14 February 2017

The Manager
Company Announcements Office
Australia Securities Exchange

Dear Sir,

HALF-YEAR REPORT TO 31 DECEMBER 2016

In accordance with ASX Listing Rule 4.2A, attached is the 2017 Half-year Report (incorporating Appendix 4D).

It is recommended that the report be read in conjunction with the Annual Financial Report of Wesfarmers Limited for the period ended 30 June 2016, together with any public announcements made by Wesfarmers Limited in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

An analyst briefing will be held at 10:00 am (AWST) / 1:00 pm (AEDT) on Wednesday, 15 February 2017. This briefing will be webcast and is accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

L J KENYON
COMPANY SECRETARY

Wesfarmers Limited
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Half-year Report

INCORPORATING APPENDIX 4D

For the six months ended 31 December 2016

It is recommended that the Half-year Report is read in conjunction with the Annual Financial Report of Wesfarmers Limited as at 30 June 2016 together with any public announcements made by Wesfarmers Limited and its controlled entities during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001

Wesfarmers Limited and its controlled entities

Half-year Report for the six months ended 31 December 2016

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About this report

This Half-year Report is a summary of Wesfarmers' and its subsidiary companies' operations and financial positions as at 31 December 2016 and performance for the half-year ended on that date.

In this report references to 'Wesfarmers', 'the company', 'the Group', 'we', 'us' and 'our' refer to Wesfarmers Limited (ABN 28 008 984 049) unless otherwise stated.

References in this report to the 'half-year' are to the financial period 1 July 2016 to 31 December 2016 unless otherwise stated. The previous corresponding period (pcp) is the half-year ended 31 December 2015.

All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated.

Appendix 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities ($m)	up 4.3% to $34,917
Profit from ordinary activities after tax attributable to members ($m)	up 13.2% to $1,577
Net profit for the period attributable to members ($m)	up 13.2% to $1,577
Interim dividend (fully-franked)	103 cents per share
Record date for determining entitlements to the interim dividend	5:00pm (AWST) 21 February 2017
Payment date for interim dividend	28 March 2017
Net tangible assets per ordinary share	$4.23 (2015: $5.05)
Operating cash flow per share	$2.35 (2015: $2.14)

DIVIDEND INVESTMENT PLAN

The Company operates a Dividend Investment Plan (the Plan) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with Wesfarmers ordinary shares. The allocation price for shares under the Plan will be calculated as the average of the daily volume weighted average price of Wesfarmers ordinary shares on each of the 15 consecutive trading days from and including the third trading day after the record date of 21 February 2017 for participation in the Plan, being 24 February 2017 to 16 March 2017.

The last date for receipt of applications to participate in or to cease or vary participation in the Plan is by 5:00pm (AWST) on 22 February 2017. The Directors have determined that no discount will apply to the allocation price and the Plan will not be underwritten. Shares to be allocated under the Plan will be transferred to participants on 28 March 2017.

FURTHER INFORMATION

Further information to assist in the understanding of the above is provided throughout this Half-year Report.

About Wesfarmers

From its origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies. With headquarters in Western Australia, its diverse business operations cover: supermarkets, liquor, hotels and convenience stores; home improvement; department stores; office supplies; and an Industrials division with businesses in chemicals, energy and fertilisers, coal, and industrial and safety products. Wesfarmers is one of Australia's largest private sector employers with approximately 220,000 employees.

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

Wesfarmers' primary objective is to deliver a satisfactory return to shareholders through financial discipline and strong management of a diversified portfolio of businesses.

A key focus of the Group is ensuring that each of its divisions has a strong management capability that is accountable for strategy development and execution, as well as day-to-day operational performance.

Each division is overseen by a divisional board of directors or steering committee, which includes the Wesfarmers Managing Director and the Finance Director, and is guided by a Group-wide operating cycle and governance framework.

Directors' Report

The directors of Wesfarmers Limited submit their report for the half-year ended 31 December 2016.

DIRECTORS

The names of the directors in office during the half-year and until the date of this report are shown below.

M A Chaney AO	(Non-Executive Chairman)
R J B Goyder AO	(Group Managing Director)
P M Bassat	(Non-Executive Director)
T J Bowen	(Finance Director)
J P Graham AM	(Non-Executive Director)
A J Howarth AO	(Non-Executive Director)
W G Osborn	(Non-Executive Director)
D L Smith-Gander	(Non-Executive Director)
V M Wallace	(Non-Executive Director)
J A Westacott	(Non-Executive Director)

All directors served on the Board for the period from 1 July 2016 to 31 December 2016.

REVIEW OF RESULTS AND OPERATIONS

Half-year ended 31 December 2016	Variance to pcp
Reported	
Operating revenue of $34,917 million	4.3%
Earnings before interest and tax of $2,429 million	15.1%
Net profit after tax of $1,577 million	13.2%
Basic earnings per share of $1.40	12.8%
Operating cash flow per share (wanos, incl. res shares) of $2.35	9.8%
Return on equity (R12) of 10.2 per cent[a]	20 bps
Interim dividend (fully-franked) per share of $1.03	13.2%

[a] Excludes post-tax non-cash impairments of $1,844 million relating to Target and Curragh recorded in the 2016 financial year.

Wesfarmers Limited has reported a net profit after tax (NPAT) of $1,577 million for the half-year ended 31 December 2016, an increase of 13.2 per cent on the prior corresponding period. Earnings per share increased 12.8 per cent to $1.40 per share, and return on equity (R12) increased 20 basis points to 10.2 per cent[1].

Strong earnings growth was recorded for the half, with the results reflecting the benefits of the Group's conglomerate structure.

Total retail earnings were in line with the prior corresponding period, with very strong results reported for Bunnings Australia and New Zealand (BANZ), Kmart and Officeworks. The continued momentum in these businesses reflects the strong market positions they have each established.

Coles' sales performance during the half built on the strong growth achieved in the prior corresponding period. Significant investment in value, particularly in the second quarter, led to lower earnings despite a reduction in costs. BANZ delivered very strong improvements in both earnings and return on capital due to good execution of its strategic agenda. In the United Kingdom and Ireland, Bunnings (BUKI) has moved at pace, making solid progress on phase one of its transformation plan. Earnings for BUKI were affected by necessary restructuring, including clearance of deleted lines and high levels of price deflation associated with the move to 'Always Low Prices'. While reported earnings for Department Stores declined marginally, underlying earnings[2] were higher than the prior corresponding period, with strong growth in Kmart partially offset by difficult trading and further restructuring activity in Target. Officeworks' performance was pleasing as it continued to drive growth from its 'every channel' strategy.

Earnings for the Industrials division were significantly above the prior corresponding period, with Resources benefitting from higher coal prices and strong production in the second quarter. The Chemicals, Energy and Fertilisers business (WesCEF) delivered a strong result for the half, primarily driven by higher chemicals earnings and growth in natural gas retailing, while earnings for Industrial and Safety also improved, benefitting from lower costs following 'Fit for Growth' restructuring activities.

The Group's cash flow management was a highlight for the half. Operating cash flows increased $244 million to $2,648 million, with the cash realisation ratio improving to 119.7 per cent[3]. Strict disciplines were also maintained in respect of capital expenditure, which contributed to a $566 million increase in free cash flows to $2,231 million. This resulted in a strengthening of the Group's balance sheet, with net financial debt at 31 December 2016 largely in line with the prior corresponding period, despite the debt-funded acquisition of Homebase in February 2016.

In light of the overall improved Group earnings and cash flows, the directors have declared an increase of 13.2 per cent in the interim dividend to $1.03 per share.

The Group continues to focus on enhancing shareholder value through portfolio optimisation and, during the half, announced divestment options were being evaluated for the Resources business. This process is ongoing.

[1] Excludes post-tax non-cash impairments of $1,844 million relating to Target and Curragh recorded in the 2016 financial year.
[2] Underlying earnings exclude: in 2016, a provision of $13 million recognised for restructuring costs associated with the planned relocation of Target's store support office. In 2015 for Target, rebate income of $21 million recognised contrary to Group policy which was reversed in the second half of 2016, having no effect on the 2016 full-year results.
[3] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and NTIs.

The Group has also commenced a strategic review of Officeworks. Since Wesfarmers acquired Officeworks in 2007, the business has successfully executed a turnaround plan, more than doubling its earnings and improving its return on capital from 5.7 per cent in the 2009 financial year to 13.9 per cent in the current period. Officeworks is well positioned for future growth with a strong competitive position and ongoing initiatives to grow its addressable market. In light of its performance, options to monetise the value created for shareholders, including via an initial public offering[4], are being evaluated. The business will be retained if divestment options do not meet Wesfarmers' valuation hurdles.

[4] This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in any jurisdiction, including the United States. Any securities to be offered and sold in an initial public offering have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Group results summary

Half-year ended 31 December ($m)	2016	2015	Variance %
Key financials			
Revenue	34,917	33,462	*4.3*
EBITDA	3,064	2,749	*11.5*
EBIT	2,429	2,110	*15.1*
NPAT	1,577	1,393	*13.2*
Return on equity[a] (R12, %)	10.2	10.0	*20 bps*
Cash flow			
Operating cash flow	2,648	2,404	*10.1*
Net capital expenditure	400	675	*(40.7)*
Free cash flow	2,231	1,665	*34.0*
Cash realisation ratio[b] (%)	119.7	118.3	*140 bps*
Share data (cents per share)			
Basic earnings per share	140.1	124.2	*12.8*
Operating cash flow per share (wanos, incl. res shares)	234.9	213.9	*9.8*
Interim ordinary dividend	103	91	*13.2*
Balance sheet and gearing			
Net financial debt[c]	5,360	5,261	*1.9*
Interest cover[d] (cash basis) (R12, times)	18.9	19.3	*(2.1)*
Fixed charges cover[d] (R12, times)	2.7	3.0	*(10.0)*

[a] 2016 excludes post-tax non-cash impairments of $1,844 million relating to Target and Curragh recorded in the 2016 financial year.

[b] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and NTIs.

[c] Interest bearing liabilities less cash at bank and on deposit, net of cross currency interest rate swaps and interest rate swap contracts.

[d] 2016 excludes pre-tax non-cash impairments of $2,116 million relating to Target and Curragh recorded in the 2016 financial year.

Divisional earnings summary

Half-year ended 31 December ($m)	2016	2015	Variance %
EBIT			
Coles	920	945	*(2.6)*
Home Improvement	722	701	*3.0*
Department Stores[a]	387	393	*(1.5)*
Officeworks	62	59	*5.1*
Industrials[b,c]	377	22	*n.m.*
Divisional EBIT	**2,468**	**2,120**	***16.4***
Other	(39)	(10)	*n.m.*
Reported EBIT	**2,429**	**2,110**	***15.1***

[a] 2016 includes a provision of $13 million recognised for restructuring costs associated with the planned relocation of Target's store support office. 2015 for Target includes rebate income of $21 million recognised contrary to Group policy which was reversed in the second half of 2016, having no effect on the 2016 full-year results.

[b] 2016 for WesCEF includes a profit on sale of land of $22 million. 2015 for WesCEF includes $30 million of one-off restructuring costs associated with the decision to cease PVC manufacturing.

[c] 2015 for Industrial and Safety includes $5 million of restructuring costs associated with the 'Fit for Growth' transformation.

Performance overview - divisional

Coles

Earnings before interest and tax (earnings or EBIT) at Coles decreased 2.6 per cent to $920 million for the half, with revenue in line with the previous corresponding period. Excluding the gains on the sale of Coles' interest in a number of joint venture properties to ISPT, earnings declined 6.8 per cent. Food and liquor recorded sales growth of 2.2 per cent, building on the strong growth recorded in the prior corresponding period.

Coles' steadfast commitment to its customer-led strategy delivered continued growth in comparable transactions, basket size and sales per square metre during the half, with record results achieved on key customer feedback measures over the Christmas trading period. The decline in earnings was driven by lower margins following increased investments in value, which were weighted towards the second quarter, including through the absorption of cost price increases in meat. Costs of doing business were well managed, partially offsetting lower gross margins, despite Coles continuing to proactively invest to enhance the customer experience through better quality, availability and service.

The transformation of Coles Liquor was progressed in line with expectations, with the business delivering positive comparable sales growth underpinned by transaction growth. Revenue at Coles Express decreased, due to lower fuel volumes and lower fuel prices, despite continued growth in store sales.

Home Improvement

BANZ delivered earnings growth of 9.8 per cent to $770 million during the half, with revenue growth of 8.3 per cent. Earnings for the period included store closure provisions relating to the agreement with Home Consortium for new Bunnings sites.

BANZ achieved another very strong result during the half, with store-on-store sales growth of 6.5 per cent and a 317 basis point improvement in return on capital to 39.0 per cent. The BANZ results for the half reflect its strong market position, which has been further supported through continued investment in customer value, stores and online.

BUKI reported a loss before interest and tax of £28 million ($48 million) and revenue of £612 million ($1,038 million).

BUKI has made very good progress to separate Homebase from its former owner and begin repositioning the business. The first Bunnings pilot store was successfully opened on 2 February 2017, with additional pilot stores currently under development.

Department Stores

Target's earnings of $16 million were $58 million lower than the prior corresponding period, with revenue decreasing 17.7 per cent.

Target's results reflect both a difficult trading period and impacts associated with significant transition work underway. Key strategic priorities have been progressed, including the conversion to everyday low prices and work to reset buying disciplines. Good progress has also been made to reduce costs and improve working capital management.

Kmart's earnings increased 16.3 per cent to $371 million on revenue growth of 8.9 per cent.

Kmart produced another very strong result, with sales growth delivered in all categories, underpinned by growth in customer transactions and units sold. Continued investments in the store network, product enhancements, and sourcing and supply chain efficiencies also supported sales and earnings growth.

Officeworks

Officeworks' earnings of $62 million were 5.1 per cent higher for the period, with revenue growth of 5.9 per cent.

Officeworks continued to deliver strong growth in earnings and sales, resulting in an increase in return on capital of 136 basis points to 13.9 per cent. Growth in sales and earnings reflected continued improvements in merchandise layouts, new and expanded product ranges and ongoing price investment.

Industrials

Earnings for the Industrials division were $377 million, $355 million higher than the prior corresponding period, largely reflecting the significant increase in coal prices and strong production in the second quarter of the financial year.

Reported earnings for WesCEF of $187 million increased 79.8 per cent, including a one-off profit on sale of land of $22 million. Underlying earnings, excluding the land sale and costs associated with the closure of PVC manufacturing in the prior period, increased 23.1 per cent.

Earnings growth in WesCEF was driven by a strong contribution from the chemicals business. Kleenheat also delivered higher earnings for the half, supported by the continued strong growth in natural gas retailing.

The Industrial and Safety business recorded earnings growth of 44.4 per cent to $52 million, with revenue declining 4.6 per cent to $884 million.

In Industrial and Safety, sales continued to be affected by subdued levels of investment in the mining and resources sectors. Earnings were higher due to cost savings achieved through the ‘Fit for Growth’ program.

The Resources business recorded earnings of $138 million, $256 million higher than the prior corresponding period, with revenue increasing 24.1 per cent.

The improved result for the half was driven by a significant increase in coal prices for both Curragh and Bengalla. A continued focus on cost control and productivity also resulted in an improvement in production and mine cash costs in the second quarter of the financial year.

Other businesses and cash flows

Other businesses and corporate overheads reported a net expense of $39 million for the half, compared to a net expense of $10 million in the prior corresponding period, due to a lower contribution from BWP Trust.

Operating cash flows of $2,648 million were $244 million higher than the prior corresponding period, driven by higher earnings and favourable working capital movements. For the half, cash realisation increased 140 basis points to 119.7 per cent[5].

Gross capital expenditure of $924 million was $135 million or 12.7 per cent lower than the prior corresponding period, due to fewer store openings in Home Improvement and lower expenditure in Target. Net capital expenditure of $400 million was 40.7 per cent lower than the prior period, due to proceeds from property divestments being $140 million higher at $524 million. The increase in proceeds was driven by the divestment of Coles’ interest in a number of joint venture properties to ISPT, and the sale of land by WesCEF.

Free cash flows of $2,231 million were 34.0 per cent above the prior corresponding period. Stronger earnings and cash flow generation supported an increase in the interim dividend to 103 cents per share fully-franked.

Earlier this month, the Group announced the commencement of a ten year agreement between Coles and Citi for the distribution of Coles branded credit cards, which included the acquisition by Citi of Coles’ credit card receivables. The net proceeds from this transaction will be applied to repay Group debt, further strengthening the Group’s balance sheet.

[5] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and NTIs.

Outlook

The Group continues to remain generally optimistic in its outlook. Strong momentum and strong market positions provide for a positive outlook for BANZ, Kmart and Officeworks for the second half of the financial year. Coles will continue to focus on delivering a strong customer proposition to support long-term growth in earnings and returns. In the short term, margin pressures are expected to persist as the focus remains on delivering customer value in a competitive market. Target's performance in the second half is expected to improve relative to the prior corresponding period as merchandising progressively improves and restructuring costs and provisions incurred in the prior year are not repeated.

The full-year result for the Resources business is expected to benefit from the increases in coal prices experienced during the first half, but prices are expected to remain highly volatile for the remainder of the year, with recent spot prices trading significantly below their November 2016 peak. The focus for the business will remain on improving operational productivity, cost control and capital discipline. WesCEF's earnings in the second half will be subject to international commodity prices, exchange rates and seasonal conditions in fertilisers. In Industrial and Safety, improved merchandising, sourcing and pricing strategies, as well as realised cost savings, are expected to continue to mitigate the impact of subdued market conditions.

The strategic reviews of Resources and Officeworks will be progressed. There is no certainty that either review will result in a transaction, with an update to be provided to the market when appropriate.

The Group will continue to develop and manage its portfolio of businesses, prioritising cash flow generation, capital discipline and balance sheet strength in order to take advantage of opportunities, if and when they arise, to deliver satisfactory long-term returns to shareholders.

DIVISIONAL PERFORMANCE OVERVIEW

Coles

Half-year ended 31 December ($m)		2016	2015	Variance %
Revenue[a]		**20,056**	**20,087**	***(0.2)***
EBITDA[b]		1,240	1,250	*(0.8)*
Depreciation and amortisation		(320)	(305)	*(4.9)*
EBIT[b]		**920**	**945**	***(2.6)***
EBIT margin[b] (%)		4.6	4.7	
RoC (R12, %)		11.1	11.2	
Safety (R12, LTIFR)		8.4	7.6	
Food & Liquor	Revenue[a]	**16,878**	**16,496**	***2.3***
	Headline sales growth[c,d] (%)	2.2	5.4	
	Comparable sales growth[c,d] (%)	1.3	4.3	
	Inflation/(deflation)[d]	(0.9)	(1.2)	
Convenience	Revenue	**3,178**	**3,591**	***(11.5)***
	Total convenience store sales growth[d] (%)	6.4	11.6	
	Comparable fuel volume growth[d] (%)	(13.3)	(3.8)	

[a] Includes property revenue for 2016 of $10 million and for 2015 of $13 million.

[b] Includes property EBIT for 2016 of $56 million and for 2015 of $10 million.

[c] Includes hotels, excludes gaming revenue and property.

[d] See footnotes within Additional Disclosures (page 43) for relevant retail calendars.

Performance review

Revenue of $20,056 million for the half was in line with the prior corresponding period, with EBIT declining 2.6 per cent to $920 million.

Food and Liquor

Food and liquor revenue of $16,878 million for the half was 2.3 per cent above the prior corresponding period.

Headline food and liquor sales growth for the first half[6] was 2.2 per cent, with comparable food and liquor store sales growth of 1.3 per cent.

For the second quarter[6], headline food and liquor sales increased 1.6 per cent to $9,170 million, building on the strong sales growth achieved in the prior corresponding period. Comparable food and liquor store sales increased 0.9 per cent, with comparable food store sales growth of 1.0 per cent.

Food and liquor price deflation was 0.9 per cent for the first half[6] and 0.8 per cent for the second quarter[6]. Price deflation was lower in the first half[6] relative to recent periods due to inflation in fresh produce, which was driven by seasonal factors. Meat inflation moderated through the half, despite significant cost price inflation, due to ongoing price investment. The business has now recorded 23 consecutive quarters of price deflation, reflecting an ongoing focus on lowering the cost of the weekly shop for customers.

During the half, significant investments in price, including through the absorption of cost price increases in meat, and elevated levels of competition, resulted in a decline in shelf margin[7], with the decline more pronounced in the second quarter.

Coles remained focused on its customer-led strategy, proactively investing to enhance the customer experience through better quality, availability and service. These investments supported continued growth in comparable transactions, basket size and sales per square metre, as well as improvements in key 'Tell Coles' customer feedback measures. Given increased competitive intensity, and the strong results achieved in the

[6] See footnotes within Additional Disclosures (page 43) for relevant retail calendars.

[7] Shelf margin represents gross margin excluding loss and logistics.

prior corresponding period, continued growth in these metrics provides evidence that the business is well positioned for continued growth over the long term.

Coles Online continued to achieve strong growth through ongoing investment in capabilities and the customer offer. Coles Financial Services recorded growth in general insurance policies and simplified its portfolio through the recently completed ten-year credit card distribution agreement with Citi. Flybuys increased its number of active members by providing value to customers through personalised in-store offers and increasing the strength and number of program partners.

Coles expanded and improved its supermarket network during the half, with nine supermarkets opened, five closed and 32 renewals completed. During the half, Coles sold to ISPT its interest in a number of joint venture properties, resulting in a profit of $39 million being recorded for the half.

Liquor achieved positive comparable sales growth for the half[8], underpinned by transaction growth. The business continues to perform in line with expectations as the five year turnaround plan progresses. Liquorland will further improve its store network through its accelerated renewal program and further trials of the Liquor Market offer will be undertaken.

As at 31 December 2016, Coles had a total of 791 supermarkets, 872 liquor stores and 89 hotels.

Convenience

Coles Express reported revenue of $3,178 million for the first half, 11.5 per cent lower than the prior comparable period due to lower fuel volumes and lower fuel prices.

Total convenience store sales increased 6.4 per cent for the half[8], or 2.5 per cent on a comparable store basis. For the second quarter[8], convenience store sales increased 5.5 per cent, with comparable store sales increasing 1.8 per cent. Growth in convenience store sales continued to be driven by the food-to-go offer and a focus on Every Day value.

Total fuel volumes for the half[8] declined by 9.8 per cent, with comparable volumes declining 13.3 per cent. Total fuel volumes decreased 12.5 per cent during the second quarter[8], with comparable volumes down 15.6 per cent on the prior corresponding period. Fuel volumes remain in decline as a result of declining market growth, continuing impacts from competitor site openings, and changes in the commercial terms of the Alliance independent of market factors.

As at 31 December 2016, there were 695 Coles Express sites.

Outlook

Competition in the food and grocery sector has increased. In this environment, Coles will focus on further improving the customer offer to deliver sustainable, long-term growth in earnings and returns.

Downward pressure on shelf margin in Food is expected to continue in the second half of the financial year. In a competitive market, Coles will consistently seek to provide customers with compelling value, a better store network, market-leading fresh food quality and availability, and world-class service. The business will continue to seek opportunities to extend the customer proposition across new channels and services. Over the long term, these investments will be funded by simplicity benefits.

The earnings contribution of Coles Financial Services is expected to decline in the second half of the financial year following the sale of Coles' credit card receivables to Citi and the corresponding commencement of the new credit card distribution agreement in February 2017.

The Liquor business will progress its transformation, with further opportunities to improve the customer offer and the profitability of the business.

Coles Express remains committed to offering customers a market-leading convenience store offering and will maintain a competitive fuel offer.

[8] See footnotes within Additional Disclosures (page 43) for relevant retail calendars.

Home Improvement

Half-year ended 31 December ($m)	2016	2015	Variance %
Revenue	**6,995**	**5,500**	***27.2***
EBITDA[a]	833	776	*7.3*
Depreciation and amortisation	(111)	(75)	*(48.0)*
EBIT[a]	**722**	**701**	***3.0***
EBIT margin[a] (%)	10.3	12.7	
RoC (R12, %)	30.7	35.8	
Bunnings Australia and New Zealand			
- RoC (R12, %)	39.0	35.8	
- Safety (R12, AIFR)	21.0	23.0	
- Total store sales growth[b] (%)	8.4	11.0	
- Store-on-store sales growth[b] (%)	6.5	7.9	

[a] Includes net property contribution for 2016 of $44 million and for 2015 of $33 million.

[b] See footnotes within Additional Disclosures (page 43) for relevant retail calendars.

Performance review

Revenue for the Home Improvement division increased by 27.2 per cent to $6,995 million, with earnings of $722 million, 3.0 per cent higher than the prior corresponding period.

Bunnings Australia and New Zealand (BANZ)

Operating revenue for BANZ increased 8.3 per cent to $5,957 million for the half, with EBIT increasing 9.8 per cent to $770 million. Total store sales growth of 8.4 per cent was achieved for the half[9], underpinned by an increase of 6.5 per cent in store-on-store sales.

The results during the half[9] built on the very strong performances achieved in the two prior corresponding periods in the 2016 and 2015 financial years, where total store sales grew 11.0 per cent and 11.7 per cent respectively. Continuing favourable market conditions led to further positive outcomes on property divestments, which were partially offset by higher store closure provisions within Bunnings' trading results arising from the agreement with Home Consortium for new Bunnings sites. As a result of the earnings growth and property recycling activity, return on capital increased by 317 basis points to 39.0 per cent.

For the second quarter[9] total sales increased 9.1 per cent and total store sales increased 9.2 per cent. Store-on-store sales increased 7.3 per cent. Sales growth was achieved in both consumer and commercial markets and across all major trading regions. Following a late start to spring, pleasing results were achieved in garden and outdoor living categories in November and December 2016.

A strong focus on cost control supported earnings and helped mitigate the impact of the significant liquidation activity undertaken by Masters and the late start to spring. The focus on long-term value creation continued, with increased store upgrades and category refresh work, together with further investments in customer value. Good progress was made to further enhance customer experiences through the delivery of upgraded and expanded online content, further process improvements and more in-store activities.

During the period, nine trading locations were opened, including five new Bunnings Warehouse stores and four smaller format stores. At the end of the period, there were 248 warehouses, 73 smaller format stores and 33 trade centres in the BANZ network.

[9] See footnotes within Additional Disclosures (page 43) for relevant retail calendars.

Bunnings United Kingdom and Ireland (BUKI)

Operating revenue for BUKI was £612 million ($1,038 million), with a loss before interest and tax of £28 million ($48 million) reported for the half, inclusive of £13 million ($21 million) of restructuring and one-off repositioning costs.

During the half, the BUKI team focused on full separation of the business from its former owner (HRG), the reset of Homebase and establishing the Bunnings Warehouse pilot stores.

Trading across the July to December 2016 period (being months five to ten post-acquisition) was steady, despite significant disruption resulting from the extraction of Homebase from HRG and significant work to start repositioning the business. Trading volumes were in line with the prior year, after adjusting for the store closures instigated by the previous owner and the exit of the Habitat and Argos ranges and other non-core home improvement categories.

It was pleasing to record higher customer participation, with transactions increasing (on a like-for-like basis) by 9.1 per cent. The Homebase business has been repositioned to 'Always Low Prices', resulting, as anticipated, in material price deflation. Higher stock weights have supported wider assortments, with new ranges and key supply agreements secured to deliver a core home improvement and garden offer. Clearance activity for deleted lines is largely complete. Merchandising and operational changes in the Homebase business are well advanced, with kitchen, bathroom and flooring ranges to finalise in the second half of the financial year.

A significant amount of work was undertaken in the first half of the financial year in advance of the opening of the first Bunnings Warehouse store earlier this month. The selected site at St Albans in Hertfordshire ceased trading as a Homebase store in late November 2016, with construction works completed before the end of December 2016, followed by fit-out merchandising and operational plans to create the first Bunnings Warehouse. The new store successfully commenced trading on Thursday 2 February 2017. Merchandise and racking is in place to open other pilot stores in line with previously announced plans.

All of the Homebase work, as well as the program for the pilot Bunnings Warehouse stores, has been timed with a view to having the overall business as well-positioned as possible for the important 2017 spring/summer trading period.

Good progress has been made with transition, separation and integration activity. Significant work is underway to transform systems and the supply chain, and the Store Support Centre was relocated in December 2016. Reducing the high cost base and exiting trailing acquisition agreement support costs are a priority for the second half and beyond. The first half result includes £13 million ($21 million) in one-off charges for transition work, concession exits and intangible write-offs, as well as costs associated with the establishment of the first Bunnings Warehouse stores.

Outlook

In Australia and New Zealand, the competitive landscape remains dynamic with a wide array of businesses competing strongly for the available home improvement and outdoor living market. BANZ's focus remains on creating better experiences for customers, strengthening the core of the business and driving stronger growth. Extending brand reach through both our physical and digital network and investing even more into value for customers are ongoing priorities.

Planning is well advanced for the conversion of former Masters locations, subject to Home Consortium's acquisition of the shares in Hydrox Holdings Pty Ltd.

In the UK and Ireland, work continues in line with the first phase of the previously announced acquisition plans. All work is prioritised around building strong business foundations, including driving a better operating performance from the repositioned Homebase business and restructuring of the underlying business to provide low-cost, high-capability operations. There will continue to be a strong focus on the implementation of plans for the establishment of four pilot Bunnings Warehouse stores in the 2017 financial year.

Department Stores

Target

Half-year ended 31 December ($m)	2016	2015	Variance %
Revenue	**1,623**	**1,972**	***(17.7)***
EBITDA[a]	59	119	*(50.4)*
Depreciation and amortisation	(43)	(45)	*4.4*
EBIT[a]	**16**	**74**	***(78.4)***
EBIT margin[a] (%)	1.0	3.8	
RoC (R12, %)	(15.1)	3.8	
Safety (R12, LTIFR)	3.4	4.4	
Total store sales growth[b] (%)	(17.4)	1.6	
Comparable store sales growth[b] (%)	(18.2)	1.4	

[a] 2016 includes a provision of $13 million recognised for restructuring costs associated with the planned relocation of Target's store support office. 2015 includes rebate income of $21 million recognised contrary to Group policy which was reversed in the second half of 2016, having no effect on the 2016 full-year results.

[b] See footnotes within Additional Disclosures (page 43) for relevant retail calendars.

Performance review

Target's revenue for the period was $1,623 million, a decrease of 17.7 per cent on the prior corresponding period, with EBIT declining 78.4 per cent to $16 million. Target's performance in the first half reflected a difficult trading period as well as the significant transition underway within the business. The result includes $13 million recognised for additional restructuring costs following binding commitments relating to the relocation of Target's store support office.

Total store sales for the first half[10] decreased by 17.4 per cent, and comparable sales decreased by 18.2 per cent. For the second quarter[10], total store sales decreased 17.6 per cent, with comparable sales declining 15.6 per cent. While underlying trading during the half was challenging, sales were further affected by deflation resulting from the conversion to everyday low prices, which included the cessation of the Toy Sale event. Buying programs and inventory levels were also significantly reset which, due to lead times, affected the availability of seasonal stock and the levels of fashion in womenswear and childrenswear.

Improved merchandise disciplines and planning processes, supported by investments in systems, delivered SKU reductions and lower levels of inventory. Good progress was also made to reduce costs across the business, partially offsetting the lower gross profit recorded for the period.

Improved working capital management and moderated levels of capital expenditure resulted in higher cash flows for the half.

Target opened one store during the half and closed three stores, including two conversions to Kmart. There were 304 Target stores as at 31 December 2016.

Outlook

The balance of the 2017 financial year will continue to reflect a transitional year. Sales momentum in the second half is expected to remain challenging, but further improvement in merchandise disciplines is expected to support trading. Target will also continue to focus on resetting its cost base through supply chain and store productivity improvements. Earnings in the second half are expected to be materially above the prior corresponding period due to restructuring costs and provisions incurred in the prior corresponding period, which will not be repeated.

[10] See footnotes within Additional Disclosures (page 43) for relevant retail calendars.

Kmart

Half-year ended 31 December ($m)	2016	2015	Variance %
Revenue	**2,996**	**2,750**	***8.9***
EBITDA	427	368	*16.0*
Depreciation and amortisation	(56)	(49)	*(14.3)*
EBIT	**371**	**319**	***16.3***
EBIT margin (%)	12.4	11.6	
RoC (R12, %)	41.5	36.6	
Safety (R12, LTIFR)	6.2	6.9	
Total store sales growth[a] (%)	9.1	12.4	
Comparable store sales growth[a] (%)	5.7	9.1	

[a] See footnotes within Additional Disclosures (page 43) for relevant retail calendars.

Performance review

Kmart delivered revenue of $2,996 million for the half, up 8.9 per cent on the prior corresponding period, with EBIT growing 16.3 per cent to $371 million.

Total store sales increased 9.1 per cent for the half[11], with comparable store sales increasing 5.7 per cent. Sales growth was delivered in all categories, underpinned by increased customer transactions and units sold. Core ranges in apparel and home performed well, driven by a continued focus on lowest prices and product enhancements.

For the second quarter[11], total store sales increased 7.8 per cent to $1,806 million, with comparable store sales increasing 4.1 per cent.

The earnings growth delivered during the half was driven by a strong contribution from everyday ranges sold at full price, continued benefits from sourcing and supply chain efficiencies, and improved clearance management. The growth in earnings, combined with a continued focus on working capital, resulted in an increase in return on capital of 492 basis points to 41.5 per cent.

Kmart continued to invest in its store network, opening five new stores, including two conversions from Target to Kmart, and completing 15 store refurbishments during the period. There were 214 Kmart stores as at 31 December 2016.

Kmart Tyre & Auto Service opened five new centres, resulting in 250 service centres at the end of the half.

Outlook

Kmart is well positioned to achieve continued growth. The business remains committed to delivering the lowest prices on everyday items for Australian and New Zealand families and continues to focus on driving sustainable growth by providing: a great place to shop that is simple to run; better products at even lower prices; and relentlessly pursuing the lowest cost.

Kmart will continue to invest in its store network, with plans to open five new stores and complete 18 store refurbishments in the second half of the 2017 financial year.

[11] See footnotes within Additional Disclosures (page 43) for relevant retail calendars.

Officeworks

Half-year ended 31 December ($m)	2016	2015	Variance %
Revenue	**927**	**875**	***5.9***
EBITDA	74	70	*5.7*
Depreciation and amortisation	(12)	(11)	*(9.1)*
EBIT	**62**	**59**	***5.1***
EBIT margin (%)	6.7	6.7	
RoC (R12, %)	13.9	12.5	
Safety (R12, AIFR)	14.7	17.2	
Total sales growth[a] (%)	5.8	9.1	

[a] See footnotes within Additional Disclosures (page 43) for relevant retail calendars.

Performance review

Officeworks' revenue increased 5.9 per cent to $927 million. Earnings of $62 million were 5.1 per cent higher than the prior corresponding period.

Sales for the second quarter[12] increased 4.3 per cent, resulting in sales growth of 5.8 per cent for the half[12]. Officeworks' 'every channel' strategy continued to resonate well with customers, with sales growth achieved in stores and online.

Growth in sales and earnings was driven by improvements in merchandise layouts and store design, new and expanded product ranges and ongoing price investment to strengthen the value proposition. A continued focus on delivering great customer service in stores and online also contributed to the result.

Strong momentum in the business-to-business segment was maintained as micro, small and medium-sized business customers responded favourably to Officeworks' 'every channel' offer.

Pleasing sales growth, effective cost control and disciplined inventory management delivered an increase in return on capital of 136 basis points to 13.9 per cent.

Four new stores were opened during the half, resulting in 163 stores across Australia as at 31 December 2016.

Outlook

Officeworks will continue to drive growth and improve productivity by executing its strategic agenda. The focus will remain on providing customers with a unique one-stop shop in 'every channel'.

The critical back-to-school trading period has provided a solid start to the second half of the financial year, with strong results being achieved as a result of the work completed over the last 12 months to further improve the offer.

Key focus areas for the second half of the financial year will include strengthening and expanding the customer offer, enhancing the physical and digital offers, delivering great customer service through an engaged team, and providing the best value.

While competitive intensity is expected to remain high as the landscape evolves, Officeworks is well placed to continue to drive growth.

[12] See footnotes within Additional Disclosures (page 43) for relevant retail calendars.

Industrials

Chemicals, Energy and Fertilisers

Half-year ended 31 December ($m)	2016	2015	Variance %
Revenue			
Chemicals	412	469	*(12.2)*
Energy[a]	182	173	*5.2*
Fertilisers	101	111	*(9.0)*
Total	**695**	**753**	***(7.7)***
EBITDA	225	161	*39.8*
Depreciation and amortisation	(38)	(57)	*33.3*
EBIT	**187**	**104**	***79.8***
EBIT excluding one-off items[b]	**165**	**134**	***23.1***
External sales volume[c] ('000 tonnes)			
Chemicals	499	524	*(4.8)*
LPG	55	74	*(25.7)*
Fertilisers	234	214	*9.3*
RoC (R12, %)	25.1	15.7	
Safety (R12, LTIFR)	1.1	2.8	

[a] Includes interest revenue from Quadrant Energy loan notes and excludes intra-division sales.

[b] 2016 excludes a profit on sale of land of $22 million. 2015 excludes $30 million of one-off restructuring costs associated with the decision to cease PVC manufacturing.

[c] External sales exclude AN volumes transferred between chemicals and fertilisers business segments.

Performance review

Revenue of $695 million for the half was 7.7 per cent below the prior corresponding period, primarily driven by the conversion from PVC manufacturing to an import business model in February 2016. Lower global pricing for ammonia, various fertiliser products and LPG, as well as lower LPG export volumes, also contributed to a decline in revenue for the half.

Reported earnings of $187 million represented an increase of 79.8 per cent on the prior corresponding period and included a $22 million profit on sale of land. Excluding this profit on sale, as well as $30 million of one-off costs in the prior corresponding period associated with the decision to cease PVC manufacturing, earnings increased 23.1 per cent.

Pleasingly, safety performance improved during the year, with a decrease in lost time and total recordable injury frequency rates and no lost time injuries recorded since March 2016.

Chemicals

The ammonium nitrate business recorded a strong increase in earnings during the half, with all three plants operating at full capacity. The business also benefited from lower ammonia input pricing, which is largely passed through to customers with a time lag.

Earnings from the ammonia business decreased significantly during the period, largely driven by lower selling prices as a result of a 50 per cent decline in international benchmark pricing. In addition, a series of unplanned ammonia plant shutdowns during the half resulted in a temporary increase in unit costs.

Sodium cyanide earnings increased due to higher domestic sales volumes and lower raw material costs, partially offset by increased competition in export markets and a higher Australian dollar.

Australian Vinyls' earnings, excluding one-off closure costs of $30 million in the prior year, increased significantly due to the cessation of PVC manufacturing and the associated reduction in depreciation.

Energy

Kleenheat delivered higher earnings for the half, with continued strong growth in natural gas retailing partially offset by lower LPG exports, lower LNG sales volumes and a lower Saudi CP, the international benchmark pricing for LPG. Kleenheat’s natural gas retailing business continued to build its market position in Western Australia and grew its customer base to 117,000 residential customers and 2,000 business customers at 31 December 2016.

Fertilisers

A strong Western Australian harvest supported a positive start to the year for Fertilisers with earnings broadly in line with the prior corresponding period.

Outlook

Prevailing global ammonia prices have continued to trade lower (in Australian dollar terms) than at this time last year. Earnings will remain subject to changes in international commodity prices and exchange rates.

Chemicals pricing and margins in the second half of the financial year are expected to be negatively affected by the lag effect of passing through the sharp declines in global ammonia pricing to customers.

Kleenheat’s earnings will remain dependent upon international LPG prices and LPG content in the Dampier to Bunbury natural gas pipeline. Natural gas retailing will continue to grow, with the rate of growth potentially affected by the recently announced increased competition in the Western Australian market.

Farmer sentiment in Western Australia is positive following a record grain harvest, albeit pricing remains low. Fertiliser earnings can be volatile and cycling the very strong earnings delivered in the 2016 financial year will be challenging.

Industrial and Safety

Half-year ended 31 December ($m)	2016	2015	Variance %
Revenue	**884**	**927**	***(4.6)***
EBITDA	73	57	*28.1*
Depreciation and amortisation	(21)	(21)	-
EBIT[a]	**52**	**36**	***44.4***
EBIT margin[a] (%)	5.9	3.9	
RoC (R12, %)	5.9	4.2	
Safety (R12, LTIFR)	1.0	2.2	

[a] 2015 includes $5 million of one-off restructuring costs associated with the 'Fit for Growth' transformation.

Performance review

Revenue of $884 million for the half was 4.6 per cent below the prior corresponding period, with subdued investment in the mining and resources sectors continuing to negatively affect sales in Blackwoods and Workwear Group's industrial wear business.

Reported earnings of $52 million represented a 44.4 per cent increase on the prior corresponding period. Excluding restructuring costs of $5 million in the prior corresponding period, underlying earnings increased 26.8 per cent.

Blackwoods delivered higher earnings for the half, reflecting cost savings achieved through the 'Fit for Growth' simplification program, which was completed during the half. Cost savings were partially reinvested into building greater capability in sales, supply chain, merchandising, pricing and digital. Further work was also undertaken to transform Blackwoods into a more customer-centric and competitive platform, including realigning the sales team to customer segments and expanding Blackwoods' digital channels through the launch of BlackwoodsXpress. Trading margin was maintained through improved category management and pricing disciplines.

During the half, Coregas expanded into the New Zealand market through the acquisition of Supagas NZ. Growth was also achieved through the continued roll-out of Trade N Go gas and higher bulk sales.

The performance of Workwear Group improved throughout the period, driven by transformation activities focused on improving merchandising capabilities and reducing operating costs.

Safety performance improved over the last 12 months due to a continued focus on safety awareness programs.

Outlook

Market conditions in traditional market sectors will remain subdued in the near-term. The cost savings achieved through the 'Fit for Growth' program and improvements in category management, pricing and sourcing are expected to mitigate these competitive pressures.

Industrial and Safety will continue to implement performance improvement plans across the Blackwoods platform in both Australia and New Zealand, with a particular focus on enhancing customer service.

The Workwear Group will remain focused on improving underlying earnings as it continues to deliver on its turnaround program.

Coregas will focus on driving growth through Trade N Go and integrating the Supagas NZ acquisition.

Resources

Half-year ended 31 December ($m)	2016	2015	Variance %
Revenue	**742**	**598**	***24.1***
Royalties[a]	(90)	(81)	*(11.1)*
Mining and other costs	(481)	(561)	*14.3*
EBITDA	171	(44)	*n.m.*
Depreciation and amortisation	(33)	(74)	*55.4*
EBIT	**138**	**(118)**	***n.m.***
RoC (R12, %)	(6.1)	(7.0)	
Coal production (‘000 tonnes)	7,532	7,457	*1.0*
Safety[b] (R12, LTIFR)	0.3	0.0	

[a] 2016 includes Stanwell rebate expense of $30 million and for 2015 includes $35 million.

[b] Excluding Bengalla.

Performance review

Revenue of $742 million was 24.1 per cent above the prior corresponding period, primarily due to significantly higher export metallurgical and steaming coal prices. Higher coal prices were partially offset by a higher Australian dollar, locked in foreign exchange hedge book losses, and lower metallurgical export coal sales volumes.

Earnings of $138 million were $256 million above the previous corresponding period, primarily due to significantly higher export sales revenue. Mining and other costs were 14.3 per cent lower, driven by higher inventory drawdowns in the prior corresponding period, and rebate and litigation provision releases of $35 million relating to the Stanwell litigation which was settled during the half.

Curragh (Queensland)

Metallurgical coal production of 3.9 million tonnes for the half was 1.7 per cent below the prior year as a result of wet weather events that disrupted operations in the first quarter of the 2017 financial year. Steaming coal production of 1.9 million tonnes was 6.0 per cent higher. Unit mine cash costs increased during the half due to the wet weather disruptions experienced in the first quarter. A continued focus on cost control and productivity drove a recovery in production and mine cash costs in the second quarter of the financial year despite contract fleet being opportunistically used to increase production to take advantage of higher export metallurgical coal prices.

Metallurgical coal sales volumes of 4.1 million tonnes were in line with the prior corresponding period despite lower metallurgical production volumes. Steaming coal sales volumes of 1.9 million tonnes were 3.8 per cent higher due to higher contracted deliveries to the Stanwell Power Station.

Curragh continues to be negatively affected by its obligations to the Stanwell Corporation. For the half, these obligations represented a net cost of $74 million, including $30 million of export rebates and $44 million relating to contracted domestic coal that is supplied at below cost.

Good progress was made to extend Curragh’s mine life into the 2030s with conditional Commonwealth approval received for the mining leases within the MDL162 area, the area adjacent to the existing Curragh and Curragh North mining leases.

Bengalla (New South Wales)

Sales volumes from the Bengalla mine, in which Wesfarmers holds a 40 per cent interest, were in line with the prior corresponding period with production volumes up 2.0 per cent. The mine benefitted from higher export steaming coal prices, and unit mine cash costs remained in line with the prior corresponding period.

Outlook

Thermal and metallurgical coal prices are expected to remain highly volatile for the remainder of the 2017 financial year, with recent spot prices trading significantly below the November 2016 peak of US$311 per tonne. Seaborne supply has increased, however Chinese policy appears to be indicating a preference for a stabilised price.

The focus for the business will remain on improving operational productivity, cost control and capital discipline. Implementation of key recommendations from the expert panel review commissioned in May 2016 are expected to deliver savings in the second half of the financial year.

Curragh's metallurgical coal sales volume is forecast to be in the range of approximately 8.0 to 8.5 million tonnes for the 2017 financial year, subject to mine operating performance, weather and key infrastructure availability.

The obligations to Stanwell Corporation will adversely impact earnings through export rebates of $90 million to $110 million. Wesfarmers continues to review strategic options for the Resources business.

Other

Half-year ended 31 December ($m)	Holding %	2016	2015	Variance %
Share of profit of associates				
BWP Trust	25	18	56	*(67.9)*
Other	Various	13	2	*n.m.*
Sub-total share of profit of associates		**31**	**58**	***(46.6)***
Interest revenue[a]		3	3	-
Other		(6)	(4)	*(50.0)*
Corporate overheads		(67)	(67)	-
Total Other		**(39)**	**(10)**	***n.m.***

[a] Excludes interest revenue from Coles Financial Services and Quadrant Energy loan.

Performance review

Other businesses and corporate overheads reported an expense of $39 million, compared to an expense of $10 million in the previous corresponding period.

Earnings from the Group's associates were $31 million, compared to $58 million in the prior year. The decline in earnings was driven by a lower contribution from property revaluations in BWP Trust.

Interest revenue of $3 million and corporate overheads of $67 million were in line with the prior corresponding period.

Cash flow, financing and dividends

Half-year ended 31 December ($m)	2016	2015	Variance %
Cash flow			
Operating cash flows	2,648	2,404	*10.1*
Gross capital expenditure	924	1,059	*(12.7)*
Net capital expenditure	400	675	*(40.7)*
Free cash flow	2,231	1,665	*34.0*
Cash realisation ratio[a] (%)	119.7	118.3	*140 bps*
Balance sheet and credit metrics			
Net financial debt[b]	5,360	5,261	*1.9*
Finance costs	149	152	*2.0*
Effective cost of debt (%)	3.95	4.63	*68 bps*
Interest cover[c] (cash basis) (R12, times)	18.9	19.3	*(2.1)*
Fixed charges cover[c] (R12, times)	2.7	3.0	*(10.0)*
Net debt to equity (%)	24.9	24.5	
Dividends per share (cents per share)			
Interim ordinary dividend	103	91	*13.2*

[a] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and NTIs.

[b] Interest bearing liabilities less cash at bank and on deposit, net of cross currency interest rate swaps and interest rate swap contracts.

[c] 2016 excludes pre-tax non-cash impairments of $2,116 million relating to Target and Curragh recorded in the 2016 financial year.

Cash flow

The Group's cash flow management during the period was a highlight, with operating cash flows of $2,648 million, 10.1 per cent above the prior corresponding period, and a cash realisation ratio[13] of 119.7 per cent recorded.

Higher operating cash flows mainly reflected higher earnings and a higher inflow of working capital due to improved inventory management initiatives and a focus on stock reduction strategies in the retail divisions. This was partially offset by higher receivables in Resources due to higher average selling prices and higher sales volumes.

Net capital expenditure of $400 million was $275 million or 40.7 per cent lower than the prior year. Within this, gross capital expenditure of $924 million was $135 million or 12.7 per cent lower than last year, primarily reflecting fewer store openings in Home Improvement and lower expenditure in Target.

Proceeds from disposals were $524 million, $140 million above the prior corresponding period. The increase was driven by the divestment of Coles' interest in a number of joint venture properties to ISPT, and the sale of land by WesCEF.

Free cash flows of $2,231 million were $566 million or 34.0 per cent above the prior year.

[13] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and NTIs.

Financing

Net financial debt at the end of the period, comprising interest bearing liabilities net of cross currency swap assets and cash at bank and on deposit, was $5,360 million, broadly in line with the prior corresponding period despite the debt funded acquisition of Homebase in February 2016.

In November 2016, $500 million of domestic medium term notes matured and were repaid using existing cash balances and bank facilities. The Group continues its strategy of maintaining diversity of funding sources, pre-funding upcoming maturities and maintaining a presence in key markets.

Finance costs decreased 2.0 per cent to $149 million, driven by a 68 basis points reduction in the Group's 'all-in' effective borrowing cost to 3.95 per cent, as a result of active management of debt sources and the benefit of lower interest rates.

There were no changes to the Group's credit ratings during the period. The Group retained its A3 (stable) rating from Moody's Investors Services and its A- (negative) rating from Standard and Poor's.

In February 2017, the Group announced the completion of the sale of Coles' credit card receivables, which had a gross receivables balance of approximately $945 million as at December 2016. The net proceeds from this transaction will be applied to repay Group debt, further strengthening the Group's balance sheet.

Dividends

The Board today declared a fully-franked interim dividend of 103 cents per share, compared to 91 cents per share in the prior corresponding period.

The final dividend will be paid on 28 March 2017 to shareholders on the company's register on 21 February 2017, the record date for the final dividend.

Given the preference of many shareholders to receive dividends in the form of equity, the directors have decided to continue the operation of the Dividend Investment Plan (the 'Plan'). The allocation price for shares issued under the Plan will be calculated as the average of the daily volume weighted average price of Wesfarmers shares on each of the 15 consecutive trading days from and including the third trading day after the record date, being 24 February 2017 to 16 March 2017.

The last date for receipt of applications to participate in, or to cease or vary participation in the Plan, is 22 February 2017. No discount will apply to the allocation price and the Plan will not be underwritten. Shares to be allocated under the Plan will be transferred to participants on 28 March 2017.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is provided below and forms part of this report.

EY
Building a better working world

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Auditor's Independence Declaration to the Directors of Wesfarmers Limited

As lead auditor for the review of Wesfarmers Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Wesfarmers Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
14 February 2017

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest million dollars unless otherwise stated (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which the instrument applies.

Signed in accordance with a resolution of the directors.

M A Chaney AO
Chairman

Perth, 14 February 2017

Half-year Financial Report
for the half-year ended 31 December 2016

Contents

Income Statement
for the half-year ended 31 December 2016

		CONSOLIDATED	
		December	December
		2016	2015
	Note	**$m**	$m
Revenue	4	**34,917**	33,462
Expenses			
Raw materials and inventory		**(23,756)**	(23,178)
Employee benefits expense	4	**(4,590)**	(4,334)
Freight and other related expenses		**(539)**	(520)
Occupancy-related expenses	4	**(1,596)**	(1,364)
Depreciation and amortisation	4	**(635)**	(639)
Impairment expenses	4	**(10)**	(12)
Other expenses	4	**(1,589)**	(1,492)
Total expenses		**(32,715)**	(31,539)
Other income	4	**183**	108
Share of net profits of associates and joint ventures		**44**	79
		227	187
Earnings before interest and income tax expense (EBIT)		**2,429**	2,110
Finance costs	4	**(149)**	(152)
Profit before income tax		**2,280**	1,958
Income tax expense	5	**(703)**	(565)
Profit attributable to members of the parent		**1,577**	1,393
Earnings per share attributable to ordinary equity holders of the parent	9		
Basic earnings per share		**140.1**	124.2
Diluted earnings per share		**139.9**	123.9

Statement of comprehensive income
for the half-year ended 31 December 2016

	Note	CONSOLIDATED December 2016 $m	December 2015 $m
Profit attributable to members of the parent		**1,577**	1,393
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve			
Exchange differences on translation of foreign operations		**(1)**	13
Financial assets reserve			
Changes in the fair value of financial assets designated at fair value through other comprehensive income		**-**	(1)
Cash flow hedge reserve	11		
Unrealised gains on cash flow hedges		**66**	71
Realised losses transferred to net profit		**45**	71
Realised losses/(gains) transferred to non-financial assets		**42**	(251)
Share of associates and joint venture reserves		**3**	(1)
Tax effect		**(52)**	33
Items that will not be reclassified to profit or loss:			
Retained earnings			
Remeasurement gain/(loss) on defined benefit plan		**4**	(1)
Tax effect		**(1)**	-
Other comprehensive income/(loss) for the period, net of tax		**106**	(66)
Total comprehensive income for the period, net of tax, attributable to members of the parent		**1,683**	1,327

Balance sheet
as at 31 December 2016

		CONSOLIDATED		
		December	June	December
		2016	2016	2015
	Note	**$m**	$m	$m
Assets				
Current assets				
Cash and cash equivalents	6	**738**	611	694
Receivables - Trade and other		**1,746**	1,628	1,500
Receivables - Finance advances and loans	16	**897**	835	830
Inventories		**6,852**	6,260	6,580
Derivatives		**72**	54	427
Other		**295**	296	255
Total current assets		**10,600**	9,684	10,286
Non-current assets				
Investments in associates and joint ventures		**632**	605	593
Deferred tax assets		**944**	1,042	593
Property		**2,180**	2,396	2,343
Plant and equipment		**7,256**	7,216	7,864
Goodwill		**14,400**	14,448	14,712
Intangible assets		**4,599**	4,625	4,586
Derivatives		**572**	565	575
Other		**216**	202	238
Total non-current assets		**30,799**	31,099	31,504
Total assets		**41,399**	40,783	41,790
Liabilities				
Current liabilities				
Trade and other payables		**7,623**	6,491	7,062
Interest-bearing loans and borrowings	7	**444**	1,632	2,056
Income tax payable		**142**	29	83
Provisions		**1,665**	1,861	1,580
Derivatives		**99**	160	159
Other		**377**	251	341
Total current liabilities		**10,350**	10,424	11,281
Non-current liabilities				
Interest-bearing loans and borrowings	7	**5,630**	5,671	4,226
Provisions		**1,524**	1,554	1,111
Derivatives		**28**	81	101
Other		**100**	104	109
Total non-current liabilities		**7,282**	7,410	5,547
Total liabilities		**17,632**	17,834	16,828
Net assets		**23,767**	22,949	24,962
Equity				
Equity attributable to equity holders of the parent				
Issued capital	8	**22,140**	21,937	21,937
Reserved shares	8	**(27)**	(28)	(29)
Retained earnings		**1,384**	874	2,887
Reserves		**270**	166	167
Total equity		**23,767**	22,949	24,962

Cash flow statement
for the half-year ended 31 December 2016

	Note	CONSOLIDATED **December 2016 $m**	 December 2015 $m
Cash flows from operating activities			
Receipts from customers		**37,694**	36,082
Payments to suppliers and employees		**(34,408)**	(33,075)
Dividends and distributions received from associates		**23**	44
Net movement in finance advances and loans		**(62)**	(23)
Interest received		**67**	66
Borrowing costs		**(129)**	(143)
Income tax paid		**(537)**	(547)
Net cash flows from operating activities	6	**2,648**	2,404
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles	6	**(924)**	(1,059)
Proceeds from sale of property, plant and equipment and intangibles	6	**524**	384
Net investments in associates and joint arrangements		**(2)**	(2)
Acquisition of subsidiaries, net of cash acquired		**(24)**	(5)
Net redemption of/(investment in) loan notes		**9**	(57)
Net cash flows used in investing activities		**(417)**	(739)
Cash flows from financing activities			
Proceeds from borrowings		**253**	360
Repayment of borrowings		**(1,398)**	(797)
Proceeds from exercise of in-substance options under the employee share plan		**-**	1
Equity dividends paid		**(959)**	(1,246)
Net cash flows used in financing activities		**(2,104)**	(1,682)
Net increase/(decrease) in cash and cash equivalents		**127**	(17)
Cash and cash equivalents at beginning of period		**611**	711
Cash and cash equivalents at end of period	6	**738**	694

Statement of changes in equity
for the half-year ended 31 December 2016

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
CONSOLIDATED	Note	**Issued capital $m**	**Reserved shares $m**	**Retained earnings $m**	**Hedging reserve $m**	**Other reserves $m**	**Total equity $m**
Balance at 1 July 2015		21,844	(31)	2,742	(15)	241	24,781
Net profit for the period		-	-	1,393	-	-	1,393
Other comprehensive income							
Exchange differences on translation of foreign operations		-	-	-	-	13	13
Changes in the fair value of cash flow hedges, net of tax	11	-	-	-	(77)	-	(77)
Remeasurement loss on defined benefit plan, net of tax		-	-	(1)	-	-	(1)
Changes in the fair value of financial assets designated at fair value through other comprehensive income		-	-	-	-	(1)	(1)
Total other comprehensive income for the period, net of tax		-	-	(1)	(77)	12	(66)
Total comprehensive income for the period, net of tax		-	-	1,392	(77)	12	1,327
Share-based payment transactions		-	-	-	-	6	6
Issue of shares	8	93	-	-	-	-	93
Proceeds from exercise of in-substance options	8	-	1	-	-	-	1
Equity dividends	8,10	-	1	(1,247)	-	-	(1,246)
		93	2	(1,247)	-	6	(1,146)
Balance at 31 December 2015		21,937	(29)	2,887	(92)	259	24,962
Balance at 1 July 2016		**21,937**	**(28)**	**874**	**(105)**	**271**	**22,949**
Net profit for the period		**-**	**-**	**1,577**	**-**	**-**	**1,577**
Other comprehensive income							
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**(1)**	**(1)**
Changes in the fair value of cash flow hedges, net of tax	11	**-**	**-**	**-**	**104**	**-**	**104**
Remeasurement gain on defined benefit plan, net of tax		**-**	**-**	**3**	**-**	**-**	**3**
Total other comprehensive income for the period, net of tax		**-**	**-**	**3**	**104**	**(1)**	**106**
Total comprehensive income for the period, net of tax		**-**	**-**	**1,580**	**104**	**(1)**	**1,683**
Share-based payment transactions		**-**	**-**	**-**	**-**	**1**	**1**
Issue of shares	8	**203**	**-**	**-**	**-**	**-**	**203**
Equity dividends	8,10	**-**	**1**	**(1,070)**	**-**	**-**	**(1,069)**
		203	**1**	**(1,070)**	**-**	**1**	**(865)**
Balance at 31 December 2016		**22,140**	**(27)**	**1,384**	**(1)**	**271**	**23,767**

Notes to the financial statements: About this report
for the half-year ended 31 December 2016

1. Corporate information

The financial report of Wesfarmers Limited (referred to as 'Wesfarmers', 'the Company' or 'the Group') for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 14 February 2017. Wesfarmers is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ('the ASX').

2. Basis of preparation and accounting policies

a) Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and considered with any public announcements made by the Company during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year financial report is presented in Australian dollars and all values are rounded to the nearest million dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

2. Basis of preparation and accounting policies (continued)

b) Significant accounting policies

Except as noted below, the same accounting policies and methods of computation have been applied by each entity in the consolidated group and are consistent with those adopted and disclosed in the most recent annual financial report.

New and revised Accounting Standards and Interpretations

The adoption of new and amended standards and interpretations has not resulted in a material change to the financial performance or position of the Company.

All new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2016 to the Group have been adopted and include:

- AASB 2014-3 *Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations*
- AASB 2015-1 *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*

Notes to the financial statements: Key numbers
for the half-year ended 31 December 2016

3. Segment information

The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and operates in different industries and markets. The Board and executive management team (the chief operating decision-makers) monitor the operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment. The types of products and services from which each reportable segment derives its revenues is disclosed in the Wesfarmers 30 June 2016 financial report. Segment performance is evaluated based on operating profit or loss, which in certain respects, as explained in the table below, is presented differently from operating profit or loss in the consolidated financial statements.

Revenue and earnings of various divisions are affected by seasonality and cyclicality as follows:
- for retail divisions, particularly Kmart and Target, earnings are typically greater in the December half of the financial year due to the impact of the Christmas holiday shopping period; and
- for the Resources business, the majority of the entity's coal contracted tonnages are renewed on an annual basis from April each calendar year and subject to price renegotiation on a quarterly basis which, depending upon the movement in prevailing coal prices, can result in significant changes in revenue and earnings throughout the financial year.

Transfer prices between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation and are not considered material.

					DEPARTMENT STORES						INDUSTRIALS									
	COLES		HOME IMPROVEMENT[1, 2]		KMART		TARGET[3]		OFFICEWORKS[2]		RESOURCES[4]		WIS		WesCEF[5]		OTHER		CONSOLIDATED	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$m	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m	**$m**	$m
Segment revenue	20,056	20,087	6,995	5,500	2,996	2,750	1,623	1,972	927	875	742	598	884	927	695	753	(1)	-	**34,917**	33,462
Segment EBITDA[6]	1,240	1,250	833	776	427	368	59	119	74	70	171	(44)	73	57	225	161	(38)	(8)	**3,064**	2,749
Depreciation and amortisation	(320)	(305)	(111)	(75)	(56)	(49)	(43)	(45)	(12)	(11)	(33)	(74)	(21)	(21)	(38)	(57)	(1)	(2)	**(635)**	(639)
Segment EBIT	**920**	945	**722**	701	**371**	319	**16**	74	**62**	59	**138**	(118)	**52**	36	**187**	104	**(39)**	(10)	**2,429**	2,110
Finance costs																			**(149)**	(152)
Profit before income tax expense																			**2,280**	1,958
Income tax expense																			**(703)**	(565)
Profit attributable to members of the parent																			**1,577**	1,393
Capital expenditure[7]	447	425	228	315	76	74	36	73	17	22	53	67	16	24	20	21	12	-	**905**	1,021
Share of net profit or loss of associates and joint ventures included in EBIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14	21	30	58	**44**	79

1 The Home Improvement result includes the UK operation acquired on 27 February 2016. Refer to note 15 business combinations for further information.
2 The Group reported Home Improvement and Officeworks under one segment (HIOS) in 2015. The two businesses are now managed and reported separately. The information in this note reflects the two segments separately in current and comparative periods.
3 The 2016 Target result includes a provision of $13 million recognised for additional restructuring costs associated with the planned relocation of Target's store support office. The 2015 result includes rebate income of $21 million recognised contrary to Group policy which was reversed in the second half of 2016, having no effect on the 2016 full-year results.
4 The 2016 Resources result includes Government royalties and Stanwell rebates of $90 million (2015: $81 million) and hedge losses of $45 million (2015: $70 million loss).
5 The 2016 WesCEF result includes profit on sale of land of $22 million (before tax). The 2015 result includes $30 million of one-off restructuring costs associated with the decision to cease PVC manufacturing.
6 Segment EBITDA represents earnings before interest, tax, depreciation and amortisation.
7 Capital expenditure includes accruals to represent costs incurred during the year. The amount excluding movement in accruals is $924 million (2015: $1,059 million).

Notes to the financial statements: Key numbers
for the half-year ended 31 December 2016

4. Revenue and expenses

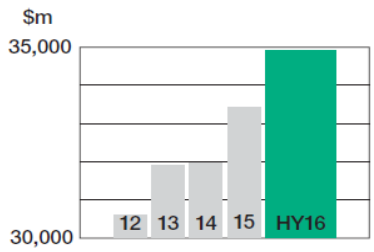
	CONSOLIDATED	
	December 2016 $m	December 2015 $m
Sale of goods	**34,654**	33,223
Rendering of services	**6**	6
Interest revenue	**67**	65
Other	**190**	168
Revenue	**34,917**	33,462
Gains on disposal of property, plant and equipment	**120**	37
Other	**63**	71
Other income	**183**	108
Remuneration, bonuses and on-costs	**4,198**	3,953
Superannuation expense	**324**	314
Share-based payments expense	**68**	67
Employee benefits expense	**4,590**	4,334
Minimum lease payments	**1,251**	1,083
Contingent rental payments	**38**	48
Other	**307**	233
Occupancy-related expenses	**1,596**	1,364
Depreciation	**481**	483
Amortisation of intangibles	**81**	69
Amortisation other	**73**	87
Depreciation and amortisation	**635**	639
Impairment of plant, equipment and other assets	**10**	12
Impairment expenses	**10**	12
Mining royalties (incl. Stanwell rebate)	**90**	81
Repairs and maintenance	**214**	203
Utilities and office expenses	**568**	503
Insurance expenses	**57**	65
Other	**660**	640
Other expenses	**1,589**	1,492
Interest expense	**119**	131
Discount rate adjustment	**17**	10
Amortisation of debt establishment costs	**2**	2
Other finance related costs	**11**	9
Finance costs	**149**	152

5. Tax expense

	CONSOLIDATED	
Tax reconciliation	**December 2016 $m**	December 2015 $m
A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:		
Profit before tax	**2,280**	1,958
Income tax at the statutory rate of 30%	**684**	587
Adjustments relating to prior years	**(3)**	2
Carried forward losses recognised	**(3)**	(11)
Non-deductible items	**5**	1
Share of results of associates and joint ventures	**(1)**	(1)
Other	**21**	(13)
Income tax on profit before tax	**703**	565

REVENUE FOR HALF-YEAR

$34,917m ↑ **4.3%**



HY16	**34,917**
HY15	33,462
HY14	31,970
HY13	31,853
HY12	30,614

Notes to the financial statements: Key numbers for the half-year ended 31 December 2016

6. Cash and cash equivalents

	CONSOLIDATED December 2016 $m	June 2016 $m
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:		
Cash on hand and in transit	**580**	411
Cash at bank and on deposit	**158**	200
	738	611

	December 2016 $m	December 2015 $m
Reconciliation of net profit after tax to net cash flows from operations		
Net profit	**1,577**	1,393
Non-cash items		
Depreciation and amortisation	**635**	639
Impairment and writedowns of assets	**10**	12
Net gain on disposal of non-current assets	**(100)**	(17)
Share of profits of associates and joint ventures	**(44)**	(79)
Dividends and distributions received from associates	**23**	44
Discount adjustment in borrowing costs	**17**	10
Other	**46**	33
(Increase)/decrease in assets		
Receivables - Trade and other	**(30)**	61
Receivables - Finance advances and loans	**(62)**	(23)
Inventories	**(617)**	(1,066)
Prepayments	**(18)**	(51)
Deferred tax assets	**41**	(1)
Other assets	**(9)**	-
Increase/(decrease) in liabilities		
Trade and other payables	**1,136**	1,345
Current tax payable	**125**	19
Provisions	**(210)**	(12)
Other liabilities	**128**	97
Net cash flows from operating activities	**2,648**	2,404

6. Cash and cash equivalents (continued)

	CONSOLIDATED December 2016 $m	December 2015 $m
Net capital expenditure		
Capital expenditure		
Payment for property	**257**	243
Payment for plant and equipment	**605**	774
Payment for intangibles	**62**	42
	924	1,059
Less: Proceeds from sale of property, plant, equipment and intangibles	**524**	384
Net capital expenditure	**400**	675

CASH CAPITAL EXPENDITURE FOR HALF-YEAR 2016

	$m		$m
Coles	463	Officeworks	17
HI	228	Resources	53
Kmart	85	WIS	16
Target	38	WesCEF	20

Other capital expenditure: $4 million.

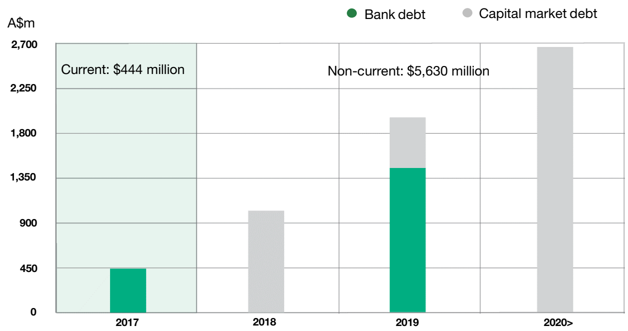
Notes to the financial statements: Capital
for the half-year ended 31 December 2016

7. Borrowings

Funding Activities

On 4 November 2016, $500 million of domestic medium term notes matured and were repaid using existing cash balances and bank facilities.

The illustration below provides details, including the principal repayment obligations, of all loans and borrowings on issue at 31 December 2016:



	CONSOLIDATED December 2016 $m	June 2016 $m
Current		
Unsecured		
Bank debt	**444**	1,132
Capital market debt	**-**	500
	444	1,632
Non-current		
Unsecured		
Bank debt	**1,439**	1,450
Capital market debt	**4,191**	4,221
	5,630	5,671
Total interest-bearing loans and borrowings	**6,074**	7,303

8. Equity and reserves

Movement in shares on issue	ORDINARY SHARES Thousands	ORDINARY SHARES $m	RESERVED SHARES Thousands	RESERVED SHARES $m
At 1 July 2015	1,123,753	21,844	(2,515)	(31)
Exercise of in-substance options	-	-	122	1
Dividends applied	-	-	-	1
Issue of ordinary shares under the Wesfarmers Employee Share Acquisition Plan	2,378	93	-	-
At 31 December 2015	1,126,131	21,937	(2,393)	(29)
Exercise of in-substance options	-	-	99	-
Dividends applied	-	-	-	1
At 30 June 2016 and 1 July 2016	**1,126,131**	**21,937**	**(2,294)**	**(28)**
Exercise of in-substance options	**-**	**-**	**119**	**-**
Dividends applied	**-**	**-**	**-**	**1**
Issue of ordinary shares under the Wesfarmers Dividend Investment Plan	**2,570**	**110**	**-**	**-**
Issue of ordinary shares under the Wesfarmers Employee Share Acquisition Plan	**2,238**	**93**	**-**	**-**
At 31 December 2016	**1,130,939**	**22,140**	**(2,175)**	**(27)**

Notes to the financial statements: Capital
for the half-year ended 31 December 2016

9. Earnings per share

	CONSOLIDATED	
	December 2016	December 2015
Profit attributable to ordinary equity holders of the parent ($m)	**1,577**	1,393
WANOS[1] used in the calculation of basic EPS (shares, million)[2]	**1,126**	1,122
WANOS used in the calculation of diluted EPS (shares, million)[2]	**1,127**	1,124
- Basic EPS (cents per share)	**140.1**	124.2
- Diluted EPS (cents per share)	**139.9**	123.9

1. Weighted average number of ordinary shares.
2. The variance in the WANOS used in the calculation of the basic EPS and the diluted EPS is attributable to in-substance options.

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

Calculation of earnings per share

Basic earnings per share

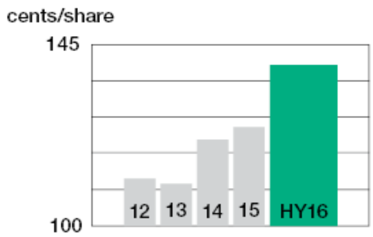
Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share

Diluted earnings per share amounts are calculated per basic earnings per share with an adjustment for the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares. Dilution arises as a result of the employee reserved shares issued under the employee share plan being accounted for as in-substance options.

HALF-YEAR BASIC EPS

140.1 cents ↑ 12.8%



HY16	**140.1**
HY15	124.2
HY14	121.0
HY13[1]	110.4
HY12	111.4

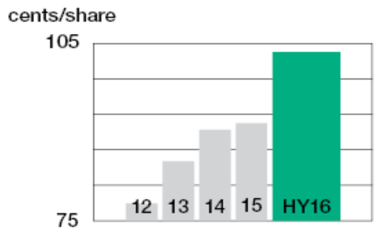
1 HY13 excludes discontinued operations

10. Dividends and distributions

	CONSOLIDATED	
	December 2016 $m	December 2015 $m
Declared and paid during the period (fully-franked at 30 per cent)		
Final franked dividend for 2016: $0.95 (2015: $1.11)	**1,070**	1,247
Proposed and unrecognised as a liability (fully-franked at 30 per cent)		
Interim franked dividend for 2017: $1.03 (2016: $0.91)	**1,164**	1,025

INTERIM DISTRIBUTIONS

103 cents ↑ 13.2%



HY16	**103**
HY15	91
HY14	89
HY13	85
HY12	77

11. Cash flow hedge reserve

The change in cash flow hedge reserve for the half-year ended 31 December 2016 includes the after-tax net movement in market value of cash flow hedges from 30 June 2016 and comprised: $15 million (2015: $(15) million) of interest rate swaps and $90 million (2015: $(61) million) of foreign exchange rate contracts and a $(1) million (2015: $(1) million) movement in associates and joint ventures reserve.

12. Financial instruments

Valuation methodology of financial instruments

For financial instruments measured and carried at fair value, the Group uses the following to categorise the method used:

- Level 1: fair value is calculated using quoted prices in active markets;
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

All of the Group's financial instruments carried at fair value were valued using market observable inputs (Level 2) with the exception of shares in unlisted companies at fair value (Level 3) which were not material.

For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between Level 1 and Level 2 during the period. There were no material Level 3 fair value movements during the period.

Fair values

The carrying amounts and estimated fair values of all the Group's financial instruments recognised in the financial statements are materially the same, with the exception of the following:

	December 2016 $m	June 2016 $m	December 2015 $m
Capital market debt:			
Carrying amount	**4,191**	4,721	5,621
Fair value	**4,371**	4,867	5,758

12. Financial instruments (continued)

Fair values (continued)

The valuation category, methods and assumptions used to estimate the fair value of financial instruments are as follows:

Cash

The carrying amount is fair value due to the asset's liquid nature.

Receivables/payables

Due to the short-term nature of these financial rights and obligations, carrying amounts are estimated to represent fair values.

Other financial assets/liabilities

The carrying values of recognised assets and liabilities that are the hedged items in fair value relationships, which are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks being hedged. The fair values of corporate bonds and term deposits held at fair value have been calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs. The fair values of loan notes and other financial assets have been calculated using market interest rates. As market rates are observable, they are classified as Level 2.

Derivatives

The fair values are calculated at the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major currencies.

The fair value of foreign exchange contracts are calculated by reference to forward exchange market rates at reporting date for contracts with similar maturity profiles. As market rates are observable they are classified as Level 2.

Interest-bearing loans and borrowings

Quoted market prices or dealer quotes for similar instruments are used to value long-term debt instruments except corporate bonds which are based on discounting expected future cash flows at market rates.

Financial risk factors

The Group's activities expose its financial instruments to a variety of market risks, including foreign currency, commodity price and interest rate risk. The half-year financial report does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 30 June 2016. There have been no significant changes in risk management policies since year-end.

Notes to the financial statements: Other

for the half-year ended 31 December 2016

13. Impairment testing

Wesfarmers is required to review, at the end of each reporting period, whether there is any indication that an asset may be impaired, in accordance with Australian Accounting Standards. Wesfarmers has reviewed each cash generating unit (CGU) for indications of impairment using both external and internal sources of information. This review included an assessment of performance against expectations and changes in market values or discount rates.

Detailed impairment testing has been completed for non-current assets when the existence of an indication of impairment has been identified. No material impairment has been recognised in the half-year ended 31 December 2016.

Consistent with prior periods, Wesfarmers will perform detailed annual impairment testing prior to the end of the financial year using cash flow projections based on Wesfarmers' five-year corporate plans, long-term business forecasts and market-based valuation assumptions. Where there are significant changes in the corporate plan, long-term business forecasts or market-based valuation assumptions from those used in impairment testing in previous periods, this may cause the carrying values of non-current assets to exceed their recoverable amounts.

14. Contingent liability

Certain companies within the Group are party to various legal actions that have arisen in the normal course of business. It is expected that any liabilities arising from such legal action would not have a material effect on the Group's financial performance.

15. Business combinations

On 27 February 2016, Wesfarmers acquired 100 per cent of Home Retail Group plc’s holding in Homebase for £340 million (A$665 million). Homebase is based in the United Kingdom (UK) and operates a home improvement and garden retail business in the UK and Republic of Ireland.

At 30 June 2016, the acquisition accounting balances recognised were provisional due to ongoing work finalising valuations and tax related matters which may affect acquisition accounting entries. There have been no significant changes to the provisional fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition from those disclosed in the 30 June 2016 annual financial statements.

As disclosed in 30 June 2016 annual financial statements, it was not practicable to determine the profit of the Group had the combination taken place at 1 July 2015, as the fair value of the identifiable assets and liabilities is not known at that date. Assuming that the same fair values detailed in the 30 June 2016 annual financial statements were applied at 1 July 2015, the profit for the comparative half-year ended 31 December 2015 of the Group would not have been materially different from that reported.

16. Events after the reporting period

Dividends

A fully-franked interim dividend of 103 cents per share resulting in a dividend payment of $1,164 million was declared for a payment date of 28 March 2017. The dividend has not been provided for in the 31 December 2016 half-year financial report.

Coles credit card transaction

On 17 November 2016, Wesfarmers announced it had agreed to enter into a ten-year agreement with Citi Australia (Citi) for the distribution of Coles branded credit cards.

The transaction was completed on 1 February 2017. As part of the transaction, Citi acquired the existing credit card receivables and Coles will receive an ongoing share of risk adjusted revenues.

As at 31 December 2016, the credit card receivables have been classified as held for sale within Receivables - Finance advances and loans, and make up the entirety of this balance. The transaction is not expected to materially affect the Group's financial performance.

Directors' Declaration

WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

1. In accordance with a resolution of the directors of Wesfarmers Limited, I note that in the opinion of the directors:

   a. The financial statements and notes of Wesfarmers Limited for the half-year ended 31 December 2016 are in accordance with the *Corporations Act 2001*, including

      i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

      ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;

   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. This declaration has been made after receiving the declaration made to the directors for the half-year ended 31 December 2016 in accordance with the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

On behalf of the Board

M A Chaney AO
Chairman
Perth, 14 February 2017

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Report on the half-year financial report to the members of Wesfarmers Limited

We have reviewed the accompanying half-year financial report of Wesfarmers Limited, which comprises the balance sheet as at 31 December 2016, the income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"), in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Wesfarmers Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

DSL:JT:WESFARMERS:003

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wesfarmers Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
14 February 2017

Additional Disclosures

2017 SECOND QUARTER AND HALF-YEAR RETAIL SALES RESULTS

HEADLINE RETAIL SALES RESULTS

Half-year Sales ($m)	2017	2016	Variance %
Food & Liquor[1,2]	17,020	16,657	*2.2*
Convenience[1,3]	3,257	3,666	*(11.2)*
Total Coles	**20,277**	**20,323**	***(0.2)***
Bunnings Australia & New Zealand	5,954	5,496	*8.3*
Bunnings UK & Ireland[4]	1,029	n.a.	*n.a.*
Home Improvement[5,6]	**6,983**	**5,496**	***27.1***
Target[7]	1,658	2,008	*(17.4)*
Kmart[1]	3,055	2,799	*9.1*
Total Department Stores	**4,713**	**4,807**	***(2.0)***
Officeworks[5]	**926**	**875**	***5.8***

Second Quarter Sales ($m)	2017	2016	Variance %
Food & Liquor[2,8]	9,170	9,026	*1.6*
Convenience[3,8]	1,708	1,871	*(8.7)*
Total Coles	**10,878**	**10,897**	***(0.2)***
Bunnings Australia & New Zealand	3,295	3,020	*9.1*
Bunnings UK & Ireland[4]	475	n.a.	*n.a.*
Home Improvement[6,9]	**3,770**	**3,020**	***24.8***
Target[10]	1,015	1,232	*(17.6)*
Kmart[8]	1,806	1,676	*7.8*
Total Department Stores	**2,821**	**2,908**	***(3.0)***
Officeworks[9]	**465**	**446**	***4.3***

[1] Financial Year 2017 for the 27 week period 27 June 2016 to 1 January 2017 and Financial Year 2016 for the 27 week period 29 June 2015 to 3 January 2016.

[2] Includes hotels, excludes gaming revenue and property income.

[3] Includes fuel sales.

[4] £607 million for the six month period 1 July 2016 to 31 December 2016 and £287 million for the three month period 1 October 2016 to 31 December 2016.

[5] Financial Year 2017 and Financial Year 2016 for the six month period 1 July to 31 December.

[6] Includes cash and trade sales, excludes property income.

[7] Financial Year 2017 for the 27 week period 26 June 2016 to 31 December 2016 and Financial Year 2016 for the 27 week period 28 June 2015 to 2 January 2016.

[8] Financial Year 2017 for the 14 week period 26 September 2016 to 1 January 2017 and Financial Year 2016 for the 14 week period 28 September 2015 to 3 January 2016.

[9] Financial Year 2017 and Financial Year 2016 for the three month period 1 October to 31 December.

[10] Financial Year 2017 for the 14 week period 25 September 2016 to 31 December 2016 and Financial Year 2016 for the 14 week period 27 September 2015 to 2 January 2016.

KEY METRICS

Key Metrics (%)	Second Quarter 2017[1]	Half-year 2017[2]
COLES		
Food & Liquor[3]		
Comparable store sales growth (Food)	1.0	1.3
Comparable store sales growth (Food & Liquor)	0.9	1.3
Price inflation/(deflation)	(0.8)	(0.9)
Convenience		
Total fuel volume growth	(12.5)	(9.8)
Comparable fuel volume growth	(15.6)	(13.3)
Total convenience store sales growth (excl. fuel sales)	5.5	6.4
Comparable convenience store sales growth (excl. fuel sales)	1.8	2.5
HOME IMPROVEMENT[4]		
Total store sales growth	9.2	8.4
Store-on-store sales growth	7.3	6.5
DEPARTMENT STORES		
Target		
Comparable store sales growth[5]	(15.6)	(18.2)
Kmart		
Comparable store sales growth[5]	4.1	5.7
OFFICEWORKS		
Total sales growth	4.3	5.8

[1] 2017 growth for Coles and Kmart reflects the 14 week period 26 September 2016 to 1 January 2017 and the 14 week period 28 September 2015 to 3 January 2016; for Home Improvement and Officeworks represents the three month period 1 October 2016 to 31 December 2016 and 1 October 2015 to 31 December 2015; and for Target represents the 14 week period 25 September 2016 to 31 December 2016 and the 14 week period 27 September 2015 to 2 January 2016.

[2] 2017 growth for Coles and Kmart reflects the 27 week period 27 June 2016 to 1 January 2017 and the 27 week period 29 June 2015 to 3 January 2016; for Home Improvement and Officeworks represents the six month period 1 July 2016 to 31 December 2016 and 1 July 2015 to 31 December 2015; and for Target represents the 27 week period 26 June 2016 to 31 December 2016 and the 27 week period 28 June 2015 to 2 January 2016.

[3] Includes hotels, excludes gaming revenue and property income.

[4] Includes cash and trade sales, excludes property income. Includes BANZ only.

[5] Comparable store sales include lay-by sales. Lay-by sales are excluded from total sales under Australian Accounting Standards.

STORE NETWORK

	Open at 1 Jul 2016	Opened	Closed	Re-branded	Open at 31 Dec 2016
COLES					
Supermarkets					
Coles	786	8	(5)	1	790
Bi-Lo	1	-	-	-	1
Total Supermarkets	787	8	(5)	1	791
Liquor					
1st Choice	97	2	-	-	99
Vintage Cellars	81	-	-	-	81
Liquorland	687	11	(6)	-	692
Hotels	89	-	-	-	89
Total Liquor	954	13	(6)	-	961
Convenience	690	7	(2)	-	695
Selling Area (m^2)					
Supermarkets	1,789,290	n.a.	n.a.	n.a.	1,804,073
Liquor (excluding hotels)	208,233	n.a.	n.a.	n.a.	210,479
HOME IMPROVEMENT					
Bunnings Warehouse	244	5	(1)	-	248
Bunnings smaller formats	70	4	(1)	-	73
Bunnings Trade Centres	33	-	-	-	33
Bunnings UK & Ireland[1]	260	-	(5)	-	255
DEPARTMENT STORES					
Target					
Large	186	1	-	(2)	185
Small	120	-	(1)	-	119
Kmart					
Kmart	209	3	-	2	214
Kmart Tyre & Auto	248	5	(3)	-	250
OFFICEWORKS					
Officeworks	159	4	-	-	163

[1] Homebase St Albans Griffiths Way closed in November 2016 and re-opened as Bunnings on 2 February 2017.

FIVE-YEAR HISTORY – FINANCIAL PERFORMANCE AND KEY METRICS

GROUP FINANCIAL PERFORMANCE

Half-year ended 31 December ($m)[1]	2016	2015	2014	2013	2012
Summarised income statement					
Revenue	34,917	33,462	31,970	31,853	30,614
EBITDA	3,064	2,749	2,657	2,710	2,574
Depreciation and amortisation	(635)	(639)	(581)	(556)	(531)
EBIT	2,429	2,110	2,076	2,154	2,043
Finance costs	(149)	(152)	(158)	(179)	(229)
Income tax expense	(703)	(565)	(542)	(546)	(529)
NPAT	1,577	1,393	1,376	1,429	1,285
Profit from continuing operations[2] excl. NTIs[3]	1,577	1,393	1,376	1,271	n.a.
Profit/(losses) from discontinued ops.[2] and NTIs[3]	-	-	-	158	n.a.
Summarised balance sheet					
Total assets	41,399	41,790	40,541	43,876	43,159
Total liabilities	17,632	16,828	15,797	18,147	17,285
Net assets	23,767	24,962	24,744	25,729	25,874
Net debt	5,916	6,108	5,139	6,039	5,127
Summarised cash flow statement					
Operating cash flows	2,648	2,404	2,281	1,757	2,207
Add/(less): Net capital expenditure	(400)	(675)	(899)	(557)	(1,120)
Add/(less): Other investing cash flows	(17)	(64)	(113)	(184)	(80)
Add/(less): Total investing cash flows	(417)	(739)	(1,012)	(741)	(1,200)
Free cash flow	2,231	1,665	1,269	1,016	1,007
Add/(less): Financing cash flows	(2,104)	(1,682)	(1,831)	(1,247)	(779)
Net increase/(decrease) in cash	127	(17)	(562)	(231)	228
Distributions to shareholders (cents per share)					
Interim ordinary dividend	103	91	89	85	77
Capital management (paid)	-	-	100	50	-
Key performance metrics					
Earnings per share (cents per share)	140.1	124.2	121.0	124.2	111.4
Operating cash flow per share[4] (cents per share)	234.9	213.9	200.1	152.2	190.7
Cash realisation ratio[5] (%)	119.7	118.3	116.6	88.5	121.5
Return on equity (R12, %) (excluding discontinued operations and NTIs)	10.2	10.0	9.7	9.0	n.a.
Return on equity (R12, %)	2.5	10.0	10.4	9.4	8.8
Net tangible asset backing per share ($ per share)	4.23	5.05	4.92	4.38	4.63
Interest cover[6] (cash basis) (R12, times)	18.9	19.3	18.1	13.8	11.8
Fixed charges cover[6] (R12, times)	2.7	3.0	3.1	3.0	2.9

[1] All figures are presented as last reported.

[2] 2014 and 2013 income statement balances have been restated for the classification of the Insurance division as a discontinued operation. 2014 discontinued operations include the $95 million gain on sale on disposal of WesCEF's 40 per cent interest in ALWA.

[3] 2014 excludes $743 million of post-tax NTIs including a $677 million impairment of Target's goodwill and a $66 million Coles Liquor restructuring provision.

[4] Calculated by dividing operating cash flows by the weighted average number of ordinary shares (including reserved shares) on issue during the year.

[5] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and NTIs.

[6] 2016 excludes pre-tax non-cash impairments of $2,116 million relating to Target and Curragh recorded in the 2016 financial year.

DIVISIONAL KEY PERFORMANCE METRICS

Half-year ended 31 December ($m)[1]	2016	2015	2014	2013	2012
COLES					
Divisional performance					
Revenue	20,056	20,087	19,483	18,946	18,047
EBITDA	1,240	1,250	1,171	1,076	984
Depreciation and amortisation	(320)	(305)	(276)	(240)	(229)
EBIT	920	945	895	836	755
EBIT margin (%)	4.6	4.7	4.6	4.4	4.2
ROC (R12, %)	11.1	11.2	10.6	10.0	9.2
Capital expenditure (cash basis)	463	459	537	554	665
Food & Liquor					
Revenue[2]	16,878	16,496	15,559	14,770	14,104
Headline sales growth[3,4] (%)	2.2	5.4	5.3	4.7	5.0
Comparable store sales growth[3,4] (%)	1.3	4.3	4.2	3.6	3.8
Convenience					
Revenue	3,178	3,591	3,924	4,176	3,943
Total sales growth[3,5] (%)	(11.2)	(8.4)	(6.2)	5.6	4.0
Total fuel volume growth[3] (%)	(9.8)	(0.6)	(4.6)	(0.5)	3.2
Comparable fuel volume growth[3] (%)	(13.3)	(3.8)	(6.9)	(0.7)	2.0
Total convenience store sales growth[3] (%)	6.4	11.6	11.5	2.6	0.1
Comparable convenience store sales growth[3] (%)	2.5	7.9	8.1	2.9	(2.2)
HOME IMPROVEMENT					
Revenue[6]	6,995	5,500	4,959	4,434	4,017
EBITDA[6,7]	833	776	686	625	581
Depreciation and amortisation[6]	(111)	(75)	(68)	(63)	(63)
EBIT[6,7]	722	701	618	562	518
EBIT margin[6,7] (%)	10.3	12.7	12.5	12.7	12.9
ROC[6] (R12, %)	30.7	35.8	31.6	27.6	25.5
Total sales growth[8] (%)	8.3	10.9	11.9	10.5	5.8
Total store sales growth[8] (%)	8.4	11.0	11.7	10.6	6.0
Store-on-store sales growth[8] (%)	6.5	7.9	9.1	7.2	3.4

[1] All figures are presented as last reported.

[2] Includes property.

[3] Based on retail period (rather than Gregorian reporting). Refer to Additional Disclosures (page 43) for applicable retail period.

[4] Includes hotels, excludes gaming revenue and property income.

[5] Includes fuel sales.

[6] 2016 includes Homebase.

[7] Includes net property contribution for 2016 of $44 million; 2015 of $33 million; 2014 of $14 million; 2013 of $6 million; and for 2012 of $5 million.

[8] Includes BANZ only.

DIVISIONAL KEY PERFORMANCE METRICS (CONTINUED)

Half-year ended 31 December ($m)[1]	2016	2015	2014	2013	2012
DEPARTMENT STORES					
Divisional performance					
Revenue	4,619	4,722	4,377	4,286	4,369
EBITDA	486	487	445	412	468
Depreciation and amortisation	(99)	(94)	(86)	(82)	(74)
EBIT	387	393	359	330	394
Capital expenditure (cash basis)	123	145	171	135	100
Target					
Revenue	1,623	1,972	1,935	1,965	2,070
EBITDA[2]	59	119	112	113	187
Depreciation and amortisation	(43)	(45)	(42)	(43)	(39)
EBIT[2]	16	74	70	70	148
EBIT margin[2] (%)	1.0	3.8	3.6	3.6	7.1
ROC (R12, %)	(15.1)	3.8	3.2	1.9	7.1
Capital expenditure (cash basis)	38	66	78	46	51
Total store sales growth[3] (%)	(17.4)	1.6	(1.8)	(4.4)	1.2
Comparable store sales growth[3] (%)	(18.2)	1.4	(1.0)	(4.2)	(1.8)
Kmart					
Revenue	2,996	2,750	2,442	2,321	2,299
EBITDA	427	368	333	299	281
Depreciation and amortisation	(56)	(49)	(44)	(39)	(35)
EBIT	371	319	289	260	246
EBIT margin (%)	12.4	11.6	11.8	11.2	10.7
ROC (R12, %)	41.5	36.6	29.0	26.8	22.8
Capital expenditure (cash basis)	85	79	93	89	49
Total store sales growth[3] (%)	9.1	12.4	5.3	1.7	3.5
Comparable store sales growth[3] (%)	5.7	9.1	2.4	0.3	3.0
OFFICEWORKS					
Revenue	927	875	802	745	712
EBITDA	74	70	61	53	50
Depreciation and amortisation	(12)	(11)	(11)	(11)	(12)
EBIT	62	59	50	42	38
EBIT margin (%)	6.7	6.7	6.2	5.6	5.3
ROC (R12, %)	13.9	12.5	10.5	8.7	7.5
Total sales growth (%)	5.8	9.1	7.8	4.5	0.3

[1] All figures are presented as last reported.

[2] 2016 includes a provision of $13 million recognised for restructuring costs associated with the planned relocation of Target's store support office. 2015 includes rebate income of $21 million recognised contrary to Group policy which was reversed in the second half of 2016, having no effect on the 2016 full-year results.

[3] Based on retail period (rather than Gregorian reporting). Refer to Additional Disclosures (page 43) for applicable retail period.

DIVISIONAL KEY PERFORMANCE METRICS (CONTINUED)

Half-year ended 31 December ($m)[1]	2016	2015	2014	2013	2012
INDUSTRIALS					
Divisional performance					
Revenue	2,321	2,278	2,334	2,340	2,438
EBITDA	469	174	319	380	416
Depreciation and amortisation	(92)	(152)	(139)	(138)	(131)
EBIT	377	22	180	242	285
Capital expenditure (cash basis)	89	117	129	176	188
Chemicals, Energy and Fertilisers					
Chemicals revenue	412	469	415	377	357
Energy revenue[2,3]	182	173	267	315	300
Fertilisers revenue	101	111	128	80	118
Total revenue[3]	695	753	810	772	775
EBITDA[2,3,4]	225	161	144	157	154
Depreciation and amortisation	(38)	(57)	(49)	(47)	(50)
EBIT[2,3,4]	187	104	95	110	104
ROC (R12, %)	25.1	15.7	13.4	17.1	19.8
Capital expenditure (cash basis)	20	21	39	126	118
Sales volumes ('000 tonnes)					
Chemicals	499	524	455	416	406
LPG[3]	55	74	108	128	143
Fertilisers	234	214	260	160	220

[1] All figures are presented as last reported.

[2] Includes interest revenue from Quadrant Energy loan notes and excludes intra-division sales.

[3] Includes Kleenheat (including east coast LPG operations prior to sale in February 2015), ALWA prior to December 2013 divestment, Bangladesh LPG joint venture prior to January 2012 divestment and enGen prior to August 2011 divestment.

[4] 2016 includes a profit on sale of land of $22 million. 2015 includes $30 million of one-off restructuring costs associated with the decision to cease PVC manufacturing.

DIVISIONAL KEY PERFORMANCE METRICS (CONTINUED)

Half-year ended 31 December ($m)[1]	2016	2015	2014	2013	2012
Industrial and Safety					
Revenue	884	927	835	804	837
EBITDA	73	57	67	88	101
Depreciation and amortisation	(21)	(21)	(17)	(15)	(13)
EBIT	52	36	50	73	88
EBIT margin (%)	5.9	3.9	5.9	9.1	10.5
ROC (R12, %)	5.9	4.2	9.3	13.5	16.2
Capital expenditure (cash basis)	16	29	25	17	18
Resources					
Revenue	742	598	689	764	826
Royalties[2]	(90)	(81)	(80)	(121)	(148)
Mining and other costs	(481)	(561)	(501)	(508)	(517)
EBITDA	171	(44)	108	135	161
Depreciation and amortisation	(33)	(74)	(73)	(76)	(68)
EBIT	138	(118)	35	59	93
ROC (R12, %)	(6.1)	(7.0)	7.3	7.8	19.4
Capital expenditure (cash basis)	53	67	65	33	52
Curragh export metallurgical sales mix (%)					
Hard	39	30	41	34	40
Semi	26	31	35	34	30
PCI	35	39	24	32	30
Mine performance – Curragh (QLD) ('000 tonnes)					
Metallurgical coal production volumes	3,919	3,986	4,580	4,029	3,867
Steaming coal production volumes	1,899	1,791	1,543	1,740	1,662
Metallurgical coal sales volumes[3]	4,127	4,175	4,271	4,053	3,770
Steaming coal sales volumes	1,888	1,819	1,542	1,829	1,629
Mine performance – Bengalla (NSW) ('000 tonnes)					
Steaming coal production volumes[4]	1,714	1,680	1,658	1,685	1,488
Steaming coal sales volumes[4]	1,725	1,733	1,726	1,787	1,504

[1] All figures are presented as last reported.

[2] Includes Stanwell royalty expense for 2016 of $30 million; 2015 of $35 million; 2014 of $34 million; 2013 of $62 million; and 2012 of $91 million.

[3] Excludes traded coal.

[4] Wesfarmers' attributable volumes.

STORE NETWORK

Open at 31 December	2016	2015	2014	2013	2012
COLES					
Supermarkets					
Coles	790	778	765	733	716
Bi-Lo	1	4	6	29	37
Total Supermarkets	791	782	771	762	753
Liquor					
1st Choice	99	99	100	98	88
Vintage Cellars	81	80	80	78	82
Liquorland	692	686	673	648	633
Hotels	89	89	91	92	92
Total Liquor	961	954	944	916	895
Convenience	695	681	652	637	634
Selling Area (m^2)					
Supermarkets	1,804,073	1,771,912	1,728,445	1,678,813	1,640,402
Liquor (excluding hotels)	210,479	209,825	209,293	204,449	196,888
HOME IMPROVEMENT					
Bunnings Warehouse	248	240	228	218	211
Bunnings smaller formats	73	67	63	65	62
Bunnings Trade Centres	33	32	33	35	37
Bunnings UK & Ireland	255	-	-	-	-
KMART					
Kmart	214	206	200	191	190
Kmart Tyre & Auto	250	249	246	251	263
TARGET					
Large	185	185	183	181	181
Small	119	121	126	133	127
OFFICEWORKS					
Officeworks	163	158	153	152	146
Harris Technology	-	-	-	1	1

Corporate Directory

Registered office

Level 14, Brookfield Place Tower 2
123 St Georges Terrace, Perth, Western Australia 6000

Telephone: (+61 8) 9327 4211
Facsimile: (+61 8) 9327 4216
Website: **www.wesfarmers.com.au**
Email: info@wesfarmers.com.au

Executive directors

Richard Goyder AO
Group Managing Director and Chief Executive Officer

Terry Bowen
Finance Director

Non-executive directors

Michael Chaney AO, Chairman
Paul Bassat
James Graham AM
Tony Howarth AO
Wayne Osborn
Diane Smith-Gander
Vanessa Wallace
Jennifer Westacott

Company Secretary

Linda Kenyon

Share registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street,
Abbotsford, Victoria 3067

Telephone
Australia: 1300 558 062
International: (+61 3) 9415 4631

Facsimile
Australia: (03) 9473 2500
International: (+61 3) 9473 2500

Website: **www.investorcentre.com/wes**

Financial calendar+

Half-year end	31 December 2016
Half-year results briefing	15 February 2017
Record date for interim dividend	21 February 2017
Interim dividend payable	28 March 2017
Year end	30 June 2017
Full-year results announcement	17 August 2017
Record date for final dividend	August 2017
Final dividend payable	September 2017
Annual general meeting	November 2017

+Dates are subject to change should circumstances require. All changes will be advised to the ASX.

Website

To view the 2017 Half-year Report, the 2016 Annual Report, shareholder and company information, news announcements, background information on Wesfarmers' businesses and historical information, visit the Wesfarmers website at **www.wesfarmers.com.au**