



25 October 2010

Manager Company Announcements
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Market Information Services
New Zealand Exchange Limited
Level 2, NZX Centre
11 Cable Street
Wellington
New Zealand

Dear Sir/Madam

CHAIRMAN'S AND MANAGING DIRECTOR'S PRESENTATIONS

Please find attached copies of the Chairman's Address and Chief Executive Officer's Address and presentation slides to be presented at, or immediately following, Pacific Brands Annual General Meeting which commences at 10.00 am today.

Yours faithfully
Pacific Brands Limited

A handwritten signature in black ink, appearing to read "John Grover".

John Grover
Company Secretary



**Chairman's Address
to the
2010 Annual General Meeting
of
Pacific Brands Limited**

**Monday 25 October 2010
Pacific Brands Head Office, Melbourne**

Good morning ladies and gentlemen,

I'm James MacKenzie, the Chairman of your company.

I welcome you to the 2010 Annual General Meeting.

I have confirmed with the Company Secretary that we have a quorum present and I declare this Annual General Meeting open. We have [#] shareholders present today representing approximately [x.x%] of the company's issued capital.

Let me start by introducing the Board members, senior executives and the company's auditor.

Joining me on the stage are:

- Sue Morphet, our Chief Executive Officer
- David Bortolussi our Chief Financial and Operating Officer
- John Grover our Company Secretary;

And my fellow non-executive directors:

- Peter Bush
- Andrew Cummins
- Dominique Fisher
- James King, Chair of our Remuneration Committee
- Maureen Plavsic, Chair of our Nomination Committee
- Nora Scheinkestel, Chair of our Audit, Business Risk and Compliance Committee; and
- Arlene Tansey

I would like to take this opportunity to welcome both Peter Bush and Arlene Tansey as non-executive directors. Both are standing for formal election today. In the relatively short time they have been on the board they have made a valuable contribution.

And I would like to take this opportunity to acknowledge Andrew Cummins and Dominique Fisher's contribution and commitment to Pacific Brands. Both Andrew and Dominique are retiring from the board – effective as of the end of this meeting. Andrew and Dominique, on behalf of the board and the company - thank you.

I would also like to mention and welcome the Pacific Brands' senior executive team seated in the front rows. Thank you for your hard work and commitment this year and for the year ahead.

Welcome also to representatives of KPMG, the Company's auditor.

I'll now outline the procedure for today's meeting.

In a moment I will present my report as Chairman and we will then move onto the formal business of the meeting.

There are five items of business on today's agenda:

1. The Financial Report
2. The election of Directors
3. The Remuneration Report
4. The proposed increase in the aggregate fee cap for non-executive directors; and lastly
5. The proposed granting of performance rights to the CEO.

As you will know, this year in our Annual Report and notice of meeting, we again included an invitation for you to send us questions that you would like us to address today. I will endeavour to cover the questions and issues raised in my report. You will also have the chance to make comment or raise questions as we move through the various resolutions.

After the conclusion of the meeting, I'll hand over to your CEO, Sue Morphet, for an overview of divisional performance last year, and some comments on recent trading and the outlook.

I will now move to my report.

This last 12 months has been a key period in our company's history. I stood before you 12 months ago and outlined the changes needed to continue to transform the business to deliver the best future for our Company and your investment.

Real and sustained long-term change doesn't happen overnight, but I am pleased to be able to report that the turnaround of your company has begun. Despite the difficult operating environment, profit – measured by Earnings Before Interest Tax & Amortisation (or EBITA) – was up 13.7% in the second half of 2010. Cash flow is excellent and our balance sheet position is strong.

Pacific Brands 2010 is delivering. Overall, we are ahead of schedule – 12 months ahead in relation to our cost reductions - and we are making meaningful and positive change to your company. We are halfway through the implementation of the PB2010 strategy and have already achieved a great deal, including making significant cost savings and restructuring critical parts of the business. We are also well into the retraining and up-skilling of many of our 5,000 people, as well as undertaking significant renewal at both board and senior management levels.

Your board is confident that the company is now well positioned for long-term sustainable growth and a very positive future.

As a business, we are healthier, fitter and faster on our feet. We are more flexible and more market responsive, and we are seeing results in those parts of the business that are the furthest along the transformation path.

I would now like to take you through last year's financial results.

Pacific Brands delivered a creditable result in 2010 amidst a very difficult and changing retail environment and despite the adverse impact of hedged foreign exchange rates.

The reported sales result of \$1.74 billion was heavily impacted by necessary structural changes, including business divestments and exits, and by brands being discontinued as part of the Pacific Brands 2010 transformation plan.

Underlying sales were down 5.9% (ie before the impact of brand discontinuation) while reported sales were down 11.1%. Many of our key brands grew in the last year and the overall decline was largely due to the weak retail environment, pricing adjustments, cycling the Government stimulus package and challenges in discount department stores. Restoring underlying sales growth is currently a top priority.

EBITA was down 11.7% but, significantly, it rose 13.7% in the second half of the year. Gross margin held up and CODB was down sharply by more than \$70m to \$553m – both of these reflect the increasing strength of the business as a result of the transformation work.

To maintain both gross and EBITA margins in such difficult market conditions was an excellent achievement and Sue, her management team and all of our people are to be congratulated for this.

NPAT for the year was down just under 10% and EPS of 9.7 cents per share reflects the effect of the shares issued in the June 2009 capital raising.

One of the real highlights for the year was the improvement in your company's financial position.

Cash conversion remains exceptionally strong at 144% and drove operating cash flow (before Capex, Interest and Tax) up to \$290 million from \$206 million in F09. This has enabled us to reduce debt by a further \$140 million or 31% in the last 12 months to \$313 million as at June 2010. It also enabled us to refinance our securitisation facility.

Net debt is now down to only 1.6 times EBITDA and this improved financial position sets us up for the potential return to dividends which I will talk more about in a moment.

The financial performance I have just outlined was made possible by many things, but there are two in particular that I want to highlight to you: transformation – and – board and senior executive renewal.

We are half way through Pacific Brands 2010 – our 3 year program to deliver a stronger and more sustainable Pacific Brands with the right capability and scope for growth.

I am pleased to report that our main portfolio rationalisation and cost-reduction initiatives have now largely been implemented - we've cleaned out our brand portfolio and reset our cost base to match. Our cost of doing business is already well down, by \$132 m over F09 and F10.

But this transformation has been more than just a cost exercise. We have needed to build capability to address many core issues. Even our strongest brands have needed changes of talent and process in order for us to deliver what has historically eluded Pacific Brands – sustainable organic growth. After all the change, this coming year is the one where the business will stabilise the top line and move towards the growth phase of our transformation.

Sue, her management team and all of our employees are to be commended for their outstanding delivery of the transformation program to date, the benefits of which will continue to be enjoyed by your company for many years to come.

The other issue I want to highlight is the extent of change to the structure and composition of the Board and senior executive team during the past year as part of the process of continual renewal.

As I mentioned earlier, today sees Andrew Cummins retire from the board - after almost 10 years of service. Dominique Fisher will also retire from the board at this year's AGM, having been with us since 2007 and helping guide our use of technology to drive the company forward. Andrew and Dominique, on behalf of the board and the company – once again may I say thank you.

Coming onto the board over the past 12 months have been Jim King – back in September 2009, Arlene Tansey – who joined in March and Peter Bush who joined in August 2010.

Jim has been a tremendous addition to the board. Apart from heading up our Remuneration Committee, Jim also brings extensive retail and consumer goods experience to the board having held senior roles at Fosters and Kraft, in addition to his directorship with JB Hi-Fi.

Arlene has been on board for just over 6 months, and greatly strengthens our skills on the financing and risk management sides of the business having joined us after a very successful career with the ANZ Bank.

Peter Bush has recently joined us after a long history of senior roles in the fast moving consumer goods industry, more recently and notably with McDonalds. We look forward to his continued contribution in the years ahead.

The board has also supported Sue in making significant changes to her management team. This is consistent with the overall strategy of enriching the talent in the business. In the last 12 months, we have been pleased to be able to welcome Anthony Heraghty and Holly Kramer to the company. Anthony heads up our Footwear, Outerwear and Sport group and Holly heads up Homewares.

There have been other significant changes throughout the business as we continue to refresh the whole organisation, finding the right people where new skills are required but also continuing to develop the existing and substantial talent base within the company.

I would also like to touch upon the issue of gender. At Pacific Brands, for any recruiting – be it at board level, senior management level or whatever level – the focus is always on obtaining and retaining the best available talent. As it happens, 4 out of 7 board members going forward and 4 of the 8 in the senior management team are women. Whilst we are proud of that outcome, we are equally proud that it has been achieved without specifically targeting such a gender neutral outcome.

Whilst I am talking about board and senior executive renewal and the need to obtain and retain high calibre people, I would like to take some time to address the issue of remuneration.

Throughout the course of the year and in the lead up to this meeting, we have had various discussions with our shareholders, proxy houses, the Australian Shareholders Association and other interested parties in relation to various remuneration and other issues affecting the company. I would like to take a moment to share with you some of the key issues raised in those discussions and our response to them.

The first one I will mention, and these are in no specific order, is the increase in the fixed salary of our CEO which increased from approximately \$0.7million to \$1.1million last financial year. It is a priority of Pacific Brands to attract, retain and motivate high calibre people to drive your company forward. We operate in a very competitive market for talent. That necessitates paying people what they are worth and so we regularly seek input from independent consultants to help us determine appropriate pay rates for our people. Sue was promoted internally to CEO in early 2008. At the time and in the subsequent 18 months, some increments were made to her base salary but they did not fully adjust her base salary to a level commensurate with her role, the complexity of the company, her capabilities and earning potential elsewhere. For 18 months, Sue was paid substantially below market. Different people may have different views as to what the appropriate market rate is but, at the start of the 2010 financial year, we reviewed the issue – including obtaining independent advice – and adjusted Sue's salary accordingly. The increase was effectively "catch up", but you should note that the increase was not made retrospective in any way. You should also

be aware that, whilst there was a general salary freeze in place last year, over 200 people were deemed as exceptions and were granted salary increases as part of focus on the retention of key talent. Sue was one of these exceptions.

The second issue I wanted to share relates to the payment of short term incentives to the senior executive team which ranged from 60% to 100% of the maximum value payable, including 85% for Sue. As explained in our remuneration report, there was a “gate” on the payment of any STI requiring earnings, as measured by EBITA, to be in excess of target. This requirement was met. The Board is of the view that the financial performance over the past year was very creditable given what has been a challenging and difficult market in which to operate whilst also delivering on such a wide ranging and extensive transformation plan. The market response to our full year result corroborates this view.

That was just the gate. Payment of individual STIs depended upon meeting a mixture of general and specific requirements depending upon the individual. In the case of Sue Morphet, for example, her STI was based upon four key result areas: 1. Financial performance, 2. Transformation, 3. Clear communication with customers and markets, and fourthly objectives around building and developing her senior executive team. Sue's performance across those areas was seen as excellent and, accordingly, 85% of her STI was paid.

Some have questioned the payment of STIs when the share price rose only 4% from June 2009 to June 2010. To see market recognition of Sue's and the company's performance you only need to look at a slightly longer period. For example, at the end of March 2009 the share price was 25 cents. To rise to 89 cents at June 2010 (and even higher since) is clear evidence of the excellent work done to transform your company into one that is now well positioned for future growth.

The third matter I wanted to address is the long term incentive plan currently based around the performance rights plan or PRP.

Firstly, some general comments. There has been significant change in our long term incentive plan over recent times. Historically, little has been awarded under it but, more importantly, looking forward, it's attainability was such that it was not acting as an effective incentive for senior management. As a result, and after seeking independent external advice, we updated it further this year and will continue to do so including consideration of ongoing shareholder and other stakeholder feedback. For example, we are committed to an ongoing dialogue with the likes of the Australian Shareholders Association and others who have particular views on these issues and who provide an important voice for shareholders.

One issue that has been raised is that the testing period for the PRP is three years and we allow for a further retest after four years. We understand that some people disagree with this approach, but allow me to explain. For the PRP to fulfil its purpose of motivating our senior people to perform in alignment with the needs of shareholders for strong returns, it must be stretching but also achievable and fair. Our view is that three years is a sufficiently long period in the context of our industry and our company to assess sustained performance. We are also mindful that we don't want any short term impacts – such as a sudden exchange rate movement – to mean that a long term incentive is not awarded to someone who truly deserves it and that is why this year we introduced the potential to retest at year four.

This year, in conjunction with independent external advice we also adjusted some of the measures which underpin the PRP.

The Total Shareholder Return comparator group was broadened to the ASX 200 (exclusive of finance and resource companies). The previous sample group was smaller, narrower and more volatile. The revised grouping is considered more meaningful, more reliable and representative of what investors compare us against in assessing the returns we offer.

The Earnings Per Share thresholds have been lowered from 8-12% to 5-8%. The reality is that we are a relatively mature, low growth company. The long term growth assumptions adopted by the analyst community and that implicit in our current share price is significantly below the threshold range. So if we achieve sustainable growth of 5% or more over the longer term we have no doubt that would exceed expectations and most likely have a positive impact on our share price.

In summary, the board believes that the Company's remuneration policy:

- Reinforces the short and long term objectives of the company's business plans;
- Links management rewards to the creation of value for shareholders; and,
- Attracts, retains and motivates our key talent thereby building a team that will take this company forward.

I would also like to comment on board remuneration.

The Company undertakes regular reviews of the fees paid to non-executive directors to ensure that the fees paid by the Company are competitive and enable the Company to attract and retain high calibre directors. This review includes consideration of fees paid to non-executive directors of comparable Australian listed companies. Particular director's performance, duties and responsibilities, the market comparison and independent advice are all considered as part of the review process.

Prior to the 1 January 2010 increase in fees for non-executive directors there had been no increase since 1 July 2007 – 2 ½ years prior – and the aggregate cap on non-executive directors' remuneration has not been changed since the 2008 AGM. The proposed increase in the non-executive directors' fee cap of \$500,000 would take the maximum aggregate amount to \$2,000,000 per annum – an amount which is considered necessary in order to:

- continue to attract and retain directors with the appropriate experience and skills;
- allow for periodic adjustments in line with market conditions; and
- retain the flexibility to increase the number of future Board members as part of a staged board renewal process or in order to broaden the range of skills of the Board.

Increasing the maximum amount of non-executive directors' remuneration payable does not mean that the whole of the new maximum aggregate will be used immediately. The current board numbers and pay scales are expected to lead to total remuneration in the order of \$1.4 million this financial year. I can confirm that at this time there is no intention or expectation to increase non-executive Director fee scales in relation to the year ending 30 June 2011. The increase in the maximum aggregate is needed at this time – rather than at some point in the future – to provide flexibility to add to the Board of Directors should a suitably attractive and necessary candidate become available within the next 12 months.

That was quite a lengthy explanation of the issues, but I thought it was important to provide that additional background to assist you in forming your view on these matters, both for the purposes of the vote that we will soon take, but also for the ongoing dialogue and consideration of these matters going forward.

Now I would like to move on to the topic of dividends.

I have already spoken about our improved financial position.

Your board is acutely aware of the importance of dividends to you, our shareholders, and so I am very pleased to confirm that – subject to performance, financial position and outlook at the time – it is the Board's current intention to resume the payment of dividends out of the profits for the six month period ending 31 December 2010, with a target payout ratio of at least 50% of net profit after tax.

Your board will also continue to consider other forms of capital management if and where appropriate.

To sum up, 2010 was a very challenging year, marked by the toughest retail conditions for some time, especially in the second half and coinciding with our major restructuring program.

We have come through it well.

The strength of our brands has helped us maintain our gross margins through pricing and cost savings, maintaining profitability at the expense of some volume.

We have also seen some meaningful reductions in our cost of doing business.

Our transformation program, Pacific Brands 2010, remains on track and is actually one year ahead of schedule in delivering cost savings.

Our balance sheet is strong and we are generating good levels of cash.

The exchange rate headwinds we have been fighting for the last 12 to 18 months are now at our back, with rates largely locked in for the coming year at improved rates compared to where we have been for the last 12 months. Those exchange rate benefits combined with further transformation benefits should outweigh the impacts of pricing adjustments, increasing product costs out of China, temporary supply constraints and cost-of-doing-business reinvestment in F11.

The board and senior management are confident in the outlook, and notwithstanding that trading conditions may remain challenging in the near term, we expect improving EBITA before significant items in F11.

Circumstances permitting, we are also likely to achieve a return to dividends during the next 6 months.

Your board is confident that we are building a stronger business to realise the company's earnings potential and to drive sustainable growth in sales and earnings for you, our shareholders, long into the future.

With that, I'd now like to move to the formal business of the meeting.

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**CEO's Presentation
to the
2010 Annual General Meeting

of
Pacific Brands Limited**

**Monday 25 October 2010
Pacific Brands Head Office, Melbourne**

Thank you James. Ladies and Gentlemen,

This has been a very significant year for Pacific Brands.

It was the second year of our transformation - our rebuilding year after a year of change.

We're now getting the company into a position where it can begin its growth phase.

Most of our businesses are ready for growth.

We've revamped the products, we've redefined categories and we're giving shoppers a reason to buy.

We've still got businesses which aren't up to the standard, but we've hung onto them because we believe they've got the potential to be market leaders, or growth drivers, both for us and the retailers we supply.

Part of our solution there has been the upgrade of our talent, not just at an executive level but right through the company.

We've hired some exciting new people with experience in retail, marketing and design – that injection of talent is already starting to show.

We think we've got Pacific Brands well positioned for long term sustainable growth and a positive future.

I want to talk about our result in terms of our divisional performance.

Underwear & Hosiery was robust.

Workwear performed strongly.

Homewares had a mixed performance and the Footwear, Outerwear & Sport result was disappointing.

I'll also provide you an update on current trading and the outlook, which remains mixed but should see underlying sales performance and EBITA improve in comparison to last year.

Underwear and Hosiery remains our largest and most profitable segment but it's had a year of change.

We not only had the brand rationalisation, but there was a major shift in the market with K-Mart's decision to focus on lower-cost basics. This particularly impacted Rio, Holeproof and Bonds.

However this forced us to focus more on alternative distribution channels.

This change in the market meant we actually built a stronger opportunity with department stores – that's something that's never been our strongest point.

We did very well in department stores last year, and we did well in supermarkets too.

We were affected in discount department store for a few reasons:

- K Mart's move to a different business model
- The cycling of the government stimulus, especially in Big W – the previous year there was an upsurge in buying there because of the stimulus, which wasn't there in the year just gone
- This is also a business where we've needed to rationalise many brands because of a change in consumer behaviour. There's now a more polarised approach to shopping – consumers are moving either to a top-tier brand, or a price-point offer

One-third of the sales decline was from brand discontinuations.

Sales were down but margins improved significantly due to price rises, better product mix, portfolio rationalisation and off-shore sourcing gains.

The late onset of winter affected many categories, especially in hosiery and Bond's outerwear.

Berlei benefited from an improved product offering and had increased sales, especially in department stores.

We've put a lot more investment into upgrading the product and the talent in Berlei and we're seeing the benefits.

Jockey showed good increases in sales, especially in its women's ranges, benefiting from its clear positioning. Voodoo grew in the second half and, despite the very hot summer, hosiery overall was flat for the year.

Sales of the workwear business turned around during last financial year and continue to improve.

At the start of the financial year we had a lot of companies cutting back on procurement as a cost measure.

They weren't employing as many people, and they were slowing down on new designs.

There weren't as many housing starts, so tradies were cutting back on workwear – two shirts instead of three, four sets of overalls instead of six.

But in the second half, business confidence improved, and housing has picked up.

In fact business confidence is probably ahead of consumer confidence.

The pick up in mining and construction saw strong increases in Hard Yakka and King Gee sales in the second half.

These brands have a strong market share and presence and they're quick to benefit from any market recovery.

Corporate uniform demand was also up in the second half, helped by increased employment levels and increased employee turnover, both of which generate demand.

We have won share in corporate contracts with several very significant wins throughout the year.

Margins were improved despite last year's downward pressure from the currency, primarily reflecting our focus on tighter cost control.

Sales and margins fell in Homewares, but it's worth looking at Sheridan, which held sales steady – increasing its market share in a market which was dropping due to reduced discretionary spending.

We've put a lot of effort into Sheridan and it's markedly improved from where it was.

We've done serious work on brand excellence and introduced better designs, with much better uptake both in wholesale and our own retail channels.

Sheridan is beginning to shine. We're now in a position where we can begin to market it again – beforehand, we didn't think the product development was strong enough to allow us to do that.

Tontine was mixed – it's a strong brand, but it's suffered at the hands of cheaper house brands.

Again, we've invested in product development and since the end of the financial year, we've started a brand campaign.

We're giving the shopper a reason to buy an added-value, branded product.

Sleepmaker is another added-value product and it's done well in department stores, with sales up.

But its overall sales declined because many specialist bedding retailers are focusing on lower-cost products.

Foams are in a declining market – it's affected by the reduction of domestic furniture and bedding manufacturing. But it's still a good business and earning us good cash.

Flooring had a good second half domestically, rising in line with a stronger housing and construction market.

Margins were impacted by the drop off in manufacturing volumes over the year.

We're putting serious effort into turning around Footwear, outerwear & sport, which was our most disappointing result.

We've put in a new management team, led by Anthony Heraghty.

Anthony and his team have begun a complete overhaul and clean up of the brands, labels, licences and business practices and processes in the group.

We had a group which was a mixture of many small licences, a lot of which were losing relevance in retail trends.

We also had a lot of house brand provision, as well as doing exclusive labels for retailers, where we were effectively their design house.

We've culled a lot of those labels where we see no relevance.

We've re-signed the critical brands - Hush Puppies, Clarks, Mossimo, Superdry and Everlast.

These are the brands, with several other of our great brands, that are worth the most effort.

Most of the rest, we're slowly moving away from. Because if we don't the shoppers will.

Moving away from some of these brands has affected revenue. In the last year, sales and profits were impacted significantly by our exit from the Merrell business, the divestment of Icon Clothing and the sale of our mainly housebrand footwear businesses in the UK and China.

The combined effect of these divestments and discontinuations accounts for more than half of the sales decline for the year.

Some brands and businesses did quite well over the course of the year, albeit with a slower second half.

Sales grew over the year for our three key footwear brands – Grosby, Hush Puppies and Clarks – as well as for our key outerwear brands – Mossimo and Superdry.

However they were not large enough to offset declines in the other brands.

The underlying sales decline was driven by reduced sales in some of the more discretionary categories and brands.

Bike sales were well down, as was sporting equipment generally – especially Dunlop.

In outerwear, Everlast, Mooks and Slazenger also had a disappointing year, as did Volley in the face of a significant increase in competition in the canvas shoe market from discount priced house-brand product.

The naturally softer second half, combined with the downturn in discretionary spending, the impacts of foreign exchange and some unusually high balance sheet write-offs have contributed to the disappointing result.

However we're starting to see the turnaround.

It's probably going to take a little longer for FOS than some of our other businesses to realise its full potential, but it will be worth the wait.

Our outlook for the first half of the year - as we and many other participants in the sector have noted, market conditions remain difficult to predict and the difficult and inconsistent trading environment persists.

Workwear and Homewares are generally trading quite well but the Underwear & Hosiery and Footwear, Outerwear & Sport groups are finding market conditions more challenging.

As previously advised, we expect underlying sales performance to improve relative to last year which was down 4.3% in the first half and 5.9% for the full year. Trading over the first quarter has been encouraging but it is too early to predict with confidence what that will mean for the full year.

In addition, reported sales growth will continue to be negatively impacted by past divestments and the ongoing brand rationalisation strategy.

Earnings are still expected to benefit from the impact of increased off-shore sourcing and improved foreign exchange rates which are largely hedged.

These benefits should outweigh increasing product costs – including some temporary supply challenges particularly in Bonds as well as significantly increased cotton prices overall – and increases in the cost of doing business as we reinvest in our brands and capability to grow.

We remain cautiously optimistic in the outlook and expect EBITA to be up in F11 despite a still difficult and uncertain market.

I'd like to thank you all for your support over the past couple of years during a very challenging and important period for the business, our employees and, you, our shareholders.

I'll join the Chairman in thanking all our employees for the enormous contributions they have made and are continuing to make to help us build a stronger business, driving to sustainable sales growth and realising your company's earnings potential long into the future.

I'll hand back to James and look forward to meeting you in a moment over a coffee in the entrance area. Thank you.

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2010 Annual General Meeting

25 October 2010

James MacKenzie, Chairman

Agenda

- Welcome
- Chairman's address
- Formal business
 1. Financial report
 2. Election of Directors
 3. Remuneration report
 4. Aggregate cap of non-executive Director remuneration
 5. Grant of Performance Rights to CEO
- Chief Executive Officer's presentation

Chairman's address for the financial year ending 30 June 2010

James MacKenzie
Chairman

Key points

- Turnaround is underway
 - Creditable result in difficult environment (2H10 performance up)
 - Strong financial position and excellent cash flow
- Pacific Brands 2010 delivering
 - Cost benefits ahead of schedule
 - Capability building
- Renewal occurring
 - Board
 - Management
- Positioned for sustainable long term growth

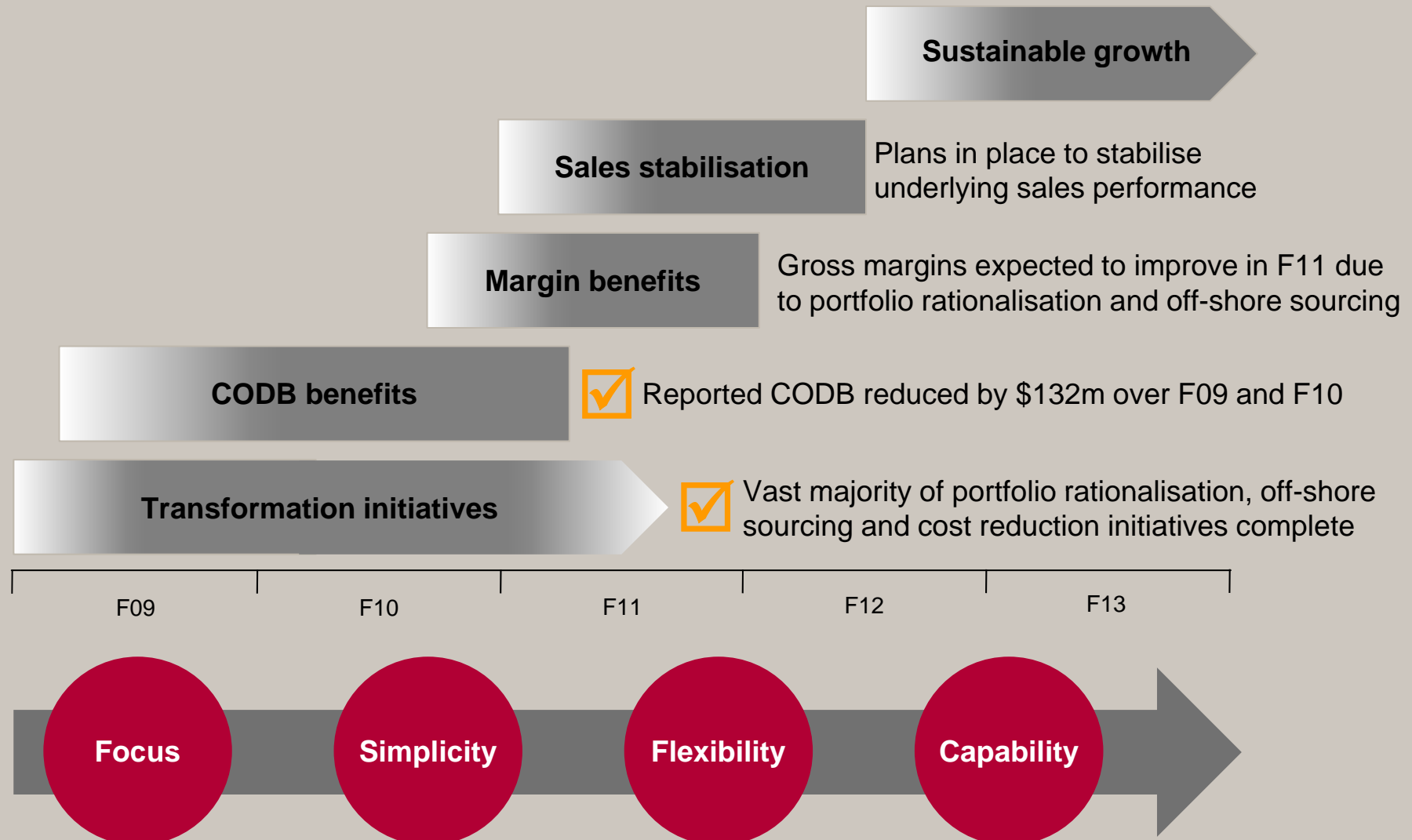
Group results¹

- Sales and earnings down as expected
 - Sales \$1,742.4m, down 11.1% (underlying sales down 5.9%)
 - Gross margin 42.0%, down 0.2% pts
 - CODB \$553.2m, down \$72.4m
 - EBITA \$181.4m, down 11.7% (2H10 up 13.7%)
 - EBITA margin 10.4%, down 0.1% pts
 - NPAT \$90.3m, down 9.8%
 - EPS 9.7 cps

Cash flow and balance sheet strength

- Operating cash flow exceptionally strong
 - OCFPIT \$290.4m, up from \$206.0m
 - Cash conversion 144%, up from 90%
- Net debt reduced substantially and maturity extended
 - Net debt \$313m, down \$140m (or 31%) from F09
 - Including payment of \$93m of restructuring costs
 - Conservative gearing of 1.6 times
 - Securitisation and overdraft facilities refinanced and extended

Transformation roadmap



Board and Senior Executive Renewal

■ New appointment
post 1 January 2009

Board of Directors

- | | |
|---|--|
| <ul style="list-style-type: none"> ▪ James MacKenzie, Chairman , Non-Executive Director ▪ Peter Bush, Non-Executive Director ▪ Andrew Cummins, Non-Executive Director ▪ Dominique Fisher, Non-Executive Director ▪ James King, Chair of Remuneration Committee, Non-Executive Director | <ul style="list-style-type: none"> ▪ Maureen Plavsic, Chair of Nomination Committee, Non-Executive Director ▪ Nora Scheinkestel, Chair of Audit, Business Risk & Compliance Committee, Non-Executive Director ▪ Arlene Tansey, Non-Executive Director |
|---|--|

Sue Morphet
Chief Executive Officer,
Executive Director

Senior Executive Team

- | | |
|--|--|
| <ul style="list-style-type: none"> ▪ Melanie Allibon
Group General Manager, Human Resources ▪ David Bortolussi
Chief Financial & Operating Officer ▪ Kate Hann
Group General Manager, Bonds ▪ Anthony Heraghty
Group General Manager, Footwear, Outerwear & Sport | <ul style="list-style-type: none"> ▪ Holly Kramer
Group General Manager, Homewares ▪ Simon Smith
Group General Manager, Workwear ▪ Ross Taylor
Group General Manager, Underwear & Hosiery |
|--|--|

Dividend

- Much improved financial position over the past 18 months
 - Net debt substantially reduced
 - Securitisation facility extended
 - Strong operating cash flow
- Current expectation is to resume dividends following 1H11 result
 - Subject to performance, financial position and outlook at the time
 - Target payout ratio at least 50% of NPAT going forward
- Continue to consider capital management alternatives

Conclusion

- F10 was a challenging year
 - Toughest retail conditions for some time
 - While fundamentally restructuring the business
- Gross margins have held up well and CODB reductions have been achieved
- Pacific Brands 2010 transformation is on track and ahead of plan
- Balance sheet and cash flow are now very strong
- Exchange rates for F11 are largely locked in
- Confident of improvement in EBITA in F11
- Resumption of dividends in 1H11 expected subject to performance, financial position and outlook at the time
- Pacific Brands is building a stronger business to realise its earnings potential and drive top-line growth

CEO's presentation

Sue Morphet
Chief Executive Officer

Key points

- F10 divisional performance overview
 - Underwear & Hosiery robust
 - Workwear performance strong
 - Homewares performance mixed
 - Footwear, Outerwear & Sport disappointing
- F11 outlook
 - Improvement in underlying sales performance
 - Increase in EBITA before significant items

Underwear & Hosiery

\$ millions	F10	F09	Change
Sales ¹	539.4	605.5	(10.9)%
EBITA ²	99.9	93.4	7.0%
EBITA margin ²	18.5%	15.4%	3.1pts

- Over one-third of sales decline due to brand discontinuations
 - Lane Bryant: contract manufacturing (US)
 - NZ: Thermals closure
 - Playtex: licence termination
- Unusually late winter season impact
- DDS channel down significantly
- Bonds, Holeproof and Rio down
- Berlei, Jockey and Voodoo up in 2H10
- Margins improved through pricing, mix improvements, portfolio rationalisation and off-shore sourcing benefits



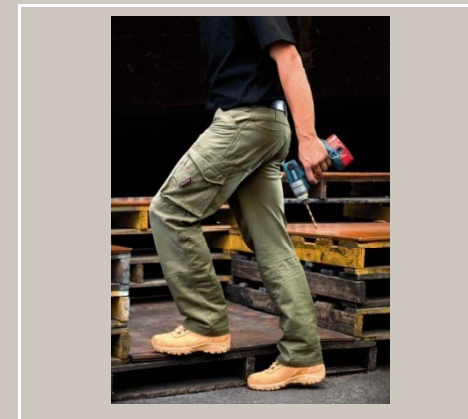
1. Excluding other segment revenue and inter segment revenue

2. Excluding corporate expenses and before significant items

Workwear

\$ millions	F10	F09	Change
Sales ¹	379.5	389.4	(2.5)%
EBITA ²	41.8	40.3	3.8%
EBITA margin ²	11.0%	10.4%	0.6pts

- Sales and earnings up in 2H10
- Strong rebound in business confidence
- Increased employment and employee turnover
- Uniform spending catching up after some freezes
- Greater share of corporate contracts
- Margins improved despite lower hedged exchange rates – partial protection in some B2B contracts



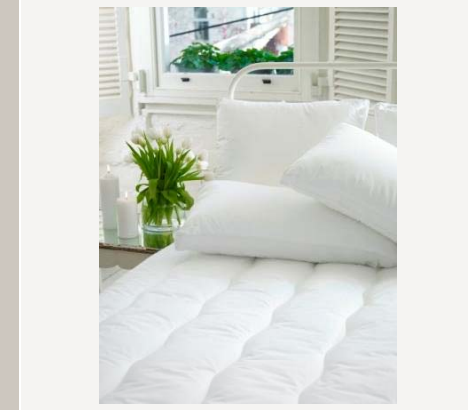
1. Excluding other segment revenue and inter segment revenue

2. Excluding corporate expenses and before significant items

Homewares

\$ millions	F10	F09	Change
Sales ¹	404.4	448.5	(9.8)%
EBITA ²	33.6	40.6	(17.2)%
EBITA margin ²	8.3%	9.0%	(0.7)pts

- Sheridan sales flat despite pressure on discretionary spending
- Tontine sales down due to DDS channel dynamics
- Sleepmaker sales impacted by specialist bedding retailers
- Flooring domestic sales up due to stronger housing and construction market
- Foams sales down in line with reduced domestic bedding and furniture manufacturing activity
- Margins down due to lower manufacturing volumes



1. Excluding other segment revenue and inter segment revenue

2. Excluding corporate expenses and before significant items

Footwear, Outerwear & Sport

\$ millions	F10	F09	Change
Sales ¹	399.3	491.2	(18.7)%
EBITA ²	15.5	43.7	(64.4)%
EBITA margin ²	3.9%	8.9%	(5.0)pts

- Significant portfolio rationalisation impact
 - Exited Icon Clothing, Merrell and footwear operations in UK and China (\$39m)
 - Discontinued housebrand, minor brands and labels
- Renewed key licences
 - Clarks, Hush Puppies, Mossimo and Everlast
- Mixed brand performance
 - Clarks, Grosby, Julius Marlow, Hush Puppies, Malvern Star, Mossimo and Superdry up
 - Dunlop, Everlast, Mooks, Slazenger and Volley down
- Margins impacted by lower hedged exchange rates and stock write-downs



1. Excluding other segment revenue and inter segment revenue

2. Excluding corporate expenses and before significant items

Trading update and outlook

- Recent trading
 - Mixed but encouraging
- Market outlook
 - Uncertain economic environment
 - Challenging retail conditions
- Sales outlook
 - Improvement in underlying sales performance
 - Reported sales continue to be impacted by business divestments / exits and brand discontinuations
- EBITA outlook
 - Transformation benefits and improved hedged exchange rates expected to outweigh increasing product costs, temporary supply issues and CODB reinvestment
 - Improvement in EBITA before significant items

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Definitions

- CODB – operating expenses (freight & distribution, sales & marketing and administration) below gross margin
- EBITA – earnings before interest, tax, amortisation of acquired intangibles and significant items
- Gearing – Net debt / LTM EBITDA (annualised for acquisitions) and before adjusted significant items
- Gross Margin – gross profit plus other income
- Interest cover ratio – (LTM EBITDA before adjusted significant items - Capex) / Adjusted net interest
- Inventory, Debtors and Creditors turns / days – calculated on a 3 point average
- LTM – Last Twelve Months
- Operating Cash flow (OCFPIT) – cash flow from operations before interest and tax and significant items
- ROCE – Return on Capital Employed (EBITA / CE) before significant items
- Underlying sales – sales of continuing businesses, brands and labels (ie excludes sales from divested / exited businesses, and brands and labels subject to discontinuation)