

COUNTRY ROAD

19 FEBRUARY 2009

STATEMENT TO THE AUSTRALIAN STOCK EXCHANGE

AUDITED RESULTS FOR THE HALF YEAR ENDING 31 DECEMBER 2008

Country Road today announced an 82.4% increase in profit before tax from \$8.0m last year to \$14.6m for the half year ending 31 December 2008. The Directors announced a fully franked interim dividend of 5.19 cents per share, representing 56.8% growth on last year.

Financial Performance Summary	1H 08/09 \$m	1H 07/08 \$m		△ \$m	△ %
Profit before tax (PBT)	14.6	8.0	↑	6.6	82.4%
Profit after tax (PAT)	10.3	5.6	↑	4.7	84.0%
Total Sales	174.8	145.6	↑	29.2	20.0%
Total Retail sales	130.0	110.0	↑	20.0	18.2%
Total Concession sales	41.8	35.6	↑	6.2	17.1%
Total Wholesale sales	3.0	-	↑	3.0	-

Against the corresponding period last year, key factors underlying the strong performance were:

- Profit before tax up 82.4% to \$14.6m, and profit after tax up 84.0% to \$10.3m;
- Total sales up 20.0%;
- Total Retail sales up 18.2%, with comparable like-for-like store sales up 12.8%;
- Total Concession sales up 17.1%, with comparable like-for-like store sales up 11.1%;
- Reduced promotional activity with higher margins achieved in both retail and concession outlets; and expenses well controlled;
- Wholesale sales of \$3.0m attributable to the Country Road trial in South Africa; and
- Net increase in cash for the half of \$9.7m to \$31.6m.

“This is a very pleasing performance given the slowdown in domestic retail conditions and increased competition for sales during the half,” said Chief Executive Officer, Ian Moir. “Our focus on delivering great merchandise representing exceptional value has been well received by our customers. We continued our capital investment program opening three new stores during the half at Westfield Chatswood (NSW), Sunshine Plaza (Maroochydore, QLD) and Woden (ACT), and completed significant expansions and refits to our Doncaster, Chadstone and Geelong stores in Victoria. All stores are trading well and all projects were funded from operating cash flows.”

Mr Moir re-emphasised that the immediate economic outlook remained uncertain. “Given the widely held view that the domestic economy is yet to experience the full impact of the global economic slowdown, we remain cautious about growth prospects in calendar 2009. However, our business is now better equipped to negotiate a further slowdown in domestic retail conditions, and we are excited about the prospect of launching our Trenery brand later this year.”

For further information, please contact:

John Gillman
commr - communications and public relations
0419 995 552

Appendix 4D Half-Year Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Country Road Limited

ABN

78 006 759 182

Half Year Ended

31 December 2008**For Announcement to the Market**

Operating Results		\$'000	
Revenues from sale of goods	up	20.0% to	174,789
Total revenues	up	19.9% to	176,668
Profit before interest and tax	up	80.6% to	14,656
Profit before tax	up	82.4% to	14,610
Profit after tax attributable to members	up	84.0% to	10,258
Dividends and Distributions		Amount per security	Franked amount per security
Interim dividend		5.19c	Fully franked
Previous corresponding period		3.31c	Fully franked
Record date for determining entitlements to the dividend		4 March 2009	
Other Disclosures		Consolidated Current Period	Consolidated Previous Corresponding Period
Net tangible asset backing per ordinary security		\$1.17	\$0.85
Weighted average number of ordinary shares outstanding		69,056,822	69,056,822
There were no entities over which control was gained or lost during the period.			
No interest is held in any joint ventures or entities over which the consolidated entity has significant influence.			

This half yearly report should be read in conjunction with the most recent annual financial report.

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2008.

DIRECTORS

The Directors of Country Road Limited in office during the half-year and at the date of this report are as follows:

Glenn Gilzean
Ian Moir
Simon Susman
Norman Thomson

REVIEW AND RESULTS OF OPERATIONS

The first half of the 2009 financial year was dominated by the deteriorating global economic conditions and declining consumer sentiment in the domestic retail sector. Despite the slowdown and difficult retail conditions, we increased total sales by 20.0% on the corresponding period last year, and increased profit before tax by 82.4% to \$14,610,000 (2007: \$8,009,000). Our customers have responded well to our focus on providing great merchandise that represents exceptional value, and we remain determined to further improve our value proposition for our customers.

We delivered double-digit sales growth and improved gross margins in both our retail stores and in our concession outlets within Myer and David Jones. We continued to control our expense base and manage our inventory levels closely. This focus will continue in the second half of this financial year as we remain cognisant of the widely held view that the domestic economy is yet to experience the full impact of the global economic slowdown.

The group further strengthened its operating cash flow position during the half year, with a net increase in cash of \$9,739,000 to \$31,586,000 at balance date. This was after investing over \$13 million in capital programs during the half, which included three new stores at Westfield Chatswood (NSW), Sunshine Plaza (Maroochydore, Queensland) and Woden (ACT), and significant expansions and refurbishments at our Doncaster, Chadstone and Geelong stores in Victoria. We also continued to invest in our systems and in our people.

The Directors are pleased to announce an interim dividend of 5.19 cents per fully paid ordinary share, fully franked. This represents 56.8% growth on last year's interim dividend of 3.31 cents per share. The record date for determining entitlement is 4 March 2009, with a scheduled payment date of 16 March 2009.

The Company announced to the ASX on 5 February 2009 that it would be launching Trenergy, a new label designed for 40+ men and women. 16 stores are scheduled for launch in South Africa and 3 stores in Australia over August and September in the next financial year. Whilst start up costs will be incurred this financial year predominantly in the second half, the Directors do not believe these costs will have a material impact on profitability for the full year.

Given the global economic slowdown and the likelihood that the full impact on the domestic retail economy is yet to be experienced, the Directors remain cautious about growth prospects in calendar 2009. However, we believe our business is now better equipped to negotiate a slowdown in domestic retail conditions than it previously has been.


ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$'000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors Ernst & Young which is attached to this report.

Signed in accordance with a resolution of the Directors.



IAN MOIR
Director, Chief Executive Officer
Melbourne, 18 February 2009

Auditor's Independence Declaration to the Directors of Country Road Limited

In relation to our review of the financial report of Country Road Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Glenn Carmody
Partner
18 February 2009

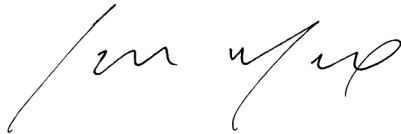
Directors' Declaration

In accordance with a resolution of the Directors of Country Road Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, and:
 - (i) give a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134: 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Ian Moir', written in a cursive style.

IAN MOIR

Director, Chief Executive Officer

Melbourne, 18 February 2009

Income Statement**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Notes	Consolidated	
		2008 \$'000	2007 \$'000
Total revenues	2	176,668	147,366
Cost of sales		(72,238)	(60,950)
Gross profit		104,430	86,416
Employment expenses		(42,394)	(33,401)
Occupancy expenses		(29,873)	(27,867)
Depreciation expenses	2	(3,982)	(4,499)
Marketing expenses		(5,353)	(5,457)
Other expenses		(8,172)	(7,078)
		(89,774)	(78,302)
Profit before finance expenses and income tax expense		14,656	8,114
Finance expenses	2	(46)	(105)
Profit before income tax expense		14,610	8,009
Income tax expense		(4,352)	(2,435)
Net profit for the period		10,258	5,574
Basic earnings per share (cents per share)		14.85c	8.07c
Diluted earnings per share (cents per share)		14.85c	8.07c

Balance Sheet**AS AT 31 DECEMBER 2008**

	Note	Consolidated	
		As at 31 December 2008 \$'000	As at 30 June 2008 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		31,586	21,791
Trade and other receivables		5,163	3,849
Inventories		34,079	28,553
Prepayments		1,068	1,018
Derivative financial instruments		12,356	9
Total current assets		84,252	55,220
NON-CURRENT ASSETS			
Receivables		32	39
Plant and equipment		42,305	33,224
Intangible assets		11,254	11,189
Deferred tax assets		8,739	8,728
Prepayments		138	112
Total non-current assets		62,468	53,292
TOTAL ASSETS		146,720	108,512
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		35,868	22,665
Income tax payable		5,303	3,917
Provisions		10,266	4,690
Derivative financial instruments		10	3,337
Total current liabilities		51,447	34,609
NON-CURRENT LIABILITIES			
Provisions		3,531	3,914
Total non-current liabilities		3,531	3,914
TOTAL LIABILITIES		54,978	38,523
NET ASSETS		91,742	69,989
EQUITY			
Issued capital		74,087	74,087
Reserves	4	11,695	(3,254)
Accumulated profits/(losses)		5,960	(844)
Total equity		91,742	69,989

Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated	
	2008	2007
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	192,539	161,028
Payments to suppliers and employees	(163,897)	(148,384)
Rental income receipts	730	674
Other revenue	157	171
Interest received	370	220
Interest and other costs of financing paid	(46)	(106)
Income taxes and withholding taxes paid	(3,962)	(111)
Net cash flows from operating activities	25,891	13,492
Cash flows from investing activities		
Payments for acquisition of plant and equipment	(13,035)	(9,055)
Proceeds from sale of plant and equipment	336	-
Net cash flows used in investing activities	(12,699)	(9,055)
Cash flows from financing activities		
Dividends paid	(3,453)	(5,000)
Net cash flows used in financing activities	(3,453)	(5,000)
Net increase (decrease) in cash and cash equivalents	9,739	(563)
Add cash and cash equivalents at 30 June	21,791	19,250
Effect of exchange rate changes on opening balance	56	(18)
Cash and cash equivalents at end of period	31,586	18,669

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated	
	2008	2007
	\$'000	\$'000
Total equity at beginning of period	69,989	69,003
Changes in the fair value recognition of cash flow hedges (net of tax)	14,674	1,314
Exchange differences on translation of foreign operations (net of tax)	274	(139)
Net income (expense) recognised directly in equity	14,948	1,175
Net profit for the period	10,258	5,574
Dividends determined	(3,453)	(5,000)
Total recognised income (expense) for the period	21,753	1,749
Total equity at end of period	91,742	70,752

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The condensed interim consolidated financial report (the half year financial report) comprise the financial statements of Country Road Limited (the Company) and its subsidiaries (the Group) for the half year ended 31 December 2008.

The half year financial report was authorised for issue in accordance with a resolution of the Directors on 18 February 2009.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Country Road Limited as at 30 June 2008, which was prepared based on Australian Accounting Standards which include International Financial Reporting Standards (IFRS).

It is also recommended that the half-year financial report be considered together with any public announcements made by Country Road Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

(a) Basis of accounting

The general purpose condensed financial report for the half year ended 31 December 2008 has been prepared in accordance with AASB 134: 'Interim Financial Reporting' and the Corporations Act 2001.

The half-year financial report has been prepared on a historical cost basis, except for derivative financial instruments, which are measured at fair value. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

In preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year consolidated financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2008.

Notes to the Half-Year Financial Statements (continued)**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

		Consolidated	
		2008	2007
		\$'000	\$'000
2 REVENUES AND EXPENSES			
(a) Revenue			
<i>Sales revenue</i>			
Sale of goods		174,789	145,632
Royalties and license fees		595	491
		175,384	146,123
<i>Other revenue</i>			
Tender forfeits		157	171
Rent revenue		730	674
Interest revenue		370	220
Other		27	178
		176,668	147,366
(b) Expenses			
Depreciation expense		3,982	4,499
Total depreciation expense		3,982	4,499
Interest expense		13	58
Facility fees		33	47
Total financing expenses		46	105
3 DIVIDENDS			
(a) Dividends paid			
Final fully franked dividend for 2008 at 5.00 cents per share (2007: 7.24 cents)		3,453	5,000
(b) Dividends not recognised at balance date			
After balance date, the Directors announced an interim dividend of 5.19 cents per fully paid ordinary share (2007: 3.31 cents) fully franked based on tax paid at 30%. The aggregate amount of the dividend scheduled to be paid on 16 March 2009 out of profits earned in respect of the financial year ending 30 June 2009, but not recognised as a liability at balance date, is		3,584	2,286

Notes to the Half-Year Financial Statements (continued)**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Consolidated	
	2008	2007
	\$'000	\$'000
4 RESERVES		
Exchange differences on translation of foreign operations	(654)	(358)
Hedging reserve - cash flow hedges	12,349	(233)
	11,695	(591)
Exchange differences on translation of foreign operations		
Balance at beginning of period	(927)	(218)
Exchange differences on translation of foreign operations during period	274	(140)
Balance at end of period	(653)	(358)
Hedging reserve - cash flow hedges		
Balance at beginning of period	(2,327)	(1,548)
Revaluation - net of tax	14,675	1,315
Balance at end of period	12,348	(233)
5 ISSUED CAPITAL		
<i>Ordinary shares</i>	31 December	30 June
	2008	2008
Issued and fully paid	69,056,822	69,056,822
6 SUBSEQUENT EVENTS		
There are no subsequent events after balance date that affect the operating results or financial position of the Company and its controlled entities.		

Notes to the Half-Year Financial Statements (continued)**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008****7 SEGMENT INFORMATION****(a) Geographical segments**

The Group's primary segment reporting format is geographical segments as the Group's risks and rates of return are affected predominantly by external economic factors and consumer behaviours exclusive to those segments.

	Consolidated			Consolidated		
	2008		2008 Total \$000's	2007		2007 Total \$000's
	2008 Australia \$000's	New Zealand \$000's		2007 Australia \$000's	New Zealand \$000's	
Revenue						
Sales to external customers	161,244	13,545	174,789	132,752	12,880	145,632
Inter-segment sales	5,330	-	5,330	5,589	-	5,589
Other revenues	1,433	76	1,509	1,493	21	1,514
Total segment revenue	<u>168,007</u>	<u>13,621</u>	<u>181,628</u>	<u>139,834</u>	<u>12,901</u>	<u>152,735</u>
Inter-segment elimination			(5,330)			(5,589)
Non-segment revenues						
Interest revenue			370			220
Total consolidated revenue			<u>176,668</u>			<u>147,366</u>
Result						
Segment result	13,902	671	14,573	7,671	322	7,993
Unallocated expenses			83			121
Profit before tax and finance expenses			14,656			8,114
Finance expenses			(46)			(105)
Profit before tax			14,610			8,009
Income tax (expense) benefit			(4,352)			(2,435)
Net profit for the year			<u>10,258</u>			<u>5,574</u>
Assets and liabilities						
Segment assets	117,674	5,436	123,110	91,228	7,000	98,228
Unallocated assets			23,610			11,574
Total assets			<u>146,720</u>			<u>109,802</u>
Segment liabilities	53,271	1,697	54,968	36,522	1,646	38,168
Unallocated liabilities			10			882
Total liabilities			<u>54,978</u>			<u>39,050</u>
Other segment information						
Capital expenditure	13,100	17	13,117	8,081	738	8,819
Depreciation and amortisation	3,643	339	3,982	4,176	323	4,499

Notes to the Half-Year Financial Statements (continued)**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008****7 SEGMENT INFORMATION (continued)****(b) Business segments**

The Group's business segments are determined based on the size, nature and other unique characteristics associated with the direct customer.

	Consolidated			Total \$000's
	Retail Stand-alone Stores \$000's	Retail Department Stores \$000's	Wholesale \$000's	
2008				
Revenue				
Sales to external customers	130,048	41,770	2,971	174,789
Tender forfeits	157	-	-	157
Segment revenue	<u>130,205</u>	<u>41,770</u>	<u>2,971</u>	<u>174,946</u>
Other segment information				
Segment assets	43,779	11,816	-	55,595
Unallocated assets				<u>91,125</u>
Total assets				<u>146,720</u>
Capital expenditure	8,779	780	-	9,559
2007				
Revenue				
Sales to external customers	109,991	35,681	(40)	145,632
Tender forfeits	171	-	-	171
Segment revenue	<u>110,162</u>	<u>35,681</u>	<u>(40)</u>	<u>145,803</u>
Other segment information				
Segment assets	39,176	12,059	-	51,235
Unallocated assets				<u>58,567</u>
Total assets				<u>109,802</u>
Capital expenditure	6,732	1,630	-	8,362

To the members of Country Road Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Country Road Limited (the company), which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration, of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the 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), the *Corporations Act 2001* and the ASX Listing Rules as they relate to Appendix 4D. This responsibility includes establishing and maintaining internal controls 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 31 December 2008 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*, other mandatory financial reporting requirements in Australia and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of Country Road Limited and the entities it controlled during the half-year, 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. 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 Country Road Limited is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) the ASX Listing Rules as they relate to Appendix 4D.



Ernst & Young



Glenn Carmody
Partner
Melbourne
18 February 2009