



**Chairman's Address
to the
2004 Annual General Meeting
of Pacific Brands Limited**

**Tuesday 26 October, 2004
Grand Hyatt**

Melbourne

Opening

Good morning Ladies and Gentlemen. My name is Pat Handley and I am the Chairman of Pacific Brands Limited.

I am very pleased to welcome you to the 2004 inaugural Annual General Meeting of our Company.

The Company Secretary has confirmed that we have a quorum present and, accordingly, I declare this Annual General Meeting open. The Notice of Meeting was mailed to shareholders on 24 September 2004. With your approval, I will take the Notice as read.

[PAUSE]

Thank you.

The past year has been a very exciting one for the Company, marked by its official listing on the Australian and New Zealand Stock Exchanges on 2 April.

In addition, your Board was pleased to announce the pro-forma financial results for the year ended 30 June 2004, which exceeded the Prospectus earnings forecasts. I will go into further detail on this shortly.

Shareholders will be given the opportunity to raise any issues they have during the course of the meeting, however in the interests of ensuring that all shareholders have the opportunity to speak, please only ask questions of a general concern. Directors and management will be available after the meeting to answer more specific questions.

Before we start the formal part of the meeting, I would like to take a few minutes of your time to present to you an example of the types of products that are driving the success of the Company, with highlights from the Summer collection.

[Fashion Parade Runs]

Thank-you, I hope that you enjoyed some of the highlights of our fantastic brand stable.

I would now like to introduce your Board of Directors. On my immediate left is Ms Helen Lynch, the Deputy Chair of Pacific Brands. Helen is Chair of the Board's Nomination and Remuneration Committee and has significant experience in the retail and financial services industries.

Next to Helen is Mr Andrew Cummins. Andrew brings with him many years of experience as a senior executive in prominent Australian and international public companies. He is a member of both the Board's Audit, Business Risk and Compliance Committee and Nomination and Remuneration Committee.

Next to Andrew is the Company Secretary, Mr John Grover. John has been with Pacific Brands since 2002. His role includes Company Secretarial and Group Legal Counsel and management of Intellectual Property.

Next to my chair is Mr Paul Moore, who is Chief Executive Officer of Pacific Brands. Paul joined Pacific Brands in 1979 and was appointed Chief Executive Officer and an executive director of Pacific Brands Holdings Pty Ltd in November 2001. Paul is a member of the Nomination and Remuneration Committee. He has held many leadership roles across all of the Pacific Brands' operations throughout his time with the company, giving him the depth of knowledge and experience to lead the company well

Next to Paul is Mr Max Ould. Max joined the Board of Pacific Brands Holdings Pty Ltd in September 2003 bringing leadership expertise in the consumer goods industry. He is Chairman of the Audit, Business Risk and Compliance Committee.

Next to Max is Ms Maureen Plavsic. Maureen was appointed to the Board as a non-executive director in May 2004. She brings to the Board considerable expertise in advertising, media buying and brand marketing.

Next to Maureen is Mr Stephen Tierney, who is the Chief Financial Officer (CFO) of Pacific Brands. Stephen joined Pacific Brands in 1990 as Group Accountant, having previously been at Touche Ross & Co (now KPMG). He brings extensive experience in finance, taxation and accounting to the Board. Stephen was appointed to the role of CFO in late 1998 and has an intimate knowledge of the entire business.

Senior members of management are also in attendance. I would like to welcome Sue Morphet – Group General Manager, Underwear and Hosiery (Bonds & Berlei Group), Stephen Audsley - Group General Manager, Underwear and Hosiery (Holeproof, Jockey, Hosiery & Clothing New Zealand), Rick Rostolis – the newly appointed Group General Manager, Outerwear and Sport who joined the company in 1998 and was most recently the General Manager of Corporate Development. We welcome Rick to the new role.

I also welcome Ian Barton – Group General Manager, Home Comfort, Malcolm Ford – Group General Manager, Footwear, Mary Keely - General Manager, People, Neil Padoa - General Manager, Manufacturing (Underwear & Hosiery), Mark Daniel - General Manager – Supply Chain and Tom Dalianis - General Manager – Information Technology and Brave New Way.

I would also like to advise you that Mr Bill Stevens from KPMG, the Company's auditor, is here with us today and is available to answer any questions regarding the conduct of the audit and the content and preparation of the Audit Report during the meeting.

Introduction

2004 has been an exciting year for Pacific Brands – with its listing on the Australian and New Zealand Stock Exchanges on 2 April and starting life as a publicly listed

company, issuing over 500 million shares. The Company's recent achievements - both with the listing and exceeding Prospectus earnings forecasts for FY04, would not have been possible without the commitment of the management team and all Pacific Brands employees.

In addition to the 37,000 shareholders, I am delighted to say that our Australian and New Zealand employees also had the opportunity to become shareholders in the Company. Currently we have over 4,000 employee shareholders in Australia and just over 400 employee shareholders in New Zealand.

Pacific Brands wide ranging stable of brands and category leading positions across consumer everyday essentials provides a strong platform to drive future growth for our business.

Since listing, we have made good progress in continuing our drive to become Australia's premier branded consumer goods company.

Today, I would like to discuss the company's structure and strategy, comment on the financial performance of the Group and Corporate Governance. Paul Moore will provide you with a review of the Company's operations.

Group Structure

Pacific Brands is divided into four main Operating Groups, Underwear and Hosiery, Outerwear and Sport, Home Comfort and Footwear.

The largest group is Underwear and Hosiery which is the leading marketer of underwear, intimate apparel, socks and hosiery in Australia and New Zealand. It includes the icon brands of Bonds, Berlei, Holeproof, and Jockey and accounts for approximately 43% of the Group's revenue.

Outerwear and Sport is one of Australia's leading suppliers of workwear, casual clothing and sporting equipment and hard goods. It comprises some of the most recognised brands in the country including King Gee, Dunlop, Slazenger and Everlast. This Operating Group represents approximately 20% of total sales revenue.

Home Comfort encompasses our bedding and pillow business with household names such as Sleepmaker, Simmons and Tontine as well as our foam and carpet underlay businesses. This Operating Group represents approximately 19% of the Group's revenue.

Our Footwear Group is the largest supplier of footwear in Australia. The range covers casual, comfort and fashion footwear for men, women and children with brands including Hush Puppies, Julius Marlow, Clark's childrens, Sachi and Grosby. About 14% of the Group's revenue is generated by the Footwear business.

Our four Operating Groups are supported by a centre led supply chain capability, shared financial and information technology services and a people philosophy of attracting good people and developing them further.

Strategic Overview

The company's strategy is based on three core planks:

- To drive organic growth through brand and category development;
- To achieve operating efficiencies through the Brave New Way Programme and
- To target complementary value-adding businesses to acquire.

As a brand marketing company, Pacific Brands endeavours to hold leading positions in each of the categories in which it operates. Drivers of organic growth include brand development and marketing, advertising and continuous product innovation. Over the last few years we have invested considerably in our brands and realised commensurate growth from such activities.

The Brave New Way Programme was established across the Group to achieve cost and operational efficiencies and remove complexity across the business. The programme permeates all of our Operating Groups, touching nearly every part of our business. Much of this work is about ensuring effective distribution, sourcing, production and supply arrangements.

The company has been acquisitive in recent years. Recent examples include Clarks Shoes and Sara Lee Apparel which have delivered consistently to or above expectations. The Company continues to seek further opportunities.

The on-going achievement of the three planks of our overall strategy will enable the generation of strong earnings and cashflows to consistently deliver acceptable shareholder returns.

Results Highlights

The IPO of the Pacific Brands business involved the incorporation of the newly listed Pacific Brands Limited (the Company), a company with no financial history. The statutory accounts prepared for the Company only include its performance since the date of the Company's incorporation on 12 December 2003, with trading commencing on 6 April 2004 through to 30 June 2004.

To ensure that investors are able to compare the Company's earnings with those appearing in the Company's prospectus, the results highlights discussed today contain pro-forma results for the year ended 30 June 2004. The pro-forma results reflect the company's earnings had it been an entity with the same corporate and capital structure for the full year ended 30 June 2004.

On a proforma basis, post amortisation, the net profit after tax was \$47.4 million or 15.6% above Prospectus forecast with earnings per share at 9.4 cents – 14.6% above Prospectus forecast.

Earnings before Interest tax and Amortisation (EBITA) was \$155.2 million or 22% higher than FY03 and 2.8% above the Prospectus forecast.

The Business achieved a sales result of \$1.535 billion, which was 3.1% above the previous year. It is important to note that our brand development focus led to double-digit sales growth in many brands including Bonds, Holeproof, Hush Puppies, Stubbies and Tontine.

The ability of the business to generate strong cash flows was evidenced by an operating cash flow figure of \$171.3 million – up 32.9% on the previous year and 3.7% above the Prospectus forecast.

This strong cash flow reflects the Company's commitment to the containment of working capital and provides the Group with the flexibility to fund any future acquisitions or returns to shareholders.

By 30 June 2004, the Company had reduced its net debt from \$466.5 million at 31 December 2003 as disclosed in the Prospectus, to \$394.3 million and had a net debt to equity ratio of 32%.

Paul will go into more detail around the drivers of the result.

Dividends

As a result of the solid performance of the business, the Board announced a fully franked dividend of 3.5 cents per share. This was above the Prospectus forecast of 3 cents per share.

At this point it is the intention of the Company to continue distributing between 60 and 70% of net profit after tax (pre goodwill amortisation) to shareholders and to frank dividends to the greatest extent possible.

Capital Management

Based on the current level of cash generation across the business, Pacific Brands is in a strong position to fund potential acquisitions.

If the Company identified a large relevant acquisition target that was in excess of current cash reserves, the strength of the balance sheet and forecast future cash flows would enable it to go to the financial markets to raise funds.

In the absence of relevant acquisitions, the Board is committed to returning additional funds to shareholders in the most efficient manner.

Corporate Governance

Corporate Governance is an area that the board and management team take extremely seriously. We are committed to conducting the business ethically and in accordance

with the ASX Corporate Governance Councils' Principles of Good Corporate Governance and Best Practice Recommendations.

We have developed policies around each of the recommendations, which are discussed in the Annual Report. Copies can be found on the Company's website.

A full review of the proforma and statutory results was undertaken by our auditors, KPMG. I am pleased to report that they found that the financial statements gave a true and fair view of the Company's position and were in compliance with the Australian Accounting Standards and mandatory reporting requirements.

We are also continuing to focus on all areas of our corporate social responsibility and compliance by our suppliers. The Company is committed to ethical and responsible conduct in all of our operations and respect for the rights of all individuals and the environment. Pacific Brands expects these same commitments to be shared by the manufacturers and suppliers of its products. Our policies are enforced through a formal code of conduct, which includes:

- Not using child labour
- Not using forced or involuntary labour
- Providing employees with a safe and healthy workplace.

Pacific Brands has a strong commitment to supporting the communities in which it conducts business, providing funding and products to various community based charities.

The Company is also developing a strategy and plan around its social responsibility and further community involvement.

Management Update

We are fortunate to have an experienced management team who come from a broad range of backgrounds, some who have been involved with the company for many years and others who bring experience from different business environments.

Conclusion

On behalf of the Board and shareholders, I would like to thank Paul Moore and his management team for their efforts in getting the company to the position in which it is today.

I would also like to thank our 7,000 employees who work diligently across all areas of the business.

We look forward to the future with confidence, with the knowledge that our strategic direction, strong stable of brands and cash flow generation places us in a strong position to deliver sustainable shareholder value.

Once again, thank-you for your attendance today. I would now like to welcome the CEO, Paul Moore.