

EVERYONE'S A WINNER AT

THE REJECT SHOP

ASX/Media Release

THE REJECT SHOP LIMITED - FULL YEAR RESULTS (FY2008) **(ASX:TRS)**

20 August 2008

THE REJECT SHOP ANNOUNCES ANOTHER RECORD PROFIT

Highlights:

- Strong sales growth to \$353 million, up 25.8%
- Comparable store sales growth of 8.7% (on a 52 week basis); another company record
- Continued growth in store portfolio with 21 stores opened
- NPAT of \$16.7 million up 35.6%;
- Final dividend of 19 cents per share, fully franked

Summary:

	FY2008	FY2007	FY2006
	\$ million	\$ million	\$ million
Sales	353.0	280.5	237.2
EBITDA	31.4	23.3	17.4
EBIT	24.7	18.3	13.4
NPAT	16.7	12.3	9.1

The Chairman of The Reject Shop Limited (the Company), Mr Brian Beattie, today announced a full year Net Profit After Tax (NPAT) of \$16.7 million earned on sales of \$353 million, an increase of 25.8% on the prior year.

The full year ended 29 June 2008 incorporated a 53 week trading period compared to 52 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 the NPAT increase would have been approximately 27%.

Sales grew from \$280.5 million to \$353.0 million, an increase of 25.8% with comparable store sales growth of 8.7% - another company record (second half growth 8.2%) and 21 new store openings.

The Directors have declared a fully franked final dividend of 19 cents per share reflecting the Board's increased dividend payout ratio of 75% announced at the Annual General Meeting. This brings the full year ordinary dividend to 48 cents per share compared to 31 cents per share last year. The record date for the payment of the final dividend is 29 September 2008 with a payment date of 13 October 2008.

Managing Director, Mr Gerry Masters said: “This is a very pleasing result for the Company in the face of general market uncertainty and the impact on consumer confidence caused by high interest rates and petrol prices, particularly in the second half. This result reflects our continuing focus on retail fundamentals in offering our customers great value in the products we sell.

“The Reject Shop is well positioned for future growth, underpinned by continued improvement in existing stores as well as a robust store rollout program. Sales for the first few weeks of this year have been very pleasing and the new store openings have been to plan. In the year ahead we have identified 20 new store openings as well as our maiden Tasmanian store planned to open in October 2008.

“Our entry into the Tasmanian market later this year will cement the company’s position as a truly national retailer following the entry into the Queensland and Western Australian markets in 2005 and 2007 respectively.

“While we expect the next few years will create many challenges we have a number of strategic initiatives underway which will establish a strong foundation for the long term growth of the business. By the end of this year we will have implemented a new Enterprise Resource Planning System (ERP), introduced overseas freight consolidation and be well advanced with the development of our new Queensland distribution centre scheduled to open by June 2010.

“With the potential to open 400 stores nationally we are now focused on the steps we need to take to ensure we have the capacity to continue to grow, while maintaining a focus on the day to day needs of the business,” he said.

In addition to the IT and logistics infrastructure needs, the company has increased its management depth with the appointment of a General Manager of Marketing to enhance customer communication and focus, as well as senior appointments in Finance and Merchandise. Specific resources for the ERP implementation and the development of the new Queensland distribution centre have also been put in place.

The Company has forecast NPAT for the financial year 2009 of between \$18.6 million and \$18.8 million (up 20% on FY2008 on a 52 week comparative basis).

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

The Reject Shop Limited

Gerry Masters
Managing Director
T: 03 9371 5555

Chris Bryce
Chief Financial Officer
T: 03 9371 5555

Darren Briggs
Company Secretary
T: 03 9371 5555

Media:
Geoff Fowlstone
Fowlstone Communications
Office: 02 9955 9899
Mobile: 0413 746 949