

THE REJECT SHOP (AUST) PTY LTD
ABN 33 006 122 676
AND CONTROLLED ENTITY

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2002

The registered office of the company is:

The Reject Shop (Aust) Pty Ltd
Lloyd Street
West Melbourne Vic 3003

The principal place of business is:

The Reject Shop (Aust) Pty Ltd
5 Lloyd Street
West Melbourne Vic 3003

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THE REJECT SHOP (AUST) PTY LTD
ABN 33 006 122 676
AND CONTROLLED ENTITY

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entity for the financial year ended 30 June 2002.

Directors

The names of directors in office at any time during or since the end of the financial year are:

John Kenneth Fox
Barry Edward Saunders
Andrew Alexander Lockhart
John Shuster
Arnold Slosberg
Robert Backwell

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of operations

The consolidated profit of the economic entity for the financial year after providing for income tax and eliminating outside equity interests amounted to \$3,686,985 (2001: \$2,551,306).

A review of the operations of the economic entity during the financial year and the results of those operations found that during the year, the economic entity continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in the state of affairs

1. During the year the economic entity purchased certain assets of Dirt Cheap Warehouse from Kmart Australia
2. The introduction of GST, has rendered the controlled entity, TRS Trading Pty Ltd redundant, and is expected to cease operations.
3. PricewaterhouseCoopers were appointed as the economic entity's auditor.

Principal activities

The principal activities of the economic entity during the financial year were in retailing of discount variety merchandise.

No significant change in the nature of these activities occurred during the year.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the economic entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the economic entity.

Environmental regulation

The economic entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

The dividends paid or declared since the start of the financial year are as follows:

Fully franked dividend paid during the year

- (a) Paid interim fully franked dividend of \$329.72 (2001: \$213.68) dollars per share franked at tax rate of 30% (2001: 34%)
- (b) Paid final fully franked dividend of \$nil (2001:\$821.83) dollars per share franked at tax rate of 30% (2001: 34%)

Share options

Options that were granted over unissued shares in prior year by the economic entity, and outstanding at the end of the financial

year are as follows:

Options granted by The Reject Shop (Aust) Pty Ltd

89 options granted to Ronald Jones at an exercise price of \$2,528.09 per option to be exercised on or before 28 February 2005
89 options granted to Slosberg Superannuation Fund at an exercise price of \$2,528.09 per option to be exercised on or before 4 January 2005

89 options granted to The Saunders Superannuation Fund at an exercise price of \$2,528.09 per option to be exercised on or before 4 January 2005

295 options granted to John Kenneth Fox at an exercise price of \$2,246.80 per option to be exercised on or before 1 July 2004.

33 options granted to Anthony McShanag at an exercise price of \$2,528.09 per option to be exercised on or before 10 September 2006.

Participation rights of option holder in share or interest issues: shares on a one for one basis

Insurance of officers

During or since the end of the financial year, the economic entity has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure all directors and officers against liabilities for costs and expenses incurred by them defending any legal proceedings arising out of their conduct while acting in their capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors:

Director
John Kenneth Fox

Director
Barry Edward Saunders

Dated this day of 2002

THE REJECT SHOP (AUST) PTY LTD
ABN 33 006 122 676
AND CONTROLLED ENTITY

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 June 2002

	Note	Economic Entity		Parent Entity	
		2002 \$	2001 \$	2002 \$	2001 \$
Revenues from ordinary activities					
Sales revenue	2	145,649,059	131,355,115	145,649,059	131,332,233
Other revenues from ordinary activities	2	<u>765,295</u>	<u>351,685</u>	<u>160,936</u>	<u>138,225</u>
		146,414,354	131,706,800	145,809,995	131,470,458
Cost of Sales		74,534,522	70,774,153	74,534,522	70,266,271
Store expenses		49,782,135	41,962,111	49,782,135	41,962,111
Administrative expenses		11,310,692	10,586,097	11,557,202	10,988,179
Distribution Centre		<u>4,690,207</u>	<u>4,061,865</u>	<u>4,690,207</u>	<u>4,061,865</u>
		140,317,556	127,384,226	140,564,066	127,278,426
Borrowing costs expense	3	<u>656,559</u>	<u>516,303</u>	<u>620,157</u>	<u>437,215</u>
Profit from ordinary activities before income tax expense		5,440,239	3,806,271	4,625,772	3,754,817
Income tax expense relating to ordinary activities	4	<u>(1,753,254)</u>	<u>(1,254,965)</u>	<u>(1,495,924)</u>	<u>(1,232,723)</u>
Profit from ordinary activities after related income tax expense		<u>3,686,985</u>	<u>2,551,306</u>	<u>3,129,848</u>	<u>2,522,094</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>3,686,985</u>	<u>2,551,306</u>	<u>3,129,848</u>	<u>2,522,094</u>

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
ABN 33 006 122 676
AND CONTROLLED ENTITY

STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2002

	Note	Economic Entity		Parent Entity	
		2002	2001	2002	2001
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	7	1,110,750	581,626	1,110,750	581,626
Receivables	8	66,508	376,877	66,508	1,193,853
Inventories	9	18,250,854	15,674,573	18,250,854	11,039,849
Other	10	1,236,005	1,069,436	1,236,005	691,014
TOTAL CURRENT ASSETS		20,664,117	17,702,512	20,664,117	13,506,342
NON-CURRENT ASSETS					
Other financial assets	11	-	-	1,200	1,200
Property, plant and equipment	13	14,006,761	12,371,654	14,006,761	12,371,654
Deferred tax assets	14	141,779	125,764	141,779	90,162
TOTAL NON-CURRENT ASSETS		14,148,540	12,497,418	14,149,740	12,463,016
TOTAL ASSETS		34,812,657	30,199,930	34,813,857	25,969,358
CURRENT LIABILITIES					
Payables	15	7,902,739	4,785,634	8,994,016	2,420,643
Interest-bearing liabilities	16	9,837,570	10,520,382	9,837,570	9,199,647
Current tax liabilities	17	422,369	514,297	334,773	497,425
Provisions	18	1,441,572	1,241,932	1,441,572	1,241,932
Other	19	2,422,974	2,316,367	2,422,974	2,233,737
TOTAL CURRENT LIABILITIES		22,027,224	19,378,612	23,030,905	15,593,384
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	16	1,483,995	1,230,266	1,483,995	1,230,266
Provisions	18	337,898	308,497	337,898	308,497
TOTAL NON-CURRENT LIABILITIES		1,821,893	1,538,763	1,821,893	1,538,763
TOTAL LIABILITIES		23,849,117	20,917,375	24,852,798	17,132,147
NET ASSETS		10,963,540	9,282,555	9,961,059	8,837,211
EQUITY					
Contributed equity	20	3,365,123	3,365,123	3,365,123	3,365,123
Reserves	21	738,773	738,773	738,773	738,773
Retained profits	22	6,859,644	5,178,659	5,857,163	4,733,315
TOTAL EQUITY		10,963,540	9,282,555	9,961,059	8,837,211

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
ABN 33 006 122 676
AND CONTROLLED ENTITY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2002

Note	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers	160,127,111	144,614,027	162,035,364	144,591,145
Payments to suppliers and employees	(150,556,117)	(138,989,105)	(153,979,072)	(138,039,690)
Interest received	19,109	49,980	15,670	45,348
Borrowing costs paid	(656,559)	(516,303)	(620,157)	(437,215)
Income tax paid	(1,861,197)	(2,165,340)	(1,710,193)	(2,166,040)
Net cash provided by operating activities	<u>7,062,347</u>	<u>2,993,259</u>	<u>5,741,612</u>	<u>3,933,548</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment	-	14,258	-	14,258
Payment for property, plant and equipment	(3,663,135)	(2,761,741)	(3,663,135)	(2,761,741)
Net cash used in investing activities	<u>(3,663,135)</u>	<u>(2,747,483)</u>	<u>(3,663,135)</u>	<u>(2,747,483)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from share issue	-	369,066	-	369,066
Proceeds from borrowings	-	4,131,359	-	4,131,359
Proceeds from sale and leaseback	1,986,464	-	1,986,464	-
Repayment of finance leases	(1,278,553)	(748,029)	(1,278,553)	(748,029)
Repayment of borrowings	(3,000,000)	-	(3,000,000)	-
Dividends paid	(2,006,000)	(6,300,000)	(2,006,000)	(6,300,000)
Net cash used in financing activities	<u>(4,298,089)</u>	<u>(2,547,604)</u>	<u>(4,298,089)</u>	<u>(2,547,604)</u>
Net decrease in cash held	(898,877)	(2,301,828)	(2,219,612)	(1,361,539)
Cash at beginning of year	(3,693,626)	(1,391,798)	(2,372,891)	(1,011,352)
Cash at end of year	<u>26a (4,592,503)</u>	<u>(3,693,626)</u>	<u>(4,592,503)</u>	<u>(2,372,891)</u>

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
ABN 33 006 122 676
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

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Note 1: Statement of significant accounting policies

This general purpose financial report that has been prepared in accordance with Accounting Standards, other authoritative pronouncements Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(a) Principles of consolidations

A controlled entity is any entity controlled by The Reject Shop (Aust) Pty Ltd. Control exists where The Reject Shop (Aust) Pty Ltd has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with The Reject Shop (Aust) Pty Ltd to achieve the objectives of The Reject Shop (Aust) Pty Ltd. Details of the controlled entity are contained in Note 12.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

(b) Income tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense shown is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include an appropriate proportion of freight expenses.

THE REJECT SHOP (AUST) PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

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(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements		
- At cost	8-20 %	Straight Line
- Leased	8-20 %	Straight Line
Plant and equipment		
- At cost	8-33 %	Straight Line
- Leased	7-33 %	Straight Line
Fixture and fittings		
- At cost	7-20 %	Straight Line
- Leased	7-20 %	Straight Line

(e) Leases

Leases of fixed assets, 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, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives received under operating leases are recognised in the balance sheet as both an asset and liability and are brought into account as income over the initial term of the lease.

(f) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by directors' to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

The accompanying notes form part of these financial statements.

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FOR THE YEAR ENDED 30 June 2002

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(g) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net tangible assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 10 years. The balances are reviewed annually and any balance representing future benefits the realisation of which is considered to be no longer probable are written off.

(h) Employee Entitlements

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and sick leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

(i) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

(j) Revenue

A sale is recorded when goods have been dispatched to a customer and the associated risks have passed to the customer. All revenue is stated net of the amount of goods and services tax (GST).

(k) Foreign Currency Translation

Foreign currency transactions during the year are recorded in Australian currency using the rate of exchange at the date of the transaction except where hedged prior to the date of transaction whereupon the hedge rate is used. Amounts receivable and payable in foreign currency using the rate of exchange ruling at that date.

The gains and losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in operating profit as they arise.

Costs or gains arising at the time of entering hedged transactions for the purchase and sale of goods and services, and exchange differences that occur up to the date of purchase or sale are deferred and included in the measurement of the purchase or sale.

THE REJECT SHOP (AUST) PTY LTD
ABN 33 006 122 676
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 2: Revenue

	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Revenue from operating activities				
Sale of goods	<u>145,649,059</u>	<u>131,355,115</u>	<u>145,649,059</u>	<u>131,332,233</u>
Revenue from outside the operating activities				
Interest	19,109	49,980	15,670	45,348
Settlement discount	741,478	263,199	143,473	76,080
Other	4,708	38,506	1,793	16,797
	<u>765,295</u>	<u>351,685</u>	<u>160,936</u>	<u>138,225</u>
	<u>146,414,354</u>	<u>131,706,800</u>	<u>145,809,995</u>	<u>131,470,458</u>

Note 3: Profit From Ordinary Activities

Profit from ordinary activities before income tax expense has been determined after:

(a) Expenses:

Borrowing costs	-	3,131	-	3,131
director related parties	656,559	513,172	620,157	434,084
other persons	<u>656,559</u>	<u>516,303</u>	<u>620,157</u>	<u>437,215</u>

Depreciation of non - current assets				
Plant and equipment	1,482,492	1,698,077	1,482,492	1,698,077
Amortisation of non-current assets:				
apitalised leased assets	<u>839,389</u>	<u>328,524</u>	<u>839,389</u>	<u>328,524</u>

Bad and doubtful debts				
bad debts written off - trade debtors				
movement in provisions for doubtful debts:				
Net expense of bad and doubtful debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Provision for diminution of inventories	<u>226,000</u>	<u>-</u>	<u>226,000</u>	<u>-</u>
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Remuneration of the auditors of parent entity for:				
auditing services	62,000	94,670	62,000	94,670
other services	56,000	12,097	56,000	12,097

Research and development costs	2,704	2,435	2,704	150
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The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 3: Profit From Ordinary Activities (Continued)

	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Net loss on disposal of non-current assets				
Property, plant and equipment	141,152	25,101	141,152	25,101

(b) Significant Revenues and Expenses:

The following revenue and expense items are relevant in explaining the financial performance

Reduction in depreciation expenses arising from the reassessment of useful lives of fixed assets

<u>-</u>	<u>392,525</u>	<u>-</u>	<u>392,525</u>
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Note 4: Income Tax

The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:

Profit from ordinary activities before income tax expense	<u>5,440,239</u>	<u>3,806,271</u>	<u>4,625,772</u>	<u>3,754,817</u>
Income tax calculated @ 30% (2001 – 34%)	<u>1,632,072</u>	<u>1,294,132</u>	<u>1,387,732</u>	<u>1,276,638</u>
Tax effect of permanent differences				
Sundry items	<u>108,192</u>	<u>(53,686)</u>	<u>108,192</u>	<u>(53,686)</u>
Income tax adjusted for permanent differences	<u>1,740,264</u>	<u>1,240,446</u>	<u>1,495,924</u>	<u>1,222,952</u>
Under provision in previous year	<u>12,990</u>	<u>14,519</u>	<u>-</u>	<u>9,771</u>
Income tax expense	<u>1,753,254</u>	<u>1,254,965</u>	<u>1,495,924</u>	<u>1,232,723</u>

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
ABN 33 006 122 676
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 5: Remuneration And Retirement Benefits

	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
(a) Directors' remuneration				
Income paid or payable to all directors of each entity in the economic entity by the entities of which they are directors	956,815	765,459		-
Income paid or payable to all directors of the parent entity by the parent entity and any related parties		-	956,815	765,459
Number of parent entity directors whose income from the parent entity or any related parties was within the following bands:				
	No.	No.	No.	No.
\$1 - \$9,999	1	1	1	1
\$10,000 - \$19,999	2	2	2	2
\$50,000 - \$59,999	1	1	1	1
\$270,000 - \$279,999	-	1	-	1
\$340,000 - \$349,999	1	-	1	-
\$400,000 - \$409,999	-	1	-	1
\$520,000 - \$529,999	1	-	1	-

The names of directors of the parent entity who have held office during the financial year are:

John Kenneth Fox
Barry Edward Saunders
Andrew Alexander Lockhart
John Shuster
Arnold Slosberg
Robert Backwell

Note 6: Dividends

Paid interim fully franked dividend of \$329.72 (2001: \$213.68) dollars per share franked at tax rate of 30% (2001: 34%)	2,006,000	1,300,000	2,006,000	1,300,000
Paid final fully franked dividend of \$nil (2001: \$821.83) dollars per share franked at tax rate of 30% (2001: 34%)	-	5,000,000	-	5,000,000
	2,006,000	6,300,000	2,006,000	6,300,000

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 6: Dividends (Continued)

	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Balance of franking account at year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years	<u>10,756,989</u>	<u>7,715,827</u>	<u>9,769,111</u>	<u>7,284,682</u>

Note 7: Cash Assets

Cash on hand	<u>220,270</u>	<u>181,806</u>	<u>220,270</u>	<u>181,806</u>
Cash at bank	<u>890,480</u>	<u>399,820</u>	<u>890,480</u>	<u>399,820</u>
	<u>1,110,750</u>	<u>581,626</u>	<u>1,110,750</u>	<u>581,626</u>

Note 8: Receivables

CURRENT				
Other debtors	<u>66,508</u>	<u>376,877</u>	<u>66,508</u>	<u>119,540</u>
Amounts receivable from: controlled entities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,074,313</u>
	<u>66,508</u>	<u>376,877</u>	<u>66,508</u>	<u>1,193,853</u>

Note 9: Inventories

Current				
Finished goods at cost	<u>18,574,791</u>	<u>16,129,533</u>	<u>18,574,791</u>	<u>11,418,849</u>
Less provision for diminution in value	<u>(323,937)</u>	<u>(454,960)</u>	<u>(323,937)</u>	<u>(379,000)</u>
	<u>18,250,854</u>	<u>15,674,573</u>	<u>18,250,854</u>	<u>11,039,849</u>

Note 10: Other Assets

CURRENT				
Prepayments	<u>1,211,720</u>	<u>643,758</u>	<u>1,211,720</u>	<u>265,337</u>
Other current assets	<u>24,285</u>	<u>425,678</u>	<u>24,285</u>	<u>425,677</u>
	<u>1,236,005</u>	<u>1,069,436</u>	<u>1,236,005</u>	<u>691,014</u>

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
ABN 33 006 122 676
AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 11: Other Financial Assets

Note	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Shares in controlled entities				
at cost	12	-	1,200	1,200
Total other financial assets		-	1,200	1,200

Note 12: Controlled Entities

Subsidiary: TRS Trading Group Pty Ltd
Country of incorporation: Australia
Percentage owned 100% (2001 100%)

Note 13: Property, Plant And Equipment

LEASEHOLD IMPROVEMENTS

At cost	6,503,195	6,190,431	6,503,195	6,190,431
Less accumulated depreciation	(3,384,603)	(3,085,790)	(3,384,603)	(3,085,790)
	<u>3,118,592</u>	<u>3,104,641</u>	<u>3,118,592</u>	<u>3,104,641</u>

Leased leasehold improvements

Capitalised leased assets at cost	536,152	-	536,152	-
Less accumulated amortisation	(39,954)	-	(39,954)	-
	<u>496,198</u>	<u>-</u>	<u>496,198</u>	<u>-</u>

PLANT AND EQUIPMENT

Plant and equipment				
At cost	3,111,196	3,405,436	3,111,196	3,405,436
Less accumulated depreciation	(1,934,873)	(1,720,575)	(1,934,873)	(1,720,575)
	<u>1,176,323</u>	<u>1,684,861</u>	<u>1,176,323</u>	<u>1,684,861</u>

Leased plant and equipment

Capitalised leased assets at cost	487,690	-	487,690	-
Less accumulated amortisation	(37,004)	-	(37,004)	-
	<u>450,686</u>	<u>-</u>	<u>450,686</u>	<u>-</u>

Motor vehicles

At cost	529,931	584,663	529,931	584,663
Less accumulated depreciation	(259,139)	(234,910)	(259,139)	(234,910)
	<u>270,792</u>	<u>349,753</u>	<u>270,792</u>	<u>349,753</u>

Capitalised leased assets at cost

Less accumulated amortisation	520,721	383,700	520,721	383,700
	(155,641)	(106,290)	(155,641)	(106,290)
	<u>365,080</u>	<u>277,410</u>	<u>365,080</u>	<u>277,410</u>

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 13: Property, Plant And Equipment (Continued)

Note	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Office equipment				
At cost	236,512	258,363	236,512	258,363
Less accumulated depreciation	(215,361)	(212,961)	(215,361)	(212,962)
	<u>21,151</u>	<u>45,401</u>	<u>21,151</u>	<u>45,401</u>
Capitalised leased assets at cost	25,906	-	25,906	-
Less accumulated amortisation	(4,826)	-	(4,826)	-
	<u>21,080</u>	<u>-</u>	<u>21,080</u>	<u>-</u>
Computer equipment				
At cost	1,243,452	1,336,035	1,243,452	1,336,035
Less accumulated depreciation	(773,521)	(712,474)	(773,521)	(712,474)
	<u>469,931</u>	<u>623,561</u>	<u>469,931</u>	<u>623,561</u>
Capitalised leased assets at cost	3,043,718	2,205,417	3,043,718	2,205,417
Less accumulated amortisation	(1,508,030)	(910,318)	(1,508,030)	(910,318)
	<u>1,535,688</u>	<u>1,295,099</u>	<u>1,535,688</u>	<u>1,295,099</u>
Furniture, fixtures and fittings				
At cost	10,199,259	8,954,604	10,199,259	8,954,604
Less accumulated depreciation	(5,163,381)	(4,533,173)	(5,163,381)	(4,533,173)
	<u>5,035,878</u>	<u>4,421,431</u>	<u>5,035,878</u>	<u>4,421,431</u>
Capitalised leased assets at cost	1,384,004	797,923	1,384,004	797,923
Less accumulated amortisation	(338,641)	(228,426)	(338,641)	(228,426)
	<u>1,045,363</u>	<u>569,497</u>	<u>1,045,363</u>	<u>569,497</u>
Total plant and equipment	<u>10,391,972</u>	<u>9,267,013</u>	<u>10,391,972</u>	<u>9,267,013</u>
Total property, plant and equipment	<u>14,006,761</u>	<u>12,371,654</u>	<u>14,006,761</u>	<u>12,371,654</u>

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year (Economic entity and Parent Entity)

	Leasehold improvements		Plant & equipment	
	At Cost	Leased	At Cost	Leased
	\$	\$	\$	\$
2002				
Balance at the beginning of the year	3,104,641	-	1,684,861	-
Additions	1,013,762	538,358	244,069	487,690
Disposals	(643,130)	(2,055)	(501,749)	-
Depreciation expense	(356,682)	(40,105)	(250,858)	(37,004)
Carrying amount at end of year	<u>3,118,591</u>	<u>496,198</u>	<u>1,176,323</u>	<u>450,686</u>

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
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	Computer equipment		Motor vehicles	
	At Cost	Leased	At Cost	Leased
	\$	\$	\$	\$
2002				
Balance at the beginning of the year	623,561	1,295,099	349,753	277,410
Additions	328,919	838,301	16,885	137,021
Disposals	(360,882)	-	(31,777)	-
Depreciation/amortisation expense	(121,667)	(597,712)	(64,069)	(49,351)
Carrying amount at the end of the year	<u>469,931</u>	<u>1,535,688</u>	<u>270,792</u>	<u>365,080</u>

	Office equipment		Furniture fixtures and fittings	
	At Cost	Leased	At Cost	Leased
	\$	\$	\$	\$
2002				
Balance at the beginning of the year	45,401	-	4,421,431	569,497
Additions	6,372	25,906	1,908,165	586,512
Disposals	(24,986)	-	(610,137)	(258)
Depreciation expense	(5,636)	(4,826)	(683,581)	(110,388)
Carrying amount at the end of the year	<u>21,151</u>	<u>21,080</u>	<u>5,035,878</u>	<u>1,045,363</u>

	Total
	\$
2002	
Balance at the beginning of the year	12,371,654
Additions	6,131,960
Disposals	(2,174,974)
Depreciation expense	(2,321,879)
Carrying amount at the end of the year	<u>14,006,761</u>

Note 14: Deferred Tax Assets

	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
The future income tax benefits comprise				
Timing differences	<u>141,779</u>	<u>125,764</u>	<u>141,779</u>	<u>90,162</u>

Note 15: Payables

CURRENT

Unsecured liabilities				
Trade creditors	6,757,016	3,030,815	6,757,016	678,644
Sundry creditors and accruals	1,145,723	1,754,819	1,145,723	1,741,999
Amounts owing to controlled entities	-	-	1,091,277	-
	<u>7,902,739</u>	<u>4,785,634</u>	<u>8,994,016</u>	<u>2,420,643</u>

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 16: Interest Bearing Liabilities

		Economic Entity		Parent Entity	
	Note	2002	2001	2002	2001
		\$	\$	\$	\$
CURRENT					
Secured liabilities					
Bank overdrafts		5,703,253	4,275,252	5,703,253	2,954,517
Bank loans		2,500,000	5,500,000	2,500,000	5,500,000
Finance lease liability	23	679,335	404,445	679,335	404,445
Hire purchase liability	23	954,982	340,685	954,982	340,685
		<u>9,837,570</u>	<u>10,520,382</u>	<u>9,837,570</u>	<u>9,199,647</u>
NON-CURRENT					
Secured liabilities					
Lease liability	23	596,921	823,225	596,921	823,225
Hire purchase liability	23	887,074	407,041	887,074	407,041
		<u>1,483,995</u>	<u>1,230,266</u>	<u>1,483,995</u>	<u>1,230,266</u>

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
ABN 33 006 122 676
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 16: Interest Bearing Liabilities (continued)

Bank overdraft and bank loans are secured by:

Cross Guarantee and Indemnity between The Reject Shop (Aust) Pty Ltd ABN 33 006 122 676 and TRS Trading Group Pty Ltd ABN 20 059 935 465 supported by :

First Registered Company Charge (Mortgage Debt) over all the assets and undertakings of The Reject Shop (Aust) Pty Ltd ABN 33 006 122 676 (already held)- this to be a fixed and floating charge over all present and future assets, undertaking (including goodwill) and unpaid/uncalled capital of the company.

First Registered Company Charge (Mortgage Debt) over all the assets and undertakings of TRS Trading Group Pty Ltd ABN 20 059 935 465 (already held)- this to be a fixed and floating charge over all present and future assets, undertaking (including goodwill) and unpaid/uncalled capital of the company.

Letter of Set-Off by and on account of The Reject Shop (Aust) Pty Ltd ABN 33 006 122 676 and TS Trading Group Pty Ltd ABN 20 059 935 465

Note 17: Tax Liabilities

Note	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
CURRENT				
Income tax	<u>422,369</u>	<u>514,297</u>	<u>334,773</u>	<u>497,425</u>

Note 18: Provisions

CURRENT					
Employee entitlements	19(a)	<u>1,441,572</u>	<u>1,241,932</u>	<u>1,441,572</u>	<u>1,241,932</u>
NON-CURRENT					
Employee entitlements	19(a)	<u>337,898</u>	<u>308,497</u>	<u>337,898</u>	<u>308,497</u>
(a) Aggregate employee entitlements liability		<u>1,779,470</u>	<u>1,550,429</u>	<u>1,779,470</u>	<u>1,550,429</u>

Note 19: Other Liabilities

CURRENT				
Accrued expenses	1,865,613	1,880,158	1,865,613	1,797,528
Deferred income	<u>557,361</u>	<u>436,209</u>	<u>557,361</u>	<u>436,209</u>
	<u>2,422,974</u>	<u>2,316,367</u>	<u>2,422,974</u>	<u>2,233,737</u>

Note 20: Contributed Equity

Paid up Capital				
6,084 (2001 6,084) fully paid ordinary shares	3,365,123	3,365,123	3,365,123	3,365,123

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 21: Reserves

Note	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Capital profits reserve	<u>738,773</u>	<u>738,773</u>	<u>738,773</u>	<u>738,773</u>

Note 22: Retained Profits

Retained profits at the beginning of the financial year	5,178,659	8,927,353	4,733,315	8,511,221
Net profit (loss) attributable to members of the entity	3,686,985	2,551,306	3,129,848	2,522,094
Dividends provided for or paid	<u>2,006,000</u>	<u>6,300,000</u>	<u>2,006,000</u>	<u>6,300,000</u>
Retained profits at reporting date	<u>6,859,644</u>	<u>5,178,659</u>	<u>5,857,163</u>	<u>4,733,315</u>

Note 23: Capital And Leasing Commitments

(a) Finance Leasing Commitments

Payable				
not later than one year	755,352	498,941	755,352	498,941
later than one year and not later than five years	<u>642,061</u>	<u>891,888</u>	<u>642,061</u>	<u>891,888</u>
Minimum lease payments	1,397,413	1,390,829	1,397,413	1,390,829
Less future finance charges	<u>121,157</u>	<u>163,159</u>	<u>121,157</u>	<u>163,159</u>
Total lease liability	<u>1,276,256</u>	<u>1,227,670</u>	<u>1,276,256</u>	<u>1,227,670</u>
Represented by:				
Current liability	16 679,335	404,445	679,335	404,445
Non-current liability	16 <u>596,921</u>	<u>823,225</u>	<u>596,921</u>	<u>823,225</u>
	<u>1,276,256</u>	<u>1,227,670</u>	<u>1,276,256</u>	<u>1,227,670</u>

(b) Hire purchase commitments

Payable				
not later than one year	1,070,846	400,219	1,070,846	400,219
later than one year and not later than five years	<u>922,735</u>	<u>437,916</u>	<u>922,735</u>	<u>437,916</u>
Minimum hire purchase payments	1,993,581	838,135	1,993,581	838,135
Less future finance charges	<u>151,525</u>	<u>90,409</u>	<u>151,525</u>	<u>90,409</u>
Total hire purchase liability	<u>1,842,056</u>	<u>747,726</u>	<u>1,842,056</u>	<u>747,726</u>

The accompanying notes form part of these financial statements.

THE REJECT SHOP (AUST) PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Represented by:

	Note	Economic Entity		Parent Entity	
		2002 \$	2001 \$	2002 \$	2001 \$
Current liability	16	954,982	340,685	954,982	340,685
Non-current liability	16	887,074	407,041	887,074	407,041
		<u>1,842,056</u>	<u>747,726</u>	<u>1,842,056</u>	<u>747,726</u>

(c) Operating Lease Commitments

Non-cancellable operating leases
contracted for but not capitalised in the
accounts:

ayable

not later than one year

later than one year and not later
than five years

later than five years

	17,354,413	15,785,568	17,354,413	15,785,568
	35,138,704	25,876,095	35,138,704	25,876,095
	4,511,637	158,144	4,511,637	158,144
	<u>57,004,754</u>	<u>41,819,807</u>	<u>57,004,754</u>	<u>41,819,807</u>

Note 24: Contingent Liabilities

Estimates of the maximum amounts of
contingent liabilities that may become
payable:

*Workcover claims by certain employees
have been brought against the company.
The actions are being defended by
company's counsel*

Letters of credit established for
acquisition of goods for resale

ANZ Bank indemnity guarantee to
landlords

	47,542	1,176,880	-	-
	716,557	542,473	716,557	542,473
	<u>764,099</u>	<u>1,719,353</u>	<u>716,557</u>	<u>542,473</u>

Note 25: Related Party Transactions

(a) Interest paid or payable to directors
and director related entities under
normal commercial terms and conditions

(b) Consulting fees paid or payable to
director related entities under normal
commercial terms and conditions\

(c) Rent paid or payable to director
related entities under normal commercial
terms and conditions

(d) Out of pocket expenses paid to
directors and director related entities

(e) Loan repaid to a director related
entity

	-	3,131	-	3,131
	36,364	40,000	36,364	40,000
	18,671	114,347	18,671	114,347
	8,214	28,805	8,214	28,805
	-	36,814	-	36,814

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 26: Cash Flow Information

Note	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
(a) Reconciliation of Cash				
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash on hand	220,270	181,806	220,270	181,806
Cash at bank	890,480	399,820	890,480	399,820
Bank overdrafts	(5,703,253)	(4,275,252)	(5,703,253)	(2,954,517)
	<u>(4,592,503)</u>	<u>(3,693,626)</u>	<u>(4,592,503)</u>	<u>(2,372,891)</u>
(b) Reconciliation of Cash Flow from operations with profit from ordinary activities				
Profit from ordinary activities after				
Income Tax	3,686,985	2,551,306	3,129,848	2,522,094
Non-cash flows in profit from ordinary activities				
Amortisation of leased assets	839,389	328,524	839,389	328,524
Depreciation	1,482,492	1,698,077	1,482,492	1,698,077
Loss on sale of property, plant and equipment	141,152	25,101	141,152	25,101
Changes in assets and liabilities, net of effects of purchase and disposal of subsidiaries				
(Increase) / Decrease in receivables and other assets	143,800	(372,821)	1,673,631	297,560
(Increase)/Decrease in inventories	(2,576,281)	38,489	(7,211,005)	186,675
(Decrease) in payables	3,223,712	(326,235)	5,761,333	(152,359)
Increase/(decrease) in income tax payable	(91,928)	(946,311)	(162,652)	(976,872)
(Increase) / decrease in deferred taxes	(16,015)	35,936	(51,617)	43,555
Increase/(decrease) in provisions	229,041	(38,807)	229,041	(38,807)
Net Cash provided by operations	<u>7,062,347</u>	<u>2,993,259</u>	<u>5,741,612</u>	<u>3,993,548</u>

(c) Credit stand-by arrangement and loan facilities

The company has a total bank facility of \$31,692,000. Included in the facility is a seasonal interchange facility totalling \$9,000,000 which is repayable by 31 December 2002.

As at 30 June 2002, the standard bank facility of \$31,692,000 remains. The used portion of this facility totals \$6,712,105 while \$24,279,985 remains unused.

THE REJECT SHOP (AUST) PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 27: Financial Instruments

(a) Financial instruments

(i) Derivative Financial Instruments

Derivative financial instruments are used by the economic entity to hedge exposure to exchange rate risk associated with foreign currency borrowings and interest rate risk associated with movements in interest rates which impact on the borrowings of the economic entity. The derivative financial instruments used by the entity are not recognised in the financial statements. Transactions for hedging purposes are undertaken without the use of collateral as only reputable institutions with sound financial positions are dealt with.

(ii) Unrecognised financial instruments

Forward Exchange Contracts

The economic entity enters into forward exchange contracts to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the economic entity against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchases undertaken in foreign currencies.

The accounting policy in regard to forward exchange contracts is detailed in note 1(k)

At balance date, the details of outstanding forward exchange contracts are:

	2002 \$	2001 \$	2002 \$	2001 \$
Sell Australian Dollars Settlement	Buy United States Dollars		Average Exchange Rate	
Less than 6 months	11,859,849	8,699,269	0.54	0.52
Sell Australian Dollars Settlement	Buy Euro			
Less than 6 months	331,126	-	0.60	-
Sell Australian Dollars Settlement	Buy Pounds Sterling			
Less than 6 months	537,781	953,959	0.37	0.37

The accompanying notes form part of these financial statements.

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Note 27: Financial Instruments (continued)

(b) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing within 1 Year	
	2002	2001	2002	2001	2002	2001
	%	%	\$	\$	\$	\$
Financial Assets						
Cash	4.50	4.50	1,110,750	581,626	-	-
Financial Liabilities						
Bank loans and overdrafts	5.48	5.60	-	-	8,203,253	9,775,252
Hire purchase liabilities	6.98	6.98	-	-	954,982	340,685
Lease liabilities	10.50	10.50	-	-	679,335	404,445
Total Financial Liabilities			-	-	9,837,570	10,520,382

Fixed Interest Rate Maturing

	1 to 5 years		Over 5 Years	
	2002	2001	2002	2001
	\$	\$	\$	\$
Financial Assets				
Financial Liabilities	-	-		
Hire purchase liabilities	887,074	407,041	-	-
Lease liabilities	596,921	823,225	-	-
Total Financial Liabilities	1,483,995	1,230,266	-	-

	Non-interest Bearing		Total	
	2002	2001	2002	2001
	\$	\$	\$	\$
Financial Assets				
Cash	-	-	1,110,750	581,626
Receivables	66,508	376,877	66,508	376,877
Total Financial Assets	66,508	376,877	1,177,258	958,503
Financial Liabilities				
Bank loans and overdrafts	-	-	8,203,253	9,755,252
Trade and Sundry creditors	7,902,739	4,785,634	7,902,739	4,785,634
Hire purchase liabilities	-	-	1,842,056	747,726
Lease liabilities	-	-	1,276,256	1,227,670
Total Financial Liabilities	7,902,739	4,785,634	19,224,304	16,516,282

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts is the net fair value of these contracts.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2002

Note 27: Financial Instruments (continued)

(d) Net Fair Values

For other assets and other liabilities the net fair value approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Note 28: Non-cash financing and investing activities

	Economic Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Acquisition of plant & equipment by means of finance lease	<u>2,754,177</u>	<u>-</u>	<u>2,754,177</u>	<u>-</u>

Note 29: Equity

Total equity at the beginning of the financial year	9,282,555	12,662,183	8,837,211	12,246,051
Total changes in equity recognised in the Statement of Financial Performance	3,686,985	2,551,306	3,129,848	2,522,094
Transactions with owners as owners				
- Contributions of equity	-	369,066	-	369,066
- Dividends	<u>(2,006,000)</u>	<u>(6,300,000)</u>	<u>(2,006,000)</u>	<u>(6,300,000)</u>
Total equity at the reporting date	<u>10,963,540</u>	<u>9,282,555</u>	<u>9,961,059</u>	<u>8,837,211</u>

Note 30: Segment

The Reject Shop operates within with the one geographic segment (Australia) and the one business segment (retailing of discount variety merchandise).

THE REJECT SHOP (AUST) PTY LTD
ABN 33 006 122 676
AND CONTROLLED ENTITY

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 3 – 23:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the director's opinion

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company 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.

Director

Barry Edward Saunders

Director

John Kenneth Fox

Dated this

day of

2002

To insert PwC opinion