



16 November 2005

Company Announcements Office
Australian Stock Exchange Limited

By Electronic Lodgment

Dear Sir,

RE: AGM ADDRESSES

In connection with the 2005 Annual General Meeting of Retail Cube Ltd to be held at 11.00am today we attach the prepared addresses of both the Chairman and Chief Executive Officer.

Yours faithfully,

Howard Knapp
Company Secretary

diversified | specialty | retail

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**Retail Cube Ltd
Chairman's Address
Annual General Meeting 16 November 2005**

As shareholders you would have noted from our results that it has been a year of major challenges for Retail Cube. This is largely due to the unexpected general downturn in three major market drivers, these being retail spending, residential real estate values and poor consumer confidence.

The management of Retail Cube implemented a number of pro-active strategies to mitigate the impact of the downturn in the economy. These strategies were aimed at positioning Retail Cube to cope with the deteriorating environment and at the same time not compromise the building of a sound foundation from which long term shareholder value can be built. These strategies had the primary objectives of providing the infrastructure to weather the current economic cycle; and to ensure that the three business Pillars are securely integrated to provide a solid foundation from which to grow. These strategies included the following initiatives which in many cases are already delivering positive results.

- The centralisation of common services
- Margin enhancement and cost containment programs
- Brand equity building
- Staff training programs
- The continued roll out of new stores – a total of 18 new stores were opened in the past financial year and a further seven already have been opened this year
- Refurbishment of existing stores and – a total of 19 stores were refurbished in the past financial year
- Implementation of a responsible franchising programme of KOK – 2 stores being franchised prior to June 05.

Mr. Estcourt will discuss these businesses further in his address.

Board Changes:

In June 05, Mr Ron Baskin stepped down as a Director to pursue his personal interests. We would like to thank Mr Baskin for his valued contribution to Retail Cube. The Board wish him continued good health and every success as he commences his new journey.

Mr. Mike Hale a new non-executive director and Chairman of the Remuneration Committee was appointed to the board on the 14th of March 2005.

Background

Mike is the founder of the Hale agency which was one of the most successful medium size advertising agencies in Australia. He is a professional investor, and Chairman and Director of a number of listed and un-listed companies. He has been involved in the building of paint brands, franchisee concepts and a number of major retailers. Mike brings to the board a strong advertising, marketing and retail background and extensive knowledge in brand equity creation

Future Developments

The board believes that in order to successfully meet the retail challenges of the future and to grow the long-term value of this company that we required additional retail knowledge and expertise at board level, together with the free resources to actively seek value-enhancing acquisitions and strategically develop our existing operations.

To achieve this goal we have implemented the following restructure, which will take effect from 3 January 2006.

I am delighted to confirm that the retail knowledge base of Retail Cube will be greatly enhanced with the appointment of Mrs Julia King as Chairman and initially she will fill the position of Executive Chairman so as to maximise her pro-active contribution to the growth of the Company. This appointment will take effect from 3 January 2006. To facilitate this change I will be resigning as Chairman and non-executive director on the same date. Rob Estcourt continues to fulfil the position of CEO and Michael Cooper that of an Executive Director and Managing director of The Athletcs Foot.

Julia has a strong history of building sustainable, quality, profitable retail enterprises and as such brings with her in-depth knowledge of retail with specific skills in growing successful profitable retail branded businesses in Australia and New Zealand. Julia also has a history of mentoring and developing staff.

Background:

Mrs King has had an extensive career in retailing and advertising.

She is currently a non-executive director of John Fairfax Holdings, Servcorp, Carla Zampatti and Opera Australia.

Prior positions include that of CEO of Louis Vuitton Oceania and she was also responsible for the establishment of Louis Vuitton in India. Under her management she grew the business from 3 stores to become one of the best-known international premium product brands in the region. She has also previously held non-executive roles with Country Road and MMI. Furthermore Julia has been actively involved in developing strategies for a number of Australian and International retailers.

In her previous position as an Executive and Managing Director of Lintas Advertising she was responsible for the advertising and development of brand strategies associated with Katie's, Johnson and Johnson, Kimberly Clarke, British Tobacco, and Tab (then Diet Coke).

I believe that the enhanced management team provides the Company with the necessary additional management depth to grow the business. Julia King as Executive Chairman together with the expertise of Mr Estcourt and Mr Cooper ensures that Retail Cube has the depth of executive management skills encompassing retail, acquisitions and asset management expertise to meet the challenges facing the company. This structure enables Julia to focus on building the retail businesses and Robert to focus on management of the enterprise; the balance sheet, asset management; acquisitions and other value accretive strategies.

The short-term outlook for the retail market remains challenging and we look forward to the market conditions normalising in the near future. I am confident that this Board together with the executives and management of the businesses have the expertise, depth of knowledge and skill set to successfully overcome these challenges.

In summary our goals are:

1. To enhance shareholders long term value.
2. To remain focussed on building sustainable profitability.
3. To continue to extract value from the existing businesses and to provide a stable platform from which these businesses can be grown.
4. To continue to grow and preserve brand equity
5. To realize value through the responsible implementation of a franchising program.

I would like to sincerely thank the Management, Staff and Shareholders for their support during 2005. Ladies and Gentleman this concludes my address. It gives me great pleasure to hand you over to Rob Estcourt, CEO Retail Cube to address the meeting.

Retail Cube Ltd
Chief Executive Officer's Address
Annual General Meeting 16 November 2005

Thank you Eric and Good Morning Ladies and Gentlemen.

Since listing we have tried to keep shareholders well informed of developments in their company, a goal which we plan to continue into the future.

After listing, management set out to integrate the operations of the three operating companies under a single corporate umbrella and build the foundations for generating long term shareholder value. What we did not anticipate, however, was the very difficult market conditions which occurred in the retail sector during the past year.

This meant that while laying the foundations for future growth and streamlining the corporate structure, we also had to manage the operating companies in a very difficult environment in a manner that would mitigate the effects of the downturn in the retail sector while not inhibiting our longer term growth strategy.

In this regard, I can report that we have made good progress in developing the corporate structure and this process is now very nearly complete.

Efficiency and cost minimisation strategies.

As you can see we have amalgamated the Head Offices of The Athlete's Foot and the King of Knives on one site. This has enabled us to bring together, build and start to gain benefits from having a number of efficiently run centralized "back office" and support type functions.

These centralised functions now include:

- Finance and accounting
- Leasing and property management
- Business development
- IT
- Human resources.
- Legal
- Insurance, and

- Corporate secretarial.

We can now provide services and support to the operating companies on a cost effective basis that in many instances was not previously available or was duplicated between the various business Pillars.

To protect the intellectual capital and specialist entrepreneurship within each business unit all specific business decision making functions remain strictly in the hands of the various Managing Directors, who have specialist knowledge of their particular businesses.

This initiative enables Retail Cube to gain operational efficiencies across the Group without impinging on the operational management requirements of each specific businesses stream.

Balance Sheet - value management

I am pleased to advise shareholders we have reached agreement with the remaining creditors still owed moneys from the listing expenses. As per the prospectus \$500,000 was owing to each of Hall Chadwick Chartered Accountants and Beam Corp. Hall Chadwick also had 900,000 options to acquire shares in the company at an exercise price of \$0.55 cents per share. Meltrust, a nominee of Eric Melman also owned 720,000 options to acquire shares in the company at an exercise price of \$0.55 cents per share.

In return for extinguishing these amounts we have agreed to pay each creditor \$230,000 in full and final settlement. It has also been agreed all the options will be cancelled. This is a saving to the company of \$540,000 which will be used to write down the listing costs. Canceling the options also eliminates the possibility of future dilution.

Turning to the Intangible Assets, in the Annual Report the Company reported that it was closely assessing and reassessing its impairment testing policy (Note 31 to the accounts).

We are still in discussions with the expert independent valuer retained for this purpose, however it is our current view that whilst the overall value of total assets is not impaired, after taking professional advice on the matter, in view of the continued disappointing level of sales by Amazing Paints the Board does expect to write down the value of its investment in this company for the half year ending 31st December 2005. This is the first period in which the new AIFRS Accounting Standards apply.

We are currently obtaining accounting advice regarding the treatment of any write down. Early indications are that the most conservative approach, which is to pass any write down through the profit and loss account, will be recommended. This treatment if followed will impact on our ability to pay an interim dividend. The write down is a book entry that has no cash flow implications. We will be in a clearer position to determine the required action after the December half year and will notify shareholders as soon as this valuation and resultant action is finalised.

The Operational Companies.

Turning to the Operational Companies I will start by making a few comments about the operating environment. With the benefit of hindsight it is clear that the middle months of 2004 marked the peak of a retail boom which, with only minor hiccups, stretched back to the early 1990s.

The ending of the house price boom and the consequent slow down in the new home and renovation market, combined with the need for consumers to rebuild their personal balance sheets, had a direct impact on purchase of paint and houseware goods. This had a severe negative impact on the performance of both Amazing Paints and King of Knives.

Conversely the Athlete's Foot business, which is positioned in a much less price sensitive sector of the market, was relatively immune from these market forces. The strategy of investing in a diversified portfolio of specialist retail sector companies helped to smooth the aggregated performance of Retail Cube during this period.

We have begun implementing a long term value building strategy by re-aligning the King of Knives and Amazing Paints to market positions which are less price sensitive, while at the same time learning from and protecting the continued success of The Athlete's Foot. Our structure enables us to draw on The Athlete's Foot's management resources and experience in our remedial work with the other two companies, without impairing The Athletes Foots performance.

To build long term value we have embarked on programs which substantially reviewed their market positioning and developed strategies accordingly. The re-engineering of these two businesses is well advanced and we now plan to enhance performance from the bases we have built. For example King of Knives now has a full complement of

store managers and already subtle changes in the product range have been implemented. We expect to reap the full benefits from these changes over the next twelve months.

I now will provide an overview of our three businesses.

King of Knives.

In order to retain the position of the King of Knives as a specialist store in the cutting and sharpening arena the following has been achieved:

- Nine new stores were opened during the year ending June 2005 and a further four stores have been opened since then, bringing the total number of King of Knives and Chef King stores to 66 compared with 55 in July 2004.
- Four more King of Knives company owned stores are already scheduled to be opened this year.
- Five stores were refurbished last year, and we expect to refurbish at least a further three this year.
- We have successfully franchised our first five stores, two prior to June 2005 and three since the start of this financial year. The franchising programme is being carefully managed with due regard to future value creation and potential revenue maximisation. No further franchising is expected to take place until later in the financial year as management focuses on improving the current performance of stores, with the dual goal of maximising performance and improving the imbedded franchise value for future sales of stores.
- Minimum performance criteria have been set and as a result one store was closed during the past year and another since June 2005.
- A revised advertising campaign has been designed with in store advertising being augmented with catalogues and advertising in select magazines.
- In-depth staff training has begun together with the implementation of defined performance incentives at a store level to reward sustainable store performance.
- Mr. Michael Hirschowitz took over the position of Managing Director of King of Knives in August 2005 and the management team is being expanded with Ms Lana Turvey in charge of the sales force. Shaun Joffe will take over the responsibility for procurement in January 2006.

The management of King of Knives is determined to continue to grow the brand equity value of King of Knives and is confident that the training and procurement initiatives will steadily enhance performance and value of King of Knives in the years to come.

Amazing Paints.

Amazing Paints has had an enormous roller coaster of a ride. To meet the challenges of the difficult market the following initiatives have been implemented over the past 10 months:

- Amazing Paints has relabeled and repositioned a number of existing brands and introduced a range of new branded paints. This has enabled it to increase the proportion of its own product in its retail sales. This proportion has now risen from about 40% to around 55%.
- The changed sales mix is having a positive impact on gross margins with margins increasing in the order of 5% and we aim to increase this margin further over the next few years.
- Value propositions and brand building initiatives have been implemented so as to reposition the chain as an authoritative quality supplier of paint and painting accessories.
- Six stores were refurbished prior to June 2005 and a further 2 stores have been refurbished since then. I invite you after this meeting to visit the Amazing Paints store round the corner in Salisbury Road to see the impact of a phase 2 refurbishment. I think you will agree the atmosphere and approach of the trained staff is one that engenders confidence and that the range of products ensures satisfaction.
- A still more advanced and customer friendly refurbishment has occurred at our store in Blenheim Street North Ryde. This store sets new standards in providing customers with authoritative information in an environment which makes for a pleasant and attractive shopping experience.
- A Point of Sales system was implemented.
- A comprehensive staff training regime is being introduced to try and ensure that our staff have the technical knowledge and sales skills to successfully manage a specialist paint store.
- A new store was opened at Castle Hill and one acquired at Gordon, both in Sydney.

- Importantly we have now also begun focusing on the trade sector and renewed emphasis is being placed in that area with a dedicated person being responsible for enhancing Trade business. The result to date is positive.

In the case of the Amazing Paints the foundations are falling into place for a really attractive specialist paint store chain. Performance recovery is expected to take place, albeit slowly. Performance is dependent on the home improvement and housing markets.

The Athlete's Foot

The Athlete's Foot continues to perform exceptionally well through the turbulent retail market as only a well developed and managed retail chain with strong brand equity could. I cannot praise too highly the professional performance of the franchisees and management who were part of its development and the ongoing franchisees and management for the way they continue to build such a powerful, focused profitable enterprise. Their strategic vision and the execution of that vision are of a very high order and the benefits continue to accrue

.To retain its position and performance The Athletes Foot has implemented the following:

- Continues staff training programs
- Strategic expansion implementation
- The chain opened eight stores in the year ending June 2005 and a further two since then.
- One store was closed during the year ending June 2005 and we plan to close 2 stores this year.
- The number of stores grew from 104 stores in July 2004 to 112 in June 2005 and to 113 to date. Of these eleven are company owned stores.
- Eight stores were refurbished last year and a further four stores are expected to be refurbished this year.
- A further four more store openings are already locked in for this financial year.
- An important move during the year was to deepen relationships with its customers with new sales initiatives and to ensure that its ongoing relationships with its suppliers remain sound.
- The Management has reviewed the New Zealand operations with the aim of strengthening the companies positioning in that market.

The Annual Report provides the accounts for the 2004/5 year and I would like to provide a brief update of what has occurred since the end of June, particularly in the light of the recent record petrol price movements and the comments by many retailers on the impact of the higher petrol price.

We have not been immune from recent adverse developments although in recent weeks there have been some signs of an improvement in the operating environment.

Amazing Paints remains a challenge. In July, August and most of September it experienced strong sales recovery, albeit from a very low base. However this sales recovery stopped in October and once more we have had to return to a hard grind with sales running a little below those of last year. We understand from the industry that our sales figures indicate we are maintaining market share which is encouraging, but in the current environment I would not expect any recovery in results this financial year. Profitability is under severe pressure and I do not expect a true recovery to set in before the second half of calendar 2006.

King of Knives also experienced a difficult September and October. However the King of Knives makes most of its profit in the Christmas/Summer season and there are signs that sales growth has started to improve once more. Combined with the changes already made, this makes us hopeful of reasonable sales result over the Christmas season. We are expecting better results this year than last year for the King of Knives, but it will be really only in the next financial year, when all the changes we have introduced are bedded down, that strong growth in results can be expected.

Athlete's Foot has continued to perform at a steady pace through this period. There has been a minor slow down which has had very little impact to date. At this stage the year on year comparative store sales growth is around 7%. While the year is still very young, at this time there is every reason to expect another good performance from The Athletes Foot.

Finally I would like to thank the Senior Management team for their support and hard work under challenging circumstances. It has been a hard year but I believe that solid progress has been made. I would also like to thank Haines Norton, our auditors during this time, for their dedication, wise council and help in sorting out the myriad of challenges

we had in building and developing a corporate wide financial reporting system. In this respect I would also like to register my thanks to the Chairman and Board for their support, wise council and hard work during the past year.

Thank you