

PACIFIC BRANDS

23 February 2005

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

Market Information Services
New Zealand Exchange Limited
9th Floor
ASB Tower
2 Hunter Street
Wellington
New Zealand

Dear Sir/Madam

HALF YEAR REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2004

In accordance with Australian Stock Exchange Listing Rule 4.2A, attached is the Company's Appendix 4D – Half Year Report for the period 1 July 2004 to 31 December 2004, which includes a copy of a Press Release which the Company intends to send to the media today.

These documents will also be available on the Company's website at www.pacificbrands.com.au

Yours faithfully
Pacific Brands Limited



John Grover
Company Secretary

ASX Appendix 4D

Half Year Report

Name of Entity	Pacific Brands Limited
ABN	64 106 773 059
Reporting Period	Half year ended 31 December 2004
Previous corresponding period	Not Applicable

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	\$ 809.5 million
Net profit	\$ 33.4 million
Net profit attributable to members of the parent entity	\$ 33.3 million

DIVIDENDS

	Amount Per Share	Total Amount	Franked Amount
Interim Dividend	7.5 cents	\$37.7 million	100%

The Company's dividend record date is 4 March 2005 and the dividend is payable on 1 April 2005.

Pacific Brands Limited operates a Dividend Reinvestment Plan ("DRP") under which shareholders can reinvest the dividends payable in ordinary shares in Pacific Brands Limited acquired on market. The last date of receipt of an election notice for participation in the DRP is 4 March 2005.

OTHER INFORMATION

Net tangible asset backing per ordinary share is \$0.14

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

Entities over which control has been gained or lost during the period: None.

Pacific Brands Limited and its Controlled Entities
ABN 64 106 773 059

Financial Report for the
Half Year Ended 31 December 2004

Contents

Directors' Report	1
Statement of Financial Performance	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Directors' Declaration	12
Independent Review Report	13

Directors' Report

The directors of Pacific Brands Limited ("the Company") present the financial report of the Company and its controlled entities (collectively the "consolidated entity") for the half year ended 31 December 2004 and the review report thereon.

Directors

The directors of the Company during the half year ended 31 December 2004 and up to the date of this report are:

R.P. Handley, Chairman;
H.A. Lynch, Deputy Chair;
P.R. Moore, Chief Executive Officer;
S.J. Tierney, Chief Financial Officer;
A.D. Cummins;
M.G. Ould; and
M.A. Plavsic.

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

Significant features and discussion of trends of operating performance

Please refer to the accompanying Pacific Brands Limited half year results announcement dated 23 February 2005.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

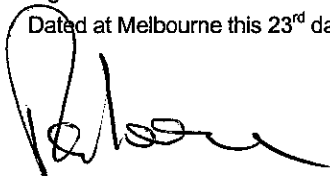
The lead auditor's independence declaration is set out on page 2 and forms part of the directors' report for the half year ended 31 December 2004.

Rounding off

The Company is of a kind referred to in Australian Securities and Investments Commission 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.

Signed in accordance with a resolution of the directors.

Dated at Melbourne this 23rd day of February 2005.



Paul Moore

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 2004, 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

William J Stevens
Partner

Melbourne
23rd February 2005



Statement of Financial Performance

for the half year 31 December 2004

	Note	Consolidated 31 December 2004 \$'000
Revenue from sale of goods	2	798,405
Other revenues from ordinary activities	2	11,129
Total revenue from ordinary activities	2	809,534
Cost of goods sold		(476,031)
Freight and distribution expenses		(48,557)
Sales, marketing and advertising expenses		(136,675)
Information technology expenses		(8,363)
Administrative expenses		(48,240)
Borrowing expenses	3	(17,386)
Goodwill amortisation	3	(20,690)
Profit from ordinary activities before income tax expense		53,592
Income tax expense relating to ordinary activities		(20,162)
Net profit		33,430
Net profit attributable to outside equity interests		(111)
Net profit attributable to members of the parent entity	7	33,319
Net exchange difference relating to self-sustaining foreign operations		(4,072)
Total changes in equity from non-owner related transactions attributable to the members of the parent entity		29,247
Basic earnings per share:		
Ordinary shares	6	6.6 cents

The statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 6 to 11.

Statement of Financial Position

as at 31 December 2004

	Note	Consolidated 31 December 2004 \$'000	Consolidated 30 June 2004 \$'000
Current assets			
Cash assets		56,640	99,273
Receivables		197,598	174,350
Inventories		293,382	253,632
Current tax assets		1,931	-
Other		16,987	8,158
Total current assets		566,538	535,413
Non-current assets			
Receivables		-	41
Other financial assets		1,886	2,134
Property, plant and equipment		172,967	171,850
Intangible assets		1,179,001	1,199,783
Deferred tax assets		40,891	44,279
Other		3,047	3,482
Total non-current assets		1,397,792	1,421,569
Total assets		1,964,330	1,956,982
Current liabilities			
Payables		124,223	132,608
Interest bearing liabilities		2,988	2,014
Current tax liabilities		12,330	14,314
Provisions		53,840	57,147
Total current liabilities		193,381	206,083
Non-current liabilities			
Payables		11,779	12,451
Interest bearing liabilities		501,544	491,514
Provisions		7,822	8,326
Total non-current liabilities		521,145	512,291
Total liabilities		714,526	718,374
Net assets		1,249,804	1,238,608
Equity			
Contributed equity		1,220,446	1,220,446
Reserves		(2,379)	1,693
Retained profits	7	27,500	11,792
Total parent entity interest		1,245,567	1,233,931
Outside equity interests		4,237	4,677
Total equity		1,249,804	1,238,608

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 6 to 11.

Statement of Cash Flows

for the half year ended 31 December 2004

	Note	Consolidated 31 December 2004
		\$'000
Cash flows from operating activities		
Cash receipts in the course of operations		757,478
Cash payments in the course of operations		(747,842)
Interest received		1,002
Borrowing costs paid		(16,515)
Income taxes paid		(20,689)
Net cash used in operating activities		(26,566)
Cash flows from investing activities		
Payments for property, plant and equipment		(10,084)
Proceeds from sale of property, plant and equipment		1,558
Net cash used in investing activities		(8,526)
Cash flows from financing activities		
Lease payments		(301)
Repayment of borrowings		(5,426)
Dividends paid	7	(17,611)
Proceeds from borrowings		15,000
Net cash used in financing activities		(8,338)
Net decrease in cash held		(43,430)
Cash at the beginning of the financial period		97,723
Cash at the end of the financial period		54,293

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 6 to 11.

Notes to the Financial Statements

For the half year ended 31 December 2004

Note

1	Basis of Preparation	7
2	Revenue from ordinary activities	7
3	Profit from ordinary activities before income tax expense	7
4	Segment reporting	8
5	Dividends	9
6	Earnings per share	9
7	Retained profits	9
8	Contingent liabilities and contingent assets	9
9	Events subsequent to reporting date	9

1 Basis of Preparation

This general purpose financial report for the half year reporting period ended 31 December 2004 has been prepared in accordance with *AASB 1029 Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by Pacific Brands Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial period from 12 December 2003 to 30 June 2004.

As this is the first half year financial report for the Company and its controlled entities, there is no half year comparative financial information.

2 Revenue from ordinary activities

	Consolidated
	31 December 2004
	\$'000
Sale of goods revenue from operating activities	798,405
Other revenues	
<i>From operating activities</i>	
Interest – other parties	1,002
Royalties received	272
Net foreign exchange gain	572
Sundry income	9,283
Total other revenues	11,129
Total revenue from ordinary activities	809,534

3 Profit from ordinary activities before income tax expense

Profit from ordinary activities before income tax expense has been arrived at after charging the following items:

Depreciation of:	
Buildings	737
Plant and equipment	6,580
	7,317
Amortisation of:	
Goodwill	20,690
Leased plant and equipment	259
	20,949
Total depreciation and amortisation	28,266
Borrowing costs:	
Interest on bank loans and overdraft	16,866
Amortisation of debt establishment costs	435
Finance charges on capitalised leases	85
	17,386
Bad debts written off in relation to trade debtors	175
Amounts set aside to allow for:	
Rebates, claims and allowances	16,389
Employee benefits	28,815
Operating lease rental expense	11,308

4 Segment reporting

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.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

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

Underwear & Hosiery	Marketer, wholesaler, importer and manufacturer of underwear, intimate apparel, socks and hosiery.
Outerwear & Sport	Marketer, wholesaler, importer and manufacturer of outerwear, sports clothing, sports footwear, and sporting equipment and hardgoods.
Home Comfort	Marketer, wholesaler, manufacturer and importer of foam, mattresses and bedding accessory products.
Footwear	Marketer, wholesaler, importer and manufacturer of footwear.
Other	Retail clearance outlets, administration functions and goodwill amortisation.

Half Year ended 31 December 2004

Primary reporting Business segments	Underwear & Hosiery \$'000	Outerwear & Sport \$'000	Home Comfort \$'000	Footwear \$'000	Other \$'000	Eliminations \$'000	Consolidated \$'000
Revenue							
External segment revenue	334,019	147,258	155,996	144,574	27,687	0	809,534
Inter-segment revenue	0	65	0	823	0	(888)	0
Total segment revenue	334,019	147,323	155,996	145,397	27,687	(888)	809,534
Result							
Segment result	34,491	7,000	14,045	15,232	(17,176)	0	53,592
Income tax (expense)/benefit	(10,422)	(1,893)	(3,765)	(4,574)	492	0	(20,162)
Net profit/(loss)	24,069	5,107	10,280	10,658	(16,684)	0	33,430
Depreciation and amortisation	2,927	528	1,977	554	22,280	0	28,266
Non-cash expenses other than depreciation and amortisation	18,589	8,170	10,813	5,265	2,305	0	45,142
Segment assets	482,870	225,369	133,937	97,208	1,426,743	(401,797)	1,964,330
Segment liabilities	254,370	194,393	81,185	49,048	537,327	(401,797)	714,526
Acquisitions of non-current assets	5,510	1,189	2,863	294	228	0	10,084

5 Dividends

Consolidated
31 December 2004
\$'000

Ordinary shares

Dividends paid during the half year not previously recognised as a liability 17,611

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 7.5 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 2005.

6 Earnings per share

Consolidated
31 December 2004

Weighted average number of ordinary shares used in the calculation of basic EPS 503,000,003

\$'000

Net profit used in the calculation of basic earnings per share 33,319

There are no dilutive potential ordinary shares, therefore, diluted EPS has not been calculated or disclosed.

7 Retained profits

Consolidated
31 December 2004

Retained profits as at 30 June 2004	11,792
Net profit attributable to members of the parent entity	33,319
Dividends recognised during the half year	(17,611)
Retained profits as at 31 December 2004	27,500

8 Contingent liabilities and contingent assets

There have been no material changes in contingent liabilities or contingent assets from the position disclosed in the 2004 Annual Report.

9 Events subsequent to reporting date

(a) Dividends

For dividends declared after 31 December 2004, see Note 5.

(b) International Financial Reporting Standards

The consolidated entity will be required to prepare financial statements using the Australian equivalents to International Financial Reporting Standards and their related pronouncements ("AIFRS") commencing with the year ending 30 June 2006.

The consolidated entity will report for the first time in compliance with AIFRS when the results for the half year ending 31 December 2005 are released. AIFRS require that entities complying with AIFRS for the first time also restate their comparative financial statements using all AIFRS except for certain standards including:

- *AASB132 Financial Instruments: Disclosure and Presentation*; and
- *AASB139 Financial Instruments: Recognition and Measurement*.

Hence, the consolidated entity's opening AIFRS statement of financial position, dated 1 July 2004, will be a restated comparative balance sheet. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained profits on 1 July 2004, however, transitional adjustments relating to those standards where comparatives are not required will only be made at 1 July 2005. Comparatives restated under AIFRS will not be reported in financial statements until those for the half year ending 31 December 2005 being the first half year reported in compliance with AIFRS.

9 Events subsequent to reporting date (continued)

(b) International Financial Reporting Standards (continued)

This financial report has been prepared in accordance with Australian Accounting Standards and other financial reporting requirements ("Australian GAAP"). The differences between Australian GAAP and the AIFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and the AIFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not completed its project to assess the impact of adoption of AIFRS and has not quantified the effects of all differences discussed below. Where work streams have been completed, accounting policies have been determined and the transitional elections available under *AASB1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards* have been considered.

Any assessments made in respect of the transition to AIFRS may require adjustment before inclusion in the first complete annual / half year financial report prepared in accordance with AIFRS due to new or revised standards or interpretations, changes in the operations of the business, or additional guidance on the application of AIFRS in a particular industry or to a particular transaction.

The following areas have been identified as significant for the consolidated entity:

<p>Goodwill</p> <p><i>Initial impact on retained profits at 1 July 2004</i></p> <p><i>Lower expenses</i></p> <p><i>Volatility in results in event of impairment</i></p>	<p>Goodwill acquired in a business combination will not require amortisation, but instead be subject to impairment testing at least annually. If there is any impairment, it will be recognised immediately in the statement of financial performance.</p>
<p>Hedging</p> <p><i>Initial impact on retained profits at 1 July 2005</i></p> <p><i>Volatility in future earnings</i></p> <p><i>Recognition of new assets/liabilities</i></p>	<p>All derivatives contracts, whether used as hedging instruments or otherwise, will be carried at fair value on the consolidated entity's statement of financial position. AIFRS recognise fair value hedge accounting, cash flow hedge accounting, and hedges of investments in foreign operations. Fair value and cash flow hedge accounting can only be considered where effectiveness tests are met.</p> <p>Ineffectiveness outside the prescribed range precludes the use of hedge accounting and can result in significant volatility in the statement of financial performance. The consolidated entity expects to predominantly use cash flow hedging in respect of its foreign currency and interest rate risk hedges, which will create volatility in equity reserve balances.</p>
<p>Post employment benefits</p> <p><i>Initial impact on retained profits at 1 July 2004</i></p> <p><i>Volatility in future earnings</i></p>	<p>The consolidated entity does not currently recognise an asset or liability for the net position of the defined benefit superannuation plan operated in Australia. On adoption of Australian Accounting Standards that comply with AIFRS, the consolidated entity will recognise the net position of defined benefits component of the Plan on the statement of financial position. The initial adjustment will be made, retrospectively, against opening retained profits as at 1 July 2004, and will be based on valuations of each scheme made at that date in accordance with <i>AASB119 Employee Benefits</i>. After the transitional adjustment, alternative methods of recognising further movements in the net position of each scheme will be available, including direct recognition in the statement of financial performance, or recognition directly in equity with a progressive recognition in the statement of financial performance using a "corridor" approach.</p>
<p>Share based payments</p> <p><i>Initial impact on retained profits at 1 July 2004</i></p> <p><i>Higher expenses</i></p>	<p>On adoption of AIFRS, the consolidated entity will recognise an expense for all share based remuneration and will amortise such expenses over the relevant vesting periods.</p>
<p>Taxation</p> <p><i>Initial impact on retained profits at 1 July 2004</i></p> <p><i>Recognition of new assets/liabilities</i></p>	<p>A "statement of financial position" approach will be adopted, replacing the "statement of financial performance" approach currently required by Australian Accounting Standards. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability, and its tax base. It is expected that <i>AASB112 Income Taxes</i> may require the consolidated entity to carry higher levels of deferred tax assets and liabilities.</p>

9 Events subsequent to reporting date (continued)

(b) International Financial Reporting Standards (continued)

Planning phase

The planning phase has been completed and provided a high level overview of the impacts of conversion to AIFRS reporting on existing accounting and reporting policies and procedures, systems and processes, business structures and staff.

Design phase

The design phase aims to formulate the changes required to existing accounting policies, procedures and systems and processes in order to transition to AIFRS. The design phase will incorporate:

- formulating revised accounting policies and procedures for compliance with AIFRS requirements;
- identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of AIFRS;
- developing revised AIFRS disclosures;
- designing accounting and business processes to support AIFRS reporting obligations;
- identifying and planning required changes to financial reporting and business source systems; and
- developing training programs for staff.

The Company has commenced its design phase, with work progressing in each of the areas described above. The design phase is expected to be completed by 30 April 2005.

Implementation phase

The implementation phase will include implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It will enable the Company to generate the required disclosures of under *AASB1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards* as it progresses through its transition of AIFRS.

The Company has not yet commenced the implementation phase. The Company nonetheless expects this phase to be completed by 30 June 2005.

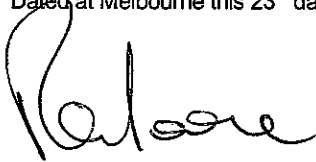
Pacific Brands Limited Directors' Declaration

The directors of Pacific Brands Limited ("the Company") declare that:

- 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 2004 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 1029 "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.

Signed in accordance with a resolution of the directors.

Dated at Melbourne this 23rd day of February 2005.



Paul Moore

Director



Independent Review Report to the members of Pacific Brands Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes 1 to 9 to the financial statements, and the directors' declaration for the Pacific Brands Limited Consolidated Entity ("the Consolidated Entity"), for the half year ended 31 December 2004 as set out on pages 3 to 12. The Consolidated Entity comprises Pacific Brands Limited ("the Company") and the entities it controlled during that half year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- (a) enquiries of company personnel; and
- (b) analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in the audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Statement

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2004 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

KPMG

William J Stevens
Partner

Melbourne
23rd February 2005



Pacific Brands 2005 Half Year Results

Strong profit growth and margin expansion in subdued retail environment

GROUP HIGHLIGHTS

- ◆ Group EBITA at \$90.6m up 10.8% on prior half year
- ◆ Profit after tax (pre goodwill amortisation) up 35.6%
- ◆ Earnings per share (pre goodwill amortisation) up 36.7% to 10.8 cents
- ◆ Footwear sales growth up 5.6% and Home Comfort up 4.1%
- ◆ Growth in core brands of 3.5% – double-digit growth for Bonds, Grosby, Tontine and Hush Puppies
- ◆ Continued focus on brand building and operational efficiencies strengthened EBITA margin to 11.3%
- ◆ Ongoing investment in advertising and brand development
- ◆ Focus on China sourcing and logistics
- ◆ Strong interim dividend of 7.5 cents
- ◆ On track to achieve EBITA forecasts for the full year – reconfirm previous profit guidance

Half Year ended 31 December (A\$ million)	HY05	HY04	% Change
Sales revenue	798.4	811.2 ¹	(1.6)
EBITDA	98.2	90.1 ¹	9.0
EBITA	90.6	81.8 ¹	10.8
EBITA margin	11.3%	10.1% ¹	
NPAT (pre goodwill amortisation)	54.1	39.9 ¹	35.6
NPAT (post goodwill amortisation)	33.4		
EPS (pre goodwill amortisation) (cents)	10.8	7.9 ²	36.7
EPS (post goodwill amortisation) (cents)	6.6		
DPS (cents) ³	7.5	N/A	N/A

¹ Comparatives from Pacific Brands prospectus dated 1 March 2004.

² This has been calculated from an issued capital base of 503,000,003 ordinary shares.

³ Represents interim dividend announced for the half year – franked to 100% for Australian residents on tax paid at 30%

Earnings Growth

The Group today announced a net profit after tax (pre goodwill amortisation) of \$54.1 million for the half year ended 31 December 2004, which exceeded the net profit for the same period last year by 35.6%. This has resulted in earnings per share (pre goodwill amortisation) of 10.8 cents and 6.6 cents post goodwill amortisation.

Commenting on the result, Chief Executive, Mr Paul Moore said “the Group’s achievement of its profit target was the result of a business focus on margin improvement and profitable, branded sales growth. Even though sales were 1.6% lower than the previous half year, the Group posted a strong profit result. The business commitment has been, and will continue to be, on profit and margins, which has contributed greatly to our solid result in a volatile, price sensitive market – one in which the business chose not to fully participate.”

“At the time of floating, we promised safety and yield. In a market of heavy discounting, we have delivered on both, with an increase in margin and dividend.”

“Despite the patchiness in the retail sector over the past six months, the structure of the portfolio across varying broad retail sectors has enabled the Group, to achieve its profit forecasts. Pacific Brands represents a stable of everyday products and purchases that form ‘part of everyday consumer life’. Overall, we are pleased with the Group’s financial performance and remain confident that we will hit our forecast profit targets.”

“The combined sales growth of the major brands was 3.5%, a solid growth profile in our core segments. Growth in the non Sporting Goods brands was above 5.1%.”

“Part of the strategy has been on continuing to re-balance the business between branded and unbranded sales. As a result, the business has seen a further reduction in unbranded sales, including some of our international sales. There is a balance between volume and margin – the achievement of the right balance between the two areas will ultimately lead to higher long term profits.”

“We are disappointed in the performance of the Outerwear and Sport Group but recognise that the results will not fully turn around this year. Although profitable, this operating group is capable of much more.”

Mr Moore said that “it has been a positive outcome for Pacific Brands in a subdued retail market where December sales finished below expectations. In addition, the Group experienced a myriad of changing market conditions, fluctuations in the Australian dollar and higher input costs from cotton, oil, freight and distribution. The potential benefits from duty and tariff reductions implemented on 1 January 2005, have been affected by the introduction of the Chinese export tax on certain garments.”

“The strengthening Australian dollar has enabled the business to realise some benefit from an improving exchange rate. This has enabled the company to absorb some of the cost increases and hold prices steady or slightly below last year. But the dollar impact swings both ways, our revenue growth has been impacted by deflation in several of our categories.”

“During the first half, the Brave New Way programme concentrated on complexity reduction through range and product management. The key focus has been on clothing in New Zealand, branded footwear and bikes. The continued establishment of product introduction hurdles and procedures have further contributed to the discipline of margin management. Another initiative, to improve speed to market, has involved removing process complexity out of the business. This workstream was initiated at Bonds and is being used as a template across the business.”

“Another focus area has been on the generation of improvements in the supply chain, in particular strategic sourcing and efficiency gains. Pacific Brands continues to rationalise supplier numbers to leverage scale and reduce complexity. During the half, Pacific Brands undertook its largest direct shipment of product from China to retailers in Australia. This first in retail history has proven to be successful. Further direct shipments have been planned for the second half.”

Inventory levels at the half were expected to be at a higher level than the same time last year, to meet the changing ordering patterns by retailers, the earlier timing of Chinese New Year and to reduce any potential stock shortages from China entering the World Trade Organisation (WTO).

Dividends

Strong profit has enabled the company to declare an interim dividend of 7.5 cents. This is at the higher end of the forecast pay-out ratio of between 60% and 70% of profit before goodwill amortisation.

REVIEW OF OPERATIONS

Each of the four major operating groups have contributed to the Group's results.

Underwear and Hosiery

	HY05	HY04	Change %
Sales (\$m)	\$333.6	\$341.8	(2.4)
EBITA (\$m)	\$46.6	\$41.8	11.5

The largest operating group within Pacific Brands strengthened its EBITA in the period, up 11.5% on the previous corresponding period. The focus on improved cost management, brand development and advertising has driven the improvement. Some of the sales decrease can be attributed to a slowing in indent orders and the effect of deflation due to a softer retail environment in the lead up to Christmas.

Bonds continued to enjoy strong growth, up 10.9% for the half over the corresponding half. The 'Mix & Mash' and 'Very Comfy Undies' television campaigns assisted the increase in sales over the previous period. The brand continues to have strong consumer awareness aided by the continued use of brand ambassadors Sarah O'Hare and Pat Rafter. The unaided consumer awareness level for Bonds underwear has reached 78%.

The launch of the 'Barely There' range by Berlei was a key highlight in the period. This range was brought to market in half the usual time it takes to launch a range. There will be a continued focus on portfolio management and brand development in the second half, particularly in the Playtex and Formfit ranges.

Kolotex and Kayser achieved volume growth on the back of sales mix variations, led particularly by the below the knee sector. The business integration is continuing to drive higher than expected benefits.

Outerwear and Sport

	HY05	HY04	Change %
Sales (\$m)	\$147.1	\$167.0	(11.9)
EBITA (\$m)	\$13.2	\$18.7	(29.4)

As stated at the annual general meeting, this operating group has experienced some challenges and will use the 2005 financial year to reposition and turn around the business. The new Group General Manager commenced in October 2004 and is concentrating on refocusing the branded offering of the business. We are confident of an improving result for this business.

The sporting goods hardware market was flat and bike sales were impacted by a poor delivery performance and a bike recall.

Despite these challenges, there was growth in the key brands of Everlast, retail sales of KingGee and Stubbies.

Home Comfort

	HY05	HY04	Change %
Sales (\$m)	\$155.8	\$149.6	4.1
EBITA (\$m)	\$17.5	\$13.6	28.7

The Home Comfort Group achieved a solid performance with an improvement in EBITA by 28.7%.

Despite a softening in the housing market, strong performances were recorded in the Foams and Flooring businesses with the introduction of new and innovative products such as Viscoelastic and Dualtac. Bedding sales growth was positive across all three brands - Simmons, Serta (at the premium end) and Sleepmaker - due to additional marketing commitments.

Tontine has performed exceptionally well – with a 13.8% increase over the previous half year period driven by a focus on increasing our share in quilts and new products in pillows.

Footwear

	HY05	HY04	Change %
Sales (\$m)	\$142.3	\$134.7	5.6
EBITA (\$m)	\$17.9	\$13.2	35.6

The strategy of changing the mix from unbranded to branded product continues to be successful and led to a very positive result in the Footwear Group.

Branded footwear ranges, in particular Hush Puppies, Grosby, Julius Marlow, Naturaliser and Sachi have all enjoyed strong sales growth. The core brands are being supported by advertising campaigns such as the Grosby 'Spider' television advertisement and Hush Puppy marketing campaigns which featured prominently during the half year and excellent product development to broaden the product offerings.

Sporting footwear under the Dunlop brand, which includes Dunlop Volley and KT26, are now managed by this operating group to capitalise on back end synergies. Dunlop Footwear was previously reported in the Outerwear and Sport Group.

The Footwear Group continues to be strengthened by the acquisition of licensed brands such as Esprit footwear and Merrell outdoor footwear.

Outlook

The Group has seen a return to growth in the first few trading weeks of the second half. Sales for January 2005 are ahead of the sales for the previous corresponding period.

The continued focus will be on the maintenance of margins and achievement of profit and earnings forecasts, primarily on cost reduction and operating efficiencies.

Strategic bolt-on acquisitions such as the recently announced acquisition of TMI Australasia and licences such as Merrell Outdoor Footwear will continue to assist sales growth and profitability.

For further information contact:

Investor Relations:

Katherine Cooper
Pacific Brands Limited
+61 3 9947 4926
+61 408 773 312

Media:

Peter Mahon/Matthew Mahon
Royce Pty Ltd
+61 3 9639 2300
+61 413 101 860

Pacific Brands listed on the Australian and New Zealand Stock Exchanges on April 2 2004, with a market capitalisation of approximately \$1.25 billion, in an initial public offering to retail and institutional investors.

Pacific Brands is a leading manager of consumer brands in Australia and New Zealand, marketing some of the most recognised brands including Berlei, Bonds, Clarks (childrens), Dunlop, Everlast, Grosby, Holeproof, Hush Puppies, KingGee, Slazenger, Sleepmaker and Tontine. Pacific Brands' commitment to market leadership has provided it with number one or two positions across its major product categories in Australia and New Zealand which include underwear, socks, intimate apparel, hosiery and footwear.

These category leading positions have been achieved through a focus on being at the forefront of brand development, product innovation, marketing and an efficient and effective supply and distribution network. Pacific Brands believes that it is one of Australia and New Zealand's most informed companies on the "what, where, when and why" of a consumer's branded everyday essentials.

Pacific Brands employs around 7,000 people and is listed on the Australian and New Zealand Stock Exchanges (ASX/NZXPBG).