

## ASX Announcement

3<sup>rd</sup> February 2005



**FOR IMMEDIATE RELEASE**

# An update on recent results and prospects

In accordance with the Company's policy of keeping the market informed on a timely basis, Directors believe they should update the market on trading conditions over the Christmas period. A fuller discussion will accompany the publication of the interim results towards the end of February.

## Summary

Despite good trading results from The Athlete's Foot and an improving trend from the King of Knives, very weak results from Amazing Paints means that the interim results will be substantially down on last year. As foreshadowed at the Annual General Meeting, whilst the value of total assets is not impaired, under the new accounting standards the continued poor results of Amazing Paints will necessitate the Group writing down the value of its investment in this company for the half year ending 31st December 2005. This write down will be taken through the profit and loss account in the half year ending 31st December 2005, which will prevent the company paying an interim dividend. The write down is a book entry and has no cash flow implications.

## The Athlete's Foot

Underlying sales by The Athlete's Foot during December were strong. Comparative sales performance per store for December was up over 10% and this strong trend continued through January. On a 12 month basis the sales (ie including sales by franchisees) exceeded \$100m for the first time and sales growth continued strongly through January.

Notwithstanding the strong sales performance, the closure of three underperforming stores this year and the associated write off of the costs of closing these store means that the interim results for The Athlete's Foot will not exceed those for the equivalent period last financial year.

## The King of Knives

King of Knives sales were strong from mid November through to the last four days before Christmas. Sales picked up strongly in January 2006 and the year on year comparative sales growth was 10%. A close analysis of results indicates that while there is some way to go before this chain reaches its true potential, the initiatives already taken are bearing fruit.

The interim results for the half year will be below those of last year and for the full year may not exceed those of 2005.

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## **Amazing Paints**

Amazing Paints has continued to suffer from very difficult trading conditions, sales for the half year were some 6% below those of last year. This was despite the acquisition of one new store, further store refurbishments and the introduction of further new lines of paint. Unlike the half year to December 2004 when the company made a profit of \$182,000, it is currently expected to make a loss of over \$600,000 in the half year to 31 December 2005. Given the lack of any clear indicator of a turnaround in conditions in the sector in which Amazing Paints operates, a further loss is expected in the second half of fiscal 2006.

Management changes have been made and the Board is reviewing the appropriateness of Retail Cube's investment in this company.

Julia King  
Executive Chairman

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