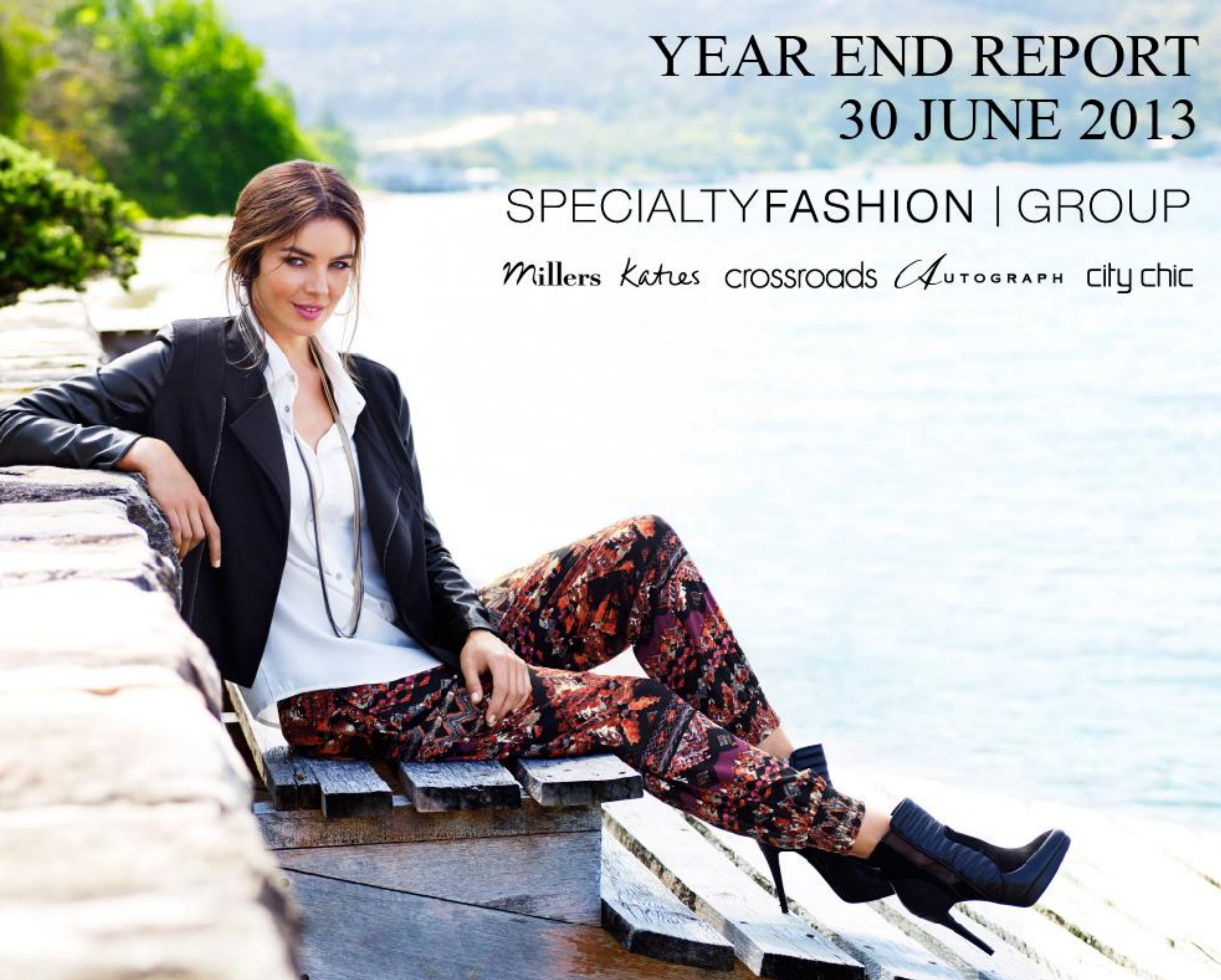
YEAR END REPORT
30 JUNE 2013

SPECIALTYFASHION | GROUP

Millers Katies crossroads Autograph city chic



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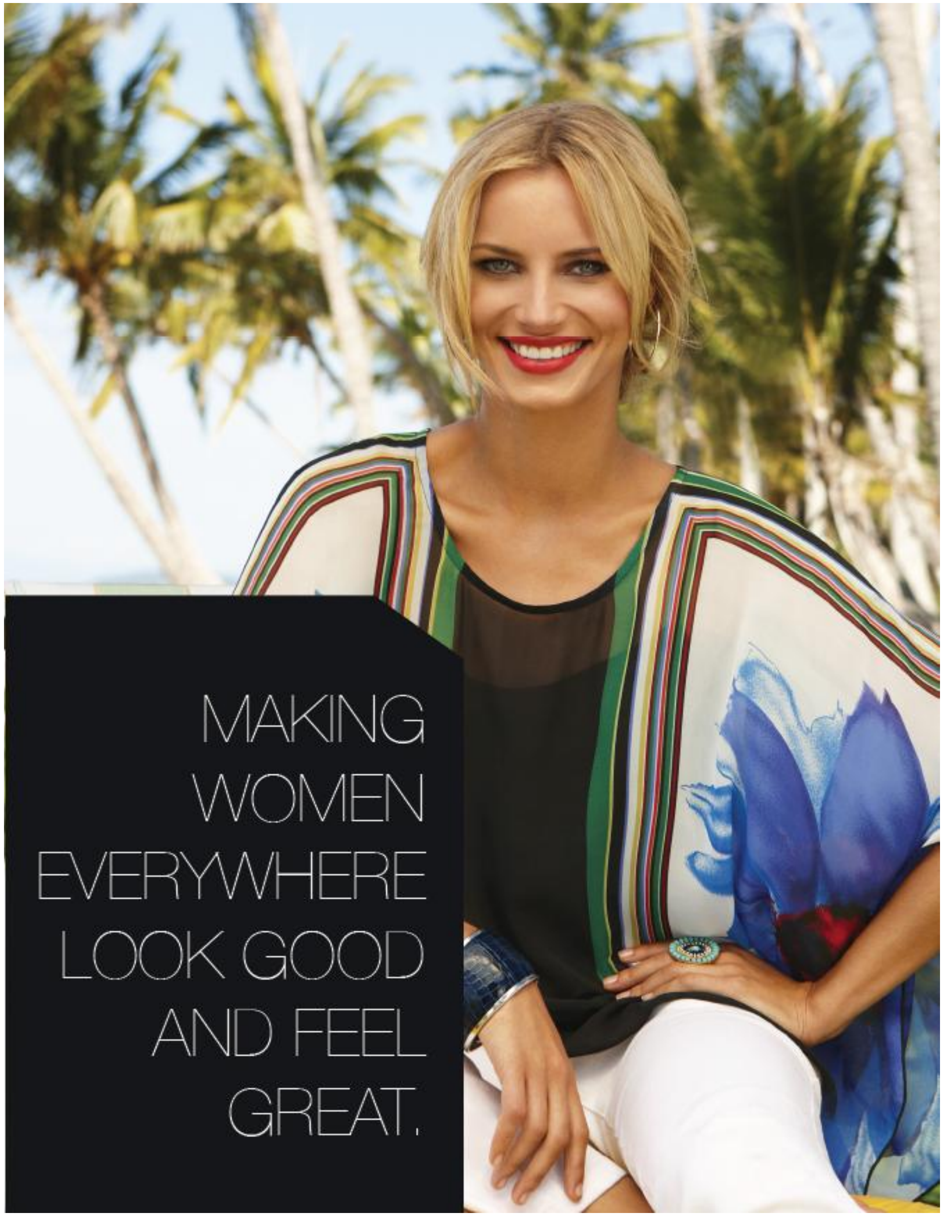
AGENDA

1. FY13 Summary
2. Business Overview
3. Financial Analysis
4. Outlook
5. Appendices
6. Q&A



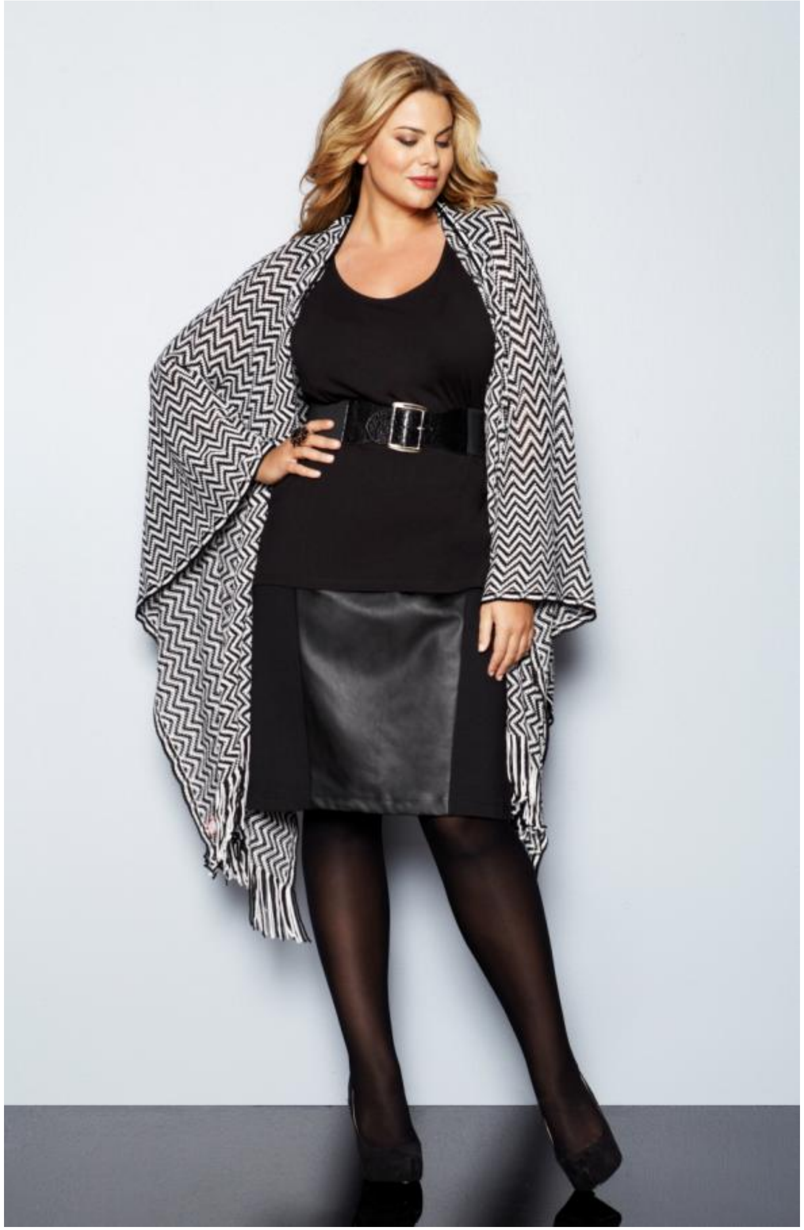
FY13

FULL YEAR SUMMARY

- Pleasing result for the year despite difficult retail conditions accentuated during H2.
- Revenue $569.5m, EBITDA $41.1m, NPAT $13.0m, basic EPS 6.7 cents
- Solid net profit position of $13.0m compared to ($2.8m) loss in FY12
- 0.4% CSG sales for the year, -3.4% in FY12
- 50% growth in online sales to $21.9m for the year, 3.8% of total revenue. Growth enabled by investments made in team, platform, and customer engagement
- Highest gross margin level achieved in company's history at 61.8% for the year, and flat CODB
- Very strong financial position with highest cash level in 7 years: net cash of $38.6m
- Well considered investments and rationalisation of underperforming stores: 40 new stores and 47 closures, 886 stores in total at end of year
- Final dividend of 2 cents declared, 4 cents in total for the year
- Continued focus on levers under our control, we remain very cautious due to low consumer confidence

BUSINESS OVERVIEW

GARY PERLSTEIN, CEO



THE YEAR IN REVIEW

ECONOMIC CLIMATE

Economic and political uncertainties and structural retail changes continue

- Domestic political instability, restrained wage increases, and the drop in the Australian dollar, have all fuelled consumer caution
- Cash rate reductions have provided some relief to consumers, however no signs of increased discretionary spend in apparel as yet
- Prolonged industry wide discounting now considered the norm by consumers with traditional promotional triggers by retailers proving less effective

Aussie dollar

- Weakening of Aussie dollar due to lower domestic interest rates and better than expected growth outlook in international economies
- Favourable USD hedge rates achieved for the year of $1.01. FY14 fully hedged at an average rate for the year of $0.95 as caution remains for the long term depreciation of the Australian dollar

Product costs

- Gross margin benefiting from decreasing cotton prices as reflected in fabric costs and highly favourable hedge rates achieved
- Cotton call options purchased in June 13 to hedge against input cost inflation
- Wage inflation in China ongoing, but other input costs remain stable

THE YEAR IN REVIEW

A MARGIN AND COST LED IMPROVEMENT

Positive CSG sales for the year of 0.4% compared to negative 3.4% in FY12

Online growth

- Online sales grew by 50% in FY13 to $21.9m ($15.0m in FY12), 3.8% of total revenue
- Dedicated e-commerce teams and platform for each brand, expanded logistics pick and pack facility and personalised communications, have all contributed to this progress
- Winner of the "Australian Multichannel Retailer of the Year 2013" award by the Australian Retailers Association in recognition of Group's omni-channel operations

Transformation of supply chain

- Historic gross margin achieved of 61.8% for the year. Improvement of 376 basis points compared to the prior year
- Benefits from reduced product cost prices, and reduced freight costs. Direct results from the investments made in transforming to a design and direct sourcing model
- Average hedge rate of $1.01 achieved (FY12: $0.93)
- Margins expected to be maintained through further benefits derived from direct sourcing strategy, offsetting impact of lower Aussie dollar

THE YEAR IN REVIEW

A MARGIN AND COST LED IMPROVEMENT

Leveraging customer relationship management capabilities

- Dedicated in-house customer insights team and CRM platform focussed on innovating customer engagement, is yielding significant benefits
- Sophisticated customer analysis and segmentation have increased email campaign responses well above industry standards
- Email valid customer membership grown to 2.8 million

Minimising inflation of costs of doing business

- Increase in costs of doing business for the year limited to $0.1m on prior year despite much higher levels of underlying inflation of 3-4%.
- Rental savings achieved by reducing base rentals on renewed leases and exiting underperforming stores
- Impact of wage inflation was mitigated by adopting store rostering efficiencies to contain these increases

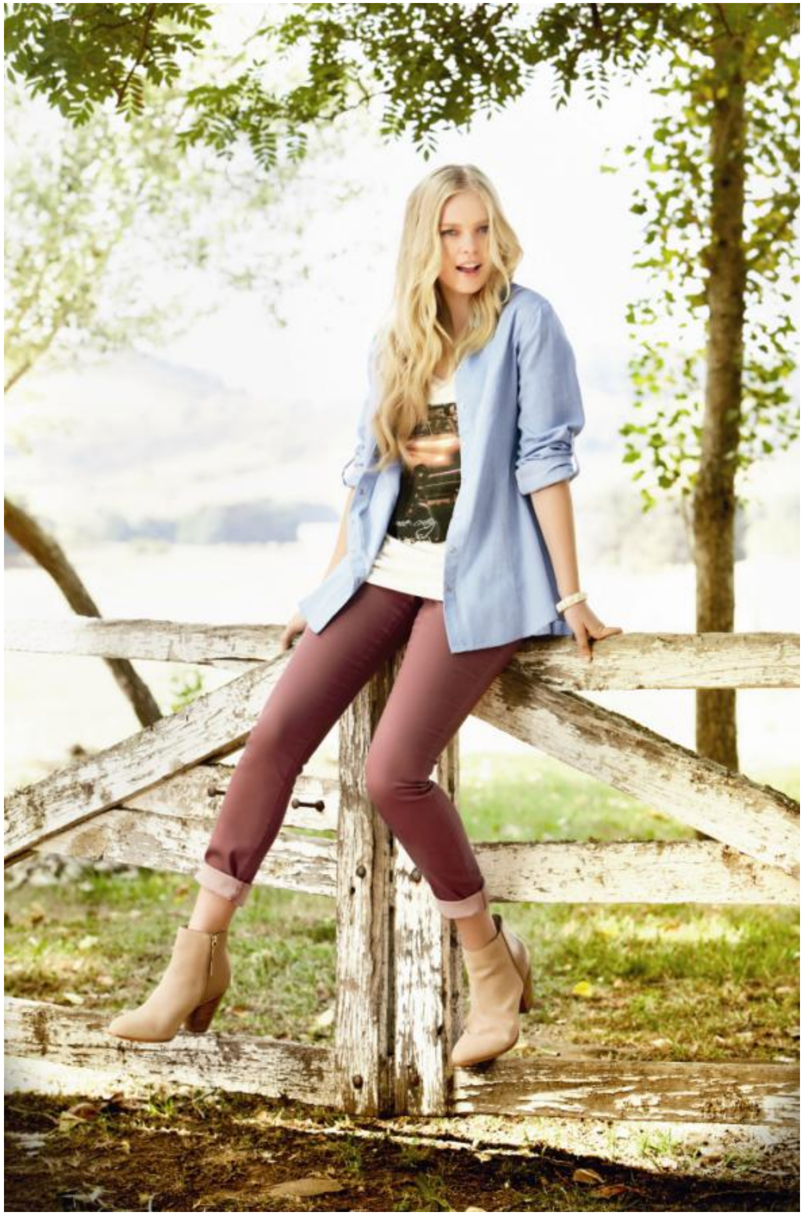
THE YEAR IN REVIEW
A MARGIN AND COST LED IMPROVEMENT

Physical store portfolio

- 886 stores at end of June with 40 new stores, 47 closures and 13 store refurbishments for the year
- Retail vacancies continue to provide opportunities for higher investment returns on new and renewed store leases
- Optimisation of store portfolio to continue in FY14 through store closures or adjustments to store size for underperforming stores
- Increases in physical store portfolio planned for FY14

FINANCIAL ANALYSIS

ALISON HENRIKSEN, CFO



GROUP TRADING

FULL YEAR ENDED 30 JUNE 2013

- Marginal decline in revenue with net reduction in store portfolio overall, offset partially by CSG sales of 0.4%
- Higher gross margin achieved through favourable input costs
- USD purchases made at average rate of $1.01 (FY12 $0.93)
- Use of call option to protect against rising cotton prices taken out during the year. Cost of $214k incurred.
- Tightly managed wage and rental costs limited CODB inflation for the year, allowing other increases in costs from online operations due to growth being absorbed
- Decrease in depreciation and impairment charge due to lower capex and reduction in impairment provision. Depreciation increase due to write off of La Senza store assets

	FY13 $'000	FY12 $'000	Change %
Revenue	569,475	572,509	(0.5%)
Gross Profit	352,188 61.8%	332,538 58.1%	5.9%
EBITDA	41,118 7.2%	21,741 3.8%	89.1%
EBIT	19,339	(1,499)	1390%
Profit/(Loss) before income tax	19,010	(3,301)	N/a
Net profit/(loss) after tax	12,970	(2,810)	N/a
Basic earnings/(loss) per share (cents)	6.7	(1.5)	N/a

GROUP CASH FLOW

FULL YEAR ENDED 30 JUNE 2013

- Freed up working capital from reduction in inventories and well managed supplier terms:
  - Lower unit cost prices
  - Lower inventory ageing
  - Faster turns, 5.3 (FY12: 5.0)
  - Lower obsolescence
- Total capex spend of $13.5m offset by proceeds on sale of building $1.6m
- $1.9m invested in expansion of creative space in Sydney for Design and Direct Sourcing team, and $0.8m capital expenditure to expand E-Commerce pick and pack facilities
- $2.6m invested in IT systems supporting business strategies
- Taxes paid of $5.4m offset by $3.2m in refunds for prior year
- Net $5.8m borrowings repaid in the year. No outstanding debt at 30 June 2013
- High net cash position of $38.6m (FY12 $4.1m)

	FY13 $'000	FY12 $'000	Change %
EBITDA	41,118	21,741	89.1%
Net working capital	11,159	19,612	(43.1%)
LTIP vesting expense	(197)	161	(222.4%)
Net interest	(329)	(1,802)	(81.7%)
Net taxes	(2,221)	(4,574)	(51.4%)
Operating cash flow	49,530	35,138	41.0%
Net capex(1)	(11,845)	(14,645)	(19.1%)
Free cash flow	37,685	20,493	83.9%
Borrowings	(5,849)	(15,500)	(62.3%)
Dividends	(3,845)	-	(100%)
Net cash flow	27,991	4,993	460.6%

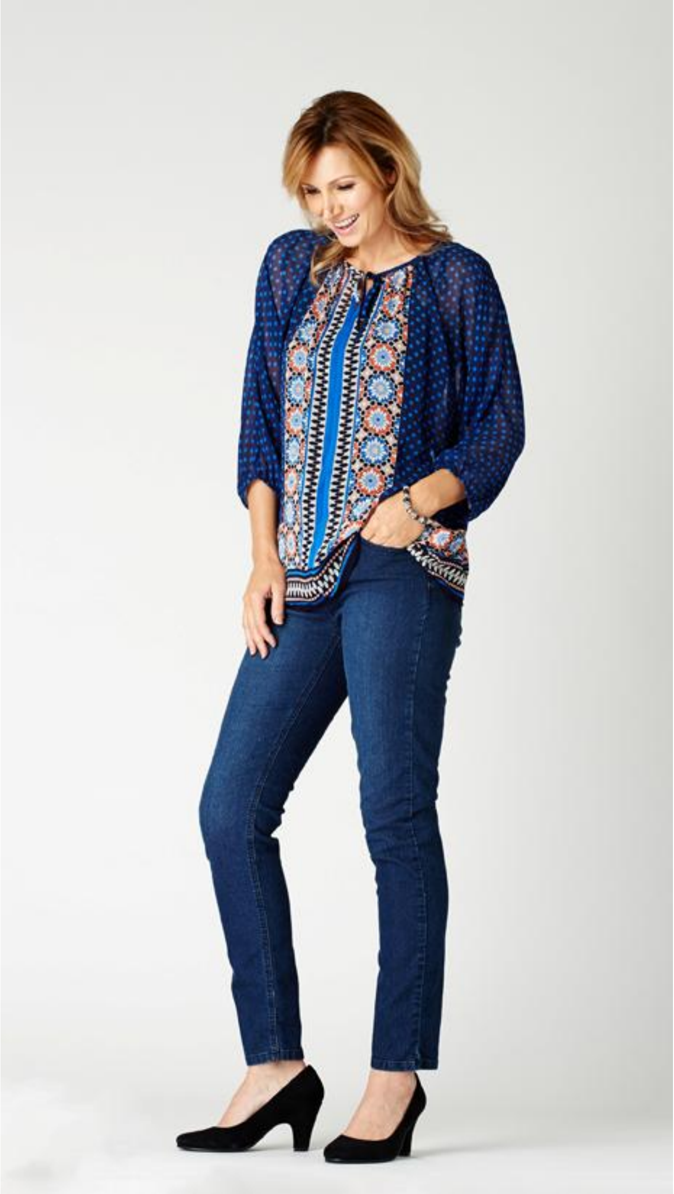
(1) Total capex of $13.5m offset by proceeds on sale of fixed assets of $1.6m.

FINANCIAL HEALTH

STRONG BALANCE SHEET

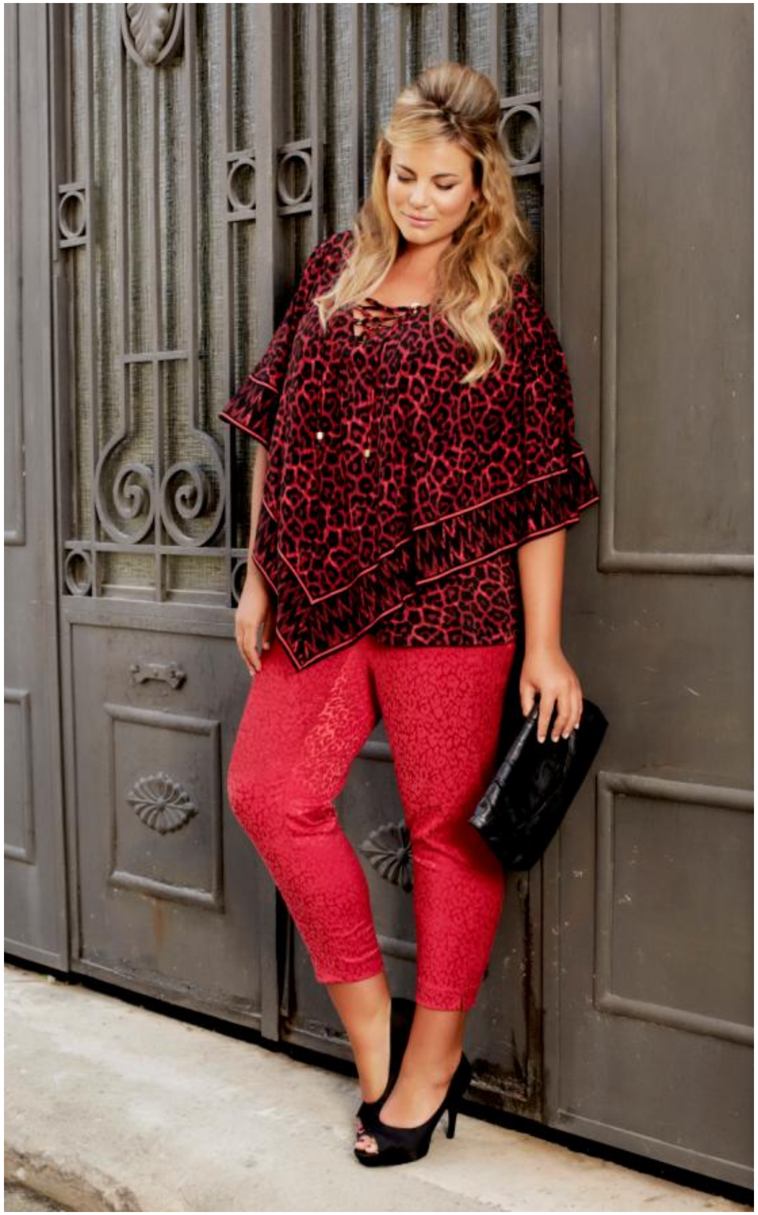
High cash reserves, net cash of $38.6m

- $40m working capital facility available – unused at 30 June 13
- $8m asset finance facility available – unused at 30 June 13
- Current average interest rate exposure 4.51%
- Debt facility matures December 2015
- Bank covenants met
- Final dividend of 2 cents declared, fully franked
- Total dividend for the year of 4 cents, fully franked
- Record date of 12th September, payment date of 26th September



OUTLOOK

GARY PERLSTEIN, CEO

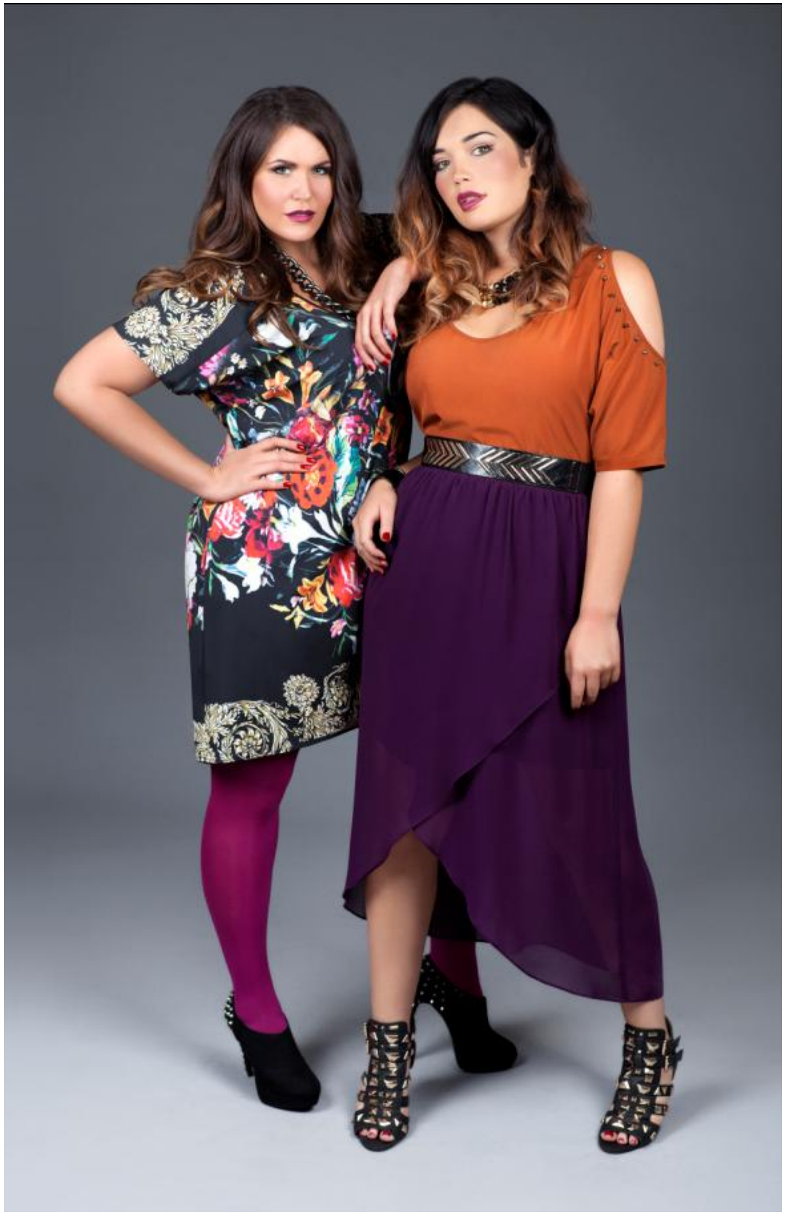


OUTLOOK

BUSINESS IMPROVEMENT IN A TOUGH ENVIRONMENT

- Continued operating improvements expected for FY14 from ongoing initiatives
- Focus to be on online growth, customer relationship management, supply chain optimisation and where opportunities exist we will open new stores
- Obtain further benefits from increasing the proportion of products sourced internally from our in-house design team and direct sourcing model
- Take advantage of strong financial position that will provide flexibility to capture new site opportunities and seize opportunities to capture market share as they present themselves
- Continue to close/exit underperforming stores
- Cautious outlook on organic growth with low levels of confidence prevalent with Australian consumers
- Management continues to explore all options to grow the Group

APPENDICES



EBITDA RECONCILIATION

	FY13 $'000	FY12 $'000
Profit before tax	19,010	(3,301)
Interest expense	797	2,126
Interest revenue	(468)	(324)
EBIT	19,339	(1,499)
Depreciation(1)	21,767	23,240
Revaluation of options(2)	12	-
EBITDA	41,118	21,741

(1) Depreciation includes a credit of $3.0m in FY13 and charge of $2.8m in FY12 in relation to the store asset impairment provision
(2) Cotton call options taken out during the year to protect against rising cotton prices. Revaluation represents mark to market of options at 30 June 2013

APPENDIX 4E RECONCILIATION

RENTAL AND EMPLOYEE BENEFITS EXPENSE

	Rental expense $'000	Employee benefits expense $'000
FY12	113,571	146,000
Net increase in stores	(2,620)	(1,120)
Inflation	4,256	4,158
Stepped leases(1)	(334)	-
Wage savings(2)	-	(1,266)
Other year on year changes(3)	(4,061)	2,060
FY13	110,812	149,832

(1) Movement in stepped lease provision as required under accounting standard AASB117

(2) Store roster optimisation savings

(3) Lease renewal and exit savings; increase in workers compensation insurance and incentive accruals

STORE MOVEMENTS

FULL YEAR ENDED 30 JUNE 2013

	Stores 1 July 12	New	Closed	Stores 30 June 13	Stores Aus	Stores NZ
Millers	367	4	(14)	357	329	28
Katies	151	6	(4)	153	153	-
Crossroads	163	21	(7)	177	171	6
Autograph	116	7	(1)	122	122	-
City Chic	77	2	(3)	76	64	12
La Senza	19	-	(18)	1	1	-
Total	893	40	(47)	886	840	46

STORE AND OTHER CAPEX

FULL YEAR ENDED 30 JUNE 2013

	New stores FY13	Refurbs FY13	Total FY13
Millers	4	2	6
Katies	6	2	8
Crossroads	21	4	25
Autograph	7	3	10
City Chic	2	-	2
La Senza	-	2	2
Total	40	13	53

	FY13 $’000	FY12 $’000
New stores	5,789	8,063
Refurbishments	675	1,881
IT capex(1)	2,579	3,490
Head office capex(2)	2,686	-
Other capex(2)	1,759	1,306
Proceeds from sale(3)	(1,643)	(95)
Total net capex	11,845	14,645

(1) IT capex includes software to support the implementation of intranet capabilities at stores

(2) Head office capex includes $0.8m of pick and pack equipment for the E-Commerce logistics operation; Other capex includes motor vehicles, furniture and fittings and bulk purchases of small value items for stores

(3) Proceeds from sale of office building and motor vehicles