

# COUNTRY ROAD

18 FEBRUARY 2010

## STATEMENT TO THE AUSTRALIAN STOCK EXCHANGE

### AUDITED RESULTS FOR THE HALF ENDING 31 DECEMBER 2009

Country Road today announced a profit after tax for the half ending 31 December 2009 of \$9.0m, down 12.2% against the corresponding period last year. Country Road also announced a interim dividend of 5.19 cents per share fully franked payable on 17 March 2010.

Financial Performance Summary	1H10 \$m	1H09 \$m	Δ%
Total Revenue	202.2	176.7	↑ 14.4%
Total Sales	196.8	174.8	↑ 12.6%
Total Retail sales	153.4	130.0	↑ 18.0%
Total Concession sales	44.1	41.8	↑ 5.5%
Total Wholesale sales	(0.7)	3.0	N/A
Profit Before Tax (PBT)	13.0	14.6	↓ 11.2%
Profit After Tax (PAT)	9.0	10.3	↓ 12.2%

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

- Total revenue growth of 14.4%;
- Total sales increase of 12.6%;
- Total retail sales up 18.0%, inclusive of new brand Trenergy, with comparable Country Road like-for-like sales up 4.5%;
- Total concession sales up 5.5%, with comparable like for like store sales up 5.1%;
- The competitive market-place combined with a weaker forward hedged foreign currency position resulted in lower margins being achieved than the corresponding period last year;
- Wholesale sales in prior year were attributed to Country Road South Africa which has now moved toward a more optimal structure, with earnings from this segment now reflected in Total Revenues;
- Significant start up cost was incurred during the first 6 months for the new Trenergy brand launched in Australia on 3 September 2009;
- Expenses were well controlled; and
- Profit before tax of \$13.0m was down 11.2% on prior year of \$14.6m.

“The current economic climate has created a more competitive and promotionally driven market in Australia” says Acting Chief Executive Officer Glenn Gilzean. “We have been pleased with our top line growth in all channels despite the challenging trading conditions and understand the short term decline in our bottom line is largely attributable to the start up costs of our new brand Trenergy. We have continued to grow our stores opening 10 new stores in the half, 4 Country Road and 6 Trenergy, as well as significantly expanding 3 existing Country Road stores.”

Mr Gilzean emphasised that the immediate economic outlook remained uncertain. “Given recent interest rate rises and the impending anniversary of government stimulus payments we remain cautious about growth prospects in calendar 2010. However, our business remains well equipped to negotiate current and future economic and retail conditions”.

#### For further information, please contact:

Glenn Gilzean  
Chief Executive Officer (Acting)  
Country Road Limited  
(03) 9267 1400

**Appendix 4D Half-Year Report**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

**Country Road Limited**

ABN

**78 006 759 182**

Half Year Ended

**31 December 2009****For Announcement to the Market**

<b>Operating Results</b>		<b>\$'000</b>	
Revenues from sale of goods	up	12.6% to	196,760
Total revenues	up	14.4% to	202,164
Profit before interest and tax	down	10.0% to	13,184
Profit before tax	down	11.2% to	12,976
Profit after tax attributable to members	down	12.2% to	9,008
<b>Dividends and Distributions</b>		Amount per security	Franked amount per security
Interim dividend		5.19c	Fully franked
Previous corresponding period		5.19c	Fully franked
Record date for determining entitlements to the dividend		<b>3 March 2010</b>	
<b>Other Disclosures</b>		Consolidated Current Period	Consolidated Previous Corresponding Period
Net tangible asset backing per ordinary security		\$0.97	\$0.92
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 year 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 2009.

### 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  
Sophie Holt (appointed 1 January 2010)

### REVIEW AND RESULTS OF OPERATIONS

The first half of the 2010 financial year saw a continuation of global economic uncertainty creating intense local competition in the retail market. As a result Australian retailers turned to discounting in order to drive sales. Despite the pressured conditions, we grew sales by 12.6% on the corresponding year and launched our new brand, Trenerly.

Our customers have continued their loyalty and we have grown our customer base through opening and expanding Country Road stores and launching Trenerly. Customers are responding well to the merchandise offer of both brands and we continue our commitment to fashionability, quality, great customer value and delivering returns to security holders.

Although we delivered double-digit sales growth in our retail stores, the concession businesses in David Jones and Myer were more challenged achieving modest single digit growth. 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.

We invested over \$13 million in capital programs during the half, which included four new Country Road stores at Riccarton (NZ), Frankston (VIC), South Wharf (VIC), and Whitford City (WA), and significant expansions and refurbishments at our Chatswood Chase (NSW), Pacific Fair (QLD) and Canberra (ACT) stores. In addition we launched our new brand Trenerly in six stores in Karrinyup (WA) Chadstone (VIC), Highpoint (VIC), Bondi (NSW), Chatswood (NSW) and Canberra (ACT). We also continued to invest in our systems and in our people.

The reaction of the South African market to both Country Road and Trenerly continues to be very positive. We have further expanded our South African operations and are seeking to implement a more optimal operating structure, subject to regulatory approval. This will allow Country Road to drive the success of both brands in that market.

As previously announced to the market, profit before tax for the period was 11% down on prior year at \$12,976,000 (2008: \$14,610,000) due to the combination of Trenerly start up costs, additional required promotional activity and a weakened foreign currency position.

The Directors are pleased to announce an interim dividend of 5.19 cents per fully paid ordinary share, fully franked. This is in line with the interim dividend paid last year. The record date for determining entitlement is 3 March 2010, with a scheduled payment date of 17 March 2010.

The Directors remain cautious about growth prospects in 2010, however, they are confident in the business' capability to navigate future economic and retail conditions.

### 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.



GLENN GILZEAN  
Director, Acting Chief Executive Officer  
Melbourne, 17 February 2010

## 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 2009, 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Glenn Carmody'.

Glenn Carmody  
Partner  
Melbourne  
17 February 2010

## 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 2009 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



GLENN GILZEAN  
Director, Acting Chief Executive Officer  
Melbourne, 17 February 2010

**Income Statement****FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Note	Consolidated	
		2009 \$'000	2008 \$'000
<b>Total revenues</b>	2	<b>202,164</b>	176,668
Cost of sales		<b>(85,786)</b>	(72,238)
<b>Gross profit</b>		<b>116,378</b>	104,430
Employment expenses		<b>(46,320)</b>	(42,394)
Occupancy expenses		<b>(34,628)</b>	(29,873)
Depreciation expenses	2	<b>(5,333)</b>	(3,982)
Marketing expenses		<b>(7,629)</b>	(5,353)
Other expenses		<b>(9,284)</b>	(8,172)
		<b>(103,194)</b>	(89,774)
<b>Profit before finance expenses and income tax expense</b>		<b>13,184</b>	14,656
Finance expenses	2	<b>(208)</b>	(46)
<b>Profit before income tax expense</b>		<b>12,976</b>	14,610
Income tax expense		<b>(3,968)</b>	(4,352)
<b>Net profit for the period</b>		<b>9,008</b>	10,258
Basic earnings per share (cents per share)		<b>13.04c</b>	14.85c
Diluted earnings per share (cents per share)		<b>13.04c</b>	14.85c

**Balance Sheet****AS AT 31 DECEMBER 2009**

	Note	Consolidated	
		As at 31 December 2009 \$'000	As at 30 June 2009 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		15,831	25,804
Trade and other receivables		8,733	3,371
Inventories		42,022	38,758
Prepayments		1,308	1,383
Derivative financial instruments		377	824
<b>Total current assets</b>		<b>68,271</b>	<b>70,140</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		31	35
Plant and equipment		55,036	47,163
Intangible assets		11,287	11,277
Deferred tax assets		13,073	12,868
Prepayments		296	185
<b>Total non-current assets</b>		<b>79,723</b>	<b>71,528</b>
<b>TOTAL ASSETS</b>		<b>147,994</b>	<b>141,668</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		42,289	29,458
Income tax payable		2,437	8,412
Provisions		8,140	15,709
Derivative financial instruments		12,482	9,663
<b>Total current liabilities</b>		<b>65,348</b>	<b>63,242</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		4,059	3,445
<b>Total non-current liabilities</b>		<b>4,059</b>	<b>3,445</b>
<b>TOTAL LIABILITIES</b>		<b>69,407</b>	<b>66,687</b>
<b>NET ASSETS</b>		<b>78,587</b>	<b>74,981</b>
<b>EQUITY</b>			
Issued capital		74,087	74,087
Reserves	4	(6,662)	(6,874)
Accumulated profits/(losses)		11,162	7,768
<b>Total equity</b>		<b>78,587</b>	<b>74,981</b>

**Cash Flow Statement****FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<b>Consolidated</b>	
	<b>2009</b>	2008
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	<b>215,922</b>	192,539
Payments to suppliers and employees	<b>(198,281)</b>	(163,897)
Rental income receipts	<b>320</b>	730
Other revenue	<b>262</b>	157
Interest received	<b>128</b>	370
Interest and other costs of financing paid	<b>(208)</b>	(46)
Income taxes and withholding taxes paid	<b>(9,133)</b>	(3,962)
<b>Net cash flows from operating activities</b>	<b>9,010</b>	25,891
<b>Cash flows from investing activities</b>		
Payments for acquisition of plant and equipment	<b>(13,369)</b>	(13,035)
Proceeds from sale of plant and equipment	<b>6</b>	336
<b>Net cash flows used in investing activities</b>	<b>(13,363)</b>	(12,699)
<b>Cash flows from financing activities</b>		
Dividends paid	<b>(5,614)</b>	(3,453)
<b>Net cash flows used in financing activities</b>	<b>(5,614)</b>	(3,453)
Net increase (decrease) in cash and cash equivalents	<b>(9,967)</b>	9,739
<b>Add cash and cash equivalents at 30 June</b>	<b>25,804</b>	21,791
Effect of exchange rate changes on opening balance	<b>(6)</b>	56
<b>Cash and cash equivalents at end of period</b>	<b>15,831</b>	31,586

**Statement of Other Comprehensive Income**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

		Consolidated	
		2009 \$'000	2008 \$'000
Net profit for the period	4	9,008	10,258
<b>Other comprehensive income</b>			
Foreign currency translation differences for foreign operations	4	7	274
Effective portion of changes in fair value of cash flow hedges	4	205	14,674
<b>Other comprehensive income for the period, net of income tax</b>		<b>212</b>	<b>14,948</b>
<b>Total comprehensive income for the period</b>		<b>9,220</b>	<b>25,206</b>

**Statement of Changes in Equity**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Consolidated	
	2009	2008
	\$'000	\$'000
<b>Total equity at beginning of period</b>	<b>74,981</b>	69,989
Net profit for the period	<b>9,008</b>	10,258
Total other comprehensive income	<b>212</b>	14,948
Total comprehensive income	<b>9,220</b>	25,206
Transactions with owners in their capacity as owners:		
Dividends determined	<b>(5,614)</b>	(3,453)
<b>Total equity at end of period</b>	<b>78,587</b>	91,742

## Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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### 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 2009.

The half year financial report was authorised for issue in accordance with a resolution of the Directors on 17 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 2009, 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 2009 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 2009 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.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the annual financial report for the year ended 30 June 2009.

#### Changes in accounting policy

From 1 July 2009 the Group has adopted the following Standards and Interpretations, mandatory for annual accounting periods beginning on or after 1 January 2009. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group, however the adoption of AASB 8 has caused the Group to revise its segment reporting. See Note 7 for details of the reportable segments and applicable accounting policies.

*AASB 8 Operating Segments*

*AASB 101 Revised Presentation of Financial Statements*

The following amending standards have also been adopted from 1 January 2009:

*AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8.*

## **Notes to the Half-Year Financial Statements (continued)**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

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### **1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)**

#### **Changes in accounting policy (continued)**

The adoption of the following new and amended standards has had no impact on the half year report:

*AASB 2 Vesting Conditions & Cancellations*

*AASB 3 Business Combinations*

*AASB 123 Borrowing Costs*

*AASB 127 Consolidated and Separate Financial Statements*

*AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process*

*AASB 2008-6 Amendments to Australian Accounting Standards arising from the Annual Improvements Process*

*AASB 2008-8 Amendments to Australian Accounting Standard - Eligible Hedged Items*

*AASB 2009-2 Amendments to Australian Accounting Standard - Improving Disclosures about Financial Instruments*

The Group has not elected to early adopt any new standards or amendments.

**Notes to the Half-Year Financial Statements (continued)****FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

		Consolidated	
		2009	2008
		\$'000	\$'000
<b>2 REVENUES AND EXPENSES</b>			
<b>(a) Revenue</b>			
<i>Sales revenue</i>			
Sale of goods		196,760	174,789
Royalties		473	595
		<b>197,233</b>	<b>175,384</b>
<i>Other revenue</i>			
Tender forfeits		262	157
Rent revenue		319	730
Interest revenue		128	370
Retail services fee revenue from related party	(i)	1,198	-
Retail licence fee revenue from related party	(ii)	2,903	-
Other		121	27
		<b>202,164</b>	<b>176,668</b>
<i>Related party transactions</i>			
(i) During the period the Group charged retail services fees to Woolworths Pty Ltd, a wholly owned subsidiary of Woolworths Holdings Ltd, the ultimate controlling entity incorporated in South Africa, on normal commercial terms and conditions. Amounts charged during the period totalled \$1,197,972 (2008: Nil).			
(ii) During the year the Group earned licence fee revenue from Woolworths Pty Ltd on normal commercial terms and conditions. Amounts earned for the period totalled \$2,903,000 (2008: Nil).			
<b>(b) Expenses</b>			
Depreciation expense		5,333	3,982
Total depreciation expense		<b>5,333</b>	<b>3,982</b>
Interest expense		141	13
Facility fees		67	33
Total financing expenses		<b>208</b>	<b>46</b>
<b>3 DIVIDENDS</b>			
<b>(a) Dividends paid</b>			
Final fully franked dividend for 2009 at 8.13 cents per share (2008: 5.00 cents)		5,614	3,453
<b>(b) Dividends not recognised at balance date</b>			
After balance date, the Directors announced an interim dividend of 5.19 cents per fully paid ordinary share (2008: 5.19 cents) fully franked based on tax paid at 30%. The aggregate amount of the dividend scheduled to be paid on 17 March 2010 out of profits earned in respect of the financial year ending 30 June 2010, but not recognised as a liability at balance date, is			
		<b>3,584</b>	<b>3,584</b>

**Notes to the Half-Year Financial Statements (continued)****FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<b>Consolidated</b>	
	<b>2009</b>	2008
	<b>\$'000</b>	\$'000
<b>4 RESERVES</b>		
Exchange differences on translation of foreign operations	(773)	(654)
Hedging reserve - cash flow hedges	(5,889)	12,349
	<b>(6,662)</b>	<b>11,695</b>
Exchange differences on translation of foreign operations		
Balance at beginning of period	(780)	(927)
Exchange differences on translation of foreign operations during period	7	274
Balance at end of period	<b>(773)</b>	<b>(653)</b>
Hedging reserve - cash flow hedges		
Balance at beginning of period	(6,094)	(2,327)
Revaluation - net of tax	205	14,675
Balance at end of period	<b>(5,889)</b>	<b>12,348</b>
<b>5 ISSUED CAPITAL</b>		
<i>Ordinary shares</i>	<b>31 December</b>	30 June
	<b>2009</b>	2009
Issued and fully paid	<b>69,056,822</b>	69,056,822
<b>6 SUBSEQUENT EVENTS</b>		
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 2009****7 OPERATING SEGMENTS****Segment Information**

The Group has identified its operating segments based on the internal management reports that are reviewed by the Chief Executive Officer.

The operating segments are identified by management based on the manner in which the product is sold and the nature of the services provided. Discrete financial information about these operating businesses is reported to the Chief Executive Officer on a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the products sold and the method used to distribute the products.

The Group operates in one reportable segment, being the design and retail sale of apparel, homewares and related accessories.

The accounting policies used by the Group in reporting segments are the same as those contained in Note 1 to the accounts and in the prior period. Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before finance expenses and income tax as included in the internal management reports that are reviewed by the Chief Executive Officer. Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Consolidated			Total \$000's
	Retail \$000's	Other \$000's	Unallocated \$000's	
<b>31 December 2009</b>				
Sales to external customers	197,444	(684)	-	196,760
Other revenue from external customers	262	4,574	-	4,836
Total segment revenue	197,706	3,890	-	201,596
Reportable segment profit before tax	44,586	4,207	-	48,793
Interest revenue	-	-	128	128
Finance costs	-	-	(208)	(208)
Depreciation	4,229	38	1,065	5,332
Reportable segment assets	87,690	3,230	-	90,920
Capital expenditure	11,560	130	1,645	13,335
<b>31 December 2008</b>				
Sales to external customers	171,818	2,971	-	174,789
Other revenue from external customers	157	595	-	752
Total segment revenue	171,975	3,566	-	175,541
Reportable segment profit before tax	42,925	767	-	43,692
Interest revenue	-	-	370	370
Finance costs	-	-	46	46
Depreciation	3,227	-	755	3,982
Reportable segment assets	69,981	215	-	70,196
Capital expenditure	9,828	-	3,289	13,117

**Notes to the Half-Year Financial Statements (continued)**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated	
	2009 \$000's	2008 \$000's
<b>7 OPERATING SEGMENTS (continued)</b>		
<b>Reconciliation of reportable segment information</b>		
Total segment revenue	201,596	175,541
Other revenue from continuing operations	568	1,127
Total revenue per income statement	<b>202,164</b>	176,668
Revenue from external customers by geographical location is detailed below. Revenue is attributed to geographic locations based on the location of the customers. The company does not have external revenue from external customers that are attributable to any foreign country other than as shown below:		
Australia	182,939	160,076
New Zealand	15,809	13,621
South Africa	3,416	2,971
Total revenue	<b>202,164</b>	176,668
<b>Reconciliation of reportable segment net profit before income tax</b>		
Segment net profit before income tax	48,793	43,692
Other income	568	1,127
Unallocated amounts - other corporate expenses	<b>(36,385)</b>	(30,209)
Net profit before income tax	<b>12,976</b>	14,610
<b>Reconciliation of reportable segment assets</b>		
Segment assets	90,920	70,196
Derivative assets	377	12,356
Deferred tax assets	13,073	8,739
Unallocated assets	<b>43,624</b>	50,377
Total assets	<b>147,994</b>	141,668

To the members of Country Road Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Country Road Limited (the company), which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows 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 Interim and other Financial Reports 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 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* 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 2009 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.

A handwritten version of the Ernst & Young logo, with 'Ernst' and 'Young' written in a cursive script and a stylized 'EY' symbol between them.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Glenn Carmody'.

Glenn Carmody  
Partner  
Melbourne  
17/02/2010