

EVERYONE'S A WINNER AT

THE REJECT SHOP

ASX/Media Release

THE REJECT SHOP LIMITED - FULL YEAR RESULTS (FY2009) **(ASX:TRS)**

19 August 2009

THE REJECT SHOP BEATS PROFIT GUIDANCE, ACCELERATES STORE ROLLOUT PROGRAM

SALES UP 19%, PROFIT UP 22%
(on a 52 week comparison)

Highlights

- Strong sales of \$412.2 million, up 16.8% (up 18.8% on a comparable 52 week basis)
- Comparable store sales growth of 5.6%
- Store expansion continues with 22 new stores
- NPAT of \$19.0 million up 13.9%; (up 21.8% on a comparable 52 week basis)
- Final dividend of 23 cents per share, fully franked

Summary

	FY2009 \$ million (52 weeks)	FY2008 \$ million (52 weeks - adjusted)	FY2008 \$ million (53 weeks – as reported)
Sales	412.2	346.9	353.0
EBITDA	35.8	29.8	31.4
EBIT	28.3	23.1	24.7
NPAT	19.0	15.6	16.7

The Chairman of The Reject Shop Limited (the Company), Mr Brian Beattie, today announced a full year Net Profit After Tax (NPAT) of \$19.0 million, an increase of 13.9% on the prior year (21.8% on a comparable 52 week basis) and ahead of previously provided guidance of \$18.6 million to \$18.8 million.

Sales of \$412.2 million were 16.8% ahead of last year, 18.8% on a comparable basis.

The full year ended 28 June 2009 incorporated a 52 week trading period compared to 53 weeks for the corresponding period last year, impacting the comparison between the periods on both sales and NPAT. Excluding the impact of the additional trading week in FY2008 the NPAT increase would have been approximately 22%.

Sales for the period grew from \$353.0 million to \$412.2 million, an increase of 16.8% with comparable store sales growth of 5.6%, (second half growth 5.3%) and 22 new store openings.

The Directors have declared a fully franked final dividend of 23 cents per share reflecting a dividend payout ratio of 75%. This brings the full year ordinary dividend to 55 cents per share compared to 48 cents per share last year. The record date for the payment of the final dividend is 28 September 2009 with a payment date of 12 October 2009.

Managing Director, Mr Gerry Masters said: “This was a very challenging year for the business with extreme volatility in exchange rates and general market uncertainty. The overall trading performance was particularly pleasing given the need to balance some price inflation as a result of the exchange rate decline with our aim to continue to deliver exceptional value to our customers.

“We continued our store expansion program with 22 new stores across Australia, including our first Tasmanian store in Hobart, taking our total portfolio to 171 stores by year end. The performance of the new stores in difficult trading conditions was very pleasing and provides confidence our business model is viable in all regions and market conditions.

“During the year we continued our program to ensure our business is positioned for long-term growth. The implementation of our new SAP IT system, which required significant commitment across the business, was a resounding success and provides the necessary IT backbone to support future initiatives. In addition, the preparation for the new Queensland distribution centre and the introduction of overseas freight consolidation are on track and progressing well.

“The year ahead promises to be similarly demanding with further overseas freight consolidation centres to come on line and the detailed preparation for the new Queensland distribution centre scheduled to open in July 2010.

“Looking ahead, FY2010 will be another testing year as we expect the economic conditions to remain volatile. Sales for the first six weeks of FY2010 have been marginally below expectations. This has been a result of inventory imbalances caused by re-aligning volume as price changes occurred and some impact from delayed store openings. Action has been taken to address these issues.

“We have a record 23 store openings planned for the first half and expect to exceed the 200 store mark in early FY2011,” he said.

The Company has forecast NPAT for the financial year 2010 of between \$21.4 million and \$21.6 million (up 14% on FY2009).

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

The Reject Shop Limited

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