Pacific Brands Limited and its controlled entities

ABN 64 106 773 059

ASX Appendix 4D – Interim Financial Report

for the half year ended 31 December 2007

Results for announcement to the market

Revenue from ordinary activities	up 26.5% to	$1,098.8 million
Profit for the year	up 6.3% to	$57.2 million
Net profit attributable to members of the parent	up 6.0% to	$57.0 million

Dividends

	Amount Per Share	Total Amount	Franked Amount
Interim Dividend	8.5 cents	$42.7 million	100%

The Company's dividend record date is 29 February 2008 and the dividend is payable on 1 April 2008.

Pacific Brands Limited operates a Dividend Reinvestment Plan ('DRP') under which shareholders can reinvest the dividends payable in ordinary shares in Pacific Brands Limited which will be satisfied through the issue of additional share capital. The last date of receipt of an election notice for participation in the DRP is 29 February 2008.

Other information

	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary share is:	($0.40)	$0.00

The previous corresponding period is 31 December 2006.

The financial report has been subject to a review by the Company's auditor KPMG.

Contents

Directors' Report 2
Consolidated Interim Income Statement 3
Consolidated Interim Balance Sheet 4
Consolidated Interim Cash Flow Statement 5
Consolidated Interim Statement of Changes in Equity 6
Notes to the Consolidated Interim Financial Statements 7
Directors' Declaration 12
Independent Auditor's Review Report to the members of Pacific Brands Limited 13
Lead Auditor's Independence Declaration 14

Directors' Report

The directors of Pacific Brands Limited ('the Company') present their report together with the consolidated financial report of the Company and its controlled entities (collectively the 'consolidated entity') for the half year ended 31 December 2007 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the half year are:

Name	Year of Directorship
Non-executive	
R.P. Handley, Chairman	Director and Chairman since December 2003
A.D. Cummins	Director since February 2004
M.G. Ould	Director since February 2004
M.A. Plavsic	Director since May 2004
D.G. Fisher	Director since March 2007
Executive	
P.R. Moore, Chief Executive Officer	Resigned January 2008
S.M. Morphet, Chief Executive Officer	Appointed January 2008
S.J. Tierney, Group General Manager – Operations	Director since December 2003

The office of company secretary is held by J.C.Grover.

Review of operations

Please refer to the accompanying Pacific Brands Limited half year results announcement dated 20 February 2008.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 14 and forms part of the directors' report for the half year ended 31 December 2007.

Rounding off

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Melbourne this 20th day of February 2008.

Signed in accordance with a resolution of the directors.

Sue Morphet
Director

Consolidated Interim Income Statement

for the half year ended 31 December 2007

	Note	Consolidated Half year ended 31 December 2007 $'000	Half year ended 31 December 2006 $'000
Sales revenue	5	**1,098,848**	868,615
Cost of sales		**(625,482)**	(515,061)
Gross profit		**473,366**	353,554
Other income	5	**9,362**	10,558
Freight and distribution expenses		**(72,548)**	(57,597)
Sales, marketing and advertising expenses		**(209,374)**	(154,397)
Information technology expenses		**(15,237)**	(11,714)
Administrative expenses		**(73,189)**	(46,861)
Results from operating activities		**112,380**	93,543
Financial income	6	**1,922**	991
Financial expenses	6	**(34,880)**	(20,303)
Net financing costs		**(32,958)**	(19,312)
Profit before income tax expense		**79,422**	74,231
Income tax expense		**(22,224)**	(20,414)
Profit for the period		**57,198**	53,817
Attributable to:			
Equity holders of the parent		**57,022**	53,805
Minority interests		**176**	12
Profit for the period		**57,198**	53,817
Earnings per share:			
Ordinary shares	9	11.4 cents	10.7 cents
Diluted shares	9	11.4 cents	10.7 cents

The consolidated interim income statement is to be read in conjunction with the notes to the financial statements set out on pages 7 to 11.

Consolidated Interim Balance Sheet

as at 31 December 2007

	Consolidated 31 December 2007 $'000	30 June 2007 $'000
Current assets		
Cash and cash equivalents	**105,448**	138,640
Trade and other receivables	**327,228**	302,966
Inventories	**372,481**	361,524
Other current assets	**9,754**	9,636
Total current assets	**814,911**	812,766
Non-current assets		
Trade and other receivables	**32**	50
Property, plant and equipment	**214,714**	206,849
Intangible assets	**1,504,703**	1,503,765
Deferred tax assets	**29,001**	30,357
Other non-current assets	**1,678**	1,731
Total non-current assets	**1,750,128**	1,742,752
Total assets	**2,565,039**	2,555,518
Current liabilities		
Trade and other payables	**195,849**	191,702
Interest bearing loans and borrowings	**1,045**	2,689
Income tax payable	**12,567**	7,924
Provisions	**72,304**	70,681
Total current liabilities	**281,765**	272,996
Non-current liabilities		
Trade and other payables	**9,984**	14,599
Interest bearing loans and borrowings	**930,079**	938,171
Provisions	**9,688**	10,378
Total non-current liabilities	**949,751**	963,148
Total liabilities	**1,231,516**	1,236,144
Net assets	**1,333,523**	1,319,374
Equity		
Issued capital	**1,218,577**	1,218,577
Reserves	**(9,721)**	(12,109)
Retained earnings	**119,774**	108,241
Total equity attributable to equity holders of the parent	**1,328,630**	1,314,709
Minority interest	**4,893**	4,665
Total equity	**1,333,523**	1,319,374

The consolidated interim balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 7 to 11.

Consolidated Interim Cash Flow Statement

for the half year ended 31 December 2007

	Note	Consolidated Half year ended 31 December 2007 $'000	Half year ended 31 December 2006 $'000
Cash flows from operating activities			
Cash receipts from customers		**1,010,586**	775,736
Cash paid to suppliers and employees		**(912,306)**	(703,783)
Income taxes paid		**(20,376)**	(19,668)
Interest paid		**(31,695)**	(19,581)
Interest received		**1,922**	991
Net cash from operating activities		**48,131**	33,695
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**625**	794
Payments for acquisition of businesses (net of cash acquired)		**(6,516)**	(4,500)
Acquisition of property, plant and equipment		**(18,183)**	(12,501)
Net cash used in investing activities		**(24,074)**	(16,207)
Cash flows from financial activities			
Lease payments		**(1,393)**	(1,154)
Proceeds from borrowings		**–**	25,000
Repayment of borrowings		**(11,891)**	–
Dividends paid	8	**(42,715)**	(37,721)
Dividends paid to minority interests		**–**	(359)
Share buy back		**–**	(1,869)
Net cash used in financing activities		**(55,999)**	(16,103)
Net (decrease)/increase in cash and cash equivalents		**(31,942)**	1,385
Cash and cash equivalents at the beginning of the financial year		**138,640**	94,025
Effect of exchange rate fluctuations on cash held		**(1,250)**	(320)
Cash and cash equivalents at the end of the financial year		**105,448**	95,090

The consolidated interim cash flow statement is to be read in conjunction with the notes to the financial statements set out on pages 7 to 11.

Consolidated Interim Statement of Changes in Equity

for the half year ended 31 December 2007

	Issued capital $'000	Retained earnings $'000	Equity Compensation Reserve $'000	Foreign Currency Translation Reserve $'000	Hedge Reserve $'000	Total equity attributable to equity holders of the parent $'000	Minority interest $'000	Total equity $'000
Balance at 1 July 2007	1,218,577	108,241	4,911	(10,015)	(7,005)	1,314,709	4,665	1,319,374
Movement in foreign currency hedge reserve	–	–	–	–	9,682	9,682	–	9,682
Foreign exchange translation differences	–	–	–	(6,093)	–	(6,093)	52	(6,041)
Total income and expense for the period recognised directly in equity	–	–	–	(6,093)	9,682	3,589	52	3,641
Profit for the period	–	57,022	–	–	–	57,022	176	57,198
Total income/(expense) for the period	–	57,022	–	(6,093)	9,682	60,611	228	60,839
On market purchase of performance rights	–	(2,774)	(2,291)	–	–	(5,065)	–	(5,065)
Dividends recognised during the period	–	(42,715)	–	–	–	(42,715)	–	(42,715)
Cost of share based payments	–	–	1,090	–	–	1,090	–	1,090
Balance at 31 December 2007	**1,218,577**	**119,774**	**3,710**	**(16,108)**	**2,677**	**1,328,630**	**4,893**	**1,333,523**
Balance at 1 July 2006	1,220,446	80,202	3,075	(10,217)	336	1,293,842	4,764	1,298,606
Movement in foreign currency hedge reserve	–	–	–	–	(2,108)	(2,108)	–	(2,108)
Foreign exchange translation differences	–	–	–	2,552	–	2,552	(110)	2,442
Total income and expense for the period recognised directly in equity	–	–	–	2,552	(2,108)	444	(110)	334
Profit for the period	–	53,805	–	–	–	53,805	12	53,817
Total income/(expense) for the period	–	53,805	–	2,552	(2,108)	54,249	(98)	54,151
Share buy-back	(1,869)	–	–	–	–	(1,869)	–	(1,869)
Dividends recognised during the period	–	(37,721)	–	–	–	(37,721)	(359)	(38,080)
Cost of share based payments	–	–	971	–	–	971	–	971
Balance at 31 December 2006	**1,218,577**	**96,286**	**4,046**	**(7,665)**	**(1,772)**	**1,309,472**	**4,307**	**1,313,779**

Amounts are stated net of tax

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 7 to 11.

Notes to the Consolidated Interim Financial Statements

1. Reporting entity

Pacific Brands Limited (the 'Company') is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity').

The consolidated interim financial report was authorised for issue by the directors on 20th February 2008.

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2007 is available upon request from the Company's registered office at Level 3 290 Burwood Road, Hawthorn, Victoria, or on the company's website at www.pacificbrands.com.au.

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2007. This report must also be read in conjunction with any public announcements made by Pacific Brands Limited during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2007 with the following exceptions:

- AASB 101: *Presentation of Financial Statements (October 2006)*, adoption of AASB 101 altered the presentation of the consolidated interim income statement.
- ED 151: *Australian Additions to, and Deletions from, IFRSs* further eliminates differences between AASBs and IFRS. Adoption of ED 151 does not have an impact upon on the financial results or related financial disclosures of the consolidated entity.

4. Estimates

The preparation of an interim financial report in conformity with AASB 134: *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. There have been no such revisions in the current financial reporting period. In preparing this consolidated interim financial report the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2007.

Notes to the Consolidated Interim Financial Statements

	Consolidated Half year ended 31 December 2007 $'000	Half year ended 31 December 2006 $'000
5. Revenue and other income		
Sales revenue	**1,098,848**	868,615
Other income		
Royalties – other parties	**1,269**	458
Net loss on disposal of non-current assets	**(471)**	(109)
Sundry income	**8,564**	10,209
Total other income	**9,362**	10,558
Total revenue and other income	**1,108,210**	879,173
6. Other expenses		
Depreciation of:		
Buildings	**2,349**	1,613
Plant and equipment	**7,832**	6,907
	10,181	8,520
Amortisation of:		
Software assets	**1,243**	1,405
Other Intangibles	**1,526**	–
Leased plant and equipment	**652**	612
	3,421	2,017
Total depreciation and amortisation	**13,602**	10,537
Net financing costs:		
Financial income	**(1,922)**	(991)
Interest on bank loans and overdraft	**34,716**	20,149
Interest on other loans	–	4
Finance charges on capitalised leases	**164**	150
	32,958	19,312
Impairment loss on trade debtors	**437**	140
Amounts set aside to allow for:		
Doubtful debts	**320**	406
Rebates, trade allowances, claims and settlement discounts	**74,507**	60,640
Personnel expenses:		
Wages and salaries	**191,852**	151,232
Contributions to defined contribution plans	**13,335**	10,123
Defined benefit superannuation expense	**137**	512
Leave entitlements	**24,979**	15,263
Other employee costs	**13,754**	8,461
Share based payments	**1,090**	971
	245,147	186,562
Net foreign exchange losses	**887**	579

Notes to the Consolidated Interim Financial Statements

7. Segment reporting

Segment information is presented in the consolidated interim financial statements in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the consolidated entity's management and internal reporting structure.

It is the consolidated entity's policy that inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

Underwear & Hosiery	Marketer, distributor, importer and manufacturer of underwear, intimate apparel, socks and hosiery.
Outerwear & Sport	Marketer, distributor, importer and manufacturer of casual outerwear, workwear, sports clothing, sports footwear and sporting equipment.
Home Comfort	Marketer, distributor, importer and manufacturer of mattresses, pillows, bed linen, bedding accessory products and foam.
Footwear	Marketer, distributor and importer of women's, men's and children's footwear.
Other	Retail clearance outlets and administration functions and amortisation of intangibles.

Half year ended 31 December 2007

	Underwear & Hosiery $'000	Outerwear & Sport $'000	Home Comfort $'000	Footwear $'000	Other $'000	Eliminations $'000	Consolidated $'000
Segment revenue	316,333	343,002	274,703	154,106	20,288	(222)	1,108,210
Segment result	44,434	29,636	25,196	22,436	(9,322)	–	112,380
Net financing costs							(32,958)
Income tax expense							(22,224)
Profit for the period							**57,198**

Half year ended 31 December 2006

	Underwear & Hosiery $'000	Outerwear & Sport $'000	Home Comfort $'000	Footwear $'000	Other $'000	Eliminations $'000	Consolidated $'000
Segment revenue	309,654	134,439	252,996	156,837	25,560	(313)	879,173
Segment result	40,716	12,515	21,640	22,315	(3,643)	–	93,543
Net financing costs							(19,312)
Income tax expense							(20,414)
Profit for the period							**53,817**

Notes to the Consolidated Interim Financial Statements

	Consolidated	
	Half year ended 31 December 2007 $'000	Half year ended 31 December 2006 $'000

8. Dividends

Ordinary shares

Dividends paid during the half year not previously recognised as a liability.	42,715	37,721

Dividends not recognised at the end of the half year

Since the end of the half year the directors have recommended the payment of an interim dividend of 8.5 cents per fully paid ordinary share, franked to 100% in Australia based on tax paid at 30%. The dividend is expected to be paid on 1 April 2008.

9. Earnings per share

	Consolidated	
	Half year ended 31 December 2007	Half year ended 31 December 2006
Weighted average number of ordinary shares used in the calculation of basic EPS	502,277,852	502,690,170
	$'000	$'000
Net profit used in the calculation of basic and diluted earnings per share	57,022	53,805

There are no dilutive potential ordinary shares.

10. Contingent liabilities and contingent assets

There are no material contingent liabilities or contingent assets.

11. Events subsequent to reporting date

For dividends declared after 31 December 2007, refer Note 8.

On 10 December 2007 the consolidated entity announced that it has entered into an agreement to sell 100% of its New Zealand Foams, Flooring and Bedding businesses to Vita New Zealand Limited. The sale is conditional upon approval from the New Zealand Commerce Commission and it is anticipated the transaction will be completed in mid 2008. The financial impact of this announcement has not been reflected in this Financial Report.

Aside from this matter, the Directors have not become aware of any other significant matter or circumstance that has arisen since 31 December 2007, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

12. Key management personnel disclosures

During the half year ended 31 December 2007 the Board has granted 659,000 performance rights to key management personnel and 1,150,000 deferred shares to senior executives, at no cost, effective 1 July 2007. The performance rights and deferred shares were valued between $1.71 and $2.85 at the grant date, 1 July 2007. The grant of performance rights, under the Performance Rights Plan, consisted of two equal tranches being subject to different performance conditions, measured at the end of the 3 year performance period (1 July 2007 to 30 June 2010).

Terms and conditions of grant 4 (Performance rights – tranche 1)

In respect of Tranche 1, the performance condition compares the total shareholder return ('TSR') performance of the Company with the TSR performance of entities in the comparator group of entities over the performance condition measurement year. Specifically, the Company's TSR performance will be given a percentile ranking having regard to its TSR performance compared with the TSR performance of each of the companies in the comparator group (with the highest ranking company being given a ranking at the 100th percentile) over the measurement year. The entities comprising the comparator group are a basket of 21 ASX listed consumer stocks. Companies that are delisted, merged or taken over during the vesting year will be removed from the comparator group and not replaced. The percentage of performance rights that will vest at a particular percentile ranking is as follows:

Notes to the Consolidated Interim Financial Statements

Target	Percentage of shares available in given year that vests
The Company's 3 year TSR does not exceed the median performance of the comparator companies	0%
The Company's 3 year TSR exceeds the median performance of the comparator companies	50%
The Company's 3 year TSR is ranked in the third quartile of the comparator companies	Pro rata between 50% and 100% (2% increase for each higher ranking)
The Company's 3 year TSR is ranked in the fourth quartile of the comparator companies	100%

Terms and conditions of grant 4 (Performance rights – tranche 2)

The conditions with respect to Tranche 2 are based on earning per share ('EPS') performance over a three-year period ending 30 June 2010. The percentage of that part of the tranche of performance rights that will vest based on the company's EPS performance is calculated as follows:

Target	Percentage of shares available in given year that vests
The Company's 3 year EPS compound growth is less than 8%	0%
The Company's 3 year EPS compound growth is 8%	25%
The Company's 3 year EPS compound growth is between 8% and 12%	Pro rata between 25% and 100% (1.875% increase for each 0.1% additional EPS growth)
The Company's 3 year EPS compound growth is greater than 12%	100%

Terms and conditions (Deferred shares)

The conditions with respect to deferred shares are based on the following:

60% of the deferred shares will be available to vest in accordance with the following schedule measured at the end of the 3 year performance period (from 1 July 2007 to 30 June 2010).

Target	Percentage of shares available in given year that vests
The Company's compound EPS is less than 8.5% per annum	0%
The Company's compound EPS is 8.5% per annum	25%
For each 0.1% per annum increase in The Company's compound EPS growth rate above 8.5%	Pro rata between 25% and 100% (3.75% increase for each 0.1% growth in EPS)
The Company's compound EPS is 10.5% per annum	100%

40% of the deferred shares will be available to vest if eligible executives discharge their obligations to the company in accordance with annual KPIs agreed with their managers. This performance condition will be determined at the end of the 3 year performance period (ie after 30 June 2010) by the Chief Executive Officer.

If the target EPS does not reach 10.5% at the end of the initial 3 year period, and some of the deferred shares remain unvested, those unvested deferred shares remain available for a further 2 years, and will be re-tested at the end of that time (ie. 30 June 2012). The unvested deferred shares will then be tested over a 5 year period (from 1 July 2007 to 30 June 2012) in accordance with the vesting schedule above, so that if the threshold EPS of 8.5% per annum compound is achieved over the 5 year period, 25% of those previously unvested deferred shares will vest. Vesting will again be scaled on a straight line basis to 100%, at the target EPS of 10.5% per annum on a compound basis.

In general, the key management personnel and senior executives are not entitled to trade in shares allocated on vesting of the performance rights until the earlier to occur of:

- ten years after the date of grant of the shares allocated on vesting; or
- 12 months following the date of cessation of employment with the consolidated entity.

Directors' Declaration

In the opinion of the directors of Pacific Brands Limited ('the Company'):

1 the financial statements and notes set out on pages 3 to 11, are in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows 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; and

2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 20th day of February 2008.

Signed in accordance with a resolution of the directors.

Sue Morphet
Director

KPMG

Independent Auditor's Review Report to the members of Pacific Brands Limited

We have reviewed the accompanying interim financial report of Pacific Brands Limited ('the Company'), which comprises the consolidated interim balance sheet as at 31 December 2007, and the consolidated interim income statement, statement of changes in equity and cash flow statement for the interim period ended on that date, a statement of accounting policies, other explanatory notes 1 to 12 and the directors' declaration set out on pages 3 to 12 of the consolidated entity comprising the Company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim 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 interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report 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 interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001. As auditor of Pacific Brands Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

KPMG

Don Pasquariello

Don Pasquariello
Partner

Melbourne
20 February 2008

KPMG

Lead Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001

To: the Directors of Pacific Brands Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2007 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Don Pasquariello

Don Pasquariello
Partner

Melbourne
20 February 2008