

ASX Announcement

Annual General Meeting – 3rd November 2005

CHAIRMAN'S ADDRESS



It is with pleasure that I confirm the results of the 12 month trading period 2004/2005 as set out in the Annual Report.

The year completed was very satisfying for UnderCoverWear, both financially as well as overall growth, for what was our first full 12 months of trading as a listed company.

Performance for 2004/2005 as compared to Prospectus forecasts:

1. Sales increased by 22%
2. EBITDA was up by 52%
3. Total dividends paid for the year was the equivalent of 5 cents per share, an increase of 54%.

The good result was directly due to initiatives taken by the Board and implemented by Management over the previous 12 months.

Performance Post 30th June 2005

The first three months of trading for the current financial year have begun quite strongly. Sales and as a result, profit, are not only ahead of the comparable three months of 2004, but are also ahead of budget.

This has been very satisfying and I am pleased to report that these trading conditions have continued in October and forward party bookings for November are strong which will ensure that sales and profit for the 6 months to December will exceed budget forecasts.

Outlook for the Remainder of Financial Year

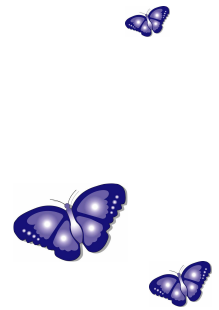
The Board is confident that trading conditions will continue for the remainder of the 2005/2006 financial year. Forward party bookings and recruitment, whilst difficult in an economy with virtually full employment, is growing. Our IT Department is continuing to write new software programmes which benefit the profitability of the Company and our marketing and promotions will continue to offer great opportunities to our sales force.

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To enhance the above, our Sales & Training Departments continue to encourage the field on all matters pertaining to their business. Our learning and development program, a relatively new initiative for the Company, will continue to bring further improvement by giving the sales team not only confidence in their particular areas but giving support that the Company continues to offer.



Having been Chairman of UnderCoverWear for over 14 years, including the past 18 months as a listed Company, I have decided to vacate that position but still remain a board member.

As well as believing that there is a time to step down, other factors become important for the continued successful operation of the company.

- Under the recommendations for good corporate governance, it is not ideal for a public company to have an Executive Chairman who is not independent and who is also the major shareholder;
- The opportunity allows me to focus on issues on behalf of the company in areas which I believe will be beneficial.

David Hall has agreed to accept the position as Chairman of the Company. David brings to UnderCoverWear a wealth of experience being on the Board of several public companies. He is currently Managing Director of Roche Group, Chairman of the Australian Jockey Club, but more importantly was the Group Managing Director of Nutrimerics International, a large and major direct selling company, for a period of 8 years. His knowledge and experience will give the Company the support to achieve the goals ahead.

I will continue to be a Director of the Company and to express my confidence in the future growth of UnderCoverWear, I have placed my shareholding in UnderCoverWear in voluntary escrow for a further period of 12 months.

In conclusion, I would thank my co-directors for the support over the years and the last 12 months in particular, as well as expressing my thanks to the CEO of the Company, Elaine Vincent, and all her dedicated management team and staff for their wonderful contribution they have given to make UnderCoverWear a great company.

Finally, I would thank our Shareholders for their continuous support in these early days of being a public company and I am confident that they will be well rewarded for this confidence shown.

We will now proceed to the formal order of business.

John Everett AM
Chairman

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