

| 13 May 2009

SPECIALTYFASHION | GROUP

Specialty Fashion Group Announcement

Specialty Fashion Group (ASX code: SFH) today announced it has become aware of significant irregularities in the Company's property related expenditures.

A recent internal review revealed that over the last 4 to 5 years, approximately \$16 million of expenditure appears to have been falsely charged to the Company, out of total property expenditure of approximately \$150 million for that period. The review is being assisted by forensic accountants to fully verify and confirm the amounts involved.

A senior employee of the property department has been suspended pending the outcome of our investigations.

In the meantime, legal proceedings have been commenced to protect SFH's position.

SFH confirms that the costs of the falsely charged amounts have already been paid and accounted for. The Company will be taking all necessary steps to recover the funds, including possible insurance recoveries. However, the scope of any recovery is currently unclear.

The Company will continue to update shareholders as developments occur.

Investors

Howard Herman
Chief Financial Officer
Specialty Fashion Group
02-83037982

Media

Chris Savage
0404012266