Investor Briefing

15 November 2005

Westin Hotel, Sydney

Richard Goyder
Managing Director, Wesfarmers Limited

Agenda

9:05	Wesfarmers Industrial and Safety	Terry Bowen
9:40	Chemicals and Fertilisers	Keith Gordon
10:15	Insurance	Bob Buckley
10:50	*Morning Tea*	
11:10	Other Businesses	Gene Tilbrook
11:40	Energy	David Robb
12:35	Corporate Sustainability	Keith Kessell
12:45	*Lunch*	
1:45	Hardware	John Gillam
2:30	International Financial Reporting Standards	David Moroney
3:00	Q&A	Richard Goyder Gene Tilbrook

Wesfarmers Industrial and Safety

Terry Bowen
Managing Director

Overview

Market Leader in MRO and Safety Products

Australia

Blackwoods

Mullings Fasteners "THE FASTENER SPECIALISTS"

Atkins

BAKERS CONSTRUCTION + INDUSTRIAL

Protector Alsafe

Motion Industries power transmission & bearings

New Zealand

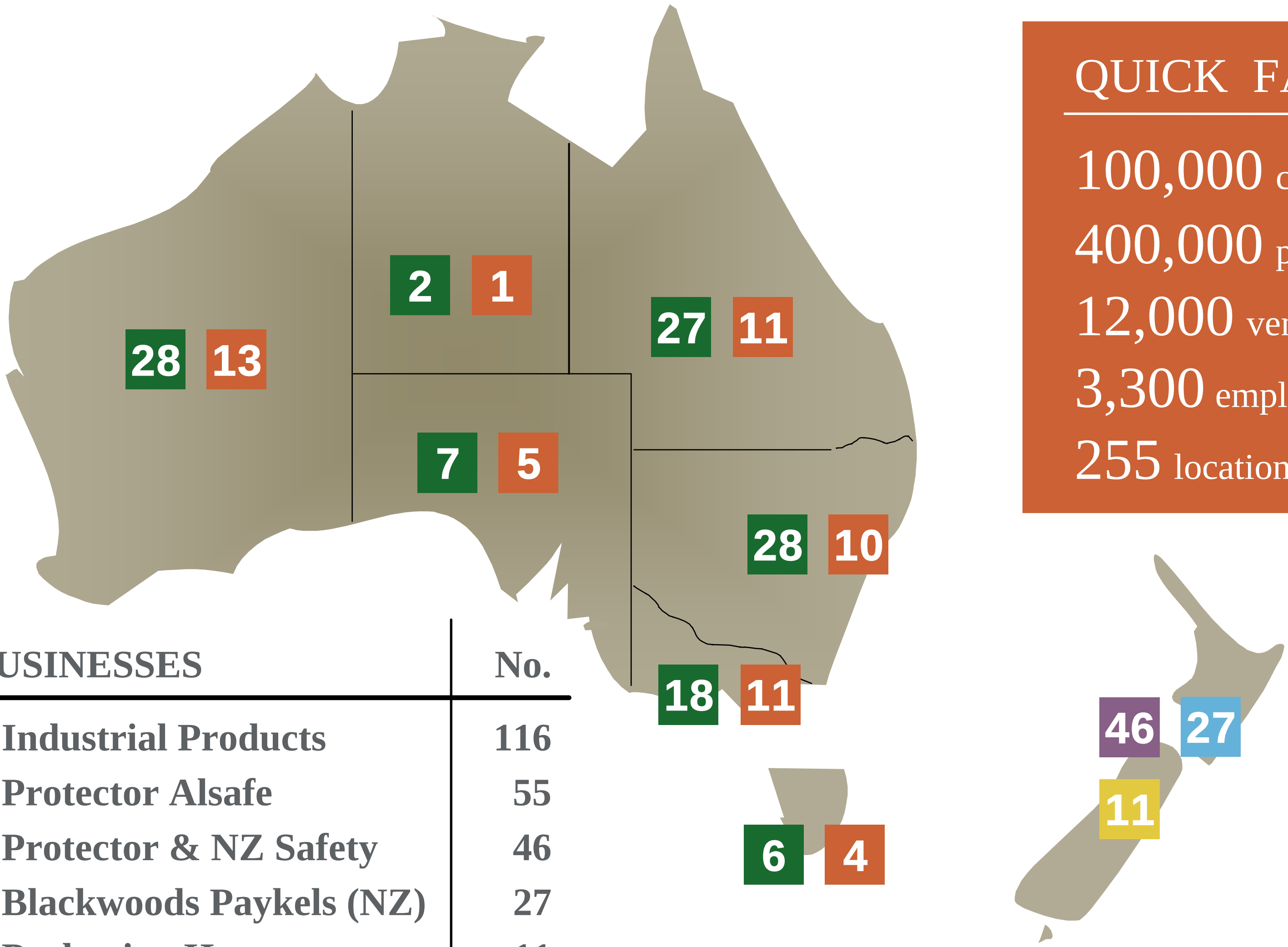
Blackwoods Paykels

Packaging House

Protector Safety Supply

NZ Safety Specialists in Safety & Protection

Distribution Network



QUICK FACTS

100,000 customers

400,000 product lines

12,000 vendors

3,300 employees

255 locations

BUSINESSES	No.
Industrial Products	116
Protector Alsafe	55
Protector & NZ Safety	46
Blackwoods Paykels (NZ)	27
Packaging House	11

Broadest MRO Product Offering

QUICK FACTS

Broadest MRO range

400,000+ product lines

Business Environment

Competitive Business Environment

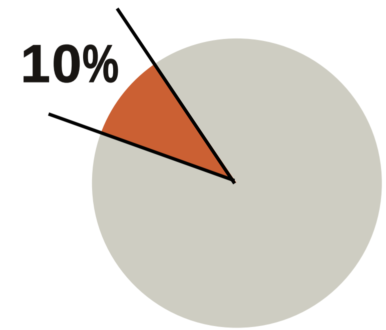
- Highly fragmented market
- Intense competition from category specialists
- Specialists broadening their MRO product range
- Some contraction in key markets (most particularly manufacturing)
- Growth in mining, infrastructure & transport
- Slowing conditions in New Zealand
- Increased competition in NZ safety products

Financial Performance

($m)	2002*	2003	2004	2005
Revenue	1,055.4	1,112.0	1,150.6	1,171.5
Revenue Growth		*5.4%*	*3.5%*	*1.8%*
EBITA	84.8	117.2	112.0	110.0
ROC $_A$ (%)	*12.0*	*14.7*	*13.8*	*13.7*

* Represents 11 months contribution only

CONTRIBUTION TO GROUP EBITA



Current Year Financial Performance

- EBITA (YTD) down slightly on last year
  - Sales ahead, however gross margin slightly down
  - Expenses higher
- Australia – ahead of same time last year
  - Continued MRO business growth
  - Improved performance in Protector Alsafe, but more to do
- New Zealand – down on last year
  - Blackwood Paykels under performing, and remains a focus
  - Safety businesses margins under pressure

Strategies

Existing Strategies

- Grow market share in selected product categories
- Reduce expense to sales ratio - business improvement program
- Reduce working capital - inventory
- Improve safety performance (LTIFR)
- Improve employee retention

Distribution Centre Upgrades

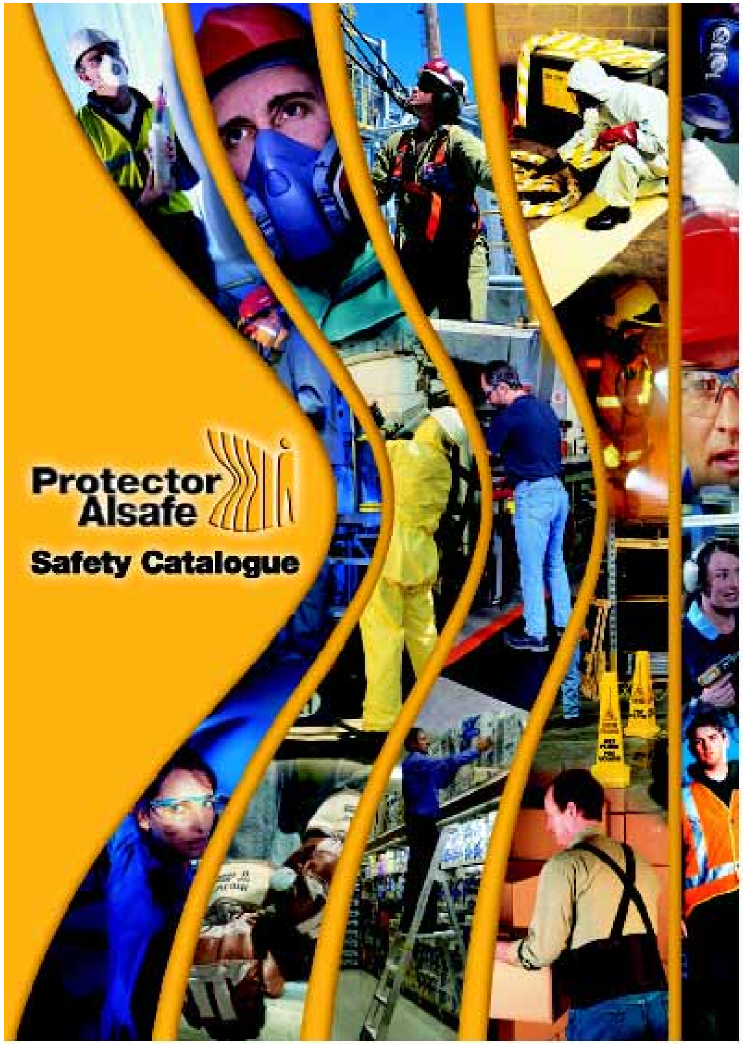
- Complete
  - Regency Park SA (IP), Wiri NZ (IP)
- In progress
  - Wiri NZ (Packaging House), Virginia Qld (PA)
- In planning
  - Synergy Park Qld (IP), Smithfield NSW(IP), Blacktown NSW (IP), Christchurch NZ (IP)

Store / Trade Centre Upgrades

- Upgrade programme continuing
- More than 30 upgrades currently planned for 2005/06

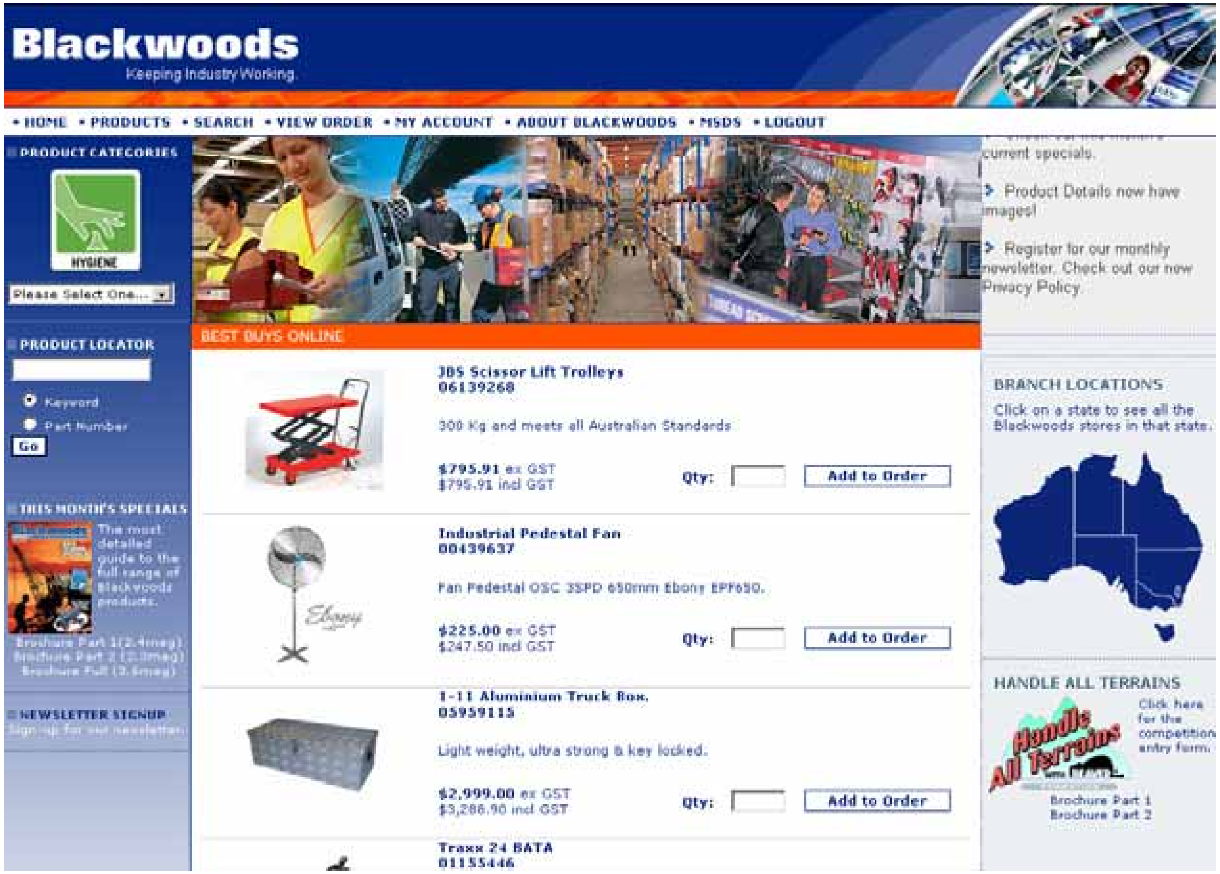
Catalogue Updates

- New PA Catalogue due Feb 2006
  - improved format
- Commenced work on new Blackwoods Catalogue due Sept 2006



eBusiness

- MRO market leaders in eBusiness
- Growing proportion of eBusiness sales
- New website being developed



Future Strategies

- Strategic Planning process to commence early December
  - Building on Port Jackson Partners recommendations
- Early focus has been on getting to know the business
  - Reviewing business operations, meeting staff and customers
- Scoping study already underway involving all senior managers looking to capture opportunities and issues

Opportunities

- Market share in a number of key MRO categories
- Performance of Protector Alsafe (Aus)
- Performance of Blackwoods-Paykel (NZ)
- Cost of doing business
  - Fulfillment, logistics and administration efficiency
  - Leveraging technology (eBusiness)
- Capital management, particularly inventory
- Staff / organisational development and alignment
- Brand awareness

Outlook

Outlook

- Continued strong conditions in mining (Qld & WA)
- Manufacturing activity expected to remain under pressure (NSW, Vic & SA)
- Slowing economic conditions in NZ
- Growth over time in core MRO business
- Continuing improvement in Protector Alsafe
- Blackwoods Paykels (NZ) performance will remain a focus and expected to improve

Questions

Chemicals and Fertilisers

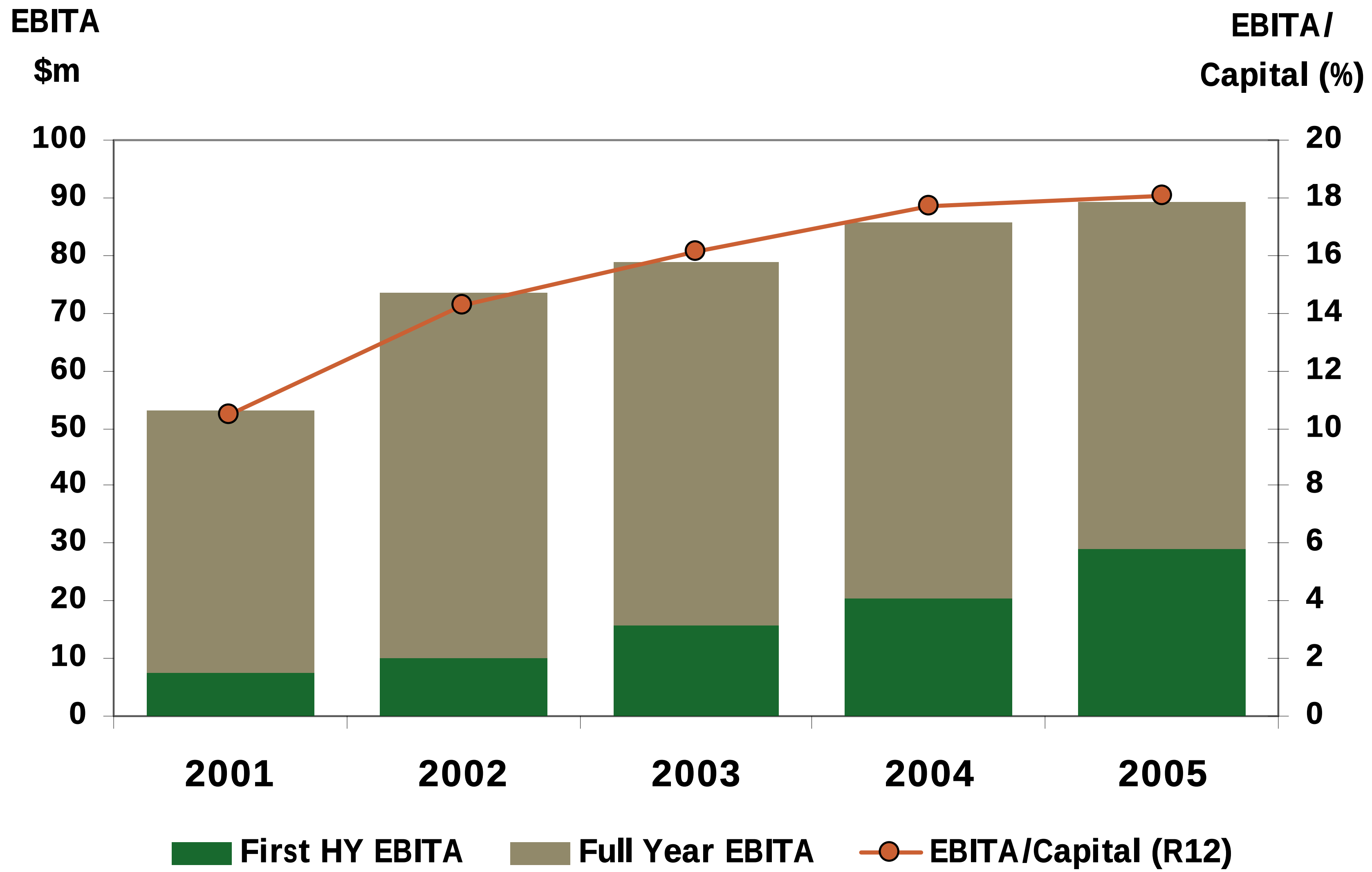
Keith Gordon
Managing Director

Overview

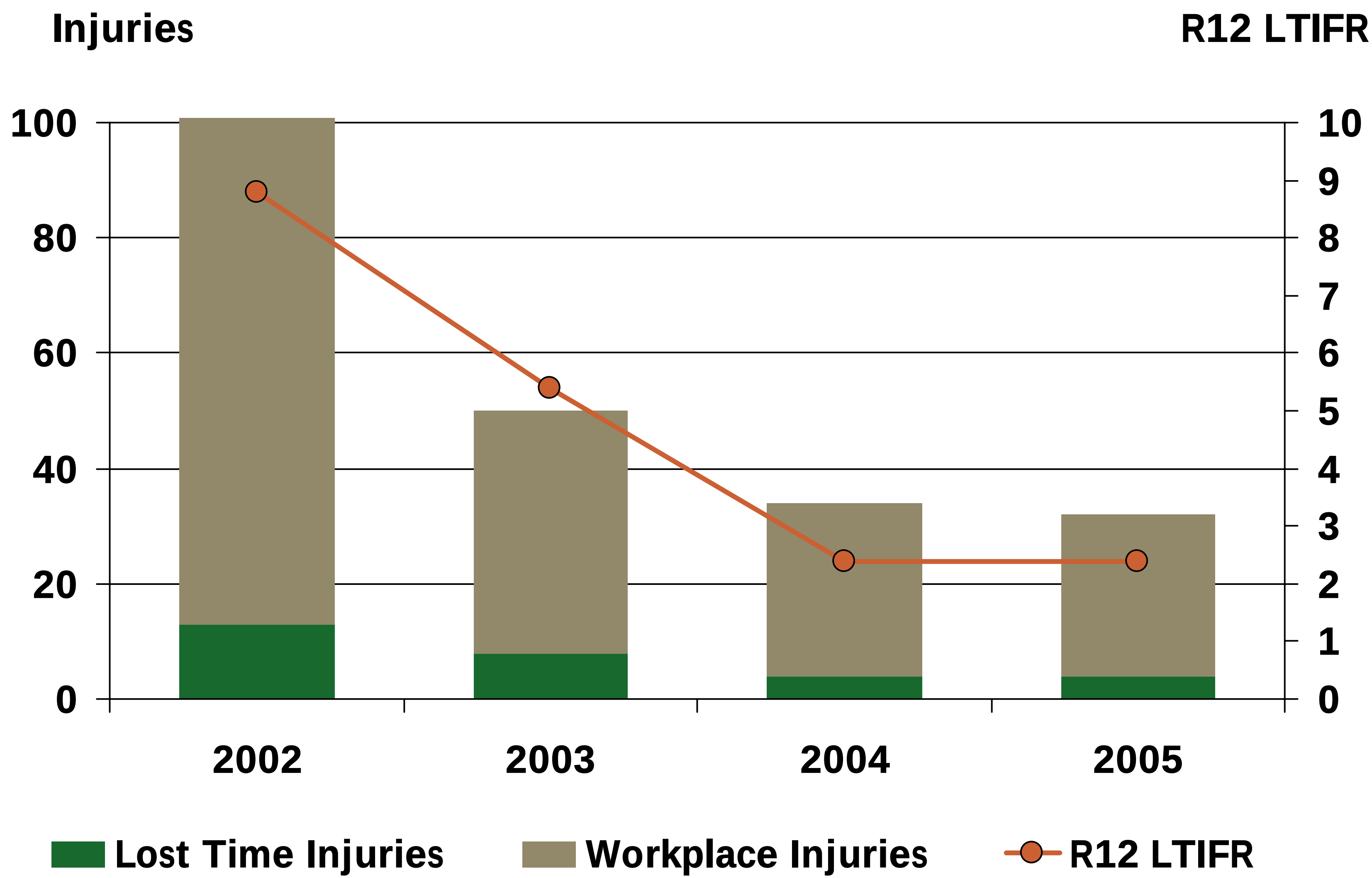
Chemicals and Fertilisers

- Manufacturer of mining & processing chemicals
  - ammonia, ammonium nitrate, sodium cyanide, chlorine
- Manufacturer and importer of fertilisers
  - phosphate, nitrogen, potassium and compounds
- Manufacturing operations at:
  - Kwinana, Albany and Esperance (WA), Moura (Qld)
- 570 employees
- Post 1999, around 60% of EBITA generated from chemicals activities

EBITA and EBITA/Capital 5 Year Trend



Safety


Injuries
R12 LTIFR
100
80
60
40
20
0
10
9
8
7
6
5
4
3
2
1
0
2002
2003
2004
2005
Lost Time Injuries
Workplace Injuries
R12 LTIFR

Business Environment

Chemicals

- Ammonium Nitrate
  - Production at Kwinana plant sold out
  - Kwinana expansion approved
  - QNP planned shutdown in October 2005
- Sodium Cyanide
  - Capacity expansion complete
  - Review of sales contracts
  - Working capital
- Ammonia
  - Possible shutdown in early 2006

Fertiliser

- Continued liquid fertiliser growth
- Sales and marketing alignment
- Historically high prices
- Market consolidation

General

- Legacy waste management
- Depreciation
  - Manufacturing assets
  - Fertiliser storage shed re-cladding
- Kwinana infrastructure review
  - Water infrastructure
- Industrial relations

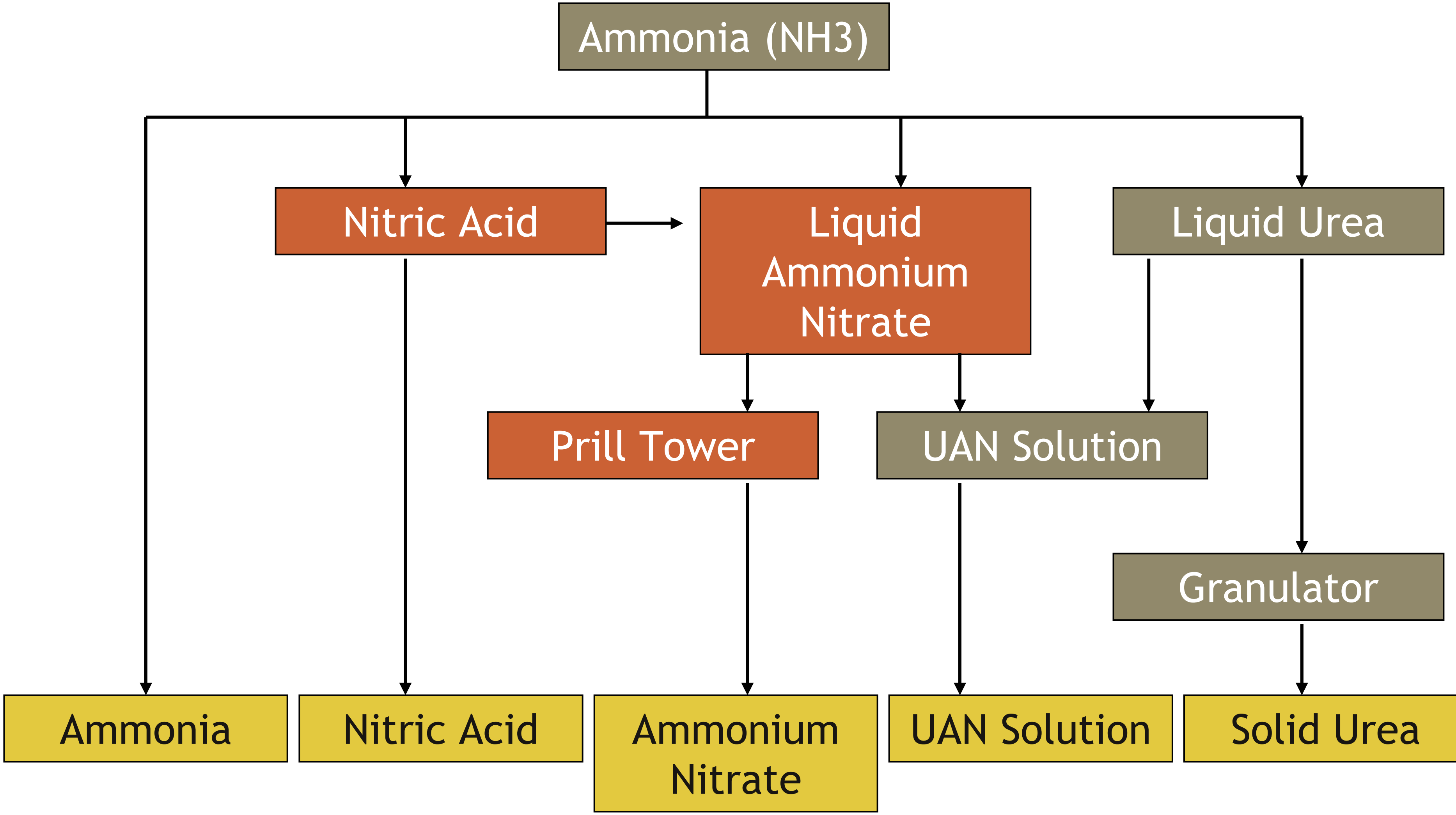
Strategies

Ammonium Nitrate

Maintain and grow CSBP's position in AN

- Increased demand for AN
  - WA iron ore industry
  - QLD/NSW coal industries
  - Liquid fertilisers
- Duplication of AN capacity at Kwinana to 470,000 tpa
  - Commissioning anticipated mid 2007
- Duplication of QNP being investigated
  - Two phase feasibility study
  - Customer offtake contracts and capital costs

Manufacture of Nitrogen Based Products



Project Status

- Board approval
- Capex around $200 million
- Environmental approval
- Other approval processes underway
- Long lead items ordered
- Negotiation with key contractors underway
- Construction anticipated to commence early 2006
- Commissioning mid 2007

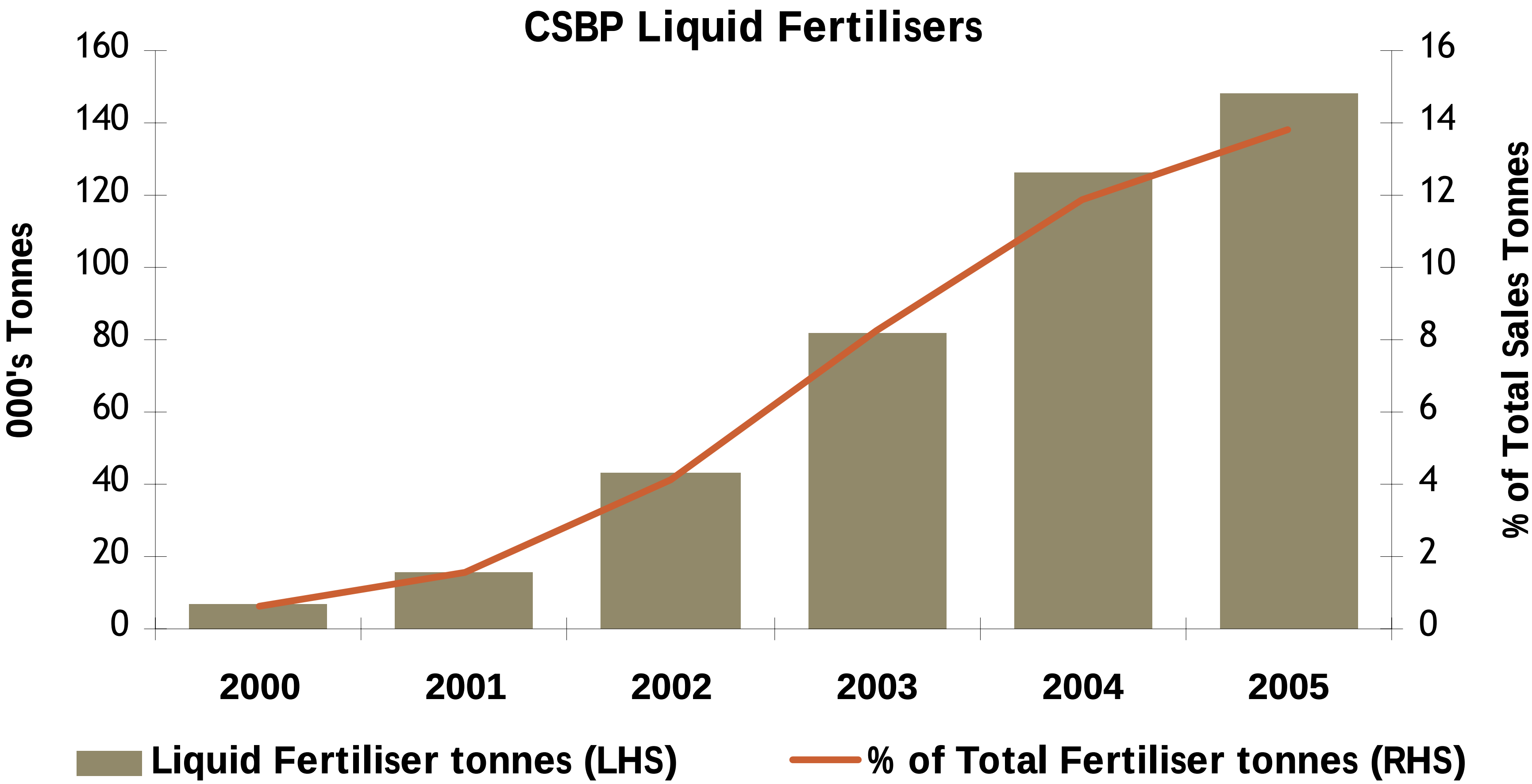
Liquid Fertilisers

Develop and capture growth in liquid fertilisers

- Continue with strategy
  - Increase penetration of existing products
  - Develop of new products
  - Infrastructure and logistics
    - Storage capacity at Kwinana and “on-farm”
    - Transport capacity
  - Benefits of locally manufactured product

Liquid Fertilisers

Develop and capture growth in liquid fertilisers



Other Strategies

- Identify and evaluate growth opportunities
- Develop improved capabilities
- Optimal cost and capital structure
- Maintain "Licence to Operate"

Outlook

Outlook - Chemicals

- Resource sector demand continues to underpin demand for key chemicals:
  - Ammonium Nitrate – WA and Queensland
  - Ammonia
  - Plants sold out
- Opportunities to improve performance and grow sodium cyanide business
- Continue to evaluate business growth opportunities

Outlook - Fertilisers

- 2005 harvest
- Fertiliser prices
- Prices of other inputs
- Commodity prices

Questions

Wesfarmers Insurance Division

Bob Buckley
Managing Director

Overview

Insurance

Lumley

Australia

New Zealand

Wesfarmers Federation Insurance

Australia

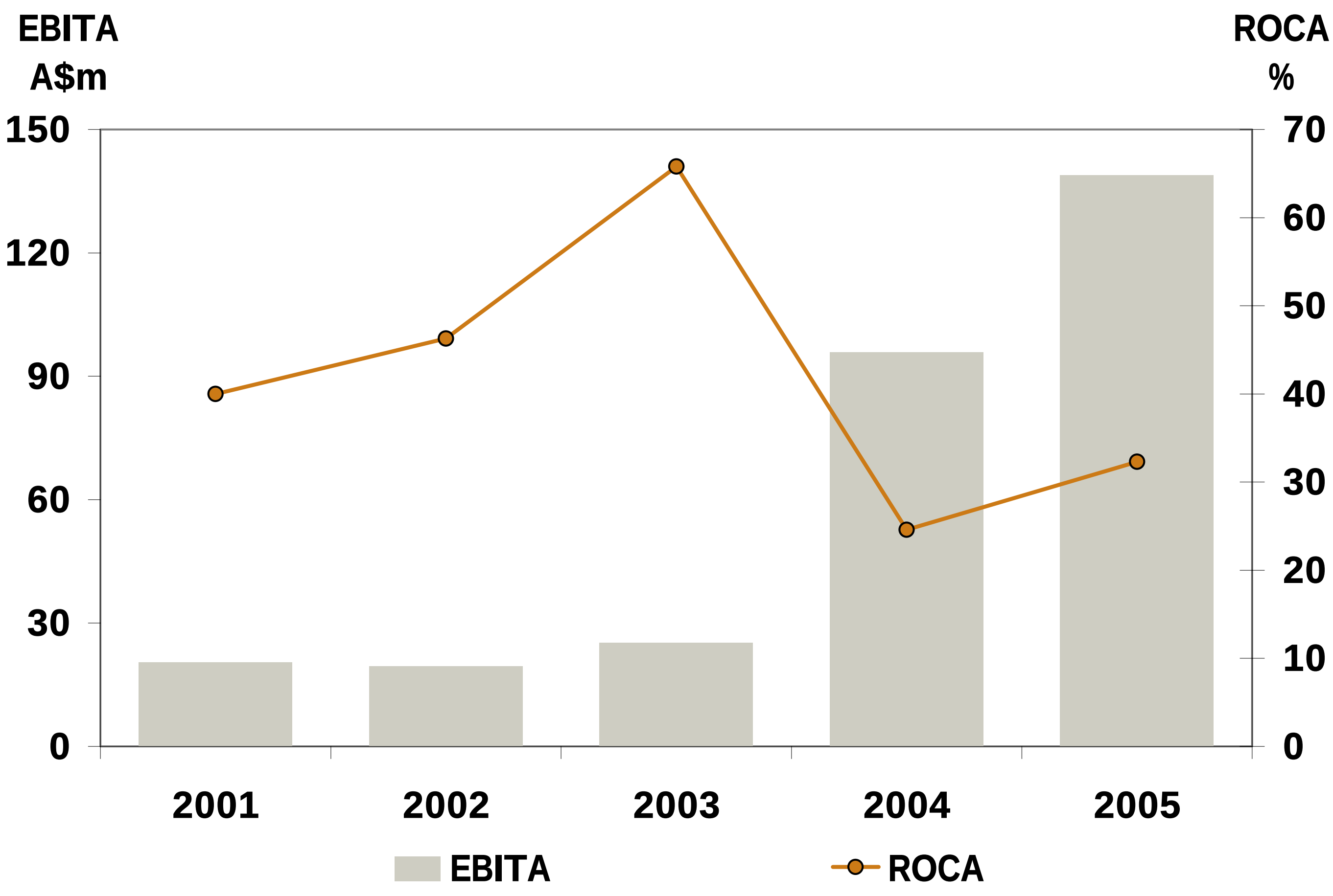
KOUKIA

Australia

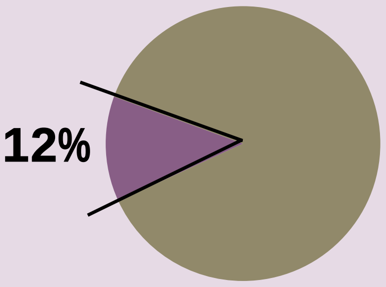
New Zealand

Hong Kong

Insurance - Financial Performance



CONTRIBUTION TO GROUP EBITA



QUICK FACTS

1,463 employees

105 branches

*Lumley included since date of acquisition of 14 October 2003

Financial Performance (Y/E 30 June)

($m)	2004*	2005	↕ %
Gross Written Premium	787.3	1,019.9	29.5
Net Earned Premium	508.1	700.4	37.8
Net Claims	(295.8)	(412.1)	(39.3)
Net Commission and Expenses	(142.5)	(189.6)	(33.1)
Underwriting Result	**69.8**	**98.7**	**41.4**
Investment Income on TR	15.4	23.1	50.0
Insurance Margin	85.2	121.8	43.0
Investment Income on SHF	10.4	11.9	14.4
Non-Insurance Activities	0.2	5.1	nm
EBITA	**95.8**	**138.8**	**44.9**

*Lumley included since date of acquisition of 14 October 2003

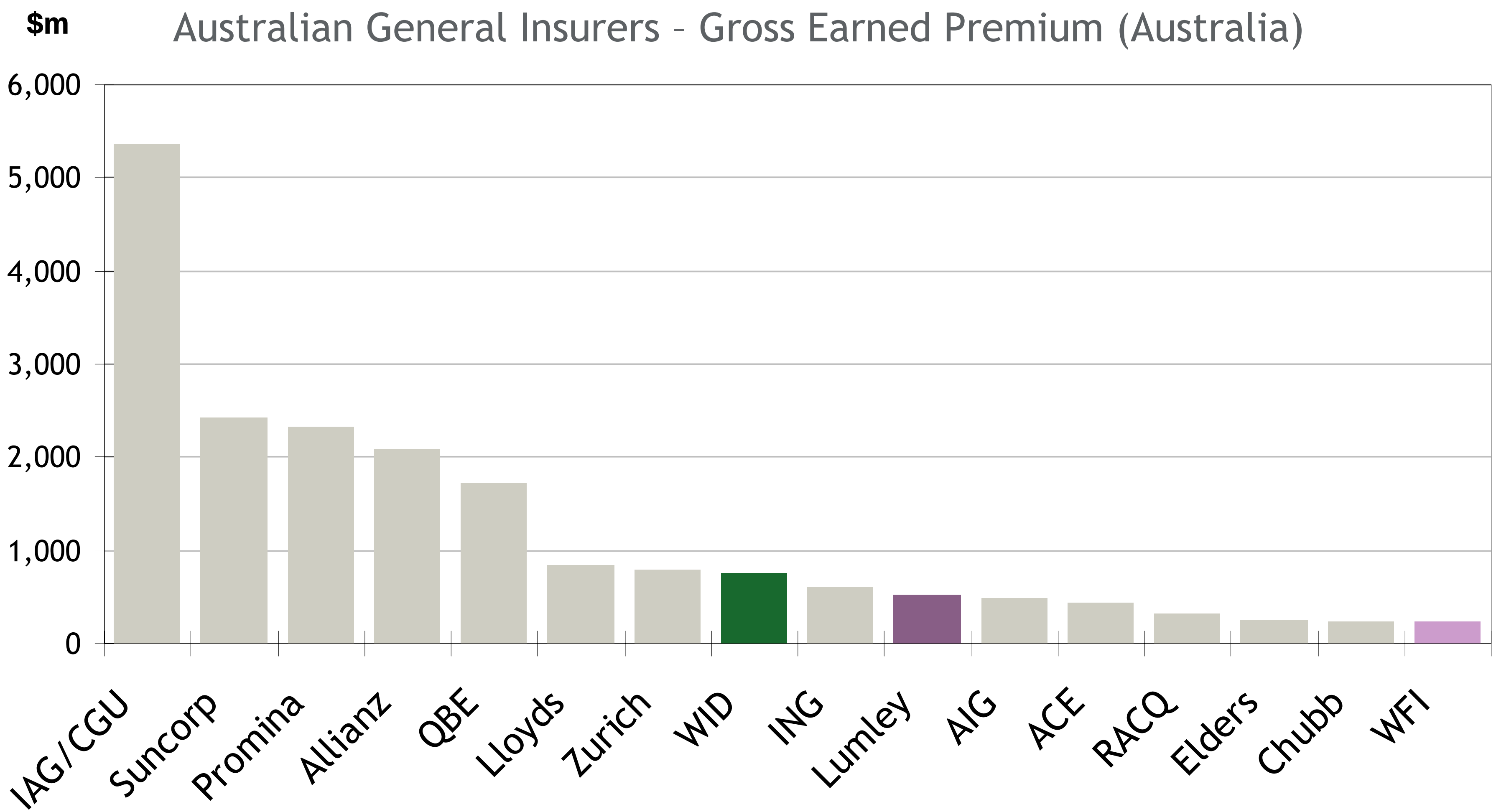
Financial Performance (Y/E 30 June)

(%)	2004*	2005	↕ %
Gross Earned Loss Ratio	53.2	56.5	(3.3)
Net Earned Loss Ratio	58.1	58.8	(0.7)
Reinsurance Expense (%GEP)	37.5	32.4	5.1
Exchange Commission (%RI Cost)	21.1	24.1	3.0
Commission Expense (%GWP)	13.2	13.9	(0.7)
Total Expenses (%GWP)	25.1	26.5	(1.4)
Combined Operating Ratio	86.3	85.9	0.4
Insurance Margin	16.8	17.4	0.6

*Lumley included since date of acquisition of 14 October 2003

Business Environment

Business Environment



Source: Deloitte 2004

Business Environment

- Sep 2005 YTD claims experience comparable to last year
- Competition is affecting GWP growth
- All business units experiencing increased competition
- NEP positively impacted by reduced RI expense
- RI market tightening due to US hurricane season

Strategies

Strategies

Growth opportunities

- Developing new strategic alliances
- Acquisition of small portfolios
- Continued focus on profitable niche business
- Optimise broker relationships

Increase risk retention

Year Ended 30 June (%)	2004	2005
Including AMO		
Reinsurance Expense (% GEP)	37.5	32.4
Excluding AMO		
Reinsurance Expense (% GEP)	32.1	28.2

- Further reductions in 2005/06

Strategies

Implement enhanced IT systems

- Gennetica rollout completed at LGA
  - Improvements in data collection and rating information
- WFI and LGNZ to implement Koukia in late 2006
  - Cost reductions from maintaining legacy systems
  - Improved flexibility
  - Provision of timely information to agents and customers
  - Integrated system

Outlook

Outlook

- Challenging outlook
- NEP growth to continue – reduced reinsurance
- Margins to decline
- Continuation of compliance burden
- Koukia enquiries growing

Questions

Other Businesses

Gene Tilbrook
Finance Director

ARG

50% Interest with Genesee and Wyoming

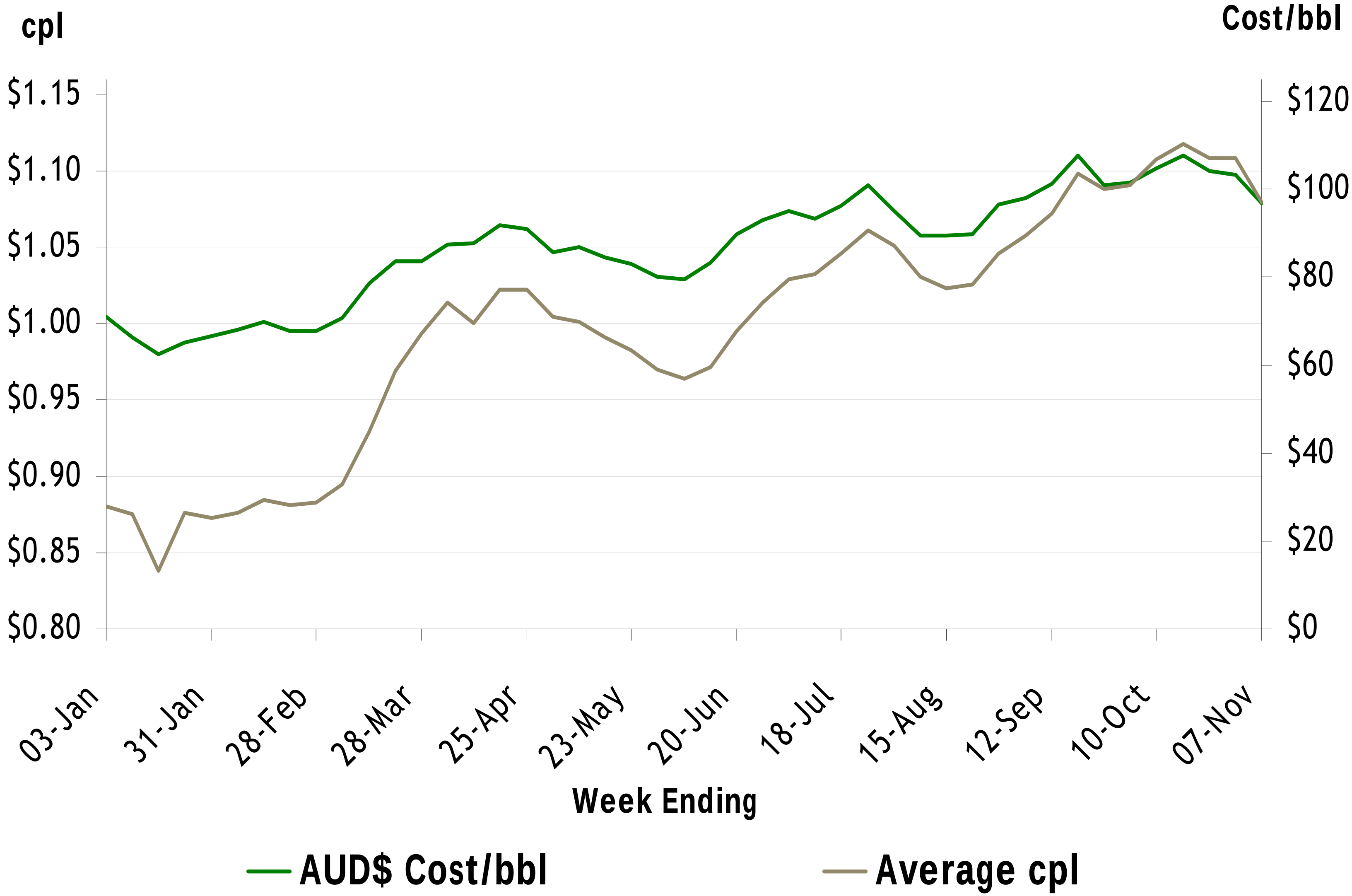
ARG
Overview

- Previously delayed tonnage growth now occurring
- Continuing cost pressures – fuel and labour
- Major track upgrade complete
- Regulatory milestones reached
- Safety outcomes near target

ARG
Business Environment

- Buoyant minerals industry
- Shortages of labour and services
- Indications of lower fuel prices
- Mature regulatory environment

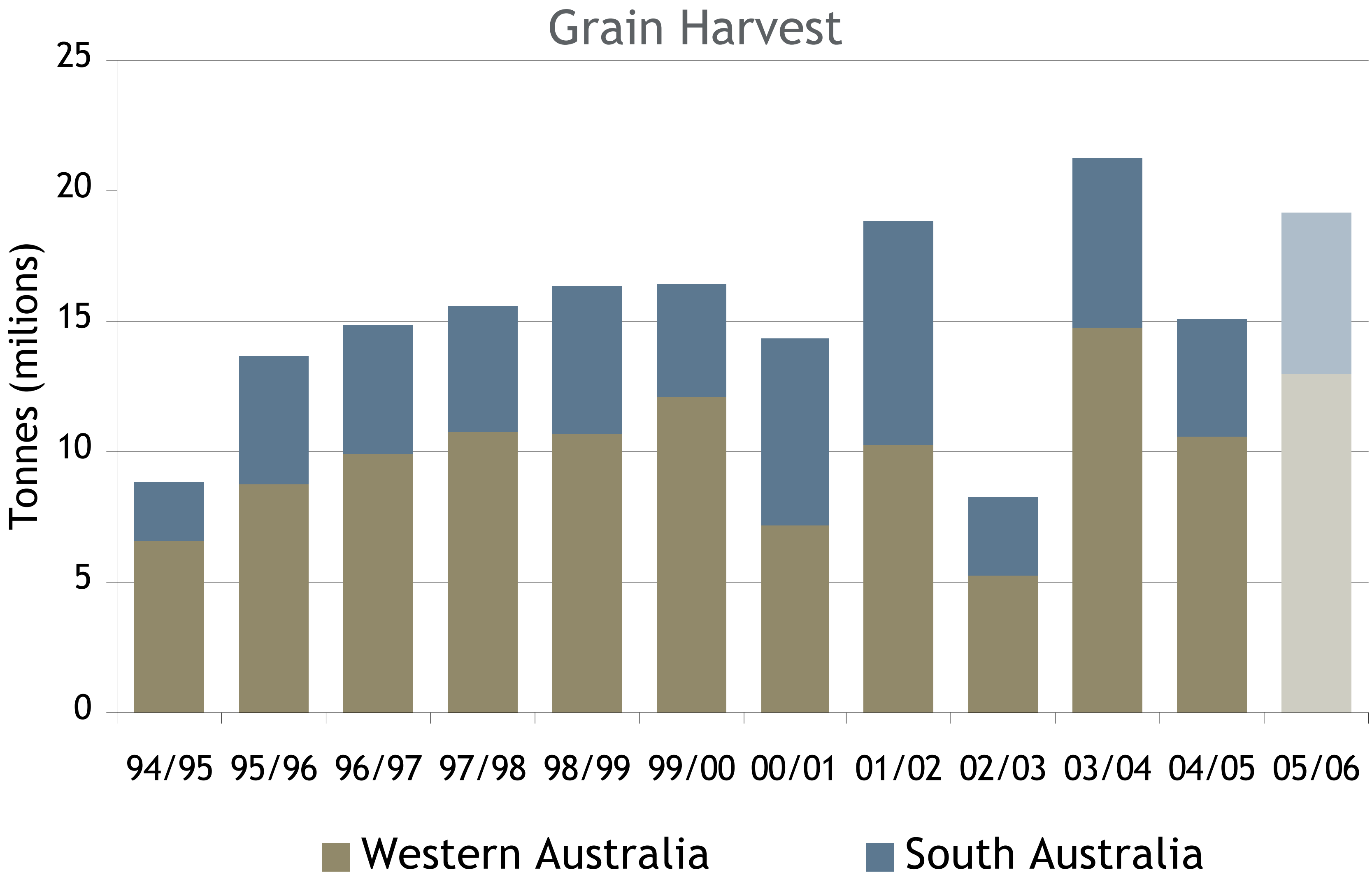
Fuel Prices



cpl
Cost/bbl
$1.15
$1.10
$1.05
$1.00
$0.95
$0.90
$0.85
$0.80
$120
$100
$80
$60
$40
$20
$0
03-Jan
31-Jan
28-Feb
28-Mar
25-Apr
23-May
20-Jun
18-Jul
15-Aug
12-Sep
10-Oct
07-Nov
Week Ending
AUD$ Cost/bbl
Average cpl

ARG
Outlook

- Continuing minerals growth
- 2005/06 grain


Grain Harvest
Tonnes (milions)
25
20
15
10
5
0
94/95
95/96
96/97
97/98
98/99
99/00
00/01
01/02
02/03
03/04
04/05
05/06
Western Australia
South Australia

ARG
Outlook

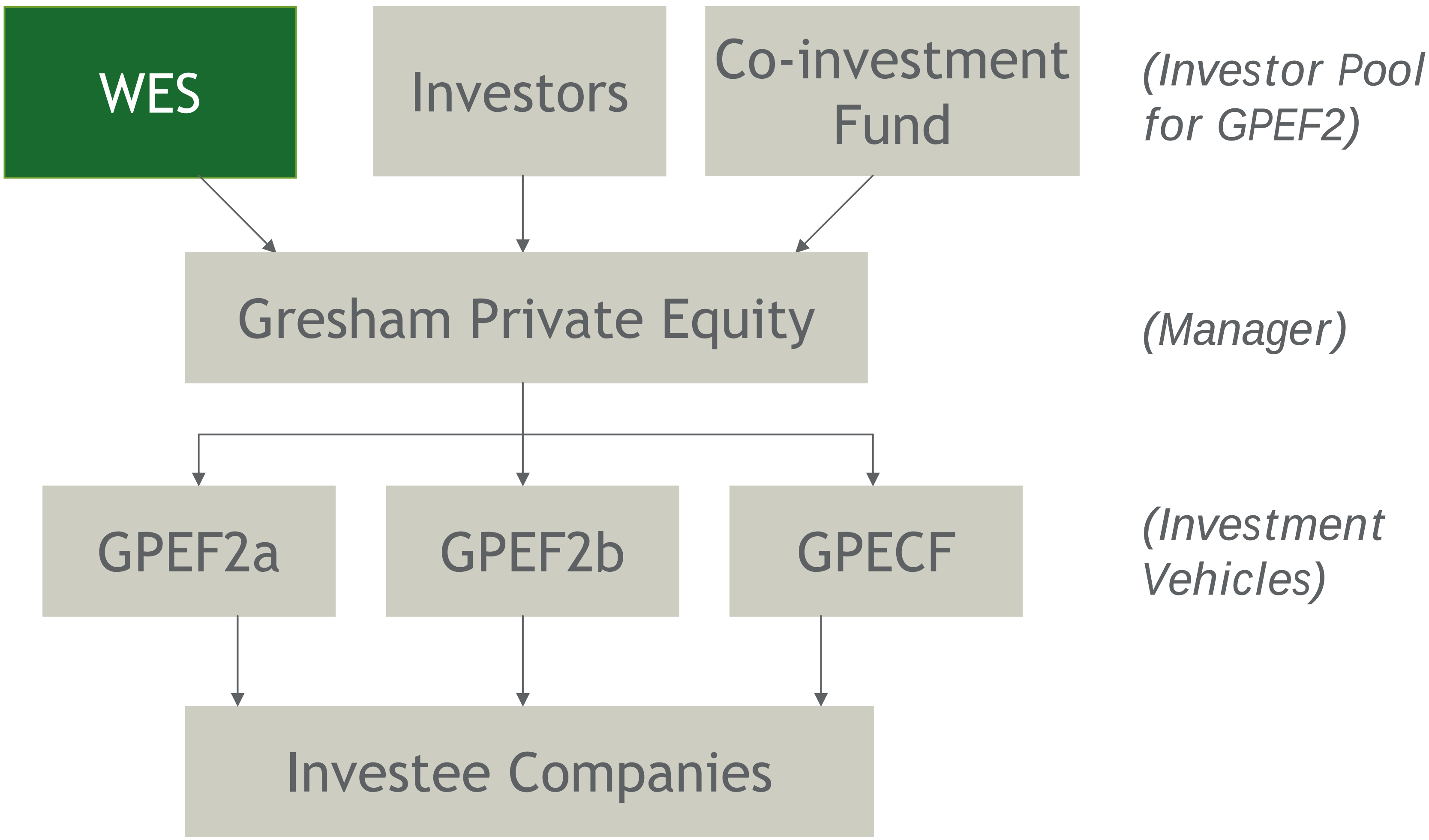
- Continuing minerals growth
- 2005/06 grain
- Measures to overcome cost pressures
- Continuing safety and incident focus
- Management changes

Gresham Private Equity

Gresham Private Equity – Fund 1

EROC	*mining / infrastructure contractor*
Norcros	*UK based building materials, coatings*
Virgin Active	*health clubs in Europe and South Africa*
Raywood	*vehicle control systems*
Riviera	*ocean cruisers*

Gresham Private Equity Fund 2 Structure



Gresham Private Equity – Fund 2

Noel Leeming	*electrical retailer (New Zealand)*
Australian Pacific Paper Products	*manufacturer and distributor of disposable nappies*

Business Development

Questions

Wesfarmers Energy

David Robb
Managing Director

Overview

Wesfarmers Energy

KleenheatGas

CURRAGH

WESFARMERS LPG

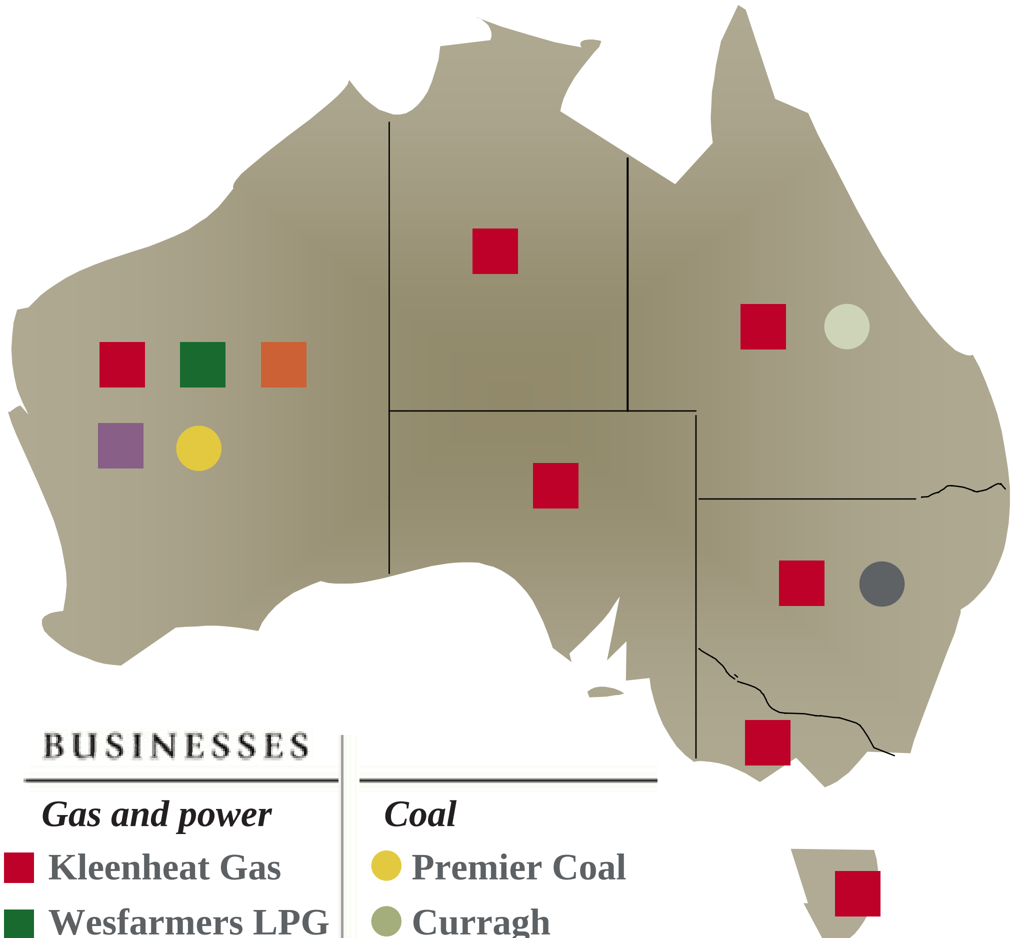
AIR LIQUIDE™
WESTERN AUSTRALIA

BENGALLA

enGen
energy generation

Premier Coal

Wesfarmers Energy
2004/05



BUSINESSES

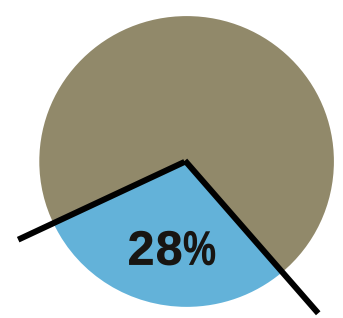
Gas and power
- Kleenheat Gas
- Wesfarmers LPG
- Air Liquide
- StateWest Power

Coal
- Premier Coal
- Curragh
- Bengalla

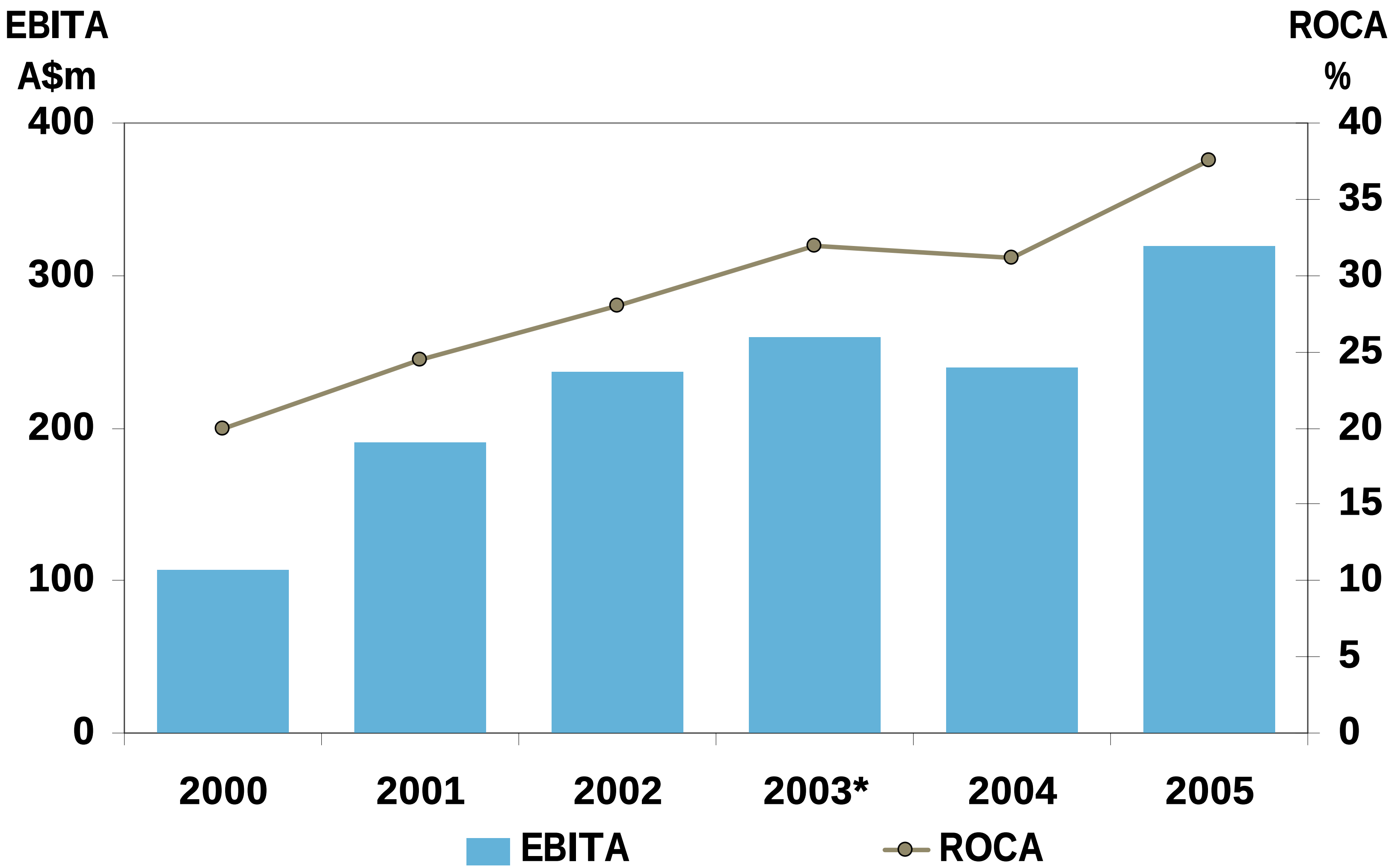
QUICK FACTS

1,431 employees
3 coal mines
20 coal customers
750 gas locations
264,000 gas customers
14 remote power stations

CONTRIBUTION TO GROUP EBITA



Energy Objective
Profitable Growth over Time



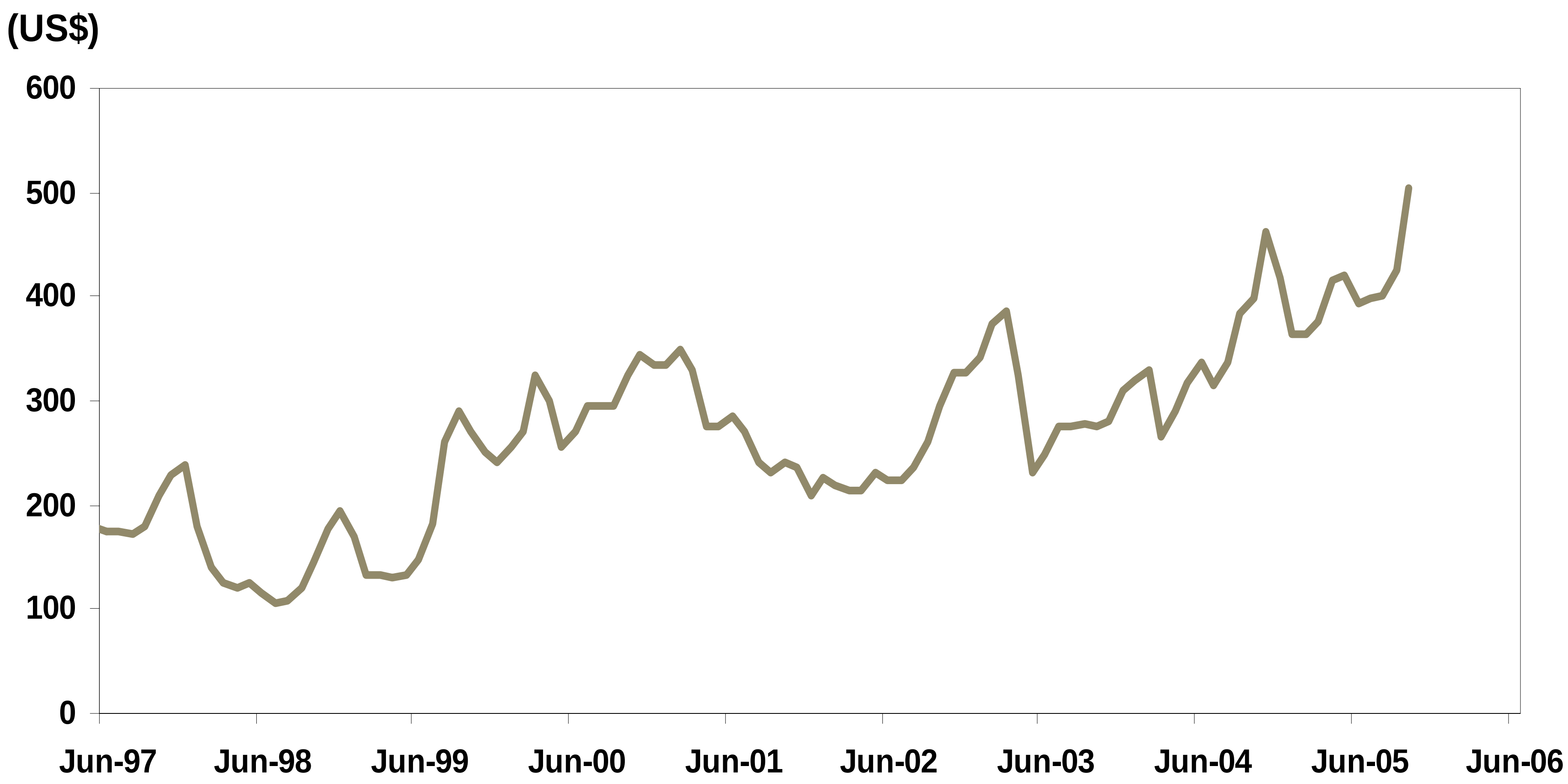
* Excludes Girrah A$80.5m in 2003

Sustainability

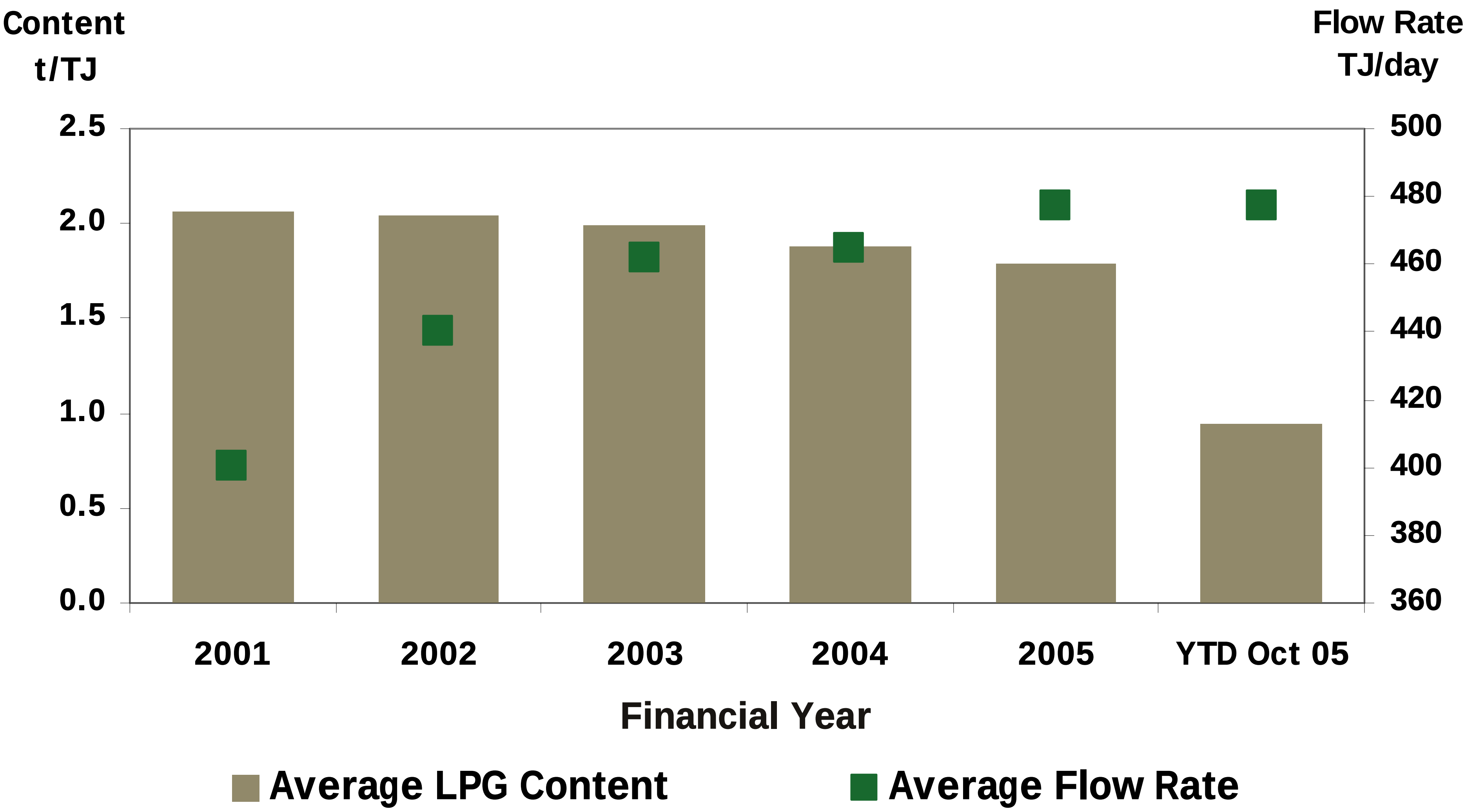
- Premier: Golden Gecko environmental award
- Curragh: Blackwater Community Health Centre
- KHG: LNG market development
- ALWA, WLPG and enGen all LTI free in 2004/05

Business Environment

Saudi Aramco Contract Price

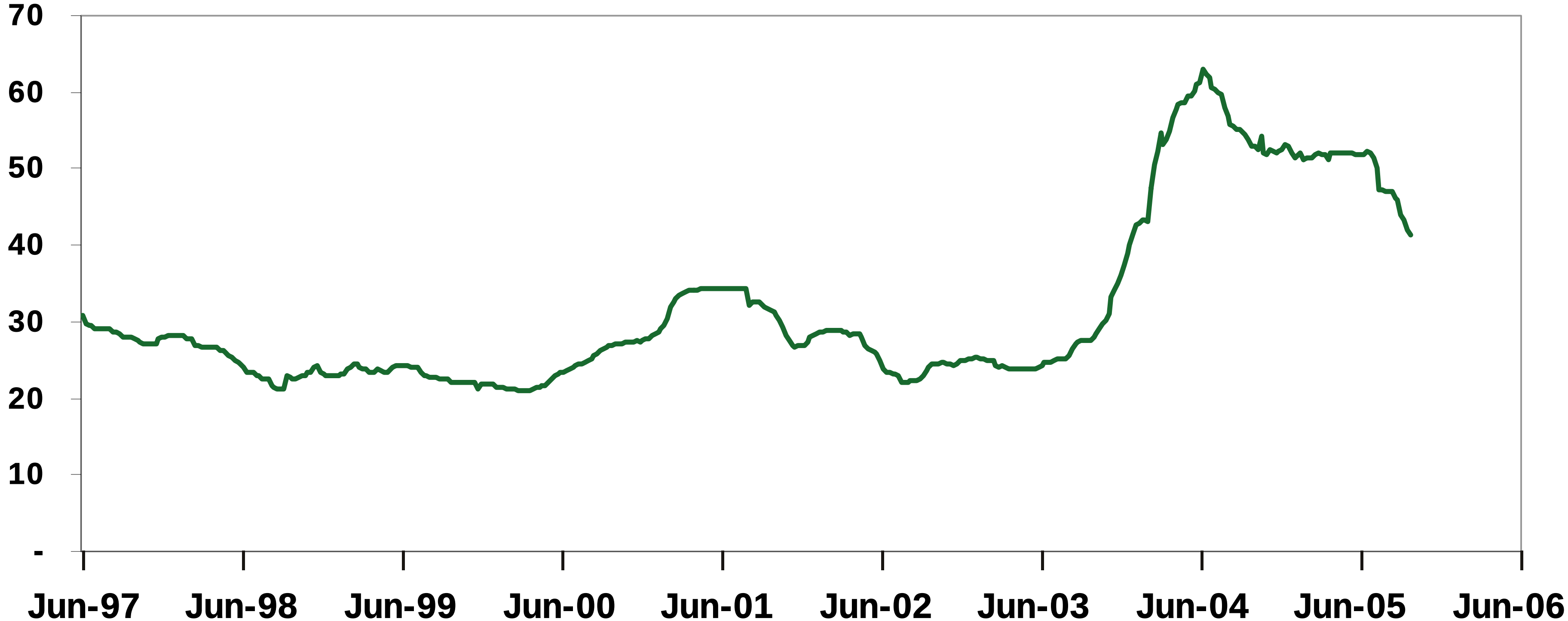


WLPG Feed Gas
LPG Content and Flow Rate



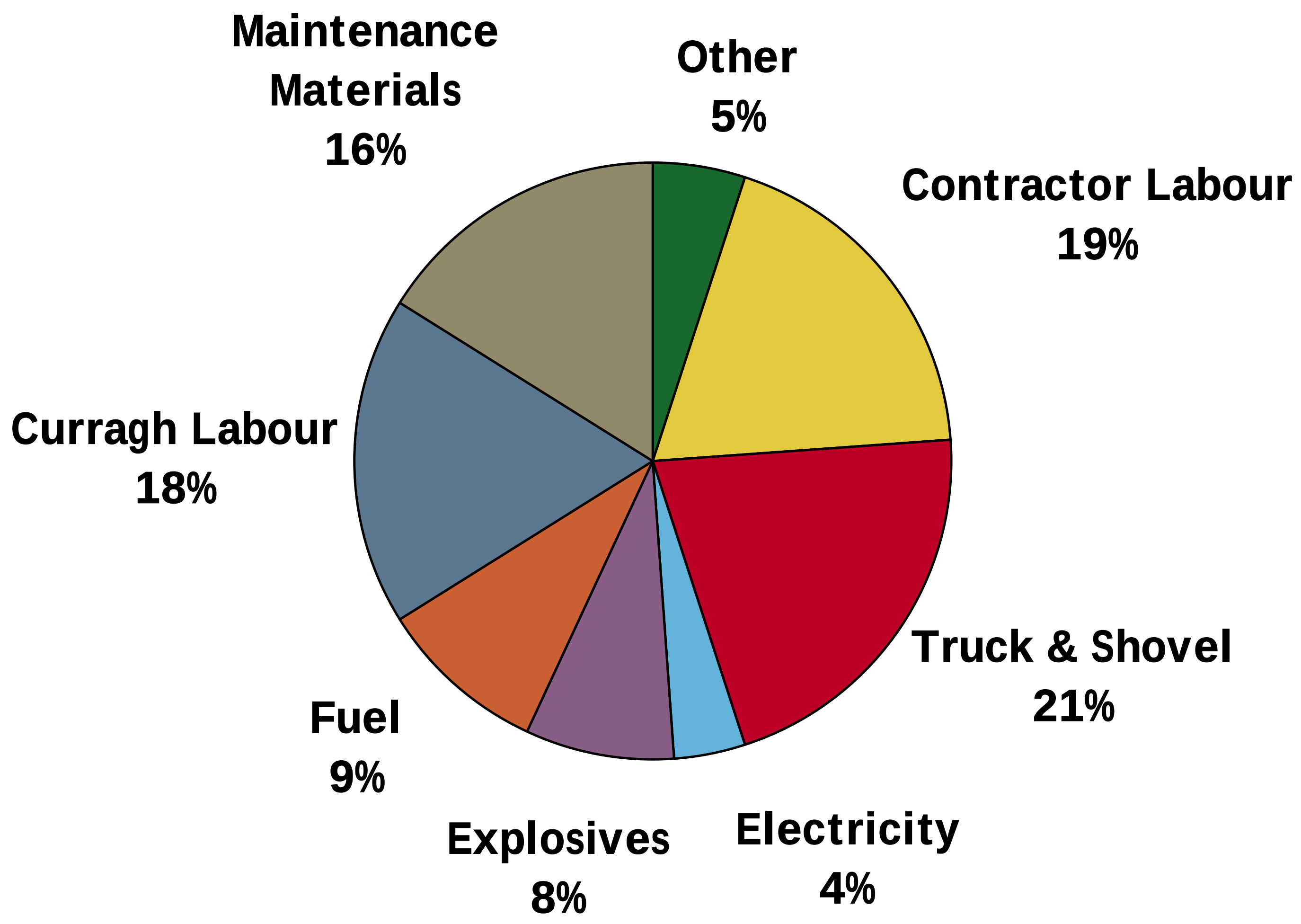
Thermal Coal Spot Prices

US$/Tonne FOB nominal

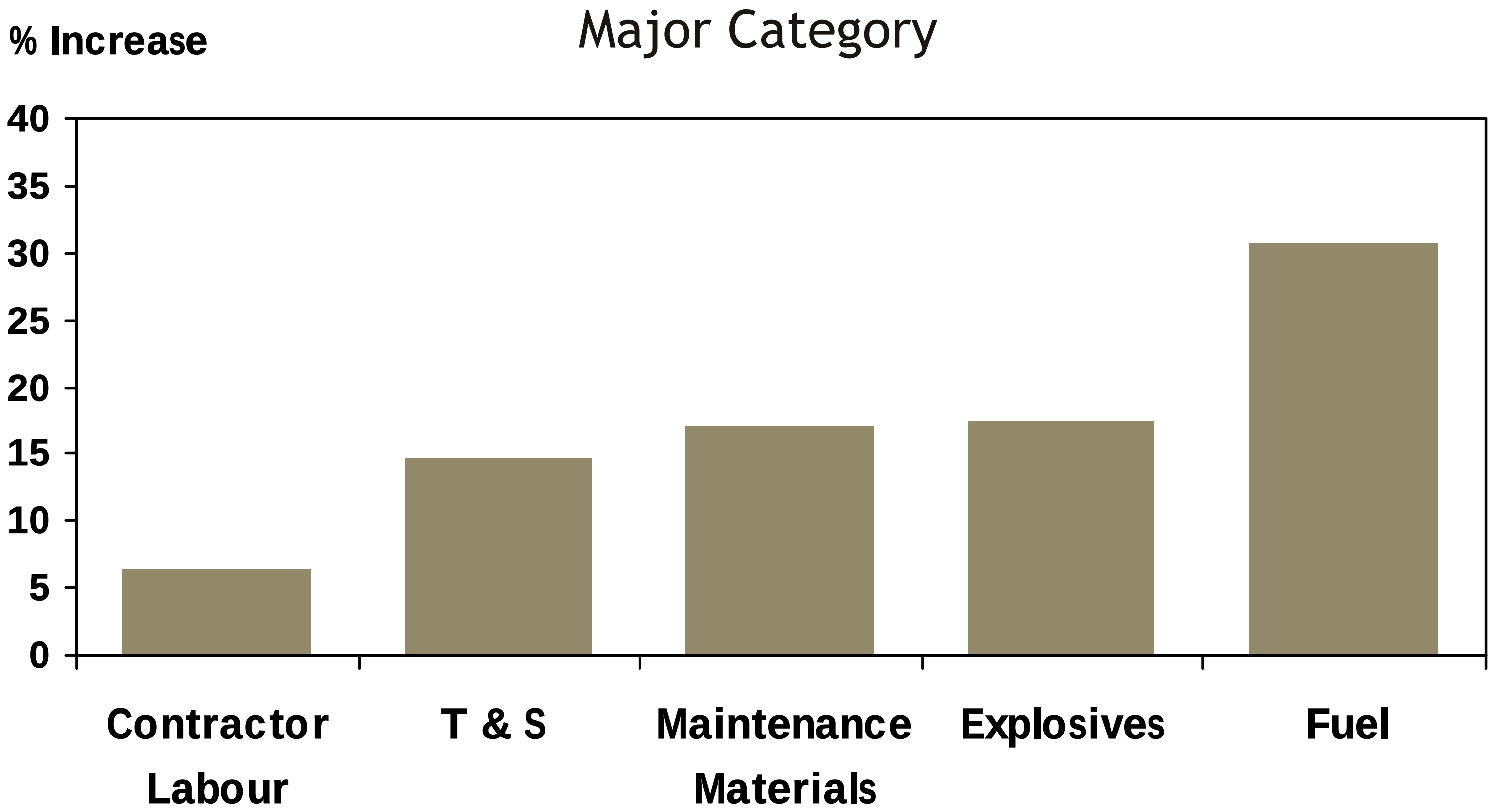


Source: Barlow Jonker

Curragh Cost Elements
FY2005

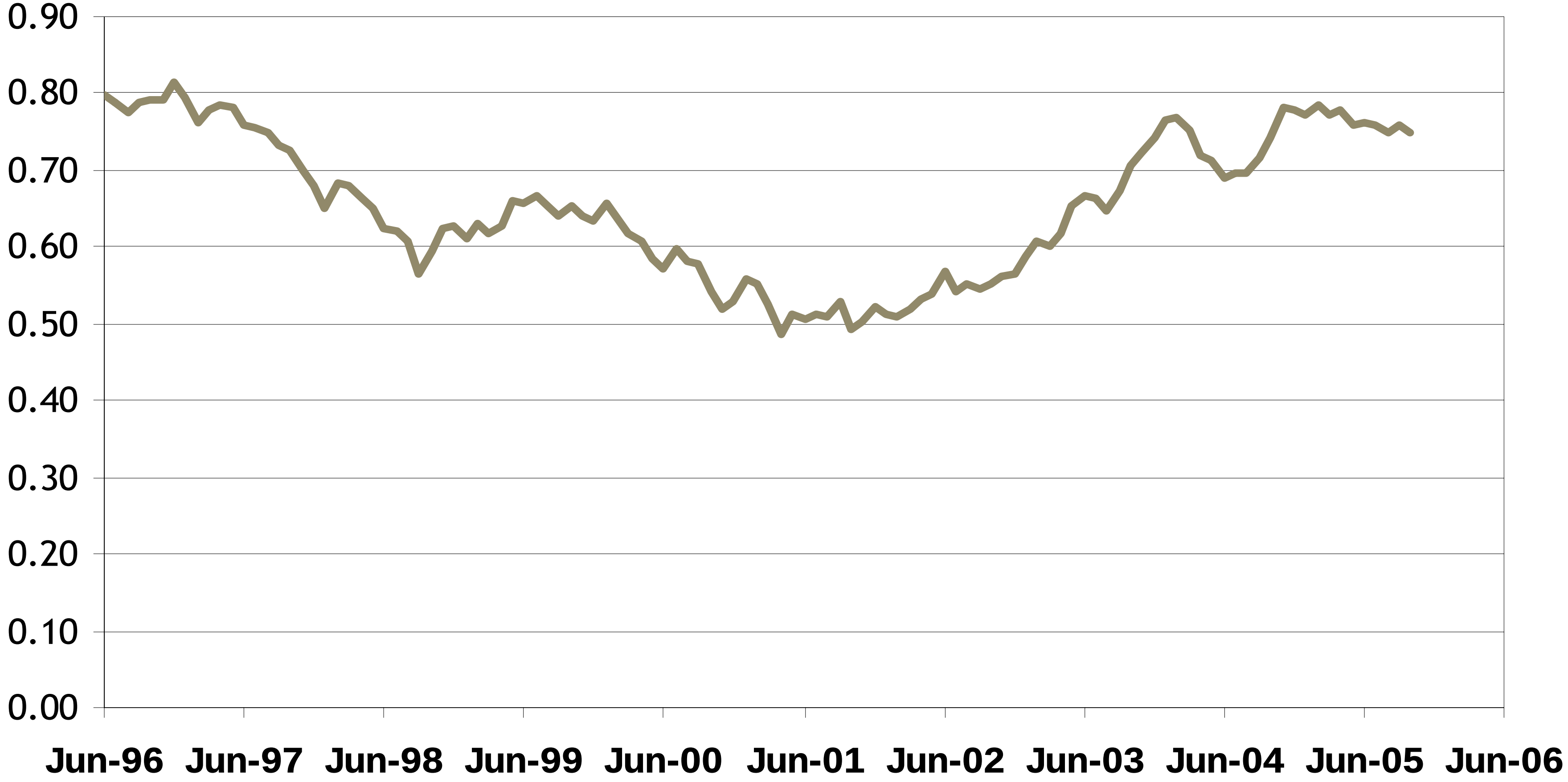


Curragh Cash Production Costs
Oct 05 vs Oct 04



Unit rate impact on cash costs	+16%
Volume impact on cash costs	+8%
Total	+24%

Exchange Rate
AUD/USD



Wesfarmers Curragh hedging profile
Nov 2005

Period end 31 Dec	Current proportion of USD revenue hedged *	Average AUD/USD hedge rate
2006	90%	0.6860
2007	70%	0.6839
2008	50%	0.7030
2009	30%	0.7151
2010	10%	0.7116

* Calculated using known contract outcomes, long run pricing assumptions, and after adjusting for USD denominated capital and operational expenditure (includes rebate and royalty payments).

Outlook

Energy 2005/06 Outlook

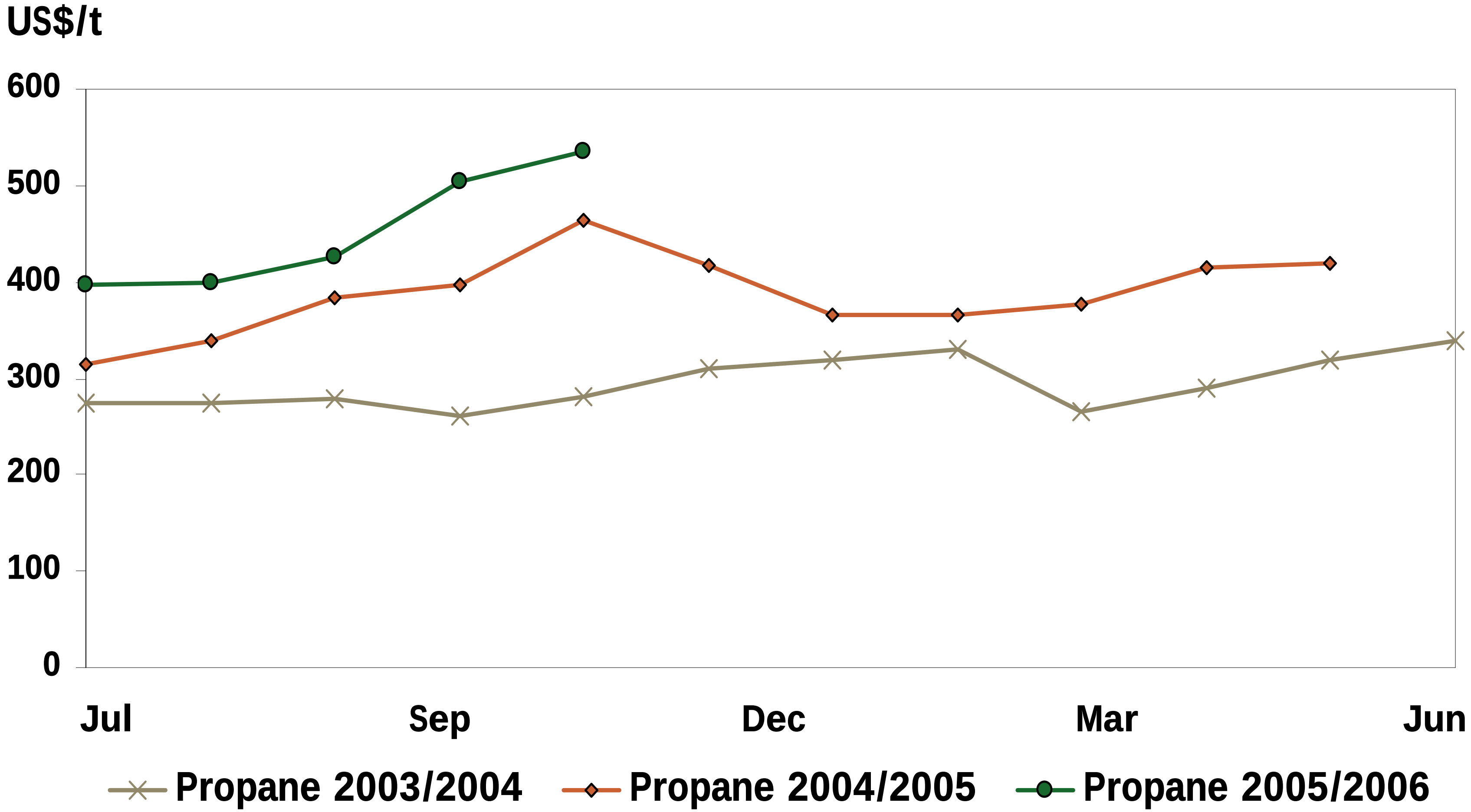
Gas and Power

- Margins under pressure
- Reduced LPG content
- Strong power demand

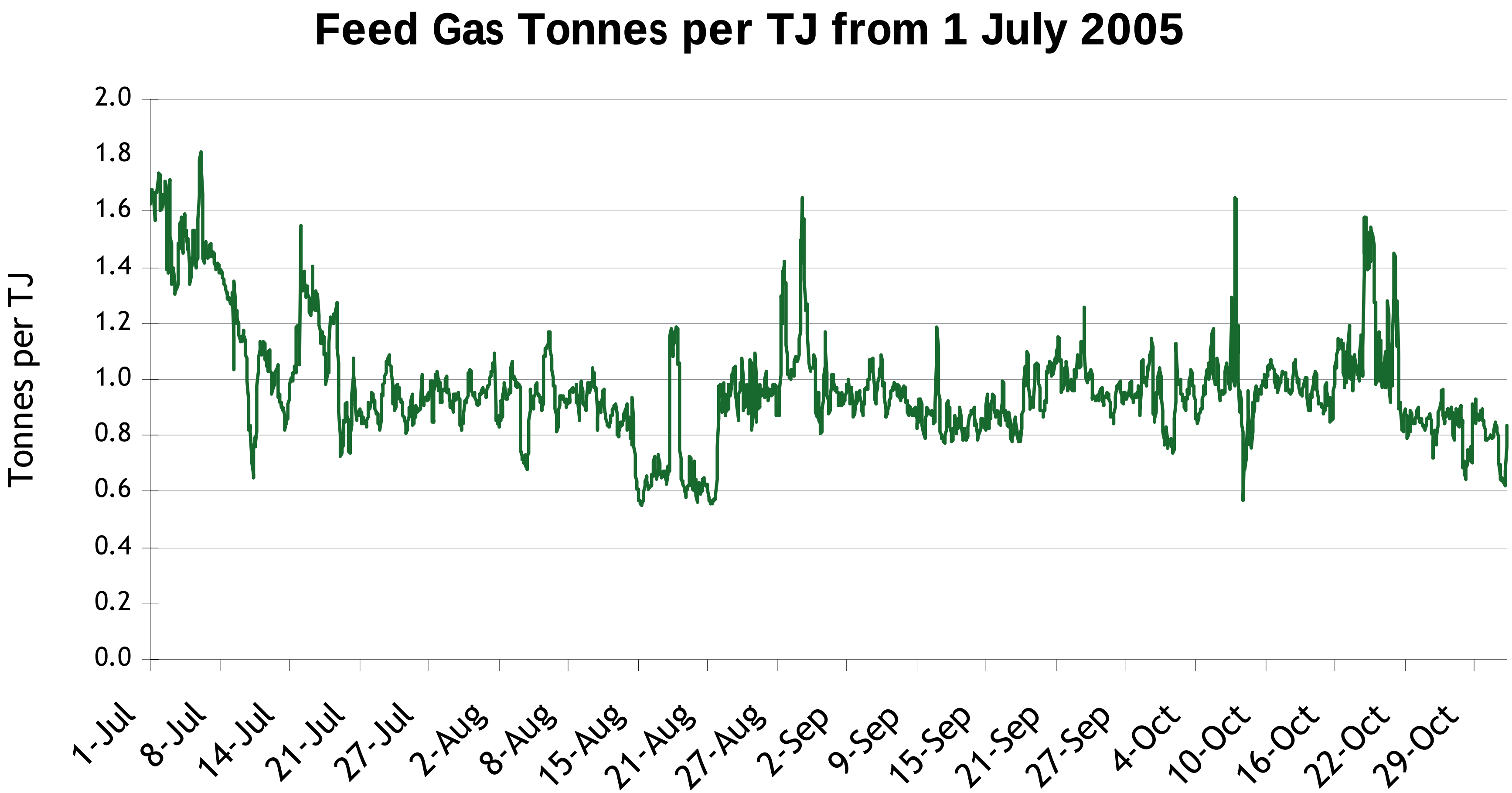
Coal

- Curragh export sales 6.4 – 6.8 mt
- Bengalla port restrictions to continue
- Industry cost and staffing pressures to continue
- Coking coal price uncertainty

Saudi Contract Price



LPG Content



Feed Gas Tonnes per TJ from 1 July 2005
Tonnes per TJ
2.0
1.8
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0
1-Jul
8-Jul
14-Jul
21-Jul
27-Jul
2-Aug
8-Aug
15-Aug
21-Aug
27-Aug
2-Sep
9-Sep
15-Sep
21-Sep
27-Sep
4-Oct
10-Oct
16-Oct
22-Oct
29-Oct

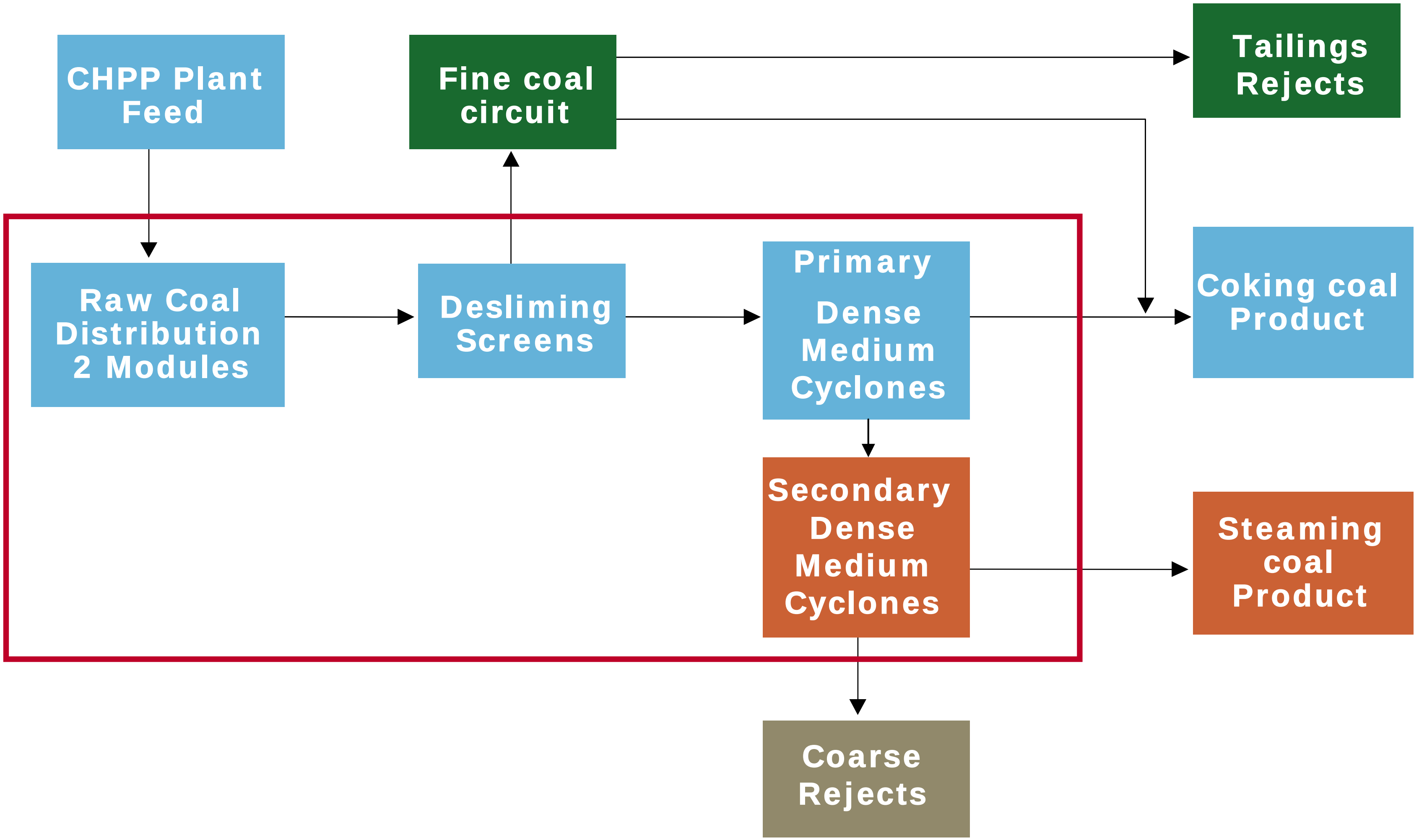
Coal Production

Mine	Beneficial Interest %	Coal Type	3 Months to Sep-04 ('000 tonnes)	3 Months to Sep-05 ('000 tonnes)
Premier	100	Steam	882	915
Curragh	100	Coking	1,169	1,531
		Steam	657	679
Bengalla	40	Steam	695	483

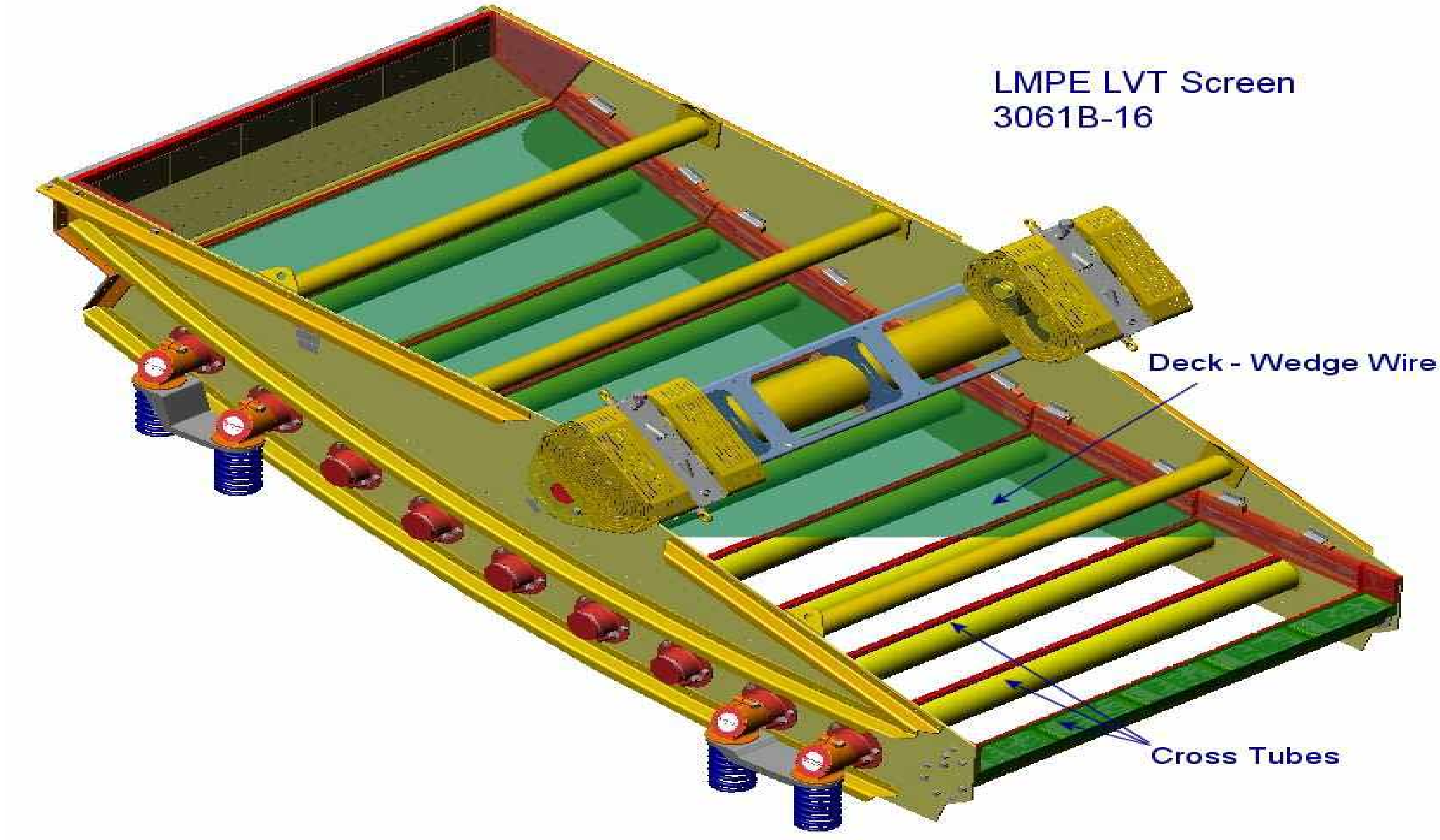
Coal Handling & Preparation Plant

- 4,320 sq m area
- 27m high
- 2 parallel modules
- 24 screens
- 43 pumps
- 444 electric motors
- 26km piping
- 1,600tph nominal
- 12.5mtpa

Coal Handling & Preparation Plant
Flow Chart

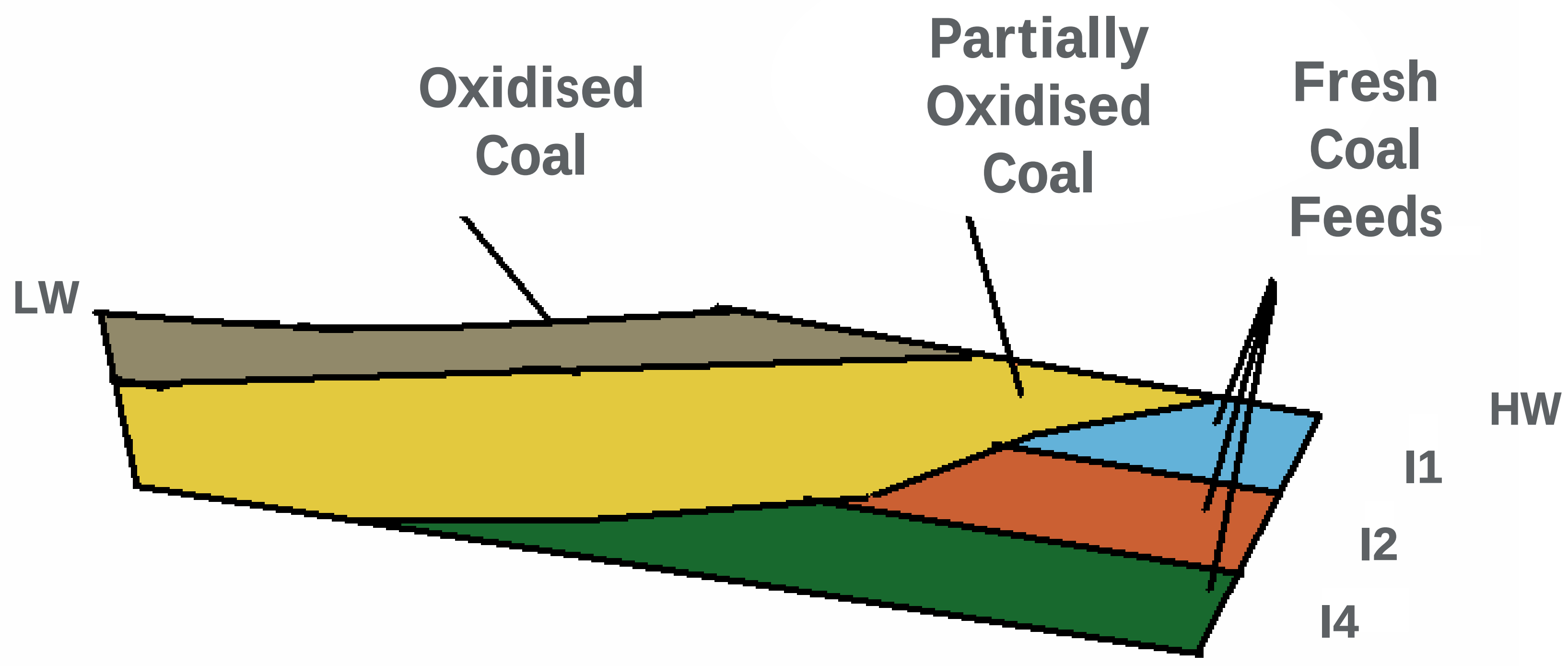


Coal Handling & Preparation Plant
Vibrating "Banana" Screen



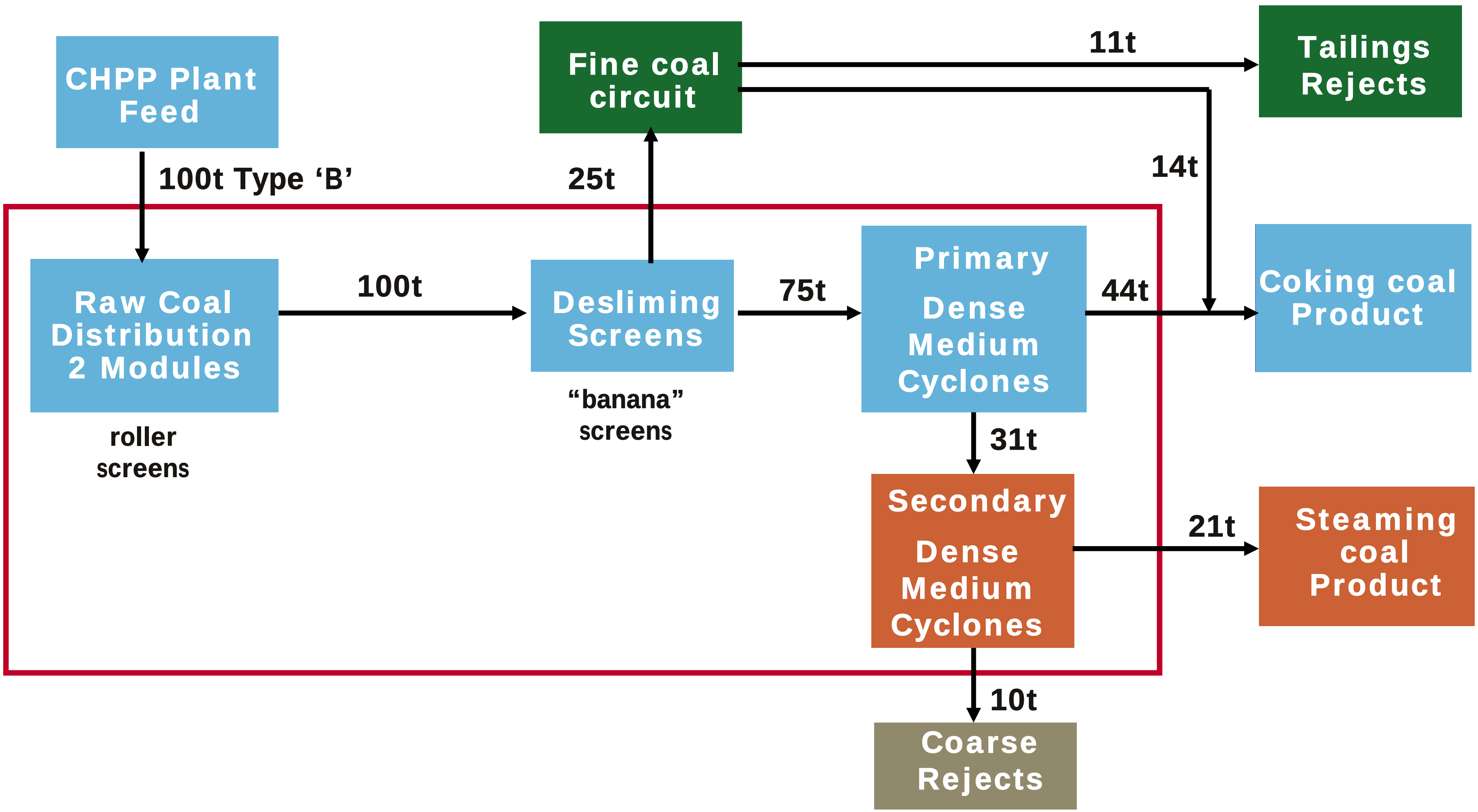
Coal Handling & Preparation Plant
Banana Screen - Failed Cross Tube

Curragh North
Oxidised Coal in 1st Panels of Central Pit



Curragh North
Initial Road Transport

Coal Handling & Preparation Plant
Processing Flow Chart (normal)



Strategies

Energy Strategy Summary

Premier	-	renew contracts, new markets, unit costs
Curragh	-	deliver and optimise Curragh North
Bengalla	-	new mine plan, improve sales mix
KHG	-	improve efficiency, develop new markets
WLPG	-	implement new LPG supply arrangements
ALWA	-	deliver new projects

Premier Sales Development

- RFP successful
- Char patent granted
- Demonstration plant 2H 2006
- 40,000 tonnes per annum

Curragh North Progress

- Ahead of schedule
- Infrastructure largely complete
- Major mobile equipment on site
- 2 mt coal mined
- Conveyor operational 4Q 2006

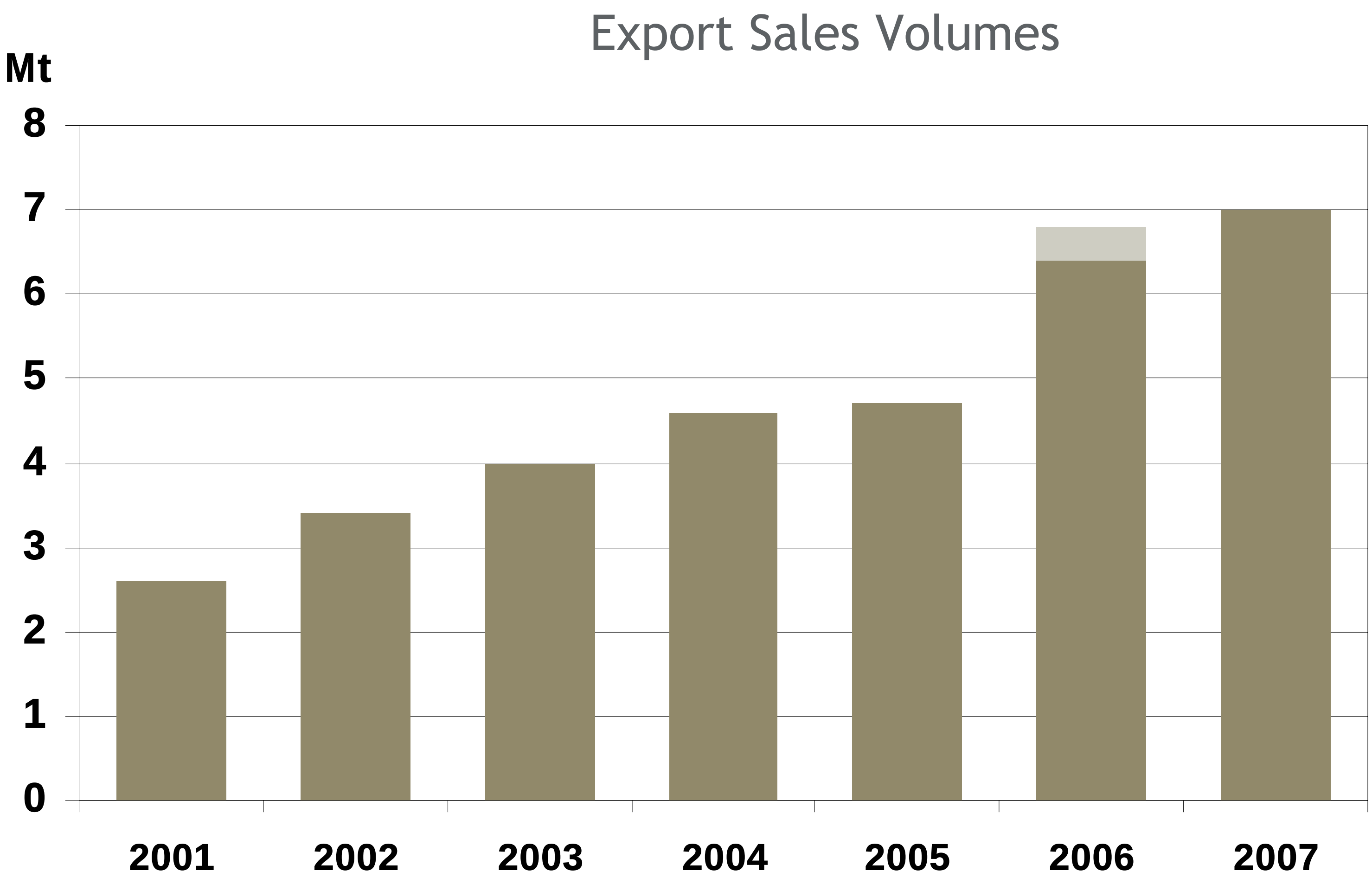
Curragh North Capex
at 31 October

- Committed $330m
- Spent $200m
- Coal handling and conveyor project on track
  - Escalation risk share plus contingency
- Forecast at completion ≤ $360m

Curragh Expansion Potential
Preconditions

- CHPP performance and reliability
- PCI sales development
- Creek Diversion
- UDS technology for draglines
- CHPP upgrade
- Rail and port capacity headroom ✓
  - 7.5 mtpa from July 06
  - 8.5 mtpa from July 07

Curragh Export Volume
Potential Growth



HCC	60%
SHCC	20%
PCI	20%

Bengalla

- Amend development consent
- Expand from 8.7 to 10.7 mtpa ROM maximum
- Increase export sales
- Consistent with port and rail capacity

Kleenheat

- vTrack
- 2nd 3 tpd LNG plant at Kwinana
- Potential 160 tpd plant

enGen – Remote Power

- Midwest project delivered
- Remote Towns bid successful
- Opportunity pipeline strong

Questions

Corporate Sustainability

Keith Kessell
Executive General Manager, Corporate Affairs

Corporate Sustainability

- "...an approach in which financial success sits comfortably with a resolve to set high standards in a range of other areas. These include the decent treatment of employees, customers and suppliers, acting honestly and ethically in all dealings, doing what we can to minimise impacts on the environment and contributing to the community."
- "Ensure the company's sustainability" - the 4th strategy

Corporate Sustainability

- Combines concepts of Sustainable Development, Triple Bottom Line, Corporate Social Responsibility
- Endorse BCA position on CSR – “..the greatest social contribution made by corporations is through the goods and services they provide, the wealth they create and the employment they generate”
- Strong business case – reputation enhancement

Corporate Sustainability

- Increases attractiveness as business partner, employer and influences attitude of regulators
- Reporting voluntarily on non financial performance since 1998
- Social Responsibility Report covers eight wholly-owned businesses
- Picks up some GRI criteria
- Prime impacts internal – encourages better performance
- Helpful in establishing our SRI credentials

Questions

Bunnings

John Gillam
Managing Director

BUNNINGS
warehouse

Agenda

1. Background
2. Trading update
3. Strategies
4. Outlook

Background

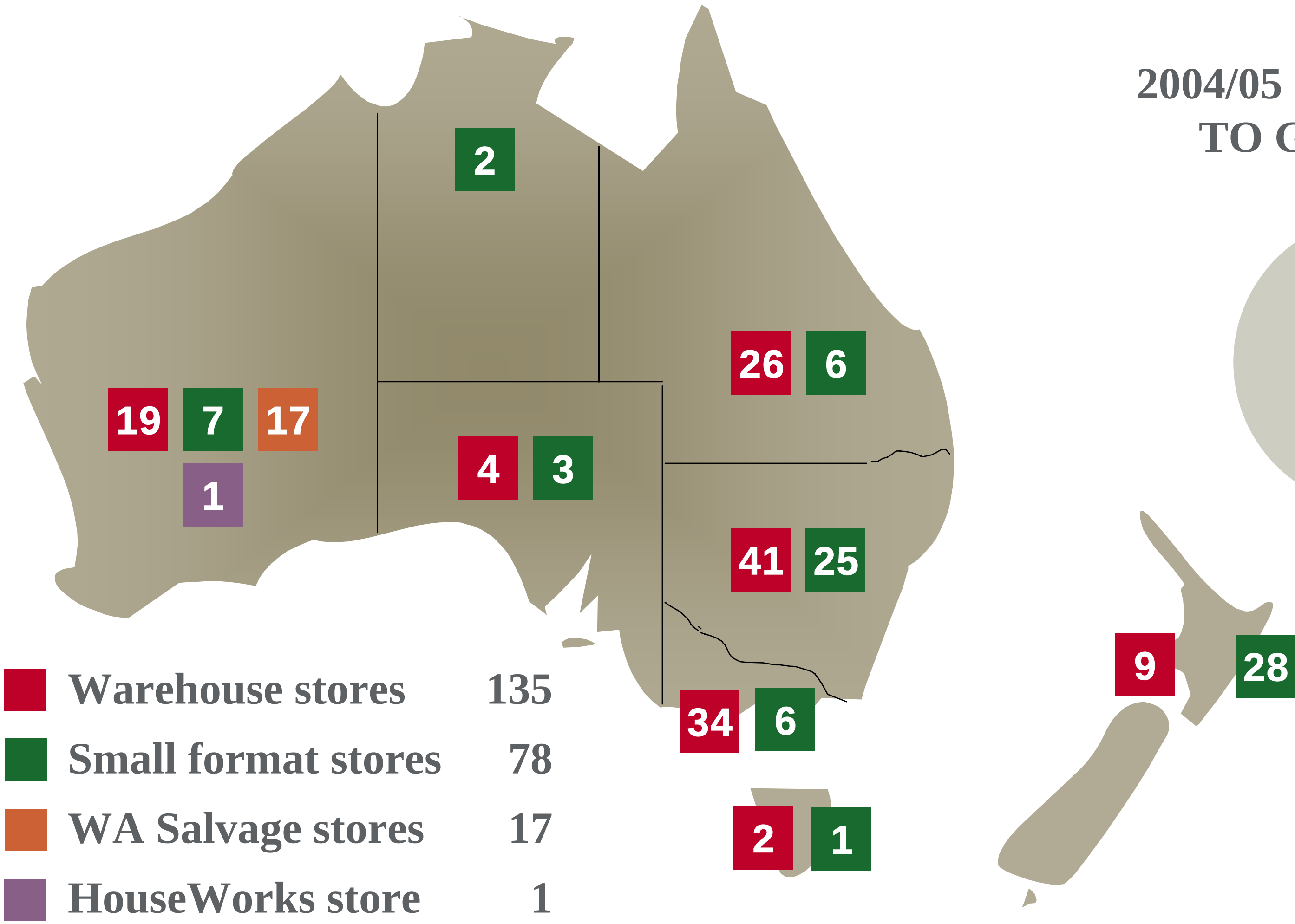
BUNNINGS warehouse

WIDEST RANGE

LOWEST PRICES

BEST SERVICE

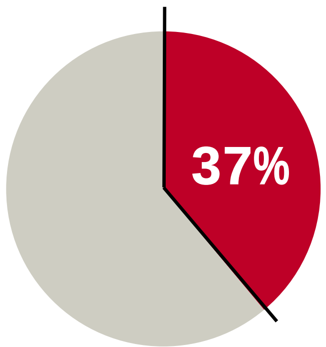
Store Network



Warehouse stores	135
Small format stores	78
WA Salvage stores	17
HouseWorks store	1

Excludes Distribution Centres and trade operational sites

2004/05 CONTRIBUTION TO GROUP EBITA



Hardware
Financial Performance

Segment Result	2003/04	2004/05
Revenue ($m)	3,845.7	4,067.5
EBITA ($m)	384.8	417.9
Amortisation ($m)	50.1	52.3
EBIT ($m)	334.7	365.6
EBITA/Sales Ratio	*10.0%*	*10.3%*
LTIFR	*14.5*	*11.4*

Trading Update

July–Oct 2005

Trading Update

- Lower cash sales growth in past 4 months
  - July to Oct cash store on store growth 1.1%
  - Housing price, household debt and fuel impacts
  - Strong competition for discretionary spend
  - NZ, Qld and NSW performing best
  - gaining market share
- Trade sales flat over July to Oct period
  - Continued tight Australian housing market conditions

Strategies

Strategies

1. Focus on retail drivers
2. Store network development
3. Trade business
4. Team members
5. Business systems
6. Business improvement

Strategies

1. Focus on core retail drivers

- Range
  - innovation driving **WIDEST RANGE**
- Price
  - strong cost focus delivering **LOWEST PRICES**
  - productivity loop
- Service
  - best people delivering **BEST SERVICE**

Strategies

1. Focus on core retail drivers

- Range
  - expanding market size with new ranges
  - expanding existing ranges
  - total revamp of special orders

- Service
  - lifting customer service
  - improving customer services

Strategies

Special Orders launched in Victoria in Oct 2005

Strategies

2. Store network development

- Continue 10 to 14 new warehouse store openings
- Format and development adaptability
- Relocate low performing sites
- Store upgrades, refits and offer consistency

Strategies

2. Store network development

- 2005/06 warehouse openings in target range
  - 4 opened YTD, 7 under construction
- Store upgrades, refits and offer consistency
  - accelerated programme on track
  - complete 11 in 1st half, plans on track
  - sales disruption and one-off costs

Strategies

3. Trade business

- Improved strategies implemented
  - building stronger senior team
- Establishing trade distribution centres
  - servicing delivered-to-site business
  - allows stores to better serve pick-up business
- Targeting profitable market share growth

Strategies

3. Trade business

- Positive early signs from trade DC strategy
  - four trade distribution centres in operation
  - further sites planned to open in 2005/06
  - improved service ratings (DIFOT)
  - improved store performance

Strategies

4. Team members

- Enhanced development programmes
- Support to lift team member performance
  - focus on customer service
- Continuing strong safety program
  - pleasing improvement trend

Strategies

5. Business systems

- $55m systems upgrade project underway
- Phase 1 on track
  - new inventory management system
  - new distribution centre system
  - on-line mid 2006

Strategies

6. Business improvement

- Warehouse Administration Review (W.A.R.) project
  - redeploying hours to customer service
- Supply chain
  - improvements across import program
  - enhanced import distribution centre capabilities
  - centralised return centre implemented
- Positive business disciplines

Outlook

Outlook

- Strong commitment to key retail strategic platforms
  - Range, price and service
- Continued store network development activity
- Driving costs down through business improvements
- Tight trading climate


LOWEST PRICES ARE JUST THE BEGINNING...
KARCHER PRESSURE CLEANER

Questions

International Financial Reporting Standards

David Moroney
General Manager, Group Business Services

Presentation outline

- Overview
- Background
- Proforma AIFRS June 2005 Results
- Post June 2005 Transition Adjustments
- Future Accounting Impacts

Overview

- Mandatory adoption of AIFRS from 1 July 2005
- Impact on Wesfarmers is minimal compared to many Australian corporates
- AIFRS has indirectly lead to changes in share plan structure and coal inventory accounting

AIFRS will not change Wesfarmers' focus of providing satisfactory returns to shareholders

Background

- May 2005 outstanding issues have been finalised – share plan, Stanwell rebates and audit sign-off
- Anticipated impacts on the 2004 and 2005 financial years are disclosed in the 2005 annual report
- Final adjustments subject to issue of first set of AIFRS accounts in August 2006 for year ending 30 June 2006
- Interpretations are still changing at the international level

Proforma profit and loss

	Year to 30 June 2005		
	AGAAP $ million	AIFRS $ million	Increase/ (decrease) $ million
Revenues	8,190	8,159	(31)
Expenses	(6,970)	(6,942)	28
Share of associates' profits	40	50	10
EBITDA	1,260	1,267	7
Depreciation and amortisation	(277)	(189)	88
EBIT	983	1,078	95
Borrowing costs	(103)	(104)	(1)
Tax expense and minorities	(262)	(268)	(6)
NPAT	618	706	88
Earnings per share	*163.9¢*	*187.2¢*	*23.3¢*

Proforma balance sheet

	As at 30 June 2005		
	AGAAP $ million	AIFRS $ million	Increase/ (decrease) $ million
Total assets *	7,314	7,229	(85)
Total liabilities *	4,233	4,408	175
Shareholders' Equity *	3,081	2,821	(260)
Net Debt	1,720	1,720	Nil
Net Debt/Equity	*55.8%*	*61.0%*	*5.2%*

** Excludes hedge values and fair values of portfolio investments as transition date is 1 July 2005*

Post June 2005 Transition Adjustments

- Some standards are not backdated to the comparative period – financial instruments and insurance contracts transition at 1 July 2005
- Two impacts for financial instruments:
  - Mark-to-market hedging via equity reserve
  - Mark-to-market "portfolio" investments (including GPEF1) via equity reserve or via profit and loss (GPEF2)
- Impact of insurance standard – liability adequacy testing by class of business may result in a negative retained profits adjustment
- Impact of UIG guidance on settlement discounts (Sept 2005) currently being evaluated

Future Accounting Impacts

- Introduction of AIFRS has had an impact on four significant areas:
  - Mark-to-market of investments
  - Share plan arrangements
  - Coal inventory accounting
  - Stanwell rebate accounting

Mark-to-Market of Investments

- Investments and financial instruments will be marked-to-market as follows:
  - Hedge derivatives – via equity
  - Investments held by associates:
    - Properties in BWPT – via P&L
    - Investments in GPEF 1 – via equity
    - Investments in GPEF 2 – via P&L
    - Investments in Gresham Partners – via equity
  - Portfolio investments – via equity

Share Plan Arrangements

- Previous plan now treated as an “in-substance” option plan under AIFRS – loan assets were derecognised and offset against contributed equity on transition to AIFRS
- No expense was recognised under the old plan on transition to AIFRS as all shares were fully vested at 31 December 2004 – AASB 1 exemption
- Future issues under the old plan would have been prohibitively expensive under AIFRS – an option cost of ~45% of face value of issue
- Old plan was not tax effective, so the bottom line impact would be high

Share Plan Arrangements (cont.)

- New plan established October 2005
- Based on a share gift scheme with shares acquired on market this year
- Utilises the tax-exempt/tax-deferred concessions in tax legislation for share schemes
- All employees up to CEO participate in plan at different levels depending upon seniority

Share Plan Arrangements (cont.)

- Cost of 2005 issue of $20 million (post-tax) to be fully expensed in 2005/06 as a remuneration charge – no deferral despite a three-year holding lock
- These amounts compare to a post-tax accounting expense for share plans in the 2004/05 financial year (pre-AIFRS) of only $4 million

Coal Inventory Accounting

- Inconsistent valuation methodologies in place amongst Curragh, Premier and Bengalla
- UCR treatment created volatility, especially at Curragh
- Standardised policy in line with other major coal producers implemented 1 July 2005
- No separate UCR recognition – all costs absorbed into the final coal inventory valuation
- Approximately $60 million post-tax adjustment against retained earnings at 1 July 2005
- No significant profit impact on 2006 results

Stanwell Export Price Rebate

- In early 2003 the right to mine Curragh North was acquired from Stanwell
- Consideration included an export price rebate
- Export price rebate is based on:
  - Export coal sales from Curragh and Curragh North
  - Price of semi-soft coking coal above a trigger level
  - Rolling 12-month SSCC price
  - 25% share for Stanwell

Stanwell Rebate Accounting

- Following satisfaction of conditions precedent in March 2005:
  - Liabilities recognised of $151m, predominately export price rebates on current contracts
  - Corresponding asset acquired (being the “right to mine” the Curragh North deposit) of $151m
- Amount recognised for export rebates relates only to current signed export coking coal contracts – not possible future contracts

Stanwell Rebate Accounting (cont.)

- Asset is written off as coal is delivered under current contracts – estimated cost for FY2006 is $80m
- Liabilities are reduced as domestic steaming coal is delivered and export rebate payments are made to Stanwell
- Total amortisation and discounting charge approximate cash rebate payments made to Stanwell

Questions

Questions

Richard Goyder
Managing Director, Wesfarmers Limited

Gene Tilbrook
Finance Director, Wesfarmers Limited