



31 January 2011

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

SECOND QUARTER RETAIL SALES RESULTS

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

An analyst briefing will be held at 9:00 am (WST) / 12:00 pm (EDT) following the release of this announcement. This briefing will be webcast and accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

A handwritten signature in black ink, appearing to be "L J Kenyon".

L J KENYON
COMPANY SECRETARY

att



Wesfarmers

NEWS

31 January 2011

FINANCIAL YEAR 2011 SECOND QUARTER RETAIL SALES RESULTS

Second Quarter Sales (\$m)	Financial Year 2011	Financial Year 2010	Movement (%)
Food & Liquor ^{1,2}	7,041	6,598	6.7
Convenience ^{1,3}	1,773	1,660	6.8
Total Coles	8,814	8,258	6.7
Home Improvement ^{4,5}	1,955	1,866	4.8
Office Supplies ⁴	346	332	4.2
Total Home Improvement & Office Supplies	2,301	2,198	4.7
Target⁶	1,303	1,360	(4.2)
Kmart¹	1,384	1,373	0.8

Refer to appendix two for footnotes.

Half Year Sales (\$m)	Financial Year 2011	Financial Year 2010	Movement (%)
Food & Liquor ^{7,2}	12,993	12,219	6.3
Convenience ^{7,3}	3,315	3,184	4.1
Total Coles	16,308	15,403	5.9
Home Improvement ^{8,5}	3,549	3,400	4.4
Office Supplies ⁸	706	662	6.6
Total Home Improvement & Office Supplies	4,255	4,062	4.8
Target⁹	2,150	2,219	(3.1)
Kmart⁷	2,310	2,266	1.9

Refer to appendix two for footnotes.

Wesfarmers Limited today announced its retail sales results for the second quarter of the 2011 financial year.

Managing Director, Richard Goyder, said that overall the second quarter sales results were strong in a period marked by consumer caution, heightened by an increasing interest rate environment, and unseasonal wet and cool weather on the east coast of Australia which affected all businesses, particularly Target and Bunnings. Deflation was evident across all divisions, driven by a competitive retail landscape and strong Australian dollar.

“Coles continues to build on the momentum of its turnaround program delivering food and liquor comparable store sales growth of 6.6 per cent for the second quarter. Trading for the quarter, including a very strong Christmas week, was driven by ongoing product innovation, improving store standards and availability and continuing investment in value for customers.

“Bunnings recorded headline sales growth of 4.8 per cent with store-on-store growth of 2.4 per cent. This was a solid outcome considering the comparison to 11.1 per cent total sales growth achieved in the previous corresponding period and wet and cool weather on the east coast for much of the current period. Bunnings’ result reflects the ongoing focus on enhancing the customer experience and continuing expansion of the warehouse and trade centre network.

“Officeworks continues to benefit from initiatives put in place to reposition the business and recorded a pleasing result with 4.2 per cent sales growth in the second quarter.

“Sales growth in Kmart and Target was affected by a strong deflationary pricing environment and unseasonal wet and cool weather on the east coast of Australia that particularly affected summer apparel sales in Target. Pleasingly, within this environment both businesses recorded positive transaction growth, particularly Kmart as customers responded well to its repositioned offer. Kmart reported comparable¹⁰ store sales decline of 0.6 per cent for the second quarter with Target’s comparable¹⁰ store sales declining by 4.2 per cent in the same period.”

Mr Goyder said that the Group was pleased with improvements made to customer value, product range and in-store service and standards in each of its retail divisions over the period and the continuing momentum of the turnaround businesses, particularly Coles.

COLES

Food and Liquor

Coles achieved comparable food and liquor store sales growth of 6.6 per cent in the second quarter¹ of the 2011 financial year, taking comparable food and liquor store sales growth for the first half⁷ of the 2011 financial year to 6.4 per cent.

Headline food and liquor sales for the second quarter¹ were \$7.0 billion, up 6.7 per cent on the previous corresponding period. The previous corresponding period includes sales for 22 stores that have now been transferred to Foodworks, which will continue to impact sales growth comparisons through to the third quarter of the 2011 financial year. Headline food and liquor sales for the first half⁷ of the 2011 financial year were up 6.3 per cent to \$13.0 billion.

Coles recorded food and liquor price deflation of 0.2 per cent in the second quarter¹ despite the impact of higher excise on tobacco prices. Excluding the impact of higher tobacco excise, Coles recorded food and liquor price deflation of 1.6 per cent in the second quarter¹.

Refer to appendix two for footnotes.

In the first half⁷, food and liquor price deflation including the impact of higher excise on tobacco prices was 0.2 per cent and excluding the impact of the tobacco excise, food and liquor deflation was 1.7 per cent.

Coles Managing Director, Ian McLeod, said he was very pleased with the sales result given virtually flat store space growth during the period.

“The second quarter result was capped off with a record Christmas sales period for Coles food and liquor, with 15.5 million customers coming through our store check-outs during the Christmas week alone,” he said.

“Coles succeeded in attracting thousands of new customers to our stores in the lead up to Christmas by offering a broader Christmas range, high quality fresh produce and lower prices. As a result, we achieved double digit headline sales growth in the Christmas week.”

Mr McLeod said Coles had now recorded ten consecutive quarters of comparable store sales growth giving encouragement to the strength of the turnaround so far and the progress being made on the roll-out of key business initiatives, including over 600 stores now on easy ordering.

“This sales result shows that encouraging progress has been made as we pass the half way point of our five year turnaround strategy but considerable work remains to deliver consistently well for our customers right across the store network,” he said.

Coles completed 30 renewal stores in the second quarter¹, bringing the cumulative total to 91 renewal stores out of a national fleet of 742 supermarkets. In addition, Coles opened 14 new liquor stores to take the total liquor store network to 787 stores across Australia.

Convenience

Comparable fuel volumes increased by 4.3 per cent during the second quarter¹ as Coles rewarded its loyal customers with an eight cents per litre discount in November and December. Comparable fuel volumes increased by 2.1 per cent during the first half⁷ of the 2011 financial year.

Mr McLeod said the double fuel discount offer allowed many of our customers to spend more at Coles' supermarkets on groceries and presents for family and friends at Christmas.

Headline convenience store sales, excluding fuel sales, grew by 1.4 per cent, with comparable store sales growth of 1.3 per cent for the second quarter¹. Headline convenience store sales were up 1.9 per cent and comparable store sales were up 1.5 per cent in the first half⁷ of the 2011 financial year. Within this result, unseasonal wet and cool weather on the east coast in the second quarter adversely affected sales of some important product categories such as drinks and ice creams.

Coles Express opened four new sites during the second quarter¹, bringing the total store network to 624 sites.

Refer to appendix two for footnotes.

HOME IMPROVEMENT AND OFFICE SUPPLIES

Home Improvement

Total sales for the second quarter⁴ of \$2.0 billion were up 4.8 per cent on the previous corresponding period. Total store sales for the second quarter⁴ grew 4.7 per cent, while store-on-store growth was 2.4 per cent.

For the first half⁸ of the 2011 financial year, total sales were up 4.4 per cent to \$3.5 billion. Total store sales grew 4.1 per cent in the first half⁸, while store-on-store growth was 1.7 per cent.

Sales growth for the quarter⁴ from both consumer and commercial customers was pleasing, building on the 11.1 per cent growth in the previous corresponding period. The result takes into account the continued deflationary impacts of 'value focus' work that is underway, and also ongoing adverse weather conditions in many trading locations, relative to the previous corresponding period.

John Gillam, Managing Director of Home Improvement and Office Supplies, said significant work is continuing on enhancing the customer experience, network expansion and business improvement.

"The business is in a good position to continue to deliver sales growth, with solid progress having been made in further strengthening our three strategic pillars of price, range and service," Mr Gillam said.

During the second quarter⁴ 11 trading locations were opened; four Bunnings warehouses, four smaller format Bunnings stores and three trade centres.

Office Supplies

Total sales for the second quarter⁴ were \$346 million, up 4.2 per cent on the previous corresponding period. Retail sales across the Officeworks store network grew by 5.0 per cent which was underpinned by a continuation of strong transaction growth.

During the first half⁸ of the 2011 financial year total sales of \$706 million, were up 6.6 per cent. Retail sales across the Officeworks store network increased by 7.5 per cent over the same period.

Mr Gillam said that the business continued to work hard on improving the customer offer whilst expanding and renewing the store network, despite the challenging market conditions.

During the second quarter⁴, six Officeworks stores were opened and five stores were fully refurbished.

TARGET

Total sales of \$1.3 billion for the second quarter⁶ were 4.2 per cent below the previous corresponding period, with comparable¹⁰ store sales declining 4.2 per cent.

For the first half⁹ of the 2011 financial year, total sales declined 3.1 per cent to \$2.2 billion, with comparable¹⁰ store sales declining 3.3 per cent.

Target Managing Director, Launa Inman, said trading remained difficult for Target throughout the quarter, with seasonal product sales, particularly apparel, affected by unusually cool conditions in the eastern states. This was in contrast to the previous corresponding period when Target reported a record result.

“Customer numbers and sales volumes were up on the same time last year, however the result reflects the impact of price deflation across the market along with measures taken to clear seasonal stock,” Ms Inman said.

Target refurbished 21 stores during the second quarter⁶, taking total store refurbishments completed in the last six months to 39.

KMART

Total sales of \$1.4 billion for the second quarter¹ were up by 0.8 per cent over the previous corresponding period, with comparable¹⁰ store sales declining by 0.6 per cent.

For the first half⁷ of the 2011 financial year, total sales were up by 1.9 per cent to \$2.3 billion, with comparable¹⁰ store sales growth of 1.7 per cent. By the completion of the half, Kmart had cycled twelve months of everyday low prices throughout the store ending future comparison to the previous deep discounting model.

Kmart Managing Director, Guy Russo, said although sales growth for the half was modest, our customers are reacting positively to the repositioned Kmart offer evidenced by strong transaction growth with an additional seven million transactions completed throughout the half.

“We will continue to ensure that the customer remains front and centre in every decision we make to grow the business”, Mr Russo said.

Kmart continues to further progress the strategic reset of the business to deliver everyday items for families at the lowest price by refining the product offer and sourcing product at the lowest cost.

During the second quarter¹ two stores were refurbished and further investment was undertaken to upgrade the floors and fitting rooms in 10 stores.

Refer to appendix two for footnotes.

For further information:

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APPENDIX ONE

WESFARMERS RETAIL OPERATIONS - STORE NETWORK FINANCIAL HALF YEAR ENDED 31 DECEMBER 2010

	Open at 1 Jul 2010	Opened	Closed	Re- branded	Open at 31 Dec 2010
COLES					
Supermarkets					
Coles	691	8	5	-	694
Bi-Lo	51	-	3	-	48
Total Supermarkets	742	8	8	-	742
Liquor					
1st Choice	73	3	-	-	76
Vintage Cellars	78	6	-	(2)	82
Liquorland	615	15	4	3	629
Hotels	96	1	1	(1)	95
Total Liquor	862	25	5	-	882
Convenience	619	6	1	-	624
Selling Area (m²)					
Supermarkets	1,586,494	n/a	n/a	n/a	1,599,157
Liquor (excluding hotels)	181,011	n/a	n/a	n/a	185,236
HOME IMPROVEMENT					
Bunnings Warehouse	184	8	1	n/a	191
Bunnings smaller formats	58	5	6	n/a	57
Bunnings Trade Centres	29	3	-	n/a	32
OFFICE SUPPLIES					
Officeworks	128	7	2	n/a	133
Harris Technology	5	-	-	n/a	5
TARGET					
Target	171	-	-	n/a	171
Target Country	119	2	2	n/a	119
KMART					
Kmart	186	-	-	n/a	186
Kmart Tyre & Auto	251	-	1	n/a	250

APPENDIX TWO

FOOTNOTES

1. Financial Year 2011 for the 14 week period 27 September 2010 to 2 January 2011 and Financial Year 2010 for the 14 week period 28 September 2009 to 3 January 2010
2. Includes hotels, excludes gaming revenue and property income
3. Includes fuel sales
4. Financial Year 2011 and Financial Year 2010 for the three month period 1 October to 31 December
5. Includes cash and trade sales, excludes property income
6. Financial Year 2011 for the 14 week period 26 September 2010 to 1 January 2011 and Financial Year 2010 for the 14 week period 27 September 2009 to 2 January 2010
7. Financial Year 2011 for the 27 week period 28 June 2010 to 2 January 2011 and Financial Year 2010 for the 27 week period 29 June 2009 to 3 January 2010
8. Financial Year 2011 and Financial Year 2010 for the six month period 1 July to 31 December
9. Financial Year 2011 for the 27 week period 27 June 2010 to 1 January 2011 and Financial Year 2010 for the 27 week period 28 June 2009 to 2 January 2010
10. Comparable store sales include lay by sales. Lay by sales are excluded from total sales under Australian Accounting Standards