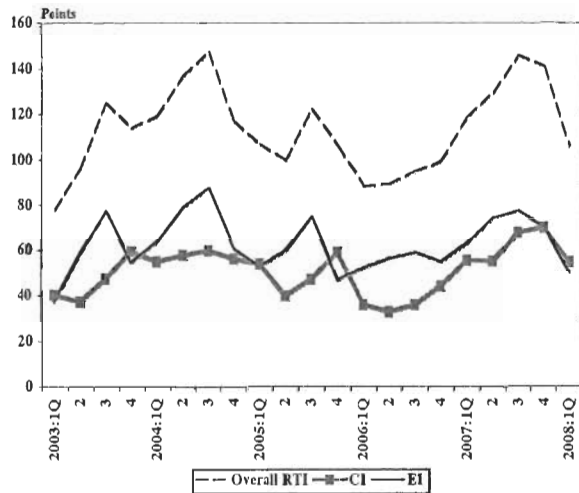


SIGNS OF FATIGUE

Chart 1
Retail Trade Index



Source: MIER

Survey at a Glance

- 1Q08 RTI drops a significant 35.1 points from 4Q2007, and drops 12.7 points YoY

Both sub-indices (Current and Expectations Index) decline

Business expansions continue

Slowdown expected to continue into 2Q08

In line with the lack of optimism seen in the previous quarter's results, the retail sector started this year on a weaker mode with the overall Retail Trade Index (RTI) from the latest MIER Retail Sector Survey shedding 35.1 points quarter-on-quarter, to settle at 106.1 points in the first quarter.

On an annual basis, the RTI also lost 12.7 points from a year ago. Although the fall is partly seasonal as the first quarter is traditionally a quieter period, it could be attributed partly to uncertainties in the local and global economy. Another factor weighing on retailer attitudes is costlier food prices. However, the fact that the index still stays above the 100-points threshold for 5 months in a row, suggests that the sector is still on an expansionary mode, albeit at a slower pace.

The overall reading was dragged down by weaker assessment of both sub-indices, which make up the overall index – the Current Performance Index (CI) and the Expected Performance Index (EI) –when compared with the previous quarter.

The Current Performance Index (CI) settled at 50.6 in 1Q08, down from the 70.6 points in the previous quarter. All of the CI's four components – namely the current sales performance, business situation, new orders and the gross margin – registered decreases.

The RTI summarizes the results of the survey. Responses to six key questions are isolated to form the index, four of which refer to the current quarter and the other two are questions on expectations for the next quarter. The index is designed to be a leading indicator of economic activity in the retail trade sector.