

JUST GROUP ANNUAL GENERAL MEETING 2004

23 November 2004

JONATHAN PINSHAW, CHAIRMAN – ADDRESS TO SHAREHOLDERS

Good afternoon, Ladies and Gentlemen.

It is my great pleasure to welcome you to the very first Just Group Annual General Meeting.

Today is indeed a unique occasion. We successfully listed on the Australian Stock Exchange on the 7th of May this year. And, as many of you will know, this was a return to the boards after two and a half years for the company that was previously known as Just Jeans. Although we are now a 'new' company, we have a long and proud history as a speciality apparel retailer.

Operational Results

I am pleased to report that the listing was achieved without your company missing a beat - as our results show. This is a tribute to the leadership of the Company, together with the commitment and dedication of our 5,000 people. For the year ending 31st July 2004, we delivered on every promise made in our Prospectus. And, on the key financial performance measures we exceeded our forecasts:

- The Group's Net Profit After Tax was \$40 million, an increase of 77% on the previous year and 22.6% above the Prospectus forecast
- EBITA of \$75.3 million was up 53% on the previous year and 16.6% above the forecast
- Sales were \$620 million, an increase of 10.3% over the previous year and 1.6% ahead of the forecast

Due to strong cashflow, we were able to reduce our net debt from \$115 million as at the 31st of January 2004 to \$82 million at the end of the financial year.

As a result of this performance, your Board decided to declare a final, fully franked dividend of 3.5 cents per share, which is 25% better than the Prospectus forecast of 2.8 cents per share. Dividends were paid on the 17th of November to all shareholders on the register as at the 27th October. I should add that it is the Board's policy to distribute around 60% to 65% of earnings as dividends.

The strength of the Australian economy underpinned consumer confidence and the retail environment during the year was buoyant. But our results

were achieved against a backdrop of fierce and growing competition for the consumer dollar.

Our excellent results can be attributed to a number of key factors. These include:

- An active store opening program – we opened 48 new stores and closed 16
- Aggressive brand promotion campaigns based on highly sophisticated market research that told us what our customers wanted and how we should appeal to them
- A \$10 million investment in upgrading and freshening 163 of our existing stores
- The roll-out of superior IT systems that enabled us to improve logistics and better monitor store performance
- Tight overall cost control and management of markdowns that helped us increase margins

While we have got off to a good start, I want to emphasise that our objective is to deliver better than average returns to our shareholders over the long haul. We believe that we have established a base from which the company can grow and prosper over the coming five years. We foreshadow that there are many growth opportunities available to us in the Australasian market and that we can take advantage of these without moving outside our core business – that of speciality apparel retailing.

Outlook

The outlook for 2004/05 is positive. The forecast made in our release of the 15th of September was that EBITA would exceed \$80 million, well in excess of the Prospectus forecast of \$73 million. We remain confident of this outlook.

Trading to date has been strong. Sales and profits for the 16 weeks to last Saturday night are comfortably ahead of last year for all businesses. As always in retail, the upcoming Christmas period is critically important and will have a significant bearing on where we finish the year. The initiatives taken during the past year, including the opening of new stores, are expected to continue to yield positive results.

As advised at the time of acquisition, we are not expecting Dotti to contribute to earnings in 2004/05. It should, however, be earnings positive in 2005/06.

All in all, we have had a good start back in the public arena. But I must stress that these latest results are just the continuation of the changes put in place since we were last a public company. We believe we are now well placed to continue delivering superior results for many years to come.

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HOWARD McDONALD, MD – ADDRESS TO SHAREHOLDERS

Good Afternoon Ladies and Gentlemen;

I too would like to welcome you to the first Just Group Annual General Meeting.

It is very symbolic that we are holding this meeting in Chapel Street because the original company was founded in Chapel Street, about one kilometre from here. That was in 1970 when the first Just Jeans store opened for business. To reflect on the growth of the company since those days is a comprehensive journey. In essence, we have moved from a single shop with a single brand to a company with six strong brands and a total of 700 stores in speciality apparel retailing. We achieved the landmark of our 700th store only a couple of weeks ago with the opening of a new Peter Alexander sleepwear store at Chadstone, which is not all that far from where it all began.

You will have seen that our Annual Report followed the theme of Growing, Connecting, Responding, Delivering. Today I intend to take you through each of our brands and give you some feel for how each performed against our theme.

Firstly, I have already mentioned Peter Alexander's new Chadstone store. I invite you all to go to Chadstone to look at this store, which represents a new concept in retailing sleepwear. We acquired this brand about four years ago and have had remarkable success with it. It started as a direct mail business and, since acquisition, we have enlarged the direct mail element and have developed the brand into the most successful clothing Internet site in Australia. Some 35 percent of Peter Alexander's sales are via the Internet. The roll out of 'real stores' is the next growth phase for the brand. We foresee that this will lead to a link between direct sales, the internet and 'real shop' selling and that Peter Alexander will grow into a prominent lifestyle brand in Australia. Peter Alexander is a very strong growth story.

The Just Jeans brand has been the mainstay of our company since the beginning. Today, there are nearly 300 Just Jeans stores in Australia and New Zealand and it is the foremost specialty retailer in these markets for casual clothing for 16 to 39 year old men and women. We are investing significantly in the brand with leading edge advertising including continuous television advertising where we are on-air every three to four weeks with new fashion stories. Just Jeans represents around 39 per cent of our

business. Having been the leader in this field for many years demonstrates how effectively we connect with our markets.

Ten years ago we acquired the Jay Jays brand, which at that time was a small brand selling cheap denim products in Sydney. Over the past four years, we have repositioned this business into being a relevant youth brand selling street casual clothing to boys and girls at value price points. We have been able to offer the latest in street fashion at great value and have grown the brand to nearly 200 stores in Australia and New Zealand. We believe there is considerable growth ahead for the Jay Jays brand and it attracts the largest share of capital expenditure for new store openings. We have just opened our largest Jay Jays store in the Auckland suburb of Albany, which the Board visited earlier this month. At 350 square metres, this is twice the size of the average store. This larger store concept may prove to be yet another opportunity for this classic growth story.

Turning to Jacqui E, this brand has performed remarkably well. The brand is targeting professional women in the 30 to 35 year age group. We have increased our emphasis on quality, fit, fabrication and other key product attributes. Our customer database has been enlarged and enhanced – an area often neglected in speciality retailing with this particular target demographic. There are 90 Jacqui E stores and the brand goes from strength to strength. Through connecting with this important market segment, we are achieving excellent growth.

Based on our success with Jacqui E, we acquired the Portmans brand two years ago. After an 18-month integration process, we now have a brand that has a unique offering for young women between the ages of 22 and 28. Portmans offers both career wear and casual wear. The business continues to improve its performance and we are planning new store openings. Portmans is receiving strong advertising support and a program of new store fit-outs is well under way. You can also see a new look store at Chadstone. Having turned this business around, we are confident of further growth in the future.

With the success of our involvement in women's fashion, we have, for some time, identified the opportunity of offering a female fashion range aimed at the late teens. This is an exciting demographic – young women of this age are studying, working and socialising. They are living life to the full and spend a considerable part of their income on entertainment and clothes. In our market research, we had found that one of the most important brands to this market is called Dotti. Although there are only ten Dotti stores, the brand had one of the highest recalls of any that we tested. We completed the acquisition of Dotti during October so this is a very new business for us. Our first new store was opened at Werribee Plaza last Friday and has had a very strong three days trading. We are particularly excited by Dotti's prospects and you will be seeing the first contribution to earnings in the 2005/06-year. It will also be a very important brand in our expansion

program and we plan to have over 100 stores in the Dotti chain over the coming years.

Underpinning the excitement associated with our brands is a deep commitment to processes and systems. The key to everything we do is our supply chain, which is already highly efficient, and yet we believe it has further capacity to enhance our speed to market – the key to successful retailing and particularly fashion retailing. Our Information Technology systems are core to everything we do and we have invested heavily in them. In the past year we have invested a further \$6 million in point-of-sale systems to provide us with the data we require on a daily basis. Our new distribution centre in Altona, which opened in January of this year, is central to the rapid and efficient distribution of product to our many stores.

The Chairman mentioned that we have delivered on everything promised in our Prospectus. Our sales and EBITA for the financial year exceeded last year and the Prospectus forecast. Significantly, our return on capital was a strong 56%. Clearly we have delivered. I should add that 'deliver' to me also means that we deliver to:

- our employees by providing them with challenging and fulfilling careers and strong participation in the company
- our customers by offering outstanding product ranges in a great store environment, and;
- our investors who gain benefits as a result of these efforts.

The challenge going forward is to continue to deliver for our stakeholders. It is a challenge that we all anticipate with relish.