

# 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 period ended 31 July 2010.

## Directors

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

- Howard McDonald
- Bernie Brookes
- Tom Flood
- Rupert Myer AM

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

## Principal activities

During the year the principal activity of the Group consisted of the operation of the Myer department store business.

## Review of operations and activities

A review of operations and activities is set out below. Further information on the operations and activities of Myer can be found in the 2010 Myer Annual Review. The year has been a very significant one for Myer, with a highlight being the successful listing on the ASX on 2 November 2009. Other highlights for the year, in what was a challenging retail environment, include the:

- delivery of improved visual merchandising in stores;
- refurbishment of our existing stores at Castle Hill, Blacktown and Northland;
- fifth birthday of the **MYER one** loyalty program which now comprises 3.7 million members and accounts for 68% of total sales;
- ongoing improvement of our merchandise offer and a continuation in the excellent performance from Myer Exclusive Brands which now contribute over 17% of sales;
- implementation of the CCTV system providing greater security for our customers and staff, as well as assisting in a reduction in theft; and
- opening of our new National Support Office in the Melbourne Docklands precinct.

## Financial performance<sup>1</sup>

The Group experienced a strong year, achieving a record EBIT of \$270.3 million, up 14.6% on the previous year. Total sales value for the Group on a comparable 52-week trading basis increased 0.7% to \$3,284 million, compared to \$3,261 million in 2009.

Operating gross profit margin increased by 46 basis points to 39.64%, compared to 2009 due to an improved merchandise mix, a reduction in shrinkage, as well as improved buying and sourcing. In addition, the gross margin improvement reflects our ability to respond to a competitive pricing environment, particularly during the months when we cycled the Federal Government stimulus, by leveraging our **MYER one** database to achieve more targeted promotional activity.

Myer's cash cost of doing business as a percentage to sales fell by 41 basis points to 29.54% compared to 29.95% in 2009. This result was driven by ongoing and sustainable cost efficiencies as a result of Myer's investment in technology and its supply chain over the last four years, as well as improved procurement practices.

Net profit after tax for the year was \$163.5 million. Proforma net profit after tax based on a 52-week period (with interest and tax adjusted to reflect the changed capital structure for the full year) was \$168.7 million. The proforma earnings per share was 29.0 cents, ahead of the Prospectus forecast of 27.3 to 28.3 cents.

Following the change in Myer's capital structure as a result of the IPO, and with strong cash generation during the year, net debt reduced from \$694 million to \$314 million and gearing improved from 65% to 27%.

The improved performance for the period was achieved through a combination of initiatives to counter the challenging macro environment, including the leveraging of the **MYER one** loyalty program; more strategic and targeted marketing and promotions; improved in-store presentation; and a continuing focus on cost control.

## Merchandise

Myer continues to focus on being a destination for fashion, providing inspiration to everyone. Our merchandise offer targets a broad range of customers across different demographics, in different climates and with varying budgets. While we stock over 2,000 brands, importantly, we offer meaningful breadth and depth of range in the brands that we stock, resulting in better choices for customers.

Myer continues to build strong relationships with key strategic national brands and concessionaires who bring specialist expertise or must-stock brands or services that are important to our diverse customer base.

## New stores and store refurbishment program

Our new store at Top Ryde opened on 4 August 2010, and we remain on track to open a further 14 new stores by 2014, taking the total number of stores from 66 to 80. Leases for all but one of these new stores have been signed.

During 2010, we announced the signing of two new leases, the first in the Lakeside Joondalup Centre in the northern suburbs of Perth and the second at Fountain Gate in the outer south-eastern suburbs of Melbourne.

Our store refurbishment program continues to deliver positive results and represents an important driver of sales growth for the business. Some of the most recent refurbishments at Sydney City, Geelong, Doncaster, Castle Hill and Blacktown continue to deliver impressive results and we continue to apply the learnings from each project to enhance the way we manage our property and store development activities. The refurbishments of Canberra, Garden City and Charlestown are underway and the stores will be re-launched by December 2010.

<sup>1</sup> All numbers quoted are on a 53-week basis as disclosed in the Financial Report unless otherwise stated.

Following a total rebuild, Myer's flagship store in Bourke Street, Melbourne, will deliver around 32,000m<sup>2</sup> of selling space in a single store over nine levels in the centre of Melbourne. An additional area of approximately 3,000m<sup>2</sup> is taken up by Mural Hall and dedicated event and promotional space. Myer Melbourne will be one of the biggest standalone department stores by turnover in the Southern Hemisphere and will rank as one of the best department stores in the world. The store's design combines the best of the old and the new with its heritage listed Bourke Street facade, which has been fully restored to include a new glass canopy, and the reopening of the Bourke Street windows from levels one to six. In addition, we have fully restored the iconic Mural Hall, Melbourne's most famous ballroom that will be open to the public for events.

Myer Melbourne will showcase the biggest range of local and international brands across all categories, and the range of services and amenities will provide customers with a unique shopping experience. Included in the store will be a world-class cosmetics hall and technology department, a champagne bar, a scent room for fragrances, a Benefit Pretty Room and local Melbourne favourite Brunetti café. There will be personal shopping throughout the store including a new Youth personal shopping area and an upgraded personalised shopping service on the fashion floors. We have also secured a number of prestige fashion labels for the new store.

In April 2010, Myer relocated its National Support office to a new building at 800 Collins Street, in Melbourne's Docklands. This new office is home to approximately 900 team members including the merchandise, supply chain, finance, IT, human resources and store operation teams.

#### Store operations

Improving customer service continues to be a priority within the business. During 2010, we completed the first stage of a major project to align our store team member rosters to customer shopping patterns, leading to improved labour productivity and enhanced customer service results.

The new point-of-sale (POS) system is being progressively rolled out and is planned to be in all stores before Christmas this year. The new POS will improve customer service in many ways including shortening transaction times so that team members can spend more time helping customers. The rollout of our new POS is well underway and we currently have 25 stores successfully operating the new system. The new POS will contribute to improved customer service at Myer through faster transaction times and the capability to check near real time stock availability across all stores.

During 2010, we completed a major project to install 6,000 closed-circuit television cameras (CCTV) in all stores (except those under refurbishment). The benefits of the new system have been immediate and, combined with other initiatives, have helped to reduce the level of store theft and assisted in security for our staff and customers.

Safety remains a key imperative and we continue to make progress in reducing lost time injuries with a 32% reduction in our lost time injury frequency rate from last year. This is reflective of a Company wide focus on looking after our people through initiatives such as manual-handling and safe work practices training, safety team talks and a focused education program for our managers.

#### Marketing and Loyalty

**MYER one** continues to represent an important competitive advantage with 68% of the Group's sales now attributed to **MYER one** customers. There are a total of 3.7 million members and over 5 million cards in circulation. During 2010, we have increased the number of email addresses for **MYER one** members to 1.6 million – an increase of 35%. **MYER one** customers with valid email addresses spent on average 15% more than **MYER one** customers without email addresses.

The growing value of the **MYER one** program to customers is evidenced by the fact that we now have over 20,000 Gold members who spend over \$7,500 per annum at Myer. During 2010, we focused on offering our **MYER one** customers relevant exclusive and early offers including invitations to Secret Sales, promotions within specific categories, and other offers.

Over the last year we rewarded our loyal **MYER one** customers with over \$51 million in gift cards through our quarterly distributions.

The affiliates program continues to gather momentum. Over 600 affiliates are now associated with **MYER one**, enabling our customers to earn points when they spend across a number of businesses including hotels, petrol stations, cafes, restaurants, retail outlets, wine outlets, flowers, travel, hairdressing, health insurance and box office.

During 2010, we launched a suite of general insurance products in association with QBE, Australia's largest international general and reinsurance group. **MYER one** members will be entitled to earn shopping credits on the dollars spent on any policy and enjoy competitive prices.

The Myer Visa card continues to play an important part in our customer loyalty strategy, giving customers more reasons to shop at Myer as they accrue shopping credits through spending on their credit cards.

In July 2010, we launched a Myer iPhone application through which customers can browse and search latest store catalogues, receive exclusive offers, view the fashion gallery, and purchase from a range of 1,500 products including gift cards directly from their iPhone. We have already had over 23,000 sign-ups to the iPhone application.

#### Supply chain and IT

Speed to market is critical for any retailer, and the significant investment we have made in our supply chain and technology platforms over the past four years means we are better able to respond to fashion trends and customer preferences.

Floor ready and source tagging remain a focus for all our merchandise to ensure product is quickly available to customers in stores. The commitment by our suppliers to deliver floor ready merchandise has now reached 90%, which is a significant achievement. The merchandise arrives in our stores already tagged and hung, ready to be presented to customers, which results in significant time saving for our store team members and ensures that stocks are replenished as quickly as possible, which improves the customer experience.

# Directors' Report continued

## Dividends

Dividends paid to members during the period were as follows:

	2010 \$'000	2009 \$'000
Interim ordinary dividend for the period ended 31 July 2010 of 10.5 cents fully franked (2009 nil) per fully paid share, paid on 6 May 2010	61,031	–

In addition to the above dividend, since the end of the financial year the Directors have determined the payment of a final fully franked dividend of \$66.8 million (11.5 cents per fully paid share) to be paid on 4 November 2010 out of retained earnings at 31 July 2010.

## Significant changes in the state of affairs

On 2 November 2009, Myer's shares were listed on the Australian Securities Exchange (ASX). As part of this process, Myer undertook an Initial Public Offering of shares (IPO), under which Myer's previous controlling shareholder sold its entire holding of shares. Funds raised under the IPO, along with funds raised under new financing facilities, were used to repay existing financing facilities. This resulted in a major change in the capital structure of the Consolidated Entity as detailed in the Financial Report contained within this Annual Report.

Other than the above, there were no significant changes in the state of affairs of the Consolidated Entity during the year or up to the date of this report.

## Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 July 2010 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the Group's state of affairs in future financial years.

## Likely developments and expected results of operations

Comments on the likely developments or expected results of the Consolidated Entity's operations are included in the Review of Operations at page 8. Further information on likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial periods has been omitted as the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity's interests.

## Information on Directors

### Howard McDonald

#### Chairman

#### Independent Non-Executive Director

Member of the Board since 6 November 2006

Non-Executive Chairman since 4 August 2009

*Member – Nomination and Remuneration Committee*

Howard brings significant retail and fashion experience to the Myer business with 35 years of experience in consumer goods industries.

Howard was previously Managing Director of The Just Group, from December 1997 to September 2006, during which time he repositioned and expanded the Group. In 2001, he led the Just Jeans Group into Australia's first public to private management buyout and in May 2004 Just Group was re-listed on the ASX. Just Group Ltd is the largest specialty apparel retailer in Australasia with over 800 stores. Its stable of brands includes Just Jeans, Jay Jays, Jacqui E, Portmans, Peter Alexander Sleepwear and Dotti.

Prior to this, Howard held a number of roles within the Pacific Dunlop Group across Footwear, Clothing and Textiles, and Corporate, including heading up Corporate Affairs for Pacific Dunlop, where he sat on all the Management Boards of this diversified conglomerate. Howard's time at Pacific Dunlop culminated in the role of Managing Director of Pacific Brands Clothing, where he focused on off-shore manufacturing, international marketing and textile manufacturing, managing brands such as Bonds, Holeproof, Berlei, Jockey and others.

Howard holds a Bachelor of Economics degree from Monash University and is a member of the Australian Institute of Company Directors. Howard resides in Victoria and is 60 years of age.

## Other current directorships

Howard is currently Chairman of Rodd & Gunn Australia Limited (a Myer supplier) and Rodd & Gunn New Zealand Limited and a Director of General Pants Co. Pty Ltd (a Myer competitor).

### Bernie Brookes

#### Managing Director and CEO

Member of the Board since 12 July 2006

Bernie was appointed Managing Director and CEO of the Myer Group on 2 June 2006. In his role Bernie has been responsible for the transition of Myer following the separation from the Coles Group and for rebuilding the Myer business under new ownership. Bernie has spent 34 years working within the retail industry in local and international roles in India and China. Prior to joining Myer, Bernie was a Management Director of Woolworths and was a chief architect of Woolworths' Project Refresh, which reduced costs by more than \$5 billion over five years and reinvested these savings back into the business. His Woolworths experience also included a variety of general management positions in three states across the Buying, IT, Marketing and Operations departments.

Bernie has also held a number of roles as president and executive of various industry organisations including Retail Traders Association in Queensland and Victoria and President of the Queensland Grocery Association, and he has assisted on a number of charitable and government ventures and committees.

Bernie has received many awards, including Food Week Retail Executive of the Year, National Retail Association Food Industry Executive of the Year and Food Week Buyer of the Year for four years during the 1980s and 1990s.

Bernie is currently patron of the Australian Joe Berry Memorial Award and the Australian representative judge of the World Retail Awards.

Bernie holds Bachelor of Arts and Diploma of Education degrees from Macquarie University. Bernie resides in Victoria and New South Wales and is 50 years of age.

**Other current directorships**

Bernie is a Member of the Advisory Board of First Unity Financial Group.

**Anne Brennan****Independent Non-Executive Director**

Member of the Board since 16 September 2009

Chair – Audit, Finance and Risk Committee

Member – Nomination and Remuneration Committee

Anne brings to the Myer business strong financial credentials and business experience. Anne has worked in a variety of senior management roles in both large corporates and professional services firms.

Anne was the Finance Director of the Coates Group during 2008 and 2009 and prior to that she was the CFO for CSR and was a board member for a number of CSR's investment companies. She has extensive experience in financial management, treasury, audit, risk management, tax, investor relations and ASX and statutory reporting.

Prior to her role at CSR, Anne was a partner in three professional services firms: KPMG, Arthur Andersen and Ernst & Young, initially in the audit practice and, in the 10 years before joining CSR, as a partner in Corporate Finance and Transaction Services practices. Anne was also a member of the national executive team and a board member of Ernst & Young.

Anne holds a Bachelor of Commerce (Honours) degree from University College Galway. She is a Fellow of the Institute of Chartered Accountants in Australia and a fellow of the Australian Institute of Company Directors. Anne resides in New South Wales and is 50 years of age.

**Other current directorships**

Anne is a Director of the Australia Ireland Fund and a Councillor of the Australian Institute of Company Directors (NSW).

**Tom Flood****Independent Non-Executive Director**

Member of the Board since 17 March 2009

Member – Audit, Finance and Risk Committee

Tom has been a Director of Myer Pty Ltd since 26 July 2007 and a Director of Myer Holdings Limited since 17 March 2009.

Tom brings to Myer 39 years of experience in the retail industry, with the majority of his career spent in the supermarket industry.

Tom joined Woolworths upon his arrival in Australia. During his time there, Tom assumed the position of General Manager, Supermarkets for Western Australian and subsequently for Victoria (Safeway). In these roles, Tom oversaw all areas of the supermarket business, including Buying, Marketing, Store Operations, Distribution, Finance, Security and Insurance. Tom was subsequently appointed Chief General Manager Operations for all Woolworths stores in Australia. Following that, Tom was appointed to the role of Director of Supermarkets with overall responsibility for Woolworths' core supermarkets business.

Tom began his retail career in Ireland with the Superquinn Supermarket Group before moving to London for a role with the United States-owned Safeway Supermarket group. Tom resides in Victoria and is 62 years of age.

**Peter Hay****Independent Non-Executive Director**

Member of the Board since 3 February 2010

Peter has a strong background in company law and investment banking work, with particular expertise in relation to mergers and acquisitions. He has also had significant involvement in advising governments and government-owned enterprises.

Peter was the Chief Executive of law firm Freehills (2000 – 2005) where he had been partner since 1977.

Peter holds a Law Degree from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors. Peter resides in Victoria and is 60 years of age.

**Other current directorships**

Peter is currently Chairman of Lazard Pty Ltd's Advisory Board, and a director of Alumina Limited (since 2002). He is a director of Australia and New Zealand Banking Group Limited (since 2008), a director of GUD Holdings Limited (since 2009) and a director of NBN Co Limited (since 2009). Peter is also a part-time member of the Takeovers Panel (since 2009). Peter is also a director of Epworth Foundation (since 2008) and Landcare Australia Ltd (since 2008).

**Rupert Myer AM****Independent Non-Executive Director**

Member of the Board since 12 July 2006

Chair – Nomination and Remuneration Committee

Member – Audit, Finance and Risk Committee

Rupert is Chairman of the Myer Family Company, an actively managed investment group holding Australian and international equity portfolios as well as private equity and property investments. He is a director of The Myer Family Office Limited. He was formerly a director of MCS Property Limited.

Rupert is a member of the University of Melbourne Faculty of Economics and Commerce Advisory Board.

His previous community activities have been as Chairman of the NGV Foundation, International Social Service and Work Placement and as a board member of The Museum of Contemporary Art and a trustee of The National Gallery of Victoria. He chaired the Federal Government's Inquiry into the Contemporary Visual Arts and Craft Sector, which completed its report in 2002.

Rupert holds a Bachelor of Commerce (Honours) degree from the University of Melbourne and a Master of Arts from the University of Cambridge and is a member of the Australian Institute of Company Directors. He became a Member of the Order of Australia in January 2005 for service to the arts, for support of museums and galleries, and the community through a range of philanthropic and service organisations. Rupert resides in Victoria and is 52 years of age.

**Other current directorships**

Rupert is Chairman of the Myer Family Company Ltd and a director of AMCIL Limited and of Diversified United Investment Limited. He is Chairman of the National Gallery of Australia and a board member of the National Gallery of Australia Foundation.

He also serves as Chairman of Kaldor Public Arts Projects, as a member of the Felton Bequests' Committee and as a board member of Jawun – Indigenous Corporate Partnerships.

# Directors' Report continued

## Directors' interests in shares

Director	Relevant Interest in Ordinary Shares	Options over Ordinary Shares
H McDonald	2,047,723	26,667
B Brookes	10,980,077	7,860,394
A Brennan	53,658	–
T Flood	390,000	10,000
P Hay	12,195	–
R Myer	725,710	–

On his retirement from the Board on 4 August 2009, William Wavish had a relevant interest in 6,650,000 shares and 5,600,000 options in Myer.

Executive Directors are the only Directors entitled to participate in the Long-term Incentive Plan. Details of these interests are disclosed in the Remuneration Report, which appears on pages 15 to 26 of this report. Options held by Howard McDonald and Tom Flood represent options granted during their previous roles as both consultants and Directors. These remaining options do not have performance conditions.

## Company Secretary

The Company Secretary is Marion Rodwell. Marion was appointed to the position of General Counsel & Company Secretary of the Myer Group on 31 March 2008. Marion has 22 years of commercial experience. Prior to joining Myer, Marion held similar roles in the financial services, gaming and retail industries over many years. Marion holds a Law Degree and an Economics Degree, both from Monash University.

Steven Black was a joint Company Secretary and resigned from this role on 19 March 2010. Steven continues in employment with the Myer Group.

## Meetings of Directors

The number of meetings of Myer's Board of Directors and of each Board Committee held during the period ended 31 July 2010, and the numbers of meetings attended by each Director as set out below.

Director	Full meetings of Directors		Meetings of Committees			
	A	B	Audit, Finance & Risk		Nomination & Remuneration	
	A	B	A	B	A	B
H McDonald	12	12	1	1	4	4
B Brookes	12	12				
A Brennan (appointed 16 Sept 2009)	9	9	3	3	3	3
T Flood	12	12	4	4		
P Hay (appointed 3 Feb 2010)	3	4				
R Myer	12	12	4	4	3	3
W Wavish (resigned 4 Aug 2009)	–	–				
D Carroll (resigned 27 Sept 2009)	4	4				
P Chen (resigned 27 Sept 2009)	4	4			1	1
G Kusin (resigned 27 Sept 2009)	4	4				
S Schneider (resigned 27 Sept 2009)	4	4	1	1	1	1
R Blum (resigned 27 Sept 2009)	3	4				

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

## Retirement, election and continuation in office of Directors

W Wavish resigned as a Director and as the Executive Chairman on 4 August 2009

P Chen resigned as a Director on 27 September 2009

G Kusin resigned as a Director on 27 September 2009

S Schneider resigned as a Director on 27 September 2009

R Blum resigned as a Director on 27 September 2009

A Brennan was appointed as a Director on 16 September 2009

P Hay was appointed as a Director on 3 February 2010

### Shares under option

Unissued ordinary shares of Myer under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
1 December 2006	15 October 2011	\$0.01	1,287,475
1 August 2007	15 October 2011	\$1.27	262,675
23 January 2008	21 December 2012	\$3.00	8,596,680
17 December 2008	24 October 2013	\$2.14	4,277,863
30 June 2009	24 October 2014	\$2.34	4,634,900
6 November 2009	31 December 2013	\$4.10	5,152,671
6 November 2009	31 December 2013	\$5.74	2,227,723
6 November 2009	31 December 2012	\$4.10	3,445,379
<b>Closing balance</b>			<b>29,885,366</b>

If shares are issued pro rata to the Group's shareholders generally by way of bonus issue, or any reorganisation of the issued capital of the Group is effected, the number of options to which each option holder is entitled, or the exercise price of those options, may be adjusted in the manner determined by the Board of Directors to ensure no advantage or disadvantage accrues to option holders as a result of such corporate actions.

### Shares issued on the exercise of options

The following fully paid ordinary shares of Myer were issued during the period ended 31 July 2010 on the exercise of options granted under the Myer Equity Incentive Plan (MEIP).

Date options granted	Issue price of shares	Number of shares issued
1 December 2006	\$0.01	5,211,113
1 August 2007	\$1.27	513,333
		<b>5,724,446</b>

In addition to the above, 10,333,802 shares were issued during the period to the Myer Equity Plans Trust (the Trust) for the purpose of meeting the exercise of options. During the period, 10,058,786 of these shares were used to meet the exercise of options. Refer note 23 of the Financial Report for further details. No further shares have been issued on the exercise of options since 31 July 2010.

# Directors' Report continued

The Remuneration Report, which comprises part of this Directors' Report, is presented separately on the following pages 15 to 26.

## Indemnification and insurance of Officers

The Company has agreed to indemnify all Directors and Officers against losses incurred in their role as Director, Alternate Director, Secretary, Executive or other employee of the Company or its subsidiaries, subject to certain exclusions, including to the extent that such indemnity is prohibited by the *Corporations Act 2001* or any other applicable law. The agreement stipulates that the Company will meet the full amount of any such liabilities, costs and expenses (including legal fees). The Company has not been advised of any claims under any of the above indemnities.

During the financial year the Company paid insurance premiums for a Directors' and Officers' liability insurance contract that provides cover for the current and former Directors, Alternate Directors, Secretaries and Executive Officers of the Company and its subsidiaries. The Directors have not included details of the nature of the liabilities covered in this contract or the amount of the premium paid, as disclosure is prohibited under the terms of the contract.

## Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

## Environmental regulation

The Group is subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007*.

The *Energy Efficiency Opportunities Act 2006* requires the Group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including action the Group intends to take as a result of such assessments. As required under this Act, the Group registered with the Department of Resources, Energy and Tourism as a participant entity and is due to submit its third public report for the 2010 year by 31 December 2010.

The *National Greenhouse and Energy Reporting Act 2007* requires the Group to report its annual greenhouse gas emissions and energy use. The Group has implemented systems and processes for the collection and calculation of the data required, and will be able to prepare and submit its second report to the Greenhouse and Energy Data Officer by 31 October 2010.

## Non-audit services

Myer may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with Myer and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out at page 68 of this Annual Report.

The Board of Directors has considered the position and, in accordance with advice received from the Audit, Finance and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Finance and Risk Committee to ensure they do not impact on the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

## 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 79.

## Rounding of amounts

The Group 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  
27 September 2010