

MYER

ASX & Media Release

EBIT +11.9% to \$181 million

Net Profit up 38% to \$115 million*

Both ahead of prospectus

Interim dividend of 10½ cents declared

Thursday 11th March 2010

Financial summary for the six months to 23 January 2010

- Sales up 2.0% to \$1,797 million (1H09: \$1,762 million)
- Underlying operating gross profit margin up 34 bps to 39.63%**
- Earnings before interest and tax (EBIT) up 11.9% to \$181 million (1H09: \$161 million)
- EBIT margin up 90bps to 10.05% (1H09: 9.15%)
- After increased investment in selling salaries, cash cost of doing business fell by 159 basis points - delivered through ongoing leverage of improved supply chain and IT platforms
- Net profit after tax (NPAT), up 38% to \$115 million* (1H09: \$83 million)
- Proforma earnings per share 20.6 cents*** against a prospectus forecast of 18.8 cents
- Gearing of 24% with net debt reduced to \$274 million representing net debt/EBITDA of 0.87x on a rolling 12 month basis
- Finished the period with \$144 million cash and a clean inventory position
- Interim dividend of 10½ cents per share (fully franked) to be paid on 6 May 2010. The Record Date for the interim dividend is 25 March 2010

* Excluding IPO costs.

** Underlying Operating Gross Profit for FY09 reflects the impacts of the change to Hedge accounting during 1H09 of \$12.5 million (unwound in 2H) and the removal of the non-trading impact of the Hobart store insurance claim of \$10.0 million.

*** Interest and tax have been adjusted to reflect the proforma interest expense for the six-month period as a result of the impact of the IPO.

Bernie Brookes, Chief Executive Officer said:

“On behalf of the Myer team, I am pleased to report the 7th successive half year of strong profit growth since the acquisition of Myer from Coles Myer Ltd. The 38% increase in net profit after tax is well in advance of the prospectus guidance and, together with our strengthened balance sheet, has led to a dividend being declared, which is at the top of the prospectus range. These 44 months of profit growth have occurred at the same time as the business being re-engineered during the turnaround phase. We are looking forward to the commencement of our store opening program and the launch of our new International standard flagship store in Melbourne.”

Turnaround phase initiatives

- Completion of turnaround initiatives on track, considerable upside still to come from both complete and incomplete projects:
 - New Point-of-Sale System on schedule for completion during the year providing enhanced customer service, reduced transaction times, and improved data accuracy;
 - CCTV camera rollout to be completed by mid 2010, continuing the reduction in shrinkage;
 - New Docklands support centre complete, move scheduled over March/April 2010;
 - Continued investment in stores including completion of visual merchandising refresh program (Project Batman) and refurbishment of Blacktown, Castle Hill and Northland stores in the first half. The Sydney, Geelong and Doncaster stores, which were refurbished in 2008/09, continued to generate strong returns.
- **MYER one** membership continues to grow with 3.4 million members now contributing 66% of sales.
- Ongoing improvement in Myer's product offer generating an excellent customer response, with the introduction of renowned international brands such as Balmain, Calvin Klein Collection, and Temperley London; leading Australian designers including Aurelio Costarella and Nina Maya; and concessions including Sunglass Hut.
- Excellent customer reaction to the fashionability and quality of Myer Exclusive Brands including NF by Nicola Finetti, Vue and Basque.

Growth phase preparation

- Store expansion program that will see 15 new full-sized stores (minimum 10,000-12,000m²) opened by 2014 is on track, with two new stores in Top Ryde (NSW) and Robina (QLD) due to open on schedule in July 2010 and October 2010 respectively.
- Our refurbishment program, which has seen some exceptional results to date including Sydney, Doncaster, Geelong and Castle Hill, is ongoing. The momentum at the Doncaster store continues to build following its refurbishment in October 2008 and it is expected to reach record sales of \$85 million in FY2010. In addition, we recently completed the refurbishment of stores at Blacktown and Northland. The refurbishment at Canberra City (ACT) has begun, and refurbishments at Eastland (VIC), Charlestown (NSW) and Marion (SA) will commence in calendar 2010.
- The Myer Melbourne rebuild to an international standard is on track for phased re-opening in time for Christmas 2010. A staged handover of floors will begin mid-year, commencing with the new Basement youth offer.
- Other drivers of growth include enhanced visual merchandising, improved in-store execution, further targeted **MYER one** marketing, improved online offering, in-store theatre and events and further leverage of our bridal and gift technology.

Outlook

- We remain cautious about the outlook for the second half of FY10. We are entering a period during which we cycle the second and more significant Federal Government Stimulus package, further interest rate rises are widely anticipated, and the consumer remains wary.
- Against this backdrop, and despite the sales trend for the first six weeks of the second half 2010 being ahead of the 2% growth reported in the first half 2010, we anticipate total sales growth in the second half of the year to be in the range of 0 to 2% and the full year to be up 1 to 2%.

- Given the strength of our EBIT performance in the first half, and the ongoing benefits we are leveraging from investments made during the turnaround phase, we remain confident of delivering our prospectus forecast for EBIT of \$261 million (up 10.7% on pcp).
- Following the declaration of a 10½ cents dividend for the first half 2010, the total dividend for the year is expected to fall within the prospectus range of 20.5 - 21.2 cents per share.
- In FY11 we will benefit from the impact of two new stores in Top Ryde and Robina; the part period impact of a significant uplift in sales from our new Myer Melbourne store; customer service benefits from our new Point-of-Sale system; and the continued benefits of our store refurbishment program.

Bernie Brookes, Chief Executive Officer said:

“We are pleased to report a 38% increase in net profit after tax and EBIT growth of close to 12%, achieved despite the challenging pre-Christmas trading environment. We finished the period with \$144 million of cash and a clean inventory position.

“Over the last 3 ½ years we have invested some \$450 million in building a flexible, efficient and sustainable platform to support the business in its growth phase. As the turnaround phase is nearing completion we are well positioned with a strong balance sheet, to drive top line growth. We will achieve this through the opening of 15 new stores, ongoing store investment and refurbishments, our new Point-of-Sale system and ongoing improvements to in-store execution.

“We have a world-class supply chain, a vastly improved technology platform, a more flexible and tailored merchandise strategy, a well motivated and incentivised team, a strengthened product offer and a strong supply base. We have achieved significant improvements in the look, feel and standards of our stores. We continue to customise our marketing offer, using **MYER one** as our vehicle to drive traffic through direct and relevant offers. We continue to strive towards delivering a higher level of service for our customers and good progress has been made with the finalisation of the work to align rosters with customers’ shopping habits.

“We are now the exclusive department store home of arguably the three most sought-after brands in the world – Balmain, Temperley London and Calvin Klein Collection, and shortly we will stock the premium Givenchy, Philosophy Di Alberta Ferretti and Moschino labels. Supporting Australian designers is a cornerstone of our business, and Myer has welcomed into its fashion family Fernando Frisconi, Aurelio Costarella and Nina Maya, joining household names such as Jayson Brunsdon, Yeojin Bae and Wayne Cooper, CUE, Rodd & Gunn and TS14+ who have all flourished under Myer. This also complements our successful exclusive brands such as Basque and Blaq to ensure our product offer gives our customers a greater choice no matter what their budget,” he said.

Table 1 - Profit and Loss (See Notes below table)

	1H10	1H09	%	1H10	1H10	%
	Actual	Actual	Change	Proforma	Prospectus	Change to
	\$m	\$m	to LY	\$m	\$m	Prospectus
Total Sales	1,797	1,762	+2.0%	1,797	1,834	- 2.0%
Wholesale	1,563	1,541		1,563	1,608	
Concession	234	221		234	226	
Operating Gross Profit	712	715	-0.4%	712	725	-1.7%
<i>Operating Gross Profit margin</i>	39.63%	40.57%		39.63%	39.51%	
<i>Underlying Operating Gross Profit margin</i>		39.29%				
Cash Cost of Doing Business	(501)	(520)	-3.5%	(501)	(524)	-4.2%
<i>Cash Cost of Doing Business/Sales</i>	27.91%	29.50%		27.91%	28.54%	
EBITDA	211	195	+8.0%	211	201	+4.7%
	11.72%	11.06%		11.72%	10.97%	
Depreciation	(30)	(34)		(30)	(31)	
EBIT	181	161	+11.9%	181	170	+6.0%
<i>EBIT margin</i>	10.05%	9.15%		10.05%	9.29%	
Interest	(25)	(43)		(18)	(19)	
Net Profit Before Tax	156	118	+32.2%	163	151	+7.95%
Tax	(41)	(35)		(43)	(43)	
Net Profit After Tax (NPAT)	115*	83	+38.0%	120	108	+11.1%

Notes: Underlying Operating Gross Profit for FY09 reflects the impacts of the change to Hedge accounting during 1H09 of \$12.5 million (unwound in 2H) and the removal of the non-trading impact of the Hobart store insurance claim of \$10.0 million. Interest and tax have been adjusted to reflect the proforma interest expense for the six-month period as a result of the impact of the IPO.

NPAT excludes IPO costs of \$93.5 million in 1H10.

Where statements and numbers that reference the prospectus were not specifically disclosed in the prospectus, they are derived from the calculations that supported the numbers that were disclosed.

Table 2: Balance Sheet

	Jan 10 Actual \$m	July 09 Prospectus Proforma \$m	Jan 09 Actual \$m
Inventory	351	355	354
Other Assets	140	165	158
Less Creditors	(469)	(469)	(504)
Less Other Liabilities	(214)	(230)	(274)
Net Trading Investment	(191)	(179)	(267)
Property	29	29	29
Fixed Assets	393	371	337
Tangible Funds Employed	231	221	99
Intangibles	912	909	900
Total Funds Employed	1,143	1,130	999
Debt	419	417	628
Less Cash	(144)	(25)	(224)
Convertible Equity Note	0	0	247
Net Debt	274	392	652
Equity	869	738	347
Total Investment	1,143	1,130	999

Table 3: Other Statistics and Financial Ratios

	1H10	1H09
Capital Expenditure	\$50m	\$57m
Return on Total Funds Employed*	23.8%	23.0%
Gearing	24.0%	65.3%
Net Debt/EBITDA*	0.87x	2.23x
Stock turn	3.89	3.88
Creditor Days	63	56

* Calculated on a rolling 12 months basis

Table 4:

	Actual 1H10	Prospectus 1H10
Shares on Issue	581.5 million	564.8 – 585.0 million
Proforma Basic EPS for 1H10	20.6 cents	18.5 – 19.1 cents
Dividend per share	10½ cents	10.3 – 10.6 cents

Overview

The focus during Myer's 50-month turnaround was to build a strong and flexible retail platform, and establish the building blocks for long-term sustainable growth. This involved the complete overhaul of store operations, buying, IT, supply chain and human resources; improvements in merchandising, marketing and events; as well as significant investment in store refurbishments and preparation for new store openings.

Over the last 3½ years more than \$450 million has been invested to fundamentally transform Myer's retail platform. While many of the benefits of that investment are reflected in Myer's improved return on sales, which has already been lifted from less than 2 cents in the dollar to close to 8 cents in the dollar, considerable upside remains from the turnaround projects, both those already complete and those that are on track for completion during calendar 2010. The completion of these initiatives, including the new Point-of-Sale and CCTV, will start to yield greater benefits in FY11 and beyond. In addition, our improved margin from sales of Exclusive Brands and improved management of shrinkage, will further build margins.

The extensive business re-engineering and large-scale investment that have taken place over the past 3½ years have delivered significant cost reductions, but have also resulted in a fundamentally transformed operating platform that is low cost, efficient, and most importantly, sustainable.

As the business transitions from the turnaround phase into the growth phase, we are now well positioned to drive top line growth from the improved performance of existing and refurbished stores, and our new store opening program, which will see the first of 15 new full-sized stores open at Top Ryde in July 2010. Given that cost improvements have been delivered from fundamental business transformation, the business will benefit from positive operating leverage as costs can be fractionalised over a larger top line, as well as the continued benefits of our IT and supply chain spend.

Financial Performance

The retail environment during the first half of FY10 was characterised by generally cautious consumer sentiment on the back of successive interest rate rises, higher costs of utilities, and the absence of a Federal Government stimulus package, which had provided a sales impetus during the prior period. Against this backdrop, Myer delivered total sales revenue for the first half of FY10 of \$1,797 million, up 2.0% on the previous corresponding period. Like-for-like sales were up 1.2%. Excluding the impact of the Myer Melbourne redevelopment, total sales were up 2.7%.

While sales grew 5.2% in the first quarter, and continued to be strong in November 2009, the pre-Christmas trading environment was very challenging, and characterised by earlier and deeper discounting in the retail sector than had been evident for many years. In addition, consumers delayed purchases in anticipation of the post-Christmas sale period with sales of gift cards almost doubling on the prior year. The Entertainment business was impacted by vigorous competition in the marketplace, and a prior year comparative that included the benefits of the December 2008 Federal Government stimulus package. While sales in December 2009 were disappointing, sales in January 2010 recovered strongly with the Stocktake sale.

The strongest performance came from stores in New South Wales, Victoria, South Australia, The Australian Capital Territory, and Tasmania.

Womenswear, Childrenswear, and Intimate Apparel were amongst the strongest performing categories, highlighting the strong performance of Myer Exclusive Brands and the strength of our broad range of local and international brands and designers.

Operating Gross Profit was 39.63%, which, on an underlying basis, was an improvement on the prior year. This was due to the strong growth in Myer Exclusive Brands together with an improving shrinkage

outcome as a result of the partial rollout of CCTV, improved tagging and a renewed focus on in-store processes.

Notwithstanding increased investment in selling salaries, Myer's cash cost of doing business still improved from 29.50% of sales to 27.91% through continued focus on cost control across all areas of the business and the effective leverage of investments in IT and supply chain made during the turnaround phase.

EBIT increased by 11.9% to \$181 million, exceeding prospectus guidance of \$170 million. EBIT margin increased by 90 bps to 10.05% (up from 9.15% in H109 and 9.29% in the prospectus). This is a very pleasing result given the early and deep discounting prevalent in the market in the pre-Christmas trading period. During that time, our **MYER one** loyalty program was particularly valuable in enabling us to target our promotional spend to drive sales, while limiting the margin impact.

Despite increased competition and investment in markdowns to drive sales, the increase in profitability was driven by strong growth in Myer Exclusive Brands, and the sales impact of the "Project Batman" visual merchandising refresh program and store refurbishments at Blacktown, Castle Hill, Geelong, Sydney City, Doncaster and Northland.

Net profit after tax was up 38% to \$115 million (excluding IPO costs), stemming from strong operating performance, working capital management and lower interest charges as a result of the significant reduction in the company's debt following the IPO.

We finished the period with \$144 million of cash and a clean inventory position, with stock levels of \$351m, down 0.9% against the end of 1H09 against a sales increase of 2%. Cash management was again strong, with continued focus on working capital. Inventory turns improved marginally to 3.89 for the rolling 12 months and creditors days improved from 56 to 63 over the same period.

Net debt finished the half at \$274m, substantially down from \$652m in FY09 largely as a result of the refinancing that took place following Myer's IPO in late 2009 as well as effective capital management. Returns on funds employed (ROFE) improved to 23.8%.

Equity in the business has increased by \$522m through the proceeds of the IPO and the improved profitability. The directors have declared an interim dividend of 10½ cents per share (fully franked), at the top end of prospectus forecasts, to be paid on 6 May 2010.

The capital expenditure program for the year is well under way, with major investment projects including the rebuild of Myer Melbourne, the new world-class Point-of-Sale system, the rollout of CCTV and the new Docklands support office all on track. Our refurbished stores at Castle Hill, Geelong, Sydney and Doncaster continue to perform well and exceeded expectations for ROFE over the past six months. The refurbishments at Northland and Blacktown were completed shortly before Christmas, and work on the Canberra store has begun.

Merchandise

Myer stocks in excess of 2,000 brands and our focus is on providing customers with both a wide range of brands and a meaningful selection within each brand consistent with customers expectations of a department store. We continue to develop our brand hierarchy and use the intelligence gained from our **MYER one** customer data to refine our brand mix across all areas of merchandise.

Myer continues to attract the biggest and best names in Australian and International fashion, and the addition of new brands during the half generated strong incremental sales growth. Myer is now the exclusive Australian department store home of three of the world's most sought-after brands – Balmain, Temperley London and Calvin Klein Collection, and from April will exclusively stock the premium Givenchy, Philosophy Di Alberta Ferretti and Moschino labels. Myer has also added to its portfolio three of Australia's leading designer labels, Fernando Frisoni, Aurelio Costarella and Nina Maya.

Miss Shop stands to benefit from a renewed focus on product, fashionability and speed to market. Last season we introduced our tween brand One Tru Luv, and this season sees the exciting launch of T by Bettina Liano, the first Designer @ Myer label in Miss Shop, which is performing very well.

Our footwear business delivered a much-improved result following a complete overhaul of ranging, in-store presentation and the introduction of a new specialist buying team as well as two new brands. Innovare, a high quality Italian made women's range, and Urban Soul together address a gap in our offer and that of the broader footwear market for "affordable luxury" in women's shoes.

Our cosmetics category continued to lead the market, with refurbished cosmetic halls in Doncaster, Castle Hill, Blacktown and Geelong growing well ahead of last year, and the international class cosmetic hall in Sydney City continuing to grow strongly.

Customers have responded well to the addition of new national and international brands in Menswear, including DV by Davenport, Speedo underwear, Flinders Lane, and the expansion of Ben Sherman to an additional 21 locations.

Our men's youth offer was strengthened with the additions of Ambiguous, Heyzeus, James Marlon and the rollout of the Basement-Tee program.

The childrenswear category performed very well during the half and represents an exciting growth opportunity, driven by strong customer support for the fashionability and quality of our range of Exclusive Brands including Jack & Milly, Sprout, Tili, Milkshake and Origami.

Homewares saw the introduction of Alex Liddy, Moleskin, Catherine Manuelle, Victorinox, Lexon, and Brambles and Brown.

Myer Exclusive Brands turned in an excellent performance, driven by improvements in range and fashionability, as well as in-store presentation and visual merchandising. The strategic positioning of Myer Exclusive Brands alongside other brands has in many cases lifted the performance of the surrounding brands as customers react positively to broader range and choice in-store.

New Exclusive Brands introduced during the period include Innovare and Urban Soul in Fashion footwear, Surfrider in Mens swimwear and MVM, the first Exclusive Brand in Myer's Entertainment business. Two new inclusions to the Designers @ Myer range in womenswear were Maticovski Sweethearts and NF by Nicola Finetti. We also extended a number of strong performing Exclusive Brands to more stores and more categories, for example Collection Woman, Miss Shop La de Da, and Blaq Premium.

Importantly, our business is focussed on supporting our designers and brands with a significant depth of range of their product. During the half, we saw strong performances from national brands with which customers continue to identify such as Cue, Country Road and our plus size offering, TS14+.

Concession sales increased due to the inclusion of Sunglass Hut and Pandora prior to Christmas 2009. Customers are responding well to both concessions, particularly Sunglass Hut, which delivers a broad range of quality brands and specialist sales capability.

New stores and store refurbishment program

Myer's store expansion program, which will see the opening of 15 new Myer stores by 2014, is on track. These stores are all full-range, full-sized department stores and all are forecast to generate double the weighted average cost of capital in year two.

Indicative opening dates for signed new stores (first 12)

FY 2010	FY 2011	FY 2012	FY 2013
Top Ryde (NSW)	Robina (QLD) Mackay (QLD) Watergardens (VIC)	Townsville (QLD) Shell Harbour (NSW)	Mt Gravatt (QLD) Greenhills (NSW) Plenty Valley (VIC) Coomera (QLD) Woden (ACT) Tuggerah (NSW)

Our new store at Top Ryde (NSW) is due to open in July 2010, while construction at Robina (QLD) is well underway with the new store scheduled to open in October 2010. Construction of the new Myer stores at Mackay will commence in April 2010 and at Townsville in mid 2010. Negotiations for a further three stores are ongoing.

Our store refurbishment strategy is an investment in the future growth and performance of Myer. The program aims to optimise selling space in stores and at the same time reinforce the Myer brand proposition through innovative design and layout.

Following a total rebuild, Myer's flagship store in Bourke Street Melbourne, which turns 100 next year, will deliver circa 32,000m² (with an option for another 7,500m²) of selling space. The store is expected to attract up to half a million visitors each week and represents significant sales upside. The project is scheduled for a phased delivery during the second half of calendar 2010. Myer Melbourne customers have supported us during the rebuild and we look forward to rewarding them with a truly world-class department store.

Our visual merchandising refresh program, Project Batman, has now been rolled out across all stores except Canberra (where the refurbishment has begun). The consistent visual appeal of stores has been enhanced through lighting, store decor, brand emphasis, product positioning, and product adjacency.

We continue to work hard on enhancing and reinvigorating our store environment and future plans include additional merchandise fixtures; working with key vendors on in-store concept presentations; and an enhanced product and price perception strategy to appeal to different demographics.

The relocation of our support office to our new building at 800 Collins Street in Melbourne's Docklands is on track, with a move scheduled for March/April 2010. A total of 900 staff will move to this new support office including the merchandise, supply chain, finance, IT, human resources and store operations teams. For the first time our entire support office team will have a purpose built, state of the art office building.

Store operations

Over the last 3½ years, we have moved towards a more efficient and effective base in operations. The next phase is to reinforce and build upon both our service and selling based culture.

A number of initiatives are underway across our stores that are aimed at driving sales performance, improving customer service and lifting operational efficiency in-store. A series of 10 operational imperatives for stores ensures consistency of operational focus across the company and better enables

stores to develop and implement in-store strategy. These 10 imperatives are rigorously measured and managed to support a high performance culture in our stores.

Our price perception and value proposition is now clearer, so that customers can identify and compare prices more easily. We achieve this by successfully varying from store to store the emphasis given to brands, price points and discounts, depending on the store demographic and competitive environment. This strategy was particularly important in the context of challenging retail market conditions over the past twelve months.

Improving customer service continues to be a priority. During the half, we made considerable progress towards aligning store team member rosters to customer shopping patterns; with improved labour productivity and enhanced customer care results.

We continue to focus on building a service and selling culture amongst our store teams through a combination of development initiatives including skills training, product knowledge and selling skills programs, and incentives. As part of our drive to better incentivise exceptional sales performance, we have expanded our CEO High Performers Club, which recognises our top sales people.

Safety remains a key focus and we continue to make progress in reducing lost time incidents. This is reflective of a company wide focus on looking after our people through initiatives such as Safe Work Week, manual-handling training and safety team talks.

During the half we saw a marked improvement in shrinkage supported by the CCTV rollout and initiatives including Electronic Article Surveillance tags, fitting room controls, communication and compliance. The CCTV rollout is on target to be completed by mid 2010.

With an investment of c\$90 million, the rollout of the new Point-of-Sale system is on track to commence in mid 2010 and to be completed by December 2010. This program involves the installation of approximately 4,000 new Point-of-Sale registers. These have been designed specifically to meet Myer's business requirements and will significantly improve customer service, reduce transaction times and improve data accuracy.

Marketing and Loyalty

The **MYER one** loyalty program continues to provide the business with an invaluable sales, marketing and promotional tool. The program now has 3.4 million members, representing 66% of store sales. The quality of **MYER one** customer information continues to improve and we have increased the number of **MYER one** email addresses to 1.5 million over the past twelve months, an increase of 40% compared to last year. The **MYER one** program has recently expanded to include an affiliates program, offering customers even more opportunities to build points and gain rewards outside of Myer by spending in non competitive industries such as travel, floristry, accommodation, insurance and magazines. Notable affiliates supporting **MYER one** include Air New Zealand, Travelex, Crowne Plaza, Holiday Inn and MBF Health Insurance.

MYER one promotional events such as Double **MYER one** Points and the quarterly gift card catalogue mailer are invaluable tools to drive sales. For example, the largest quarterly distribution ever occurred in February 2010, with 583,000 members receiving \$16.3 million in gift cards. On average, **MYER one** members spend 3.3 times the value of the gift cards redeemed. Furthermore, over the past half we demonstrated our ability to effectively run new and innovative promotions such as our Secret Sale and designer pop-up shops, to gain cut through in a competitive market place.

Myer Visa has retained its Cannex ranking as the number one reward credit card in Australia and continues to work well in conjunction with our **MYER one** rewards program to engender customer loyalty.

In order to maximise its impact, our marketing now involves a higher level of integration and consistency between merchandise, creative, advertising, events and in-store visual merchandising.

Following the success of Project Bullseye last year we have launched Project Blue Sky this year, a collaborative campaign between Myer, our suppliers and our media partners to drive sales in the third quarter. Learnings taken from last year have enabled us to improve the program through for example, greater leverage of **MYER one** and more media activity.

The Myer.com.au website was refreshed during the period with the objective of providing quality content for customers to research our product offering online and drive traffic into stores. Website traffic grew by 59% since launch in August 2009 and internet sales of merchandise, hampers and gift cards have grown 33% on first half of FY2009. The Myer.com.au website is a finalist for the Australia Interactive Media Industry Association award.

Myer's long-term sponsorship of fashion and racing continues to provide a key competitive advantage and ensures that Myer is seen as the destination for racewear fashion. Along with long-term sponsorship agreements with the Victorian Racing Club and Melbourne Cup Carnival and the Sydney Turf Club, Myer now has formal arrangements with 21 local racing clubs across the country as naming rights sponsors of 'Myer Fashions on the Field'.

Myer continues its commitment to using theatre and entertainment to excite customers and drive traffic into stores. Myer expanded its traditional seasonal launch fashion parades featuring our Ambassador Jennifer Hawkins to additional stores. Myer is the home of in-store appearances, and over the past six months we have welcomed stars such as Cadel Evans, George Calombaris, Ian Hewitson, Glenn McGrath, Kate Ceberano, Eddie McGuire and the Australian Girls Choir in-store. Melbourne will soon host international chef Jamie Oliver and, later in the year, Socceroo Harry Kewell.

Jennifer Hawkins has re-committed as Myer's Brand Ambassador until 2013, while Rebecca Twigley, Laura Dundovic and Kris Smith continue to represent Myer in a multitude of events, shows and celebrity appearances.

This year, for the first time, Myer sponsored the G'DAY LA ball in Hollywood. Myer presented a fashion show starring Jennifer Hawkins, and used the event to promote our stable of Australian designers and our credentials as the home of the best fashion talent in the country.

Supply chain and IT

Our supply chain has been completely transformed over the past 3½ years and is today operating with world-class performance metrics. Since 2006, distribution centre operating costs have more than halved; we have improved in-store logistics by almost doubling the number of delivery points; we now have real time visibility of merchandise coming in from overseas; and we continue to benefit from a consistent reduction in international transit lead time to 24 days (down from 43 days in 2006).

Consolidation of our offshore supply base has seen us directly source the majority of Exclusive products through our own Myer supply chain over the last six months.

Out-of-stocks has reduced from an average of 8.7% in 1H09 to an average of 6.2% in 1H10. Improving store logistics by reducing handling and driving faster 'on show' of product remains a priority. Roll cages are now operating in most stores and some 85% of suppliers are now 'floor ready' compliant (up from 66% in September 2009). This has enabled a reduction in out-of-stocks, improved the allocation of stock between stores, improved aged stock management, and reduced clearance markdowns.

Ongoing investment in information technology continues to underpin operational efficiency gains across the business. A new merchandising system, MyMerch, is now well embedded in the business and delivering improved stock allocation. We are making good progress on the implementation of a new system to better manage in-store price ticketing of merchandise, as well as a new system aimed at

improving the management of the product development lifecycle to support the growth of Myer Exclusive Brands.

Myer's new Point-of-Sale system, which replaces our existing 24-year-old Point-of-Sale system, is scheduled to begin in mid 2010 and to be completed by December 2010. The new system, which has been designed, built and tested for Myer, is a centralised system providing real time information on markdowns, customer lay-bys and stock position. The new system will significantly improve our speed of service as well as reduce error rates and lost sales. Our continued rollout of the CCTV system is on track to be completed by mid 2010.

The majority of turnaround phase investment in our supply chain and IT infrastructure is complete, with the full benefits still to be realised. Rigorous cost management and continuous improvement in operational efficiency remain hallmarks of the new Myer, and we will continue to incrementally improve our operational efficiency as our focus shifts towards the growth phase objective of driving profitable top line sales.

Community

Our Local Area Marketing program is about connecting with the community at a grassroots level. During the first half of 2010, Myer Stores Community Fund donated \$168,000 to 65 store-nominated charities. Additional donations were made to Melbourne's Royal Children's Hospital, Sydney's Children's Hospital at Westmead and the Surf Life Saving Foundation. Additionally, Myer has an arrangement with the Olivia Newton-John Cancer & Wellness Centre to donate \$1 million over four years.

The annual Salvation Army Spirit of Christmas CD raised \$197,000 and over \$165,000 was raised for nominated charities from our Myer Christmas Wrap program. Other charities to receive donations include Movember, Jeans for Genes, CanTeen and Miracle Babies.

Myer also gives back to the community through its support of key events such as Vision Australia's Carols by Candlelight and Christmas Parades in Melbourne, Brisbane and Hobart. This year the Melbourne Christmas windows, now in their 54th year, received a record number of visitors, as did the Santaland Express, which has expanded to six locations.

Our in-store breast cancer-screening clinic, first introduced in our Parramatta store, has now expanded to four stores in NSW and we are looking at rolling this out into other states.

Outlook

We are now 44 months into the 50-month turnaround of the Myer business. Our focus during the turnaround phase has been to build a strong and flexible retail platform and establish the building blocks for long-term sustainable growth.

In the first half of FY10, sales grew 2% and EBIT increased by 11.9%. Net profit after tax increased by 38%. Whilst the sales trend in the first six weeks of the second half is ahead of the 2% growth reported in the first half 2010, we remain cautious about the outlook for the second half of FY10. We are entering a period during which we cycle the second and more significant Federal Government Stimulus package, further interest rate rises are widely anticipated, and the consumer remains wary. Against this backdrop, we anticipate sales in the second half of the year to be in the range of 0 to 2% and sales for the full year to be up 1 to 2%.

Given the strength of our EBIT performance in the first half of FY10, and the ongoing benefits we are leveraging from investments made during the turnaround phase, we remain confident of delivering our prospectus forecast for EBIT of \$261 million (up 10.7% on pcp).

As we transition from the turnaround phase into the growth phase, we are well positioned to drive ongoing top line growth. In FY11 we will benefit from the impact of two new stores in Top Ryde (July)

and Robina (October); the part period impact of a significant uplift in sales from our new Myer Melbourne store; customer service benefits from our new Point-of-Sale system; and the continued benefits of our store refurbishment program.

Full Year 2010 Outlook Summary:

		Percentage Change vs. FY09
Sales	\$3,293 - \$3,326 million	+1% to +2%
EBIT (Prospectus)	\$261 million	+10.7%
NPAT (Prospectus)	\$160 million	+47%
Basic EPS*	27.5 cents	
Dividend range	20.5 - 21.2 cents	

* Based on current shares on issue (581.5 million)

For further information please contact:

Myer:

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This release includes “forward-looking statements” within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Myer, and its officers, employees, agents or associate. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and Myer assumes no obligation to update such information.

Where statements and numbers that reference the prospectus were not specifically disclosed in the prospectus, they are derived from the calculations that supported the numbers that were disclosed.

APPENDIX 4D
 INTERIM FINANCIAL REPORT

MYER HOLDINGS LIMITED INTERIM FINANCIAL REPORT

ABN 14 119 085 602	Current Reporting Period:	26 Weeks ended 23 January 2010
	Previous Corresponding Period:	26 Weeks ended 24 January 2009

Results For Announcement to the Market

			\$A'000
Total Sales Value from ordinary activities	Up	2.0% to	1,796,753
Profit from ordinary activities after tax attributable to members, before one-off IPO transaction costs	Up	38.0% to	114,838
Net profit attributable to members after one-off IPO transaction costs	Down	(74.4%) to	21,297

Dividends - Ordinary Shares	Amount per security	Franked amount per security
2010 Interim dividend declared 11 March 2010 (payable 6 May 2010)	10.5 cents	10.5 cents
2009 Final dividend	N/A	N/A
Previous corresponding period		
2009 Interim dividend	N/A	N/A
2008 Final dividend	N/A	N/A

Record date for determining entitlements to the interim dividend

25 March 2010

For a brief explanation of the figures above please refer to the Announcement on the results for the half-year ended 23 January 2010. The comments should be read in conjunction with the details and explanations provided herewith.

Net Tangible Asset Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	(\$0.21)	(\$1.42)

The attached 23 January 2010 Half year Financial Report of Myer Holdings Limited and its Controlled Entities has been subject to review.

Myer Holdings Limited

Interim report

ABN 14 119 085 602

for the half year ended 23 January 2010

Myer Holdings Limited ABN 14 119 085 602
Interim report – 23 January 2010

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 25 July 2009 and any public announcements made by Myer Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' report

Your directors present their report on the consolidated entity consisting of Myer Holdings Limited and the entities it controlled at the end of, or during, the half year ended 23 January 2010.

Directors

The following persons were directors of Myer Holdings Limited during the whole of the half year and up to the date of this report:

Howard McDonald
 Bernard Brookes
 Rupert Myer
 Tom Flood

Anne Brennan was appointed a director on 16 September 2009 and continues in office at the date of this report. Peter Hay was appointed a director on 3rd February 2010 and continues in office at the date of this report. Dan Carroll, Gary Kusin, Paul Chen, Steven Schneider and Richard Blum were directors from the beginning of the financial year until their resignation on 27 September 2009. William Wavish was a director from the beginning of the financial year until his resignation on 4 August 2009.

Review of operations

A summary of the Group's profit for the period is set out below.

	Half-year 2010 \$'000	2009 \$'000
Total Sales Value (excluding GST)	1,796,753	1,761,880
Concession Sales	(233,890)	(221,295)
Revenue from sale of goods (excluding GST)	1,562,863	1,540,585
Sales revenue deferred under customer loyalty programme	(27,225)	(22,937)
Net revenue from sale of goods (excluding GST)	1,535,638	1,517,648
Other operating revenue	53,574	49,864
Cost of goods sold	(905,961)	(884,022)
Other income	28,760	31,240
Operating Gross Profit	712,011	714,730
Selling expenses	(370,313)	(382,298)
Administration expenses	(161,162)	(171,133)
Earnings before interest and tax	180,536	161,299
Net finance costs	(24,543)	(43,266)
Profit before income tax expense	155,993	118,033
Income tax expense	(41,155)	(34,835)
Profit for the half-year	114,838	83,198
Initial Public Offering (IPO) transaction Costs and other non-recurring IPO related charges (after tax)	(93,541)	-
Profit for the half-year after non-recurring Initial Public Offering (IPO) transaction Costs	21,297	83,198

Review of Operations

Comments on the operations and the results of those operations are set out in the attached company announcement.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Rounding of amounts

The company has taken advantage of Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.



Howard McDonald
Chairman
Melbourne
11 March 2010

PricewaterhouseCoopers
ABN 52 780 433 757


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Auditor's Independence Declaration

As lead auditor for the review of Myer Holdings Limited for the half year ended 23 January 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Myer Holdings Limited and the entities it controlled during the period.



Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
11 March 2010

Myer Holdings Limited
Consolidated statement of comprehensive income
For the half year ended 23 January 2010

	Notes	Half-year	
		2010 \$'000	2009 \$'000
Total Sales Value (excluding GST)		1,796,753	1,761,880
Concession Sales		(233,890)	(221,295)
Revenue from sale of goods (excluding GST)		1,562,863	1,540,585
Sales revenue deferred under customer loyalty programme		(27,225)	(22,937)
Net revenue from sale of goods (excluding GST)		1,535,638	1,517,648
Other operating revenue (excluding finance revenue)		53,574	49,864
Cost of goods sold		(905,961)	(884,022)
Other income		28,760	31,240
Operating Gross Profit		712,011	714,730
Selling expenses		(370,313)	(382,298)
Administration expenses		(161,162)	(171,133)
Earnings before interest and tax		180,536	161,299
Finance revenue		1,627	3,344
Finance costs		(26,170)	(46,610)
Net finance costs		(24,543)	(43,266)
Profit before income tax		155,993	118,033
Income tax expense		(41,155)	(34,835)
Profit for the half-year	3	114,838	83,198
Initial Public Offering (IPO) transaction Costs and other non-recurring IPO related charges (after tax)	3	(93,541)	-
Profit for the half-year after non-recurring Initial Public Offering (IPO) transaction Costs		21,297	83,198
Other comprehensive income			
Changes in the fair value of cash flow hedges		6,016	(48,901)
Non-recurring IPO related transfers to profit and loss		28,917	-
Income tax relating to components of other comprehensive income		(10,480)	14,670
Other comprehensive income for the half-year, net of tax		24,453	(34,231)
Total comprehensive income for the half-year		45,750	48,967
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share		4.1	18.2
Diluted earnings per share		4.1	17.5

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Myer Holdings Limited
Consolidated statement of financial position
As at 23 January 2010

	23-Jan-10 \$'000	25-Jul-09 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	144,418	184,773
Trade and other receivables	30,523	32,897
Inventories	350,603	355,572
Derivative financial instruments	-	-
Current tax assets	17,985	-
	543,529	573,242
Non-current assets classified as held for sale	28,544	28,544
Total current assets	572,073	601,786
Non current assets		
Other financial assets	6,004	7,635
Derivative financial instruments	1,232	-
Property, plant and equipment	393,483	371,699
Deferred tax assets	79,502	91,200
Intangible assets	912,484	908,862
Other	4,990	5,593
Total non current assets	1,397,695	1,384,989
Total assets	1,969,768	1,986,775
LIABILITIES		
Current liabilities		
Trade and other payables	468,547	467,700
Derivative financial instruments	6,360	10,406
Current tax liabilities	-	6,953
Provisions	96,766	106,303
Borrowings	-	-
Other	2,396	2,853
Total current liabilities	574,069	594,215
Non current liabilities		
Borrowings	418,790	879,005
Derivative financial instruments	-	22,482
Deferred tax liabilities	-	-
Provisions	65,056	69,395
Deferred income	42,308	38,852
Other	795	2,704
Total non current liabilities	526,949	1,012,438
Total liabilities	1,101,018	1,606,653
Net assets	868,750	380,122
EQUITY		
Contributed equity	517,690	84,946
Retained profits/(losses)	335,743	314,446
Reserves	15,317	(19,270)
Total equity	868,750	382,122

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Myer Holdings Limited
Consolidated statement of changes in equity
For the half year ended 23 January 2010

	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 27 July 2008	84,872	4,390	207,825	297,087
Profit for the year	-	-	83,198	83,198
Cash flow hedges	-	(48,901)	-	(48,901)
Actuarial (losses)/gains on retirement benefit obligation	-	-	-	-
Income tax relating to components of other comprehensive income	-	14,670	-	14,670
Total comprehensive income for the half-year	-	(34,231)	83,198	48,967
Transactions with owners in their capacity as owners:				-
Contributions of equity, net of transaction costs	73	-	-	73
Dividends provided for or paid	-	-	-	-
Employee share options -value of employee services	-	1,050	-	1,050
Employee share scheme	-	-	-	-
	73	1,050	-	1,123
Balance as at 28 January 2009	84,945	(28,791)	291,023	347,177
Balance as at 25 July 2009	84,946	(19,270)	314,446	380,122
Profit for the year	-	-	21,297	21,297
Cash flow hedges	-	6,016	-	6,016
Non-recurring IPO related transfers to profit and loss	-	28,917	-	28,917
Actuarial (losses)/gains on retirement benefit obligation	-	-	-	-
Income tax relating to components of other comprehensive income	-	(10,480)	-	(10,480)
Total comprehensive income for the half-year	-	24,453	21,297	45,750
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	432,744	-	-	432,744
Dividends provided for or paid	-	-	-	-
Employee share options - value of employee services	-	1,849	-	1,849
Tax credit relating to Employee share scheme	-	8,285	-	8,285
	432,744	10,134	-	442,878
Balance as at 23 January 2010	517,690	15,317	335,743	868,750

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Myer Holdings Limited
Consolidated statement of cash flows
For the half year ended 23 January 2010

	Half-year	
	2010 \$'000	2009 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,768,435	1,744,563
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(1,570,332)</u>	<u>(1,539,318)</u>
	198,103	205,245
Other revenue	29,720	31,076
Interest paid	(41,699)	(40,771)
Tax Paid	<u>(14,993)</u>	<u>(44,856)</u>
Net cash inflow from operating activities	<u>171,131</u>	<u>150,694</u>
Cash flows from investing activities		
Return of capital received from investment	1,196	800
Payments for property, plant and equipment	(57,987)	(81,548)
Payments for intangible assets	(10,833)	(10,948)
Lease incentives received	5,500	22,000
Interest received	1,653	2,985
Net cash (outflow) inflow from investing activities	<u>(60,471)</u>	<u>(66,711)</u>
Cash flows from financing activities		
Proceeds from borrowings	418,225	-
Repayment of borrowings	(645,000)	-
Repayment of Myer Notes	(139,052)	-
Repayment of related party loan	-	(613)
Repayments of employee share loans	1,570	482
Proceeds from the issue of shares	314,371	643
Non-recurring finance costs associated with Initial Public Offering	(22,526)	-
Payments of costs of Initial Public Offering	<u>(78,603)</u>	<u>-</u>
Net cash inflow (outflow) from financing activities	<u>(151,015)</u>	<u>512</u>
Net increase/(decrease) in cash and cash equivalents	(40,355)	84,495
Cash and cash equivalents at the beginning of the half-year	184,773	139,155
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of the half-year	<u>144,418</u>	<u>223,650</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation of half year report

This general purpose financial report for the interim half year reporting period ended 23 January 2010 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 25 July 2009 and any public announcements made by Myer Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, with the exception of those noted below.

Changes in accounting policy

Myer Holdings Limited was required to change some of its accounting policies as the result of new or revised accounting standards which became operative for the annual reporting period commencing on 26 July 2009.

The affected policies and standards are:

- Segments - new AASB 8 Operating Segments

Segment reporting

The Group has applied AASB 8 Operating Segments from 26 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

2 Segment information

Management has determined operating segments based on the structure of reports reviewed by the management board that are used in the strategic decision making process. The management board currently consists of the chief executive officer and management team. The management board considers the business from both a product and a geographic perspective and has identified that the Group operates in one business segment, retail, and one geographical segment, Australia.

3 Profit for the half-year

	2010	2009
	\$'000	\$'000

Profit for the half-year includes the following items that are unusual because of their nature, size or incidence.

Expenses

Expenses incurred in relation to the Initial Public Offering of shares in the company, classified as:

- Administration expenses	74,082	-
- Net Finance Costs	56,785	-
Total expenses incurred in relation to the Initial Public Offering of shares in the company	130,867	-
Less: Applicable income tax benefit	(37,326)	-
	93,541	-

On 2 November 2009, the company was listed on the Australian Stock Exchange (ASX). This process combined with the Initial Public Offer of shares in the company, resulted in the company incurring significant one-off expenses during the current period that do not form part of the ongoing operations of the business. Costs categorised as Administration expenses represent costs incurred in executing the float process (\$66.1m, comprising advisors fees, registry fees, prospectus costs, offer advertising costs, etc), as well as internal costs including an expense on the issue of gift shares to employees at listing (\$6.3m) and the current period charge to the income statement in relation to retention bonuses payable to key staff (\$2.0m). IPO transaction costs have been capitalised against share capital to the extent that they relate to the raising of new equity. Costs categorised as net finance costs represent the expense recognised on cancellation of interest rate swaps at refinancing, the write-off of capitalised borrowing costs related to refinanced debt, and the recognition of the discount/premium on exchange/redemption of Myer Notes.

4 Equity securities issued

	2010	2009	2010	2009
	Shares	Shares	\$'000	\$'000
Opening balance	457,769,439	454,190,664	84,946	84,872
Ordinary shares issued under Initial Public Offering	76,387,581	-	313,189	-
Ordinary shares issued under Myer Notes exchange	29,852,728	-	122,396	-
Ordinary shares issued under employee gift offer	1,449,888	-	5,945	-
Options exercised at \$0.01 per ordinary share during the period	5,211,113	3,385,110	52	34
Options exercised at \$1.27 per ordinary share during the period	513,333	30,555	652	39
Shares issued to Employee Share Scheme Trust at market value during the period	10,333,802	-	36,750	-
	581,517,884	457,606,329	563,930	84,945
Less: Transaction costs arising on share issue net of tax	-	-	(9,968)	-
	581,517,884	457,606,329	553,962	84,945
Treasury shares				
Opening balance	-	-	-	-
Shares issued to Employee Share Scheme Trust	(10,333,802)	-	(36,750)	-
Shares allocated on exercise of options at \$0.01 during the period	9,528,438	-	95	-
Shares allocated on exercise of options at \$1.27 during the period	301,549	-	383	-
Closing balance of Treasury shares	(503,815)	-	(36,272)	-
Closing balance	581,014,069	457,606,329	517,690	84,945

5 Subsequent events

Subsequent to 23 January 2010, the Directors have declared an interim dividend of 10.5 cents per share, franked to 100% at the 30% corporate income tax rate, payable on 6 May 2010. The record date for this dividend is 25 March 2010.

The financial effect of the interim ordinary dividend for 2009 has not been recognised in the Interim Financial Statements for the half year ended 23 January 2010 and will be recognised in subsequent Financial Statements.

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 10 are in accordance with the Corporations Act 2001, including:

- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 23 January 2010 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date; and

(b) there are reasonable grounds to believe that Myer Holdings 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.



Howard McDonald
Chairman
Melbourne
11 March 2010

Independent auditor's review report to the members of Myer Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of Myer Holdings Limited, which comprise the statement of financial position as at 23 January 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Myer Holdings Limited Group (the consolidated entity). The consolidated entity comprises both Myer Holdings Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 23 January 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Myer Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent auditor's review report to the members of Myer Holdings Limited (continued)

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.

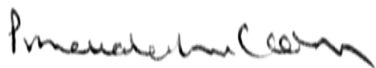
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

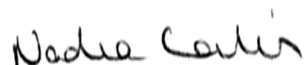
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Myer Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 23 January 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Nadia Carlin
Partner

11 March 2010