

Appendix 4D

Just Group Limited Half-year report

ABN 97 096 911 410

The following information is provided to the Australian Stock Exchange (ASX) under ASX listing rule 4.2A.3.

Current Reporting Period: 26 weeks ended 28 January 2006

Previous Corresponding Period: 26 weeks ended 29 January 2005

Results For Announcement To The Market For The Half-Year Ended 28 January 2006

1. Revenue and Net Profit

| | | PERCENTAGE CHANGE | | AMOUNT |
|---|----|----------------------|----|---------|
| | | % | | \$'000 |
| Total revenues | Up | 6.8% | To | 363,341 |
| Net profit/(loss) attributable to members | Up | 25.2% | To | 36,449 |

2. Dividends (Distributions)

| | Amount per security | Franked amount per security |
|---|------------------------|--------------------------------|
| 2006 Interim dividend declared 7 March 2006 (payable 17 May 2006) | 8.5 cents | 8.5 cents |
| Previous periods: | | |
| 2005 Final dividend declared 14 September 2005 (paid 16 November 2005) | 6.0 cents | 6.0 cents |
| 2005 Interim dividend declared 2 March 2005 (paid 11 May 2005) | 7.5 cents | 7.5 cents |
| Record date for determining entitlements to the 2006 interim dividend: | 26 April 2006 | |

A dividend reinvestment plan was not available to shareholders during the financial period.

3. Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

REFER TO PRESS RELEASE

4. Net tangible assets per security

| | 2006 ¢ PER SHARE | 2005 ¢ PER SHARE |
|----------------------------------|---------------------|---------------------|
| Net tangible assets per security | 7.07 | (4.02) |

5. Details of Entities Over Which Control Has Been Gained or Lost

CONTROL GAINED OVER ENTITIES

NONE

LOSS OF CONTROL OF ENTITIES

NONE

6. Details of Associates and Joint Venture Entities

NONE

7. Information on Audit or Review

The Half-Year accounts of Just Group Limited and its controlled entities have been subject to review.

Description of dispute or qualification if the accounts have been audited or subjected to review.

NONE

JUST GROUP LIMITED
(A.B.N. 97 096 911 410)
AND CONTROLLED ENTITIES

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
28 JANUARY 2006**

This half-year report is to be read in conjunction with the financial report for the year ended 30 July 2005

**JUST GROUP LIMITED AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
28 JANUARY 2006**

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DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity consisting of Just Group Limited and the entities it controlled ("Just Group"), for the half-year ended 28 January 2006 and independent review report thereon.

Directors

The names of the company's directors in office during the half-year and until the date of this report are as below. The directors were in office for the entire period unless otherwise stated.

Jonathan Pinshaw (Chairman)
Howard McDonald (Managing Director)
Jason Murray* (Chief Financial Officer)
Laura Anderson
Ian Pollard
Alison Watkins

*Appointed 14th September 2005

Review of Operations

Just Group is a leading speciality apparel retailer in Australia and New Zealand, with a portfolio of well recognised retail brands, offering latest fashion at value price points. Just Group currently has 768 stores across Australia and New Zealand. The emphasis is on a range of brands that provide diversification through breadth of target demographic and sufficiently broad appeal to enable a national footprint.

Net profit after income tax for the half-year ended 28 January 2006 was \$36.4 million, which reflects a 25.2% increase compared to the previous half-year. In the half-year to 28 January 2006 EBITA (earnings before interest, tax and amortisation) increased by 20.9% to \$55.8 million.

The company has a sound capital structure including a \$125 million core debt facility which is drawn to \$80 million at balance date. This loan is secured by a fixed and floating charge, a registered mortgage over assets of the Group and a registered charge over certain leases of the Group. Net debt as at 28 January 2006 of \$48.5 million is significantly less than the company's EBITDA for the twelve months to 28 January 2006 and all debt covenants have been satisfied throughout the half-year.

The Group has sufficient funds to finance its operations and maintains a working capital facility primarily to allow the Group to manage the inter-month and intra-month fluctuations in cash flow inherent in the business. Including bank guarantees, the company's working capital facility is \$34,000,000 of which \$32,558,286 was unused at 28 January 2006.

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review for the half-year is provided on page 2 of this report.

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest thousand dollars under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.



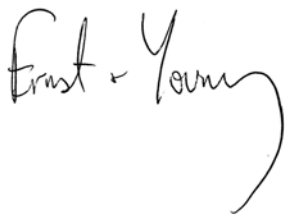
.....
Jonathan Pinshaw
Chairman
Dated 7 March 2006



.....
Howard McDonald
Managing Director

Auditor's Independence Declaration to the Directors of Just Group Limited

In relation to our review of the financial report of Just Group Limited for the 26 weeks ended 28 January 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Rob Perry
Partner
Melbourne
7 March 2006

Condensed Income Statement for the half-year ended 28 January 2006**CONSOLIDATED**

| | Notes | 26 WEEKS ENDED 28 January 2006 \$'000 | 26 WEEKS ENDED 29 January 2005 \$'000 |
|--|--------------|--|--|
| Revenues | 2 | 363,341 | 340,113 |
| Expenses | | | |
| Cost of goods sold | | (152,192) | (141,664) |
| Employee expenses | | (64,139) | (60,512) |
| Operating lease rental | | (56,081) | (51,152) |
| Depreciation of non current assets | | (8,296) | (7,631) |
| Amortisation of non current assets | | (119) | (85) |
| Borrowing costs | | (3,226) | (3,793) |
| Other expenses | | (26,876) | (33,053) |
| | | <u>(310,929)</u> | <u>(297,890)</u> |
| Profit before income tax | | 52,412 | 42,223 |
| Income tax expense | | (15,963) | (13,106) |
| | | <u>(15,963)</u> | <u>(13,106)</u> |
| Profit after income tax | | 36,449 | 29,117 |
| | | <u><u>36,449</u></u> | <u><u>29,117</u></u> |
| Basic earnings per share (cents per share) | | 16.72 | 13.36 |
| Diluted earnings per share (cents per share) | | 16.72 | 13.36 |

The above condensed income statement should be read in conjunction with the accompanying notes.

Condensed Balance Sheet as at 28 January 2006

| | CONSOLIDATED | |
|--------------------------------------|------------------------|---------------------|
| | 28 JANUARY 2006 | 30 JULY 2005 |
| | \$'000 | \$'000 |
| ASSETS | | |
| <i>Current assets</i> | | |
| Cash assets | 31,591 | 25,166 |
| Receivables | 1,104 | 608 |
| Inventories | 59,784 | 59,335 |
| Other | 3,106 | 2,146 |
| Total current assets | 95,585 | 87,255 |
| <i>Non-current assets</i> | | |
| Other financial assets | 83 | 83 |
| Property, plant and equipment | 51,441 | 47,775 |
| Intangible assets | 79,105 | 79,221 |
| Deferred tax assets | 9,009 | 8,869 |
| Total non-current assets | 139,638 | 135,948 |
| TOTAL ASSETS | 235,223 | 223,203 |
| LIABILITIES | | |
| <i>Current liabilities</i> | | |
| Payables | 32,414 | 35,529 |
| Interest bearing liabilities | 55 | 62 |
| Current tax liabilities | 7,898 | 3,543 |
| Provisions | 7,411 | 7,920 |
| Other | 4,238 | 7,577 |
| Total current liabilities | 52,016 | 54,631 |
| <i>Non-current liabilities</i> | | |
| Interest bearing liabilities | 80,069 | 90,083 |
| Deferred tax liabilities | 1,699 | 1,704 |
| Provisions | 1,845 | 1,708 |
| Other | 5,069 | 4,463 |
| Total non-current liabilities | 88,682 | 97,958 |
| TOTAL LIABILITIES | 140,698 | 152,589 |
| NET ASSETS | 94,525 | 70,614 |
| EQUITY | | |
| Contributed equity | 15,405 | 15,405 |
| Performance rights | 1,069 | 579 |
| Foreign currency translation reserve | (506) | (558) |
| Retained profits | 78,557 | 55,188 |
| TOTAL EQUITY | 94,525 | 70,614 |

The above balance sheet should be read in conjunction with the accompanying notes.

Condensed Cash Flow Statement for the half-year ended 28 January 2006**CONSOLIDATED**

| | 26 WEEKS ENDED 28 January 2006 \$'000 | 26 WEEKS ENDED 29 January 2005 \$'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts in the course of operations | 361,304 | 338,516 |
| Payments to suppliers and employees | (304,997) | (282,316) |
| Royalties received | - | 4 |
| Dividends received | 11 | 2 |
| Interest received | 136 | 331 |
| Borrowing costs paid | (3,132) | (3,805) |
| Income taxes paid | (11,683) | (14,905) |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 41,639 | 37,827 |
| CASH OUTFLOW FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of business operations | - | 1,072 |
| Payments for business operations | - | (6,860) |
| Proceeds from sale of plant & equipment | 100 | 24 |
| Payment for plant, equipment and leasehold premiums | (12,209) | (9,324) |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | (12,109) | (15,088) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (13,080) | (7,630) |
| Repayment of borrowings | (10,000) | (15,000) |
| Lease payments | (25) | (91) |
| NET CASH OUTFLOW FROM FINANCING ACTIVITIES | (23,105) | (22,721) |
| NET INCREASE / (DECREASE) IN CASH HELD | 6,425 | 18 |
| Cash at the beginning of the financial period | 25,166 | 23,814 |
| CASH AT THE END OF THE FINANCIAL PERIOD | 31,591 | 23,832 |

The above condensed cash flow statement should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity for the half-year ended 28 January 2006

| | Contributed Equity | Performance Rights | Foreign currency translation reserve | Retained profits | Total |
|---|-------------------------------|-------------------------------|---|-----------------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 August 2004 | 15,405 | 17 | - | 33,401 | 48,823 |
| Profit/(loss) on exchange arising on consolidation of overseas subsidiary | - | - | (50) | - | (50) |
| Net profit for the period | - | - | - | 29,117 | 29,117 |
| Dividends paid | - | - | - | (7,630) | (7,630) |
| Performance rights expense | - | 281 | - | - | 281 |
| At 29 January 2005 | 15,405 | 298 | (50) | 54,888 | 70,541 |
| At 31 July 2005 | 15,405 | 579 | (558) | 55,188 | 70,614 |
| Profit/(loss) on exchange arising on consolidation of overseas subsidiary | - | - | 52 | - | 52 |
| Net profit for the period | - | - | - | 36,449 | 36,449 |
| Dividends paid | - | - | - | (13,080) | (13,080) |
| Performance rights expense | - | 490 | - | - | 490 |
| At 28 January 2006 | 15,405 | 1,069 | (506) | 78,557 | 94,525 |

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the period ended 28 January 2006

I. Statement of significant accounting policies

a) Basis of preparation

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory reporting requirements.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Report of Just Group Limited as at 30 July 2005 which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP'). It is also recommended that the half-year financial report be considered together with any public announcements made by the Just Group during the half-year ended 28 January 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The financial statements have been prepared in accordance with the historical cost convention except for derivative financial instruments, which have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 29 January 2005 and full-year ended 30 July 2005 have been restated accordingly.

Reconciliations of:

- AIFRS equity as at 31 July 2004, 29 January 2005 and 30 July 2005; and
- AIFRS profit for the half-year 29 January 2005 and full-year 30 July 2005, to the balances reported in the 29 January 2005 half-year financial report prepared under AGAAP are detailed in Note 5 below.

Notes to the Financial Statements for the period ended 28 January 2006

I. Statement of significant accounting policies (continued)

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Just Group Limited (the parent entity) and its subsidiaries ('the Group').

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control. Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions have been eliminated in full.

d) Foreign currency translation

Both the functional and presentation currency of Just Group Limited and its Australian subsidiaries is Australian dollars. Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction. Foreign currency monetary items that are outstanding at the reporting date are translated using the spot rate at the end of the financial year. All exchange differences are taken to the Income Statement.

The functional currency of the overseas subsidiaries is New Zealand dollars. As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Just Group Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to the foreign currency translation reserve.

e) Cash and cash equivalents

Cash and short-term deposits in the Balance Sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

f) Trade and other receivables

Trade receivables, which generally have 60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Notes to the Financial Statements for the period ended 28 January 2006

I. Statement of significant accounting policies (continued)**g) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials – purchase cost on a first-in, first-out basis;
- Finished goods and work-in-progress – purchase cost plus freight and a portion of warehouse costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimate costs necessary to make the sale.

h) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Store plant and equipment 3-8 years
- Leased plant and equipment 2-5 years
- Other plant and equipment 2-10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

i) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated losses. Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Notes to the Financial Statements for the period ended 28 January 2006

I. Statement of significant accounting policies (continued)

j) Intangible Assets

Intangible assets acquired separately are capitalised at cost whereas those acquired from a business combination are capitalised at fair value as at the date of acquisition. The useful lives of these intangible assets are assessed to be either finite or indefinite. Amortisation is charged on intangible assets with finite lives. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of intangibles with indefinite lives annually, either individually or at the cash generating unit level.

Where the carrying amount of an intangible asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A summary of the policies applied to the Group's intangible assets is as follows:

| | Trademarks | Premiums paid on acquisition of leaseholds |
|--|----------------------------------|--|
| Useful life | <i>Indefinite</i> | <i>Finite</i> |
| Method used | <i>Not amortised or revalued</i> | <i>Amortised over the term of the lease.</i> |
| Internally generated / Acquired | <i>Acquired</i> | <i>Acquired</i> |
| Impairment test / Recoverable amount testing | <i>Annually</i> | <i>Amortisation method reviewed at each financial year-end; Reviewed annually for indicator of impairment.</i> |

Notes to the Financial Statements for the period ended 28 January 2006

I. Statement of significant accounting policies (continued)

k) Leases

Leases of plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entities within the economic entity, are classified as finance leases.

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The leased assets are amortised over the period of the lease. The interest component of the lease payments is expensed.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

l) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the consolidated entity.

m) Interest-bearing liabilities

All loans, borrowings and interest bearing related party payables are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, such items are subsequently measured at amortised cost using the effective interest method.

Finance lease liability is determined in accordance with note I(k) above.

n) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. It is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

A provision for dividends is not recognised as a liability unless the dividends are declared on or before the reporting date.

Notes to the Financial Statements for the period ended 28 January 2006

I. Statement of significant accounting policies (continued)**o) Employee Benefits***Wages, salaries and annual leave*

The provisions for employee entitlements to wages, salaries and annual leave represent the amount, which the consolidated entity has a present obligation to pay, resulting from employees' services provided up to the balance date. The provisions have been calculated at nominal amounts based on current wage and salary rates, and include related on-costs.

Long service leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. Liabilities for employee entitlements, which are not expected to be settled within 12 months, are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities. In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with staff departures. Related on-costs have also been included in the liability.

Superannuation fund

The company and other controlled entities contribute to eligible employee superannuation funds. Contributions are charged against income as they are made.

p) Deferred Income

Lease incentives are capitalised in the financial statements when received and credited to revenue over the term of the store lease to which they relate.

q) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Risks and rewards are considered passed to the buyer at the point of sale in retail stores and at the time of delivery to catalogue and wholesale customers.

Interest

Revenue is recognised as interest accrues using the effective interest method.

Dividends

Revenue is recognised when a right to receive consideration for the investment in assets is attained.

Lay-by debtors

Revenue is recognised when goods are passed to the buyer at the point of sale in retail stores and when final payment is made.

Notes to the Financial Statements for the period ended 28 January 2006

I. Statement of significant accounting policies (continued)**r) Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, effects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward or unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

Notes to the Financial Statements for the period ended 28 January 2006

I. Statement of significant accounting policies (continued)**s) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

t) Derivative financial instruments*Forward exchange contracts*

The consolidated entity enters into forward exchange contracts where it agrees to buy or sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from purchases in foreign currencies, to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually no longer than six months. Forward exchange contracts are stated at fair value and as they do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Income Statement.

Interest rate swaps

The consolidated entity enters into interest rate swap agreements that are used to convert the variable interest rate of its short-term borrowings to medium-term fixed interest rates. The swaps are entered into with the objective of reducing the risk of rising interest rates. The swaps are stated at fair value with any exchange gains or losses on re-measurement recognised in the Income Statement.

u) Share Based Remuneration Schemes

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares.

There are currently three plans in place to provide these benefits; an Australian employee share plan, a New Zealand employee share plan and a long-term incentive plan known as performance rights plan (PRP). The PRP provides a remuneration element designed to attract and retain key senior employees and link rewards with the company's long-term performance and maximisation of shareholder wealth. An offer under the PRP grants an individual the right to a certain number of ordinary shares in the company. This right may vest and be convertible into shares, conditional on the satisfaction of the "Total Shareholder Return" performance condition.

Notes to the Financial Statements for the period ended 28 January 2006

I. Statement of significant accounting policies (continued)

v) Share Based Remuneration Schemes (continued)

The cost of these share-based transactions with employees is measured by reference to the fair value at the date at which they are granted. The value of the performance rights granted to executives under the PRP has been determined by reference to an independent valuation performed by PricewaterhouseCoopers.

The cost of share-based transactions is expensed over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

v) Comparatives

The current reporting period 31 July 2005 to 28 January 2006 and the comparative reporting period 1 August 2004 to 29 January 2005 both represent 26 weeks.

w) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs incurred by the company arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Notes to the Financial Statements for the period ended 28 January 2006

CONSOLIDATED

| | 26 WEEKS ENDED 28 January 2006 \$'000 | 26 WEEKS ENDED 29 January 2005 \$'000 |
|--|---|---|
| 2. REVENUES | | |
| Revenues | | |
| Revenue from sale of goods | 362,207 | 338,525 |
| Amortisation of deferred income | 887 | 622 |
| Recovery of bad debts | - | 300 |
| Other | 247 | 666 |
| | 363,341 | 340,113 |
| 3. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES | | |
| Dividends paid during the half-year | | |
| Final franked dividend for financial year 30 July 2005: 6.0 cents (2004: 3.5cents) | 13,080 | 7,630 |
| Dividends paid or proposed and not recognised as a liability | | |
| Interim franked dividend for financial year 29 July 2006: 8.5 cents (2005: 7.5 cents) | 18,530 | 16,350 |

Notes to the Financial Statements for the period ended 28 January 2006

4. SEGMENT REPORTING

a) Business

The consolidated entity operates in one industry segment, being the retailing of apparel.

b) Geographic segments

| | Australia | | New Zealand | | Eliminations | | Consolidated | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 26 weeks 2006 \$'000 | 26 weeks 2005 \$'000 | 26 weeks 2006 \$'000 | 26 weeks 2005 \$'000 | 26 weeks 2006 \$'000 | 26 weeks 2005 \$'000 | 26 weeks 2006 \$'000 | 26 weeks 2005 \$'000 |
| Sales to customers outside the consolidated entity | 309,993 | 293,394 | 52,214 | 45,131 | - | - | 362,207 | 338,525 |
| Other revenue | 947 | 1,455 | 187 | 133 | - | - | 1,134 | 1,588 |
| Total revenue | 310,940 | 294,849 | 52,401 | 45,264 | - | - | 363,341 | 340,113 |
| Profit before tax | 45,767 | 35,797 | 6,730 | 6,398 | (85) | 28 | 52,412 | 42,223 |
| Income tax expense | | | | | | | (15,963) | (13,106) |
| Net profit | | | | | | | 36,449 | 29,117 |

Transactions between Australian and New Zealand operations were made under normal commercial terms and conditions.

Notes to the Financial Statements for the period ended 28 January 2006

5. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Australian Accounting Standards Board (AASB) has issued Australian equivalents to International Financial Reporting Standards (AIFRS) for application to reporting periods beginning on or after 1 January 2005. Accordingly Just Group Limited's first half-year report prepared under AIFRS is for the half-year reporting period ended 28 January 2006 and its first annual financial report prepared under AIFRS will be for the year ending 29 July 2006.

a) Reconciliation of equity as presented under AGAAP to that under AIFRS

| | | CONSOLIDATED | | |
|--|--------------|---------------------------------------|---|-------------------------------------|
| | Notes | 30 July 2005*** \$'000 | 29 January 2005** \$'000 | 31 July 2004* \$'000 |
| Total equity under AGAAP | | 68,420 | 71,713 | 51,377 |
| <i>Adjustments to retained earnings (net of tax):</i> | | | | |
| Share based payment expense | (i) | (579) | (298) | (17) |
| Write-back of goodwill amortisation | (ii) | 4,888 | 2,419 | - |
| Impairment of assets | (iii) | (135) | (238) | (75) |
| Recognition of deferred tax asset | (iv) | 342 | 504 | 665 |
| Recognition of derivative financial instruments | (v) | | | |
| – Foreign exchange contracts | | 126 | (630) | 556 |
| – Interest rate swaps | | (246) | (132) | (121) |
| Adjustment for fixed rate increases in operating leases | (vi) | (4,249) | (4,574) | (5,144) |
| Transfer of Foreign Currency Translation Reserve (FCTR) to Retained Earnings | (vii) | - | - | 1,544 |
| Tax effect of the above adjustments | (viii) | 1,461 | 1,476 | 1,565 |
| | | <u>1,608</u> | <u>(1,473)</u> | <u>(1,027)</u> |
| <i>Adjustments to other reserves and equity (net of tax):</i> | | | | |
| Reduction in FCTR to zero | (vii) | - | - | (1,544) |
| Recognition of share based payment expense | (i) | 579 | 298 | 17 |
| Increase in FCTR for translation of deferred rental liability in New Zealand | | 7 | 3 | - |
| | | <u>586</u> | <u>301</u> | <u>(1,527)</u> |
| Total equity under AIFRS | | 70,614 | 70,541 | 48,823 |

* This column represents the adjustments as at the date of transition to AIFRS.

** This column represents the cumulative adjustments as at the date of transition to AIFRS and those for the half-year ended 29 January 2005.

*** This column represents the cumulative adjustments as at the date of transition to AIFRS and those for the year ended 30 July 2005.

Notes to the Financial Statements for the period ended 28 January 2006

5. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**b) Reconciliation of net profit under AGAAP to that under AIFRS**

| CONSOLIDATED | | | |
|---|--------------|---------------------------------------|---|
| | Notes | 30 July 2005 ** \$'000 | 29 January 2005 * \$'000 |
| Net profit as reported under AGAAP | | 41,589 | 28,018 |
| Share based payment expense | (i) | (562) | (281) |
| Write-back of goodwill amortisation | (ii) | 4,888 | 2,419 |
| Impairment of assets | (iii) | (60) | (163) |
| Increase in income tax expense | (iv) | (323) | (161) |
| Recognition of derivative financial instruments | (v) | | |
| – Foreign exchange contracts | | (430) | (1,186) |
| – Interest rate swaps | | (125) | (11) |
| Adjustment for fixed rate increases in operating leases | (vi) | 895 | 570 |
| Tax effect of the above adjustments | (viii) | (104) | (88) |
| Net profit as reported under AIFRS | | 45,768 | 29,117 |

* This column represents the adjustments to the net profit for the period 31 July 2004 to 29 January 2005.

** This column represents the cumulative adjustments for the year ended 30 July 2005 under AIFRS.

(i) Share based payments

Under AASB 2 “Share Based Payments” the value of performance rights are expensed over the period from grant date, when the value is determined, until vesting date.

(ii) Recognition and Amortisation of Intangible Assets

Under AIFRS goodwill and intangible assets with an indefinite life are no longer amortised but subject to an annual impairment test which may be based on discounted cash flow analysis. On the basis of discounted cash flow analysis to date goodwill and trademarks are not considered to be impaired. The earnings before interest and tax, net profit before tax and net profit after tax increases by the amount of goodwill and trademarks amortisation no longer expensed from 31 July 2004.

(iii) Impairment of assets

Under AASB 136 “Impairment of Assets” the impairment of assets is considered at the individual asset level, however, where this is not possible, it is considered at the higher cash generating unit level. Just Group assesses impairment at both store and brand level using a discounted cash flow model.

5. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**(iv) Income Taxes**

Under AASB 112 "Income Taxes" a balance sheet approach is adopted under which temporary differences are identified for each asset and liability rather than accounting for differences between taxable and accounting profit (due to timing and permanent adjustments). On initial adoption of AIFRS a credit adjustment of \$664,843 was made to retained earnings to reflect the impact of a permanent adjustment that became a temporary difference under AIFRS. The impact of this reclassification on the Income Statement is an increase in income tax expense of \$322,906 for the year ended 30 July 2005 and an increase in income tax expense of \$161,453 for the half year ended 29 January 2005.

(v) Derivative Financial Instruments

Under AASB 139 "Financial Instruments: Recognition and Measurement" forward exchange contracts are recognised on the Balance Sheet at their fair value. Where hedge accounting for cash flow hedges is not applied to foreign exchange contracts any exchange gains or losses on re-measurement are recognised in the Income Statement. The net unrealised gain on forward exchange contracts at 31 July 2004 was \$556,306. This amount was credited to retained earnings upon initial adoption of AIFRS. At 29 January 2005 the unrealised net loss was \$630,255 thus the net movement between 31 July 2004 and 29 January 2005 results in an expense of \$1,186,561 to the Income Statement for the half-year ended 29 January 2005. As at 30 July 2005, there was an unrealised gain of \$125,916 on forward exchange contracts. The net movement between 31 July 2004 and 30 July 2005 resulted in an expense of \$430,390 to the Income Statement for the year ended 30 July 2005.

AASB 139 also requires interest rate swaps that are not accounted for as cash flow hedges to be recognised on the Balance Sheet at their fair value with any unrealised gains or losses on remeasurement recorded to the Income Statement. The unrealised loss on the interest rate swap was \$120,750 at 31 July 2004. This amount was adjusted against retained earnings upon initial adoption of AIFRS. At 29 January 2005 the unrealised loss on the interest rate swap was \$131,250 thus the movement between 31 July 2004 and 29 January 2005 results in an expense of \$10,500 to the Income Statement for the half-year ended 29 January 2005. At 30 July 2005 the unrealised loss was \$245,250 thus the movement between 31 July 2004 and 30 July 2005 results in an expense of \$124,500 to the Income Statement for the year ended 30 July 2005.

(vi) Leases

Under AASB 117 "Leases", lease payments relating to operating leases are recognised as an expense on a straight-line basis over the lease term. Under AGAAP Just Group expensed the operating lease payments as they were incurred. The change in policy has resulted in operating lease expenses being greater than operating leases payments in the earlier periods for most leases, the differential between the two has been recognised as a deferred rental liability.

5. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(vii) Foreign currency translation reserve

On the initial adoption of AIFRS, Just Group elected to apply the exemption in AASB 1, "First Time Adoption of Equivalents to International Financial Reporting Standards", relating to the balance of the foreign currency translation reserve. The cumulative translation differences for all foreign operations represented in the foreign currency translation reserve are deemed to be zero at the date of transition to AIFRS. As a result of this exemption, the balance of the foreign currency translation reserve of the consolidated Group at 31 July 2004 decreased by \$1,544,115 with a corresponding increase in retained earnings for the same amount.

(viii) Tax effect of the AIFRS adjustments

The tax effect of the adjustments above (i) and (vi) led to an increase in deferred tax assets and an increase to retained earnings on initial adoption of AIFRS of \$1,564,896.

The impact on net profit from the tax effect of adjustments (i) and (vi) is a decrease in deferred tax assets and an increase in income tax expense of \$104,246 and \$88,400 for the year ended 30 July 2005 and half-year ended 29 January 2005 respectively.

6. SUBSEQUENT EVENTS

On 7 March 2006, the board of directors declared a fully franked dividend of 8.5 cents per share to be paid on 17 May 2006.

Since the end of the reporting period there have been no other matters that have come to the attention of the directors that require disclosure in the half-year report.

7. CONTINGENT LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 3 to 21:

- (a) Comply with Accounting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements, and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 28 January 2006 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Just Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



.....
Jonathan Pinshaw
Chairman



.....
Howard McDonald
Managing Director

Dated 7 March 2006

Independent review report to members of Just Group Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Just Group Limited (the company) and the entities it controlled during the 6 month period ended 28 January 2006, and the directors' declaration for the company, for the period ended 28 January 2006.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

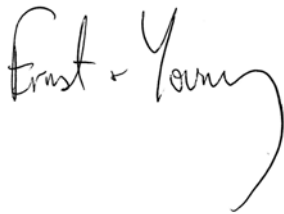
Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Just Group Limited and the entities it controlled during the period is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 28 January 2006 and of its performance for the 6 month period ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 “Interim Financial Reporting” and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Rob Perry
Partner
Melbourne
7 March 2006