

THE **JUST** GROUP

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MEDIA RELEASE

JUST GROUP ACHIEVES FIRST HALF PROFIT INCREASE OF 25.2%

Just Group today announced a record net profit of \$36.4 million for the six months ending 28 January 2006, a rise of 25.2%.

HIGHLIGHTS

- Net Profit After Tax of \$36.4 million compared with \$29.1 million for the corresponding period, a rise of 25.2%
- EBITA of \$55.8 million compared with \$46.1 million, up 20.9%
- Sales of \$362.2 million compared with \$338.5 million, up 7.0%
- Fully franked interim dividend of 8.5 cents per share, a rise of 13.3%
- 39 net new stores opened in the period bringing total number to 768
- Good Christmas and January trading periods
- Strong Womenswear performance with EBITA increase of 48.6%
- Casualwear EBITA growth of 8.0% in period of brand repositioning
- Emerging brands, being Peter Alexander and Dotti, growing strongly

Dividend

Directors declared an interim dividend of 8.5 cents per share, fully franked, to be paid on 17 May 2006 to shareholders on the register as at 26 April 2006. This compares with an interim dividend of 7.5 cents per share for the corresponding half of last year.

Commentary

A stronger half was foreshadowed at the Company's Annual General Meeting on 23 November 2005. Just Group's Managing Director, Mr Howard McDonald said the record result was particularly pleasing because it was achieved against a background of weaker consumer sentiment.

"The first half of the previous year was a record, so to have surpassed that result this year is very pleasing.

"We had good Christmas and January trading periods with only a very short post-Christmas sale period. Our strategy was to introduce new trans-seasonal stock early in January and this worked very well," said Mr McDonald.

"The Womenswear sales were especially strong, up 15.3% with EBITA up 48.6%. For the Casualwear business, sales were 2.9% up, with EBITA up 8.0% on the corresponding period last year. Sales for the Group from stores opened for twelve months or more increased by 1.9%.

"Gross margins were ahead of last year, a satisfactory outcome, given the difficult trading environment. Stock levels at the end of the half were 3.5% above the same period last year, reflecting the early delivery of trans-seasonal product. As further evidence of our excellent supply chain management, stockturns improved further to an annualised rate of 5.1 times.

"We opened 46 new stores in the half, closed 7 and spent around \$5.0 million on refurbishing existing stores. All brands were strongly supported with new advertising and promotional activity and we invested in a consumer loyalty program for the Just Jeans brand.

"New Zealand sales were up 16.0%, which was an excellent result in an economy where business confidence is low, interest rates have risen nine times since the beginning of 2004 and GDP fell in the September quarter" said Mr McDonald.

Reviewing each brand's performance for the half, Mr McDonald said:

Just Jeans

"The Just Jeans brand was repositioned after extensive consumer research. A range review led to a change in our jeans offer and we are now specialising in the \$50 to \$150 price categories. We launched a new store format with 3 stores in the trial. New advertising has been launched in February and we have just rolled out a significant consumer loyalty program that we previously tested over a twelve month period. The brand produced a sound result for the period and all initiatives taken to date will ensure this brand's ongoing contribution to earnings".

Jay Jays

“A repositioning of the Jay Jays formula during the half produced positive results after a subdued first quarter. The brand, which is based on great value and good fun and aimed at the youth market, had a good second quarter and resumed its volume growth path to end the half year strongly. A new advertising program is about to launch in March to reinforce the brand’s winter positioning”.

Dotti

“When we first acquired Dotti in October 2004 it had 10 stores and, by the end of the half, there were 39 stores. The aggressive roll-out program will continue through the balance of 2006 and into 2007. The brand has been well integrated into the Just Group’s systems and is achieving its sales and profit budgets”.

Jacqui E

“Jacqui E produced another outstanding result. Sales and earnings were well up on the corresponding half for last year. We believe that the product offer, which is quality and fashionable womenswear aimed at career and family women in their thirties, is the key to this brand’s success. Career wear has been particularly strong as there has been a return to suiting for working women”.

Portmans

“Portmans also had an exceptional trading period and is at a record level of performance. The brand continued to build on its strong performance over the previous year. Portmans appeals largely to women aged 20 to 26 for both casualwear and career wear. Portmans also had an excellent season with career wear. A new advertising campaign will be launched in March to further enhance this brand’s strength in its market segment”.

Peter Alexander

“Australia’s leading sleepwear brand, Peter Alexander, produced a record half year result. The brand is concentrating on four key channels of distribution, being the catalogue market, internet selling, new retail stores and wholesaling through David Jones. All channels performed at record levels”.

Cashflow

First half cashflow from operations grew from \$37.8 million to \$41.6 million. Capital expenditure for the half was \$12.2 million with more than 75% being directed towards organic growth initiatives as a number of exciting opportunities arose that met the Group’s strict financial hurdle rates. Given these opportunities and the strong trading and cash position of the Group, it is expected that capital expenditure will be applied at an accelerated pace through the rest of 2006 to maximise returns in the future.

Debt Reduction

As previously enunciated by the Board, the strong cashflow generation of the Group will be used to reduce the gearing of the Company as appropriate. In accordance with this policy, \$10.0 million of core debt was repaid in the half. The Company's net debt is \$48.5 million, being 23.8% of total assets less cash, with 17.3 times interest cover.

Impact of Adopting Equivalents to International Reporting Standards

This reporting period is the first using the Australian equivalent to International Reporting Standards and consequently the accounts for the first half of 2005 have been restated to allow comparability with this first half result. As outlined in note 5 of the Company's accounts, the major changes have arisen due to the recognition of share based payments as an expense, the recognition of derivative contracts (being foreign exchange hedging and interest rate swaps), the recognition of fixed rate escalation clauses in leases and the requirement that goodwill no longer be amortised annually. At an aggregate level, these changes have increased the reported growth in EBITA by 3.3% and NPAT by 3.4% from 2005 to 2006.

International Licence Granted

Just Group also announced that it has granted a licence to Pepkor Retail Limited, a leading South African retailer, for the purpose of trialling the Jay Jays store format in South Africa.

"We are regularly approached by international firms who have an interest in our portfolio of great retail brands, and we believe that this opportunity is a low risk test of whether our model can work outside Australia and New Zealand. South Africa is a large retail market with a young population, seasonally aligned with Australia and with exciting growth prospects. The first 2 stores will open in March with up to 3 more to open during the trial period," Mr McDonald said.

Outlook

Mr McDonald said, that subject to current trading conditions continuing, the overall portfolio is well positioned to deliver a good second half result which is expected to be ahead of last year.

"Our retail machine has demonstrated that it can respond quickly to changes of circumstance and we have confidence in the strength of our brands. We will continue to invest in our long-term future with new stores, new concepts and the infrastructure to support them," he said.

Just Group is a leading specialty apparel retailer operating over 750 stores in Australia and New Zealand. Founded in 1970, the Company operates leading apparel brands including Just Jeans, Jay Jays, Dotti, Portmans, Jacqui E and Peter Alexander. Just Group was listed on the ASX (JST) on 7 May 2004.

	HI 2005	HI 2006	Change 05 to 06
No. Weeks	26	26	-
Sales (\$m)	338.5	362.2	+7.0%
Gross Profit (\$m) *	193.7	210.0	+8.4%
EBITDA (\$m)	53.7	64.0	+19.2%
EBITA (\$m)	46.1	55.8	+20.9%
EBIT (\$m)	46.0	55.6	+20.9%
NPAT (\$m)	29.1	36.4	+25.2%
GP (%) *	57.2%	58.0%	+75bp
EBITA Margin (%)	13.62%	15.39%	+177bp
Annualised Stockturns (x) *	4.85x	5.11x	+0.26x
Net Debt (\$m)	66.3	48.5	-17.8
Interest Cover (x)	12.2x	17.3x	+5.1x

* Prior period has been adjusted to reflect revised inventory absorption costing applied in HI 2006

Further information about the Group is at www.justgroup.com.au

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