assets</b>					
Receivables	9	138,733	100,854	121,674	99,193
Investments	11	202,355	96,341	492,545	455,243
Property, plant and equipment	12	1,505,538	1,279,633	21,299	26,021
Intangibles	13	135,488	141,997	–	–
Other	14	25,886	20,804	4,968	5,079
<b>Total non-current assets</b>		<b>2,008,000</b>	<b>1,639,629</b>	<b>640,486</b>	<b>585,536</b>
<b>Total assets</b>		<b>3,168,760</b>	<b>2,576,229</b>	<b>1,957,643</b>	<b>1,653,571</b>
<b>Current liabilities</b>					
Borrowings	15	401,104	231,558	237,267	67,610
Accounts payable	16	560,399	398,265	123,201	169,326
Provisions	17	184,224	213,523	85,540	120,927
Other	18	128,832	117,533	3,404	3,405
<b>Total current liabilities</b>		<b>1,274,559</b>	<b>960,879</b>	<b>449,412</b>	<b>361,268</b>
<b>Non-current liabilities</b>					
Borrowings	15	483,905	261,827	466,039	244,470
Accounts payable	16	2,249	2,411	572	659
Provisions	19	151,424	118,148	8,415	8,504
Other	20	25,167	25,506	–	–
<b>Total non-current liabilities</b>		<b>662,745</b>	<b>407,892</b>	<b>475,026</b>	<b>253,633</b>
<b>Total liabilities</b>		<b>1,937,304</b>	<b>1,368,771</b>	<b>924,438</b>	<b>614,901</b>
<b>Net assets</b>		<b>1,231,456</b>	<b>1,207,458</b>	<b>1,033,205</b>	<b>1,038,670</b>
<b>Shareholders' equity</b>					
Issued capital	21	892,192	950,402	892,192	950,402
Reserves	22	107,886	44,301	125,427	63,015
Retained profits		225,121	211,426	15,586	25,253
Shareholders' equity attributable to members of Wesfarmers Limited		1,225,199	1,206,129	1,033,205	1,038,670
Outside equity interests in controlled entities	23	6,257	1,329	–	–
<b>Total shareholders' equity</b>		<b>1,231,456</b>	<b>1,207,458</b>	<b>1,033,205</b>	<b>1,038,670</b>

The balance sheet should be read in conjunction with the accompanying notes.

# statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	NOTE	CONSOLIDATED		WESFARMERS LIMITED	
		2000	1999	2000	1999
		\$000	\$000	\$000	\$000
<b>Cash flows from operating activities:</b>					
Receipts from customers		3,284,408	2,797,024	526,089	584,141
Payments to suppliers and employees		(2,960,892)	(2,560,744)	(498,571)	(540,150)
Dividends received from associates		15,232	8,586	–	–
Dividends received other		359	1,113	1	1
Dividends received from controlled entities		–	–	157,684	94,458
Interest received		8,587	7,249	45,797	37,808
Borrowing costs		(32,146)	(22,519)	(36,431)	(35,389)
Income tax paid		(61,150)	(64,953)	(711)	(21,721)
<b>Net cash provided by operating activities</b>	24	<b>254,398</b>	<b>165,756</b>	<b>193,858</b>	<b>119,148</b>
<b>Cash flows from investing activities:</b>					
Acquisition of property, plant and equipment		(189,396)	(351,928)	(3,159)	(1,718)
Acquisition of investments		(76,449)	(84,565)	(26,678)	–
Acquisition of entities	24	(157,697)	–	–	–
Advances to controlled entities		–	–	(320,096)	(30,259)
Loans (advanced to) repaid by related parties		(33,085)	(4,744)	–	109
Proceeds from sale of non-current assets		84,166	296,037	11,239	4,065
Other items		(1,452)	(2,220)	45	(93)
<b>Net cash used in investing activities</b>		<b>(373,913)</b>	<b>(147,420)</b>	<b>(338,649)</b>	<b>(27,896)</b>
<b>Cash flows from financing activities:</b>					
Proceeds from issue of shares – Wesfarmers Limited		–	80,351	–	80,351
– outside shareholders		5,092	–	–	–
Return of capital		–	(119,796)	–	(119,796)
Share buy back		(107,930)	–	(107,930)	–
Proceeds (repayments) from borrowings		380,471	76,206	391,226	(1,148)
Repayment of employee share plan loans		14,777	18,406	14,777	18,406
Dividends paid					
– Ordinary shareholders		(170,387)	(83,504)	(170,387)	(83,504)
– Outside shareholders		(875)	(511)	–	–
<b>Net cash provided by (used in) financing activities</b>		<b>121,148</b>	<b>(28,848)</b>	<b>127,686</b>	<b>(105,691)</b>
Net increase (decrease) in cash held		1,633	(10,512)	(17,105)	(14,439)
Cash at the beginning of the financial year		56,366	66,878	19,904	34,343
<b>Cash at the end of the financial year</b>	24	<b>57,999</b>	<b>56,366</b>	<b>2,799</b>	<b>19,904</b>

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 2000 – 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 Law and other mandatory professional reporting requirements (Urgent Issues Consensus Views). They have been prepared in accordance with the historical cost convention except for certain assets referred to in note 1(f) which are at valuation. 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 35.

The consolidated entity has accounted for its investments in associates in accordance with the equity accounting 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 32.

### (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 cashflow.

#### Employee share plan

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

#### Trade debtors

Credit sales are normally on 7-30 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 32.

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

### (f) Valuation of non-current assets

Non-current assets have been revalued from time to time as shown in the accounts with increments being taken to the asset revaluation reserve. Assets are not revalued to an amount above their recoverable amount and where carrying values exceed this recoverable amount, assets other than financial assets are written down. In determining recoverable amount the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

Where assets have been revalued upwards, the potential effect of the capital gains tax on disposal is not taken into account in the determination of the revalued carrying amount.

Any gain or loss on the disposal of revalued assets is determined as the difference between the carrying value of the assets at the time of disposal and the proceeds from disposal and is included in the result of the company or consolidated entity.

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## 1 Summary of significant accounting policies (continued)

### (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.

### (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.



# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## 1 Summary of significant accounting policies (continued)

### (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 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) Accounts payable

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 the superannuation fund are charged to the profit and loss when paid.

### (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 dividend reinvestment reserve represents the probable final dividend to be reinvested under the terms of the company's dividend investment plan.

### (r) Unearned income

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

### (s) 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 profit and loss account.

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.

### (t) Comparison

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

### (u) 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 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>2 Operating profit</b>				
Included in the operating profit are the following items of operating revenue:				
Sales revenue				
– Goods	2,848,114	2,321,831	426,935	412,704
– Services	510,381	495,968	2,623	4,346
Total sales	3,358,495	2,817,799	429,558	417,050
Proceeds on sale of non-current assets	75,166	262,587	11,239	4,065
Share of associates' net profits	15,617	13,067	–	–
Dividends				
– Controlled entities	–	–	157,684	94,548
– Other corporations	359	1,810	1	1
Interest (see note 3)	7,596	5,965	45,708	37,778
Rent received	9,824	9,725	583	600
Other income	28,716	8,508	412	385
Operating revenue	3,495,773	3,119,461	645,185	554,427
The operating profit before income tax is arrived at after:				
Crediting the following items:				
Profit on sale of property, plant and equipment	12,528	27,245	5,792	2,060
Profit on sale of listed investments	1,958	6	–	–
Profit (loss) on sale of controlled entities	–	–	803	(5,475)
Profit on sale of associated companies	8,463	8,384	–	200
Foreign currency translation gain (loss)	125	–	(11)	31
Net increment in the revaluation of investment property	500	250	–	–
Charging the following items:				
Bad debts				
– Trade	1,303	1,396	–	–
– Finance advances and loans	56	28	–	–
Bad debts charged to provision for doubtful debts				
– Trade	1,009	2,286	–	–
– Finance advances and loans	56	184	–	–
Depreciation and amortisation				
– Buildings	4,726	4,390	195	210
– Plant and equipment	108,586	104,746	1,376	1,450
– Leasehold improvements	1,159	1,214	42	23
– Mineral exploration and development costs	3,269	2,484	–	–
– Goodwill	7,285	7,301	–	–
Write down of non-current assets				
– Goodwill	135	58	–	–
Borrowing expenses				
– Interest paid (see note 3)	31,181	22,932	36,497	35,695
– Other borrowing costs	1,149	1,037	1,149	1,037
Leasing – operating lease rentals	54,807	43,789	1,644	1,371
Loss on sale of property, plant and equipment	1,119	1,661	3	–
Loss on sale of investments	19	–	–	–
Provisions charged against (credited to) profits				
– Employee entitlements	11,667	9,424	1,506	3,328
– Restoration obligations	1,311	605	–	–
– Other	(2,595)	3,094	–	–

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED		
	2000 \$000	1999 \$000	2000 \$000	1999 \$000	
<b>2 Operating profit (continued)</b>					
Provisions for doubtful debts charged against (credited to) profits					
– Trade	1,386	2,113	(14)	–	
– Finance advances and loans	(6)	10	–	–	
Government mining royalties	10,800	6,699	–	–	
Mineral exploration and development costs written off	57	52	–	–	
Contributions to defined benefit superannuation fund	950	906	–	–	
<b>3 Net interest</b>					
Interest paid/payable to:					
Ultimate parent entity	1,472	1,561	1,472	1,561	
Controlled entities	–	–	17,181	14,947	
Other persons/corporations	36,835	33,829	17,844	19,187	
	38,307	35,390	36,497	35,695	
Less interest capitalised to property, plant and equipment	7,126	12,458	–	–	
	31,181	22,932	36,497	35,695	
Less interest received/receivable from:					
Controlled entities	–	–	44,228	37,329	
Associated entities	430	127	74	127	
Other persons/corporations	7,166	5,838	1,406	322	
	7,596	5,965	45,708	37,778	
Net interest	23,585	16,967	(9,211)	(2,083)	
<b>4 Auditors' remuneration</b>					
Amounts received or due and receivable by the auditors for:					
Auditing financial report	679	698	94	90	
Other services	1,035	1,368	950	1,202	
	1,714	2,066	1,044	1,292	
	<b>Gross</b>	<b>2000</b>			
	<b>\$000</b>	<b>\$000</b>	<b>Net</b>		
				1999	
				Gross	Net
				\$000	\$000
<b>5 Abnormal items</b>					
<b>Consolidated</b>					
Change in income tax rates	–	(12,495)	12,495	–	–
Profit on sale of listed entity	–	–	–	14,091	5,073
Profit on sale of Bunnings Warehouse properties	–	–	–	17,505	5,209
Write down of Bunnings Forest Products property, plant and equipment	–	–	–	(30,311)	(10,912)
	–	(12,495)	12,495	1,285	(630)
					1,915
<b>Wesfarmers Limited</b>					
Change in income tax rates	–	752	(752)	–	–

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>6 Income tax</b>				
The prima facie tax on operating profit before income tax differs from the income tax provided in the accounts and is calculated as follows:				
Prima facie tax at 36% on operating profit before abnormal items	106,833	90,450	70,466	42,574
Tax effect on permanent differences:				
Rebatable dividends	(126)	(652)	(56,532)	(33,795)
Depreciation and amortisation	4,797	4,519	107	133
Capital profits	(5,860)	(9,885)	(2,436)	(2,432)
Development allowance	(1,050)	(5,139)	–	–
Non-allowable items	1,733	1,362	695	198
Other items	(413)	(1,057)	–	–
Share of associated companies' tax expense	(4,201)	(3,887)	436	(2)
Adjustment relating to previous year	(229)	(2,647)	(170)	(425)
Income tax attributable to operating profit before abnormal items	101,484	73,064	12,566	6,251
Income tax attributable to abnormal items	(12,495)	(630)	752	–
Total income tax	88,989	72,434	13,318	6,251
Total income tax comprises:				
Amount set aside to provision for income tax	75,419	65,094	13,154	7,264
Amount set aside to (withdrawn from) provision for deferred income tax	9,587	12,322	89	(98)
Amount withdrawn from (set aside to) future income tax benefit	3,983	(4,982)	75	(915)
	88,989	72,434	13,318	6,251
<b>7 Dividends provided for or paid</b>				
25 cents per share (1999: 25 cents) interim dividend paid on ordinary shares (fully franked at 36%)	66,391	65,060	66,391	65,060
48 cents per share (1999: 42 cents) final dividend provided on ordinary shares (fully franked at 34%; 1999: 36%)	126,570	112,791	126,570	112,791
	192,961	177,851	192,961	177,851
Franking credits available for subsequent financial years after allowing for the payment of income tax payable as at 30 June 2000 and the payment of the final dividend provided at 30 June 2000	Nil	7,868		
<b>8 Cash</b>				
Cash on hand	1,628	1,263	7	6
Cash on deposit and at bank	56,371	55,103	2,792	19,898
	57,999	56,366	2,799	19,904
Weighted average effective interest rates – Cash on deposit and at bank	5.1%	4.7%		

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>9 Receivables</b>				
<b>Current</b>				
Finance advances and loans	15,418	28,099	–	–
Less provision for doubtful debts	181	243	–	–
	15,237	27,856	–	–
Employee share plan loans	10,222	8,010	10,222	8,010
	25,459	35,866	10,222	8,010
Trade debtors	363,249	278,239	14,765	40,077
Less provision for doubtful debts	5,052	4,675	74	168
	358,197	273,564	14,691	39,909
Amounts other than trade receivables from:				
Controlled entities	–	–	1,288,346	998,219
Associated entities	4,147	11,075	4	144
Other debtors and prepayments	170,378	74,197	1,095	1,849
	174,525	85,272	1,289,445	1,000,212
	558,181	394,702	1,314,358	1,048,131
<b>Non-current</b>				
Finance advances and loans	165	318	–	–
Employee share plan loans	121,674	99,193	121,674	99,193
	121,839	99,511	121,674	99,193
Other debtors and prepayments	16,894	1,343	–	–
	138,733	100,854	121,674	99,193
Weighted average effective interest rates – Finance advances and loans	8.7%	8.9%		
<b>10 Inventories</b>				
Raw materials:				
At cost	55,793	41,378	–	–
At net realisable value	5,596	5,105	–	–
	61,389	46,483	–	–
Work in progress:				
At cost	42,325	43,133	–	–
Finished goods:				
At cost	440,523	395,451	–	–
At net realisable value	343	465	–	–
	440,866	395,916	–	–
Total inventories at lower of cost and net realisable value	544,580	485,532	–	–

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>ii Investments (non-current)</b>				
Investments in controlled entities:				
Shares at cost	–	–	347,013	339,013
Shares at directors' valuation 1987	–	–	101,296	101,296
Loans at cost	–	–	23,459	13,613
	–	–	471,768	453,922
Investments in associated entities:				
Units in listed property trust at cost	46,878	26,279	–	–
Shares at cost	34,545	26,173	184	184
Shares at directors' valuation 1986	–	1,010	–	–
	81,423	53,462	184	184
Share of retained earnings and reserves of associated entities	9,096	8,875	–	–
	90,519	62,337	184	184
Loans to associated entities	21,766	7,088	705	1,122
	112,285	69,425	889	1,306
Investments in other listed entities:				
Shares and options at cost	14,611	5,014	–	–
Other investments:				
Investment property:				
At directors' valuation 2000	17,250	–	–	–
At directors' valuation 1999	–	16,750	–	–
	17,250	16,750	–	–
Shares at cost	37,899	4,696	1	1
Other loans at cost	20,310	456	19,887	14
	75,459	21,902	19,888	15
	202,355	96,341	492,545	455,243
Aggregate quoted market value at balance date of investments listed on a prescribed stock exchange comprise:				
Shares	20,804	11,676	–	–
Options	20	22	–	–
Units in listed property trust	53,512	36,630	–	–

## Revaluation of investment property

The investment property was revalued at 30 June 2000. The valuation was based on the estimated amount for which the property could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at 30 June 2000.

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	2000			1999		
	Gross value of assets \$000	Provision for depreciation/ amortisation \$000	Net fixed assets \$000	Gross value of assets \$000	Provision for depreciation/ amortisation \$000	Net fixed assets \$000
<b>12 Property, plant and equipment</b>						
<b>Consolidated</b>						
Freehold land:						
At cost	69,075	–	69,075	67,837	–	67,837
At directors' valuation 1988	14,489	–	14,489	17,483	–	17,483
At recoverable amount	5,300	–	5,300	13,744	–	13,744
	88,864	–	88,864	99,064	–	99,064
Buildings:						
At cost	131,497	35,146	96,351	140,294	33,132	107,162
At recoverable amount	4,580	167	4,413	8,640	–	8,640
	136,077	35,313	100,764	148,934	33,132	115,802
Leasehold improvements:						
At cost	11,139	5,771	5,368	11,755	4,922	6,833
Plant, vehicles and equipment:						
At cost	1,566,937	599,488	967,449	1,164,797	527,918	636,879
At directors' valuation 1990	42,182	28,891	13,291	43,181	25,900	17,281
At recoverable amount	2,347	341	2,006	4,089	–	4,089
Under construction at cost	22,366	–	22,366	152,174	–	152,174
	1,633,832	628,720	1,005,112	1,364,241	553,818	810,423
Mineral exploration and development costs:						
Production						
Mineral reserves at cost	277,013	21,931	255,082	215,501	17,176	198,325
Pre-production						
Mineral reserves at cost	772	–	772	772	–	772
	277,785	21,931	255,854	216,273	17,176	199,097
Plantations at recoverable amount	49,576	–	49,576	48,414	–	48,414
	2,197,273	691,735	1,505,538	1,888,681	609,048	1,279,633
<b>Wesfarmers Limited</b>						
Freehold land:						
At cost	781	–	781	12	–	12
At directors' valuation 1988	1,732	–	1,732	4,670	–	4,670
	2,513	–	2,513	4,682	–	4,682
Buildings:						
At cost	5,562	2,545	3,017	10,510	4,228	6,282
Leasehold improvements:						
At cost	1,314	202	1,112	1,412	238	1,174
Plant, vehicles and equipment:						
At cost	19,977	5,320	14,657	20,581	6,698	13,883
	29,366	8,067	21,299	37,185	11,164	26,021

## Current values of land and buildings

The current value of the Wesfarmers Limited controlled entities' land and buildings at 30 June 2000 was \$216.2 million.

The values are based on directors' valuations as at 30 June 2000.

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>13 Intangibles</b>				
Trade names at cost	41,600	41,600	–	–
Goodwill at cost	137,049	136,682	–	–
Less provision for amortisation	43,161	36,285	–	–
	93,888	100,397	–	–
	135,488	141,997	–	–
<b>14 Other non-current assets</b>				
Future income tax benefit	22,036	17,413	4,968	5,046
Deferred expenditure	3,850	3,391	–	33
	25,886	20,804	4,968	5,079
<b>15 Borrowings</b>				
<b>Current</b>				
Secured				
– Bank loans	3,870	1,570	–	–
Unsecured				
– Deposits	158,478	161,657	–	–
– Bank loans	209,532	38,716	208,047	38,000
– Other loans	4	5	–	–
Amounts owing to ultimate parent entity	29,220	29,610	29,220	29,610
	401,104	231,558	237,267	67,610
<b>Non-current</b>				
Secured				
– Bank loans	133,623	112,564	–	–
Unsecured				
– Deposits	4,327	5,546	–	–
– Bank loans	331,457	129,248	464,367	242,831
– Other loans	12,826	12,830	–	–
Amounts owing to ultimate parent entity	1,672	1,639	1,672	1,639
	483,905	261,827	466,039	244,470

#### Secured loans

The weighted average interest rate on secured loans was 6.7% (1999: 6.7%).

#### Bank and other loans

Bank and other loans bear interest at short term commercial rates payable monthly or payable at the time of maturity of the bank bills or short term advances. The weighted average interest rate was 6.3% (1999: 5.3%) for the year ended 30 June 2000 and includes any interest rate hedging adjustments (see Note 28(a)).

#### Deposits and amounts owing to ultimate parent company

Deposits and amounts owing to the ultimate parent company bear interest at commercial deposit rates. The weighted average interest rate was 4.7% (1999: 4.8%) for the year ended 30 June 2000.

#### Secured liabilities

- Specific and floating charge over the assets of Wesfarmers Bengalla Limited.
- The financing of the Wesfarmers Bengalla Limited share of the Bengalla Joint Venture is by way of a project loan provided by a number of financial institutions. The loan is secured against Wesfarmers Bengalla Limited's share of the joint venture assets and undertakings and is non-recourse to the other assets of the consolidated entity. Loan repayments are based upon available cash flows from the project. At 30 June 2000 the amount outstanding by Wesfarmers Bengalla Limited under the project financing arrangement totalled \$137.5 million and the book value of the company's assets secured against the loan was \$207.5 million.



# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>16 Accounts payable</b>				
<b>Current</b>				
Trade creditors and accruals	560,361	398,265	27,276	53,937
Amounts other than trade creditors payable to:				
– Controlled entities	–	–	95,887	115,389
– Associated entities	38	–	38	–
	560,399	398,265	123,201	169,326
<b>Non-current</b>				
Trade creditors and accruals	2,249	2,411	–	–
Amounts other than trade creditors payable to controlled entities	–	–	572	659
	2,249	2,411	572	659
<b>17 Provisions (current)</b>				
Employee entitlements	65,500	57,109	9,623	7,948
Restoration obligations	1,676	916	–	–
Restructuring	107	883	–	–
Other	2,668	5,105	–	–
	69,951	64,013	9,623	7,948
Dividends	63,285	112,791	63,285	112,791
Income tax	50,988	36,719	12,632	188
	184,224	213,523	85,540	120,927
<b>18 Other current liabilities</b>				
Unearned insurance premiums	77,421	71,843	3,404	3,405
Outstanding insurance claims	51,411	45,690	–	–
	128,832	117,533	3,404	3,405
<b>19 Provisions (non-current)</b>				
Deferred income tax liability	92,583	83,004	349	260
Employee entitlements	24,792	24,601	8,066	8,244
Restoration obligations	34,049	10,543	–	–
	151,424	118,148	8,415	8,504
<b>20 Other non-current liabilities</b>				
Outstanding insurance claims	25,167	25,506	–	–

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>21 Capital</b>				
Issued and paid up capital is as follows:				
263,687,320 (1999: 262,379,463) ordinary shares	892,192	876,367	892,192	876,367
6,169,602 shares issued on 21 July 1999 as a result of exercise of options at 30 June 1999	–	74,035	–	74,035
1 founders share fully paid	–	–	–	–
	892,192	950,402	892,192	950,402
The redeemable Founder Share issued to the ultimate parent entity has special voting rights and is subject to the approval of members of Westralian Farmers Co-operative Limited at five yearly intervals. The Founder Share may be redeemed by Westralian Farmers Co-operative Limited at any time.				
<b>Shares issued during the year</b>				
Employee share plan:				
3,936,640 ordinary shares fully paid at \$12.63 per share				
Shares bought back during the year:				
On market buy back of 8,798,385 shares				
Movement in capital during the year:				
Balance at beginning of year	876,367	125,549	876,367	125,549
Issue of shares during the year	123,755	142,176	123,755	142,176
Shares repurchased during the year	(107,930)	–	(107,930)	–
Transfer from share premium reserve	–	733,971	–	733,971
Transfer from share option reserve	–	100	–	100
Transfer from capital redemption reserve	–	120	–	120
Capital return to shareholders	–	(125,549)	–	(125,549)
Balance at end of year	892,192	876,367	892,192	876,367
<b>22 Reserves</b>				
Capital reserve	24,170	22,924	–	–
Asset revaluation reserve	14,132	15,005	58,202	59,075
Foreign currency translation reserve	798	871	–	–
Insurance reserve	333	333	–	–
General reserve	5,168	5,168	3,940	3,940
Share re-investment reserve	63,285	–	63,285	–
	107,886	44,301	125,427	63,015
Asset revaluation reserve:				
Transfer to retained profits on realisation	(873)	(42)	(873)	(42)
Capital reserve:				
Transfer on liquidation of subsidiary company	1,246	–	–	–
Transfer from share premium reserve	–	406	–	–
	1,246	406	–	–
Foreign currency reserve:				
Translation movement for the year	(73)	165	–	–
Share re-investment 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	63,285	–	63,285	–
Utilisation of share re-investment reserve on issue of shares	–	(53,986)	–	(53,986)

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>23 Outside equity interest</b>				
Issued capital	5,583	509		
Reserves	160	184		
Retained profits	514	636		
	6,257	1,329		
<b>24 Cash flows</b>				
(a) Non cash financing and investing activities:				
Share capital issues:				
Dividend investment plan	–	81,403	–	81,403
Employee share plan	49,720	54,457	49,720	54,457
	49,720	135,860	49,720	135,860
Dividends:				
Employee share plan repayments	8,795	8,126	8,795	8,126
Capital return:				
Employee share plan repayments	–	5,753	–	5,753
(b) Reconciliation of net cash provided by operating activities to operating profit after income tax:				
Operating profit after income tax	207,770	180,101	182,421	112,009
Depreciation and amortisation	125,025	120,135	1,613	1,683
Provisions charged against profits	10,383	13,123	1,506	3,328
(Profit) loss on sale of non-current assets	(21,811)	(65,570)	(6,592)	3,215
Share of associated companies' profit after tax	(15,617)	(13,067)	–	–
Dividends received from associated companies	16,059	9,099	–	–
Write down of non-current assets	135	30,369	–	–
Other items	(28)	808	88	(815)
Changes in assets and liabilities net of effects of acquisitions of entities and businesses:				
(Increase) decrease in accounts receivable	(169,344)	(19,849)	27,348	(13,503)
Increase in inventories	(26,613)	(104,491)	–	–
Increase (decrease) in accounts payable	101,568	10,489	(25,132)	28,602
Increase (decrease) in insurance provisions	8,475	7,197	(1)	99
Provisions applied	(9,443)	(10,069)	–	–
Increase (decrease) in deferred taxes payable	13,570	7,340	163	(1,013)
Increase (decrease) in income tax payable	14,269	141	12,444	(14,457)
Net cash provided by operating activities	254,398	165,756	193,858	119,148

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>24 Cash flows (continued)</b>				
(c) Entities acquired:				
Curragh Coal	208,942	–	–	–
Less Amounts to be paid in subsequent period	(49,185)	–	–	–
	159,757	–	–	–
Fair value of net assets acquired:				
Cash	2,060	–	–	–
Receivables (current)	1,139	–	–	–
Inventories (current)	30,468	–	–	–
Receivables (non current)	1,410	–	–	–
Other (non current)	8,650	–	–	–
Property plant and equipment	207,518	–	–	–
Accounts payable (current)	(13,468)	–	–	–
Provisions (current)	(5,880)	–	–	–
Provisions (non current)	(22,955)	–	–	–
	208,942	–	–	–
Less consideration to be paid in subsequent periods	(49,185)	–	–	–
	159,757	–	–	–
Outflow of cash to acquire the entity:				
Cash consideration	159,757	–	–	–
Less cash balances acquired	(2,060)	–	–	–
	157,697	–	–	–
(d) 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	1,628	1,263	7	6
Cash on deposit and at bank	56,371	55,103	2,792	19,898
	57,999	56,366	2,799	19,904
<b>25 Commitments</b>				
Lease commitments (substantially in connection with leased property)				
Amounts due under operating lease:				
Within 1 year	61,281	50,963	1,726	1,651
Within 1-2 years	55,452	48,320	1,602	1,484
Within 2-5 years	117,710	117,097	4,354	3,935
Over 5 years	130,449	107,698	2	1,191
	364,892	324,078	7,684	8,261
Commitments arising from contracts for capital expenditure contracted for at balance date but not provided for:				
<b>Consolidated entity:</b>				
Due within 1 year	48,834	44,213	–	–

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>26 Contingent liabilities</b>				
Contingent liabilities at balance date not otherwise provided for in these accounts:				
Other amounts – unsecured	7,091	8,282	–	–
Wesfarmers Limited and all the controlled entities marked “+” in note 31 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.				
<b>27 Financing arrangements</b>				
The consolidated entity has unrestricted access to the following finance facilities:				
Overdraft	5,500	5,500	5,500	5,500
Multi purpose facilities	205,000	285,000	205,000	285,000
Bank bill lines	570,000	420,000	570,000	420,000
	780,500	710,500	780,500	710,500
Amount of credit unused	158,490	452,076	158,490	452,076
The unused amounts of the facilities have the following terms:				
Within 1 year	34,670	120,500	34,670	120,500
Within 1-2 years	123,820	–	123,820	–
Within 2-5 years	–	331,576	–	331,576
	158,490	452,076	158,490	452,076

## 28 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, 11, 15 and 16.

### 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 2000 the fixed rates varied from 5.7% to 6.7% (1999: 5.6% to 7.7%) and the majority of the floating rates were at bank bill rates.

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## 28 Financial instruments (continued)

### (a) Interest rate risk exposure (continued)

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

	Note	FIXED INTEREST MATURING IN:					Total \$000
		Floating \$000	1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000	Non-interest bearing \$000	
<b>2000</b>							
<b>Financial assets</b>							
Cash	8	46,811	–	–	–	11,188	57,999
Receivables	9	–	15,237	165	–	681,512	696,914
Investments **	11	–	–	–	–	72,820	72,820
		46,811	15,237	165	–	765,520	827,733
<b>Financial liabilities</b>							
Borrowings	15	885,009	–	–	–	–	885,009
Accounts payable	16	–	–	–	–	562,648	562,648
		885,009	–	–	–	562,648	1,447,657
Interest swaps *		(439,427)	–	130,000	309,427	–	–
<b>1999</b>							
<b>Financial assets</b>							
Cash	8	48,901	–	–	–	7,465	56,366
Receivables	9	–	27,856	318	–	467,382	495,556
Investments **	11	–	–	–	–	10,166	10,166
		48,901	27,856	318	–	485,013	562,088
<b>Financial liabilities</b>							
Borrowings	15	493,385	–	–	–	–	493,385
Accounts payable	16	–	–	–	–	400,676	400,676
		493,385	–	–	–	400,676	894,061
Interest swaps and collar *		(399,440)	70,000	70,000	259,440	–	–

\*\* Excluding investments in property and associate companies

\* Notional principal amounts

### (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 profit or loss account 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	
	2000	1999	2000 \$000	1999 \$000
<b>Buy US dollars</b>				
Not longer than one year	0.6023	0.6575	16,328	49,852
<b>Sell US dollars</b>				
Not longer than one year	0.6043	0.6767	78,281	36,562
Longer than one year but not longer than two years	0.6081	0.6960	66,601	22,275
Longer than two years but not longer than three years	0.6108	0.6756	81,690	24,667
Longer than three years but not longer than four years	0.6133	0.6624	87,075	30,184
Longer than four years but not longer than five years	0.6152	0.6470	83,308	23,030
Longer than five years	0.6162	0.6125	4,057	408

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## 28 Financial instruments (continued)

### (b) Foreign exchange risk exposure (continued)

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 2000 was \$3.7 million (1999: \$3.3 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 balance sheet.

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-balance sheet derivative contracts is minimised as 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 at note 28(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.

### (e) Net fair values of financial assets and liabilities

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following bases:

#### 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 using discounted cash flow analysis on the expected inflows from repayment of loans by way of dividends. Dividends are assumed to continue at the same level as for the current financial year. The discount rate for the year ended 30 June 2000 is 7.2% (1999: 7.1%) and is 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 on the Australian Stock Exchange at balance date.

Accounts payable – the carrying amount approximates fair value.

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

#### Off-balance sheet financial instruments

The valuation of off-balance sheet 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 as at reporting date. This is based on independent market quotations and determined using standard valuation techniques.

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	2000		1999	
	CARRYING AMOUNT \$000	NET FAIR VALUE \$000	CARRYING AMOUNT \$000	NET FAIR VALUE \$000
<b>28 Financial instruments (continued)</b>				
(e) Net fair values of financial assets and liabilities (continued)				
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:				
<b>Assets</b>				
Employee share plan loans	131,896	91,164	107,203	72,316
Listed shares and options	14,611	20,824	5,014	11,698
Interest rate swaps	–	14,085	–	–
<b>Liabilities</b>				
Interest rate swaps and forward rate agreements	–	–	–	10,946
Forward exchange contracts	–	3,652	–	3,339

Employee share plan loans are carried above their net fair value as 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 related shares involved.

## 29 Superannuation commitments and ownership remuneration scheme

### (a) Superannuation

The following superannuation and pension funds have been established:

Fund	Benefit type
Australian Wool Selling Brokers Superannuation Fund	Accumulated lump sum
The Coal Industry Superannuation Fund	Defined benefit fund
Wesfarmers Staff Retirement Fund	Defined benefit, pension and accumulated lump sum
Western Collieries Retirement and Assurance Plan for Staff Members	Accumulated lump sum

Employees are entitled to varying levels of benefits on retirement, disability or death. The defined benefit funds provide benefits based on years of membership and final average salary. Employees contribute to the funds at various percentages of their remuneration. No contributions are currently being made to the Wesfarmers Staff Retirement Fund by the consolidated entity. The consolidated entity's contributions are not legally enforceable other than those payable in terms of notified award and superannuation guarantee levy obligations.

The assets of each fund are sufficient to satisfy all benefits that would have vested under the plans in the event of termination of the plans and voluntary or compulsory termination of employment of each employee.

Details of the defined benefits funds as extracted from their most recent financial reports are as follows:

	WESFARMERS STAFF RETIREMENT FUND 30 JUNE 1999 \$000	THE COAL INDUSTRY SUPERANNUATION FUND 30 JUNE 1999 \$000
Accrued benefits	259,094	43,095
Net market value of plan assets	309,652	66,459
Surplus of net market value of plan assets over accrued benefits	50,558	23,364
Vested benefits	250,396	50,254

Actuarial assessments of plans were last made as follows:

Wesfarmers Staff Retirement Fund – 30 June 1999 by Mr D Balson FIAA

The Coal Industry Superannuation Fund – 30 June 1997 by Ms Catherine Nance BA, B.Sc., FIAA



# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## 29 Superannuation commitments and ownership remuneration scheme (continued)

### (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 (for January 2000: 7,331 were invited to apply for shares). All eligible employees receive the general invitation to apply for a specified number of shares (January 2000: 500 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% 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 January 2000 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 approximately 6% of the issued capital of the company.

During the financial year 3,936,640 ordinary fully paid shares have been issued to employees under the Plan, the total market value of those shares at the issue date (14 January 2000) was \$49,365,465 and the total amount received and/or receivable from employees for those shares is \$49,719,763.

CONSOLIDATED		WESFARMERS LIMITED	
2000	1999	2000	1999
\$000	\$000	\$000	\$000

## 30 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

16,664      12,401

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

4,802      3,976

WESFARMERS LIMITED	
2000	1999
No.	No.

Directors of Wesfarmers Limited whose remuneration was within:

\$ 40,000 – \$ 49,999	–	3
\$ 50,000 – \$ 59,999	8	6
\$ 60,000 – \$ 69,999	1	–
\$ 70,000 – \$ 79,999	–	1
\$ 80,000 – \$ 89,999	1	–
\$ 200,000 – \$ 209,999	1	1
\$ 630,000 – \$ 639,999	–	1
\$ 650,000 – \$ 659,999	–	1
\$ 750,000 – \$ 759,999	1	–
\$ 780,000 – \$ 789,999	1	–
\$1,930,000 – \$1,939,999	–	1
\$2,470,000 – \$2,479,999	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. It also includes notional superannuation contributions that have not been paid by the consolidated entity due to an actuarial surplus in the superannuation fund.

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

	CONSOLIDATED		WESFARMERS LIMITED	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
<b>30 Remuneration of directors and executives (continued)</b>				
(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	22,020	12,635	9,714	6,127
	CONSOLIDATED		WESFARMERS LIMITED	
	2000 No.	1999 No.	2000 No.	1999 No.
Executives of Wesfarmers Limited and entities in the consolidated entity whose remuneration was within:				
\$ 140,000 – \$ 149,999	–	1	–	–
\$ 150,000 – \$ 159,999	2	3	2	–
\$ 160,000 – \$ 169,999	–	1	–	–
\$ 170,000 – \$ 179,999	5	4	1	–
\$ 180,000 – \$ 189,999	2	1	–	1
\$ 190,000 – \$ 199,999	6	3	–	–
\$ 200,000 – \$ 209,999	1	5	–	1
\$ 210,000 – \$ 219,999	5	3	–	–
\$ 230,000 – \$ 239,999	2	3	1	1
\$ 240,000 – \$ 249,999	2	3	1	1
\$ 250,000 – \$ 259,999	2	1	–	–
\$ 260,000 – \$ 269,999	1	–	–	–
\$ 270,000 – \$ 279,999	4	1	2	–
\$ 280,000 – \$ 289,999	1	1	–	1
\$ 290,000 – \$ 299,999	1	1	–	–
\$ 300,000 – \$ 309,999	–	1	–	–
\$ 320,000 – \$ 329,999	–	1	–	1
\$ 330,000 – \$ 339,999	1	–	–	–
\$ 340,000 – \$ 349,999	1	–	–	–
\$ 370,000 – \$ 379,999	1	–	–	–
\$ 390,000 – \$ 399,999	–	1	–	–
\$ 420,000 – \$ 429,999	1	–	–	–
\$ 460,000 – \$ 469,999	–	2	–	1
\$ 470,000 – \$ 479,999	–	1	–	2
\$ 480,000 – \$ 489,999	–	1	–	–
\$ 520,000 – \$ 529,999	1	–	1	–
\$ 540,000 – \$ 549,999	1	–	1	–
\$ 550,000 – \$ 559,999	1	–	–	–
\$ 570,000 – \$ 579,999	1	–	1	–
\$ 630,000 – \$ 639,999	–	1	–	1
\$ 650,000 – \$ 659,999	–	1	–	1
\$ 680,000 – \$ 689,999	1	–	–	–
\$ 750,000 – \$ 759,999	1	–	1	–
\$ 780,000 – \$ 789,999	1	–	1	–
\$1,230,000 – \$1,239,999	1	–	1	–
\$1,290,000 – \$1,299,999	1	–	1	–
\$1,700,000 – \$1,709,999	1	–	–	–
\$1,930,000 – \$1,939,999	–	1	–	1
\$2,000,000 – \$2,009,999	1	–	–	–
\$2,470,000 – \$2,479,999	1	–	1	–

For the purposes of Accounting Standards AASB1034 the company has interpreted executive officers as being the managing director, divisional executive directors and general managers in the consolidated entity.

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## 31 Particulars relating to controlled entities

	BENEFICIAL INTEREST		BENEFICIAL INTEREST	
	2000	1999	2000	1999
	%	%	%	%
Parent entity: Wesfarmers Limited				
Controlled entities:				
Australian Gold Reagents Pty Ltd	75	75	Stores Realty Pty Ltd +	100 100
Barnett Bros Pty Ltd +	100	100	Tasmanian Fertilisers Limited +	100 100
Bunnings (Northern Territory) Pty Ltd +	100	100	Total Western Transport Pty Ltd	– 100
Bunnings Building Supplies Pty Ltd +	100	100	Ucone Pty Ltd +	100 100
Bunnings Chip Mill Pty Ltd +	100	100	WA Chip & Pulp Co Pty Ltd +	100 100
Bunnings Management Services Pty Ltd +	100	100	WA Salvage Pty Ltd +	100 100
Bunnings Manufacturing Pty Ltd +	100	100	Wesfarmers Bangladesh Gas Pty Ltd	100 100
Bunnings Properties Pty Ltd +	100	100	Wesfarmers Bengalla Limited	100 100
Bunnings Property Management Limited	100	100	Wesfarmers Bunnings Limited +	100 100
Bunnings Pulp Mill Pty Ltd +	100	100	Wesfarmers CSBP Limited +	100 100
Bunnings Timbcraft Pty Ltd +	100	100	Wesfarmers Coal Holdings Pty Ltd +	100 100
Bunnings Tree Plantations Ltd	75	75	Wesfarmers Coal (Indonesia) Pty Ltd +	100 100
CS Holdings Pty Limited +	100	100	Wesfarmers Coal Limited +	100 100
CSBP Ammonia Terminal Pty Ltd	100	100	Wesfarmers Coal Superannuation Pty Ltd +	100 100
CSBP Superannuation Services Pty Ltd	100	100	Wesfarmers Credit Corporation (Finance) Ltd	– 100
Cardinal Contractors Pty Ltd +	100	100	Wesfarmers Credit Corporation Limited	– 100
Chemical Holdings Kwinana Pty Ltd +	100	100	Wesfarmers Dalgety Limited +	100 100
Co-operative Wholesale Services Ltd	100	100	Wesfarmers Dalgety Real Estate (WA) Pty Ltd +	100 100
Credit Management Pty Ltd +	100	100	Wesfarmers Dalgety Risk Management Pty Ltd	100 100
Cuming Smith and Company Limited +	100	100	Wesfarmers Dalgety Tenderland Pty Ltd	100 100
Curragh Coal Sales Co Pty Ltd	100	–	Wesfarmers Dalgety Wool Pty Ltd	100 100
Curragh Queensland Mining Limited	100	–	Wesfarmers Energy Limited +	100 100
Dalgety Limited +	100	100	Wesfarmers Federation Insurance Limited	100 100
Dalgety Real Estate (Qld) Pty Limited +	100	100	Wesfarmers Fertilizers Pty Ltd +	100 100
Eastfarmers Pty Ltd +	100	100	Wesfarmers Gas Limited	100 100
Elpiji Malaysia – Bangladesh Limited #	55	–	Wesfarmers Insurance Investments Pty Ltd	100 100
Greenloop Limited # (in liquidation)	100	100	Wesfarmers International Finance Limited #	100 100
Gresham Private Equity Fund	97	–	Wesfarmers Investments Pty Ltd	100 100
Interfix Gold Coast Pty Ltd +	100	100	Wesfarmers Kleenheat Gas (Asia) Limited #	100 100
Interline Pty Ltd +	100	100	Wesfarmers Kleenheat Gas Pty Ltd +	100 100
Jakem Timbers Limited <	100	100	Wesfarmers LPG Pty Ltd	100 100
Johnstone River Transport Pty Ltd	100	100	Wesfarmers Private Equity Pty Ltd	100 –
Kleenheat Gas House Franchising Pty Ltd	100	–	Wesfarmers Provident Fund Pty Ltd +	100 100
Kwinana Nitrogen Company Proprietary Limited +	100	100	Wesfarmers Resources Pty Ltd +	100 100
Latot Pty Ltd	100	100	Wesfarmers Risk Management Limited #	100 100
Loggia Pty Ltd +	100	100	Wesfarmers Sugar Company Pty Ltd	100 100
Malwest Pty Ltd	100	100	Wesfarmers Superannuation Pty Ltd +	100 100
Millars (WA) Pty Ltd +	100	100	Wesfarmers Transport Indonesia Pty Ltd	100 100
Pailou Pty Ltd +	100	100	Wesfarmers Transport International #	100 –
PT Mitra Wesfarmers #	70	–	Wesfarmers Transport Limited +	100 100
R&N Palmer Pty Ltd +	100	100	Weskem Pty Ltd +	100 100
Riodale Pty Ltd	–	100	Westralian Farmers Superphosphates Limited +	100 100
Sotico Pty Ltd +	100	100	WTL Asia Pty Ltd	100 –
Sotico Treefarms Pty Ltd +	100	100	XCC Pty Ltd (formerly Charlie Carter Pty Ltd) (in liquidation)	– 100
South West Forest Holdings Pty Ltd	100	100	XCC (Retail) Pty Ltd +	100 100

# Audited by firms of Ernst & Young International.

< Audited by other firms of accountants.

With the exception of Greenloop Limited, Wesfarmers International Finance Limited and Wesfarmers Kleenheat Gas (Asia) Limited which are incorporated in Hong Kong; Jakem Timbers Limited incorporated in the United Kingdom; Wesfarmers Risk Management Limited incorporated in Bermuda; Elpiji Malaysia-Bangladesh Limited incorporated in Bangladesh; PT Mitra Wesfarmers incorporated in Indonesia 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.

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## 31 Particulars relating to controlled entities (continued)

For entities within the consolidated entity which have entered into deeds of cross guarantee, the consolidated profit and loss statement and balance sheet are as follows:

### Consolidated profit and loss statement

Operating profit before abnormal items and income tax  
Abnormal items before income tax

### Operating profit before income tax

Income tax attributable to:  
Operating profit before abnormal items  
Abnormal items

### Operating profit after income tax

Retained profits at the beginning of the financial year  
Aggregate of amounts transferred (to) from reserves

### Total available for appropriation

Dividends provided for or paid

### Retained profits at the end of the financial year

### Consolidated balance sheet

#### Current assets

Cash  
Receivables  
Inventories

#### Total current assets

#### Non-current assets

Receivables  
Investments  
Property, plant and equipment  
Intangibles  
Other

#### Total non-current assets

#### Total assets

#### Current liabilities

Borrowings  
Accounts payable  
Provisions  
Other

#### Total current liabilities

#### Non-current liabilities

Borrowings  
Accounts payable  
Provisions

#### Total non-current liabilities

#### Total liabilities

#### Net assets

#### Shareholders' equity

Issued capital  
Reserves  
Retained profits

#### Total shareholders' equity

	<b>2000</b>	1999
	<b>\$000</b>	\$000
Operating profit before abnormal items and income tax	300,984	238,683
Abnormal items before income tax	–	1,285
<b>Operating profit before income tax</b>	<b>300,984</b>	<b>239,968</b>
Income tax attributable to:		
Operating profit before abnormal items	88,573	72,118
Abnormal items	(8,372)	(630)
	80,201	71,488
<b>Operating profit after income tax</b>	<b>220,783</b>	<b>168,480</b>
Retained profits at the beginning of the financial year	165,031	174,360
Aggregate of amounts transferred (to) from reserves	(373)	42
<b>Total available for appropriation</b>	<b>385,441</b>	<b>342,882</b>
Dividends provided for or paid	192,961	177,851
<b>Retained profits at the end of the financial year</b>	<b>192,480</b>	<b>165,031</b>
<b>Consolidated balance sheet</b>		
<b>Current assets</b>		
Cash	15,833	27,250
Receivables	665,430	437,645
Inventories	526,856	474,520
<b>Total current assets</b>	<b>1,208,119</b>	<b>939,415</b>
<b>Non-current assets</b>		
Receivables	130,763	100,096
Investments	143,239	144,261
Property, plant and equipment	1,246,365	1,033,806
Intangibles	135,835	140,505
Other	22,273	14,645
<b>Total non-current assets</b>	<b>1,678,475</b>	<b>1,433,313</b>
<b>Total assets</b>	<b>2,886,594</b>	<b>2,372,728</b>
<b>Current liabilities</b>		
Borrowings	362,929	288,528
Accounts payable	497,210	363,509
Provisions	177,486	220,721
Other	3,435	9
<b>Total current liabilities</b>	<b>1,041,060</b>	<b>872,767</b>
<b>Non-current liabilities</b>		
Borrowings	534,132	250,028
Accounts payable	1,415	2,854
Provisions	118,373	87,917
<b>Total non-current liabilities</b>	<b>653,920</b>	<b>340,799</b>
<b>Total liabilities</b>	<b>1,694,980</b>	<b>1,213,566</b>
<b>Net assets</b>	<b>1,191,614</b>	<b>1,159,162</b>
<b>Shareholders' equity</b>		
Issued capital	892,192	950,402
Reserves	106,942	43,729
Retained profits	192,480	165,031
<b>Total shareholders' equity</b>	<b>1,191,614</b>	<b>1,159,162</b>

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## 32 Particulars relating to associated entities

ASSOCIATED ENTITY	PRINCIPAL ACTIVITY	BENEFICIAL INTEREST		BOOK VALUE OF INVESTMENT		CONTRIBUTION TO CONSOLIDATED PROFIT	
		2000 %	1999 %	2000 \$000	1999 \$000	2000 \$000	1999 \$000
Air Liquide WA Pty Ltd	Industrial gases	40	40	1,381	1,381	469	1,442
Albany Wool Stores Pty Ltd	Wool handling	35	35	185	185	300	4
Arcadian Wool Brokers Limited	Wool handling	41	41	3,001	3,001	579	94
Auctionplus Pty Ltd	Livestock service	37	37	–	1,520	(734)	(132)
Bengalla Agricultural Company Pty Limited	Dairy	40	37	1	1	82	4
Bunnings Warehouse Property Trust	Property	31	25	46,878	26,279	3,948	2,380
Gresham Partners Group Limited	Merchant banking	50	50	4,255	4,255	2,356	2,819
Jardine Australian Insurance Broker Holdings Pty Limited	Insurance broking	–	10	–	1,010	–	1,028
Queensland Nitrates Management Pty Ltd	Management	50	50	–	–	–	–
Queensland Nitrates Pty Ltd	Chemical manufacture	50	50	10,000	–	(373)	–
Sydney Woolbrokers Limited	Wool handling	48	48	–	108	(106)	(42)
Wesfarmers OD Transport Pty Ltd	Transport	–	50	–	–	4	33
Wespine Industries Pty Ltd	Pine sawmillers	50	50	7,030	7,030	4,708	3,046
Wooldumpers Australia Pty Ltd	Wool handling	50	50	8,692	8,692	4,384	2,391
				81,423	53,462	15,617	13,067
						CONSOLIDATED	
						2000 \$000	1999 \$000
Additional disclosure							
(a) Share of associates' profits:							
Operating profit before income tax						22,924	19,649
Income tax expense						7,307	6,582
Operating profit after income tax						15,617	13,067
(b) Carrying amount of investment in associates:							
Balance at the beginning of the financial year						62,337	27,084
Acquisition of associates during the financial year						30,599	32,392
Disposal of associates during the financial year						(864)	(1,107)
Write down of associated companies						(109)	–
Share of associates' profits for the financial year						15,617	13,067
Dividends received from associates						(17,061)	(9,099)
Carrying amount of interest in associates						90,519	62,337
(c) Particulars of retained earnings and reserves attributable to associate:							
Retained earnings						8,690	8,469
Reserves						406	406
						9,096	8,875
(d) The consolidated entity's share of associated companies commitments and contingent liabilities are included in notes 25 and 26 where material.							

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## 33 Segment information

	OPERATING REVENUE		SEGMENT ASSETS		EARNINGS BEFORE TAX	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000	2000 \$000	1999 \$000
Rural services and insurance	847,652	755,511	598,781	506,255	40,144	23,318
Fertilisers and chemicals	403,146	419,504	548,140	485,321	45,115	61,361
Energy	588,756	471,736	946,265	631,495	107,460	97,861
Hardware and forest products	1,498,391	1,170,004	861,686	781,203	139,977	99,141
Other – investments and services	164,612	159,364	346,798	287,211	29,666	23,869
	<b>3,502,557</b>	<b>2,976,119</b>	<b>3,301,670</b>	<b>2,691,485</b>	<b>362,362</b>	<b>305,550</b>
Consolidation adjustments	(6,784)	(5,692)	(132,910)	(115,256)	(6,692)	(5,604)
Abnormal items						
– Hardware and forest products segment	–	84,525	–	–	–	(12,806)
– Other segment	–	64,509	–	–	–	14,091
Interest paid and corporate overheads	–	–	–	–	(58,911)	(48,696)
	<b>3,495,773</b>	<b>3,119,461</b>	<b>3,168,760</b>	<b>2,576,229</b>	<b>296,759</b>	<b>252,535</b>

The consolidated entity operates predominantly in Australia.

CONSOLIDATED

**2000** 1999

## 34 Earnings per share

Basic and diluted earnings per share (cents per share)

– Before abnormal items and goodwill amortisation

75.7 71.9

– Before abnormal items

73.0 69.1

– After abnormal items

77.6 69.8

Weighted average number of ordinary shares used in the basic earnings per share calculation

266,650,758 257,073,060

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED  
**2000**      1999  
**\$000**      \$000

## 35 Interests in joint ventures

Interests in joint ventures are included in the accounts in the following categories:

### Current assets

Cash	556	5,703
Receivables	652	474
Inventories	6,072	3,907
	7,280	10,084

### Non-current assets

Investments	17,250	16,764
Property, plant and equipment	202,988	186,869
Deferred Expenditure	2,701	1,773
	222,939	205,406

Total assets employed in joint ventures

230,219      215,490

### Current liabilities

Accounts payable	5,153	6,246
Provisions	607	340

### Total liabilities

5,760      6,586

### Net assets

224,459      208,904

Details of the consolidated entity's interest in joint ventures:

JOINT VENTURE	PRINCIPAL ACTIVITY	INTEREST		CONTRIBUTION TO CONSOLIDATED PROFIT AFTER INCOME TAX		NET ASSETS	
		2000	1999	2000	1999	2000	1999
		%	%	\$000	\$000	\$000	\$000
40 The Esplanade, Perth	Investment property	50	50	737	639	17,250	16,750
Sodium Cyanide	Sodium cyanide manufacture	75	75	4,575	4,837	53,383	52,770
Bengalla Joint Venture	Coal exploration	40	37	(1,408)	1,696	151,237	137,720
Wesfarmers Marubeni Joint Venture	Sugar development	80	80	6	15	2,589	1,664
Total interest in joint ventures				3,910	7,187	224,459	208,904

## 36 Economic dependency

Approximately 84% (1999: 82%) of the consolidated entity's production from its coal operations is sold to Western Power in accordance with a contract that expires in the year 2010.

The manufacture of liquefied petroleum gas is dependent on the supply of gas under a long term contract with AlintaGas.

# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – 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	J M Paterson
M A Chaney	L A Giglia	W J Murphy	C H Perkins
T R Eastwood	J P Graham	D E W Nuttall	D C White
T J Flügge	K P Hogan		

2 The ultimate parent entity of Wesfarmers Limited is Westralian Farmers Co-operative Limited.

3 The following related party transactions occurred during the year:

(a) Transactions with related parties

(i) Wesfarmers Limited and its controlled entities are provided with loan funds from Westralian Farmers Co-operative Limited from time to time at interest rates equivalent to the net cost of Westralian Farmers Co-operative Limited's borrowings.

The balance of these loans at 30 June 2000 was \$30.9 million (1999: \$31.2 million).

(ii) 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.

(iii) Sales and services to and purchases from wholly owned entities by Wesfarmers Limited are under normal commercial terms and conditions and are not material.

(b) Transactions with directors of Wesfarmers Limited and controlled entities:

	CONSOLIDATED	
	2000	1999
	\$000	\$000
(i) Loans to directors		
Wesfarmers Limited employee share plan		
Aggregate of advances outstanding at 30 June	14,040	14,442
Aggregate of advances made during the year	1,827	10,267
The names of directors of Wesfarmers Limited and controlled entities who received advances:		
R J Adams	R J B Goyder	W H Pruys
D E Allan	K T Graham	C F Pullan
B Beecroft	E P Harnett	M W Ridley
D J Beisley	G P Ireson	D A Robb
M Berecny	P J Johnston	D C Rogers
J Boros	P J Jolob	L J Schmitz
R J Buckley	B J Kelly	D A Tannock
R A Carey	P W Knowles	I P Thomson
J M Cleland	T J R Kuzman	G T Tilbrook
A Coles	F G D Landels	M J Vitlich
P J C Davis	B J Larking	M J Wedgwood
B J H Denison	D Lawler	P Wickham
P R Durham	D J McMahon	J H Wilson
M G Evans	T T Morgan	
J J Fane de Salis	D C Mossop	
J C Gillam	K J O'Connell	
D K Goldsmith	S Price	
Aggregate of repayments made during the year	1,258	2,936



# notes to and forming part of the accounts

FOR THE YEAR ENDED 30 JUNE 2000 – 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	J C Gillam	K J O'Connell
D E Allan	D K Goldsmith	S Price
B Beecroft	R J B Goyder	W H Pruys
D J Beisley	K T Graham	C F Pullan
M Berecny	E P Harnett	M W Ridley
J Boros	G P Ireson	D A Robb
R J Buckley	P J Johnston	D C Rogers
R A Carey	P J Jolob	L J Schmitz
M A Chaney	B J Kelly	D A Tannock
J M Cleland	P W Knowles	I P Thomson
A Coles	T J R Kuzman	G T Tilbrook
P J C Davis	F G D Landels	M J Vitlich
B J H Denison	B J Larking	M J Wedgwood
P R Durham	D Lawler	P Wickham
M G Evans	D J McMahon	J H Wilson
J J Fane de Salis	T T Morgan	
E Fraunschiel	D C Mossop	

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 10 December 1999 (1999: 12 November 1998).

- (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 2000.

	<b>2000</b>	1999
	<b>No.</b>	No.
Aggregate number of shares acquired under the dividends investment plan	–	45,034
Aggregate number of shares acquired under the Wesfarmers employee share plan	–	400,500
Aggregate number of shares held	1,663,829	1,882,686

## 38 Subsequent events

Since the end of the financial year the company has:

- (a) Acquired a 13.04% interest in IAMA Limited for \$16.4 million by way of a share placement; and
- (b) Signed an agreement to sell its woodchip, plantation services operations and plantation assets for \$58 million, which is in line with the current book value of the assets.

The financial effect of each of the above events has not been recognised at 30 June 2000.

# directors' report

WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

The information appearing on pages 2 to 29 forms part of the directors' report for the year ended 30 June 2000 and is to be read in conjunction with the following information:

## Results and dividends

### Operating profit

	<b>2000</b>	1999
	<b>\$000</b>	\$000
Consolidated operating profit after income tax	207,770	180,101
Less outside equity interests	741	660
Operating profit after income tax attributable to members of Wesfarmers Limited	207,029	179,441

### 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 2000:

(a) out of the profits for the year ended 30 June 1999 on the fully-paid ordinary shares as disclosed in last year's directors' report: fully franked final dividend of 42 cents per share paid on 27 October 1999	112,791
(b) out of the profits for the year ended 30 June 2000 on the fully-paid ordinary shares: (i) fully franked interim dividend of 25 cents per share paid on 17 April 2000	66,391
(ii) fully franked final dividend of 48 cents per share declared by the directors for payment on 26 October 2000	126,570

## Principal activities

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

- fertilisers and chemicals manufacture;
- gas processing and distribution;
- coal mining and production;
- building materials, hardware retailing and forest products;
- rural merchandise and services;
- transport; and
- insurance.

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.

### 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:

	WESFARMERS LIMITED ORDINARY SHARES	WESTRALIAN FARMERS CO-OPERATIVE LIMITED \$2.00 STOCK UNITS
D J Asimus	2,609	
M A Chaney	600,427	3,711
T R Eastwood	488,149	478,190
T J Flügge	2,964	1,080
E Fraunschiel	354,484	250,000
L A Giglia	6,444	12,957
J P Graham	95,893	4,331
K P Hogan	4,913	2,617
R D Lester	12,308	212
D E W Nuttall	22,913	43,256
J M Paterson	11,310	10,919
C H Perkins	27,642	89,306
D C White	6,845	3,617

### 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 to the extent of borrowings for primary production purposes, negotiated in the normal course of the company's business and other than payments made to Gresham Partners Limited, of which Mr J P Graham is a director, for professional services provided in the ordinary course of business and provided in respect of the company's investment in the Gresham Private Equity Fund; on normal commercial terms.

### Insurance of directors and officers

During or since the end of the financial year, the company has paid or agreed to pay a premium in respect of a contract insuring all the directors and officers against a liability incurred in their role as directors and officers of the entity, except where:

- (a) the liability arises out of conduct involving a wilful breach of duty; or
- (b) there has been a contravention of sections 232(5) or (6) of the Corporations Law.

The total amount of insurance contract premiums paid has not been disclosed due to a confidentiality clause in the insurance contract.

# 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 currently standing at \$725,000. In determining fees, each year the board seeks appropriate external advice.

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.

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:

	ANNUAL EMOLUMENTS				Total \$000
	Base <sup>(1)</sup> \$000	Short term incentives <sup>(2)</sup> \$000	Vested portion of long term incentives <sup>(3)</sup> \$000	Other <sup>(4)</sup> \$000	
<b>Non-executive directors</b>					
C H Perkins	135			74	209
K P Hogan	86				86
D C White	61				61
L A Giglia	59				59
D E W Nuttall	56				56
R D Lester	55				55
D J Asimus	54				54
T R Eastwood	52				52
J M Paterson	52				52
T J Flügge	52				52
J P Graham	52				52
<b>Executive directors</b>					
M A Chaney	751		1,419	304	2,474
W J Murphy	446	140		202	788
E Fraunschiel	452	151		149	752
<b>Executive officers</b>					
J Boros	381	139	1,376	106	2,002
P J Davis	208	66	1,394	33	1,701
R J B Goyder	360	107		213	680
D A Robb	390	96		90	576
D J Beisley	183	56	281	32	552

<sup>(1)</sup> Base salaries/fees (including superannuation).

<sup>(2)</sup> Performance based short term incentive payments.

<sup>(3)</sup> Vested portion of performance based long term incentive payments.

<sup>(4)</sup> Other benefits (including motor vehicles and fringe benefits).

In July 1999 two executive officers of the company, Messrs H R Ramsay and J F Ring, retired and were paid the total retirement entitlements due to them of \$1,297,000 and \$1,234,000 respectively. In July 2000 an executive director of the company, Mr W J Murphy, was paid the total retirement entitlement due to him of \$1,445,000.

# directors' report

WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## Directors' meetings

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

The audit 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 are Messrs D C White (Chairman), L A Giglia, R D Lester and D E W Nuttall.

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 are Messrs C H Perkins and K P Hogan.

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 class orders committee meets as and when required to consider the issues involved and, if appropriate, authorises completion of documentation required under the Australian Securities and Investments Commission Class Orders relieving subsidiaries from producing annual accounts and having them audited. Its members are Messrs C H Perkins, M A Chaney and E Fraunschiel. The class orders committee was not required to meet during the financial year.

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 2000, and the number of meetings attended by each director:

	COMMITTEE MEETINGS			
	BOARD MEETINGS	AUDIT	NOMINATION	COMPENSATION
No. of meetings held:	10	5	1	3
No. of meetings attended by:				
C H Perkins (Chairman)	10		1	3
K P Hogan (Deputy Chairman)	10		1	3
M A Chaney (Managing Director)	10			
D J Asimus	10			3
T R Eastwood	8			3
T J Flügge	9			3
E Fraunschiel	10			
L A Giglia	10	4		3
J P Graham	9			3
R D Lester	10	5		3
W J Murphy	6			
D E W Nuttall	9	5		2
J M Paterson	10			3
D C White	10	5		3

Mr Murphy retired from the board on 15 February 2000, but attended all meetings held during the financial year prior to that date.

## Review of operations

The operations of the consolidated entity during the financial year and the results of those operations are reviewed on pages 2 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:

- operating revenue up 12.1 per cent to \$3.5 billion see pages 3 and 6
- operating profit after tax before abnormal items up 9.6 per cent to \$195 million see pages 3 and 6
- dividends paid up 8.4 per cent to \$193 million see pages 3 and 4
- total assets up 23 per cent to \$3.2 billion see page 3
- shareholders' equity up 2.0 per cent to \$1.2 billion see page 3
- net borrowings up 89.3 per cent to \$829 million see page 3
- gearing (net debt to equity) up 85.4 per cent to 67.3 per cent see page 3 and 7
- the company repurchased 8.8 million of its own shares at a total cost of \$108 million (an average of \$12.24 per share), representing about 3.3 per cent of the company's ordinary shares. The company terminated its share buy-back programme in May 2000 at the time of the Curragh coal mine acquisition see page 7
- opening of Bunnings' warehouse stores see pages 8 and 13
- acquisition of the Queensland Curragh coal mine see pages 8 and 17

# directors' report

WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## Significant events after the balance date

On 7 July 2000 the company acquired a 13.04 per cent interest in IAMA Limited for \$16.4 million by way of a share placement.

On 22 August 2000 the company announced that agreement had been reached to sell the group's woodchip, plantation services operations and plantation assets to a wholly-owned subsidiary of international trading house Marubeni Corporation. The sale price of \$58 million was in line with the current book value of the assets.

No other 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 6 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 licenses issued by the Environmental Protection Authority, the Department of Minerals and Energy, the Water Corporation, the Department of Health and various other authorities throughout Australia.

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

During the financial year a group subsidiary, Wesfarmers CSBP Limited, was fined \$25,000 on a charge laid by the Department of Minerals and Energy relating to the condition of bunding at the company's Kwinana ammonia plant at the time of a chemical spill that occurred in September 1999. The Department of Environmental Protection is also investigating the chemical spill.

There have been no other 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.

## 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

Perth, 5 September 2000



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 Law, including:
    - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and
    - (ii) complying with Accounting Standards and Corporations Regulations; 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 31 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 26.

On behalf of the board



C H Perkins  
Chairman

Perth, 5 September 2000



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 2000, as set out on pages 34 to 63 and the directors' declaration on page 69. 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 Law including:
  - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



Ernst & Young



G H Meyerowitz

Partner

Perth, 5 September 2000



# shareholder information

WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

## Substantial shareholders

Substantial shareholder details as at 5 September 2000 were:

HOLDERS OF RELEVANT INTEREST	NUMBER OF ORDINARY SHARES IN WHICH INTEREST HELD
Westralian Farmers Co-operative Limited, its subsidiaries and their associates	133,007,689
Gresham Partners Management Limited and its related bodies corporate and their associates (Gresham Partners Management Limited is the manager of The Franked Income Fund)	137,580,901

Both substantial shareholders have a relevant interest in the shares which are held in the company by WFCL Investments Pty Ltd. The difference in their holding is due to the difference in their associates and the date of lodgement of their notices.

## Unlisted share

Westralian Farmers Co-operative Limited is the holder of one \$1 redeemable founders share.

## Voting rights

Ordinary fully-paid shares, carry voting rights of one vote per share. The founders share has voting rights only in exceptional circumstances as stated in the constitution of the company.

## Distribution of members and their holdings

SIZE OF HOLDING	NUMBER OF ORDINARY SHAREHOLDERS
1 – 1,000	20,984
1,001 – 5,000	16,619
5,001 – 10,000	1,833
10,001 – 100,000	1,062
100,001 – and over	79
	40,577

There were 355 holders of less than a marketable parcel of ordinary shares.  
Less than one per cent of shareholders have registered addresses outside Australia.

## Twenty largest shareholders

The twenty largest holders of ordinary shares in the company as at 5 September 2000 were:

NAME	NUMBER OF SHARES	% OF ISSUED CAPITAL (*)
WFCL Investments Pty Ltd	128,496,471	48.7
Chase Manhattan Nominees Limited	6,415,354	2.4
Permanent Trustee Australia Limited	6,119,148	2.3
Queensland Investment Corporation	4,424,014	1.7
National Nominees Limited	3,700,118	1.4
Commonwealth Custodial Services Limited	3,191,907	1.2
AMP Life Limited	2,696,691	1.0
Westpac Custodian Nominees Limited	2,655,462	1.0
Citicorp Nominees Pty Limited	1,628,956	0.6
Australian Foundation Investment Company Limited	1,396,430	0.5
ANZ Nominees Limited	1,258,786	0.5
MLEQ Nominees Pty Limited	1,057,000	0.4
GIO Personal Investment Services Limited	978,812	0.4
Commonwealth Life Limited	839,244	0.3
Argo Investments Limited	693,814	0.3
Transport Accident Commission	627,130	0.2
MLC Limited	600,105	0.2
Fleet Nominees Pty Limited	600,001	0.2
AMP Nominees Pty Limited	511,355	0.2
Michael Alfred Chaney	502,142	0.2

\* The percentage holding of the twenty largest shareholders was 63.7 per cent.

# ten year financial history

FOR THE YEAR ENDED 30 JUNE 2000 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

(All figures in \$ millions unless shown otherwise)

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
<b>Summarised profit and loss</b>										
Sales revenue	3,358	2,818	2,727	2,601	2,435	2,427	2,282	1,704	1,260	930
Other operating revenue	137	301	96	109	78	86	118	39	23	23
Operating revenue	3,495	3,119	2,823	2,710	2,513	2,513	2,400	1,743	1,283	953
Operating profit before depreciation, net interest paid and income tax	445	388	380	344	274	288	267	218	190	148
Depreciation and amortisation (excluding goodwill)	118	113	102	102	93	86	73	66	58	42
Net interest paid	23	17	12	16	20	16	14	21	25	27
Income tax expense (excluding abnormals)	101	73	92	78	58	58	59	48	40	29
	203	185	174	148	103	128	121	83	67	50
Outside equity interests	(1)	(1)	(1)	–	(1)	(1)	(17)	(10)	(3)	–
Operating profit after income tax before abnormal items and goodwill amortisation	202	184	173	148	102	127	104	73	64	50
Goodwill amortisation	(7)	(7)	(7)	(7)	(8)	(3)	(2)	(2)	(1)	–
Operating profit before abnormal items	195	177	166	141	94	124	102	71	63	50
Abnormal items (net of tax)	12	2	–	(1)	(1)	3	37	3	–	(14)
Operating profit after income tax attributable to members of Wesfarmers Limited	207	179	166	140	93	127	139	74	63	36
<b>Capital and dividends</b>										
Ordinary shares on issue (number)	264	262	251	240	229	220	198	192	187	183
Paid up ordinary capital	892	950	860	716	624	561	360	320	290	270
Ordinary dividends paid or declared	193	178	165	138	84	107	81	56	49	26
Dividend per 50 cent ordinary share	73.0c	67.0c	66.0c	58.0c	37.0c	48.0c	41.0c	29.0c	26.0c	14.5c
Percentage franked	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Financial performance</b>										
<b>Before abnormal items and goodwill amortisation</b>										
Earnings per 50 cent ordinary share (weighted average)	75.7c	71.9c	70.6c	63.2c	45.4c	60.5c	53.6c	38.2c	35.1c	28.0c
<b>Before abnormal items</b>										
Earnings per 50 cent ordinary share (weighted average)	73.0c	69.1c	67.6c	60.2c	42.0c	59.1c	52.5c	37.2c	34.4c	27.9c
Return on average ordinary shareholders' funds	16.0%	15.0%	15.2%	14.8%	10.9%	17.3%	18.4%	14.9%	14.8%	12.4%
Net interest cover – profit basis (times)	13.6	15.8	22.5	14.8	8.6	12.2	13.7	7.1	5.3	4.0
Net interest cover – cash basis (times)	18.9	22.9	31.6	21.6	13.6	17.6	19.1	10.3	7.6	5.5
Income tax expense (effective rate)	34.2%	29.1%	35.6%	35.5%	37.7%	31.6%	33.0%	37.2%	37.4%	36.4%
<b>After abnormal items</b>										
Earnings per 50 cent ordinary share (weighted average)	77.6c	69.8c	67.6c	59.6c	41.3c	60.6c	71.6c	39.2c	34.1c	19.7c
Return on average ordinary shareholders' funds	17.0%	15.1%	15.2%	14.7%	10.8%	17.7%	25.1%	15.7%	14.7%	8.8%
Net interest cover – profit basis (times)	13.6	15.9	22.5	14.7	8.3	12.7	15.9	6.6	5.2	3.1
Net interest cover – cash basis (times)	18.9	23.0	31.6	21.5	13.3	18.1	21.2	9.8	7.6	4.6
Income tax expense (effective rate)	30.0%	28.7%	35.6%	35.7%	36.4%	32.8%	24.7%	35.9%	37.4%	35.4%
<b>Financial position as at 30 June</b>										
Total assets	3,169	2,576	2,374	2,058	2,005	1,932	1,693	1,358	1,257	982
Total liabilities	1,937	1,369	1,204	1,046	1,111	1,097	950	743	699	572
Net assets	1,232	1,207	1,170	1,012	894	835	743	615	558	410
Outside equity interests in controlled entities	6	1	2	1	1	6	130	117	109	–
Shareholders' equity attributable to members of Wesfarmers Limited	1,226	1,206	1,168	1,011	893	829	613	498	449	410
Net tangible asset backing per 50 cent ordinary share	\$4.13	\$3.96	\$4.06	\$3.58	\$3.21	\$3.01	\$3.06	\$2.54	\$2.35	\$2.21
Net financial debt to net tangible assets	75.6%	41.1%	34.3%	28.5%	51.3%	55.8%	23.0%	40.3%	46.7%	65.9%
Net financial debt to equity	67.3%	36.3%	29.9%	24.2%	42.1%	44.8%	23.4%	39.2%	45.3%	65.0%
Total external liabilities/total tangible assets*	62.2%	54.1%	53.3%	54.9%	59.5%	61.6%	55.7%	53.7%	54.4%	56.1%
Stock market capitalisation as at 30 June	3,507	3,568	3,012	3,000	1,737	1,965	1,699	1,112	1,103	675

\*Excluding project financing

The above financial history has been prepared using the accounting policies and presentation adopted for the year ended 30 June 2000.