

EVERYONE'S A WINNER AT

THE REJECT SHOP

ASX/Media Release

THE REJECT SHOP LIMITED - FULL YEAR RESULTS (FY2007) (ASX:TRS)

15 August 2007

THE REJECT SHOP PROFIT INCREASES BY 35.8%

Highlights:

- Strong sales growth to \$280.5 million up 18.3%
- Comparable store sales growth of 8.4%; company record
- 22 new stores opened; company record
- NPAT of \$12.3 million up 35.8%;
- Final dividend of 14 cents per share, fully franked

Summary:

	FY2007	FY2006
	\$ million	\$ million
Sales	280.5	237.2
EBITDA	23.5	17.6
EBIT	18.4	13.6
NPAT	12.3	9.1

The Chairman of The Reject Shop Limited, Mr Brian Beattie, today announced a full year NPAT of \$12.3m, an increase of 35.8% on the prior year marking the company's 6th consecutive year of double digit profit growth.

Sales grew from \$237.2 million to \$280.5 million, an increase of 18.3% on the back of comparable store sales growth of 8.4% and 22 new store openings, both company records.

The result was underpinned by strong annual comparable store sales growth of 8.4%, including second half comparable stores growth of 8.2% reflecting the continued strengthening of the Company's everyday business.

Gross margin remained steady during the year, demonstrating a commitment to maintaining price competitiveness, contributing to strong sales during the year. Operating costs decreased as a percentage of sales, despite the costs incurred in opening the new distribution centre and absorbing the initial opening costs associated with the accelerated new stores in the second half.

Stock turns improved from 5.5x to 5.8x reflecting improving quantification and allocation.

The Directors have declared a fully franked final dividend of 14 cents per share reflecting the Board's commitment to maintaining the annual payout ratio of 65% established last year. This brings the full year ordinary dividend to 31 cents per share compared to 30.5 cents per share

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(including special dividend of 7.5 cents per share) last year. The record date for the payment of the final dividend is 28 September 2007 with a payment date of 12 October 2007.

The Managing Director of The Reject Shop, Mr Gerry Masters said: "I am delighted to present my first result as Managing Director underpinned by strong sales across our everyday ranges and variety merchandise and our growing ability to manage peak seasonal events well. Our new distribution centre is now fully operational and is performing to our expectations."

"The strong financial performance clearly reflects the benefits of our accelerated store rollout program which is forecast to continue with a further twenty new stores set to be opened in the 2008 financial year. In addition the company continues to actively source new opportunities for future years. The company has also improved its ability to execute new store openings with more efficient IT implementation and more resources dedicated to recruitment, training and store presentation.

"Looking forward we are advancing a range of new initiatives to put in place appropriate management and technology systems to sustain the long term growth of our business. We are in the final stages of assessing a new IT system which will provide better planning and allocation tools for our buying team and ensure better stock allocation decisions and are currently assessing future opportunities in logistics," he said.

The Company has forecast net profit after tax for the financial year 2008 of between \$14.8 million and \$15.0 million.

Further information can be obtained from the Company's website at www.rejectshop.com.au

The Reject Shop Limited

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