

ASX Announcement

UnderCoverWear

3 December 2010

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

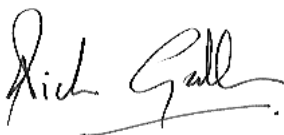
Following the sudden departure of CEO, Simon Pervan to return to New Zealand, John Everett, the principal shareholder in UCW, will assume that responsibility.

He will be assisted by the current Sales Manager, Laurie Fitzgerald in her role as General Manager, Sales and by Karen Thom, in her role as General Manager, Production and Design.

Undercoverwear will cease local production as from 31st December, moving to off-shore. This will involve one-off restructuring costs, estimated to be in the vicinity of \$150,000, which will be expensed in the first half of 2010. Other cost saving measures including reduction in head office costs have been implemented.

The financial result for the 6 months should show a break even or a small loss (less than \$250,000). This is before consideration of the carrying value of intangible assets at the half year. The initiatives as outlined above should result in a return to profitability in the 1st half of 2011. However trading conditions remain difficult and the board and management will continue to focus on costs commensurate with trading conditions.

By order of the Board



Nick Geddes
Company Secretary