

*Email*

**FROM:** Damien Black, CEO

**TO:** All Directors & Divisional Managers

**SUBJECT:** John Readings: Business Diversification and Expansion Plans

As most of you would already be aware, John Readings is currently undergoing an extensive program of redesign and expansion across its retail business as well as a move into online sales and publishing with the recent addition of an online division that will eventually expand the reach of John Readings to a global market. This program requires a much more responsive and sophisticated approach to the way we manage the business.

Our current business strategies are beginning to bear fruit, and our position within the Australian marketplace gets stronger with each month's sales figures. Better still, early figures from the online division are showing very pleasing figures with substantial month on month growth.

We are extremely excited about the expansion of the business into a global online business that offers a comprehensive retail service as well as a new publishing arm that will support our loyal authors. We are also excited about the move to spread our stores throughout regional Australia and to offer our customers a very different service model with it. However, the success of these plans will rely heavily on the effectiveness of our information, capital and human capital management.

I cannot stress enough the importance of ensuring timely, accurate and appropriate information flows within the organisation. Whether it is managing financials, our physical assets, our suppliers, our customers or our staff, we are going to need to work harder and be smarter if we are to retain our premium position with Australian consumers as well as grow our online reputation to achieve the highest quality service and performance standards.

Looking further ahead, our market research tells us that there are huge opportunities for our company to expand its operations into South East Asia, initially in online sales with some premium retail outlets to follow.

Although we expect to fund these initial expansions from reserves, other expansion projects such as the retail move into South East Asia may well necessitate some level of external capital raising. We may seek to secure this additional capital through listing on the Australian Stock Exchange. However, once this is done we must be able to provide detailed, comprehensive and transparent information to potential investors.

I will be briefing each of you individually in the coming weeks on the key areas I will need you to address in your various departments to ensure John Readings maintains its strong business position moving forward.

Damian Black

CEO John Readings

**FROM:** Damien Black, CEO

**TO:** HR Director

**SUBJECT:** John Readings Restructure- Staff Morale and Productivity

As you are aware, the planned restructure has been announced and, while we are still awaiting your detailed plans, I am concerned about the effect that this notice may be having on the current retail teams. With the changes in the retail business model and the move to regional locations along with the enormous emphasis the new online division is getting throughout the business, my concern is that staff will become worried about their jobs and what the future holds for them.

As you know, we are considering listing on the Australian Stock Exchange and to do this it is imperative that we maintain growth in the retail business and continue to achieve the monthly sales projections.

John Readings is committed to redeployment wherever possible and will invest in training where existing employees have the aptitude and attitude necessary to move over to the online business. Our employees have helped us to build this business and I think we all agree that we want to do all we can to help them find a position in the new structure.

In the interim, I trust you and your team will do all you can to maintain morale and keep productivity high.

Damien Black