

ASX Announcement

Annual General Meeting – 31st October 2006

OPERATIONAL REVIEW CHIEF EXECUTIVE OFFICER



As Chief Executive Officer it gives me great pleasure to present to our shareholders the Operational Review for the year ended 30 June 2006 and for the period to date.

As outlined in our Annual Report and summarised by our Chairman in his address, our revenue and profit results for the year were satisfying, however were marked by a slow-down in sales and activity by our sales consultants in the second half of the financial year.

The key growth driver of the business continues to be the number of consultants in our sales force and it was a fall of around 12% in consultant numbers, predominantly in the period from January 2006 to June 2006, that impacted on the year's results. We commenced the year with 2,509 consultants in July 2005 and finishing in June 2006 with 2,209, meaning that whilst we had recruited 1,674 new consultants during the year we had not replaced at the same rate as the number exiting.

In our budget for the current year we have estimated it will take until June 2007 to restore the number of sales consultants to the January 2006 level of 2,550 and this amounts to an increase of 15%. Almost 4 months into the year, numbers are on target being up by 5.7% on June 2006 close.

Appointment of new staff

Following the retirement this year of Patti Handford, a long serving member of the management team, Colleen Walters was appointed to the position of Sales and Business Development Manager in July 2006. Colleen comes to us with 10 years experience in the party plan and direct selling industry, both overseas as well as in Australia. Her strong leadership skills and systematic training methods have already engendered a new excitement into the sales leaders in the field.

We are seeing a steady lift in key performance measures of productivity that point to improvements in the booking rates at parties, attendance, average spend per customer and average party sales.

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We have also appointed a talented second fashion designer, Robyn Eddy, who will be responsible for our outerwear range. This will give Ana Tokic, our chief designer, the resources to devote her skills exclusively to development of lingerie with off-shore suppliers.

Operations

The continued development of new IT programs to improve efficiencies in import processing, warehousing and order processing have enabled us to reduce the number of staff in these areas.

Other IT enhancements have improved the information available to our consultants and managers in the field and their ability to monitor their teams to assist in their development.

Savings in distribution costs during the year have been achieved by reducing the incidence of back-orders. This has been brought about by better co-ordination of overseas deliveries.

Addition of new training facility

Extension to our mezzanine floor has increased our internal office area space and provided us with a new training facility to allow greater capacity for our Corporate Training programs to be conducted on site.

I have covered other operational matters in the Annual Report for further reference.

I must acknowledge and thank the dedicated members of our Management Team, our 95 employees at head office and our Sales Consultants and Managers for their outstanding loyalty and hard work.

As our Chairman outlined in his address, we are working diligently to improve performance over the coming year. We are on track with our targets to date and by meeting our targets for the coming year the company's results should be similar with those of the year just completed.

Elaine Vincent, B.Com.

