

OROTONGROUP

ASX ANNOUNCEMENT

24 March 2006

1H06 INTERIM RESULT – Net profit after tax up 10%

OrotonGroup today announced a net profit after tax of \$4.0 million for the six months ended 28 January 2006, up 10% on the corresponding period last year.

The Board has declared an interim dividend of 5.0 cents per share, fully franked.

Key features of the 1H06 result are:

- Sales revenue \$84 million, up 11% on last year
- Earnings before interest and tax (EBIT) \$6.8 million, up 18%
- Net profit after tax (NPAT) \$4.0 million, up 10%
- Retail trading environment remains competitive
- Improved contribution from wholesale sales
- Supply chain and internal processes now functioning well
- Earnings per share of 9.6 cents, up 9% on last year
- Fully franked interim dividend of 5.0 cents per share

For the six months to 28 January*	2006	2005	Change
	\$Am	\$Am	%
Sales revenue	83.9	75.9	11%
Earnings before interest and tax (EBIT) **	6.8	5.8	18%
Net profit after tax (NPAT)	4.0	3.6	10%
Basic earnings per share (cents)	9.6	8.8	9%
Interim dividend per share (cents – fully franked)	5.0	5.0	--

* on a comparable A-IFRS basis.

** EBIT on a A-GAAP basis is \$6.3 m and \$5.5 m for 1H06 and 1H05, respectively.

OROTONGROUP

ASX ANNOUNCEMENT

Group sales were up 11% on the corresponding period last year. Retail sales increased by 7%, reflecting the contribution from four new stores and like-for-like growth of 2% during the period. Wholesale sales increased by 20% over last year as previous supply chain inefficiencies within the business were addressed.

Gross margins remain healthy and operating cashflow was \$6.0 million. As at 28 January 2006, net interest bearing liabilities were \$17.3 million with gearing (net debt / equity) being 49%.

OrotonGroup Managing Director Ross Lane said "This is a reasonable result for the first half given that retail conditions were challenging and competitive over the Christmas and sales periods."

"We saw solid trading in both Oroton and Polo Ralph Lauren which highlights the resilience of these two large established brands. Although coming off a relatively low base, the rebound in Group wholesale sales was particularly pleasing as it is a result of good product and better processes across the business."

"The broader business has improved significantly in the last six months as a result of the recent substantial changes made in response to the challenges faced over the last year. As an indication, EBIT would have been some 20% higher than that reported for 1H06 if you take out the negative contribution from Marcs which has continued to underperform."

The sales and earnings contributions in 1H06 from Marcs were below expectations primarily due to product and process challenges inherent in the brand being greater than anticipated. Previous expectations were that Marcs would begin to deliver an improved financial performance this financial year.

"Given the success in delivering benefits in our other brands, we remain confident that we will do the same with Marcs. It will just take a little longer than expected," Mr Lane said.

"Widespread changes have now been made in Marcs and new season products are already in the pipeline. On the back of this we are planning a comprehensive relaunch of the Marcs brand in our new financial year. The early signs from wholesale support for this new season product are encouraging."

Given the lead times and costs associated with implementing these changes, Marcs is not expected to deliver an improved financial performance until FY07. In 2H06, Marcs is likely to make a similar negative contribution to that of 1H06.

OROTONGROUP

ASX ANNOUNCEMENT

Dividend

OrotonGroup will pay a fully franked interim dividend of 5.0 cents per share on 21 April 2006 to shareholders registered on 5 April 2006.

Outlook

Retail conditions remain competitive. OrotonGroup expects net profit after tax for the second half of the 2006 financial year to be below that of the first half, reflecting the impact of Marcs, current market conditions and the seasonality of OrotonGroup's business where sales are typically weighted towards the first half of the financial year. As indicated at the AGM on 30 November 2005, OrotonGroup remains on track to record an improved FY06 net profit after tax, compared to FY05 on a pre-significant items basis.

For further information contact:

Ross Lane
Managing Director
Ph: (02) 8275 5500

Investor Relations:
Troy Cairns
CHANNEL Financial Communication
Ph: (02) 9221 0008

Media:
Sue Cato
Cato Counsel
Ph: (02) 9360 6606