

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

Details of the reporting period

Current period	1 July 2005 to 30 June 2006
Previous corresponding period	1 July 2004 to 30 June 2005

Results for announcement to the market

		\$	Up / down	Movement %
I.	Revenues from ordinary activities	46,492,144	Up	5.5%
ii.	Profit/(loss) from ordinary activities after tax attributable to members	4,060,799	Up	10.6%
iii.	Net profit/(loss) for the period attributable to members	4,060,799	Up	10.6%
iv.	Dividends	Amount per Security (cents)	Franked amount per security (cents)	
	<i>Current Period</i>			
	Interim – paid 4 April 2006	3.0	3.0	
	Final – payable 5 October 2006	3.5	3.5	
	<i>Previous corresponding period</i>			
	Interim – paid 12 April 2005	2.0	2.0	
	Final – paid 4 October 2005	3.0	3.0	
v.	Record date for determining entitlements to dividends		14 September 2006	
vi.	During the year ended 30 June 2006 there were no significant items that impacted on the results recorded in our Income Statement.			

Statement of Financial Performance – refer to page 34 of the attached financial report

Statement of Financial Position – refer to page 35 of the attached financial report

Statement of Cash Flows – refer to page 37 of the attached financial report

Retained Earnings

	Current Period	Previous Corresponding Period
Retained earnings at the beginning of the financial period	2,948,339	237,649
Net profit attributable to members of the parent entity	4,060,799	3,670,690
Dividends provided for or paid	2,880,000	960,000
Retained earnings at the end of the financial period	4,129,138	2,948,339

Net Tangible Assets per security

	30 June 2006	30 June 2005
Net tangible asset backing per ordinary security	6.82 cents	4.36 cents

Details of entities over which control has been gained or lost during the period

i.	Name of entity (or group of entities) over which control was gained/lost	N/A
ii.	Date control was gained/lost	N/A
iii.	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired/lost	N/A
	Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Details of dividend / distribution reinvestment plan

At 30 June 2006, there was no dividend reinvestment plan in operation for UnderCoverWear Limited.

Details of associates and joint venture entities

N/A

Accounting Standards used by foreign entities

N/A

Commentary on the results for the period

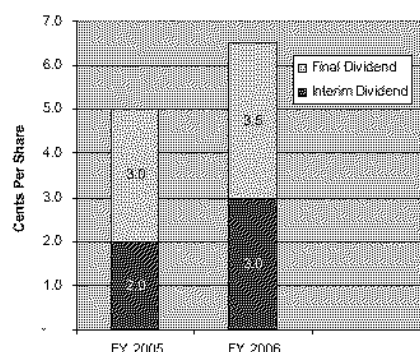
Profit & earnings per share

The consolidated income statement shows a net profit after tax for the year ended 30 June 2006 of \$4,060,799, compared to \$3,670,690 in 2005.

Based on 48,000,000 weighted average ordinary shares on issue during the year ended 30 June 2006, this result represents earnings of 8.46 cents per share, an increase of 10.6% (0.81 cents per share).

Dividends

The Board is pleased to report that based on the profits earned by the Company during the year, the directors have declared the payment of a final fully franked dividend of 3.5 cents per share which will be paid on 5 October 2006. This brings the total ordinary dividend paid for the year ended 30 June 2006 to 6.5 cents per share compared to 5.0 cents per share last year, a 30% increase.



Review of operating performance

The performance of the company in 2006 has resulted in a rate of revenue growth of 5.4% above last year at \$46,492,707 and continues to be driven by organic growth of our sales team. Net profit after income tax was \$4,060,799, a 10.6% increase on last year. Our success in growing all of our key business drivers, consultant numbers, consultant productivity and party average, highlights the importance of our business model and our management team.

Gross margins have been consistent again this year, with approximately 35% of garments being manufactured by our local production department. The capability to produce garments locally has also increased our ability to meet short lead times and, subsequently, has reduced the costs associated with holding inventory. Importing the remaining 65% of our garments is now a more efficient process thanks to a refinement in warehouse management, the result of which has lessened UnderCoverWear's overheads.

First implemented in early 2005, we are beginning to see the effects of our Corporate Manager Training program, which encourages sales consultants to strive for promotion to management. This strategic fostering not only grows the personal performance of the consultant but also expands the UnderCoverWear business.

The continuing development of IT systems and custom programming has led to greater efficiencies for customer ordering with the majority of our orders being submitted electronically via the internet. We have also developed unique software to track the performance of our sales teams, providing an in-depth analysis of vital KPI's and useful graphs to develop the skills set of each consultant.

We have continued to support sponsorship and fundraising activities and have donated in excess of \$600,000 to the Make-A-Wish Foundations and Cancer Councils of Australia & New Zealand, since 1987.

The company operates under one business segment only.

	FY 2006	FY 2005
Total Revenue	\$46,492,707	\$44,089,490
EBITDA	\$6,075,570	\$5,717,989
EBIT	\$5,803,373	\$5,345,384
Profit before tax	\$5,800,774	\$5,237,464
NPAT	\$4,060,799	\$3,670,690
Earnings per share (cents)	8.46	7.65
Total dividend (cents)	6.50	5.00
Dividend yield at 30 June	6.5%	7.1%

Financial Position

The consolidated entity continues to hold a strong financial position, with cash at 30 June 2006 of \$1,635,141 compared to \$2,199,616 at the same time last year, and remains free of debt.

Outlook for the Company

For the coming financial year, if the economic trends in retail sales and low unemployment continue, it is somewhat difficult to forecast future growth in revenues and results achievable for the year ending 30 June 2007. However, management will continue to operate in accordance with current business strategies and recognises the importance of internal growth and consistent productivity within the sales team in ensuring that our goals are achieved.

Qualification of audit / review

The accounts have been audited and the audit report contains no qualifications.