

External Communications Policy

Effective Date: 1 February 2010

Specialty Fashion Group Limited (the “Company”) believes that shareholders, regulators and the investment community should be informed of all major business risks and events that influence the Company in a factual, timely and widely available manner. In particular, the Company recognises its continuous disclosure obligations under ASX Limited (“ASX”) Listing Rules and the Corporations Act 2001.

The Company is generally required to immediately disclose to the ASX all information concerning the Company and its related entities that it is, or becomes, aware of that a reasonable person would expect to have a material effect on the price or value of the Company’s securities. This Policy records the Company’s external communications practices, which have been adopted to serve the interests of the Company’s shareholders.

The Board and the Company have adopted this policy to set out how staff should deal with potentially price sensitive information and communications with the ASX, media, shareholders and the wider community in order to ensure that the Company meets its obligations under the ASX listing rules and the Corporations Act and observes the Principles of Good Corporate Governance and Best Practice Recommendations released by the ASX Corporate Governance Council.

This policy also is directed at ensuring that, where the Company does disclose price sensitive information, it does so in accordance with the ASX Listing Rules and in a non-selective (i.e. public) manner to ensure the market as a whole is fully informed and that all investors are in the same position regarding price sensitive information about the Company.

A failure by the Company to make a timely disclosure in circumstances where continuous disclosure is required by ASX Listing Rule 3.1 may result in civil liability for the Company, its directors and executive officers.

1. Persons to Whom this Policy Applies

This Policy applies to:

- all directors of the Company; and
- all employees, consultants or contractors of the Company and its related entities, including, in particular, all management at a director or general manager level, all regional and financial management and all other senior management.

All such persons must be familiar with and observe the requirements of this Policy and, in particular, the notification procedure set out in Section 3.3 of this Policy.

2. ASX Disclosure Obligations

2.1 Obligation

Subject to the exceptions contained in the ASX Listing Rules, once the Company is, or becomes aware of any information concerning the business of Specialty Fashion Group that a reasonable person would expect to have a material effect on the price or value of the Company's securities, the Company must immediately tell the ASX that information. Such information includes, without limitation, all matters concerning the performance and prospects of the Company.

The Company must not release this information to any other person until it has given the information to the ASX and received an acknowledgment that the ASX has released the information to the market.

2.2 Exceptions

Disclosure is not required by ASX Listing Rule 3.1 while all of the following are satisfied:

- (i) a reasonable person would not expect it to be disclosed; and
- (ii) the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and
- (iii) one or more of the following applies:
 - it would be a breach of the law to disclose the information; or
 - the information concerns an incomplete proposal or negotiation; or
 - the information comprises matters of supposition or is insufficiently definite to warrant disclosure; or
 - it is generated for internal management purposes; or
 - it is a trade secret.

2.3 Correcting a False Market

Where requested by the ASX, the Company will provide the ASX with any information necessary to correct or prevent a false market in the Company's securities.

2.4 Awareness of Information

The Company is, or is deemed to be, "aware" of information whenever a director or executive officer of the Company has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of the Company.

2.5 Materiality of Information

A reasonable person is taken to expect information to have a “material effect” on the price or value of the Company’s securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company’s securities. Materiality is therefore to be assessed by reference to more than just the likely impact on reported profits. Further materiality guidelines are set out in an appendix to this Policy.

2.6 Generally Available Information

There is no requirement for the Company to disclose information which is generally available.

2.7 Method of Disclosure

Where any price sensitive information is required to be disclosed, the Company will notify the market immediately by announcing the relevant information on the ASX and, as soon as practicable after receiving formal confirmation from the ASX that the information disclosed to the ASX has been released to the market, the Company will make the information available on its website and may also disseminate the information in other manners, such as press releases to news services.

2.8 Trading Halts

In the interests of maintaining a fully informed, fair and transparent market, or where confidentiality of price sensitive information is lost and the Company is unable to make immediate disclosure, it may be necessary for the Company to request a trading halt from the ASX. The Disclosure Leaders will make all decisions relating to a trading halt.

3. Continuous Disclosure Procedure

3.1 Appointment of Continuous Disclosure Leaders

The persons who have primary responsibility for the administration of the Company’s disclosure requirements under ASX Listing Rule 3.1 are the:

- Company Secretary;
- Chief Financial Officer; and
- Chief Executive Officer.

Together, the responsibilities of these persons include:

- making sure that the Company complies with its continuous disclosure obligations;
- overseeing and co-ordinating disclosure of information to the ASX, analysts, brokers, shareholders, media and public; and
- educating directors and employees about the Company's disclosure obligations and raising awareness of the principles underlying continuous disclosure.

The Company Secretary has also been appointed as the person responsible for communication with the ASX in relation to ASX Listing Rules matters pursuant to ASX Listing Rule 12.6. Finally, the Company Secretary shall maintain a record of all matters reviewed by the Disclosure Leaders and those disclosed to the ASX.

3.2 Board Review of Continuous Disclosure Matters

As a standing agenda item at each Board meeting, the directors will raise and consider any information that potentially may require disclosure and each Board report will contain a section dealing with continuous disclosure issues.

3.3 Notification Procedure

All persons subject to this Policy are expected to be familiar with its requirements so that they can promptly identify events or matters which may require disclosure to the ASX. Such persons must immediately inform their General Manager of all such matters. All General Managers are required immediately to pass on referrals that they think should, or may need to, be disclosed under the Company's Continuous Disclosure Policy to the Disclosure Leaders for consideration.

4. External Communications Generally

All external communications by the Company will:

- be factual and subject to internal review and authorisation before issue;
- not omit material information;
- be timely and expressed in a clear and objective manner.

4.1 Authorised Spokespersons

All comments relating to the Company's corporate activities such as the Company's results, the outlook for the Company's earnings, or the market for the

Company's shares should only be made following approval by the CEO. The authorised spokespersons with regards to such matters are the Chairman, Chief Executive Officer, and Chief Financial Officer.

The Company Secretary has primary responsibility for communication with the ASX, and all major ASX announcements, including all containing price sensitive information should be circulated as draft to the Board for comment prior to release.

4.2 Group and Department Information

Only the management Executive Team and brand/department heads are authorised to communicate about overall group-wide or brand/department-wide issues in the context of their roles. They and other senior executives may discuss the activities of the Company or a brand/department in general discussion with customers and suppliers if such information is publicly available or not price sensitive.

4.3 Nonmaterial Events

The Company generally does not make announcements about nonmaterial events, except where there are sound commercial reasons for doing so.

4.4 Leaks, Rumours and Speculation

The Company's Policy is generally not to comment on speculation, and staff should not be drawn into a discussion of leaks, rumours or speculation. Staff should refer enquiries to the CEO, CFO or Company Secretary, and such enquiries will be dealt with in accordance with this Policy.

4.5 Meetings with Investors and Analysts

The Company hosts briefing sessions for investors and analysts on its half and full year results and other times, as deemed necessary. In addition, as part of the Company's commitment to broaden its investment base, management presents at various investment conferences and conducts investor visits during the year. All material presentations are lodged with the ASX and are made available on the Company's website. All legitimate requests for information will be treated equally, regardless of whether the request is from an institutional investor, a private individual investor, a buy-side analyst or a business journalist. Without prejudicing this principle, requests for one-on-one meetings will be considered on their merits.

4.5.1 Meetings with Individual Analysts or Shareholders

In one-on-one meetings with analysts or shareholders, management will only discuss information that is in the public domain or information that may not be in the public domain but is not price sensitive and thus where subsequent formal disclosure is not required.

Such one-on-one meetings will be used only to provide background information and elaborate on previously disclosed information related to subjects such as:

- vision and strategy
- management
- financial and operational matters
- business risks
- industry trends and issues
- assumptions related to earnings and other types of forecasts.

In one-on-one meetings, particular care is required when dealing with analyst questions that raise issues outside the intended scope of the discussion. If a question can only be answered by disclosing price sensitive information, an answer should be declined or it should be taken on notice and consideration given to whether formal disclosure to the market is appropriate before responding.

4.5.2 Group Briefings

No price sensitive information will be discussed at group briefings without formal prior disclosure and dissemination of that information, in accordance with this Policy. Any slides and presentations used in briefings will be provided to the ASX for immediate release to the market prior to the start of the group briefing, and this same information should be posted on the Company website immediately after the ASX has acknowledged receipt.

4.5.3 Responding on financial projections and reports

The Company may review financial projections or reports prepared by analysts, but will confine any comments to errors in factual information or underlying assumptions. No statements will be made which suggest that the Company's or the market's current projections are incorrect.

4.5.4 Blackout Periods

To protect against inadvertent disclosure of price sensitive information, the Company imposes communication blackout periods for financial information between the end of the financial reporting periods (30 June and 31 December) and the announcement of results to the market. Any briefings or media contact in this period will not include discussion of the pending financial results of the Company.

4.6 Other Disclosure and Inadvertent Disclosures

As a general rule, staff may only refer to publicly available information when speaking to external parties. If any price sensitive information is inadvertently released by a staff member in discussions with any party outside the Company, any of the Disclosure Leaders is to be notified immediately, and the relevant information will be subject to immediate disclosure in accordance with this Policy.

Breaches by employees of these Policies may lead to disciplinary action including dismissal in serious instances.

5. Media Releases and Other Dealings with the Media

The CEO and CFO are responsible for overseeing media relations in Australia and overseas.

5.1 Media Releases

All media releases require approval from the CEO prior to being distributed externally. All major media releases, including all containing price sensitive information should be circulated as draft to the Board for comment prior to release.

5.2 Comments to the Media

Only the authorised spokespersons named in section 4.1 are authorised to speak to the media about Company issues following authorisation from the CEO.

5.3 Inadvertent Disclosures

If any price sensitive information is inadvertently disclosed by any person in discussions with the media, any of the Disclosure Leaders are to be immediately notified, and the relevant information will be subject to immediate disclosure in accordance with this Policy.

6. Communications with Shareholders

6.1 Reports to Shareholders

The Company produces a financial report annually for shareholders:

- the Annual Report for the year to 30 June.

Shareholders may elect to be sent this document by mail. Annual Reports are also made available from the Company's website.

6.2 Annual General Meeting

The date, time and venue of the AGM each year is notified to the ASX when the Preliminary Financial Report is lodged in August.

The Company will choose a date, time and venue that is considered to be convenient to the greatest number of its shareholders. The notice of meeting will be accompanied by explanatory notes on the items of business and together they will seek to clearly and

accurately explain the nature of the business of the meeting. A full copy of the most recent Notice of Meeting will be placed on the Company's website.

Shareholders are encouraged to attend the meeting, or if unable to attend, to vote on the motions proposed by appointing a proxy. The proxy form included with the Notice of Meeting will seek to explain clearly how the proxy form is to be completed and submitted.

The Company will require its auditor to attend each AGM and be available to answer questions about the conduct of the audit and the preparation and contents of the auditor's report.

6.3 Website

The Company will maintain a website providing information on its products and services as well information useful to shareholders and market participants. The website contains an Investor section which directs shareholders directly to information likely to be of greatest interest to them.

The Company will post all recent information material to its shareholders and market participants on its website, including:

- annual reports
- financial reports
- the Chairman's address to the last AGM
- recent Investor presentations
- share price information
- most recent Notice of General Meeting
- a summary of historical financial data
- the Company's Constitution
- a summary of Corporate Governance practices in the Company
- dividend history
- calendar of events relevant to shareholders and investors
- a link to the Company's share registry; and
- a link to the ASX website and Company announcements to the ASX

Investors are also invited to register to receive information electronically as it is posted to the Company's website. The registration form is provided on the website.

6.4 Shareholder/Investor Queries

Shareholders with questions about their holdings of Company securities should contact the Company's share registry. Questions about the Company, its performance and other general investor inquiries should be directed to the CEO or CFO. Contact details for the share registry and investor relations will be provided on the Company's website and in the annual report. All shareholder queries are to be dealt with courteously, objectively and expeditiously.

7. Compliance

The Disclosure Leaders will arrange for regular training sessions to be conducted for executives and other employees to provide information about the Company's continuous disclosure obligations, to describe the operation of this Policy and to raise awareness of the principles underlying continuous disclosure.

8. Confidential Information

Staff must not make unauthorised disclosures of confidential information or use it for purposes other than those for which it was disclosed except as required by law. Requirements imposed by a confidentiality agreement or undertaking with a third party imposed by law, or specified in the Company's Policies, procedures or rules must be followed.

Where confidential information is to be provided to another party, staff must ensure that measures are in place to maintain the confidentiality of that information, such as a legally binding confidentiality agreement.

9. Review of this Policy

This Policy will be reviewed regularly by the Disclosure Leaders to reflect current regulatory, community and investor requirements.

The Disclosure Leaders will:

- conduct a regular review of the adequacy of this Policy and the procedures established under it to ensure the Company identifies in a timely manner all material disclosure events and that the Company's disclosure obligations are being met;
- conduct a regular review of the adequacy of the materiality thresholds and, through the Chief Executive Officer, recommend changes to the Board;
- ensure that all potential continuous disclosure matters are immediately identified and considered on a case-by-case basis as to whether disclosure is required under the Company's legal obligations; and
- maintain a record of matters considered for disclosure and further develop policies that promote a considered and consistent approach to disclosure.

This Policy has been adopted by the Board and any amendment to this Policy can only be approved by the Board.

Appendix – Materiality Guidelines

1. Introduction

The following guidelines are provided to assist directors and employees in identifying matters that may require disclosure. The purpose of these guidelines is to identify matters which can then be considered more fully, with a view to determining whether disclosure is required.

All of the matters which will require consideration under these guidelines will not necessarily require disclosure. Conversely, it is important to remember that a matter may be require disclosure even if it does not come within any of the following categories.

2. Materiality Thresholds

- Thresholds
 - The thresholds are:
 - (i) qualitative; and
 - (ii) quantitative.
- Qualitative test

By way of example, these qualitative matters (some of which are drawn from a note to Listing Rule 3.1) may include, but are not limited to, matters:

- (i) that might affect the Company's ability to carry on business;
- (ii) that might have a material effect on the future business activities of the Company;
- (iii) that might have a material effect on income, cash flow or the ability to generate profits (including where there would be a long term effect even if the effect in any one year is not material);
- (iv) involving any significant changes in technology or the application of technology which could affect the Company's business;
- (v) involving any proposed change in regulation or law that could materially affect the Company's business;
- (vi) involving a significant allegation of any breach of the law, whether civil or criminal, by the Company or any of its employees;
- (vii) involving a material change in the Company's public financial forecasts or expectations;
- (viii) involving a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's consolidated assets (normally an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case);

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- (ix) involving the appointment of a receiver, manager, liquidator or administrator to the Company or an event which could result in the Company or an affiliate entity becoming insolvent;
- (x) involving a declaration of a dividend or a decision that a dividend will not be declared;
- (xi) involving an agreement between the Company (or a related party or affiliate entity) and a director (or a related party of a director);
- (xii) concerning material information regarding the beneficial ownership of the Company's securities obtained under the Corporations Act;
- (xiii) relating to the giving or receiving of a notice of intention to make a takeover;
- (xiv) concerning any rating applied by a rating agency to the Company or any of its securities, and any change to such a rating;
- (xv) involving a material change in accounting Policy adopted by the Company;
- (xvi) involving a proposal to change the Company's auditor; and
- (xvii) that is in some other way onerous, unusual or so outside the ordinary course of business that it ought to be considered.

Disclosure of any of these matters would be required if a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

- Quantitative test

The following matters will need to be considered to determine if disclosure is required:

- (i) matters which potentially may affect the Company's profit (loss) before tax in any one year by more than 10% of the market expected profit after tax for that year;
- (ii) matters which potentially may affect the assets or liabilities of the Company by more than 10%; and
- (iii) matters involving any claim against the Company or a company controlled by the Company with potential exposure greater than 10% of the market expected profit after tax for that year.

- Examples in Listing Rule 3.1.3

Listing Rule 3.1 provides the following specific examples of matters that may need to be disclosed under Listing Rule 3.1:

- (a) a change in the Company's financial forecast or expectation;
- (b) any declaration in relation to a dividend;

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- (c) a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's consolidated assets (usually an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case);
- (d) giving or receiving a notice of intention to make a takeover; and
- (e) any agreement between the Company (or a related party or subsidiary) and a director.