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Lodgement of Open Briefing®**



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Title: Open Briefing® . Wesfarmers CEO Chaney gives market update in conjunction with 10 May Briefing Day.

Record of interview:

Energy

corporatefile.com.au

Can you update progress on Wesfarmers Limited's Curragh North expansion including capital expenditure and your expectations for production ramp-up?

CEO Michael Chaney

The Curragh North expansion is progressing well with contract mining ahead of schedule and all core activities at least in line with our projections. Contract details have been finalised in recent days for the construction of the coal handling system and 22 kilometre conveyer which will move coal from Curragh North to the coal preparation plant at Curragh. Capital expenditure on the Curragh North expansion will now amount to around \$360 million compared with our previous estimate of \$290 million. This is due mainly to an increase in construction costs, in particular the price of steel and other materials used in the construction of the coal handling system and conveyer.

Everything is on track for increased production from Curragh for FY06 and we have arrangements in place to allow us to export 7 million tonnes. Obviously, the performance, particularly of rail and ports, will be very important.

corporatefile.com.au

What are your latest forecasts for export coal tonnages for FY05 and FY06?

CEO Michael Chaney

For this year, export coal tonnages from Curragh will be limited to around 4.7 million tonnes due to the wash plant commissioning problems we experienced late last year which we've been unable to make up for due to rail and port capacity constraints. Export coal tonnages for FY06 are still forecast at 7 million tonnes for the full year.

corporatefile.com.au

What impact has the industrial dispute had on the Premier coal mine? Can you quantify it in production or financial terms?

CEO Michael Chaney

The maintenance workers returned to work last Thursday. The industrial disputes at Premier will reduce EBIT by around \$15 million for FY05.

corporatefile.com.au

Negotiations for the supply of gas to the Wesfarmers LPG plant have been continuing for some time. What's the latest? When could the new arrangements come into effect?

CEO Michael Chaney

The plant will continue operating beyond June 30 this year and we're close to finalising gas supply arrangements for the plant to continue well into the future. We'd expect to be in a position to confirm those arrangements shortly but our expectation is the LPG plant will continue as a production facility for some time. Production at the plant will reduce over time in line with lower LPG content within the gas flow.

Hardware

corporatefile.com.au

I know you try to avoid talking about short-term data or trends but can you give an indication of the store-on-store sales growth for Bunnings in the March quarter 2005?

CEO Michael Chaney

The overall environment is certainly tougher than it was at this time last year. For the four months from January 1 to April 30 this year, store-on-store cash sales growth was around 5.5% and our overall cash sales increased by around 9%. Trade sales continue to be impacted by reduced housing construction activity.

We're pleased with the way Bunnings is performing in terms of sales growth in what is undoubtedly a tougher market. We have placed a significant emphasis on the product and service offering to ensure that we continue to achieve strong sales growth.

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Are you on track with your new store opening targets for FY05?

CEO Michael Chaney

We'll open 11 new warehouse stores for FY05, subject to weather in the final construction periods, as well as completing 12 warehouse store refurbishments. The pipeline of new store openings is strong and the store upgrade program is expected to accelerate over the next 12 months.

Insurance

corporatefile.com.au

The insurance industry has been experiencing peak cycle conditions lately. Is that still the case?

CEO Michael Chaney

We're finding that the general insurance market is more competitive now and it's harder to achieve premium growth, although profitability continues to be strong. We expect that premium growth will continue to be difficult for some time and that claims levels will return to longer term averages.

Industrial and safety

corporatefile.com.au

Likewise, can you update market conditions for the industrial and safety business? What's the status of the external review of the business? Do you expect any major changes in strategy as a result?

CEO Michael Chaney

We've seen fairly strong demand in the industrial and safety business, particularly in Australia in recent months and with some pick-up in sales from Protector Alsofe. The external review of the business isn't finished although we expect it to be completed soon. We expect some initiatives to come out of the review which we will implement in the coming 12 months.

Chemicals and fertilisers

corporatefile.com.au

Can you update seasonal conditions and the expected impact on sales for both your fertilisers and chemicals business?

CEO Michael Chaney

The conditions for cropping in Western Australia have been favourable so far this year. We had good rains around a month ago, and again last week, which were widespread across the agricultural areas of Western Australia. We hope that this rain will translate into solid fertiliser demand over the next few months.

Demand for ammonium nitrate and sodium cyanide continues to be strong buoyed by strong resource sector conditions. The strong exchange rate is however adversely impacting our Australian dollar sodium cyanide prices. Generally the chemicals business is performing well.

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Is the expansion at the Queensland ammonium nitrate plant on track for timing and financial budget?

CEO Michael Chaney

We had previously announced a roughly 20% expansion in ammonium nitrate capacity but that has been deferred while we consider larger expansion opportunities in view of increased product demand.

Corporate

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What are the latest contributions & commitments for Gresham Private Equity?

CEO Michael Chaney

The full year contribution from Gresham Private Equity at around \$5 million will be significantly lower than last year as there are no significant asset realisations. We've recently increased our commitment to Fund 2 from \$100 million to \$150 million.

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What has been the impact on the balance sheet and profit and loss after your capital return?

CEO Michael Chaney

We made a \$1 per share capital return in February 2005. That has increased our gearing to within our target range of between 50% to 75% net debt to equity. The subsequent increase in interest charges means that the FY05 borrowing expense for the Group will be around \$100 million.

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Likewise, can you reiterate the major balance sheet and profit and loss changes expected from the impending move to International Financial Reporting Standards?

CEO Michael Chaney

We'll give a detailed presentation on the impact of IFRS at our May 10 Briefing Day in Sydney.

The major factors impacting the balance sheet will be the de-recognition of our employee share plan of around \$280 million and increased mine rehabilitation provisions of around \$50 million. We will no longer amortise goodwill which will mean that annual profit will increase by around \$90 million.

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Thank you Michael.

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