

APPENDIX 4D

HALF YEAR REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

1. Details of the reporting period

Current period	1 July 2007 to 31 December 2008
Previous corresponding period	1 July 2007 to 31 December 2007

2. Results for announcement to the market

		\$	Up / down	Movement %
2.1	Revenues from ordinary activities	14,989,841	down	25.9%
2.2	Profit/(loss) from ordinary activities after tax attributable to members	1,431,192	down	41.6%
2.3	Net profit/(loss) for the period attributable to members	1,431,192	down	41.6%
2.4	Dividends	Amount per Security (cents)	Franked amount per security (cents)	
	<i>Current Period</i>			
	Final	N/A		N/A
	Interim – payable 03 April 2009	1.0		1.0
	<i>Previous corresponding period</i>			
	Final – paid 03 October 2008	2.75		2.75
	Interim – paid 02 April 2008	3.0		3.0
2.5	Record date for determining entitlements to dividends		9 March 2009	
2.6	<p>During the half-year ended 31 December 2008, other than disclosed in the Directors' Report, there were no significant items that impacted on the results recorded in our Income Statement.</p> <p>Refer to the Directors' Report contained in attached interim financial report for further explanation of the results.</p>			

3. Net Tangible Assets per security

	31 Dec 2008	31 Dec 2007
Net tangible asset backing per ordinary security	10.25 cents	10.52 cents

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

i.	Name of entity (or group of entities) over which control was gained/lost	N/A
ii.	Date control was gained/lost	N/A
iii.	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired/lost	N/A
	Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

5. Details of dividends / distributions

The Directors have declared a fully franked interim dividend of 1.0 cent per share.

The interim dividend will have a payment date of 3 April 2009.

6. Details of dividend / distribution reinvestment plan

At 31 December 2008, there was no dividend reinvestment plan in operation for UnderCoverWear Limited.

7. Details of associates and joint venture entities

N/A

8. Accounting Standards used by foreign entities

N/A

9. Qualification of audit / review

N/A as there is no audit dispute or qualification. Refer to the attached interim financial report which includes our auditor's Independent Review Report.



UnderCoverWear

Half Yearly
Financial Report
ended 31 December 2008



UNDERCOVERWEAR LIMITED
A.B.N 85 108 962 152

HALF YEARLY FINANCIAL REPORT
Ended 31 December 2008

UNDERCOVERWEAR LIMITED
A.B.N 85 108 962 152

CONTENTS

	<i>Page</i>
Company Details	3
Directors' Report	4
Consolidated Income Statement	6
Consolidated Balance Sheet	7
Consolidated Statement of Changes In Equity	8
Consolidated Cash Flow Statement	9
Notes to the Financial Statements	10
Directors' Declaration	13
Auditor's Independence Declaration	14
Independent Auditor's Review Report	15



UNDERCOVERWEAR LIMITED
A.B.N. 85 108 962 152

COMPANY DETAILS

Directors	Stuart Richardson, <i>Chairman</i> John Everett AM Elaine Vincent, <i>Chief Executive Officer</i>
Company Secretary	Nick Geddes
Registered & Principal Office	UnderCoverWear Limited ABN 85 108 962 152 ACN 108 962 152 8 Solent Circuit Norwest Business Park Baulkham Hills NSW 2153 Tel: +61 2 8853 2800 Fax: +61 2 8853 2899 Website: www.ucw.com.au
Auditor	Grant Thornton NSW Level 17, 383 Kent Street Sydney NSW 2000
Share Registry	ComputerShare Investor Services Pty Ltd Level 5, 115 Grenfell Street Adelaide SA 5000
Stock Exchange Listing	Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.



UNDERCOVERWEAR LIMITED
A.B.N. 85 108 962 152

DIRECTORS' REPORT

Your directors submit the financial report of UnderCoverWear Limited and its controlled entities for the half-year ended 31 December 2008.

Directors

The names of directors who held office during or since the end of the half-year:

Stuart Richardson

John H Everett

Elaine M Vincent

All directors held office from the start of the half year to the date of this report unless otherwise stated.

Review of Operations

The six months of trading for UnderCoverWear Limited for the period ended 31 December 2008 were very disappointing when compared with the same period to 31 December 2007.

Comparisons can be highlighted as follows:

Revenue	- down 26%
Net profit after tax	- down 42%

The two obvious reasons for the result can be stated as follows:

1. Deteriorating economic conditions.
2. Difficulty in attracting new consultants.

Outlook

The six months to June 2009 will be very difficult but management has addressed the economic downturn by ensuring the cost structure reflects the slowing economy to be commensurate with revenue.

Secondly the difficulty in growing consultant numbers could conversely be helped by the deterioration in employment in the economy which to date has been a major deterrent in achieving our required growth.

The directors are very aware of the expectation in the economy and to conserve the cash held by the company have recommended that the dividend be reduced from 2.75 cents per share at 30 June 2008 to 1.0 cent per share payable on 3 April 2009.



UNDERCOVERWEAR LIMITED
A.B.N. 85 108 962 152

DIRECTORS' REPORT

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review of the interim financial report for the half year ended 31 December 2008 is shown on page 14 and forms part of this report.

This report is signed in accordance with a resolution of the board of directors.



Stuart Richardson

Director

Dated this 25th day of February, 2009



UNDERCOVERWEAR LIMITED
A.B.N. 85 108 962 152

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated Entity	
	31 December 2008	31 December 2007
	\$	\$
Revenue	14,989,841	20,248,219
Changes in inventories of finished goods and work in progress	(3,632,759)	(3,358,279)
Raw materials and consumables used	(2,310,295)	(4,589,200)
Distribution costs	(732,882)	(924,560)
Commissions paid	(1,095,793)	(2,062,560)
Promotions and advertising expense	(1,375,839)	(1,139,750)
Depreciation and amortisation expense	(50,541)	(78,530)
Insurance expense	(57,292)	(56,761)
Employee benefits expense	(2,372,031)	(3,028,768)
Rental expenses	(455,480)	(452,920)
Finance costs	(249)	-
Other expenses from ordinary activities	(859,564)	(1,054,890)
Profit before income tax expense	2,047,116	3,502,001
Income tax expense	(615,924)	(1,051,360)
Profit attributable to members of the parent entity	1,431,192	2,450,641
Basic earnings per share (cents per share)	2.98c	5.11c
Diluted earnings per share (cents per share)	2.98c	5.11c

The accompanying notes form part of this financial report.



UNDERCOVERWEAR LIMITED
A.B.N. 85 108 962 152

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Consolidated Entity	
	31 December 2008	30 June 2008
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	1,384,638	2,391,175
Trade and other receivables	238,839	272,540
Inventories	4,963,923	5,524,256
Other current assets	331,409	514,443
TOTAL CURRENT ASSETS	6,918,809	8,702,414
NON-CURRENT ASSETS		
Plant and equipment	185,003	226,944
Deferred tax assets	358,502	340,174
Intangible assets	24,817,499	24,817,499
TOTAL NON-CURRENT ASSETS	25,361,004	25,384,617
TOTAL ASSETS	32,279,813	34,087,031
CURRENT LIABILITIES		
Trade and other payables	1,441,638	2,694,034
Current tax liabilities	243,868	486,049
Short-term provisions	700,602	1,180,745
TOTAL CURRENT LIABILITIES	2,386,108	4,360,828
NON-CURRENT LIABILITIES		
Deferred tax liabilities	41,525	-
Long-term provisions	116,969	102,184
TOTAL NON-CURRENT LIABILITIES	158,494	102,184
TOTAL LIABILITIES	2,544,602	4,463,012
NET ASSETS	29,735,211	29,624,019
EQUITY		
Issued capital	23,960,750	23,960,750
Retained earnings	5,744,461	5,663,269
TOTAL EQUITY	29,735,211	29,624,019

The accompanying notes form part of this financial report.



UNDERCOVERWEAR LIMITED
A.B.N. 85 108 962 152

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	Ordinary Share Capital	Retained Profits	Total
Balance at 1 July 2007		23,960,750	5,133,327	29,094,077
Profit for the period		-	2,450,641	2,450,641
Total recognised income and expense for the period		-	2,450,641	2,450,641
Dividends paid or provided for	3	-	(1,680,000)	(1,680,000)
Balance at 31 December 2007		23,960,750	5,903,968	29,864,718
Balance at 1 July 2008		23,960,750	5,663,269	29,624,019
Profit for the period		-	1,431,192	1,431,192
Total recognised income and expense for the period		-	1,431,192	1,431,192
Dividends paid or provided for	3	-	(1,320,000)	(1,320,000)
Balance at 31 December 2008		23,960,750	5,774,461	29,735,211

The accompanying notes form part of this financial report.



UNDERCOVERWEAR LIMITED
A.B.N. 85 108 962 152

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Consolidated Entity	
	31 December 2008	31 December 2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	14,952,308	22,299,017
Payments to suppliers and employees	(13,866,331)	(18,551,652)
Interest received	71,208	99,133
Dividends & trust distributions received	33	31
Finance costs	(249)	-
Income taxes paid	(834,906)	(920,515)
Net cash provided by operating activities	322,063	2,926,014
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(8,600)	(45,535)
Net cash used in investing activities	(8,600)	(45,535)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,320,000)	(1,680,000)
Net cash used in financing activities	(1,320,000)	(1,680,000)
Net (decrease)/increase in cash held	(1,006,537)	1,200,479
Cash at beginning of period	2,391,175	2,097,808
Cash at end of period	1,384,638	3,298,287

The accompanying notes form part of this financial report.



UNDERCOVERWEAR LIMITED
A.B.N. 85 108 962 152

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by UnderCoverWear Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those applied in the 30 June 2008 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting basis and conventions

The half year report has been prepared on an accruals basis and is based on historical costs.



UNDERCOVERWEAR LIMITED
A.B.N. 85 108 962 152

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Consolidated Entity
31 December 2008 31 December 2007

NOTE 2: PROFIT FROM ORDINARY ACTIVITIES

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Revenue:

• sale of goods	14,244,002	19,149,228
• distribution charges	268,417	675,505
• rental revenue	265,888	295,738
• other revenue	140,293	28,585
• interest & dividends received	71,241	99,163
Total Revenue	14,989,841	20,248,219

Profit from ordinary activities before income tax has been determined after:

• Expenses		
- cost of sales	5,943,054	7,947,479
- borrowing costs	249	-
- depreciation of non-current assets	50,541	78,530
- bad & doubtful debts	648	4,547
- rental expense on operating leases	745,571	464,889



UNDERCOVERWEAR LIMITED
A.B.N. 85 108 962 152

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Consolidated Entity

31 December 2008 31 December 2007

NOTE 3: DIVIDENDS

Dividends provided for and paid during the half year are listed below:

	1,320,000	1,680,000
Dividends paid		
Declared interim fully franked ordinary dividend of 1.0 (2007: 3.0) cent per share franked at the tax rate of 30% (2007: 30%)	480,000	1,440,000

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

On 25th February 2009, an interim dividend of 1.0 cent per ordinary share, fully franked, was declared by the Company. The dividend record date will be 9 March 2009 and will be paid on 3 April 2009.

NOTE 5: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 6: SEGMENT INFORMATION

The Company only operated in one business segment being the manufacturing and distribution of underwear and garments through the home party plan.

The Company operates in the following geographic segments: Australia, New Zealand and Singapore.

Primary segment – geographical

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

Geographical location:	Segment Revenues from External Customers		Segment profit before income tax expense	
	2008	2007	2008	2007
Australia	14,379,479	19,319,764	1,312,822	3,356,295
Other Countries	610,362	928,455	118,370	145,706
Total	14,989,841	20,248,219	1,431,192	3,502,001



UNDERCOVERWEAR LIMITED
A.B.N. 85 108 962 152

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 12:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Stuart Richardson

Director

Dated this 25th day of February, 2009



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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF UNDERCOVERWEAR LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of UnderCoverWear Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON NSW
Chartered Accountants



N J Bradley
Partner

Sydney, 25 February 2009

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ABN 25 034 787 757

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF UNDERCOVERWEAR LIMITED

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of UnderCoverWear Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, and other selected explanatory notes and the directors declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF UNDERCOVERWEAR LIMITED

Auditor's responsibility (cont)

As the auditor of UnderCoverWear Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Australian professional ethical pronouncements and the Corporations Act 2001.

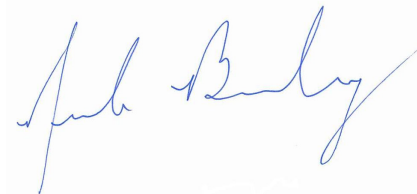
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of UnderCoverWear Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



GRANT THORNTON NSW
Chartered Accountants



N J Bradley
Partner

Sydney, 25 February 2009