

The Reject Shop Annual General Meeting

15 October 2008



Agenda

- **Welcome and Introduction**
- **Chairman's Address**
- **Managing Director's Address**
- **Ordinary Business**
 - Item 1. To Receive and Consider the Financial Report
 - Item 2. To Adopt the Remuneration Report
 - Item 3. To Acknowledge Retirement of Director
 - Item 4. To Re-elect a Director
 - Item 5. To Re-elect a Director
- **Conclusion of Annual General Meeting**

Welcome & Introduction

- **Directors**

- Brian Beattie - Chairman
- Gerry Masters - Managing Director
- Craig McMorron - Non-executive Director
- Kevin Elkington - Non-executive Director
- Bill Stevens - Non-executive Director

- **Company Secretary**

- Darren Briggs

- **External Auditor**

- Dale McKee (Partner, PricewaterhouseCoopers)

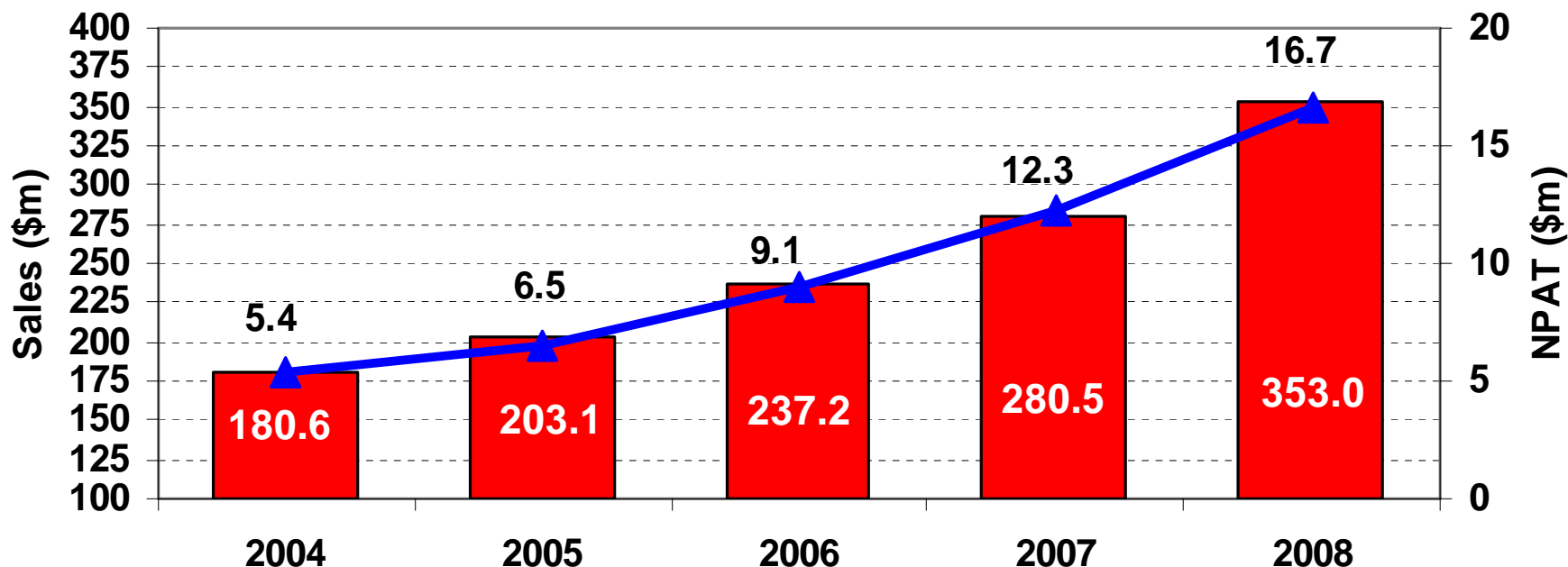
Chairman's Address

Overview of FY2008

Financial Highlights

- Sales of \$353m, up 25.8% on FY2007
- NPAT of \$16.7m, up 35.6% on FY2007
- EPS of 64.9 (cents per share), up 34.9% on FY2007
- Ordinary dividends 48 cents of per share

Growth in Sales & NPAT



Chairman's Address

- **First full financial year under Gerry Masters**
- **Board conducted annual strategic review and endorsed a number of initiatives mainly in the areas of:**
 - Logistics / Supply Chain
 - IT Infrastructure
- **Financial position remains strong with growth initiatives requiring increased funding going forward**

Managing Director's Address

Gerry Masters

Managing Director

FY2008 Results

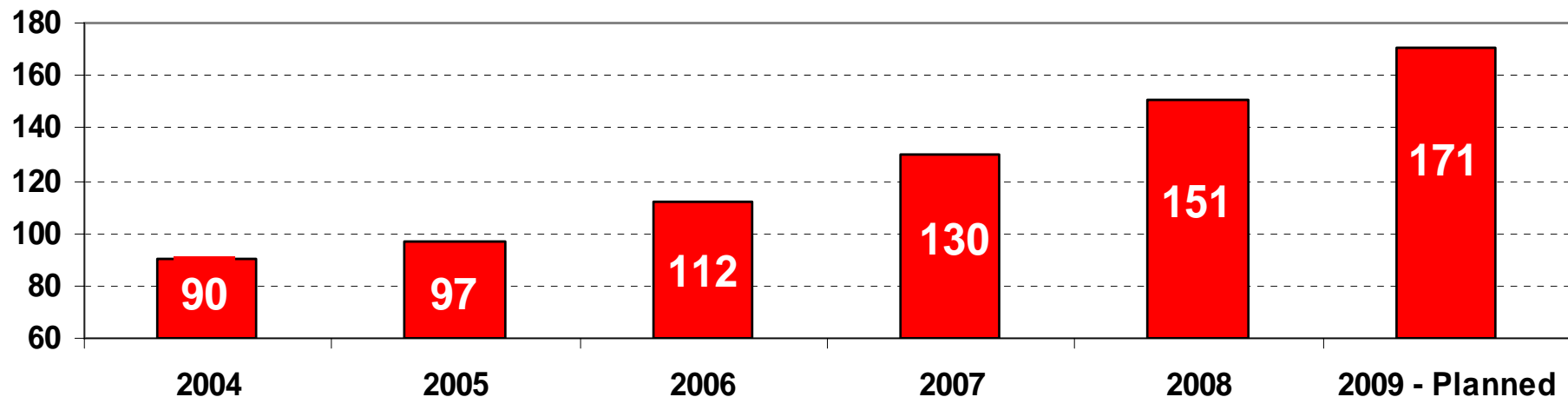
Full Year Financial Results *	FY2008 \$	FY2007 \$	% Inc Prior Yr
Sales	353.0m	280.5m	25.8%
Comparable Sales Growth	8.7%	8.4%	
NPAT	16.7m	12.3m	35.6%

**FY2008 Result includes impact of 53rd week*

Store Expansion Continues

- 160 stores currently
- Continued Portfolio Management
 - 21 new store openings in FY2008, and 10 so far in FY2009
 - 5 stores relocated or upsized and 16 stores refurbished

Total TRS Stores



Stockflow / Product Initiatives Driving Sales

- Strong emphasis on sourcing
 - Increased overseas purchasing
 - More 'brands' in-store
- Increased use of Store Replenishment
 - Volume lines replenished to rate of sale
 - Stock delivered closer to need
- Value offering improved
 - Continued competition checks
 - FX gains passed on to customers

Supply Chain and ERP Projects Underway

- Long Term Supply Chain Strategy defined
 - Overseas freight consolidation fully evaluated
 - New Qld DC approved
 - Developer selected
 - Development timetable established
 - New Catalogue / Seasonal Distribution facility established
- IT Developments
 - ERP implementation commenced
 - Blueprint phase completed
 - Configuration and development commenced
 - Process changes underway

People

- Senior Management strengthened
 - New GM - Marketing
 - CFO role split
 - Strategic focus
 - New Company Secretary appointed
 - Store Divisional management structure in place
- Merchandise re-structure via internal promotions
 - Two Buying Controllers
 - Supply Chain Manager
 - Planning Manager
- Project Capability bolstered
 - Logistics Project Manager appointed
 - ERP team in place

Looking Ahead

National Expansion continues

Stores

- Portfolio Management
 - Strong new store program (20 stores with planned opening dates)
 - First Tasmanian store
 - Qld growth further north
 - 20 stores to be refurbished
- Strong emphasis on 'customer experience'
 - Customer surveys / focus groups
 - Improved 'in-store' communication

Looking Ahead

Customer & Brand Focus Increasing

Marketing

- Build a distinctive TRS brand experience
 - Product offer (new, surprising)
 - Superior value
 - Improve shopping environment
- Entrench as destination for affordable seasonal and lifestyle needs
- Better understand customer segments

Looking Ahead

Supply Chain Efficiencies Progressing

Supply Chain

- Introduction of overseas consolidation
 - Initial trial ports identified
 - Supplier education commenced
- Increased store replenishment
 - Optimise pick capacity (possible upgrade to Melbourne Airport Distribution Centre)
 - Increase 'general line' replenishment

Qld Distribution Centre

- Commence construction for FY2011 opening
 - Design internal processes
 - Introduction of sortation and conveying
 - Enhanced pick capacity

Looking Ahead

ERP Implemented

- Finalise ERP implementation
 - Complete end to end testing
 - Develop and execute change management plan
 - Prepare for 'go-live' in mid 2009
- Plan for future enhancements
 - Merchandise planning
 - Demand forecasting and replenishment

Outlook

- **Trading to September Quarter 2008**
 - Early trend encouraging
 - Store opening program on track
 - Sales ahead of plan
- **Full Year Outlook FY2009**
 - Focus continues to improve the customer experience
 - Focus continues on our people opportunities
 - Well prepared for the peak seasonal trade
 - Value offer remains appealing
 - Competitive profile strong
 - FX fluctuations managed
 - Remain on track to meet guidance NPAT \$18.6m to \$18.8m

Ordinary Business

Questions?