

**EVERYONE'S A WINNER AT
THE REJECT SHOP**



**PRODUCT
PROMISE**

We are committed to providing merchandise that is

- + GREAT VALUE
- + SAFE TO USE
- + FIT FOR PURPOSE
- + COMPLIANT WITH AUSTRALIAN STANDARDS & REGULATIONS

The Reject Shop

Annual General Meeting
11 October 2006

The Reject Shop Limited - Annual General Meeting 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 Re-elect a Director
- **Conclusion of Annual General Meeting**



**The Reject Shop Limited - Annual General Meeting
Welcome and Introduction**

→ Directors

- Brian Beattie, Chairman
- Barry Saunders, Managing Director
- Craig McMorrison, Non-executive Director
- John Shuster, Non-executive Director

→ Chief Financial Officer & Company Secretary

- Chris Bryce

→ External Auditor

- Nadia Carlin (Partner, PricewaterhouseCoopers)

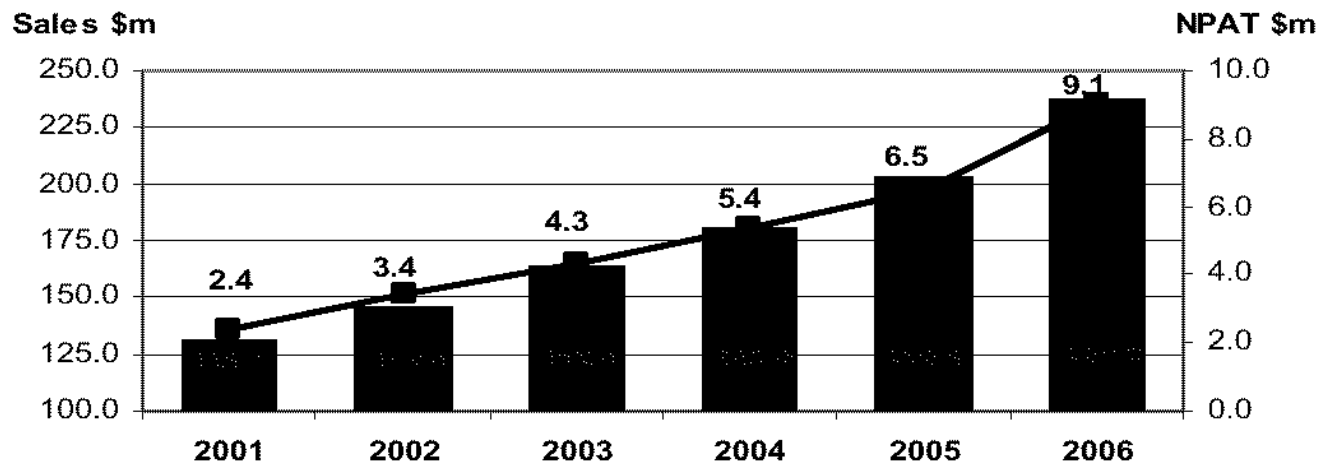


Overview of FY2006

→ Financial Highlights

- Sales of \$237.2m up 16.8% on FY2005
- Record NPAT of \$9.1m up 38.7% on FY2005 (inc Maiden Second Half profit)
- EPS of 35.9 cps, up 34.5% on FY2005
- Dividends of 30.5cps (inc. special dividend of 7.5 cps) up 79% on FY2005

Growth in Sales & NPAT



Strategic Initiatives

→ Current Year Progress

- Closure of remaining E\$2 stores
- Investment in new Distribution Centre
- First Western Australia store
- Further growth in Queensland
- Investment in New Distribution Centre

→ Strategic Outlook

- Annual 5 Year Strategic Planning
- More investment in IT and Logistics
- Accelerated Growth



The Reject Shop Limited - Annual General Meeting Chairman's Address

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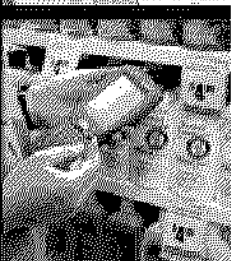
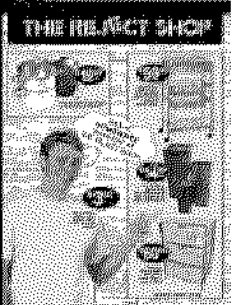
→ Succession Planning

- External Consultant engaged
- Process underway
- Finalisation early second half

→ Corporate Governance

- Policies in place
- Board and Committees operating effectively
- Annual Evaluation complete





The Reject Shop Limited - Annual General Meeting Managing Director's Address

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Barry Saunders
Managing Director

The Reject Shop Limited - Annual General Meeting Managing Director's Address

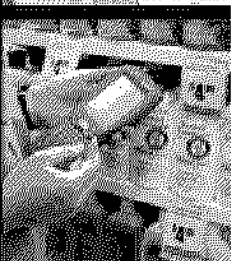
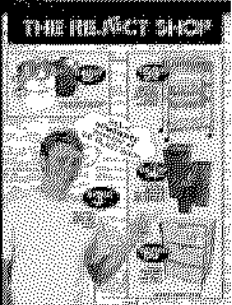
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FY2006 Results

→ Sales up 16.8% to \$237.2M

→ NPAT up 38.7% to \$9.1M

→ Comp Sales up 7.7%



Operational Achievements

→ Merchandise

- Generational change in leadership
- Strengthened buying team delivering results
- Continued development of everyday business
- Improved planning & execution of peak season trading

→ Store Operations

- Continued management of store portfolio
 - Further growth in QLD
 - First store in WA
 - Closure of E\$2 chain
- Store Accountability redefined
- Enterprise Agreement providing flexibility
- Geared up for accelerated store growth



Operational Achievements

→ IT Developments

- Store Portal assisting Communication and Task Management
- Strong focus on DC technology
- Increased use of RF technology

→ People

- Internal Promotions providing Career Path opportunities
- Continued emphasis on Staff Development



Looking Ahead

→ Merchandise

- Investigate opportunities to improve planning & allocation process
- Controlled focus on competitive pricing

→ Stores

- Accelerate store opening program (15 - 20 new stores)
- Strong focus on expanding undersized sites
- Continue redefining store accountabilities



Looking Ahead

→ Logistics

- Finalise implementation of new DC
- Investigate future potential in logistics

→ IT

- Strengthen internal capability

→ People

- Strong focus on communication
- Develop "Learning" Culture



Outlook

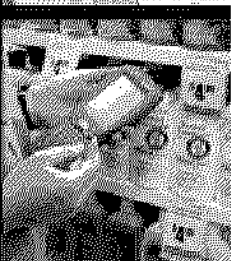
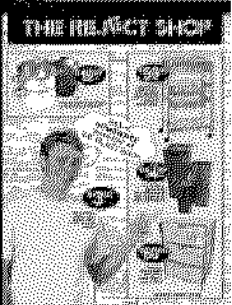
→ Trading to September Quarter 2006

- Sales ahead of budget (store opening program on track)
- Comparative store sales slightly above plan
- On track to meet forecast NPAT \$10.7M to \$10.9M
- Distribution Centre opened

→ Full Year Outlook FY2007

- Key Christmas Trade to Come
- Focus on optimising efficiency at new DC
- Potential to accelerate new store growth in second half
- Focus on building internal IT capability





Questions ?