

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

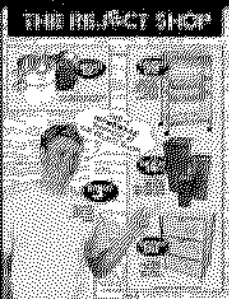
**PRODUCT
PROMISE**

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
19 October 2005



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
- **Special Business**
 - Item 4. Approval to increase the aggregate limit payable for Directors Fees
- **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

- Chris Bryce

→ Company Secretary

- Graham Lever

→ External Auditor

- Nadia Carlin (Partner, PricewaterhouseCoopers)



Overview of FY2005

→ Significant Milestones

- Annual sales exceeded \$200m for the first time
- NPAT comfortably exceeding forecast

→ Financial Highlights

- Sales of \$203.1m up 12.5% on FY2004
- Record NPAT of \$7.1m up 26.5% on FY2004
- EPS of 28.9 cps, up 20.9% on FY2004
- Dividends paid for year 17cps up 2.7cps (18.8%) on forecast



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

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→ Strategic Outlook

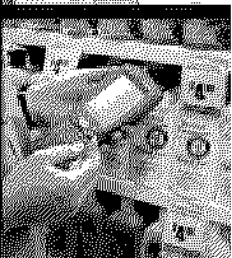
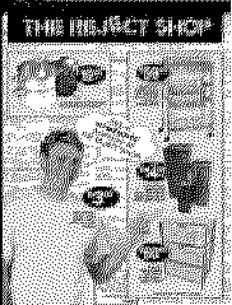
- Annual 5 Year Strategic Planning
- Board and Managements priorities aligned

→ Succession Planning

- MD contract extended
- Appropriate succession plans for key staff underway

→ Corporate Governance

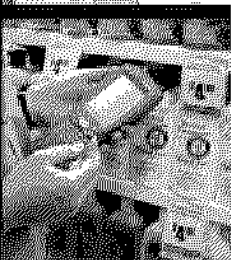
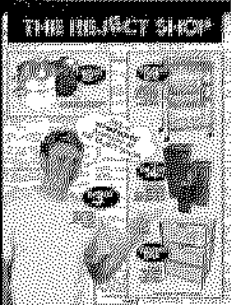
- Policies in place
- Board and Committees operating effectively





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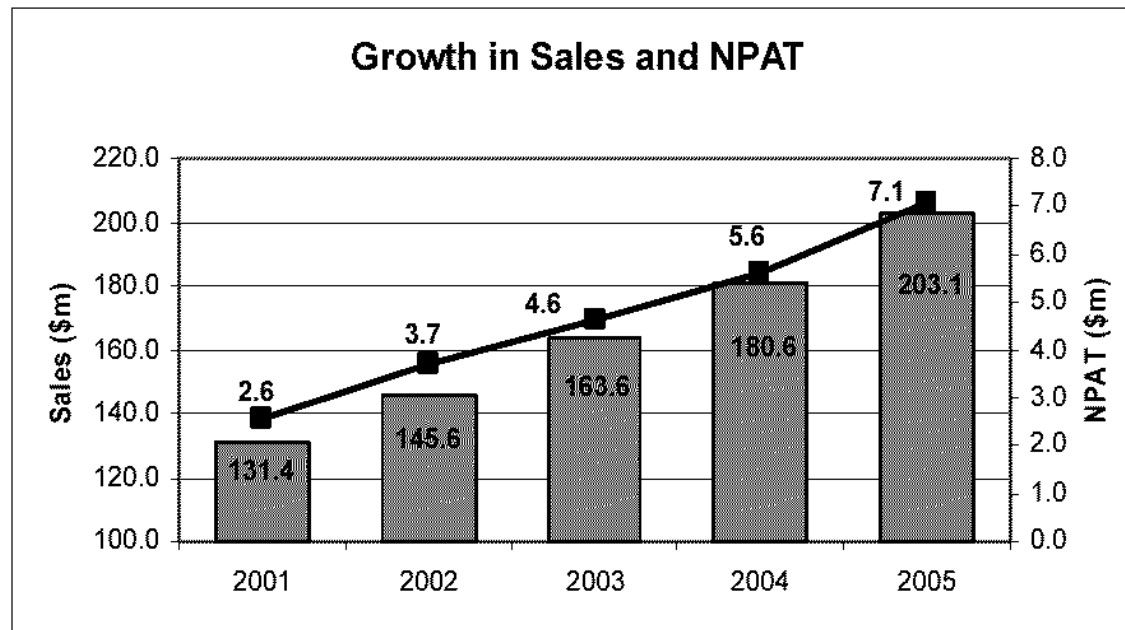
The Reject Shop Limited - Annual General Meeting Managing Director's Address

**EVERYONE'S A WINNER AT
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Barry Saunders
Managing Director

Financial Highlights FY2005

- Sales of \$203.1m up 12.5% on FY2004
- Gross margin up 0.6%
- Record NPAT of \$7.1m, up 26.5% on last year and all forecasts
- Continued growth of EBITDA in second half
- Free cash flow of \$5.0m, supports store expansion and dividend policy
- Balance Sheet is strong



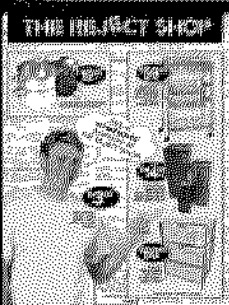
Operational Achievements

→ Merchandise

- Strengthening of Merchandise Buying Resources
- Improved decision making supported by IT improvements, and standardised systems
- Strong Sales and Margin Performance

→ Store Operations

- Continued management of store portfolio
- Strong emphasis on store productivity initiatives
- We reached an Enterprise Agreement with store staff



Operational Achievements

→ IT Developments

- Effective use of Data Warehouse
- Development of Portal
- Implementation of computer assisted DC replenishment
- Introduction of Radio Frequency technology
- Enhanced Disaster Recovery Plan

→ People

- Increased Career Growth Opportunities
- Commitment to Staff Training
- Enterprise Agreement – Stores and DC



Looking Ahead

→ Merchandise

- Realise benefits of enhanced buying team
- Focus on stock flow initiatives

→ Stores

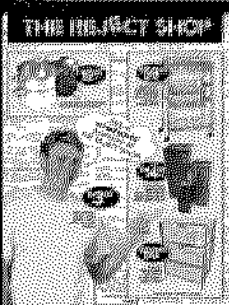
- Strong new store opening program of 14
- Managed exit from E\$2 stores
- Continue new store growth in Queensland
- Potential expansion into Western Australia

→ Logistics

- New DC in first half FY2007.

→ I.T

- New DC technology
- Rollout of store portal



Outlook FY2006

- Forecast NPAT
 - Current Accounting \$7.9m - \$8.1m
 - AIFRS adjusted \$7.5m - \$7.7m

- Trading to September Quarter 2005
 - Sales and profit ahead of budget
 - 8 stores opened
 - Comparative sales slightly above plan
 - On track to meet forecast



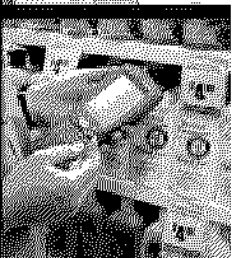
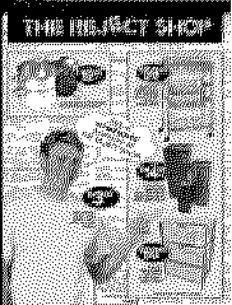
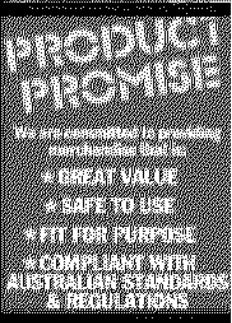
The Reject Shop Limited - Annual General Meeting Ordinary Business

**EVERYONE'S A WINNER AT
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→ Ordinary Business

→ Item 1

→ To Receive and Consider the Financial Report, and the reports of the directors, and of the auditor for the financial year ended 26 June 2005



→ Ordinary Business

→ Item 2

→ To Adopt the Remuneration Report for the year ended 26 June 2005

	Number of shares	%
FOR	10,624,130	96.88
AGAINST	65,961	0.60
DISCRETIONARY*	276,434	2.52
		100%

*The number of the Chairman's discretionary proxy votes are
276,434 (2.52%)

(Note – the vote on this resolution is advisory only and does not
bind the directors or the company)

→ Ordinary Business

→ Item 3

→ To Re-elect Mr. Craig McMorrone

	Number of shares	%
FOR	10,693,041	97.45
AGAINST	0	0
DISCRETIONARY*	280,007	2.55
		100%

* The number of the Chairman's discretionary proxy votes are 280,007 (2.55%)

→ Special Business

→ Item 4

→ Approval to increase the aggregate limit payable for Directors Fees

	Number of shares	%
FOR	9,520,318	98.15
AGAINST	101,274	1.04
DISCRETIONARY*	78,385	0.81
		100%

The number of the Chairman's discretionary proxy votes are 78,385 (0.81%)