26 February 2004

Miller's Retail Ltd

2003/4 Half Year Results

Key Points

- **Revenue up 7%.** The company recorded record revenue of $601.3 million for the six months ended 31 December 2003. The result, achieved in a highly competitive retailing environment, represents a 7% improvement compared to the corresponding six month period ended 31 December 2002 ("corresponding period"). Like-for-like sales increased by 0.5%

- **EBITA up 1%.** Earnings before interest, tax and amortisation (EBITA) was $45.3 million, an increase of 1% on the corresponding period's EBITA of $44.8 million

- **NPAT of $25.2 million.** Net profit after tax was $25.2 million, in line with the corresponding period

- **Apparel sales up 9%.** Apparel sales increased 9% against the corresponding period to $233.7 million. The growth in Apparel sales represents a creditable performance

- **Discount Variety sales up 6%.** Discount Variety sales were $363.2 million, representing a 6% improvement against the corresponding period. The increase in Discount Variety was achieved in a sector that experienced fierce competitor discounting and pricing pressure, which has had a negative impact on Discount Variety margins. The Board views the fiercely competitive environment as unsustainable over the medium to long term

- **Interim dividend of 5.5 cents.** The Board has declared a dividend of 5.5 cents, maintaining the interim dividend from the corresponding period

- **Operating cash flow up 31%.** Operating cash flow over the six months to 31 December 2003 was $46.8 million, a 31% improvement on operating cash flow from the corresponding period of $35.7 million

- **Healthy balance sheet, improved gearing.** Total assets increased 9% to $570.8 million. Total gearing reduced to 40%, a substantial reduction compared to a gearing level of 48% at the end of the corresponding period.

Miller's Retail Limited (ASX: MRL) today announced record sales revenue for the six months ended 31 December 2003. Revenue totaled $601.3 million, a rise of 7% compared to the corresponding period ended 31 December 2002. Like-for-like sales from MRL stores increased 0.5%.

Earnings before interest, tax and amortisation (EBITA) was $45.3 million, an increase of 1% on the corresponding period's EBITA of $44.8 million.

Net profit after tax was $25.2 million, in line with the corresponding period.

The Board has declared an interim dividend of 5.5 cents per share, fully franked. The dividend re-investment program will continue for this dividend. The dividend re-investment discount will be 2.5% and the record date for dividends is 16 March 2004.

Commenting on the results, MRL CEO Gary Perlstein said: "This is a solid sales and profit result given the intensity of the competitive environment."

"The competitive environment continued to be remarkably fierce, particularly in the Discount Variety market, where there has been heavy discounting and price pressure. Despite this, we remain profitable in Discount Variety. We view the current environment as unsustainable in the medium to long term and, when the environment normalises, we expect the pressure on our margins and like-for-like store sales growth to lift."

"The impact of the price war in Discount Variety was offset by a solid performance in Apparel, where sales grew by 9%."

"We've also made solid progress in leveraging synergies, and we will continue to focus on extracting maximum value from existing businesses," Mr Perlstein said.

"MRL is well placed to extract further synergies from our businesses, supported by a prudent new store opening strategy and store optimisation program, including refurbishing existing stores, closing under performing stores, and re-branding stores where appropriate. As outlined at our AGM in October, an important first step is ensuring we achieve overall profitable like-for-like growth from existing stores," he said.

Mr Perlstein said MRL was uniquely positioned in its market. "We are constantly seeking ways to leverage our specialisation at the value end of the retail market. For example, a particularly exciting initiative is the Miller's Family Fashion for Less concept, a combination of women's, men's and kid's apparel. Seventeen Miller's Family Fashion for Less stores have commenced operation and the signs are that the apparel combination concept has a bright future."

"Our Retail Club, with more than two million members, is another leverage for growth opportunities," Mr Perlstein said.

"In order to maximise value from existing businesses going forward, I believe we must remain focused on clearly positioning and differentiating our retail brands in Apparel. We need to ensure we are relevant to our target markets and closely monitor our product, price and promotional positioning. As such, I am working directly with the brand managers to ensure our retail brands remain strictly focused and we optimise brand positioning."

"The outlook remains highly competitive and challenging. Ensuring profitable like-for-like growth from our Discount Variety stores remains a significant challenge, given the competitive pressures. Although we expect the competitive environment to normalise in the medium to long term, we do not see the competitive pressures easing over the remainder of this financial year, keeping our Discount Variety margins under great pressure. This unsustainable price war in Discount Variety – if it continues – will make it difficult for us to maintain last year's profit result," Mr Perlstein said.

MRL Chairman, Ron Baskin said, "MRL has a proven formula focused on low costs, profitable expansion and differentiation in the value end of the market. The Board remains committed to enhance shareholder returns, as represented by the maintenance of the interim dividend."

"MRL is in a healthy financial position, cash flow is strong, gearing levels continue to reduce and we have a healthy balance sheet. Our focus is on extracting maximum value from existing businesses, as we work to identify the right additional growth opportunities moving forward," Mr Baskin said.

Mr Baskin said MRL's research and development function to test new retail concepts was progressing well, with several new formats currently being tested."

"There are promising signs from a number of our trial retail concepts. MRL remains nimble, flexible and can move very quickly when the right organic or acquisition opportunities emerge," he said.

Change of CFO

MRL Chief Financial Officer Mr Nick Freeman has advised he will be relocating back to Melbourne and will be replaced internally by Mr Howard Herman. Mr Freeman will remain at MRL until April to ensure a smooth transition of the role.

Mr Herman has been at MRL since 2002, in a range of senior financial and leadership management roles. Prior to joining MRL, Mr Herman was Development / Finance Manager at Bovis Lend Lease in Australia and Finance Manager at Anglo American Corporation. Mr Herman is a member of the Institute of Chartered Accountants.

Operational Review

At 31 December 2003, MRL had grown to 1,049 retail stores across Australia and New Zealand, including 694 specialty Apparel stores and 355 Discount Variety stores.
A total of 51 stores were added during the six months to 31 December 2003, in line with the Board's prudent new store opening strategy. Eighteen stores were closed as MRL continued to optimise its store portfolio, removing stores that do not make an adequate return on capital.

Apparel continued its growth momentum, with positive like-for-like store sales growth of 3.8% compared to the corresponding period. In the Apparel division, management has remained focused on building brand equity behind MRL's retail brands.

The trials of Kidswear and Menswear, as part of MRL's research and development function, are progressing well and are showing promising signs. Kidswear is currently being trialed in 28 MRL stores and Menswear in 17 stores.

MRL maintains one of the largest retail loyalty programs in the Australian apparel industry and the Retail Club continues to be popular with customers. The Retail Club has more than two million members, and provides opportunities for MRL to leverage additional growth areas.

MRL's Discount Variety division has been operating in a fiercely competitive environment. Discount Variety like-for-like sales were down 1.8% for the six months to 31 December 2003. MRL has a Discount Variety presence in all Australian states and territories.

FOR FURTHER INFORMATION CONTACT:

Investors
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0408 420702

Media
Chris Savage, Savage & Horrigan 0404 012 266 or (02) 9268 1502

Appendix 4D

Half year report

Name of entity

Miller's Retail Limited

ABN	Half yearly *(tick)*	Preliminary final *(tick)*	Financial year ended ('current period')
43 057 569 169	✓		31 December 2003

Results for announcement to the market

						$A'000
Revenues from ordinary activities	up	7.3%	from	560,394	to	601,304
Sales revenue	up	7.1%	from	557,202	to	596,934
Earnings before interest, taxation and amortisation of goodwill	up	1.3%	from	44,773	to	45,346
Profit from ordinary activities after tax attributable to members	up	0.1%	from	25,198	to	25,220

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	5.5¢	5.5¢
Previous corresponding period	5.5¢	5.5¢
Record date for determining entitlements to the dividend	16 March 2004	

Brief explanation of any of the figures reported above and commentary on the results for the period:

REFER PRESS RELEASE ATTACHED

Statement of financial performance

	Notes	**Current period AUD$000**	Previous corresponding period AUD$'000
Revenue from ordinary activities	3	**601,304**	560,394
Changes in inventories of finished goods and work in progress		**38,826**	34,384
Finished goods and consumables		**(375,414)**	(345,677)
Employee benefits expense		**(92,245)**	(91,351)
Depreciation and amortisation expenses		**(13,447)**	(13,066)
Rental expense relating to operating leases		**(59,864)**	(55,293)
Other expenses from ordinary activities		**(56,204)**	(47,065)
Borrowing costs expense		**(5,576)**	(5,130)
Profit from ordinary activities before income tax expense	4	**37,380**	37,196
Income tax expense		**12,160**	11,998
Profit from ordinary activities after income tax expense		**25,220**	25,198
Total changes in equity other than those resulting from transactions with owners as owners		**25,220**	25,198

	Current period	Previous corresponding period
Basic EPS	**10.5 cents**	10.8 cents
Diluted EPS	**10.5 cents**	10.8 cents

Statement of Financial Position

	Notes	**Current period AUD$000**	As shown in last annual report AUD$'000	Previous corresponding period AUD$'000
Current assets				
Cash	10	**67,271**	17,807	56,960
Receivables		**14,699**	15,992	17,827
Inventories	5	**226,716**	187,890	194,917
Other		**5,581**	1,624	3,973
Total current assets		**314,267**	223,313	273,677
Non-current assets				
Property, plant and equipment		**115,062**	110,274	107,278
Deferred tax assets		**17,150**	13,129	13,264
Intangible assets		**124,168**	126,712	129,078
Other		**152**	161	336
Total non-current assets		**256,532**	250,276	249,956
Total assets		**570,799**	473,589	523,633
Current liabilities				
Payables		**134,001**	86,842	106,481
Interest bearing liabilities		**52,176**	67,170	59,638
Current tax liabilities		**9,941**	4,435	12,117
Provisions		**13,296**	11,102	10,983
Total current liabilities		**209,414**	169,549	189,219
Non-current liabilities				
Payables		**2,250**	4,500	4,500
Interest bearing liabilities		**110,000**	69,519	95,199
Deferred tax liabilities		**4,541**	3,857	3,883
Provisions		**9,822**	10,288	11,355
Total non-current liabilities		**126,613**	88,164	114,937
Total liabilities		**336,027**	257,713	304,156
Net assets		**234,772**	215,876	219,477
Equity				
Contributed equity		**185,827**	182,577	179,246
Retained profits	6	**48,945**	33,299	40,231
Total equity		**234,772**	215,876	219,477

Statement of cash flows

	Notes	**Current period AUD$000**	Previous corresponding period AUD$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**658,374**	610,455
Payments to suppliers and employees (inclusive of goods and services tax)		**(598,451)**	(557,254)
		59,923	53,201
Interest received		**155**	88
Borrowing costs		**(3,329)**	(4,949)
Income taxes paid		**(9,980)**	(12,676)
Net cash inflow (outflow) from operating activities	11	**46,769**	35,664
Cash flows from investing activities			
Payment for purchase of controlled entities and businesses, net of cash acquired		**-**	(12,080)
Payments for property, plant and equipment		**(16,374)**	(17,050)
Loans to related parties		**-**	-
Proceeds from sale of property, plant and equipment		**148**	215
Net cash inflow (outflow) from investing activities		**(16,226)**	(28,915)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**818**	78
Share issue transaction costs		**-**	-
Proceeds from borrowings		**25,487**	41,843
Repayment of borrowings		**-**	-
Dividends paid		**(7,384)**	(6,371)
Net cash inflow (outflow) from financing activities		**18,921**	35,550
Net increase (decrease) in cash held		**49,464**	42,299
Cash at the beginning of the financial year		**17,807**	14,661
Cash at the end of the financial year	10	**67,271**	56,960

Notes to the financial statements

1. Basis of Preparation

This half year consolidated financial report is a general purpose financial report prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The half year financial report has been prepared in accordance with the historical cost convention. The accounting policies adopted in this report are the same as those applied in the annual financial report for the year ended 30 June 2003. Where necessary, prior period balances have been restated to enhance comparability.

This financial report does not include notes of the type normally included in an annual financial report. It is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Miller's Retail Limited during the half year in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Stock Exchange.

2. Earnings before Interest, Taxation and Amortisation of goodwill (EBITA)

	Current period AUD$000	Previous corresponding period AUD$'000
Profit from ordinary activities before income tax expense	**37,380**	37,196
Interest expense	**5,576**	5,130
Interest income	**(155)**	(88)
Amortisation of goodwill	**2,545**	2,535
Earnings before interest, taxation and amortisation of goodwill	**45,346**	44,773

3. Revenue

	Current period AUD$000	Previous corresponding period AUD$'000
Revenue from operating activities		
Sale of goods	**596,934**	557,202
Revenue from outside the operating activities		
Interest	**155**	88
Other revenue	**4,067**	2,889
Proceeds from sale of non-current assets	**148**	215
Revenue from ordinary activities	**601,304**	560,394

4. Expenses

Profit from ordinary activities before income tax expense includes the following specific expenses:	Current period AUD$000	Previous corresponding period AUD$'000
Cost of sales of goods	**336,588**	311,293
Total depreciation and amortisation (excluding goodwill)	**10,902**	10,531
Goodwill amortisation	**2,545**	2,535
Total borrowing costs	**5,576**	5,130
Bad and doubtful debts - trade debtors	**101**	75
Loss on sale of non-current assets	**203**	373
Total rental expense relating to operating leases	**59,864**	55,293

5. Inventories

	Current period AUD$000	Previous corresponding period AUD$'000
Inventory on hand	**218,214**	190,119
Goods in transit	**8,502**	4,798
Total inventories	**226,716**	194,917

6. Retained earnings

	Current period AUD$000	Previous corresponding period AUD$'000
Retained profits at the beginning of the financial year	**33,299**	15,073
Adjustment resulting from change in accounting policy for providing for dividends	-	9,289
Adjustment resulting from change in accounting policy for providing for annual leave	-	-
Net profit attributable to members of Miller's Retail Limited	**25,220**	25,198
Dividends provided for or paid	**(9,574)**	(9,329)
Retained profits at the end of the financial year	**48,945**	40,231

7. Dividends

	Current period		Previous corresponding period	
	Amount per security cents	Total amount AUD$'000	Amount per security cents	Total amount AUD$'000
Interim dividend (full franked at 30%)	5.5	13,226	5.5	12,930

Interim dividend

Date the dividend (distribution) is payable	2 April 2004
Record date to determine entitlements to the dividend	16 March 2004

Dividend Reinvestment Plan

The directors announce that the Miller's DRP is active in respect of this interim dividend. The last date for receipt of the election notices for the dividend reinvestment plan is 16 March 2004.

8. Franking credits

	Current period AUD$000	Previous corresponding period AUD$'000
Franking credits available for subsequent financial years	**34,824**	23,505

Under legislation that took effect on 1 July 2002, the amount recorded in the franking account is the amount of income tax paid, rather than franking credits based on after tax profits, and amounts debited to that account in respect of dividends paid after 30 June 2002 are the franking credits attaching to those dividends rather than the gross amount of the dividends. The franking credits available at 31 December 2002 for the consolidated entity have been restated for comparative purposes

9. Earnings per share

	Current period	Previous corresponding period
Basic EPS	**10.5 cents**	10.8 cents
Weighted average number of ordinary shares used in the calculation of Basic EPS	**239,544,670**	233,593,722
Diluted EPS	**10.5 cents**	10.8 cents
Weighted average number of ordinary shares used in the calculation of Diluted EPS	**239,897,253**	234,008,069

10. Reconciliation of cash

	Current period AUD$000	Previous corresponding period AUD$'000
Cash at bank and on hand	**67,271**	56,960
Bank overdraft	-	-
Total cash at the end of the period	**67,271**	56,960

11. Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities

	Current period AUD$000	Previous corresponding period AUD$'000
Profit from ordinary activities after income tax	**25,220**	25,198
Depreciation and amortisation	**13,447**	13,066
Imputed interest on deferred purchase consideration	**-**	181
Net loss on sale of non-current assets	**203**	373
Change in operating assets and liabilities, net of effects from purchase of controlled entities and businesses:		
Decrease/(increase) in trade debtors	**1,587**	(2,243)
Decrease/(increase) in inventories	**(38,826)**	(34,385)
(Increase) in future income tax benefit	**(4,021)**	(5,080)
Decrease/(increase) in other operating assets	**(4,242)**	(3,454)
Increase/(decrease) in trade creditors and other liabilities	**47,739**	34,435
Increase/(decrease) in provision for income taxes payable	**5,506**	2,933
Increase in provision for deferred income tax	**684**	1,471
Increase/(decrease) in other provisions	**(528)**	3,169
Net cash inflow from operating activities	**46,769**	35,664

12. Non-cash financing and investing activities

Acquisition of plant and equipment by means of finance lease $nil (2002: $3,234,500), deferred settlement for prior year acquisition paid in shares $nil (2002: $2,000,000), repayment of a vendor loan paid in shares $250,000 (2002: $250,000) and Dividend Reinvestment Plan shares issued $2,182,000 (2002: $2,943,000)

13. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	46.0 cents	38.5 cents

14. Segment reporting

6 months to December 2003	Discount Variety $'000	Apparel $'000	Total $'000
Operating revenue			
Sales to customers outside the economic entity	363,216	233,718	596,934
Other revenue	2,188	2,027	4,215
Unallocated revenue			155
Total revenue			601,304
Segment result before interest, taxation and amortisation of goodwill	25,256	20,090	45,346
Unallocated expenses			(7,966)
Profit from ordinary activities before tax			37,380
Segment assets	292,520	154,111	446,631
Unallocated assets			124,168
Total assets			570,799
Segment liabilities	118,789	97,162	215,951
Unallocated liabilities			120,076
Total liabilities			336,027
Segment acquisitions of property, plant and equipment, intangibles and other non-current segment assets	9,166	7,208	16,374
Unallocated acquisitions of property, plant and equipment, intangibles and other non-current segment assets			-
Total acquisitions of property, plant and equipment, intangibles and other non-current segment assets			16,374
Segment depreciation and amortisation	6,376	4,526	10,902
Unallocated depreciation and amortisation			2,545
Total depreciation and amortisation			13,447
Segment other non-cash expenses	126	77	203
Unallocated non-cash expenses			-
Total other non-cash expenses			203

14. Segment reporting continued

6 months to December 2002	Discount Variety $'000	Apparel $'000	Total $'000
Operating revenue			
Sales to customers outside the economic entity	343,607	213,595	557,202
Other revenue	1,480	1,624	3,104
Unallocated revenue			88
Total revenue			560,394
Segment result before interest, taxation and amortisation of goodwill	30,070	14,703	44,773
Unallocated expenses			(7,577)
Profit from ordinary activities before tax			37,196
Segment assets	265,797	128,758	394,555
Unallocated assets			129,078
Total assets			523,633
Segment liabilities	117,017	84,587	201,604
Unallocated liabilities			102,552
Total liabilities			304,156
Segment acquisitions of property, plant and equipment, intangibles and other non-current segment assets	12,828	7,456	20,284
Unallocated acquisitions of property, plant and equipment, intangibles and other non-current segment assets			-
Total acquisitions of property, plant and equipment, intangibles and other non-current segment assets			20,284
Segment depreciation and amortisation	6,498	4,033	10,531
Unallocated depreciation and amortisation			2,535
Total depreciation and amortisation			13,066
Segment other non-cash expenses	272	101	373
Unallocated non-cash expenses – imputed interest on deferred purchase consideration			181
Total other non-cash expenses			554

Information on audit

This report is based on accounts to which one of the following applies.

☐	The accounts have been audited.	X	The accounts have been subject to review.
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have *not* yet been audited or reviewed.

Sign here: Date: 26 February 2004

Print name: Gary Perlstein (Director)

Miller's Retail Limited
Directors' Report

Your directors present their report on the consolidated entity consisting of Miller's Retail Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2003.

Directors

The following persons were directors of Miller's Retail Limited during the whole of the half-year and up to the date of this report:

A I Miller
G Perlstein
R Baskin
R J Clark

Peter Allen was appointed a director on 26 November 2003 and continues in office at the date of this report. W S Cutbush was a director from the beginning of the half-year until his resignation on 28 October 2003.

Review of Operations
A summary of consolidated revenues and results is set out below:

6 months to December 2003	Discount Variety $'000	Apparel $'000	Total $'000
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"MRL is in a healthy financial position, cash flow is strong, gearing levels continue to reduce and we have a healthy balance sheet. Our focus is on extracting maximum value from existing businesses, as we work to identify the right additional growth opportunities moving forward," Mr Baskin said.

Mr Baskin said MRL's research and development function to test new retail concepts was progressing well, with several new formats currently being tested."

"There are promising signs from a number of our trial retail concepts. MRL remains nimble, flexible and can move very quickly when the right organic or acquisition opportunities emerge," he said.

Change of CFO

MRL Chief Financial Officer Mr Nick Freeman has advised he will be relocating back to Melbourne and will be replaced internally by Mr Howard Herman. Mr Freeman will remain at MRL until April to ensure a smooth transition of the role.

Mr Herman has been at MRL since 2002, in a range of senior financial and leadership management roles. Prior to joining MRL, Mr Herman was Development / Finance Manager at Bovis Lend Lease in Australia and Finance Manager at Anglo American Corporation. Mr Herman is a member of the Institute of Chartered Accountants.

Operational Review

At 31 December 2003, MRL had grown to 1,049 retail stores across Australia and New Zealand, including 694 specialty Apparel stores and 355 Discount Variety stores.

A total of 51 stores were added during the six months to 31 December 2003, in line with the Board's prudent new store opening strategy. Eighteen stores were closed as MRL continued to optimise its store portfolio, removing stores that do not make an adequate return on capital.

Apparel continued its growth momentum, with positive like-for-like store sales growth of 3.8% compared to the corresponding period. In the Apparel division, management has remained focused on building brand equity behind MRL's retail brands.

The trials of Kidswear and Menswear, as part of MRL's research and development function, are progressing well and are showing promising signs. Kidswear is currently being trialed in 28 MRL stores and Menswear in 17 stores.

MRL maintains one of the largest retail loyalty programs in the Australian apparel industry and the Retail Club continues to be popular with customers. The Retail Club has more than two million members, and provides opportunities for MRL to leverage additional growth areas.

MRL's Discount Variety division has been operating in a fiercely competitive environment. Discount Variety like-for-like sales were down 1.8% for the six months to 31 December 2003. MRL has a Discount Variety presence in all Australian states and territories.

Rounding of amounts to the nearest thousand dollars

The company is of a kind referred to in class order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that class order.

This Report is made in accordance with a resolution of the directors.

Gary Perlstein
Director

Sydney
26 February 2004

Miller's Retail Limited
Directors' Declaration

The directors declare that the financial statements and notes set out in the attached Appendix 4D:

(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 consolidated entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Miller's Retail Limited 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.

Gary Perlstein
Director

Sydney
26 February 2004

PRICEWATERHOUSECOOPERS

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Independent review report to the members of Miller's Retail Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Miller's Retail Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Miller's Retail Limited Group (defined below) as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001.*

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Miller's Retail Limited Group (the consolidated entity), for the half-year ended 31 December 2003 The consolidated entity comprises both Miller's Retail Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001.* This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

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We formed our statement on the basis of the review procedures performed, which included:

- inquiries of the responsible entity's personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

Eddie Wilkie

Eddie Wilkie
Partner

Sydney
26 February 2004