

# SPECIALTYFASHION | GROUP

## **ASX announcement/Media release**

**13 January 2011**

### **Specialty Fashion Group Announces Profit Guidance and Impact of Floods**

Specialty Fashion Group Limited (ASX: SFH), announced today that sales for the half year ended 31 December 2010 were \$313m. This is a 1.6% decrease over the same period of the prior year. Comparable stores sales growth for the half year was negative 3.8%, in contrast to the prior year's first half of positive 8.9%. The challenging trading conditions throughout the period, and a marked drop in consumer spending since the most recent rate rise announced by the RBA at the beginning of November are reflected in the half year sales trends.

The guidance contained in this update is preliminary in nature, subject to finalisation within the Company as well as review by the Company's external auditors. However, given the sales performance outlined above and the impact of higher rental and wages costs, Specialty Fashion Group expects EBITDA for the first half of FY11 will be within the range of \$33m to \$34m.

The Queensland floods are a concern and four stores have suffered water damage. In the past 24 hours the Group has closed a further 41 stores that are vulnerable to flooding in the Gympie, Toowoomba and Brisbane areas.

Gary Perlstein, Chief Executive Officer commented: "Our immediate concern is the impact of the floods on both our team members and customers, and we are taking actions to provide support wherever we can. The floods follow from the macroeconomic challenges we have dealt with for the past year, and our store teams are very resilient and coping well given the circumstances. In the first half of the year we successfully opened net 69 stores, and refurbished 54 stores in line with our strategy to invest in portfolio growth, finishing the half year with 880 stores. We are comfortable with our inventory levels and well placed to trade in what we expect will continue to be difficult trading conditions."

Further details will be available with the half year results which are scheduled to be released on 14 February 2011.

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