

# EVERYONE'S A WINNER AT

## THE REJECT SHOP

Mr Gonzalo Valencia  
Adviser, Issuers  
Australian Stock Exchange Limited  
Level 45, South Tower, Rialto,  
525 Collins Street, Melbourne, VIC, 3000

25 July 2007

Dear Gonzalo,

### RE: PRICE QUERY

We refer to your letter dated 24 July 2007 in relation to trading in The Reject Shop Limited's securities between 13 July 2007 and 24 July 2007.

We respond as follows:

1. The Company is not aware of any information, which if known to the market, would explain the recent trading in TRS shares.
2. No announcement is required.
3. Yes, the Company announced to the ASX on 14 February 2007 that it would likely achieve a full year Net Profit after Tax of between \$11.0 million to \$11.2 million, which represented an increase on the corresponding prior year of between 21.5% and 23.7%.

The Company is currently undergoing its year end audit and plans to release its audited full year results on 15 August 2007. Based on the Company's unaudited management accounts for the full year ended 24 June 2007 the Company expects to achieve a full year Net Profit after Tax in the range of \$12.0 million to 12.3 million.

4. There is no reason to think the Company will record any material abnormal or extraordinary items for the current year.
5. The Company has only 25.7 million shares on issue and the shares are relatively thinly traded on the ASX. During the relevant period we understand only 246,116 shares were traded, which represents 0.96% of the issued capital of the Company. With such a thinly traded stock, small amounts of trading may result in significant share price increases.

In addition, we have noted favourable market commentary on the strength of the economy and several retailers recently announcing robust trading conditions which may also have had an impact on the attractiveness of the sector to investors and hence to our share price.

6. Yes.

Yours faithfully,



Chris Bryce  
Company Secretary

For personal use only



24 July 2007

Mr Chris Bryce  
The Reject Shop Ltd  
245 Racecourse Road  
Kensington - Victoria

By e-mail only –

Dear Chris

ASX Limited  
ABN 98 008 624 691  
Level 45  
South Tower Rialto  
525 Collins Street  
Melbourne VIC 3000  
GPO Box 1784  
Melbourne VIC 3001

Telephone 61 3 9617 8711  
Facsimile 61 3 9614 0303  
[www.asx.com.au](http://www.asx.com.au)

### **The Reject Shop Ltd (the "Company") - Price Query**

We have noted a change in the price of the Company's securities from \$12.73 on 13 July 2007 to a high of \$14.80 at the time of writing today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the net operating result attributable to members so that the figure for the full year ended 24 June 2007 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary items for the full year ended 24 June 2007? If so, please provide details.
5. Is there any other explanation that the Company may have for the price change in the securities of the Company?
6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at [gonzalo.valencia@asx.com.au](mailto:gonzalo.valencia@asx.com.au). It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie **before 9.30 a.m. AEST**) on Wednesday 25 July 2007.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

For personal use only

### Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

[Sent electronically, without signature]

Gonzalo Valencia  
Adviser, Issuers

For personal use only