2012 ANNUAL GENERAL MEETING

Wednesday 28th November 2012, 11am

PWC Office, Level 10, Darling Park Tower 2, 201 Sussex Street, Sydney

Ross Lane **Chairman**	OrotonGroup's financial results in 2012 were again very solid with growth in group revenue of 12.3% to $184.7 million. Our growth in like for like sales was also healthy at +9% overall, up from +7% in the previous year. This strong positive result reflects the health of our brands and business and the strong loyalty of our customers. Our business model today is broad in scope with distribution across online, full price retail, wholesale and factory outlet channels. We sell from oroton.com and deliver worldwide and we have 93 stores in 4 countries. We achieved a Net Profit After Tax result of $24.9 M, up 0.5% on last year and increased group EBITDA by 5.4% to achieve a result of $46.2 M. Our EBITDA margin in FY12 was consistent with the prior year at 25% of sales. This margin has been maintained now for several years. Our Earnings Per Share (or EPS) was 61.0 cents and the Board declared a total annual dividend of 50.0 cents per share. I am pleased to state that the Group Return on Capital Employed has remained above 80% over the past 5 years and our EPS has grown by a compounded annual growth rate (CAGR) of more than 10% since the onset of the GFC in 2008. Despite our recent announcement that our Ralph Lauren license will expire on 30 June 2013 our strategy remains constant. **Firstly, Oroton is our primary growth vehicle and focus**. Since December 2010 we

have opened 7 stores in Asia all owned and directly operated by our Group. We are approaching the market with serious intent and by having our own stores there we can learn from our customers directly and adjust and tweak our operations and product range as necessary. We plan to open a minimum of 4 Oroton stores in Asian markets each year and will continue to explore growth via category and price expansion in our domestic business as well. We are excited about the growth opportunities ahead for Oroton.

Secondly we continue to be focused on running our Ralph Lauren business through to end June 2013

Finally we have a strong balance sheet and will have an even stronger one shortly as the cash and capital is released from the exit of Ralph Lauren. We continue to assess acquisition opportunities against a strict set of financial and strategic hurdles. The sort of businesses we are interested in looking at include domestic ones with brand content that we believe is distinctive and defensible - and whilst we think an acquisition or business expansion in the short or medium term is likely at this stage, please be clear that if no acquisition opportunities eventuate, and there is no need for additional cash to invest in Oroton geographic expansion, the Board will reassess our capital management structure.

As you may know my grandfather started OrotonGroup in 1938 – which makes next year our 75th year of trading. We started in fabric trading and over time transformed the company by making beauty and compact cases and finally metallic mesh day and evening bags in the 50, 60s and 70’s. Today our range is much broader although bags and leather accessories still remain our core products. I would like to take this opportunity to thank our talented design team for their hard work and great results in launching our new “apparel” category in FY12. This new category has created much positive media and fashion news for the brand and has been a wise investment as a result. In addition we have shoes, sunglasses, jewellery and a wholesale business in lingerie which provides additional and incremental growth opportunities in our domestic market.

FY13 holds much promise for OrotonGroup and we look forward to the challenges and growth opportunities ahead.

Before I hand over to Sally I would like to mention that OrotonGroup reviewed copies of proxy papers and reports from various third party proxy advisors and investors that highlighted a number of issues of concern for them and resulted in some advisors recommending to our shareholders to vote against the adoption of our Remuneration report.

OrotonGroup takes these issues very seriously and intends to commence a process to review all matters of concern to proxy advisors and to engage with them during the current financial year. Today, I would like to address a number of them in general terms.

BOARD COMPOSITION

The Board of Oroton Group consists of three independent directors and three non independent directors. Will Vicars is not independent because he is a long time shareholder who owns 12% of the company's shares. Sally Macdonald is not independent as she is our CEO and Managing Director. I am not independent because my grandfather founded the company and my family controls 21% of the shares in the company. Your Board has a firmly held view that each of the directors approaches his or her responsibilities with an "independent" perspective and acts on behalf of all of the shareholders, and that as a whole the Board has an ideal mix of skills and experience to lead the company both now and in the future.

Comments have been made about the workload of two of the directors. Your Board is committed to an independently led assessment of its performance annually and it is the considered view of the Directors that each member of the Board makes a valuable contribution to the work of the Board and the success of the company.

REMUNERATION

OrotonGroup competes in the highly competitive and recently very challenging retail market in Australia. We are committed to recruiting and retaining the best possible management team to lead your company in this difficult environment and to do so realise that we must offer competitive compensation plans. We have listened to the feedback and advice from proxy advisors and next year will work to improve the clarity of our remuneration report. This year we took the step of engaging the Human Capital team at Ernst & Young to review remuneration for our CEO against a market reference point and our long term incentive plans in general and we made changes to the CEO's compensation based on this review. We will continue to work with external advisors to ensure that our Remuneration Report is of a high standard.

We would be very happy to take questions on any aspect of our Remuneration Report or our compensation policies after Sally has spoken.

Thank-you.

I would now like to hand over to our CEO, Sally Macdonald.

Sally Macdonald **Chief Executive Officer**	As Ross mentioned FY12 was another successful year for OrotonGroup, but today I would like to focus on FY13. This year is an unusual one for the group as we transition out of our RL business and review our strategic options including domestic acquisitions, partnerships, other license and distribution agreements as well as capital management opportunities. **Oroton is our primary focus** and we are excited about the growth opportunities that exist for the brand as we increase our store base and brand awareness in Asia. We are building a brand and business in Oroton and are choosing at this stage to rollout directly and in a measured fashion, learning about and understanding each market in due course. We have 5 stores in Malaysia and 2 in Singapore. Our Malaysian stores opened more than one year are now cash flow positive and we are beginning to get a detailed profile of the sales maturity curve, standard promotional programs and customer in this region. Our stores are located in extremely busy and iconic shopping centres such as Pavilion and KLCC in Kuala Lumpur, and Marina Bay Sands and ION Orchard in Singapore, and we are pleased with the momentum we are gaining in both markets. We are actively engaged in social media, VIP customer and event marketing programs in Asia to drive awareness of the brand. Our plan is to open approximately 4 stores internationally each year for several years to come. All of our stores to date are owned and directly operated by OrotonGroup with highly focused marketing plans to support them. Our first store in Shanghai is scheduled to open in May 2013 and we expect to sign terms for our first permanent store in Hong Kong to open pre Xmas 2013. With one store already opened in Malaysia this financial year and one committed for Shanghai, we continue to seek our 3rd and 4th store for FY13. In FY13 we have also started to pursue potential distribution partners for Oroton in other key markets including the Middle East, Indonesia, Thailand and other countries in Asia. In addition, in Australia we plan to open up ~ 5 new concession stores this year which are conversions from wholesale to retail “shop-in-shops” and close 4 free standing stores. There are a further 2 possible closures at lease expiry depending on terms offered to us by the landlords, 4 planned store expansions and 2 refurbishments. This is a net growth of 2 new stores and 4 store expansions domestically….or 6 new stores including our 4 intended overseas stores. As we have stated before we believe the retail market in Australia is restructuring and as such we are best to go to market with fewer, larger and better stores, a series of short term pop up stores as needed and an active online

business. We intend to maintain or grow our floor space overall and be able to improve all of our productivity metrics in this initiative.

We launched Oroton.com over 6 years ago and today this one store comprises >10% of Oroton brand sales. It is our largest store in the group and the fastest growing at a continued 70% growth rate year on year. We expect further growth in this channel over the next few years – possibly to > 20% of our total sales based on what some US retailers are experiencing already – but the future of this channel is impossible to predict. We intend to invest in updating our website in the second half of this financial year to make it multi language and multi currency functional. We are able to deliver Oroton product into China and many countries already today but believe further investment will enhance our user's experience and site functionality.

We also continue to focus on developing new and better products. We are an affordable luxury accessories brand and we offer a complementary range of shoes, apparel, sunglasses, jewellery and lingerie/underwear. These product categories make up ~10% of our sales but are often the ones with which we have great editorial exposure. All categories continue to grow and elevate our customer's brand experience.

We are actively seeking a domestic acquisition but only to strict financial and strategic hurdles. An acquisition would provide us with more immediate scale in our domestic market but needs to meet our financial and brand criteria. We have been approached by overseas brands that want us to represent them in this market via licensed arrangements but so far we have not found a business that meets our return requirements. We remain open to license arrangements that cover Australia and a larger SE Asian territory, as well as to outright acquisitions of vertically integrated brand businesses like what we have already in Oroton.

As previously advised, the transition of Ralph Lauren from OrotonGroup continues and is expected to realise ~ $27 million of cash from the liquidation of inventory and selling of unamortised store assets back to Ralph Lauren by July 2013.

Now turning to current trading. Unlike some retailers we had a very strong start to the financial year 12 months ago in 2011 with like for like sales over 10%. The first 17 weeks of this financial year have also traded well on top of this strong growth which is pleasing but trading does continue to be volatile. **Our group like for like sales performance year to date FY13 is still a positive +7%.** Our Oroton online channel also remains robust with growth so far above 70% on last year and it remains our largest store at over 10% of total brand sales. Our factory outlet business is performing well across both brands reflecting the customers focus on discounting and the growth in international luxury brand representation in the factory outlet channel. Our vertically integrated business model in Oroton means we control our distribution, prices and promotional schedule very tightly. Coupled with our focus on data and customer analysis we are cautiously optimistic about the upcoming Christmas and Chinese New Year trading period. We sell across many channels and store types and will be staying close to the data on a daily basis to maximise results in the volatile retail environment. Spending time in stores and on social media talking and listening to customers is also a critical part of my and everyone's jobs at OrotonGroup.

As many of you know, December and January are the company's largest and most important trading months of the year so these first 17 weeks, whilst very positive, are unfortunately not a meaningful indicator of the year ahead.

We look forward to updating you further at our half year results announcement in March 2013.