

22 April 2010

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

THIRD QUARTER RETAIL SALES RESULTS

Please find attached an announcement regarding the third quarter retail sales results.

An analyst briefing will be held at 9:00 am (WST) following the release of this announcement. This briefing can be accessed via our website.

Yours faithfully,



L J KENYON
COMPANY SECRETARY

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NEWS

22 April 2010

THIRD QUARTER RETAIL SALES RESULTS

| Third Quarter Sales (\$m) | Third Quarter 2010 | Third Quarter 2009 | Increase (%) |
|---|--------------------|--------------------|--------------|
| Food & Liquor ^{1,2} | 5,465 | 5,262 | 3.9 |
| Convenience ^{1,3} | 1,450 | 1,329 | 9.1 |
| Total Coles | 6,915 | 6,591 | 4.9 |
| Home Improvement ^{4,5} | 1,544 | 1,431 | 7.9 |
| Office Supplies ⁴ | 390 | 362 | 7.7 |
| Total Home Improvement & Office Supplies | 1,934 | 1,793 | 7.9 |
| Target⁶ | 725 | 725 | 0.0 |
| Kmart¹ | 824 | 792 | 4.0 |

1. 2010 for the 12 week period 4 January 2010 to 28 March 2010 and 2009 for the 12 week period 5 January 2009 to 29 March 2009
2. Includes hotels, excludes gaming revenue and property income
3. Includes fuel sales
4. 2009 and 2010 for the three month period 1 January to 31 March
5. Includes cash and trade sales, excludes property income
6. 2010 for the 12 week period 3 January 2010 to 27 March 2010 and 2009 for the 12 week period 4 January 2009 to 28 March 2009

| Financial Year to Date ("YTD") Sales (\$m) | YTD 2010 | YTD 2009 | Increase (%) |
|---|---------------|---------------|--------------|
| Food & Liquor ^{1,2} | 17,684 | 16,674 | 6.1 |
| Convenience ^{1,3} | 4,635 | 4,811 | (3.7) |
| Total Coles | 22,319 | 21,485 | 3.9 |
| Home Improvement ^{4,5} | 4,944 | 4,437 | 11.4 |
| Office Supplies ⁴ | 1,051 | 964 | 9.0 |
| Total Home Improvement & Office Supplies | 5,995 | 5,401 | 11.0 |
| Target⁶ | 2,944 | 2,870 | 2.6 |
| Kmart¹ | 3,090 | 3,086 | 0.1 |

1. 2010 for the 39 week period 29 June 2009 to 28 March 2010 and 2009 for the 39 week period 30 June 2008 to 29 March 2009
2. Includes hotels, excludes gaming revenue and property income
3. Includes fuel sales
4. 2009 and 2010 for the nine month period 1 July to 31 March
5. Includes cash and trade sales, excludes property income
6. 2010 for the 39 week period 28 June 2009 to 27 March 2010 and 2009 for the 39 week period 29 June 2008 to 28 March 2009

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Wesfarmers Limited today announced its retail sales results for the third quarter of the 2010 financial year.

Solid sales growth in the period was reported by the Coles division, despite ongoing price deflation of around one per cent in the quarter. Home Improvement and Office Supplies both recorded strong sales growth particularly when factoring in the high level of sales growth in the prior corresponding period. A strong competitive environment and focus on value by customers resulted in a tough quarter for the Target and Kmart divisions with trading results mixed and lower margins than those experienced in the prior corresponding period. Target reported flat sales growth for the quarter, whilst Kmart had solid sales growth, in part aided by a weaker comparative period result.

The timing of Easter, which occurred one week earlier in April than in the prior corresponding period, did not have a material impact on comparable sales growth for the quarter in either the Coles or the Home Improvement and Office Supplies divisions. Adjusting for the difference in the timing of Easter, third quarter comparable store sales growth for the Target and Kmart divisions would be approximately 0.5 per cent lower than that reported.

Managing Director, Richard Goyder, said the retail divisions' sales performance in the third quarter was pleasing overall given the back drop of rising interest rates and the positive impact of the federal government's fiscal stimulus packages on retail sales in the prior corresponding period.

"Progress on strategies across the retail businesses remains on track. Solid volume growth, particularly in the Group's turnaround businesses, continues to show that customers are responding well to improvements in retail offerings," Mr Goyder said.

The Group remains cautious on the outlook for the fourth quarter of the financial year, particularly given the impact of the federal government stimulus on trading in the prior corresponding period.

COLES

Food and Liquor

Total Coles' food and liquor sales for the third quarter¹ were \$5.465 billion, up 3.9 per cent on the prior corresponding period, with comparable food and liquor store sales growth of 3.8 per cent. Coles continued to experience deflation in the period¹ of around one per cent which was at similar levels to that experienced in the first half of the financial year.

Total Coles' food and liquor sales for the financial year to date² were \$17.684 billion, up 6.1 per cent, with comparable food and liquor store sales growth of 5.3 per cent.

Coles Managing Director, Ian McLeod, said the solid food and liquor sales result for the third quarter was pleasing, despite the level of price deflation, reflecting a continuing positive customer response to our strong focus on quality, service and value.

"Coles is continuing to invest in improved supply chain efficiency, and better service and store standards for customers," Mr McLeod said.

“As part of our plan to improve supply chain efficiency and store standards we have introduced easy store ordering to 100 stores and, as part of our plan to improve convenience for customers, we have introduced self check-out to 75 stores across the network.”

During the third quarter, four supermarkets were transferred to FoodWorks and four supermarkets were closed as part of the ongoing store consolidation and refurbishment program.

One 1st Choice and one Liquorland store were opened during the quarter, while seven smaller format liquor stores were closed.

Coles Express

Total Coles Express sales, including fuel, in the third quarter¹ were \$1.450 billion, an increase of 9.1 per cent on the prior corresponding period, despite a 0.5 per cent reduction in comparable fuel volumes during the period.

Convenience shop sales, excluding fuel, in the third quarter¹ were up 3.8 per cent and comparable shop sales were up 1.6 per cent. For the financial year to date², convenience shop sales, excluding fuel, have grown 5.7 per cent with comparable shop sales growth of 3.8 per cent.

There were a total of 625 Coles Express stores at the end of the third quarter following the closure of one convenience store.

Coles Division footnotes:

1. For the 12 week period 4 Jan. 10 to 28 Mar. 10

2. For the 39 week period 29 Jun. 09 to 28 Mar. 10

HOME IMPROVEMENT AND OFFICE SUPPLIES

Home Improvement

Total sales for the quarter¹ increased 7.9 per cent on the prior corresponding period to \$1.544 billion. Total cash sales growth for the quarter¹ was 7.2 per cent while store-on-store cash sales growth was 3.9 per cent, which was achieved despite strong performance in the prior corresponding period. The business continues to benefit from a strong merchandising and operational focus.

For the financial year to date², total sales of \$4.944 billion were up 11.4 per cent on the prior corresponding period. Total cash sales for the financial year to date² have grown 11.9 per cent, while store-on-store cash sales growth was 8.8 per cent.

Trade sales for the third quarter¹ increased by 12.7 per cent and by 8.9 per cent for the financial year to date, benefiting from the current strategic focus and increased housing construction activity in some sectors.

During the quarter, one Bunnings Warehouse, one smaller format Bunnings store and three trade centres (with one closure) were opened.

Office Supplies

Total sales for the quarter¹ were \$390 million with total retail sales growing by 7.1 per cent. Total sales for the year to date² were \$1.051 billion with total retail sales growing by 10.5 per cent, including a lift in transactions of 12.4 per cent across the three quarters.

During the period¹, one Officeworks store was opened and four refurbishments were completed.

John Gillam, Managing Director of Home Improvement and Office Supplies said both Bunnings and Officeworks were well positioned for continued sales growth, albeit at lower rates for the remainder of the financial year compared to last year given the strong federal government stimulus-aided performance in the prior corresponding period.

Home Improvement & Office Supplies footnotes:

1. For the period 1 Jan. 10 to 31 Mar. 10
2. For the period 1 Jul. 09 to 31 Mar. 10

TARGET

Total sales of \$725 million for the third quarter¹ were flat compared to the prior corresponding period, while comparable store sales fell by 2.0 per cent. For the financial year to date², total sales have grown by 2.6 per cent to \$2.944 billion, while comparable store sales have grown 0.7 per cent.

“As anticipated at the half year result briefing, the quarter proved a very difficult one compared to the prior corresponding period that benefited from the federal government stimulus,” Target Managing Director, Launa Inman, said.

“We believe consumers will continue to look for value and significant incentives to purchase in the months ahead.”

Three stores were refurbished in the quarter, one store was closed and no stores were opened.

Target footnotes:

1. For the 12 week period 3 Jan. 10 to 27 Mar. 10
2. For the 39 week period 28 Jun. 09 to 27 Mar. 10

KMART

Total sales of \$824 million for the third quarter¹ were up by 4.0 per cent over the prior corresponding period, consistent with comparable store sales growth of 4.0 per cent. Despite the solid sales performance, a strong focus on value by customers and a competitive retail environment put downward pressure on margins compared to the prior corresponding period.

For the financial year to date², total sales increased by 0.1 per cent to \$3.090 billion, while comparable store sales have declined by 0.1 per cent.

During the quarter, Kmart continued its commitment to upgrading floors and fitting rooms throughout the network, with a further 11 stores completed during the quarter.

Kmart Managing Director, Guy Russo, said Kmart's sales growth for the quarter was pleasing, given the prior corresponding period included the impact of the federal government stimulus.

"We invited our customers to come into our stores and 'Expect Change', we've further invested in price and their initial response has been positive," Mr Russo said.

"Kmart is still in the early days of its strategic transitioning from 'Renewal' to 'Growth', and we continue to test and refine our offer in order to find the right platform for the future."

Kmart footnotes:

1. For the 12 week period 4 Jan. 10 to 28 Mar. 10
2. For the 39 week period 29 Jun. 09 to 28 Mar. 10

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APPENDIX ONE

WESFARMERS RETAIL OPERATIONS - STORE NETWORK FINANCIAL YEAR 2010, YEAR TO DATE

| | Open at 1 July 2009 | Opened | Closed | Open at 31 March 2010 |
|-------------------------------------|------------------------|-----------|-----------|--------------------------|
| COLES | | | | |
| Supermarkets | | | | |
| Coles | 705 | 9 | 24 | 690 |
| Bi-Lo | 58 | 0 | 7 | 51 |
| Total Supermarkets | 763 | 9 | 31 | 741 |
| Liquor | | | | |
| 1st Choice | 64 | 10 | 2 | 72 |
| Vintage Cellars | 80 | 0 | 2 | 78 |
| Liquorland | 631 | 10 | 15 | 626 |
| Hotels | 95 | 1 | 1 | 95 |
| Total Liquor | 870 | 21 | 20 | 871 |
| Convenience | 625 | 3 | 3 | 625 |
| Selling Area (m²) | | | | |
| Supermarkets | 1,600,578 | n/a | n/a | 1,582,574 |
| Liquor (excluding hotels) | 173,886 | n/a | n/a | 182,291 |
| HOME IMPROVEMENT | | | | |
| Bunnings Warehouse | 175 | 9 | 2 | 182 |
| Bunnings smaller formats | 56 | 3 | 0 | 59 |
| Bunnings Trade Centres | 22 | 7 | 2 | 27 |
| Frame & Truss plants | 7 | 0 | 0 | 7 |
| OFFICE SUPPLIES | | | | |
| Officeworks | 123 | 5 | 0 | 128 |
| Harris Technology | 5 | 0 | 0 | 5 |
| TARGET | | | | |
| Target | 170 | 3 | 1 | 172 |
| Target Country | 116 | 3 | 1 | 118 |
| KMART | | | | |
| Kmart | 184 | 2 | 0 | 186 |
| Kmart Tyre & Auto | 255 | 0 | 4 | 251 |