

ASX Announcement

4 June 2010

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000



Full Year Profit Outlook – 2009/2010

The Board and management have reviewed UnderCoverWear's result outlook for the full year to 30th June 2010. The result for the 2H 2010 will record a small net operating loss.

This will result in a full year net profit slightly lower than the first half reported net result of \$893,000.

The result is after one-off restructuring costs associated with the retirement of the CEO and various restructuring costs associated with the repositioning of the company for improved results moving forward. Management are yet to review impairment of goodwill (if any) which will be determined in finalising the full year result.

The result is disappointing. Comparing 2H, 2010 with 2H 2009, sales revenue grew 3%. Excluding one-off costs the 2H EBIT result would have been a 14% improvement pre tax on 2H 2009 (pre impairment charges).

The retail environment for apparel sales remains challenging; however management have significantly reduced operating costs from July 2010 onwards; in anticipation of this.

Simon Pervan, CEO stated: "We have completely restructured the business. We have refocused the product to be more relevant to our customer base, and have recruited key personnel to head up design, inventory demand planning, operations, finance and sales as part of a re-engineering of the organisational structure". Simon further added "that this will position UnderCoverWear for a return to profit growth in 2011".

By order of the Board

Nick Geddes
Company Secretary

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