

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 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | | |
|---|---------------|-----------------|
| Sales revenue from ordinary activities | Down 7.8% to | \$960.8 million |
| Earnings before interest, tax, amortisation and significant items | Down 31.0% to | \$80.3 million |
| Net profit for the period | Up 114.9% to | \$22.4 million |
| Net profit attributable to members of the parent | Up 114.8% to | \$22.2 million |

DIVIDENDS

No interim dividend has been declared.

OTHER INFORMATION

| | CURRENT PERIOD | PREVIOUS CORRESPONDING PERIOD |
|--|----------------|----------------------------------|
| Net tangible asset backing per ordinary share: | (\$0.04) | (\$0.40) |

The previous corresponding period is 31 December 2008.

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

FURTHER INFORMATION:

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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 2009 and the review report thereon.

DIRECTORS

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

| Non-executive | Year of Directorship |
|---------------------------------------|---|
| J.A.C. MacKenzie, Chairman | Director since May 2008. Appointed Chairman November 2008 |
| A.D. Cummins | Director since February 2004 |
| M.G. Ould | Director since February 2004, resigned October 2009 |
| M.A. Plavsic | Director since May 2004 |
| D.G. Fisher | Director since March 2007 |
| N.L. Scheinkestel | Director since June 2009 |
| J.S. King | Director since September 2009 |
| <hr/> | |
| Executive | |
| S.M. Morphet, Chief Executive Officer | Director since January 2008 |

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 24 February 2010.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 15 and forms part of the directors' report for the half year ended 31 December 2009.

ROUNDING OFF

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998. 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 24th day of February 2010.
Signed in accordance with a resolution of the directors.

Sue Morphet
Director

For the half year ended 31 December 2009

Condensed Consolidated Interim Statement of Comprehensive Income

| | NOTE | CONSOLIDATED | |
|---|------|---|---|
| | | HALF YEAR ENDED 31 DECEMBER 2009 \$'000 | HALF YEAR ENDED 31 DECEMBER 2008 \$'000 |
| Sales revenue | 5 | 960,783 | 1,041,626 |
| Cost of sales | | (571,470) | (583,493) |
| Gross profit | | 389,313 | 458,133 |
| Other Income | 5 | 5,903 | 8,999 |
| Freight and distribution expenses | | (66,994) | (72,886) |
| Sales, marketing and advertising expenses | | (168,843) | (194,556) |
| Administrative expenses | | (80,279) | (84,804) |
| Other expenses | 7 | (18,904) | (209,841) |
| Results from operating activities | | 60,196 | (94,955) |
| Financial income | 6 | 1,006 | 1,233 |
| Financial expenses | 6 | (27,374) | (34,143) |
| Net financing costs | | (26,368) | (32,910) |
| Profit/(Loss) before income tax expense | | 33,828 | (127,865) |
| Income tax expense | | (11,447) | (21,951) |
| Profit/(Loss) for the period | | 22,381 | (149,816) |
| Profit attributable to: | | | |
| Equity holders of the parent | | 22,218 | (149,951) |
| Minority interests | | 163 | 135 |
| Profit/(Loss) for the period | | 22,381 | (149,816) |
| Other comprehensive income | | | |
| Foreign currency translation differences | | (5,134) | 17,986 |
| Effective portion of changes in fair value of cash flow hedges (net of tax) | | 30,550 | (8,669) |
| Other comprehensive income for the period net of tax | | 25,416 | 9,317 |
| Total comprehensive income for the period | | 47,797 | (140,499) |
| Total comprehensive income attributable to: | | | |
| Equity holders of the parent | | 47,911 | (141,788) |
| Minority interests | | (114) | 1,289 |
| Total comprehensive income for the period | | 47,797 | (140,499) |
| Earnings per share: | | | |
| Ordinary shares | 10 | 2.4 cents | (26.8) cents |
| Diluted shares | 10 | 2.4 cents | (26.8) cents |

The condensed consolidated interim statement of comprehensive income is to be read in conjunction with the condensed notes to the financial statements set out on pages 8 to 13.

For the half year ended 31 December 2009

Condensed Consolidated Interim Statement of Financial Position

| | CONSOLIDATED | |
|--|----------------------------|------------------------|
| | 31 DECEMBER 2009 \$'000 | 30 JUNE 2009 \$'000 |
| Current assets | | |
| Cash and cash equivalents | 162,831 | 126,475 |
| Trade and other receivables | 261,751 | 252,873 |
| Inventories | 296,929 | 311,445 |
| Income tax receivable | 1,451 | - |
| Other current assets | 8,210 | 8,322 |
| Total current assets | 731,172 | 699,115 |
| Non-current assets | | |
| Trade and other receivables | 33 | 32 |
| Property, plant and equipment | 130,380 | 144,402 |
| Intangible assets | 1,318,473 | 1,321,277 |
| Deferred tax assets | 37,221 | 60,669 |
| Total non-current assets | 1,486,107 | 1,526,380 |
| Total assets | 2,217,279 | 2,225,495 |
| Current liabilities | | |
| Trade and other payables | 185,979 | 203,836 |
| Interest bearing loans and borrowings | 1,651 | 816 |
| Income tax payable | - | 7,175 |
| Provisions | 117,930 | 149,963 |
| Total current liabilities | 305,560 | 361,790 |
| Non-current liabilities | | |
| Trade and other payables | 4,739 | 5,900 |
| Interest bearing loans and borrowings | 580,309 | 578,471 |
| Provisions | 11,971 | 12,644 |
| Total non-current liabilities | 597,019 | 597,015 |
| Total liabilities | 902,579 | 958,805 |
| Net assets | 1,314,700 | 1,266,690 |
| Equity | | |
| Contributed equity | 1,469,094 | 1,469,094 |
| Reserves | (39,445) | (65,351) |
| (Accumulated losses) | (118,829) | (141,047) |
| Total equity attributable to equity holders of the parent | 1,310,820 | 1,262,696 |
| Minority interest | 3,880 | 3,994 |
| Total equity | 1,314,700 | 1,266,690 |

The condensed consolidated interim statement of financial position is to be read in conjunction with the condensed notes to the financial statements set out on pages 8 to 13.

For the half year ended 31 December 2009

Condensed Consolidated Interim Statement of Cash Flow

| | CONSOLIDATED | |
|---|---|---|
| | HALF YEAR ENDED 31 DECEMBER 2009 \$'000 | HALF YEAR ENDED 31 DECEMBER 2008 \$'000 |
| Cash flows from operating activities | | |
| Cash receipts from customers | 1,044,331 | 1,118,556 |
| Cash paid to suppliers and employees | (979,104) | (1,080,276) |
| Income taxes paid | (9,718) | (21,987) |
| Interest paid | (25,351) | (36,985) |
| Interest received | 1,006 | 1,233 |
| Net cash from/(used in) operating activities | 31,164 | (19,459) |
| Cash flows from investing activities | | |
| Proceeds from sale of property, plant and equipment | 4,779 | 725 |
| Proceeds from sale of businesses (net of cash disposed) | 7,193 | - |
| Acquisition of property, plant and equipment | (4,306) | (14,163) |
| Net cash from/(used in) investing activities | 7,666 | (13,438) |
| Cash flows from financial activities | | |
| Lease payments | (193) | (663) |
| Proceeds from borrowings | 545 | 58,800 |
| Dividends paid | - | (42,708) |
| Net cash from financing activities | 352 | 15,429 |
| Net increase/(decrease) in cash and cash equivalents | 39,182 | (17,468) |
| Cash and cash equivalents at the beginning of the period | 126,475 | 104,822 |
| Effect of exchange rate fluctuations on cash held | (2,826) | 8,529 |
| Cash and cash equivalents at the end of the period | 162,831 | 95,883 |

The condensed consolidated interim statement of cash flow is to be read in conjunction with the condensed notes to the financial statements set out on pages 8 to 13.

Condensed Consolidated Interim Statement of Changes in Equity

| | ISSUED CAPITAL \$'000 | EQUITY COMPENSATION RESERVE \$'000 | FOREIGN CURRENCY TRANSLATION RESERVE \$'000 | HEDGE RESERVE \$'000 | (ACCUMULATED LOSSES)/ RETAINED EARNINGS \$'000 | TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT \$'000 | MINORITY INTEREST \$'000 | TOTAL EQUITY \$'000 |
|--|-----------------------------|---|---|----------------------------|--|---|--------------------------------|---------------------------|
| Balance at 1 July 2009 | 1,469,094 | 5,946 | (24,913) | (46,384) | (141,047) | 1,262,696 | 3,994 | 1,266,690 |
| Effective portion of net changes in fair value of cash flow hedges ¹ | - | - | - | 30,550 | - | 30,550 | - | 30,550 |
| Foreign currency translation differences | - | - | (4,857) | - | - | (4,857) | (277) | (5,134) |
| Total other comprehensive income | - | - | (4,857) | 30,550 | - | 25,693 | (277) | 25,416 |
| Profit/(Loss) for the period | - | - | - | - | 22,218 | 22,218 | 163 | 22,381 |
| Total other comprehensive income for the period | - | - | (4,857) | 30,550 | 22,218 | 47,911 | (114) | 47,797 |
| Dividends recognised during the period | - | - | - | - | - | - | - | - |
| Cost of share based payments | - | 213 | - | - | - | 213 | - | 213 |
| Balance at 31 December 2009 | 1,469,094 | 6,159 | (29,770) | (15,834) | (118,829) | 1,310,820 | 3,880 | 1,314,700 |
| Balance at 1 July 2008 | 1,218,577 | 4,591 | (31,834) | (1,087) | 136,140 | 1,326,387 | 3,701 | 1,330,088 |
| Effective portion of changes in fair value of cash flow hedges ¹ | - | - | - | (8,669) | - | (8,669) | - | (8,669) |
| Foreign currency translation differences | - | - | 16,832 | - | - | 16,832 | 1,154 | 17,986 |
| Total income and expense for the period recognised directly in equity | - | - | 16,832 | (8,669) | - | 8,163 | 1,154 | 9,317 |
| Profit/(Loss) for the period | - | - | - | - | (149,951) | (149,951) | 135 | (149,816) |
| Total income/(expense) for the period | - | - | 16,832 | (8,669) | (149,951) | (141,788) | 1,289 | (140,499) |
| Dividends recognised during the period | - | - | - | - | (42,708) | (42,708) | - | (42,708) |
| Cost of share based payments | - | 1,150 | - | - | - | 1,150 | - | 1,150 |
| Balance at 31 December 2008 | 1,218,577 | 5,741 | (15,002) | (9,756) | (56,519) | 1,143,041 | 4,990 | 1,148,031 |

1. Amounts are stated net of tax.

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the condensed notes to the financial statements set out on pages 8 to 13.

Condensed Notes to the Consolidated Interim Financial Statement

1. REPORTING ENTITY

Pacific Brands Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the half year ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity').

The condensed consolidated interim financial report was authorised for issue by the directors on 24 February 2010.

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2009 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 condensed 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 condensed consolidated 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 2009. 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. 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 annual financial report as at and for the year ended 30 June 2009 with the following exceptions:

Determination and presentation of operating segments

As of 1 July 2009 the Company determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer (CEO), who is the Company's chief operating decision maker. This change in accounting policy is due to the adoption of *AASB 8 Operating Segments*. Previously operating segments were determined and presented in accordance with *AASB 114 Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of *AASB 8*. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating result is reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Presentation of financial statements

The Company applies revised *AASB 101 Presentation of Financial Statements (2007)*, which became effective as of 1 July 2009. This presentation has been applied in these condensed interim financial statements as of and for the six month period ended on 31 December 2009 and comparative information.

The following Accounting Standards have been applied during the period and did not have a material effect on the entity:

| | |
|-------------|---|
| AASB 2008-5 | <i>Amendments arising from the first annual improvements project</i> |
| AASB 2008-7 | <i>Amendments to accounting for the cost of an investment in a subsidiary, jointly controlled entity or associate</i> |
| AASB 2008-2 | <i>Amendments to accounting for puttable financial instruments and obligations arising on liquidation</i> |
| AASB 2008-1 | <i>Amendments to accounting for share-based payments, specifically vesting conditions and cancellations</i> |
| AASB 123 | <i>Borrowing costs (Revised, June 2007) and AASB 2007-6 Amendments arising from the revisions to AASB 123</i> |
| AASB 2008-6 | <i>Further amendments arising from the first annual improvements project</i> |
| AASB 2008-8 | <i>Amendments to accounting for eligible hedged items</i> |

Condensed Notes to the Consolidated Interim Financial Statements**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 annual financial report as at and for the year ended 30 June 2009.

| | CONSOLIDATED | |
|------------------------------------|---|---|
| | HALF YEAR ENDED 31 DECEMBER 2009 \$'000 | HALF YEAR ENDED 31 DECEMBER 2008 \$'000 |
| 5. REVENUE AND OTHER INCOME | | |
| Sales revenue | 960,783 | 1,041,626 |
| Other income | | |
| Royalties | 1,359 | 1,310 |
| Sundry income | 4,544 | 7,689 |
| Total other income | 5,903 | 8,999 |
| Total revenue and other income | 966,686 | 1,050,625 |

Condensed Notes to the Consolidated Interim Financial Statements

| | CONSOLIDATED | |
|--|---|---|
| | HALF YEAR ENDED 31 DECEMBER 2009 \$'000 | HALF YEAR ENDED 31 DECEMBER 2008 \$'000 |
| 6. OTHER EXPENSES | | |
| Depreciation of: | | |
| Freehold buildings and leasehold improvements | 1,814 | 2,289 |
| Plant and equipment | 7,145 | 8,385 |
| | 8,959 | 10,674 |
| Amortisation of: | | |
| Software assets | 1,114 | 1,229 |
| Other Intangibles | 1,201 | 1,526 |
| Leased plant and equipment | 585 | 561 |
| | 2,900 | 3,316 |
| Total depreciation and amortisation | 11,859 | 13,990 |
| Net financing costs: | | |
| Financial income | (1,006) | (1,233) |
| Interest on bank loans and overdraft | 27,303 | 34,000 |
| Finance charges on capitalised leases | 71 | 143 |
| | 26,368 | 32,910 |
| Personnel expenses: | | |
| Wages, salaries and entitlements | 198,602 | 222,802 |
| Contributions to defined contribution superannuation plans | 13,538 | 14,897 |
| Defined benefit superannuation expense | 738 | 674 |
| Share based payments | 213 | 1,150 |
| | 213,091 | 239,523 |

Condensed Notes to the Consolidated Interim Financial Statements**7. SIGNIFICANT ITEMS**

Other expenses are reconciled as follows:

| | HALF YEAR ENDED 31 DECEMBER 2009 \$'000 | HALF YEAR ENDED 31 DECEMBER 2008 \$'000 |
|---|---|---|
| Asset impairment | | |
| Goodwill impairment | - | 128,813 |
| Brand names impairment | - | 52,529 |
| Plant and Equipment impairments | 800 | 6,286 |
| Other asset impairments | - | 18,815 |
| | 800 | 206,443 |
| Restructuring expenses | | |
| Redundancies, decommissioning and other costs | 18,104 | 3,398 |
| | 18,904 | 209,841 |

The related income tax benefit/(expense) on significant items, where applicable, is \$5.6m for the Consolidated Entity.

The comparative period has been amended to include \$3.4m of redundancy costs previously recognised in administration expenses.

Condensed Notes to the Consolidated Interim Financial Statements

8. SEGMENT REPORTING

Segment information is presented in the condensed consolidated interim financial statements in respect of the consolidated entity's business segments, which are based on the internal reports that are reviewed by the CEO (the chief operating decision maker). The changes in the segment note disclosures reflects both the adoption of AASB 8 as outlined in Note 3, and changes to Pacific Brands operating structure implemented in connection with the Pacific Brands transformation strategy announced in February 2009. In particular Workwear has been separated out from the previously reported Outerwear & Sport segment; and Footwear, Outerwear & Sport combines the previously reported footwear segment and the remainder of the Outerwear & Sport segment. Underwear & Hosiery and Homewares remain unchanged.

It is the consolidated entity's policy that inter-segment pricing is determined on an arm's length basis. Certain corporate charges such as the shared services function, are allocated to the segments largely on a usage basis. Net finance costs and income tax expense are not allocated to the operating segments. The CEO assesses the financial performance of each segment by analysing earnings before interest, tax and amortisation (EBITA) before significant items.

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

Reporting Segments

The consolidated entity comprises the following reporting segments:

| | |
|-----------------------------|---|
| Underwear & Hosiery | Marketer, distributor, importer and manufacturer of underwear, intimate apparel, socks and hosiery |
| Workwear | Marketer, distributor, importer and manufacturer of industrial, corporate imagewear and other workwear |
| Footwear, Outerwear & Sport | Marketer, distributor, importer and manufacturer of women's, men's, children's and sporting footwear; casual outerwear; and sporting clothing and equipment |
| Homewares | Marketer, distributor, importer and manufacturer of bed linen, pillows, mattresses, foam and carpet underlay |
| Other | Retail clearance outlets, corporate expenses and amortisation of intangibles |

Half Year ended 31 December 2009

| | UNDERWEAR & HOSIERY | WORKWEAR | FOOTWEAR, OUTERWEAR & SPORT | HOMEWARES | OTHER | ELIMINATIONS | CONSOLIDATED |
|-----------------------------------|---------------------|----------|-----------------------------|-----------|----------|--------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Segment revenue | 297,218 | 186,780 | 265,641 | 209,848 | 12,923 | (5,724) | 966,686 |
| EBITA before significant items | 34,856 | 16,579 | 19,147 | 15,646 | (5,927) | - | 80,301 |
| Amortisation | | | | | (1,201) | | (1,201) |
| Significant items | (7,425) | (1,683) | (1,261) | (2,267) | (6,268) | - | (18,904) |
| Results from operating activities | 27,431 | 14,896 | 17,886 | 13,379 | (13,396) | - | 60,196 |
| Net financing costs | | | | | | | (26,368) |
| Income tax expense | | | | | | | (11,447) |
| Profit for the period | | | | | | | 22,381 |

Half Year ended 31 December 2008

| | UNDERWEAR & HOSIERY | WORKWEAR | FOOTWEAR, OUTERWEAR & SPORT | HOMEWARES | OTHER | ELIMINATIONS | CONSOLIDATED |
|-----------------------------------|---------------------|----------|-----------------------------|-----------|----------|--------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Segment revenue | 311,814 | 202,568 | 286,258 | 233,227 | 16,838 | (80) | 1,050,625 |
| EBITA before significant items | 45,281 | 22,056 | 34,883 | 21,384 | (7,192) | - | 116,412 |
| Amortisation | | | | | (1,526) | | (1,526) |
| Significant items | (29,528) | - | (61,881) | (115,209) | (3,223) | - | (209,841) |
| Results from operating activities | 15,753 | 22,056 | (26,998) | (93,825) | (11,941) | - | (94,955) |
| Net financing costs | | | | | | | (32,910) |
| Income tax expense | | | | | | | (21,951) |
| Loss for the period | | | | | | | (149,816) |

Major Customers

The consolidated entity supplies two customers which in combination account for 26% of revenue (2008: 26%).

Condensed Notes to the Consolidated Interim Financial Statements

| | CONSOLIDATED | |
|---|---|---|
| | HALF YEAR ENDED 31 DECEMBER 2009 \$'000 | HALF YEAR ENDED 31 DECEMBER 2008 \$'000 |
| 9. DIVIDENDS | | |
| Ordinary shares | | |
| Dividends paid during the half year not previously recognised as a liability. | - | 42,708 |

Since the end of the half year the directors have not recommended that an interim dividend be paid. (31 December 2008: Nil dividend declared)

| | HALF YEAR ENDED 31 DECEMBER 2009 \$'000 | HALF YEAR ENDED 31 DECEMBER 2008 \$'000 |
|--|---|---|
| | 10. EARNINGS PER SHARE | |
| Net profit/(loss) used in the calculation of basic and diluted earnings per share | 22,218 | (149,951) |
| | HALF YEAR ENDED 31 DECEMBER 2009 No. | HALF YEAR ENDED 31 DECEMBER 2008 No. |
| Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share | 929,380,477 | 558,986,708 |

The prior year has been restated as a result of the placement and rights issue in April and May 2009.

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent liabilities or contingent assets that have arisen since 30 June 2009.

12. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval since 31 December 2009 and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial periods.

Director's Declaration

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

- 1 the condensed interim financial statements and condensed notes set out on pages 3 to 13, 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 2009 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 24th day of February 2010.

Signed in accordance with a resolution of the directors.



Sue Morphet
Director

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 2009 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

Melbourne
24 February 2010

A handwritten signature in black ink that reads 'Paul Shannon'.

Paul Shannon
Partner

Independent auditor's review report to the members of Pacific Brands Limited**Report on the financial report**

We have reviewed the accompanying interim financial report of Pacific Brands Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, a description of accounting policies and other explanatory notes 1 to 12 and the directors' declaration of the Group 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 interim 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 Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls 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 Interim and Other Financial Reports 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 Group's financial position as at 31 December 2009 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 a 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 Group's financial position as at 31 December 2009 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

Melbourne
24 February 2010

Paul Shannon
Partner