

Appendix 4E

Preliminary final report

Name of entity: UnderCoverWear Limited

ABN: 85 108 962 152

Details of the reporting period

Current period 1 July 2011 to 30 June 2012

Previous corresponding period 1 July 2010 to 30 June 2011

Results for announcement to the market

	\$	Up / down	Movement %
Revenues	11,493,915	down	32.6
(Loss) from ordinary activities after tax attributable to members	(623,054)	down	96.4
(Loss) for the period attributable to members	(623,054)	down	96.4

<i>Dividends</i>	Amount per share cents	Franked amount per security cents
Interim	-	-
Final	-	-

Record date for determining entitlements to dividends N/A

The previous corresponding period loss included goodwill impairment of \$14,617,499. The current period loss includes nil goodwill impairment.

Statement of Comprehensive Income

	Consolidated Entity	
	2012 \$	2011 \$
Revenue	11,493,915	17,049,933
Changes in inventories	(4,537,211)	(8,313,274)
Distribution costs	(643,025)	(872,711)
Commissions paid	(925,651)	(1,224,440)
Promotions and advertising expense	(698,758)	(1,724,051)
Depreciation and amortisation expense	(167,698)	(260,476)
Impairment expense	-	(14,617,499)
Insurance expense	(127,369)	(168,349)
Employee benefits expense	(2,940,490)	(4,084,167)
Rental expenses	(1,061,768)	(1,105,599)
Finance costs	(141,997)	(194,017)
Other expenses	(804,121)	(1,311,140)
Loss before income tax expense	(554,173)	(16,825,790)
Income tax expense	(68,881)	(290,264)
Loss attributable to members of the parent entity	(623,054)	(17,116,054)
Other comprehensive income	-	-
Total comprehensive income for the year	(623,054)	(17,116,054)

Statement of Financial Position

	Consolidated Entity	
	2012 \$	2011 \$
CURRENT ASSETS		
Cash and cash equivalents	12,416	36,030
Trade and other receivables	91,743	155,652
Inventories	2,291,589	2,801,614
Current tax assets	-	504,223
Other current assets	28,510	68,589
TOTAL CURRENT ASSETS	2,424,258	3,566,108
NON-CURRENT ASSETS		
Plant and equipment	355,271	843,271
TOTAL NON-CURRENT ASSETS	355,271	843,271
TOTAL ASSETS	2,779,529	4,409,379
CURRENT LIABILITIES		
Financial Liabilities	954,406	1,600,034
Trade and other payables	1,473,876	1,689,552
Short-term provisions	383,945	434,402
TOTAL CURRENT LIABILITIES	2,812,227	3,723,988
NON-CURRENT LIABILITIES		
Interest bearing liabilities	53,553	129,045
Long-term provisions	36,697	56,240
TOTAL NON-CURRENT LIABILITIES	90,250	185,285
TOTAL LIABILITIES	2,902,477	3,909,273
NET ASSETS	(122,948)	500,106
EQUITY		
Issued capital	22,809,146	22,809,146
Accumulated losses	(22,932,094)	(22,309,040)
TOTAL EQUITY	(122,948)	500,106

Statements of Cashflows

	Consolidated Entity	
	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	11,575,581	18,787,841
Payments to suppliers and employees	(11,473,964)	(19,550,899)
Interest received	11,469	66
Dividends & trust distributions received	32	37
Finance costs	(141,997)	(194,017)
Income taxes paid	435,342	(44,035)
Net cash provided by / (used in) operating activities	406,463	(1,001,007)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	373,503	180,664
Purchase of property, plant and equipment	(82,460)	(73,204)
Net cash provided by investing activities	291,043	107,460
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	(398,786)	(568,830)
Net cash used in financing activities	(398,786)	(568,830)
Net increase / (decrease) in cash & cash equivalents held	298,720	(1,462,377)
Cash & cash equivalents at beginning of financial year	(1,154,055)	308,322
Cash & cash equivalents at the end of financial year	(855,335)	(1,154,055)

Details of dividend / distribution reinvestment plan

At 30 June 2012, there was no dividend reinvestment plan in operation for UnderCoverWear Limited.

Retained Earnings

	Ordinary Share Capital	Accumulated Losses	Total
	\$	\$	\$
Consolidated Entity			
Balance at 30 June 2010	22,809,146	(5,192,986)	17,616,160
Total comprehensive income for the year	-	(17,116,054)	(17,116,054)
Balance at 30 June 2011	22,809,146	(22,309,040)	500,106
Total comprehensive income for the year	-	(623,054)	(623,054)
Balance at 30 June 2012	22,809,146	(22,932,094)	(122,948)

Net Tangible Assets per security

	30 June 2012	30 June 2011
Net tangible asset backing per ordinary security (cents)	(0.28)	1.16

Details of entities over which control has been gained or lost during the period

N/A

Details of associates and joint venture entities

N/A

Accounting standards

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Results for the period***Earnings per security***

	2012 \$	2011 \$
Basic loss per share (cents)	(1.44)	(39.62)
Diluted loss per share (cents)	(1.44)	(39.62)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	43,200,000	43,200,000

Commentary on the results for the period

The net loss was disappointing, however a number of significant building blocks have been put in place. The initiatives have taken longer than planned to have an impact on recruitment. We will continue to roll out our training programs to the field.

Our cost reductions are having an impact and our stock levels are under control.

The upside continues to be to build a multi channel model for our consultant team to support our party plan and on line sales opportunities.

Qualification of audit / review

The accounts are in the process of being audited and it is envisaged the audit report will be unqualified but will include an emphasis of matter on going concern.



Stuart Richardson
Director

Dated 27th August 2012